HDFC Life

April 18, 2018

Ref. No: HDFC Life/CA/2018-19/03

National Stock Exchange of India Limited
Exchange Plaza, Plot No C/1, Block G,
Bandra-Kurla Complex, Bandra-East,
Mumbai- 400 051

Kind Attn.: Head - Listing

BSE Limited,
Sir PJ Towers,
Dalal Street,
Mumbai – 400 001

Kind Attn.: Sr. General Manager – DCS
Listing Department

Sub: Outcome of Board Meeting held on April 18, 2018

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the Board of Directors of the Company at their meeting held today i.e. April 18, 2018, approved the following:

(A) 1. The Audited Standalone and Audited Consolidated Financial results of the Company for the financial year ended March 31, 2018. The copy of the said results along with the audit report issued by the Statutory Auditors and a press release are enclosed herewith.

2. The Board noted the vacation of office of Mr James Aird as an Alternate Director to Mr Norman Keith Skeoch w.e.f. April 17, 2018, due to arrival of Mr Norman Keith Skeoch for attending the Board Meeting held on April 18, 2018.

3. The 18th Annual General Meeting of the Company will be held on July 20, 2018 at 3.30 pm at Yashwantrao Chavan Pratishthan Auditorium, Gen. Jagannath Bhonsale Marg, Next to Sachivalaya Gymkhana, Mumbai - 400021. The Register of Members and Share Transfer Books shall remain closed from July 16, 2018 to July 20, 2018 (both days inclusive) for the purpose of 18th Annual General Meeting.

(B) The Board also approved the following proposal, subject to the approval of the shareholders of the Company at their forthcoming Annual General Meeting:

Formulation of employee stock option scheme namely 'Employee Stock Option Scheme – 2018' with the authority to create and grant from time to time, in one or more tranches, not exceeding 31,00,000 employee stock options exercisable into not

exceeding 31,00,000 equity shares of face value of Rs 10 each of the Company to the eligible employees of the Company and that of the eligible employees of the subsidiary company(ies) of the Company in terms of SEBI (Share Based Employee Benefits) Regulations, 2014;

Please note that the said Board Meeting commenced at 3.30 p.m. and concluded at 5.00 p.m.

Please note that the window for trading in equity shares of the Company by its employees and directors will open from April 21, 2018.

You are requested to take note of the above and arrange to bring this to the notice of all concerned.

Thanking You,

For HDFC Standard Life Insurance Company Limited

Narendra Gangan
EVP, Company Secretary &
Head- Compliance & Legal

Cc: **National Securities Depository Limited**
Kind Attn: Mr Nitin Ambure

Cc: **Central Depository Services (India) Limited**
Kind Attn: Mr Ashish Bhatt

HDFC Standard Life Insurance Company Limited

Statement of Standalone Audited Results for the Quarter and Year ended March 31, 2018

(₹ in Lakhs)

Sr. No.	Particulars	Three Months ended / As at			Year ended / As at	
		March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
POLICYHOLDERS' A/C						
1	Gross premium income					
	(a) First Year Premium	173,560	120,236	161,188	473,846	365,703
	(b) Renewal Premium	467,217	280,524	393,125	1,221,480	1,082,447
	(c) Single Premium	254,867	146,007	168,092	661,115	496,399
2	Net premium income[1]	890,002	541,999	717,840	2,337,097	1,927,486
3	Income from investments (Net)[2]	(93,679)	425,314	486,616	859,463	1,114,064
4	Other income	1,730	1,618	2,342	11,182	10,353
5	Transfer of funds from Shareholders' A/c	15,408	(485)	1,898	15,665	3,539
6	**Total (2 to 5)**	**813,461**	**968,446**	**1,208,696**	**3,223,407**	**3,055,442**
7	Commission on					
	(a) First Year Premium	32,534	21,257	28,797	87,023	64,690
	(b) Renewal Premium	5,882	3,613	4,955	15,497	13,769
	(c) Single Premium	2,451	1,383	257	4,973	743
8	**Net Commission[1]**	**40,867**	**26,253**	**34,009**	**107,493**	**79,202**
9	Operating Expenses related to insurance business (a+b)					
	(a) Employees remuneration and welfare expenses	39,851	32,999	30,025	129,177	110,420
	(b) Other operating expenses*	70,131	44,687	50,739	186,753	128,108
10	**Expenses of Management (8+9)**	**150,849**	**103,939**	**114,773**	**423,423**	**317,730**
11	Provisions for doubtful debts (including bad debts written off)	-	-	-	-	-
12	Provisions for diminution in value of investments	2,028	(1,476)	1,621	(93)	627
13	Goods & Services Tax/Service Tax charge on linked charges	8,678	7,842	6,078	29,692	21,607
14	Provision for taxes	13,881	1,437	10,710	17,555	15,198
15	Benefits Paid[3] (Net)[1]	441,105	312,003	286,373	1,311,142	1,000,039
16	Change in actuarial liability	157,245	526,729	760,824	1,332,226	1,605,475
17	**Total (10+11+12+13+14+15+16)**	**773,786**	**950,474**	**1,180,379**	**3,113,945**	**2,960,676**
18	**Surplus/Deficit (6-17)**	39,675	17,972	28,317	109,462	94,766
19	**Appropriations**					
	(a) Transferred to Shareholders A/c	39,651	14,988	21,044	100,220	78,634
	(b) Funds for Future Appropriations	24	2,984	7,273	9,242	16,132
20	**Details of Surplus / Deficit**					
	(a) Interim bonus paid	1,166	380	591	2,313	1,523
	(b) Terminal bonus paid	6,681	3,954	5,614	19,341	14,298
	(c) Allocation of bonus to policyholders	70,835	-	59,180	70,835	59,180
	(d) Surplus shown in the Revenue Account	39,675	17,972	28,317	109,462	94,766
	Total Surplus	118,357	22,306	93,702	201,951	169,767
SHAREHOLDERS' A/C						
21	Transfer from Policyholders' Account	39,651	14,988	21,044	100,220	78,634
22	Total income under Shareholders' Account					
	(a) Investment Income	9,735	6,177	8,301	28,026	22,686
	(b) Other income	-	-	-	1,302	0
23	Expenses other than those related to insurance business	63	72	1,736	1,254	6,802
24	Transfer of funds to Policyholders' Account	15,408	(485)	1,898	15,665	3,539
25	Provisions for doudtful debts (including write off)	-	-	-	-	-
26	Provisions for diminution in value of investments	20	(40)	(52)	(45)	(435)
27	**Profit before tax**	**33,895**	**21,618**	**25,763**	**112,674**	**91,414**
28	Provisions for tax	(789)	886	1,059	1,774	2,201
29	**Profit after tax and before Extraordinary items**	**34,684**	**20,732**	**24,704**	**110,900**	**89,213**
30	**Profit after tax and Extraordinary Items**	34,684	20,732	24,704	110,900	89,213
31	**Dividend per share (₹) (Nominal value ₹ 10 per share)**					
	(a) Interim Dividend	-	1.36	-	1.36	1.10
	(b) Final Dividend	-	-	-	-	-
32	Profit carried to Balance Sheet	239,365	204,681	161,349	239,365	161,349
33	Paid up equity share capital	201,174	200,897	199,848	201,174	199,848
34	Reserve & Surplus (excluding Revaluation Reserve)	270,640	233,725	180,790	270,640	180,790
35	Fair Value Change Account and Revaluation Reserve (Shareholders)	3,016	11,345	3,231	3,016	3,231
36	Total Assets:					
	(a) Investments:					
	- Shareholders'	407,033	362,484	324,558	407,033	324,558
	- Policyholders Fund excluding Linked Assests	4,534,714	4,184,988	3,469,154	4,534,714	3,469,154
	- Assets held to cover Linked Liabilities (Linked Assets)	5,718,539	5,895,290	5,380,048	5,718,539	5,380,048
	(b) Other Assets (Net of current liabilities and provisions)	(76,779)	(22,709)	(45,158)	(76,779)	(45,158)

*Details of Expenses contributing more than 10% of the expense of management are as below -

Advertisement and publicity	25,936	17,941	13,352	71,598	37,686
Business development expenses	23,189	10,467	14,190	49,140	30,192

Foot notes :

1. Net of reinsurance
2. Net of amortisation and losses (including capital gains)
3. Inclusive of interim and terminal bonus

Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N/N500016 Mumbai

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

HDFC STANDARD LIFE INSURANCE CO. LIMITED MUMBAI

HDFC Standard Life Insurance Company Limited
Standalone Balance Sheet as at March 31, 2018

(₹ in Lakhs)

Particulars	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS:		
Share Capital	201,174	199,848
Share application money received pending allotment of shares	89	-
Reserves and Surplus	270,640	180,790
Credit / (Debit) Fair Value Change Account	3,016	3,230
Sub-Total	**474,919**	**383,868**
BORROWINGS	-	-
POLICYHOLDERS' FUNDS:		
Credit / (Debit) Fair Value Change Account	62,202	39,814
Policy Liabilities	4,231,927	3,238,193
Insurance Reserve	-	-
Provision for Linked Liabilities	4,656,490	4,302,897
Add: Fair value change	803,329	777,749
Provision for Linked Liabilities	5,459,819	5,080,646
Funds for discontinued policies		
(i) Discontinued on account of non-payment of premium	257,588	297,915
(ii) Others	1,132	1,487
Total Provision for Linked & Discontinued Policyholders Liabilities	5,718,539	5,380,048
Sub-Total	**10,012,669**	**8,658,056**
Funds for Future Appropriations	95,920	86,678
TOTAL	**10,583,507**	**9,128,602**
APPLICATION OF FUNDS		
INVESTMENTS:		
Shareholders'	407,033	324,558
Policyholders'	4,534,714	3,469,154
Asset held to cover Linked Liabilities	5,718,539	5,380,048
LOANS	1,874	4,785
FIXED ASSETS	34,140	35,292
CURRENT ASSETS		
Cash and Bank Balances	110,847	79,650
Advances and Other Assets	240,998	217,125
Sub-Total (A)	**351,846**	**296,775**
CURRENT LIABILITIES	460,272	377,354
PROVISIONS	4,367	4,655
Sub-Total (B)	**464,639**	**382,010**
NET CURRENT ASSETS (C) = (A - B)	**(112,793)**	**(85,235)**
Miscellaneous Expenditure (to the extent not written off or adjusted)	-	-
Debit Balance in Profit and Loss Account (Shareholders' Account)	-	-
TOTAL	**10,583,507**	**9,128,602**
Contingent liabilities	83,203	66,560

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
FRN 012754N/N500016
Mumbai

M. MEHTA & CO.
MUMBAI
Chartered Accountants

HDFC STANDARD LIFE INSURANCE CO. LIMITED
MUMBAI

HDFC Standard Life Insurance Company Limited

Statement of Standalone Audited Results for the Quarter and Year ended March 31, 2018

(₹ in Lakhs)

Particulars	Three Months ended / As at			Year ended / As at	
	March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Analytical Ratios:					
(i) Solvency Ratio	192%	191%	192%	192%	192%
(ii) Expenses of Management Ratio	16.8%	19.0%	15.9%	18.0%	16.3%
(iii) Policyholder's liabilities to shareholders' fund	2115.4%	2229.7%	2267.7%	2115.4%	2267.7%
(iv) Earnings per share (in ₹):					
a) Basic EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three months)	1.73	1.04	1.24	5.53	4.47
b) Diluted EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three months)	1.72	1.03	1.23	5.50	4.44
(v) NPA ratios: (for Policyholders' fund)					
a) Gross NPAs					
- Non Linked					
Par	NIL	NIL	1000.0	NIL	1000.0
Non Par	NIL	NIL	NIL	NIL	NIL
- Linked					
Non Par	NIL	NIL	NIL	NIL	NIL
Net NPAs					
- Non Linked					
Par	NIL	NIL	417.6	NIL	417.6
Non Par	NIL	NIL	NIL	NIL	NIL
- Linked					
Non Par	NIL	NIL	NIL	NIL	NIL
b) % of Gross NPAs					
- Non Linked					
Par	NIL	NIL	0.0%	NIL	0.0%
Non Par	NIL	NIL	NIL	NIL	NIL
- Linked					
Non Par	NIL	NIL	NIL	NIL	NIL
% of Net NPA					
- Non Linked					
Par	NIL	NIL	0.0%	NIL	0.0%
Non Par	NIL	NIL	NIL	NIL	NIL
- Linked					
Non Par	NIL	NIL	NIL	NIL	NIL
(vi) Yield on Investments (on Policyholders' fund)					
A. Without unrealised gains					
- Non Linked					
Par	1.7%	2.0%	1.7%	8.9%	9.3%
Non Par	1.9%	2.2%	2.1%	8.4%	9.1%
- Linked					
Non Par	2.2%	2.1%	2.1%	9.4%	10.4%
B. With unrealised gains					
- Non Linked					
Par	0.4%	0.8%	2.8%	5.7%	13.1%
Non Par	1.7%	-0.8%	0.7%	5.8%	11.4%
- Linked					
Non Par	-3.3%	5.8%	8.3%	8.5%	17.4%
(vii) NPA ratios: (for Shareholders' fund)					
a) Gross NPAs	NIL	NIL	1,000.0	NIL	1,000.0
Net NPAs	NIL	NIL	417.6	NIL	417.6
b) % of Gross NPAs	NIL	NIL	0.3%	NIL	0.3%
% of Net NPAs	NIL	NIL	0.1%	NIL	0.1%
(viii) Yield on Investments (on Shareholders' fund)					
A. Without unrealised gains	2.6%	1.7%	2.8%	8.2%	8.0%
B. With unrealised gains	-0.1%	1.6%	3.0%	5.8%	12.7%
(ix) Persistency Ratio					
13th month	85.5%	85.7%	83.1%	87.1%	83.8%
25th month	76.9%	74.5%	75.9%	77.4%	75.3%
37th month	72.0%	68.4%	65.6%	70.9%	64.7%
49th month	63.2%	57.9%	57.7%	62.2%	59.5%
61st month	47.6%	49.1%	56.6%	51.0%	58.8%
(x) Conservation Ratio					
Participating life- Individual & group	90.7%	90.3%	82.4%	90.0%	88.7%
Participating pension- Individual & group	86.8%	94.4%	77.0%	93.2%	57.8%
Participating - Pension group variable	NA	NA	NA	NA	NA
Non Participating life - Individual & group	84.7%	84.0%	69.9%	85.1%	87.0%
Non Participating pension - Individual & Group	88.7%	92.6%	80.8%	92.3%	89.0%
Non Participating - Life Group Variable	NA	NA	NA	NA	NA
Non Participating - Pension group variable	NA	NA	NA	NA	NA
Non Participating fund - Annuity	NA	NA	NA	NA	NA
Non Participating fund - Individual & Group Health	68.2%	64.4%	45.1%	74.8%	41.7%
Unit Linked - Individual life	80.1%	79.2%	79.2%	79.5%	77.4%
Unit Linked - Individual pension	82.6%	86.7%	90.2%	86.3%	86.1%
Unit Linked - Group life	NA	NA	NA	NA	NA
Unit Linked - Group pension	NA	NA	NA	NA	NA

Notes :

1. Analytical ratios have been calculated as per definition given in IRDAI Analytical ratios disclosure
2. The persistency ratios are 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
3. Group business, where persistency is measurable, has been included in the calculations. Rural business is excluded in the calculation of the persistency ratios.
4. The persistency ratios for the quarter ended March 31, 2018 have been calculated for the policies issued in the December to February period of the relevant years. E.g.: the 13th month persistency for the current year is calculated for the policies issued from December 2016 to February 2017. The persistency ratio for quarter ended December 31, 2017 and March 31, 2017 have been calculated in a similar manner.
5. The persistency ratios for the year ended March 31, 2018 have been calculated for the policies issued in the March to February period of the relevant years. E.g.: the 13th month persistency for the current year is calculated for the policies issued from March 2016 to February 2017. The persistency ratio for year ended March 31, 2017 has been calculated in a similar manner

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HDFC Standard Life Insurance Company Limited

Segment Reporting (Standalone) for the Quarter and Year ended March 31, 2018

(₹ in Lakhs)

Sr No.	Particulars	Three Months ended / As at			Year ended / As at	
		March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
2	**Segment Surplus/ Deficit (net of transfer from Shareholders' A/c) :**					
	Segment A - Participating - Individual & Group Life	4,760	1,864	12,142	11,187	17,894
	Segment B - Participating - Individual & Group Pension	5,189	1,120	2,774	7,979	5,878
	Segment C - Participating - Pension Group Variable	-	-	-	-	-
	Segment D - Non Participating - Individual & Group Life	7,571	13,248	11,977	46,315	35,019
	Segment E - Non Participating - Life Group Variable	(242)	235	(183)	(101)	(286)
	Segment F - Non Participating - Individual & Group Pension	2,242	1,013	1,380	4,949	3,951
	Segment G - Non Participating - Pension Group Variable	(200)	390	(275)	(457)	(728)
	Segment H - Non Participating - Annuity	616	(502)	(1,902)	2,012	(1,833)
	Segment I - Non Participating - Individual & Group Health	377	71	1,289	1,427	204
	Segment J - Unit Linked - Individual Life	(88)	(3,114)	(5,379)	3,589	15,696
	Segment K - Unit Linked - Individual Pension	3,691	3,496	4,347	14,195	13,594
	Segment L - Unit Linked - Group Life	256	515	505	1,870	1,734
	Segment M - Unit Linked - Group Pension	96	121	(256)	831	102
	Total	**24,267**	**18,457**	**26,419**	**93,797**	**91,225**
	Shareholders	10,441	5,258	5,558	26,345	14,118
	Grant Total	**34,708**	**23,715**	**31,976**	**120,142**	**105,343**
3	**Segment Assets:**					
	Segment A - Participating - Individual & Group Life	2,490,434	2,354,450	2,012,165	2,490,434	2,012,165
	Segment B - Participating - Individual & Group Pension	233,775	232,168	206,518	233,775	206,518
	Segment C - Participating - Pension Group Variable	-	-	-	-	-
	Segment D - Non Participating - Individual & Group Life	785,863	699,022	536,358	785,863	536,358
	Segment E - Non Participating - Life Group Variable	162,244	134,574	108,506	162,244	108,506
	Segment F - Non Participating - Individual & Group Pension	255,866	266,416	214,611	255,866	214,611
	Segment G - Non Participating - Pension Group Variable	183,605	162,453	114,930	183,605	114,930
	Segment H - Non Participating - Annuity fund	235,493	172,659	127,977	235,493	127,977
	Segment I - Non Participating - Individual & Group Health	4,329	3,412	2,980	4,329	2,980
	Segment J - Unit Linked - Individual Life	4,325,623	4,444,418	4,044,145	4,325,623	4,044,145
	Segment K - Unit Linked - Individual Pension	878,829	948,531	887,256	878,829	887,256
	Segment L - Unit Linked - Group Life	436,988	424,849	376,997	436,988	376,997
	Segment M - Unit Linked - Group Pension	92,807	96,882	92,894	92,807	92,894
	Total	**10,085,857**	**9,939,834**	**8,725,337**	**10,085,857**	**8,725,337**
	Shareholder	467,176	442,206	378,234	467,176	378,233
	Unallocated [3]	30,474	38,013	25,030	30,474	25,030
	Grant Total	**10,583,507**	**10,420,053**	**9,128,600**	**10,583,507**	**9,128,600**
4	**Segment Policy Liabilities[4] :**					
	Segment A - Participating - Individual & Group Life	2,448,310	2,302,667	1,984,897	2,448,310	1,984,897
	Segment B - Participating - Individual & Group Pension	222,961	219,214	202,047	222,961	202,047
	Segment C - Participating - Pension Group Variable	-	-	-	-	-
	Segment D - Non Participating - Individual & Group Life	783,273	696,640	533,878	783,273	533,878
	Segment E - Non Participating - Life Group Variable	161,136	133,636	107,828	161,136	107,828
	Segment F - Non Participating - Individual & Group Pension	255,675	266,256	214,421	255,675	214,421
	Segment G - Non Participating - Pension Group Variable	182,479	161,952	114,726	182,479	114,726
	Segment H - Non Participating - Annuity	236,287	173,101	127,977	236,287	127,977
	Segment I - Non Participating - Individual & Group Health	4,294	3,198	2,946	4,294	2,946
	Segment J - Unit Linked - Individual Life	4,343,422	4,462,418	4,059,125	4,343,422	4,059,125
	Segment K - Unit Linked - Individual Pension	878,826	948,531	887,256	878,826	887,256
	Segment L - Unit Linked - Group Life	436,915	424,623	376,926	436,915	376,926
	Segment M - Unit Linked - Group Pension	92,807	96,882	92,894	92,807	92,894
	Total	**10,046,386**	**9,889,118**	**8,704,921**	**10,046,386**	**8,704,921**
	Shareholders	474,919	447,274	383,868	474,919	383,868
	Unallocated	-	-	-	-	-
	Grand Total	**10,521,305**	**10,336,392**	**9,088,789**	**10,521,305**	**9,088,789**

