

A central graphic featuring a large, dark red circle with a white circular arrow around its perimeter. Inside the circle, the text "PARTNERING THROUGH LIFE" is written in white. Surrounding the circle are various silhouettes of people in different poses, some in red and some in blue, along with small red and blue symbols like plus signs and stars.

PARTNERING  
THROUGH LIFE

*Sar utha ke jiyo!*

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## GLOSSARY OF TERMS

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# Corporate Information

## BOARD OF DIRECTORS

Mr. Deepak S. Parekh  
*Chairman*

Sir Gerry Grimstone

Mr. Keki M Mistry

Mr. Norman Keith Skeoch

Ms. Renu Sud Karnad

Mr. Ravi Narain

Dr. SA Dave

Mr. VK Viswanathan

Mr. Prasad Chandran

Mr. Luke Savage  
*(Alternate to Sir Gerry Grimstone,  
ceased wef April 18, 2016)*

Mr. James Aird  
*(Alternate to Mr. Norman Keith Skeoch)*

Mr. Amitabh Chaudhry  
*Managing Director &  
Chief Executive Officer*

Ms. Vibha Padalkar  
*Executive Director &  
Chief Financial Officer*

## EXECUTIVE COMMITTEE

Mr. Amitabh Chaudhry

Ms. Vibha Padalkar

Mr. Suresh Badami

Mr. Subrat Mohanty

Mr. Sanjay Tripathy

Mr. Rajendra Ghag

Mr. Srinivasan Parthasarathy

Mr. Prasun Gajri

Mr. Sanjeev Kapur

Mr. Sanjay Vij

## COMPANY SECRETARY AND HEAD - COMPLIANCE & LEGAL

Mr. Manish Ghiya

## STATUTORY AUDITORS

**M/s Price Waterhouse  
Chartered Accountants LLP**

**M/s Haribhakti & Co. LLP**  
*(up to 16<sup>th</sup> AGM)*

**M/s GM Kapadia & Co**  
*(Proposed from 16<sup>th</sup> AGM)*

## BANKERS

HDFC Bank Limited

The Federal Bank Limited

Bank of Baroda

State Bank of India

Union Bank of India

Indian Bank

RBL Bank Limited

The Saraswat Co-op Bank Limited

Axis Bank Limited

Corporation Bank

Yes Bank Limited

Citibank N.A.

DCB Bank Limited

IDFC Bank Limited

Bandhan Bank Limited

Paschim Banga Gramin Bank

## REGISTRAR AND TRANSFER AGENT

Datamatics Financial Services Ltd.  
Plot No. B-5, Part B, Cross Lane,  
MIDC, Andheri (East),  
Mumbai - 400 093  
Tel: +91-22-66712151 to 66712156  
Fax: +91-22-66712011  
Email: investorsqry@dfssl.com

## REGISTERED OFFICE

13<sup>th</sup> Floor, Lodha Excelus,  
Apollo Mills Compound,  
N M Joshi Marg, Mahalaxmi,  
Mumbai - 400 011  
Tel: 022-67516666  
Fax: 022-67516861  
Email: investor.service@hdfclife.com  
Website: www.hdfclife.com  
CIN: U99999MH2000PLC128245



# About HDFC Life

Established in 2000, HDFC Life is one of India's leading life insurers, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment and Health. As on March 31, 2016, the Company had 28 individual and 8 group products in its portfolio, along with 7 optional rider benefits catering to a diverse range of customer needs. The Company has a wide reach with 398 HDFC Life offices in India and more than 9,000 distributor touch points through its partnerships as well as having a strong base of Financial Consultants. The Company also recently completed incorporation of its wholly owned international subsidiary.

