

Make Money Differently



IPO NOTE

from

**HDFC Standard Life
Insurance Company Limited**



Issue Opens on: Nov 7 , 2017

Issue Closes on: Nov 9, 2017

Promoters of the Company:

The Promoters of the Company are:

1. Housing Development Finance Corporation Limited ("HDFC");
2. Standard Life (Mauritius Holdings) 2006 Limited ("Standard Life Mauritius"); and
3. Standard Life Aberdeen plc ("Standard Life Aberdeen").

Issue Break up:

Reservation For	No. of Shares	Rs. in Cr.	% of Issue
QIB*	133,447,758	3670-3870	50%
NIB	40,034,328	1101-1161	15%
Retail	93,413,431	2569-2709	35%
HDFC Life Emp*	2,144,520	59-62	-
HDFC Empl.*	805,000	22-23	-
HDFC S/Holder*	29,982,781	824-870	-
Total	299,827,818	8,245-8,695	100%

~ Company may allocate up to 60% Shares of the QIB Portion to Anchor Investors.

* Allocation on proportionate basis

Object of the Issue:

The objects of the issue are:

1. To achieve the benefits of listing the Equity Shares on the Stock Exchanges and
2. To carry out the sale of Offered Shares by the Selling Shareholders.

Brief Financial Details* (Rs. In Cr.)

Particulars	As of Sep 30, 2017	As of Mar 31, 2017	As of Mar 31, 2016	As of Mar 31, 2015
Share capital	2,005.5	1,998.4	1,995.2	1,994.8
Reserves (net)	2,408.0	1,795.5	1,149.4	548.4
Net worth	4,463.6	3,826.3	3,103.4	2,541.2
Fair Value Change Account	49.0	32.3	(41.2)	(2.0)
Revenue-Premiums Earned#	9,050.9	19,274.8	16,178.7	14,762.4
Revenue-Investment Income	5,278.2	11,140.6	1,790.5	12,249.2
Profit Before Tax	570.9	908.9	833.3	804.5
Profit after Tax	554.1	886.9	816.7	785.5
Solvency Ratio	200.5%	191.6%	1,790.5	196.1%
EPS (Rs.per Share)	2.8 [^]	4.4	4.1	3.9
RoNW (%)	13.4% [^]	25.6%	28.9%	35.2%
NAV (Rs. per share)	22.3	19.1	15.6	12.7

Source: RHP * Restated Consolidated # net amount ^ not annulised

Indicative Timetable:

Activity	On or about
Finalization of Basis of Allotment	November 14, 2017
Refunds/Unblocking ASBA Fund	November 15, 2017
Credit of equity shares to Depository account	November 16, 2017
Trading commences	November 17, 2017

Business Overview:

HDFC Standard Life is one of the most profitable Life Insurers, based on Value of New Business (“VNB”) margin, among the top 5 Private Life Insurers in India (measured on total new business premium) in Fiscal 2016 and Fiscal 2017, according to CRISIL.

Besides consistently being among the top 3 private life insurers in terms of profitability based on Value of New Business (“VNB”) margin, they have also consistently been among the top 3 private life insurers in terms of market share based on total new business premium between Fiscal 2015 and Fiscal 2017, according to CRISIL.

The total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the 6 months ended September 30, 2017, was Rs.5,492.10 crore, Rs.6,487.22 crore, Rs.8,696.36 crore and Rs.4,402.90 crore. Between Fiscal 2015 and Fiscal 2017, their annualised premium equivalent grew by a CAGR of 14.5%. The 13th month individual persistency ratio was 73.3%, 78.9%, 80.9% and 82.2% for the period ended March 31, 2015, March 31, 2016, March 31, 2017 and September 30, 2017, respectively.

The company has healthy balance sheet with total net worth of Rs.4,460 crore and a solvency ratio of 200.5% as at September 30, 2017, above the minimum 150% solvency ratio required under IRDAI regulations. The company generated Profit After Tax of Rs.886.92 crore and delivered a Return on Equity of 25.6%, Return on Invested Capital of 40.7% and Operating Return on Embedded Value (“EV”) of 21.7% during Fiscal 2017. As at September 30, 2017, they had total AUM of Rs.99,530 crore and Indian Embedded Value of Rs.14,010 crore.

The company has a track record of consistently delivering shareholder returns across business cycles. The company is sufficiently capitalized and has not raised any capital during the last 6 years (except through issuance of ESOPs under their ESOS scheme(s)), while paying dividends (including dividend distribution tax) totalling Rs.760 crore between the first dividend in Fiscal 2014 to Fiscal 2017.

HDFC Standard Life is one of the first private life insurance company to register in India and was established as a joint venture between HDFC (one of the India's leading Housing Finance Institutions) and Standard Life Aberdeen plc (one of the world's largest investment companies), initially through its wholly owned subsidiary The Standard Life Assurance Company and now through its wholly owned subsidiary, Standard Life Mauritius.

The focus on creating a multi-channel distribution platform has resulted in their market share among private life insurers in India in terms of total new business premium increasing from 15.8% in Fiscal 2015 to 17.2% in Fiscal 2017, according to CRISIL. The company offers an attractive value proposition for their distribution partners, as demonstrated by their longstanding, successful relationships with their Bancassurance partners through corporate agency or master policyholder arrangements. Their oldest Bancassurance partner relationship was established in 2002.

Company's Bancassurance partners include Banks, Non-Banking Financial Companies, Micro-Finance Institutions and Small Finance Banks in India. Their number of major Bancassurance partners grew from 31 as at March 31, 2015 to 125 as at September 30, 2017. Their top 15 Bancassurance partners had over 11,200 branches across India as at September 30, 2017.

As at September 30, 2017, their product portfolio comprised 32 Individual and 10 Group products, as well as 8 optional rider benefits. Their wide product suite caters to specific needs of customers during each stage of their lives. It also provides them with the flexibility to operate successfully across business cycles, work with diverse sets of distribution partners and serve a range of consumers from mass market to high net worth individuals.

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

In Fiscal 2012, the company established their wholly-owned subsidiary, HDFC Pension, to operate their pension fund business under the National Pension System. As at March 31, 2017, HDFC Pension had approximately Rs.1,162.98 crore of AUM from customers enrolled under the National Pension System. HDFC Pension is the 2nd largest private pension fund management company in India in terms of Assets Under Management ("AUM") and subscribers in Fiscal 2017, according to CRISIL. In Fiscal 2016, HDFC Standard Life established their first international subsidiary in the UAE, HDFC International, to operate their reinsurance business. HDFC International has signed reinsurance treaties for two distinct lines of individual life business and entered into arrangements to offer reinsurance for group and credit life schemes. The company expects their pension and reinsurance business to help them diversify their sources of revenue and profitability in future. Going forward, they aim to continue to consolidate their position as a long-term player in the industry with their focus on better customer service, strong product propositions and steady profitability.

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