Note:

1. Segments include:

a. Linked Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

b. Non-Linked

1. Non-Participating Policie: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
2. Partipating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

c. Variable insurance shall be further segregated into Life and Pension

2. Net of provisions for diminution in value of investment
3. 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 taxtation). As per Accounting Standard 17, tax asset cannot be allocated across reporting segments.
4. Segment policy liabilities includes fund for future appropriations

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
FRN 012754N/N500016
Mumbai

B. P. KAPADIA & CO.
MUMBAI
Chartered Accountants

HDFC STANDARD LIFE INSURANCE CO. LIMITED
MUMBAI

HDFC Standard Life Insurance Company Limited

Segment Reporting (Standalone) for the Quarter and Year ended March 31, 2018

(₹ in Lakhs)

Sr. No.	Particulars	Three Months ended / As at			Year ended / As at	
		March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1	**Segment Income**					
A)	**Policyholders :**					
	Segment A - Participating - Individual & Group Life :					
	Net Premium	215,741	130,231	180,817	563,505	481,238
	Income from Investments[2]	40,117	46,600	32,257	194,231	157,666
	Transfer of Funds from shareholders' account	-	-	-	-	-
	Other Income	476	364	437	2,362	1,846
	Segment B - Participating - Individual & Group Pension :					
	Net Premium	8,111	5,712	8,214	23,117	21,520
	Income from Investments[2]	3,316	3,617	2,794	13,941	16,505
	Transfer of Funds from shareholders' account	352	-	692	352	692
	Other Income	14	15	17	74	69
	Segment C - Participating - Pension Group Variable :					
	Net Premium	-	-	-	-	-
	Income from Investments[2]	-	-	-	-	-
	Transfer of Funds from shareholders' account	-	-	-	-	-
	Other Income	-	-	-	-	-
	Segment D - Non Participating - Individual & Group Life :					
	Net Premium	150,539	108,464	101,582	425,930	291,147
	Income from Investments[2]	14,881	13,859	10,829	52,970	38,582
	Transfer of Funds from shareholders' account	13,500	-	-	13,500	-
	Other Income	62	62	72	325	284
	Segment E - Non Participating - Life Group Variable :					
	Net Premium	28,080	4,084	21,723	51,197	50,821
	Income from Investments[2]	2,799	2,598	1,797	10,206	6,908
	Transfer of Funds from shareholders' account	101	(95)	183	101	286
	Other Income	(0)	0	(0)	(0)	0
	Segment F - Non Participating - Individual & Group Pension :					
	Net Premium	22,368	18,917	20,017	65,678	73,924
	Income from Investments[2]	5,324	4,944	4,122	19,215	14,493
	Transfer of Funds from shareholders' account	-	-	-	-	-
	Other Income	14	20	7	63	35
	Segment G - Non Participating - Pension Group Variable :					
	Net Premium	21,810	11,756	23,407	67,018	61,503
	Income from Investments[2]	3,273	2,950	1,947	11,345	6,459
	Transfer of Funds from shareholders' account	200	(390)	275	457	728
	Other Income	-	-	-	-	-
	Segment H - Non Participating - Annuity :					
	Net Premium	64,844	19,814	13,360	106,554	34,611
	Income from Investments[2]	4,155	6,400	2,361	17,990	8,737
	Transfer of Funds from shareholders' account	-	-	1,833	-	1,833
	Other Income	24	20	2	70	12
	Segment I - Non Participating - Individual & Group Health :					
	Net Premium	3,445	1,792	2,362	9,150	5,781
	Income from Investments[2]	75	83	65	305	259
	Transfer of Funds from shareholders' account	1,255	-	(1,085)	1,255	-
	Other Income	10	8	2	30	19
	Segment J - Unit Linked - Individual Life :					
	Net Premium	316,959	201,038	273,492	829,478	695,180
	Income from Investments[2]	(146,116)	283,754	337,000	415,720	662,042
	Transfer of Funds from shareholders' account	-	-	-	-	-
	Other Income	1,119	1,110	1,802	8,172	7,466
	Segment K - Unit Linked - Individual Pension :					
	Net Premium	35,026	23,569	42,228	103,191	122,658
	Income from Investments[2]	(23,403)	53,011	76,678	89,506	144,076
	Transfer of Funds from shareholders' account	-	-	-	-	-
	Other Income	12	20	2	87	623
	Segment L - Unit Linked - Group Life :					
	Net Premium	20,912	13,832	25,468	81,200	74,316
	Income from Investments[2]	20	7,099	11,153	26,797	45,142
	Transfer of Funds from shareholders' account	-	-	-	-	-
	Other Income	0	(0)	(0)	(0)	0
	Segment M - Unit Linked - Group Pension :					
	Net Premium	2,166	2,789	5,170	11,079	14,786
	Income from Investments[2]	(137)	1,876	3,410	6,746	11,970
	Transfer of Funds from shareholders' account	-	-	-	-	-
	Other Income	-	-	-	-	-
B)	**Shareholders :**					
	Income from Investments[2]	9,708	6,217	8,353	28,067	23,121
	Other Income	-	-	-	1,302	0

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HDFC STANDARD LIFE INSURANCE CO. LIMITED MUMBAI

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G. M. Kapadia & Co.
Chartered Accountants
1007, Raheja Chambers,
213 Nariman Point,
Mumbai – 400021

Auditor's Report on Standalone Financial Results for the quarter and year ended March 31, 2018 of HDFC Standard Life Insurance Company Limited

To The Board of Directors of
HDFC Standard Life Insurance Company Limited

1. We have audited the accompanying standalone financial results of HDFC Standard Life Insurance Company Limited as at and for the quarter and year ended March 31, 2018 being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDA Circular reference: IRDAI/F&I/ REG/CIR/208/10/2016 dated 25th October 2016, ("Standalone financial results") which have been approved by Board of Directors on April 18, 2018.

2. These standalone financial results have been prepared on the basis of the standalone financial statements prepared in accordance with the measurement and recognition principles specified in paragraph 3 below, which is the responsibility of the Company's management. The management's responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation of the standalone financial results that is free from material misstatement, whether due to fraud or error.

3. Our responsibility is to express an opinion on these standalone financial results based on our audit of such standalone financial statements, which have been prepared by the Company's Management in accordance with the recognition and measurement principles specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 issued thereunder, including the relevant provisions of the Insurance Act, 1938 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act") and other accounting principles generally accepted in India, to the extent considered relevant and appropriate for the purpose of these standalone financial results and which are not inconsistent with the accounting principles as prescribed in the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 (the "Regulations") and orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India ("IRDAI") to the extent applicable.

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Chartered Accountants

4. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as standalone financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

5. In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

   i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDAI IRDA Circular reference: IRDAI/F&I/REG/CIR/208/10/2016 dated 25th October 2016 in this regard; and

   ii. give a true and fair view of the standalone net profit and other financial information for the quarter ended March 31, 2018 as well as the standalone financial results for the year ended March 31, 2018.

Other Matters

6. The actuarial valuation of liabilities for life policies in force is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2018 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists, as contained in the standalone financial statements of the Company.

7. The Statement dealt with by this report has been prepared for the purpose of filing with stock exchanges. This Statement is based on and should be read with the audited standalone financial statements of the company for the year ended March 31, 2018 on which we issued an unmodified audit opinion vide our report dated April 18, 2018.

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Restriction of Use

8. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 7 above. This report should not be otherwise used by any other party for any other purpose.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No.012754N/N500016

Anish P. Amin
Partner
Membership No. 040451

For G.M.Kapadia& Co.
Chartered Accountants
Firm Registration No.104767W

Rajen Ashar
Partner
Membership No. 048243

Place: Mumbai
Date: April 18, 2018

Price Waterhouse Chartered Accountants LLP
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HDFC Standard Life Insurance Company Limited

Statement of Consolidated Audited Results for the year ended March 31, 2018

(₹ in Lakhs)

Sr. No.	Particulars	Year ended / As at	
		March 31, 2018 (Audited)	March 31, 2017 (Audited)
POLICYHOLDERS' A/C			
1	Gross premium income		
	(a) First Year Premium	473,846	365,703
	(b) Renewal Premium	1,221,480	1,082,447
	(c) Single Premium	661,115	496,399
2	Net premium income[1]	2,337,097	1,927,486
3	Income from investments (Net)[2]	859,463	1,114,064
4	Other income	11,182	10,353
5	Transfer of funds from Shareholders' A/c	15,665	3,539
6	**Total (2 to 5)**	**3,223,407**	**3,055,442**
7	Commission on		
	(a) First Year Premium	87,023	64,690
	(b) Renewal Premium	15,497	13,769
	(c) Single Premium	4,973	743
8	**Net Commission[1]**	**107,493**	**79,202**
9	Operating Expenses related to insurance business (a+b)		
	(a) Employees remuneration and welfare expenses	129,177	110,420
	(b) Other operating expenses*	186,753	128,108
10	**Expenses of Management (8+9)**	**423,423**	**317,730**
11	Provisions for doubtful debts (including bad debts written off)	-	-
12	Provisions for diminution in value of investments	(93)	627
13	Goods & Services Tax/Service Tax charge on linked charges	29,692	21,607
14	Provision for taxes	17,555	15,198
15	Benefits Paid[3] (Net)[1]	1,311,142	1,000,039
16	Change in actuarial liability	1,332,226	1,605,475
17	**Total (10+11+12+13+14+15+16)**	**3,113,945**	**2,960,676**
18	**Surplus/Deficit (6-17)**	109,462	94,766
19	**Appropriations**		
	(a) Transferred to Shareholders A/c	100,220	78,634
	(b) Funds for Future Appropriations	9,242	16,132
20	**Details of Surplus / Deficit**		
	(a) Interim bonus paid	2,313	1,523
	(b) Terminal bonus paid	19,341	14,298
	(c) Allocation of bonus to policyholders	70,835	59,180
	(d) Surplus shown in the Revenue Account	109,462	94,766
	Total Surplus	201,951	169,767
SHAREHOLDERS' A/C			
21	Transfer from Policyholders' Account	100,220	78,634
22	Net Reinsurance Premium	1,020	81
23	Total income under Shareholders' Account		
	(a) Investment Income	28,412	23,031
	(b) Other income	1,320	7
24	Reinsurance Claims incurred	4	-
25	Expenses relating to reinsurance business & Change in reinsurance contract liabilities (net of reinsurance assets)	1,333	679
26	Expenses other than those related to insurance business	1,522	7,076
27	Transfer of funds to Policyholders' Account	15,665	3,539
28	Provisions for doudtful debts (including write off)	-	-
29	Provisions for diminution in value of investments	(45)	(435)
30	**Profit before tax**	**112,494**	**90,893**
31	Provisions for tax	1,774	2,201
32	**Profit after tax and before Extraordinary items**	**110,720**	**88,692**
33	**Profit after tax and Extraordinary items**	110,720	88,692
34	**Dividend per share (₹) (Nominal value ₹ 10 per share)**		
	(a) Interim Dividend	1.36	1.10
	(b) Final Dividend	-	-
35	Profit carried to Balance Sheet	238,448	160,612
36	Paid up equity share capital	201,174	199,848
37	Reserve & Surplus (excluding Revaluation Reserve)	269,248	179,553
38	Fair Value Change Account and Revaluation Reserve (Shareholders)	3,016	3,231
39	Total Assets:		
	(a) Investments:		
	- Shareholders'	405,735	323,141
	- Policyholders Fund excluding Linked Assests	4,534,714	3,469,154
	- Assets held to cover Linked Liabilities (Linked Assets)	5,718,539	5,380,048
	(b) Other Assets (Net of current liabilities and provisions)	(75,784)	(44,900)

*Details of Expenses contributing more than 10% of the expense of management are as below -

Advertisement and publicity	71,598	37,686
Business development expenses	49,140	30,192

Foot notes :

1 Net of reinsurance

2 Net of amortisation and losses (including capital gains)

3 Inclusive of interim and terminal bonus

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HDFC Standard Life Insurance Co. Limited Mumbai

HDFC Standard Life Insurance Company Limited
Consolidated Balance Sheet as at March 31, 2018

(₹ in Lakhs)

Particulars	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS:		
Share Capital	201,174	199,848
Share application money received pending allotment of shares	89	-
Reserves and Surplus	269,248	179,553
Credit / (Debit) Fair Value Change Account	3,016	3,231
Sub-Total	**473,526**	**382,632**
BORROWINGS	-	-
POLICYHOLDERS' FUNDS:		
Credit / (Debit) Fair Value Change Account	62,202	39,814
Policy Liabilities		
i) relating to Life insurance business	4,231,927	3,238,193
ii) relating to Reinsurance business	1,090	77
Insurance Reserve		
Provision for Linked Liabilities	4,656,490	4,302,897
Add: Fair value change	803,329	777,749
Provision for Linked Liabilities	5,459,819	5,080,646
Funds for discontinued policies		
(a) Discontinued on account of non-payment of premium	257,588	297,915
(b) Others	1,132	1,487
Total Provision for Linked & Discontinued Policyholders Liabilities	5,718,539	5,380,048
Sub-Total	**10,013,758**	**8,658,133**
Funds for Future Appropriations	95,920	86,678
TOTAL	**10,583,204**	**9,127,443**
APPLICATION OF FUNDS		
INVESTMENTS:		
Shareholders'	405,735	323,141
Policyholders'	4,534,714	3,469,154
Asset held to cover Linked Liabilities	5,718,539	5,380,048
LOANS	1,874	4,785
FIXED ASSETS	34,169	35,347
CURRENT ASSETS		
Cash and Bank Balances	111,050	79,738
Advances and Other Assets	242,201	217,444
Sub-Total (A)	**353,251**	**297,182**
CURRENT LIABILITIES	460,670	377,532
PROVISIONS	4,409	4,682
Sub-Total (B)	**465,078**	**382,214**
NET CURRENT ASSETS (C) = (A - B)	**(111,828)**	**(85,032)**
Miscellaneous Expenditure (to the extent not written off or adjusted)	-	-
Debit Balance in Profit and Loss Account (Shareholders' Account)	-	-
TOTAL	**10,583,204**	**9,127,443**
Contingent liabilities	83,237	66,563

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HDFC STANDARD LIFE INSURANCE CO. LIMITED
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HDFC Standard Life Insurance Company Limited

Statement of Analytical Ratios (Consolidated) for the year ended March 31, 2018

(₹ in Lakhs)

	Particulars	Year ended / As at	
		March 31, 2018	March 31, 2017
		(Audited)	(Audited)
	Analytical Ratios:		
(i)	Solvency Ratio	192%	192%
(ii)	Expenses of Management Ratio	18.0%	16.3%
(iii)	Policyholder's liabilities to shareholders' fund	2121.8%	2275.0%
(iv)	Earnings per share (in ₹):		
	a) Basic EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three months)	5.52	4.44
	b) Diluted EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three months)	5.49	4.42
(v)	NPA ratios: (for Policyholders' fund)		
	a) Gross NPAs		
	- Non Linked		
	Par	NIL	1000.0
	Non Par	NIL	NIL
	- Linked		
	Non Par	NIL	NIL
	Net NPAs		
	- Non Linked		
	Par	NIL	417.6
	Non Par	NIL	NIL
	- Linked		
	Non Par	NIL	NIL
	b) % of Gross NPAs		
	- Non Linked		
	Par	NIL	0.0%
	Non Par	NIL	NIL
	- Linked		
	Non Par	NIL	NIL
	% of Net NPA		
	- Non Linked		
	Par	NIL	0.0%
	Non Par	NIL	NIL
	- Linked		
	Non Par	NIL	NIL
(vi)	Yield on Investments (on Policyholders' fund)		
	A. Without unrealised gains		
	- Non Linked		
	Par	8.9%	9.3%
	Non Par	8.4%	9.1%
	- Linked		
	Non Par	9.4%	10.4%
	B. With unrealised gains		
	- Non Linked		
	Par	5.7%	13.1%
	Non Par	5.8%	11.4%
	- Linked		
	Non Par	8.5%	17.4%
(vii)	NPA ratios: (for Shareholders' fund)		
	a) Gross NPAs	NIL	1,000.0
	Net NPAs	NIL	417.6
	b) % of Gross NPAs	NIL	0.3%
	% of Net NPAs	NIL	0.1%
(viii)	Yield on Investments (on Shareholders' fund)		
	A. Without unrealised gains	8.2%	8.0%
	B. With unrealised gains	5.8%	12.7%
(ix)	Persistency Ratio		
	13th month	87.1%	83.8%
	25th month	77.4%	75.3%
	37th month	70.9%	64.7%
	49th month	62.2%	59.5%
	61st month	51.0%	58.8%

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HDFC STANDARD LIFE INSURANCE CO. LIMITED MUMBAI

Particulars		Year ended / As at	
		March 31, 2018	March 31, 2017
		(Audited)	(Audited)
(x)	Conservation Ratio		
	Participating life- Individual & group	90.0%	88.7%
	Participating pension- Individual & group	93.2%	57.8%
	Participating - Pension group variable	NA	NA
	Non Participating life - Individual & group	85.1%	87.0%
	Non Participating pension - Individual & Group	92.3%	89.0%
	Non Participating - Life Group Variable	NA	NA
	Non Participating - Pension group variable	NA	NA
	Non Participating fund - Annuity	NA	NA
	Non Participating fund - Individual & Group Health	74.8%	41.7%
	Unit Linked - Individual life	79.5%	77.4%
	Unit Linked - Individual pension	86.3%	86.1%
	Unit Linked - Group life	NA	NA
	Unit Linked - Group pension	NA	NA

Notes :

1. Analytical ratios have been calculated as per definition given in IRDAI Analytical ratios disclosure.
2. The persistency ratios are 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.
3. Group business, where persistency is measurable, has been included in the calculations. Rural business is excluded in the calculation of the persistency ratios.
4. The persistency ratios for the quarter ended March 31, 2018 have been calculated for the policies issued in the December to February period of the relevant years. E.g.: the 13th month persistency for the current year is calculated for the policies issued from December 2016 to February 2017. The persistency ratio for quarter ended December 31, 2017 and March 31, 2017 have been calculated in a similar manner.
5. The persistency ratios for the year ended March 31, 2018 have been calculated for the policies issued in the March to February period of the relevant years. E.g.: the 13th month persistency for the current year is calculated for the policies issued from March 2016 to February 2017. The persistency ratio for year ended March 31, 2017 has been calculated in a similar manner.