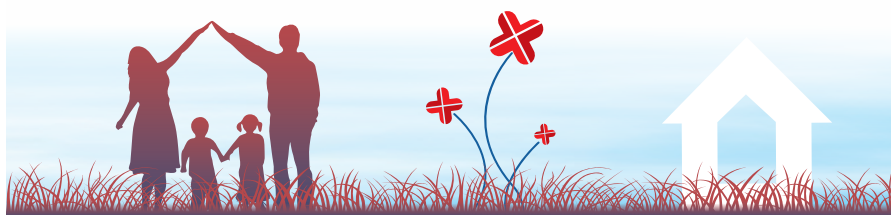
HDFC Standard Life Insurance Company Limited ('HDFC Life') is a partnership between HDFC Ltd., India's leading housing finance institution and Standard Life, a global long term investment savings player. Currently HDFC Ltd. holds 61.6% and Standard Life (Mauritius Holdings) 2006 Limited holds 35.0% of equity in HDFC Life, while the rest is held by others.

## Vision:

The most successful and admired life insurance company, which means that we are the most trusted Company, the easiest to deal with, offer the best value for money and set the standards in the industry.

## Values:

Values are the most critical elements that reflect the conduct of an organisation during its day-to-day operations. Our Values are the pillars that guide everyone at HDFC Life.



## Reach :



**398**

**Branches and Spokes**

(including Corporate Office in Mumbai and 2 Operations Hubs)



**1.17**

**lacs Financial Consultants**  
(Comprising individual, broker and corporate consultants)



**9,000+**

**Partner Branches**  
(Banks, NBFCs, Corporate Agents and Brokers)



**1,400+**

**Medical Centres**  
(Access to 1,400+ Medical Centres)



**15,254**

**Employees**  
(as on March 31, 2016)

# HDFC Life and Parentage

## HDFC Ltd

HDFC was promoted in October 1977 as a public limited company specialising in providing housing finance primarily to individual households and corporates for the purchase and construction of residential housing. HDFC is India's first retail housing finance company and is currently one of the largest originators of housing loans in the country. As at March 31, 2016, HDFC had mortgage loan assets of INR 2,915 billion (US\$ 43.85 billion). Since inception, HDFC has financed over 5.4 million housing units. 77% of shareholders in HDFC are foreign investors. HDFC's market capitalisation as at March 31, 2016 stood at approximately US\$ 45 billion. Over the years, the HDFC group has emerged as a strong financial conglomerate in the Indian capital markets with a presence in banking, life and general insurance, asset management and venture capital.

## Standard Life

Standard Life is an investment company with over 190 years' experience of helping people invest and manage their money. The Standard Life group employs around 6,500 people internationally - through businesses in the UK, Europe, North America, Asia and Australia. Around 4.5 million customers and clients across 46 countries trust them with their financial future and they are responsible for the administration of over £300 billion of assets. Wherever Standard Life operates in the world, it is motivated by a sense of responsibility. It's what helps Standard Life to be a sustainable business and they are listed as a leader for corporate sustainability for their industry in the Dow Jones Sustainability Indices (DJSI World and DJSI Europe).

## Subsidiaries

HDFC Life has two wholly owned subsidiaries:

**HDFC Pension:** It manages pension corpus of citizens enrolled under the National Pension System (NPS). The recent announcement in Union Budget 2016, allowing tax free withdrawal from NPS has assisted in gaining traction in the retail segment.

**HDFC International Life and Re Company:** The international subsidiary was recently incorporated to carry out life reinsurance business in the UAE. The Company may also foray into directly underwriting insurance contracts, subject to receipt of necessary approvals in future.



## Key Performance Highlights:

### Total Premium:

**₹ 16,313 Crs**  
(up by 10%)

### Profit after tax:

**₹ 818 Crs**  
(up by 4%)

### 13<sup>th</sup> month persistency:

**79%**  
(Up from 73% in FY 2015)

### Net Premium

(Premium less Policyholder payouts):  
**₹ 8,057 Crs**  
(up by 23%)

### AUM:

**₹ 74,247 Crs**  
(up by 11%)



# Chairman's Message



Despite a highly competitive and challenging business environment, your Company grew both revenues and profits at a healthy pace

## Dear Shareholders,

The financial year ending March 2016 was an important milestone in the journey of HDFC Life.

Despite a highly competitive and challenging business environment, your Company grew both revenues and profits at a healthy pace. The seeds of this performance were sown during the earlier business cycle. As you may be well aware, life insurers had spent most part of this decade aligning the operating model to regulatory changes introduced in 2010 and managing difficult macro-economic headwinds. Your Company utilised this period to build new capabilities, many of which bore fruit during this financial year.