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HDFC Standard Life Insurance Company Limited

Segment Reporting (Consolidated) for the Year ended March 31, 2018

(₹ in Lakhs)

Sr. No.	Particulars	Year ended / As at	
		March 31, 2018	March 31, 2017
		(Audited)	(Audited)
1	**Segment Income**		
A)	**Policyholders - Life insurance business**		
	Segment A - Participating - Individual & Group Life :		
	Net Premium	563,505	481,238
	Income from Investments[2]	194,231	157,666
	Transfer of Funds from shareholders' account	-	-
	Other Income	2,362	1,846
	Segment B - Participating - Individual & Group Pension :		
	Net Premium	23,117	21,520
	Income from Investments[2]	13,941	16,505
	Transfer of Funds from shareholders' account	352	692
	Other Income	74	69
	Segment C - Participating - Pension Group Variable :		
	Net Premium	-	-
	Income from Investments[2]	-	-
	Transfer of Funds from shareholders' account	-	-
	Other Income	-	-
	Segment D - Non Participating - Individual & Group Life :		
	Net Premium	425,930	291,147
	Income from Investments[2]	52,970	38,582
	Transfer of Funds from shareholders' account	13,500	-
	Other Income	325	284
	Segment E - Non Participating - Life Group Variable :		
	Net Premium	51,197	50,821
	Income from Investments[2]	10,206	6,908
	Transfer of Funds from shareholders' account	101	286
	Other Income	(0)	0
	Segment F - Non Participating - Individual & Group Pension :		
	Net Premium	65,678	73,924
	Income from Investments[2]	19,215	14,493
	Transfer of Funds from shareholders' account	-	-
	Other Income	63	35
	Segment G - Non Participating - Pension Group Variable :		
	Net Premium	67,018	61,503
	Income from Investments[2]	11,345	6,459
	Transfer of Funds from shareholders' account	457	728
	Other Income	-	-
	Segment H - Non Participating - Annuity :		
	Net Premium	106,554	34,611
	Income from Investments[2]	17,990	8,737
	Transfer of Funds from shareholders' account	-	1,833
	Other Income	70	12
	Segment I - Non Participating - Individual & Group Health :		
	Net Premium	9,150	5,781
	Income from Investments[2]	305	259
	Transfer of Funds from shareholders' account	1,255	-
	Other Income	30	19
	Segment J - Unit Linked - Individual Life :		
	Net Premium	829,478	695,180
	Income from Investments[2]	415,720	662,042
	Transfer of Funds from shareholders' account	-	-
	Other Income	8,172	7,466
	Segment K - Unit Linked - Individual Pension :		
	Net Premium	103,191	122,658
	Income from Investments[2]	89,506	144,076
	Transfer of Funds from shareholders' account	-	-
	Other Income	87	623
	Segment L - Unit Linked - Group Life :		
	Net Premium	81,200	74,316
	Income from Investments[2]	26,797	45,142
	Transfer of Funds from shareholders' account	-	-
	Other Income	(0)	0
	Segment M - Unit Linked - Group Pension :		
	Net Premium	11,079	14,786
	Income from Investments[2]	6,746	11,970
	Transfer of Funds from shareholders' account	-	-
	Other Income	-	-
B)	**Others**		
	Income from Investments[2]	28,453	23,466
	Other Income	1,319	7

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HDFC STANDARD LIFE INSURANCE CO. LIMITED MUMBAI

HDFC Standard Life Insurance Company Limited

Segment Reporting (Consolidated) for the Year ended March 31, 2018

(₹ in Lakhs)

Sr No.	Particulars	Year ended/As at	
		March 31, 2018	March 31, 2017
		(Audited)	(Audited)
2	**Segment Surplus/ Deficit (net of transfer from shareholders' A/c) :**		
	Segment A - Participating - Individual & Group Life	11,187	17,894
	Segment B - Participating - Individual & Group Pension	7,979	5,878
	Segment C - Participating - Pension Group Variable	-	-
	Segment D - Non Participating - Individual & Group Life	46,315	35,019
	Segment E - Non Participating - Life Group Variable	(101)	(286)
	Segment F - Non Participating - Individual & Group Pension	4,949	3,951
	Segment G - Non Participating - Pension Group Variable	(457)	(728)
	Segment H - Non Participating - Annuity	2,012	(1,833)
	Segment I - Non Participating - Individual & Group Health	1,427	204
	Segment J - Unit Linked - Individual Life	3,589	15,696
	Segment K - Unit Linked - Individual Pension	14,195	13,594
	Segment L - Unit Linked - Group Life	1,870	1,734
	Segment M - Unit Linked - Group Pension	831	102
	Total - Life insurance business	**93,797**	**91,225**
	Others	25,144	13,516
	Grant Total	**118,941**	**104,741**
3	**Segment Assets:**		
	Segment A - Participating - Individual & Group Life	2,490,434	2,012,165
	Segment B - Participating - Individual & Group Pension	233,775	206,518
	Segment C - Participating - Pension Group Variable	-	-
	Segment D - Non Participating - Individual & Group Life	785,863	536,358
	Segment E - Non Participating - Life Group Variable	162,244	108,506
	Segment F - Non Participating - Individual & Group Pension	255,866	214,611
	Segment G - Non Participating - Pension Group Variable	183,605	114,930
	Segment H - Non Participating - Annuity	235,493	127,977
	Segment I - Non Participating - Individual & Group Health	4,329	2,980
	Segment J - Unit Linked - Individual Life	4,325,623	4,044,145
	Segment K - Unit Linked - Individual Pension	878,829	887,256
	Segment L - Unit Linked - Group Life	436,988	376,997
	Segment M - Unit Linked - Group Pension	92,807	92,894
	Total - Life insurance business	**10,085,857**	**8,725,337**
	Others	467,176	377,075
	Unallocated [3]	30,171	25,030
	Grant Total	**10,583,204**	**9,127,443**
4	**Segment Policy Liabilities[4] :**		
	Segment A - Participating - Individual & Group Life	2,448,310	1,984,897
	Segment B - Participating - Individual & Group Pension	222,961	202,047
	Segment C - Participating - Pension Group Variable	-	-
	Segment D - Non Participating - Individual & Group Life	783,273	533,878
	Segment E - Non Participating - Life Group Variable	161,136	107,828
	Segment F - Non Participating - Individual & Group Pension	255,675	214,421
	Segment G - Non Participating - Pension Group Variable	182,479	114,726
	Segment H - Non Participating - Annuity	236,287	127,977
	Segment I - Non Participating - Individual & Group Health	4,294	2,946
	Segment J - Unit Linked - Individual Life	4,343,422	4,059,125
	Segment K - Unit Linked - Individual Pension	878,826	887,256
	Segment L - Unit Linked - Group Life	436,915	376,926
	Segment M - Unit Linked - Group Pension	92,807	92,894
	Total - Life insurance business	**10,046,386**	**8,704,921**
	Others	474,616	382,709
	Unallocated	-	-
	Grand Total	**10,521,002**	**9,087,630**

Note:

1. Segments include:

a. Linked Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

b. Non-Linked

1. Non-Participating Policie: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
2. Partipating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

c. Variable insurance shall be further segregated into Life and Pension

2. Net of provisions for diminution in value of investment
3. 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 taxtation). As per Accounting Standard 17, tax asset cannot be allocated across reporting segments
4. Segment policy liabilities includes fund for future appropriations

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HDFC STANDARD LIFE INSURANCE CO. LIMITED MUMBAI

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HDFC Standard Life Insurance Company Limited

Other disclosures :

Status of Shareholders Complaints as on March 31, 2018

Sr No.	Particulars	Number of Complaints
1	Investor complaints pending at the begining of the quarter	1
2	Investor complaints received during the quarter ended March 31, 2018	437
3	Investor complaints disposed of during the quarter ended March 31, 2018	436
4	Investor complaints remaining unresolved as on March 31, 2018*	2

*Out of the two pending complaints, the Company has provided an interim reply in one complaint, and had received the other on March 31, 2018 which has been subsequently resolved.

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HDFC STANDARD LIFE INSURANCE CO. LIMITED
MUMBAI

Notes:

1. The above results of the company for the quarter and year ended March 31, 2018 were reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on April 18, 2018.

2. These financial results have been prepared in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable, and IRDAI Circular IRDA/F&I/REG/CIR/208/10/2016 dated October 25, 2016 on publication of financial results for Life Insurance companies.

3. The figures of quarter ended March 31, 2018 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2018 and the published year-to-date figures upto the third quarter of the current financial year, i.e. nine months ended December 31, 2017.

4. During the quarter ended March 31, 2018, the Company has allotted 27,66,821 equity shares of face value of ₹ 10 each pursuant to exercise of employee stock options.

5. Figures of the previous period have been regrouped wherever necessary, in order to make them comparable.

6. In accordance with the requirements of IRDAI Master Circular on "Preparation of Financial Statements and Filing Returns of Life Insurance Business" dated December 11, 2013, the Company will publish the financials on the company's website not later than May 18, 2018.

7. The above standalone and consolidated financial results have been audited by joint statutory auditors of the Company.

For and on behalf of the Board of Directors

Mumbai
April 18, 2018

Amitabh Chaudhry
Managing Director & CEO
(DIN: 00531120)

HDFC STANDARD LIFE INSURANCE CO. LIMITED MUMBAI

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Chartered Accountants
1007, Raheja Chambers,
213 Nariman Point,
Mumbai – 400021

Auditor's Report on Consolidated Financial Results for year ended March 31, 2018 of HDFC Standard Life Insurance Company Limited ("hereinafter referred to as the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group")

To The Board of Directors of
HDFC Standard Life Insurance Company Limited

1. We have audited the accompanying consolidated financial results of the Group as at and for the year ended March 31, 2018 being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDA Circular reference: IRDAI/F&I/ REG/CIR/208/10/2016 dated 25th October 2016, ("Consolidated financial results") which have been approved by the Board of Directors on April 18, 2018.

2. These consolidated financial results have been prepared on the basis of the consolidated financial statements prepared in accordance with the measurement and recognition principles specified in paragraph 3 below, which is the responsibility of the Holding Company's management. The respective Board of Directors of the companies included in the Group are responsible for selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation of the consolidated financial results that give true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of consolidated financial statements by the Directors of the Holding Company.

3. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated financial statements, which have been prepared by the Holding Company's Management in accordance with the recognition and measurement principles specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 issued thereunder, including the relevant provisions of the Insurance Act, 1938 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act") and other accounting principles generally accepted in India, to the extent considered relevant and appropriate for the purpose of these consolidated financial results and which are not

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inconsistent with the accounting principles as prescribed in the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 (the "Regulations") and orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India ("IRDAI") to the extent applicable.

4. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as consolidated financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

5. In our opinion and to the best of our information and according to the explanations given to us these consolidated financial results:

   i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDAI IRDA Circular reference: IRDAI/F&I/REG/CIR/208/10/2016 dated 25th October 2016 in this regard; and

   ii. give a true and fair view of the consolidated net profit and other financial information for the year ended March 31, 2018 as well as the consolidated financial results for the year ended March 31, 2018.

Other Matters

6. The actuarial valuation of liabilities for life policies in force is the responsibility of the Holding Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2018 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists, as contained in the consolidated financial statements of the Group.

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7. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 1,227,644 (in '000') and net assets of Rs. 1,074,764 (in '000') as at March 31, 2018, total revenue of Rs. 142,440 (in '000'), net loss of Rs 18,004 (in '000') and net cash flows amounting to Rs 4,253 (in '000') for the year ended on that date, 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 consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

8. The consolidated financial results dealt with by this report has been prepared for the purpose of filing with stock exchanges. This Statement is based on and should be read with the audited consolidated financial statements of the group for the year ended March 31, 2018 on which we issued an unmodified audit opinion vide our report dated April 18, 2018.

Restriction of Use

9. This report is addressed to the Board of Directors of the Holding Company and has been prepared for and only for the purposes set out in paragraph 8 above. This report should not be otherwise used by any other party for any other purpose.

For Price Waterhouse Chartered Accountants LLP
Chartered Accountants
Firm Registration No.012754N/N500016

Anish P. Amin
Partner
Membership No. 040451

For G.M.Kapadia& Co.
Chartered Accountants
Firm Registration No.104767W

Rajen Ashar
Partner
Membership No. 048243

Place: Mumbai
Date: April 18, 2018

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HDFC Life
Sar utha ke jiyo!

PRESS RELEASE

BSE Code: 540777 **NSE Code: HDFCLIFE**

Performance for the year ended Mar 31, 2018

Mumbai, Apr 18, 2018: The Board of Directors of HDFC Life approved and adopted today its consolidated and standalone audited financial results for the year ended Mar 31, 2018. Below is the summary of our standalone results:

Key Financial Summary

₹Bn	FY18	FY17	YoY
Key Financial and Actuarial Metrics			
New Business Premium	113.5	86.2	32%
Renewal Premium	122.1	108.2	13%
Total Premium	**235.6**	**194.5**	**21%**
Individual APE	48.9	37.4	31%
Total APE	55.3	41.9	32%
Group Premium (NB + Renewal)	54.9	45.0	22%
Premium Less Benefit Payouts (1)	104.7	94.8	10%
Profit After Tax	11.1	8.9	24%
Assets Under Management (AUM)	1,066.0	917.4	16%
Value of new business (VNB)	12.8	9.2	39%
Embedded Value	152.2	124.7	22%
Net Worth (2)	47.2	38.1	24%

	FY18	FY17
Key Financial Ratios		
New Business Margins (post overrun)	23.2%	22.0%
Operating Return on EV	21.5%	21.7%
Operating Expenses / Total Premium	13.5%	12.6%
Return on Equity (3)	26.0%	25.7%
Solvency Ratio	192%	192%
13M / 61M Persistency (4)	87%/51%	84%/59%
Conservation Ratio (5)	85%	82%
Business Mix (%)		

UL / Non par savings / Non par protection / Par (6)	57/9/5/28	52/9/4/35
Protection business share (basis APE)	11.3%	7.8%
Protection business share (basis NBP)	25.9%	21.8%
Individual Distribution (CA/Agency/Broker/Direct) (6)	71/11/5/14	72/12/5/11
Total Distribution (CA/Agency/Broker/Direct/Group) (7)	33/7/2/10/48	32/8/2/7/51

Notes:

1. Gross of reinsurance for both individual and group business
2. Net worth comprises of Share capital (including share application money received, but pending allotment), Share premium and Accumulated profits/(losses)
3. Calculated using net profit and average net worth for the period
4. Persistency ratios (based on original premium) as per methodology specified in IRDA circular no. IRDA/ACT/CIR/MISC/035/01/2014 dated January 23, 2014. Group business, where persistency is measurable, has been included in the calculations.
5. Conservation ratio is based on individual business
6. Based on individual APE excluding GST. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off
7. On total new business premium including Group. Percentages are rounded off

Snapshot for the full year ending Mar 31, 2018:

- **Private Market Share:** Consistently ranked amongst the top 3 private players in individual and group business category with market share of 13.2% based on Individual WRP and 29.5% based on Group business *(on received premium)* during 11M FY18. Market share of 19.0% based on overall new business received premium during 11M FY18;
- **Total Premium:** Registered strong growth of 21% to ₹ 235.6 Bn, aided by healthy new business growth of 32% and stable growth of 13% in renewal business;
- **Persistency Ratio:** The persistency ratios continue to trend strongly across various cohorts. While 13th month persistency increased to 87% (FY17: 84%), 61st month persistency was at 51% compared to 59% last year. This reduction was primarily due to the impact of specific cohort of business written in FY13*;*
- **Assets Under Management:** Robust growth of 16% to ₹ 1,066.0 Bn, with underlying Debt: Equity mix of 61:39;
- **Embedded Value**: Embedded Value *(IEV methodology)* at ₹ 152.2 Bn as on Mar 31, 2018. Operating return on Embedded Value *(EVOP/Opening Embedded value)* at 21.5%*;*
- **New Business Margins:** The value of new business (VNB) grew by 39% to ₹ 12.8 Bn. New business margins *(post overrun)* grew to 23.2% for the year ended Mar 31, 2018;
- **Profit After Tax (PAT):** PAT showcased strong growth of 24% to ₹ 11.1 Bn. Insurance profit (Policyholder surplus) comprised of 76% of the total PAT for the year ended Mar 31, 2018;
- **Dividend:** Paid interim dividend *(₹ 1.36 / share)* amounting to ₹ 3.3 Bn including Dividend Distribution Tax *(DDT),* implying dividend payout ratio of 30% in FY18;

- **Networth and Solvency ratio:** Networth increased by 24% to ₹ 47.2 Bn as at Mar 31, 2018. Maintained stable solvency ratio at 192%;
- **Product Portfolio:** Maintained a balanced product mix with ULIPs contributing 57% and Conventional products forming 43% of the Individual APE. Continued focus on protection business, thereby contributing 26% of total new business premium (FY17: 22%). 25% of our individual policies sold during FY18 were protection business policies (FY17: 25%);
- **Distribution Mix:** The Company has a diversified distribution mix, backed by strong presence across the country through 414 HDFC Life offices, along with wide access to the branches of our 149 bancassurance and 22 non-traditional ecosystem partnerships as on Mar 31, 2018. Cross-selling to group customers formed 6.2% of the individual new business policies sold during FY18.

Update on Q4 FY18 Performance:

- Registered healthy growth in Individual APE of 11%;
- Total group business grew by 24%
- Total premium grew by 24% during Q4 FY18;
- Profit after tax grew by 40% to ₹ 3.5 Bn for the quarter;
- Operating Expenses / Total Premium of 12.3%

Commenting on the performance, Mr. Amitabh Chaudhry, MD & CEO, HDFC Life said "The Company continues to harness the long term growth potential of the sector, with specific focus on protection. The Company had a robust year with strong growth and it continued to deliver consistent performance across all metrics. The balanced product mix, diversified distribution network and customer centric approach has helped deliver profitable growth and thereby adding to shareholder value. In line with the stated strategy, the Company will continue to work hard and invest in leveraging technology and re-imagine the life insurance business."

Definitions and abbreviations

- **Annualized Premium Equivalent (APE)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups
- **Assets under Management (AUM)** - The total value of Shareholders' & Policyholders' investments managed by the insurance company. AUM includes investments disclosed in the Balance sheet under Schedule 8, 8A, 8B & loans in the nature of investments included in Schedule 9
- **Conservation ratio** - Ratio of current year renewal premiums to previous year's renewal premium and first year premium
- **Embedded Value Operating Profit (EVOP)** - Embedded Value Operating Profit ("EVOP") is a measure of the increase in the EV during any given period, excluding the impact on EV due to external factors like changes in economic variables and shareholder-related actions like capital injection or dividend pay-outs

- **First year premium** - Premiums due in the first policy year of regular premiums received during the financial year. For example, for a monthly mode policy sold in March 2018, the first monthly instalment received would be reflected as First year premiums for 2017-18 and the remaining 11 instalments due in the first policy year would be reflected as first year premiums in 2018-19, when received
- **New business received premium** - The sum of first year premium and single premium, reflecting the total premiums received from the new business written
- **Operating expense** - It includes all expenses that are incurred for the purposes of sourcing new business and expenses incurred for policy servicing (which are known as maintenance costs) including shareholders' expenses. It does not include commission.
- **Operating expense ratio** - Ratio of operating expense (including shareholders' expenses) to total premium
- **Operating return on EV** - Operating Return on EV is the ratio of EVOP (Embedded Value Operating Profit) for any given period to the EV at the beginning of that period
- **Persistency** - The proportion of business renewed from the business underwritten. The ratio is measured in terms of number of policies and premiums underwritten
- **Premium less benefits payouts** - The difference between total premium received and benefits paid (gross of reinsurance)
- **Renewal premium** - Regular recurring premiums received after the first policy year
- **Solvency ratio** - Ratio of available solvency margin to required solvency margin
- **Total premium** - Total received premiums during the year including first year, single and renewal premiums for individual and group business
- **Weighted received premium (WRP)** - The sum of first year premium received during the year and 10% of single premiums including top-up premiums

About HDFC Life

HDFC Standard Life Insurance Company Limited ('HDFC Life' / 'Company') is a joint venture between HDFC Ltd., India's leading housing finance institution and Standard Life Aberdeen, a global investment company.

Established in 2000, HDFC Life is a leading long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, and Health. As on Mar 31, 2018, the Company had 30 individual and 10 group products in its portfolio, along with 8 optional rider benefits, catering to a diverse range of customer needs.

HDFC Life continues to benefit from its increased presence across the country having a wide reach with 414 branches and additional distribution touch-points through several new tie-ups and partnerships

comprising 149 bancassurance partners including NBFCs, MFIs, SFBs, etc and 22 partnerships within non-traditional ecosystems. The Company has a strong base of financial consultants.

For more information, please visit our website, www.hdfclife.com. You may also connect with us on Facebook, Twitter, YouTube and LinkedIn.

Disclaimer

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion in business, the impact of any acquisitions, technological implementation and changes, the actual growth in demand for insurance products and services, investment income, cash flow projections, our exposure to market risks, policies and actions of regulatory authorities; impact of competition; experience with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital , solvency or accounting standards , tax and other legislations and regulations in the jurisdictions as well as other risks detailed in the reports filed by HDFC Limited, our holding company, with the United States Securities and Exchange Commission. HDFC Life undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

None of Company or any of its directors, officers, employees, agents or advisers, or any of their respective affiliates, advisers or representatives, undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise and none of them shall have any liability (in negligence or otherwise) for any loss howsoever arising from any use of this press release or its contents or otherwise arising in connection. Further, nothing in this press release should be construed as constituting legal, business, tax or financial advice or a recommendation regarding the securities. Although Company believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of Company's management on future events. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Company's control. Past performance is not a reliable indication of future performance.

Before acting on any information you should consider the appropriateness of the information having regard to these matters, and in particular, you should seek independent financial advice.

HDFC Life Insurance

Investor presentation – FY18

Agenda

A Performance Snapshot

Additional Information

CSR Activities and Awards

India Life Insurance

Company overview

Financial snapshot

Total premium	Total NB	VNB[1]	IEV[1]	AUM	Net-worth	13M Persistency
Growth %	Growth %	NB margin (Post overrun)[1]	EVOP %	Growth %	ROE	61M Persistency
Rs 235.6 bn	Rs 113.5 bn	Rs 12.8 bn	Rs 152.2 bn	Rs 1,066.0 bn	Rs 47.2 bn	87%
21%	32%	23.2%	21.5%	16%	26.0%	51%

Operational snapshot

33.2 mn

Individual / group lives insured

Rs 4,734 bn

New business sum assured

17,609

Full-time employees

149

Bancassurance partners

22

Non-traditional distribution partners

414

Branches

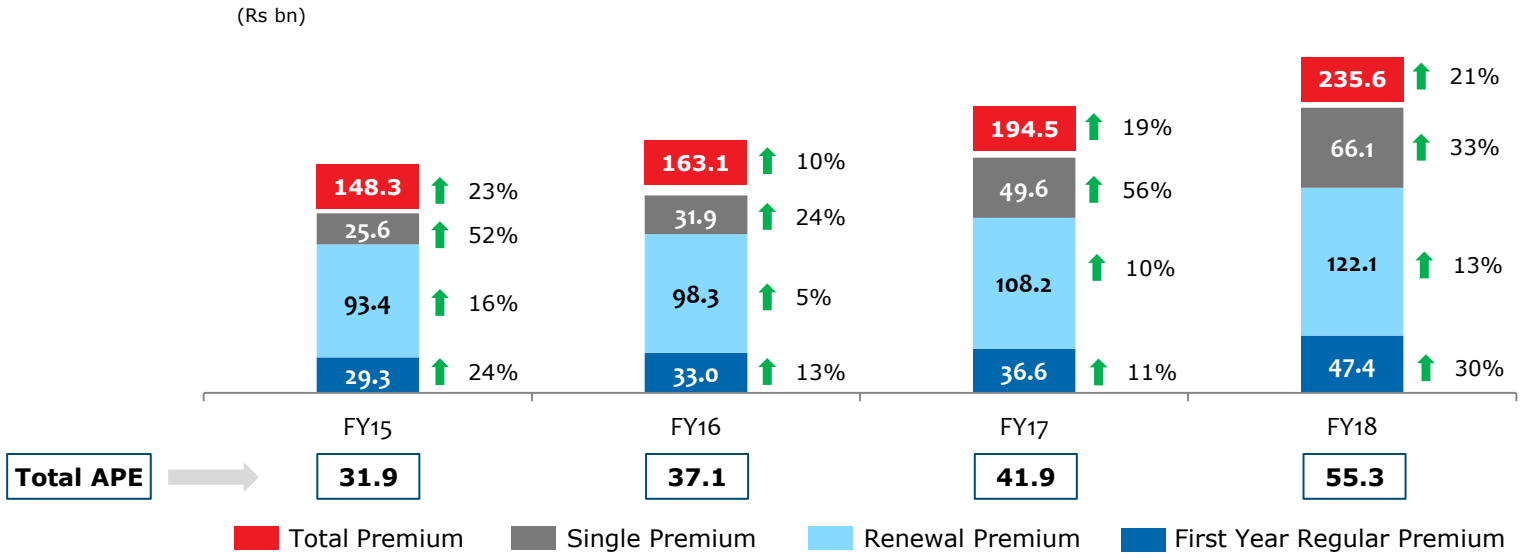
11,200+

Partner branches[2]

Notes: Financials based on standalone financial results of the Company
[1] Please refer to the report from Milliman; [2] For top 15 bancassuarance partners

Strong premium growth and market positioning

Consistent growth across premium categories[1]

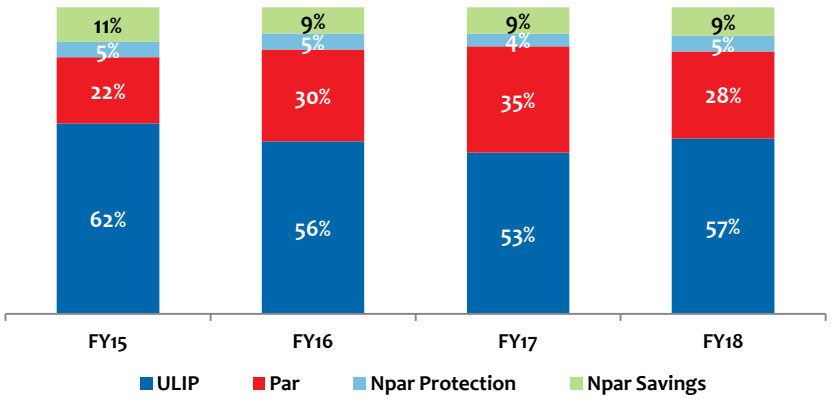


Private market share / Ranking	FY15	FY16	FY17	11M FY18
Individual WRP	14.8% / 3	14.7% / 3	12.7% / 3	13.2% / 3
Group premium	17.8% / 1	18.3% / 1	24.3% / 1	29.5% / 1
Total new business received premium	15.8% / 2	15.8% / 3	17.2% / 2	19.0% / 1

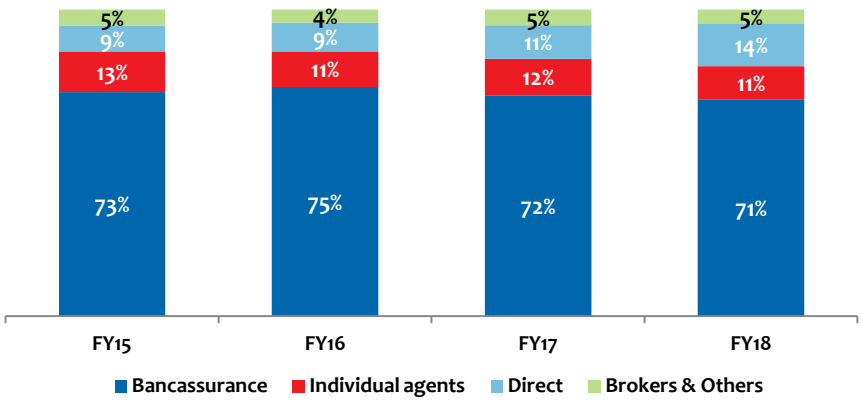
Note:
1. Group premium numbers for FY17 have been re-classified, based on IRDA guidelines issued during the year

Driving balance in product and distribution

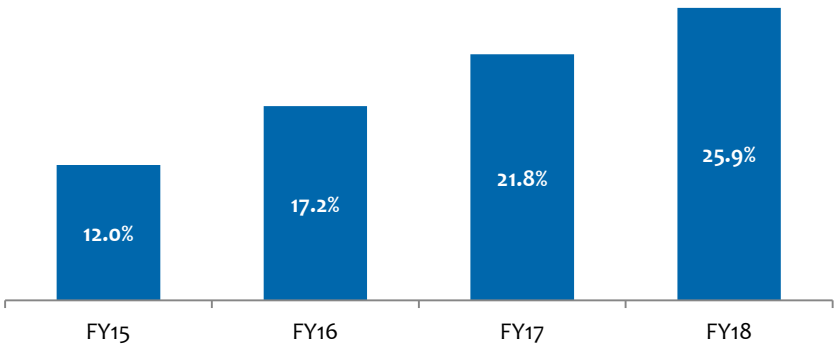
Balanced product mix (based on Individual APE)



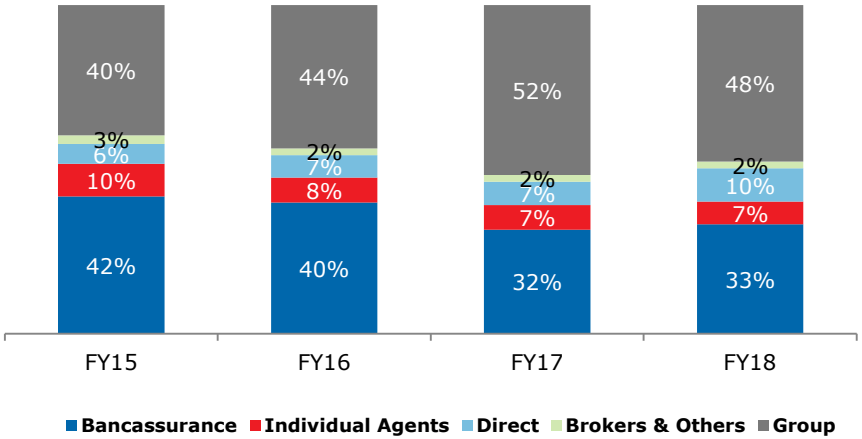
Stable distribution mix (based on Individual APE)



Increasing share of protection products (as % of total NBP)



Stable distribution mix[1] (based on total NBP)



Note:
1. Group premium numbers for FY17 have been re-classified, based on IRDA guidelines issued during the year

Diversified distribution platform driving growth across cycles

Bancassuarance and non traditional ecosystem partners

- 149 bancassurance partners *(10 partners added in Q4 FY18)*
- Top 15 bancassurance partners have over 11,200 branches
- 22 partners across non traditional ecosystem partners
- HDFC group entities sourced 13% of total group business and 38% of total new business in FY18

Individual agents

- 77,048 individual agents
- Increase in average agent productivity by 24% to Rs 81,036

Direct sales

- 1,200+ frontline sales staff across direct sales channels, including group sales, online, digital sub-channels and web aggregators

Broker and other tie-ups

- Over 45 tie-ups including 21 significant insurance brokers and over 29 insurance marketing firms

Select bancassurance partners

25 Banks

HDFC BANK – We understand your world; Saraswat Bank; Catholic Syrian Bank; RBL BANK; IDFC BANK

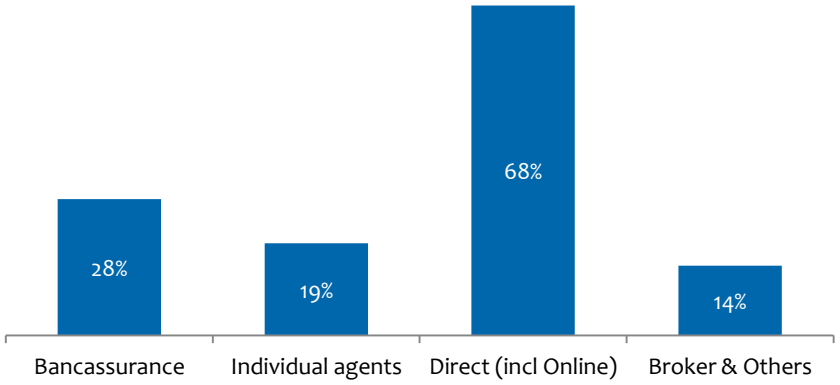
97 NBFCs
18 MFIs

BAJAJ FINANCE LIMITED; pnb Housing Finance Limited; Indiabulls Housing Finance; Chola; HDFC SALES; MANAPPURAM FINANCE LIMITED; HDFC securities; HDFC CREDILA

9 SFBs

equitas Small Finance Bank; SURYODAY A BANK OF SMILES; Capital Small Finance Bank

Growth in channels in FY18 (based on Individual APE)



Note: All figures as at Mar 31, 2018

HDFC Life

Continued innovation across products and distribution

Pension guaranteed product

New

- Offers attractive guarantee immediately, on annuity income that starts from a chosen retirement date in the future

Cardiac care product

- Launched unique health product, providing for cardiac treatment covering multiple incidences of same illness. It also offers the option of income benefit on occurrence of a major cardiac illness.

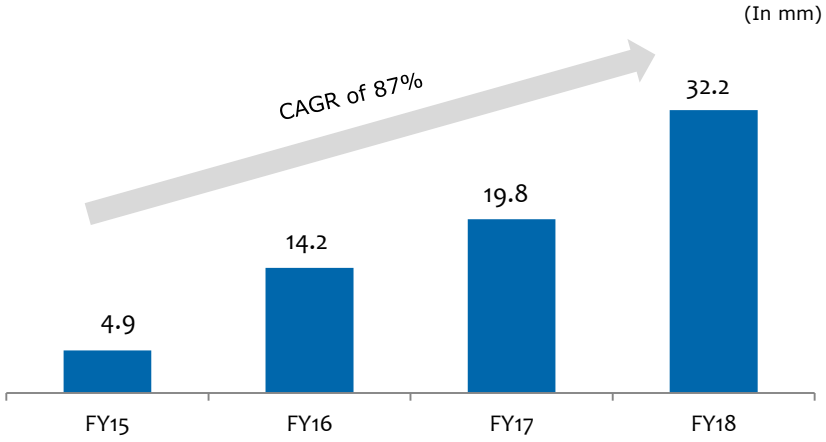
Group health product

- Niche offering to leverage our distribution partnerships and offer health opportunities for the customers

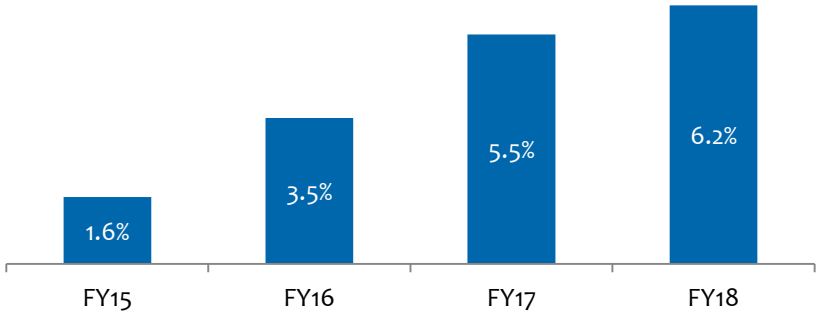
Joint product partnership with Apollo Munich

- Click2Protect Health product launched in August 2017, in partnership with Apollo Munich

Fast growing number of lives insured on group platform



Increasing customer base provides unique opportunity to cross-sell[1]



Note: 1. Calculated as Number of policies from existing group customers / Total number of individual new business policies

Financial and operational snapshot (1/2)

		FY16	FY17	FY18	CAGR
Key Metrics (Rs bn)					
New Business Premium (Indl+Group)		*64.9*	*86.2*	*113.5*	*32%*
Renewal Premium (Indl+Group)		*98.3*	*108.2*	*122.1*	*11%*
Total Premium		163.1	194.5	235.6	20%
Individual APE		34.3	37.4	48.9	19%
Group Premium (NB)		28.3	44.2	54.1	38%
Premium Less Benefit Payouts	(1)	80.6	94.8	104.7	14%
Profit after Tax		8.2	8.9	11.1	16%
- Policyholder Surplus		*6.8*	*7.5*	*8.5*	*11%*
- Shareholder Surplus		*1.4*	*1.4*	*2.6*	*38%*
Dividend Paid	(2)	2.2	2.6	3.3	23%
Assets Under Management		742.5	917.4	1,066.0	20%
Embedded Value	(3)	102.3	124.7	152.2	22%
Net Worth	(4)	31.5	38.1	47.2	22%
New Business Sum Assured	(5)	2,714.9	3,887.6	4,734.5	32%
No. of Individual Policies (NB) sold (In 000s)	(6)	1,150.3	1,082.3	1,049.6	-4%

Notes:

1. *Gross of reinsurance for both individual and group business*
2. *Including dividend distribution tax (DDT)*
3. *Based on IEV methodology as mentioned in the Milliman report*
4. *Comprises Share capital, share premium and accumulated profits/(losses)*
5. *Comprises individual and group business*
6. *Including rural policies. NOPs excluding rural policies have grown at a CAGR of 11%*

HDFC Life

Financial and operational snapshot (2/2)

		FY16	FY17	FY18
Key Ratios				
Overall New Business Margins (post overrun)		19.9%	22.0%	23.2%
Operating Return on EV	(1)	20.7%	21.7%	21.5%
Operating Expenses / Total Premium		11.6%	12.6%	13.5%
Total Commissions / Total Premium		4.3%	4.1%	4.6%
Return on Invested Capital	(2)	37.9%	41.0%	49.1%
Return on Equity	(3)	28.7%	25.7%	26.0%
Solvency Ratio		198%	192%	192%
Persistency (13M / 61M)	(4)	81%/50%	84%/59%	87%/51%
Indl Conservation Ratio		80%	82%	85%
Business Mix (%)				
- Product (UL/Non par savings/Non par protection/Par)	(5)	56/9/5/30	52/9/4/35	57/9/5/28
- Indl Distribution (CA/Agency/Broker/Direct)	(5)	75/12/4/9	72/12/5/11	71/11/5/14
- Total Distribution (CA/Agency/Broker/Direct/Group)	(6)	40/8/2/7/43	32/7/2/7/52	33/7/2/10/48
- Share of protection business (Basis APE)		7.3%	7.8%	11.3%
- Share of protection business (Basis NBP)		17.2%	21.8%	25.9%

Notes:

1. *EVOP (Embedded value operating profit)/Opening EV*
2. *Calculated using net profit and average share capital including share premium*
3. *Calculated using net profit and average net worth for the period (Net worth comprises of Share capital, Share premium and Accumulated profits/(losses))*
4. *Persistency ratios (based on original premium) as per methodology specified in IRDA circular no. IRDA/ACT/CIR/MISC/035/01/ 2014 dated January 23, 2014. Group business, where persistency is measurable, has been included in the calculations.*
5. *Based on individual APE excluding service tax. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off*
6. *Based on total new business premium including group. Percentages are rounded off*