To succeed in the future, investments need to be made ahead of the curve. So far, your Company has also been able to successfully identify trends which define the life insurance sector over the next business cycle well in advance. Slowly but surely, the financial services distribution landscape is shifting away from traditional agents towards institutions such as banks. Insurance is no different and it is important for us to build long-term relationships with a diverse set of institutions involved in the distribution of financial products. Your Company has increased the number of tie-ups to distribute its products on both individual and group platform. It introduced new digital platforms and mobility solutions to

increase its outreach to customers and improve overall business efficiencies.

There is a clear emphasis in government policy to migrate household savings from physical assets to financial assets. Innovation in the operating architecture defined by Jan Dhan-Aadhaar-Mobile (JAM) trinity will significantly transform the reach and efficiency of the insurance sector over the coming years. Customer experience is rapidly getting influenced by customer journeys on social networks and e-commerce platforms. Insurers cannot remain insulated and need to consistently raise the bar in terms of offering a seamless experience to customers.



The progress made in distribution, digital platforms, product innovation and customer experience would yield benefits over the next few years. However, as per accounting rules, the expense related to all these investments need to be accounted for upfront even as earnings accrue over a significantly longer period of time. Hence, one would see an increase in the operating expense ratio in the current financial year, but it still remains amongst the lowest in the industry. Despite significant cost pressures and investments made, your Company was able to increase both, Indian GAAP profits and new business margins. The Market Consistent Embedded Value (MCEV) of the Company grew at a healthy rate as well over the previous financial year.

The Company continued to evaluate product white spaces and launched innovative products in both the life and health segment. It has a robust product development pipeline and more innovations will be brought to the Indian market as and when regulatory approvals are received. Protection plans are a small portion of the portfolio today, but are growing at a rapid pace as consumer become more aware of the role of protection plans as an important instrument of risk management and financial planning. The rate at which these products have been lapped up by consumers is encouraging.

The Company performed well on a diverse set of quality metrics as well during the financial year. The focus on quality and enhanced scrutiny at the new business stage resulted in a reduction in complaints and an improvement in the 13<sup>th</sup> month and the 61<sup>st</sup> month persistency. Engagement with employees improved and attrition rates fell when compared to the previous year.

During the financial year, the Company has set up a wholly-owned subsidiary in the Dubai International Finance Centre (DIFC) called the 'HDFC International Life and Re Company Limited' (HILRCL) with an initial capital outlay of \$12.33 million.

The Company's pension fund management subsidiary, HDFC Pension Management Company also continued to grow exponentially, albeit from a small base during the financial year. It is a fairly important avenue, especially given the Government of India's focus on creating a pensioned society, using the National Pension System (NPS) model.

During the year, Standard Life agreed to increase its stake in your Company from 26% to 35%, once enabling regulations were put in place.

The market share of private players continued to increase in the financial year. I believe this is a secular trend, backed by a continuous increase in distribution, technology adoption, brand awareness, product innovation

by the sector and will be positive for your Company.

The regulatory framework is now fairly stable and there is a concerted push by the Government of India towards ensuring greater social security for Indian citizens. However, India still remains significantly below its potential in terms of life insurance penetration and the opportunity to increase coverage of life and health remains immense.

I do expect the competitive intensity to remain high in the coming years. With a strong brand, innovative products, committed employees and your continued support, your Company's ability to deliver consistent, profitable growth remains high, in spite of competitive pressures.

I am confident we will work with all stakeholders using the philosophy of 'Partnering through Life' outlined in this report.

Once again, I would like to thank all our shareholders for your trust and your wholehearted support thus far. Together, I believe we will achieve much more in the coming years.