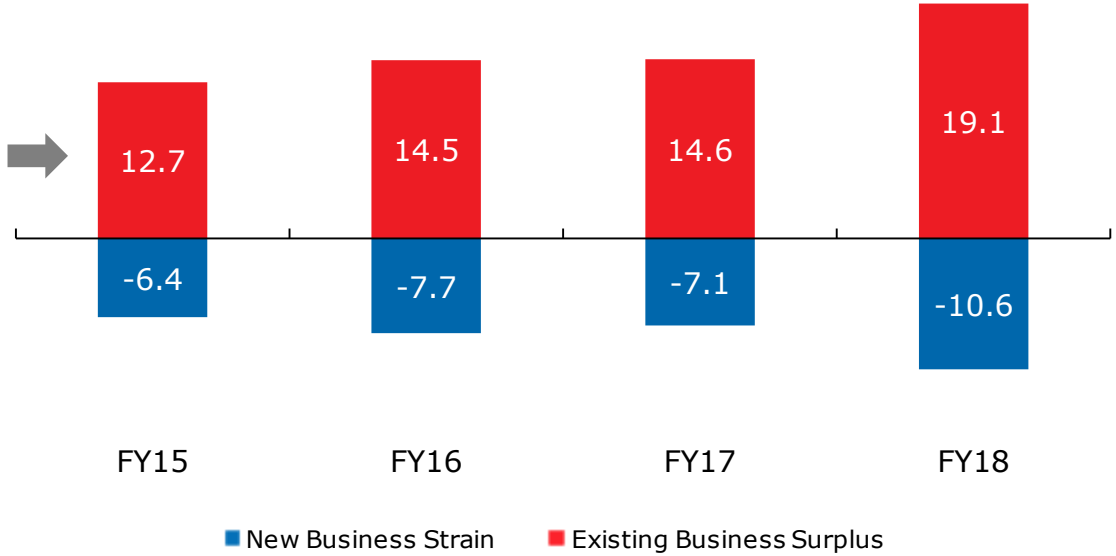
HDFC Life

Profits breakup

Rs bn

	FY15	FY16	FY17	FY18
Profit after tax (PAT)	**7.9**	**8.2**	**8.9**	**11.1**
Shareholder's surplus	1.6	1.4	1.4	2.6
Underwriting profits	6.3	6.8	7.5	8.5

Underwriting profits breakup[1]



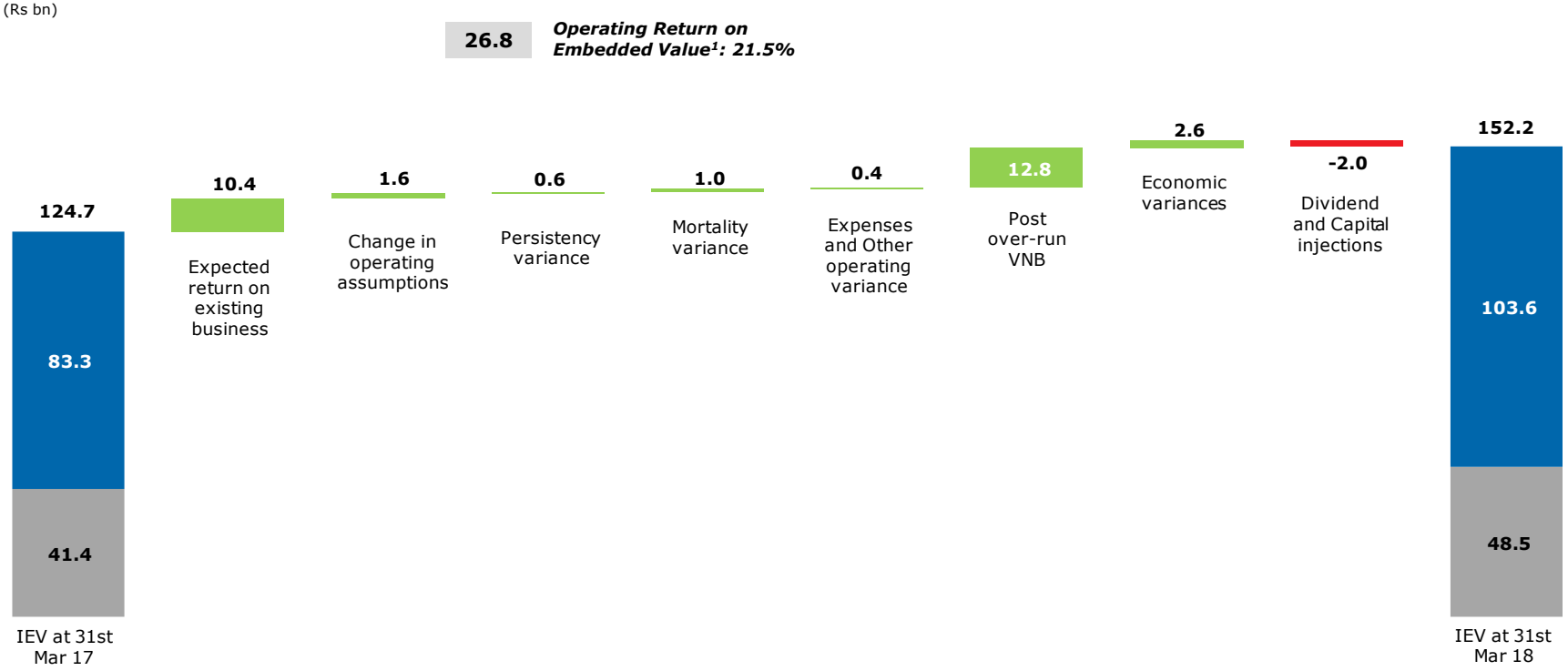
- Steady increase in underwriting profits backed by healthy existing business surplus, neutralising impact of new business strain caused by growth in business

Note: 1. Based on internal Company analysis, numbers may not add up due to rounding off

Analysis of change in IEV

Analysis of change in EV – FY18

(Rs bn)

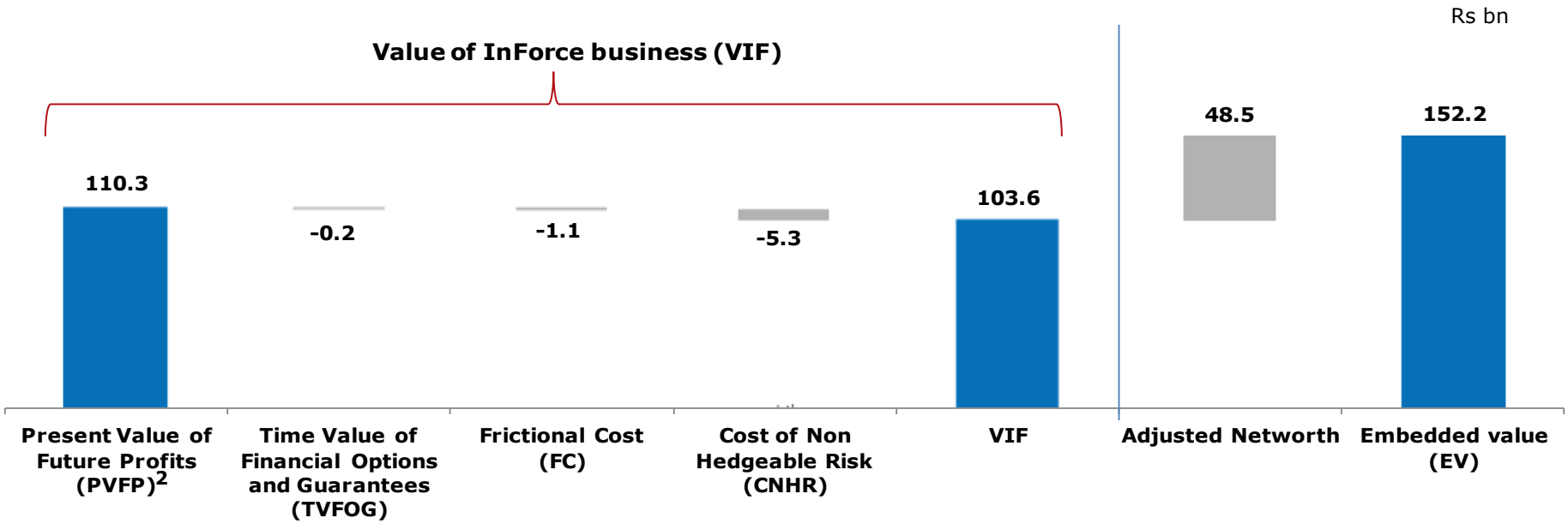


- Healthy operating return on EV delivered over a period of time
- Positive persistency, mortality and operating variances, reflecting favourable experience compared to actuarial assumptions

Note:

1. *Calculated as EVOP (Embedded Value Operating Profit) to Opening EV*

Indian Embedded Value (IEV)[1]



- Higher proportion of VIF at 68% of the total Embedded value
- TVFOG includes cost of guarantees for conventional participating products

Notes:

1. *Please refer to the report from Milliman, detailed explanation of components provided in the Appendix to the presentation*
2. *PVFP pertains to Overall (Individual + Group) business*

Sensitivity analysis – FY18

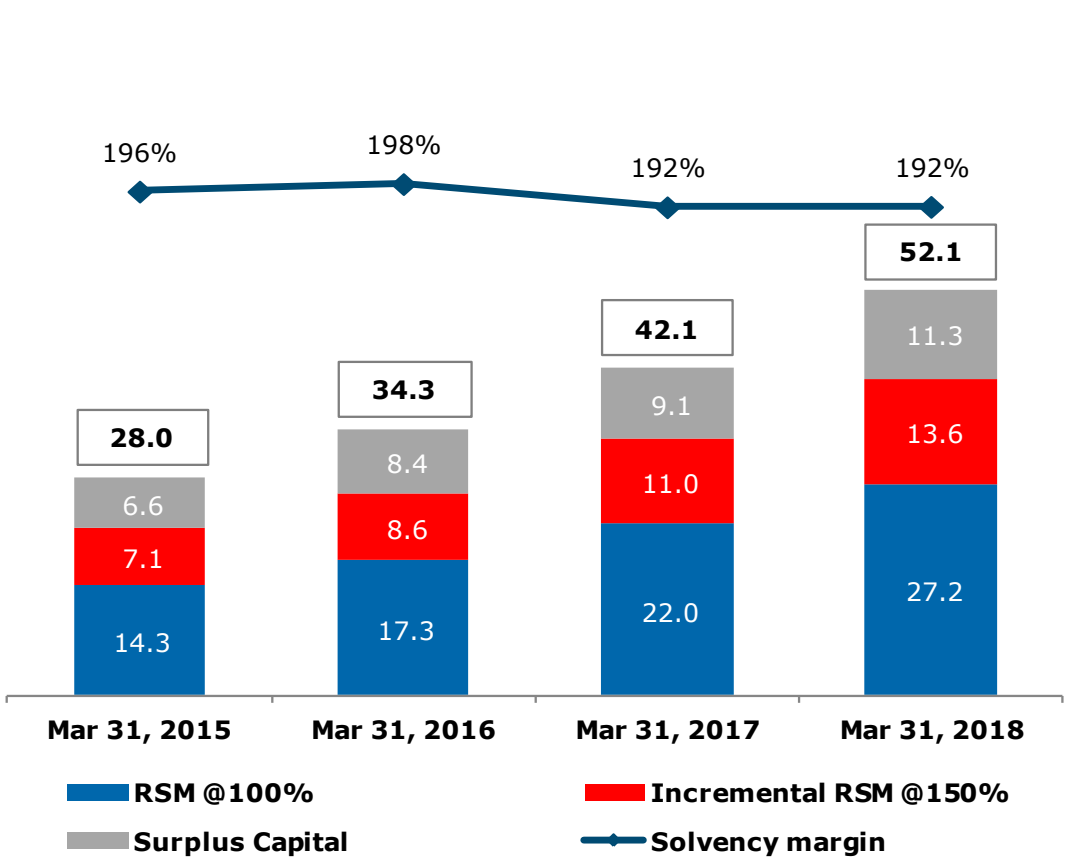
Analysis based on key metrics[1]	Scenario	% Change in VNB[2]	Change in VNB Margin[2]	% Change in EV
Change in				
Reference rate	Increase by 1%	0.27%	0.06%	-1.80%
	Decrease by 1%	-1.71%	-0.40%	1.93%
Equity market movement[2]	Decrease by 10%	-1.24%	-0.29%	-1.84%
Persistency (Lapse rates)	Increase by 10%	-5.63%	-1.31%	-1.75%
	Decrease by 10%	6.06%	1.41%	1.87%
Maintenance expenses	Increase by 10%	-2.18%	-0.51%	-0.63%
	Decrease by 10%	2.17%	0.51%	0.63%
Acquisition Expenses	Increase by 10%	-14.16%	-3.30%	NA
	Decrease by 10%	14.16%	3.30%	NA
Mortality / Morbidity	Increase by 5%	-5.19%	-1.21%	-0.77%
	Decrease by 5%	5.20%	1.21%	0.77%
Tax rate[3]	Increased to 25%	-14.38%	-3.35%	-7.55%

- The NBM impact[4] of the Product Committee recommendations (for increase in surrender value on non linked products) has been broadly assessed, assuming no other changes in product features or distribution costs. Overall NBM impact is expected to be <1% based on FY18 business. The actual impact would depend on the final regulatory changes

Notes:
1. *Please refer to the report from Milliman*
2. *Post overrun total VNB for Individual and Group business*
3. *The tax rate is assumed to increase from 14.56% to 25% and hence all the currently taxed profits in policyholder/shareholder segments are taxed at a higher rate. It does not allow for the benefit of policyholder surplus being tax-exempt as was envisaged in the DTC Bill.*
4. *Based on internal company analysis*

HDFC Life

Capital position



- Stable solvency ratio, despite consistent growth in underlying business – RSM[1] increased @ CAGR of 24% between FY15-18

Note: 1. RSM represents Required solvency margin

Delivering superior customer service

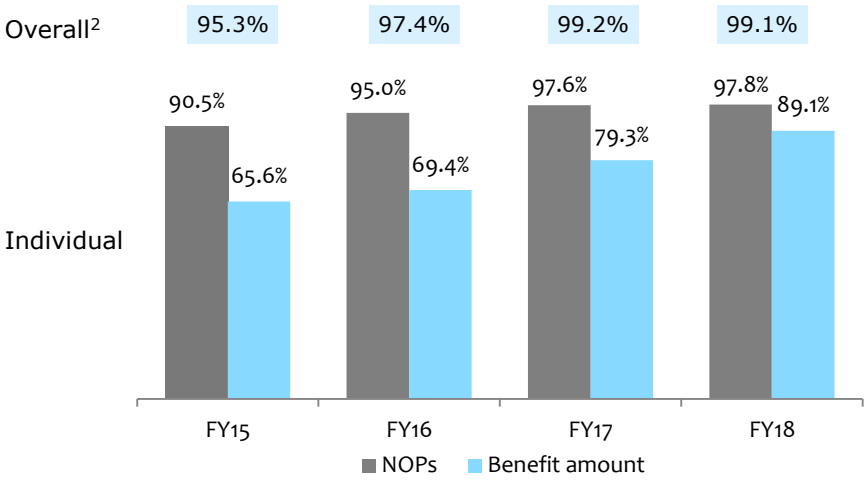
Enhancing customer service

- Digital touch-points - "My Account" online portal, "HDFC Life" mobile app and email service; Traditional touch-points - call center support, IVRS[1] and branches
- Automation in servicing for consistent experience

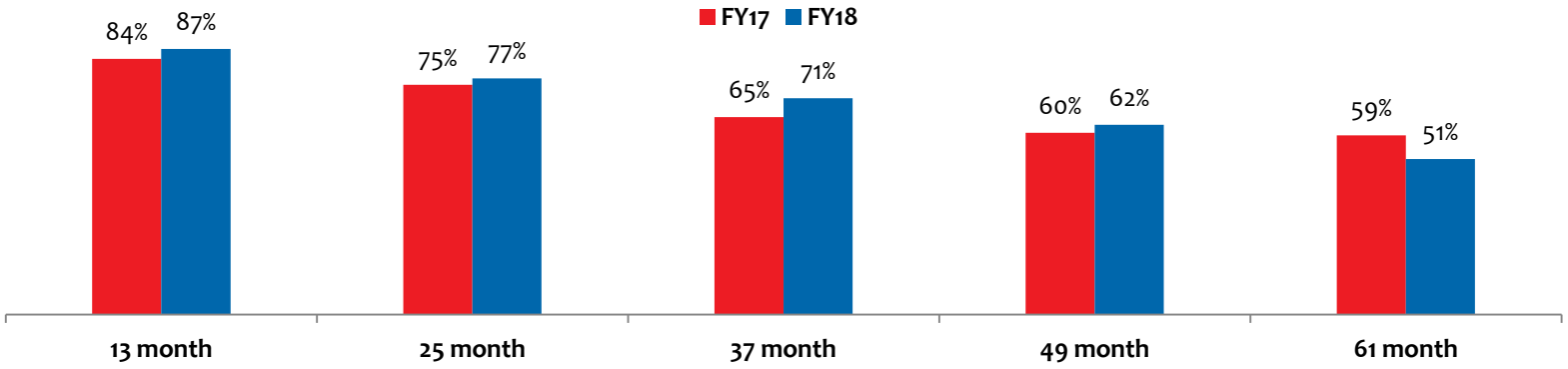
Efficient claims settlement

- Rule engines and predictive technology for claims processing
- Average turnaround time of 3 days for claim settlement, upon receipt of all supporting documentation

High claims settlement ratio



Consistent improvement in persistency ratio



Notes:

1. *IVRS - Interactive Voice Response System*
2. *Including individual and group claims based on number of claims that are settled as a percentage of the number of claims received*

Update on key focus areas (1/2)

Improving efficiency

- **Employee productivity** increased by 10% to Rs 2.8 mn
- **Average ticket size** per policy has increased to Rs 46,796
- Leveraging **usage of mobility tools** for productivity improvement

Long term orientation

- Total number of **bancassurance relationships** increased to 149 *(FY17: 117)*
- **Active customer base** rose by 63% to 84.8 mm
- **Average individual new business policy term** of 14.4 yrs *(FY17: 14.0 yrs)*

Rising protection

- **Share of protection** based on new business received premium (Indl+Group) has increased to 25.9% of the total new business *(FY17: 21.8%)*
- **Total new business sum assured**[1] has increased by 22% to Rs 4.7 trillion

Customer satisfaction

- 99%+ **Claims settlement ratio** (Indl+Group)
- **Average customer complaints** (per '000 policies sold) reduced by 14%
- **New business policy issuance TATs**[2] at 4 days

Notes: All growth numbers are with respect to FY18 over FY17;

[1] Comprises individual and group business; [3] Median Turn Around Time

HDFC Life

Update on key focus areas (2/2)

Enhancing use of technology

- ~99.9% **policy applications submitted** via digital medium
- ~74% of **Renewal payment** through online modes
- ~96% of front line **sales force active on digital platforms**
- 54% of post sales verification calls completed through **InstaVerify** (video based authentication mobile app)
- Leveraging **automation and robotics**: 88 internal processes automated
- 44,000+ queries and transactions processed through policy servicing mobile app **InstaServ**

Social Media Footprint[1]

~6.9 mn Facebook fans

~449K Twitter followers

92,596 LinkedIn followers

9,986 Instagram Followers

Note: 1. All figures as on March 31, 2018

HDFC Life

Key differentiators of HDFC Life

1. **Balanced business mix with a focus on customer centricity enabling growth across business cycles**

2. **Reimagining Life Insurance: innovation and digital enablement in distribution, product design and customer service**

3. **Strong financial performance across business cycles: Consistent focus on profitable growth**

4. **Comprehensive Risk Management Framework**

5. **Independent and experienced leadership team and reputed board**

Agenda

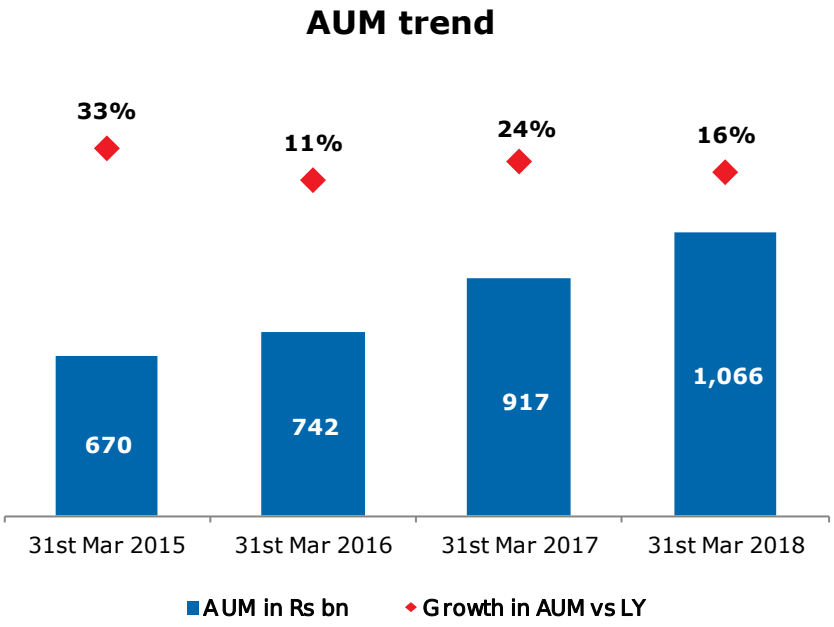
Performance Snapshot

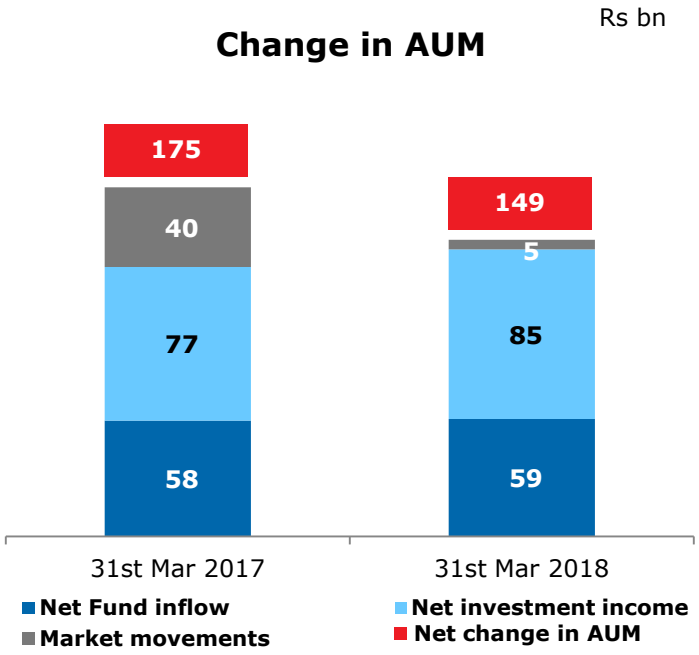
B Additional Information

CSR Activities and Awards

India Life Insurance

Assets under management





- 3 year AUM CAGR of CAGR of 17% from FY15-18
- Continued to rank[1] amongst top 3 private players, in terms of assets under management
- Debt:Equity mix of 61:39 as on Mar 31, 2018
- More than 97% of debt investments in AAA rated and government bonds as on Mar 31, 2018
- As on March 31, 2018, 78% of our unit-linked funds[2] performed better than their respective benchmarks over a five-year period

Note: 1. Based on Asset under Management as on Dec 31, 2017
2. With identified benchmarks under the equity, hybrid and duration bond fund categories

Channel wise product mix

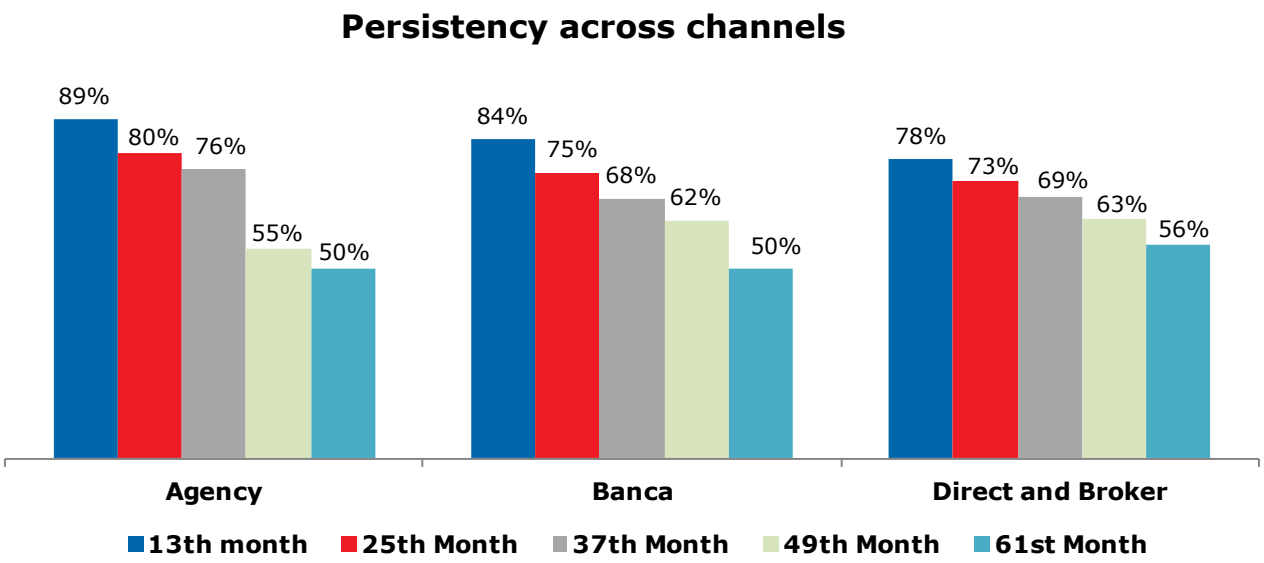
Channel summary[1]	Segment	FY15	FY16	FY17	FY18
Banca[2]	Par	10%	24%	30%	26%
	Non par protection	2%	2%	1%	1%
	Non par others	12%	9%	8%	9%
	UL	75%	66%	61%	64%
Agency	Par	55%	56%	57%	48%
	Non par protection	12%	13%	11%	11%
	Non par others	9%	6%	7%	8%
	UL	24%	25%	26%	33%
Direct and Broker	Par	50%	42%	41%	28%
	Non par protection	13%	17%	12%	16%
	Non par others	10%	9%	11%	11%
	UL	27%	32%	36%	45%
Total	Par	22%	30%	35%	28%
	Non par protection	5%	5%	4%	5%
	Non par others	11%	9%	9%	9%
	UL	62%	56%	52%	57%
Protection mix (Basis Indl + Group APE)		6%	7%	8%	11%
Protection mix (Basis Indl + Group NBP)		12%	17%	22%	26%

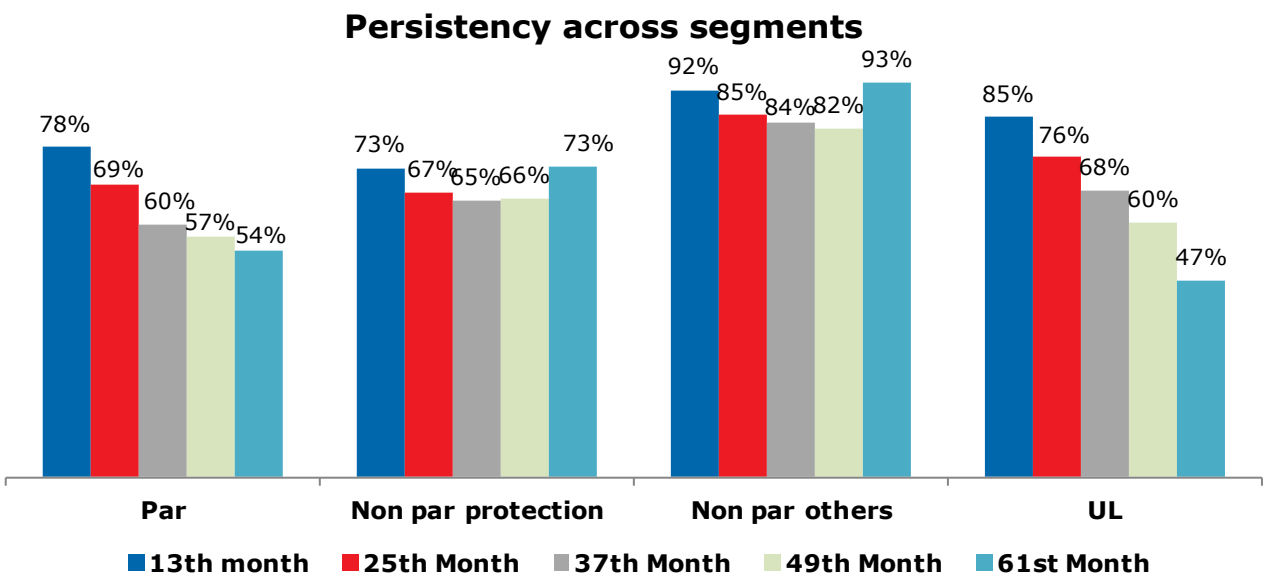
Notes:

1. *Basis Individual APE excluding tax*
2. *Includes banks and other corporate agents*

HDFC Life

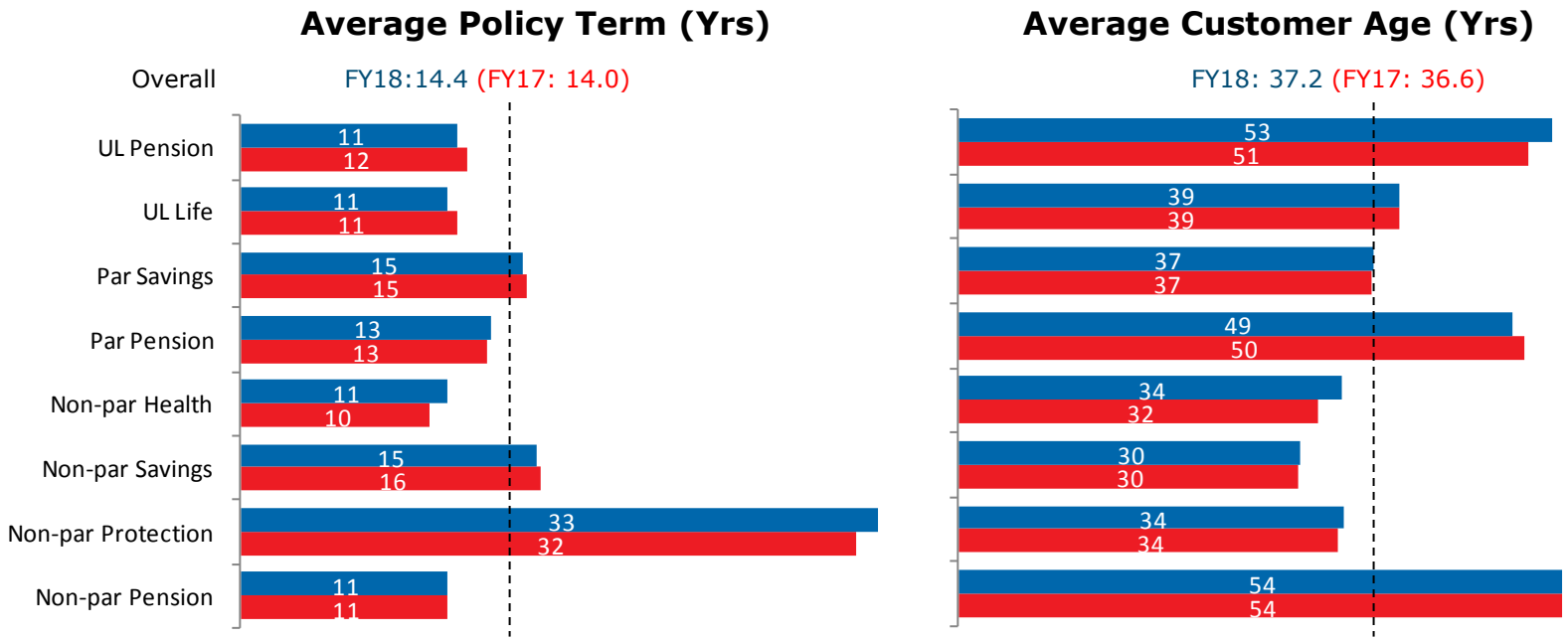
Persistency[1] at channel and segment level – FY18





Note: 1. Calculated as per IRDAI circular (based on original premium) for individual business, for period ended March 18

Segment wise average term and age[1]



- Focus on long term insurance solutions, reflected in longer policy
- Extensive product solutions catering customer needs across life cycles from young age to relatively older population

Note: 1. Basis individual new business policies (excluding annuity) sold in FY18

Agenda

Performance Snapshot

Additional Information

C CSR Activities and Awards

India Life Insurance

Swabhimaan – Our CSR Initiative (1/2)

Focus on 4 key areas of intervention, while widening the scope of including other themes under CSR initiative. Spent Rs 96 mm in FY18 across below initiatives:

Education	Health	Livelihood	Environmental Sustainability	Others
Promoting education, including special education and employment enhancing vocational skills	Promoting health care and sanitation and making safe drinking water available	Skill training for employment	Contributing towards environmental sustainability	Any other areas that are covered within Schedule VII of the Act

CSR Philosophy

- Maximize employee involvement to create socially responsible corporate citizens
- Though open to all beneficiaries, special focus on marginalized and weaker sections
- Focus on collaborative projects with other corporate organisations and business partners
- Focus on long term sustainability and impact

Swabhimaan – Our CSR Initiative (2/2)

- Our **CSR framework** covers; Education, Health, Livelihood and Environmental Sustainability as areas of focus.
- Over **1 Lakh** beneficiaries being impacted through **15 plus projects** this year.
- Active involvement by employees in various **Swabhimaan initiatives** such as Blood donation drives, festivals, collection drives and so on, driven by Champions across branches.

Education

9 projects
9,200 lives impacted
Rs 62.7 mm

Promoting better quality of education and bridging educational inequality

Employee Participation

65 activities
3,000 employees participated

Providing opportunities to employees for social causes

Health

4 projects
117,000 lives impacted
Rs 23.6 mm

Promoting preventive healthcare and ensure awareness for improved healthcare

Environmental Sustainability

1 project
4,500 trees planted

Combating the impact of increasing population and urbanization

Others

2 projects
1,000 lives impacted
Rs 9.5 mm

Any other areas that are covered within Schedule VII of the Act

Awards and accolades – FY18 (1/2)

Excellence in Financial Reporting for Annual Report FY 2016-17 by ICAI

Got award for Best ULIP policy of the year "Click2Invest" by Money Today

Won the Gold award at the LACP Vision Awards 2016/17 for the third consecutive year

Indian Digital Media Awards for Best use of WAPP/HTML and other sites of mobile

'Best Insurance Legal Team of the Year' at the 7th Indian Legal Era Awards

Mobexx Award 2017 for Mobile Advertising Excellence in Rich Media Campaign

RED HAT Innovation Award

World Marketing Congress Award for best native advertising

Drivers of Digital Award 2017

2017 Working Mother & AVTAR 100 Best Company for Women in India

Asia - Pacific Customer Engagement award

DMAsia ECHO Awards

IndIAA Awards 2017 for best campaign in the Insurance category

Awards and accolades – FY18 (2/2)

Celent 2017 award

Technology Initiative of the Year

Quality Circle Competition - Indian Society for Quality (ISQ)

Digital Crest Award 2017

Data Center Summit

CISO 100 awards

Frost & Sullivan - Project Evaluation and Recognition Program

Infosec Maestros award for Excellence in Cyber Security

The Economic Times' Great Place to Work

Viewers' Choice award for Click 2 Insure at the Advys'17

Mega Corporate Film Festival and Awards 2017

BPM Asia Star Championship 2017

BFSI IT Leadership Awards

IDC Insights Award

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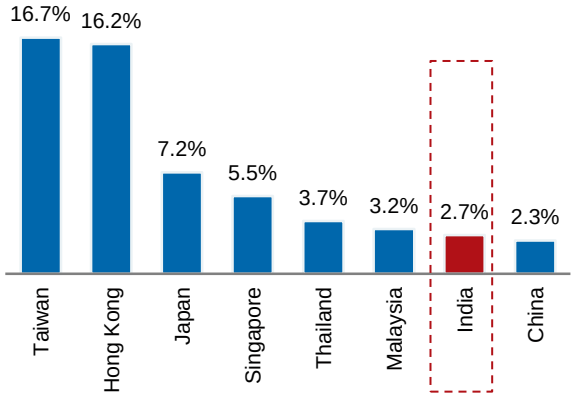
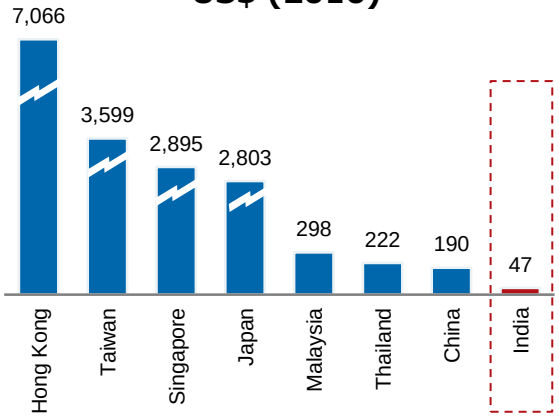
D India Life Insurance

Growth opportunity – Under-penetration vs global benchmarks

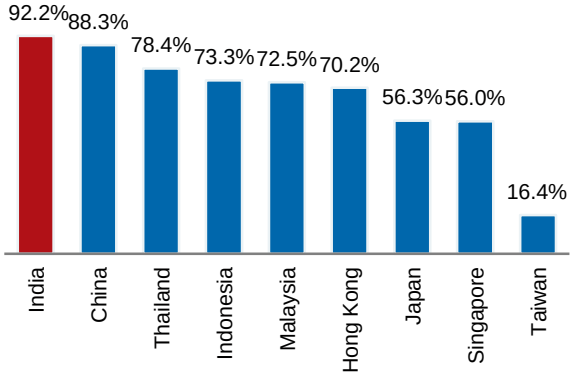
Life insurance penetration (2016)



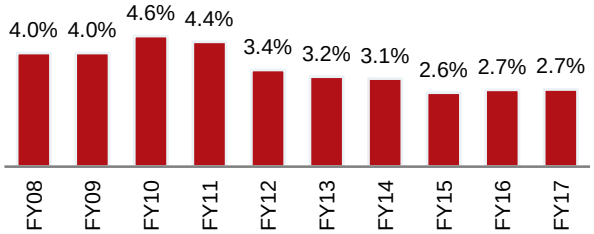
Life insurance density US$ (2016)



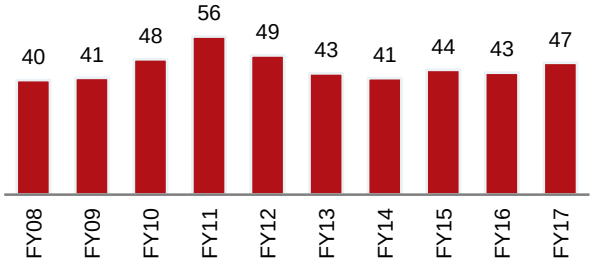
Protection gap (2014)