**Deepak S. Parekh**  
Chairman

# Board of Directors



**Deepak S. Parekh**  
Non-Executive Chairman

Overseeing financial services business as Chairman of HDFC Group

**Qualification:**

Fellow of Institute of Chartered Accountants (England & Wales)



**Sir Gerry Grimstone**  
Non-Executive Director

Overseeing financial services business as Chairman, Standard Life plc

**Qualification:**

Master of Arts, Master of Science in Chemistry, Merton College, Oxford University and NATO-CCMS Fellowship Wolfson College, Oxford University



**Keki M Mistry**  
Non-Executive Director

Managing Housing Finance Business as Vice Chairman & Chief Executive Officer of HDFC Ltd

**Qualification:**

FCA



**Norman Keith Skeoch**  
Non-Executive Director

Managing Investment Process, CEO of Standard Life Investments Ltd and CEO of Standard Life plc

**Qualification:**

Fellow of the Chartered Institute for Securities and Investment, Fellow of the Society of Business Economists, Fellow of Royal Society for the Encouragement of the Arts, Manufacture and Commerce, BA, MA, DBA (Doctor of Business Administration) and Honorary



**Renu Sud Karnad**  
Non-Executive Director

Managing Housing Finance Business as Managing Director of HDFC Ltd

**Qualification:**

Graduate in Law, and Master's degree in Economics from Delhi University



**Ravi Narain**  
Independent Director

Securities Markets and Stock Exchange operations as Vice Chairman, NSE

**Qualification:**

Cambridge University-trained Economist, MBA, Wharton School, University of Pennsylvania, USA



**Dr SA Dave**  
Independent Director

Securities Markets as ex-Chairman, SEBI; Director in various Companies

**Qualification:**

Doctorate in Economics and Masters degree in Economics from University of Rochester



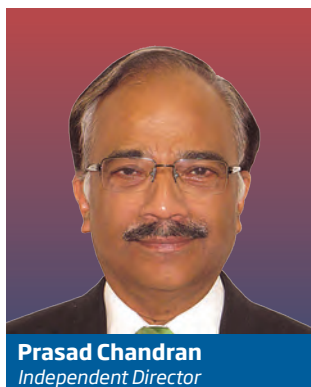
**VK Viswanathan**  
Independent Director

Expertise in managing Manufacturing & Fast Moving Consumer Goods Companies

**Qualification:**

Commerce Graduate and Chartered Accountant from the Institute of Chartered Accountants of India





Corporate Management

**Qualification:**

Chemistry (Hons), MBA



Business Management;  
occupying CEO positions  
in current and past roles

**Qualification:**

Engineering, Birla Institute of  
Technology and Science, Pilani;  
PGDBA- IIM, Ahmedabad



Managing the Finance, Legal,  
Secretarial and Compliance,  
Internal Audit & Risk functions  
as well as oversight of the  
Pension Subsidiary Company

**Qualification:**

Chartered Accountant from  
The Institute of Chartered  
Accountants of England and  
Wales, Member of the Institute  
of Chartered Accountants of  
India



Managing business as Chief  
Financial Officer,  
Standard Life plc

**Qualification:**

Bachelor of Engineering,  
Associate Chartered  
Accountant from The Institute  
of Chartered Accountants of  
England and Wales



Managing business as  
Global Head of Strategic  
Development, Standard Life  
plc, and Managing Director,  
Ignis Asset Management

**Qualification:**

BSc degree, Economics  
Graduate - Edinburgh  
University



# From the desk of the MD & CEO



## Dear Shareholders,

As you are well aware, the basic premise of a life insurance business is customers and insurers entering into long duration contracts based on mutual trust and the principle of utmost good faith. Every time a life insurer acquires a new customer, it incurs substantial upfront costs which can typically be recovered only several years later at a policy level. Hence, to be successful it is important that a life insurer build the right customer value proposition to grow consistently and back it with a financial strength to fund growth especially in the market development phase.

The management team at HDFC Life recognises that building a life insurance organisation can never be a sprint but is a marathon that requires both skill and endurance. It is important that the business be built brick by brick with a long-term orientation that serves all stakeholders especially our customers and our shareholders. We are only in the early stages of this journey and remain focussed on creating value for our stakeholders consistently. This is reflected in both our financial and non-financial performance.

We are at a stage where technology can enable us to reach out to customers in every nook and corner of the country