India life insurance penetration (FY08-17)



India life insurance density US$ (FY08-17)

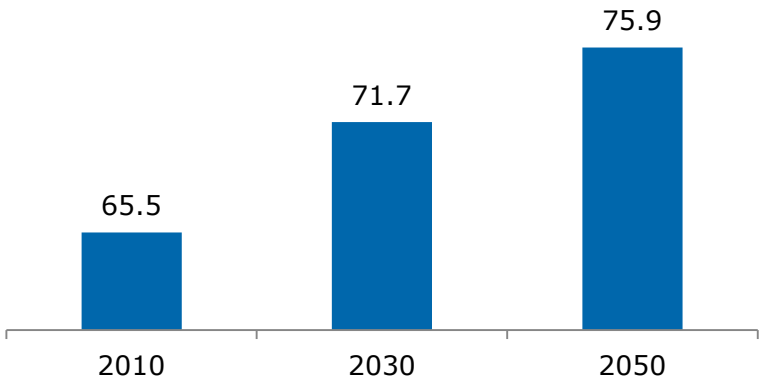


- India has the highest protection gap in the region, as growth in savings and life insurance coverage has lagged behind economic and wage growth
- Protection gap has increased over 4x in last 15 years with significantly low insurance penetration and density

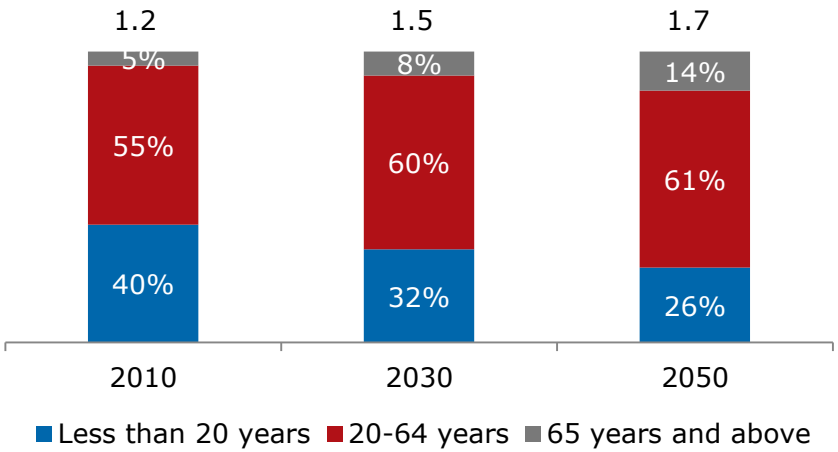
Note: Penetration as measured by premiums as % of GDP, Density defined as the ratio of premium underwritten in a given year to the total population
Source: Swiss Re (Based on respective financial year of the countries), MOSPI

Growth opportunity – Favourable demographics

Life expectancy (Years)[1]



Population composition (bn)[2]

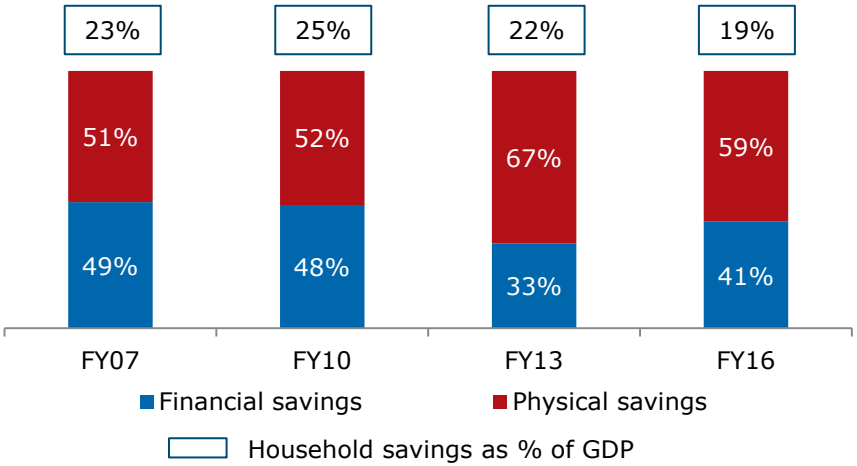


- India's insurable population is anticipated to touch 750 million in 2020
- India is currently one of the world's youngest nation, offering great opportunity for long term savings and investment plans
- Demand for retirement policies to rise with increasing life expectancy, declining birth-rates and proportion of India's elderly population expected to increase by almost 50% by 2030
- Emergence of nuclear families and increasing life expectancy to facilitate need for pension and protection based products

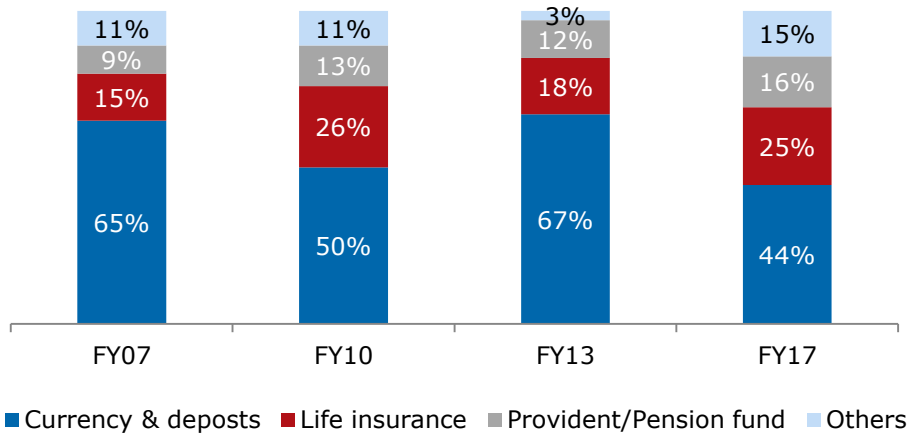
Source:
1. *United Nations World Populations Prospects Report (2015)*
2. *World bank report on Global Saving in 2030*

Life insurance – A preferred savings instrument

Household savings composition



Financial savings mix

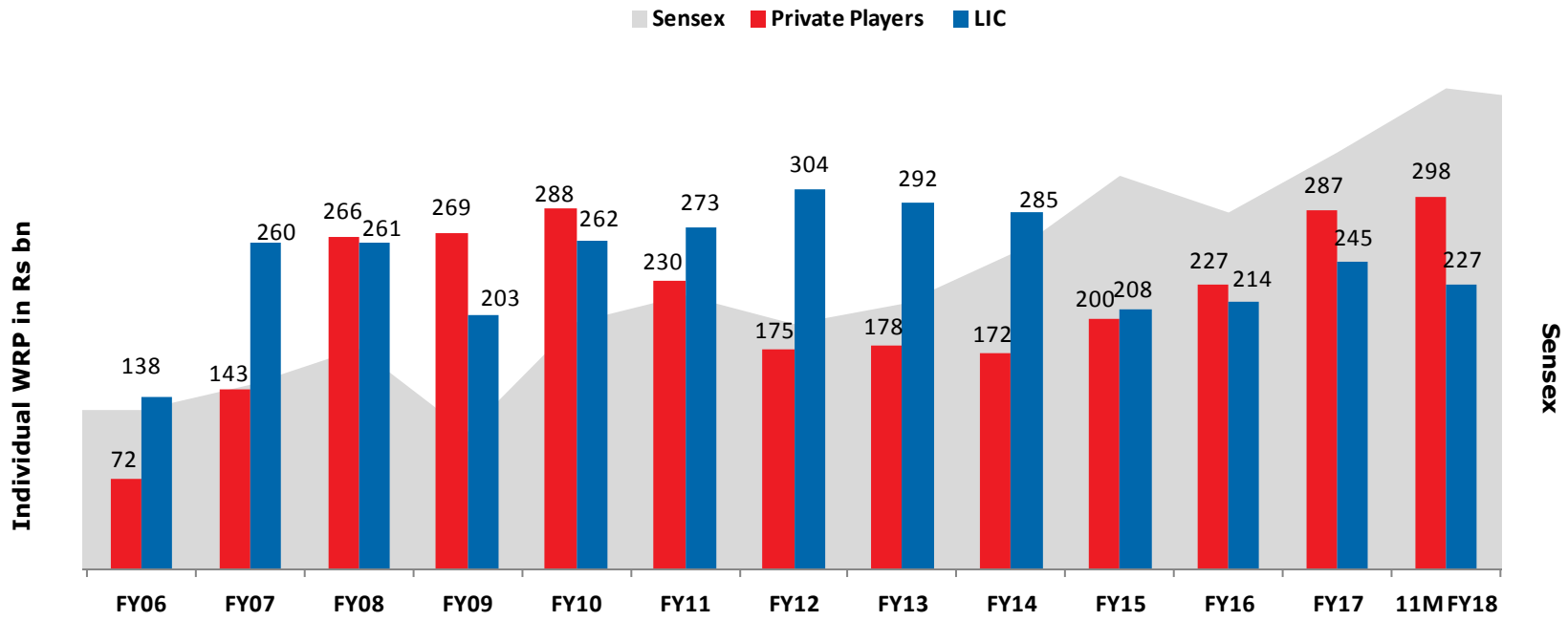


- Increasing preference towards financial savings with buoyant equity market returns, along with impact of demonitisation on physical assets return profile
- Increasing share of life insurance within financial assets, as it caters to long-term saving and protection needs
- Various government initiatives to promote financial inclusion:
  - Implementation of JAM trinity – around 310 mn new savings bank accounts opened in around last 3 years
  - Launch of affordable PMJJBY and PMSBY social insurance schemes
  - Atal Pension Yojana promoting pension in unorganized sector
  - Set up of Small Finance Banks and Payment Banks to increase financial inclusion

Source: DBIE-RBI Statistics, RBI Annual Report, Economic Survey, CSO, www.pmjdy.gov.in

HDFC Life

Industry new business[1] trends

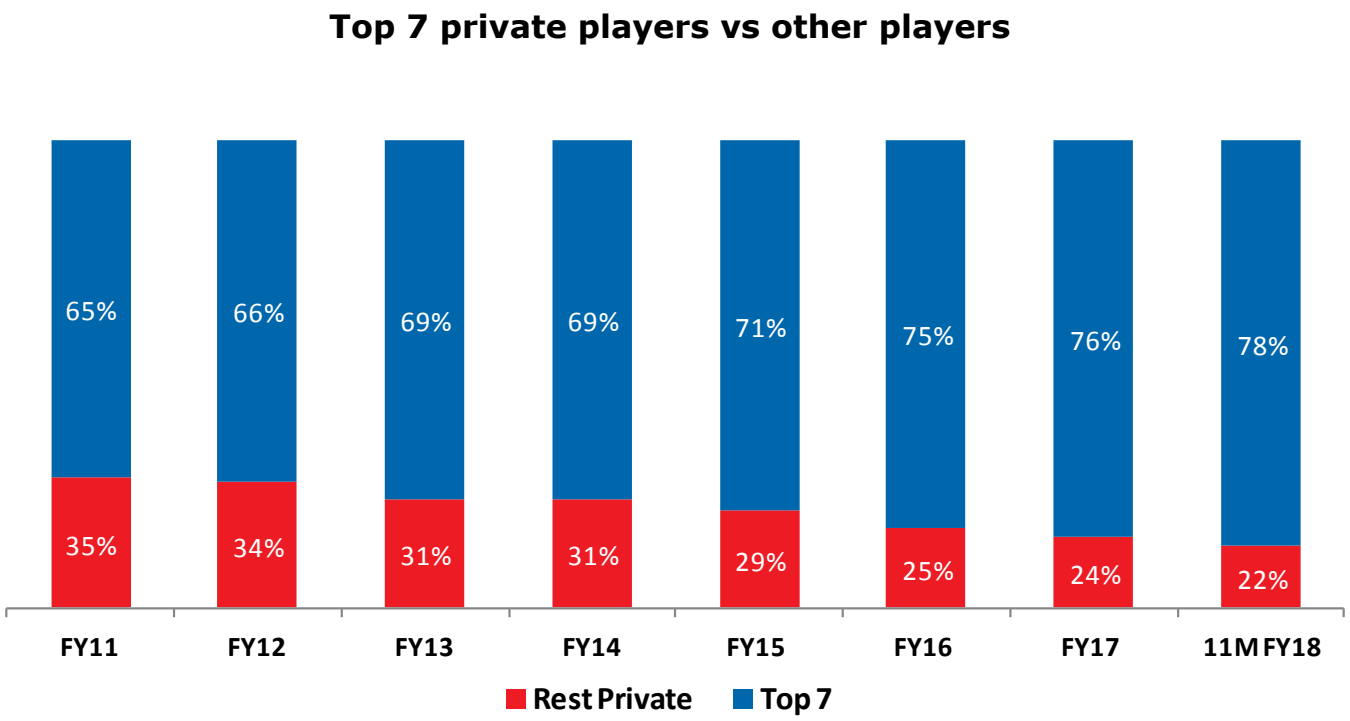


Private players market share		34%	35%	50%	57%	52%	46%	37%	38%	38%	49%	52%	54%	57%
Growth %	**Private**	*99%*	*86%*	*1%*	*7%*	*-20%*	*-24%*	*2%*	*-3%*	*16%*	*14%*	*26%*	*28%*
	LIC	*88%*	*0%*	*-22%*	*29%*	*4%*	*11%*	*-4%*	*-2%*	*-27%*	*3%*	*15%*	*15%*
	Overall	*92%*	*31%*	*-10%*	*17%*	*-9%*	*-5%*	*-2%*	*-3%*	*-11%*	*8%*	*21%*	*22%*

- Private sector gained higher market share than LIC for the first time in FY16, post FY11 regulatory changes
- Based on individual WRP private sector has outpaced LIC in last 3 years

Note: 1.Basis Individual Weighted Received Premium (WRP)
Source: IRDAI and Life Insurance Council

Private industry – Market share trends



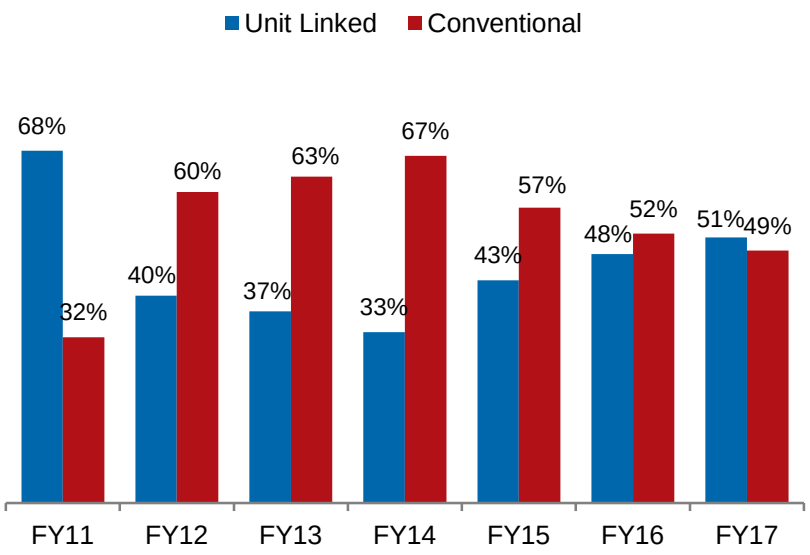
- Amongst private insurers, insurers with a strong bancassurance platform continue to dominate with increasing market share of the total private individual new business

Notes:

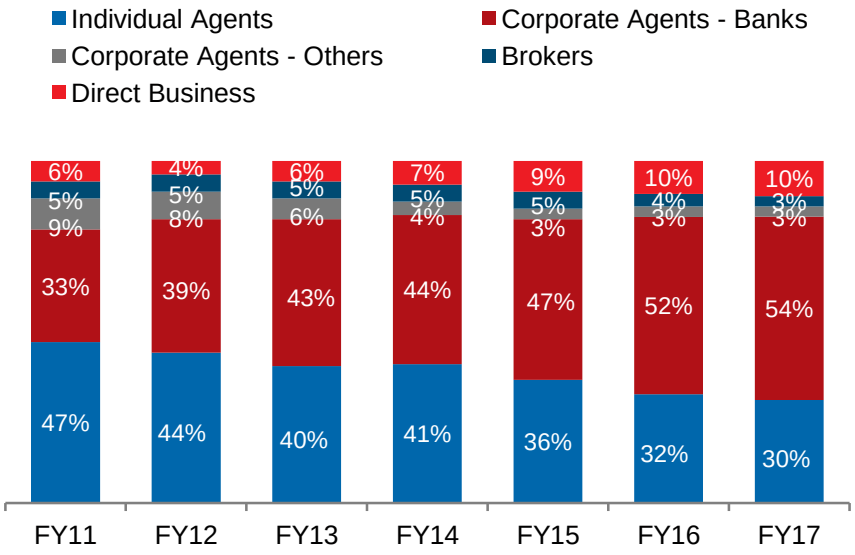
1. *Basis Individual Weighted Received Premium (WRP) as disclosed by IRDAI, Life Insurance Council*
2. *Top 7 players based on FY17 business numbers, comprising of ICICI Pru, SBI Life, HDFC Life, Max Life, Kotak Life, Bajaj Allianz and Tata AIA*

Private industry – Product and distribution mix

Product mix[1]



Distribution mix[2]



- Reduced distributors' payout and high expense structure led many players to move to traditional products over last few years, however the focus is changing towards linked products with improved equity market performance and increase in share of Banca
- Increasing thrust on protection business to help improve the new business margins
- Banca sourced business has consistently increased on the back of increasing reach of banks while share of Agency has declined post regulatory changes in FY11
- Direct channel share has also doubled as compared to FY11 while Broker share has been similar

Notes:

1. *Basis Overall WRP (Individual and Group);*
2. *Basis Individual New business premia*

Source: IRDAI and Life Insurance Council

Annexures

Revenue and Profit & Loss A/c

Rs bn

Particulars	FY17	FY18
Gross Premium Income	194.4	235.6
Reinsurance (net)	(1.7)	(1.9)
Net Premium Income (A)	**192.7**	**233.7**
Income from Investments		
Policyholders	111.4	86.0
Shareholders	2.3	2.8
Total Income from Investments (B)	**113.7**	**88.8**
Other Income (C)	1.0	1.2
Total Income (D=A+B+C)	**307.4**	**323.7**
Expenses and Outflow		
Commission	7.9	10.8
Operating expenses	24.5	31.7
GST / Service tax on UL charges	2.2	3.0
Benefits Paid[1]	100.0	131.1
Provision for diminution in value of investments	0.0	(0.0)
Change in Valuation Reserves (net)	160.5	133.2
Change in funds for future appropriations	1.6	0.9
Provision for tax	1.7	1.9
Total Expenses and Outflow (E)	**298.5**	**312.6**
Profit after tax (D-E)	**8.9**	**11.1**

Note: 1. Benefits paid comprises of benefits paid (net), interim bonus and terminal bonuses paid

HDFC Life

Balance Sheet

Rs bn

Particulars	31st Mar 2017	31st Mar 2018
SOURCES OF FUNDS		
Capital invested (Share capital + Premium)	21.9	23.3
Reserves and Surplus	16.2	23.9
Credit / (Debit) Fair Value Change Account	0.3	0.3
Sub-Total	**38.4**	**47.5**
Policy Liabilities	323.8	423.2
Provision for Linked Liabilities	508.1	546.0
Funds for discontinued policies	29.9	25.9
Funds for Future Appropriations	8.7	9.6
Change in fair value account	4.0	6.2
Current Liabilities & Provisions	38.2	46.4
Total Liabilities	**951.1**	**1,104.8**
APPLICATION OF FUNDS		
Investments		
Shareholders	32.5	40.7
Policyholders' assets	346.9	453.5
Assets held to cover linked liabilities	538.0	571.8
Loans	0.5	0.2
Fixed Assets	3.5	3.4
Cash & Bank Balances	8.0	11.1
Advances & Other Assets	21.7	24.1
Debit Balance in Profit and Loss Account	-	-
Total Assets	**951.1**	**1,104.8**

Embedded value: Methodology and Approach (1/2)

Overview

Embedded Value (EV) consists of:

- **Adjusted Net Worth (ANW),** consisting of:
  - Free surplus (FS);
  - Required capital (RC); and
- **Value of in-force covered business (VIF)**: 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.

Components of Adjusted Net Worth (ANW)

- **Free surplus (FS):** 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. The FS has been determined as the adjusted net worth of the Company (being the net shareholders' funds adjusted to revalue assets to market value), less the RC as defined below.

- **Required capital (RC):** RC is the amount of assets attributed to the covered business over and above that required to back liabilities for the covered business. The distribution of this to shareholders is restricted. RC is set equal to the internal target level of capital equal to 170% of the factor-based regulatory solvency requirements, less the funds for future appropriations ("FFA") in the participating funds.

Embedded Value: Methodology and Approach (2/2)

Components of Value in-force covered business (VIF)

- **Present value of future profits (PVFP):** PVFP is the present value of projected distributable profits to shareholders arising from the in-force covered business determined by projecting the shareholder cash flows from the in-force covered business and the assets backing the associated liabilities.

- **Time Value of Financial Options and Guarantees (TVFOG):** 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.

- **Frictional costs of required capital (FC):** FC represents the investment management expenses and taxation costs associated with holding the RC. VIF includes an allowance for FC of holding RC for the covered business. VIF also includes an allowance for FC in respect of the encumbered capital in the Company's holdings in its subsidiaries.

- **Cost of residual non-hedgeable risks (CRNHR):** 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.

  CRNHR has been determined using a cost of capital approach. CRNHR is the present value of the cost of capital charge levied on the projected capital in respect of the material risks identified.

Embedded Value: Economic assumptions[1]

Years	Forward rates %		Spot rates %	
	As at Mar 31, 2018	As at Mar 31, 2017	As at Mar 31, 2018	As at Mar 31, 2017
1	6.57	6.18	6.36	6.00
2	7.26	6.74	6.69	6.26
3	7.72	7.08	6.94	6.45
4	8.02	7.40	7.13	6.62
5	8.20	7.61	7.28	6.77
10	8.30	7.85	7.64	7.14
15	8.10	7.86	7.71	7.28
20	7.97	7.86	7.71	7.35
25	7.90	7.86	7.70	7.40
30+	7.87	7.86	7.68	7.42

Note: 1. Forward rates are annualised and Spot rates are continuous

Glossary

- **APE (Annualized Premium Equivalent)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups
- **Conservation ratio -** Ratio of current year renewal premiums to previous year's renewal premium and first year premium
- **First year premiums** - Regular premiums received during the year for all modes of payments chosen by the customer which are still in the first year. For example, for a monthly mode policy sold in March 2018, the first instalment would fall into first year premiums for 2017-18 and the remaining 11 instalments in the first year would be first year premiums in 2018-19
- **New business received premium** - The sum of first year premium and single premium.
- **Operating expense** - It includes all expenses that are incurred for the purposes of sourcing new business and expenses incurred for policy servicing (which are known as maintenance costs) including shareholders' expenses. It does not include commission.
- **Operating expense ratio** - Ratio of operating expense (including shareholders' expenses) to total premium
- **Renewal premiums** - Regular recurring premiums received after the first year
- **Solvency ratio** - Ratio of available solvency margin to required solvency margins
- **Total premiums** - Total received premiums during the year including first year, single and renewal premiums for individual and group business
- **Weighted received premium (WRP)** - The sum of first year premium and 10% weighted single premiums and single premium top-ups
- **13th month persistency** - Percentage of contracts measured by premium, still in force, 13 months after they have been issued, based on reducing balance approach

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Thank you

HDFC Life

HDFC Standard Life Insurance Company Limited

Report on Indian Embedded Value as at 31 March 2018

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18 April 2018

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Section 1 Introduction

1.1. Background

1.1.1. Pursuant to the engagement letter dated 26 March 2018, Milliman Advisors LLP ("Milliman") has been engaged by HDFC Standard Life Insurance Company Limited ("HDFC Life", "you", "your", "the Company") to perform the following tasks:

a. to carry out a review of the methodology and assumptions adopted by the Company in developing the following (together referred to as the "Results"):

- the Indian Embedded Value ("IEV") as at 31 March 2018;
- the value of one year of new business ("VNB") for new business sold during the year ending 31 March 2018;
- an analysis of the movement of IEV from 31 March 2017 to 31 March 2018; and
- the sensitivity results on the IEV and the VNB referred to above.

b. to perform a model point level review of the actuarial models used by the Company to develop the Results in respect of 10 products of the Company that are representative of its business; and

c. to perform a review of the aggregation templates used by the Company to extract / collate the Results.

1.1.2. We are pleased to summarise the outcome of our review and the various Results in this Report.

1.1.3. The methodology and assumptions adopted in the development of the Results are chosen to comply with the requirements of the Actuarial Practice Standard 10, Version 1.02 ("APS10"). However, as this Report is not developed for the purpose of an initial public offering ("IPO") of the Company, it should not be considered as a formal report as envisaged in APS10.

1.1.4. This Report should be read in its entirety, including the reliances and limitations set out in Section 5, as individual Sections, if considered in isolation, may be misleading.

1.2. Structure of the Report

1.2.1. The Sections of this Report are set out as follows:

- **Section 2: Results and our opinion** – sets out the Results and our opinion thereon based on our review.
- **Section 3: Methodology** – describes the methodology adopted in deriving the Results.
- **Section 4: Assumptions** – describes the assumptions made in deriving the Results.
- **Section 5: Reliances and limitations** - sets out the reliances and limitations applicable to our work and to this Report.

1.3. Abbreviations used in the Report

1.3.1. 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 required capital

- FFA – Funds for future appropriation
- FS – Free surplus
- IAI – Institute of Actuaries of India
- IEV – Indian Embedded Value
- INR – Indian Rupees
- PVFP – Present value of future profits
- RC – Required capital
- TVFOG – Time value of financial options and guarantees
- ULIP – Unit-linked insurance plan
- VIF – Value of in-force business
- VNB – Value of new business

Section 2 Results and our opinion

2.1. Results

Indian Embedded Value

2.1.1. The IEV of HDFC Life as at 31 March 2017 and as at 31 March 2018 is set out in the table below:

Components of IEV	As at 31 March 2017	As at 31 March 2018
Free surplus (FS) (A)	12,738	11,939
Required capital (RC) (B)	28,694	36,600
Adjusted net worth (ANW) (C = A + B)	**41,432**	**48,539**
Present value of future profits (PVFP) (D)	88,629	110,261
Time value of financial options and guarantees (TVFOG) (E)	(185)	(207)
Frictional cost of required capital (FC) (F)	(852)	(1,132)
Cost of residual non-hedgeable risks (CRNHR) (G)	(4,319)	(5,300)
Value of in-force business (VIF) (H = D + E + F + G)	**83,273**	**103,621**
Indian embedded value (IEV) (I = C + H)	**124,705**	**152,160**

Amounts in INR million; Figures may not add up due to rounding

Value of new business and other performance measures

2.1.2. The VNB as at 31 March 2018, in respect of all new business sold during the year ending 31 March 2018 is set out in the table below:

Components of VNB	As at 31 March 2018
VNB before TVFOG, FC and CRNHR (A)	15,567
TVFOG in respect of new business (B)	(57)
FC in respect of new business (C)	(823)
CRNHR in respect of new business (D)	(1,870)
Value of new business (VNB) (E = A + B + C + D)	**12,817**
New business annualised premium equivalent ("APE"[1]) for the year ending 31 March 2018	55,326
VNB Margin (=VNB / APE)	**23.2%**

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

Analysis of movement of IEV

2.1.3. The analysis of movement of the IEV from 31 March 2017 to 31 March 2018 is set out in the table below:

Components	IEV
Opening IEV as at 31 March 2017 (A)	**124,705**
Opening adjustments (B)	-
Adjusted opening IEV (C = A + B)	124,705
VNB added during the year (D)	12,816
Expected return on existing business	
At reference rate (E)	8,179
At expected excess 'real world' return over reference rate (F)	2,262
Variance in operating experience	
Persistency (G)	600
Mortality (H)	996
Expenses (I)	274
Others (J)	120
Change in operating assumptions (K)	1,578
IEV operating earnings (L = B + D + E + F + G + H + I + J + K)	**26,825**
Economic variances (M)	511
Change in economic assumptions (N)	2,083
IEV total earnings (O = L+ M + N)	**29,419**
Capital contributions / (dividends paid out) (P)	(1,963)
Closing IEV as at 31 March 2018 (Q = A + O + P)	**152,160**

Amounts in INR million; Figures may not add up due to rounding

Sensitivity analysis

2.1.4. The sensitivity analysis in respect of the IEV as at 31 March 2018 and the VNB in respect of new business written in the year ending 31 March 2018 is set out in the table below:

No.	Scenario	IEV	% change in IEV as compared to the base scenario	VNB	% change in VNB as compared to the base scenario
	Base scenario	**152,160**		**12,817**	
1	An increase of 100bps in the reference rates	149,416	(1.8%)	12,852	0.3%
2	A decrease of 100bps in the reference rates	155,095	1.9%	12,598	(1.7%)
3	Equity values decrease by 10%[(1)]	149,357	(1.8%)	12,659	(1.2%)
4	An increase of 5% (multiplicative) in mortality / morbidity	150,986	(0.8%)	12,152	(5.2%)
5	A decrease of 5% (multiplicative) in mortality / morbidity	153,331	0.8%	13,484	5.2%

No.	Scenario	IEV	% change in IEV as compared to the base scenario	VNB	% change in VNB as compared to the base scenario
6	10% increase (multiplicative) in the policy / premium discontinuance rates and partial withdrawal rates	149,497	(1.8%)	12,095	(5.6%)
7	10% decrease (multiplicative) in the policy / premium discontinuance rates and partial withdrawal rates	155,005	1.9%	13,594	6.1%
8	10% increase in acquisition expenses	N.A.	N.A.	11,002	(14.2%)
9	10% decrease in acquisition expenses	N.A.	N.A.	14,633	14.2%
10	10% increase in maintenance expenses	151,196	(0.6%)	12,538	(2.2%)
11	10% decrease in maintenance expenses	153,124	0.6%	13,096	2.2%
12	Assumed tax rate increased to 25%	140,677	(7.5%)	10,975	(14.4%)

N.A. – Not Applicable; Amounts in INR million; Figures may not add up due to rounding

Notes:

(1) The equity values are decreased as at 31 March 2018.

2.2. Opinion

2.2.1. Based on the work carried out by us and subject to the detailed reliances and limitations set out in this Report, we are of the opinion that:

- the methodology and assumptions used by the Company to develop the Results set out in this Report are reasonable; and
- the Results have been prepared materially in accordance with the requirements of APS10 and based on the methodology and assumptions described in this Report.

Section 3 Methodology

3.1. Overview

3.1.1. This Section sets out the significant aspects of the methodology used by the Company in the preparation of the Results.

3.1.2. HDFC Life writes a broad range of products including unit-linked insurance plans, participating insurance plans and non-participating plans, covering both individual and group products. The Results set out in this Report are in respect of all covered business of the Company consisting of all such lines of business written.

3.2. IEV and VNB

Definition of IEV

3.2.1. 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

3.2.2. 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.

3.2.3. 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.

RC

3.2.4. 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.

3.2.5. The RC is set equal to the internal target level of capital equal to 170% of the factor-based regulatory solvency requirements, less the funds for future appropriations ("FFA") in the participating funds.

3.2.6. In projecting the RC the Company has also allowed for funding the same with the projected FFA.

VIF

3.2.7. The VIF includes the value to shareholders arising from the expected renewal premiums on the in-force business, including any foreseeable variations in the level of renewal premiums, but excludes any value arising from future new business (i.e. the new business that may be written after the valuation date).

3.2.8. 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

3.2.9. 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.

3.2.10. 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.

TVFOG

3.2.11. 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.

3.2.12. Wherever necessary, the Company has used a stochastic method to calculate the TVFOG.

FC

3.2.13. 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.

CRNHR

3.2.14. 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).

3.2.15. The Company has 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).

3.2.16. The CRNHR has been determined within 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 in the Company's business, which include mortality, catastrophe, lapse (including mass lapse), expense and operational risks. The Company has determined the cost of capital charge to be 3.5%.

New business and renewals

3.2.17. 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 arising from the expected renewal premiums on that new business. The VNB is calculated as at the valuation date (in the same way as the VIF).

3.2.18. The VNB is based on the non-economic assumptions applicable as at 31 March 2018. The economic assumptions are based on the reference rates at the beginning of each financial quarter during which the new business is sold.

3.2.19. The VNB takes into account the actual acquisition commissions and acquisition expenses incurred in

the full year up to 31 March 2018.

3.3. Analysis of movement of IEV

3.3.1. The various components of the analysis of movement of IEV are derived as set out in the table below.

Components	Description
Opening IEV as at 31 March 2017	Opening IEV using the opening economic and non-economic assumptions.
Opening adjustments	Nil
VNB added during the period	As per the approach described in Section 3.2.17 to Section 3.2.19.
Expected return on existing business	Calculated as: (1) Unwind of the opening VIF and ANW at the opening reference rates; (2) Expected excess 'real world' investment return during the year over the opening reference rates on VIF, ANW and VNB.
Variance in operating experience	The difference between 'actual' and 'expected': a. Policy cancellation / lapse / surrender rates (net of reinstatements), partial withdrawal rates, and premium discontinuance rates (net of premium revival); b. Mortality / morbidity rates; and c. Expenses. Any remaining difference is recognized and shown as 'other variance'.
Change in operating assumptions	The impact of changes of non-economic assumptions from the opening IEV to the closing IEV. Also includes the impact of all changes in the statutory reserving basis from the opening IEV to the closing IEV.
Economic variances	The difference between the actual investment return and the expected 'real world' rates during the year ending 31 March 2018.
Change in economic assumptions	Calculated as the change in the opening VIF and the VNB due to the update of the reference rate yield curves assumed from the opening IEV (or quarter specific VNB calculations) to the closing IEV.
Capital contributions / (dividends paid out)	Actual capital infusions from / (dividends paid to) the shareholders (including dividend distribution tax incurred) during the year ending 31 March 2018.
Closing IEV as at 31 March 2018	Calculated using the closing economic and non-economic assumptions.

3.4. Sensitivity results

3.4.1. The various sensitivity analyses carried out are listed in Section 2.1.4 earlier in the Report.

3.4.2. The sensitivity analyses are carried out for one parameter at a time and do not include changes in other parameters not explicitly mentioned.

3.4.3. The sensitivity results as at 31 March 2018 are calculated by:

- first calculating the percentage change in the sensitivity results as compared to the base IEV and

VNB results as at 28 February 2018; and

- then applying the same percentage change to the base IEV and VNB results as at 31 March 2018.

Section 4 Assumptions

4.1. Overview

4.1.1. This Section provides a description of how the significant assumptions used in the calculation of the Results are derived.

4.1.2. 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 valuation date.

4.1.3. 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.

4.2. Demographic assumptions

4.2.1. The best estimate demographic assumptions, specific to different product types, are set based on the Company's own recent experience. This includes assumptions for mortality, morbidity, policy / premium discontinuance rates, partial withdrawal rates and revival rates.

4.3. Expenses, inflation and commission

4.3.1. The expense assumptions are set after considering an analysis of the Company's actual expenses for the years ending 31 March 2017 and 31 March 2018 for the IEV results as at the applicable valuation dates respectively. All expenses incurred by the Company during the year ending 31 March 2018 have been reflected in the assumed unit costs.

4.3.2. When setting the expense assumptions the Company has not anticipated any productivity gains / cost efficiencies after the applicable valuation date.

4.3.3. The assumed expense inflation rate applied to per policy expense loadings is 7.5% p.a. for the valuation as at 31 March 2017 and 6.5% for the valuation as at 31 March 2018.

4.3.4. The commission rates for different products are based on the actual commission payable (if any) to the distributors.

4.4. Policyholder bonuses

4.4.1. The assumed bonus rates used in the projection are set in accordance with the Company's internal bonus management framework.

4.4.2. 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.

4.4.3. At the end of the projection period, some assets ("residual FFA") remain in the participating funds as unallocated surplus. In line with relevant regulations, the shareholders' interest in the residual FFA is taken to be 10% of its market value.

4.5. Reinsurance

4.5.1. In the calculation of Results, the Company has allowed for the cost (and benefit) of proportional reinsurance treaties by explicitly modelling the same at the policy level.

4.6. Asset values

4.6.1. The IEV results are based on the market value of assets as at the applicable valuation date without any smoothing.

4.7. Reference rates

4.7.1. The reference rates assumed are set out in the table below:

Tenor (years)	Reference rates					
	For VIF		For VNB			
	31 March 2018	31 March 2017	31 March 2017	30 June 2017	30 September 2017	31 December 2017
1	6.57%	6.18%	6.18%	6.42%	6.29%	6.55%
5	8.20%	7.61%	7.61%	7.29%	7.44%	8.07%
10	8.30%	7.85%	7.85%	7.52%	7.77%	8.42%
15	8.10%	7.86%	7.86%	7.54%	7.80%	8.38%
20	7.97%	7.86%	7.86%	7.54%	7.80%	8.32%
25	7.90%	7.86%	7.86%	7.54%	7.80%	8.30%
30	7.87%	7.86%	7.86%	7.54%	7.80%	8.29%

4.8. Taxation

4.8.1. In calculating the Results, the Company has reflected an allowance for future taxes expected to be incurred. This includes both corporate tax and service tax (or Goods and Services Tax, “GST”).

4.8.2. The rate of income tax applied to surplus emerging from life assurance business is set equal to 14.42% until 31 March 2018 and 14.56% thereafter. The rate of taxation applied to pension business is zero.

4.8.3. The income tax 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.

4.8.4. The assumed service tax / GST rates are as follows:

- from 1 April 2017 to 1 July 2017: 15%; and
- from 1 July 2017 onwards: 18%.

4.9. Statutory reserving and capital requirements

4.9.1. The Company has prepared the projections assuming the application of and continuation of the valuation bases adopted by its Appointed Actuary, which are set to comply with the applicable regulations and professional guidance issued for this purpose.

Section 5 Reliances and limitations

5.1. Reliances

5.1.1. As set out in our engagement letter dated 26 March 2018, 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 model-point level checking of HDFC Life's actuarial models in respect of top 10 products of the Company; and
- to perform a review of the aggregation templates used by the Company to extract / collate the Results.

5.1.2. This Report has been prepared solely for use by the management of HDFC Life for inclusion in the Company's public disclosures and result announcements. It should not be relied upon for any other purpose or by any third party. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work.

5.1.3. Although the methodology and assumptions adopted in the development of the Results set out in this Report are set to comply with the requirements of the Actuarial Practice Standard 10, Version 1.02 ("APS10"), this Report is not developed for the purpose of initial public offering ("IPO") of the Company and therefore should not be considered as a formal report as envisaged in APS10.

5.1.4. 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.

5.1.5. 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.

5.1.6. 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.

5.2. Limitations

5.2.1. 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.

5.2.2. 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.

5.2.3. 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.

5.2.4. 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.

5.2.5. Unless explicitly stated, the Results do not consider any external (including regulatory and taxation) developments after 31 March 2018.

5.2.6. 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.

5.2.7. 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.

5.2.8. 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.