

HDFC Standard Life Insurance Company Limited

Employee Stock Option Schemes (ESOSs)

Disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulation, 2014

A) Disclosure under Guidance Note on Accounting for Employee Share Based Payments

Employee Stock Option Scheme (ESOS)

- i) HDFC Standard Life Insurance Company Limited (the “Company”) has implemented various employee stock option schemes from time to time with a view to reward and motivate employees and to attract and retain the best talent by providing them with an additional incentive in the form of Stock Options to enable them to acquire a certain number of equity shares of HDFC Standard Life Insurance Company Limited at a future date. In accordance with all the schemes, each option on exercise would be eligible for one Equity Share on payment of exercise price.
- ii) The Company, pursuant to resolutions passed by the Nomination & Remuneration Committee of Directors on August 10, 2005, June 23, 2010, October 24, 2011 and August 14, 2012 adopted ESOS 2005, ESOS 2010, ESOS 2010-II, ESOS 2011 and ESOS 2012 respectively (out of which ESOS 2005 has been exhausted as all options granted there-under had already been exercised in due course). These ESOS Schemes were for a total of 34,150,960 Equity Shares for the eligible employees of the Company.
- iii) The Company, pursuant to the resolution passed by the Shareholders on June 24, 2014 and resolution passed by the Nomination & Remuneration Committee of Directors on September 19, 2014 adopted ESOS 2014. The ESOS 2014 was for a total of 15,034,250 Equity Shares for all the eligible employees of the Company.
- iv) Thereafter, the Company, pursuant to the resolution passed by the Shareholders on July 21, 2015 and resolution passed by the Nomination & Remuneration Committee of Directors on September 22, 2015, adopted ESOS 2015. The ESOS 2015 was for a total of 9,733,300 Equity Shares for all the eligible employees of the Company.
- v) Thereafter, the Company pursuant to the resolution passed by the Shareholders on July 14, 2016 and resolution passed by the Nomination & Remuneration Committee of Directors on September 30, 2016, adopted ESOS 2016. The ESOS 2016 was for a total of 3,836,850 Equity Shares for all the eligible employees of the Company.
- vi) Thereafter, the Company pursuant to the resolution passed by the Shareholders on July 17, 2017 and resolution passed by the Nomination & Remuneration Committee of Directors on March 14, 2018 adopted the ESOS 2017 and ESOS (Trust) 2017 schemes. The ESOS 2017 and ESOS (Trust) 2017 schemes were for a total of 3,605,600 Equity Shares for all the eligible employees of the Company.
- vii) All the ESOS Schemes (other than ESOS 2005, under which all options granted have expired and no new options will be granted) have been aligned with SEBI SBEB ESOP Regulations, 2014 to

the extent applicable and relevant. All the ESOS Schemes have been framed and implemented in accordance with the guidance notes issued by ICAI and the relevant accounting standards.

viii) The total number of options granted as at March 31, 2018 under all ESOP schemes by the Company are 66,360,960.

ix) The Company has listed its equity shares on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on November 17, 2017. Till November 17, 2017, for all grants issued under the ESOS 2010, ESOS 2010-II, ESOS 2011, ESOS 2012, ESOS 2014, ESOS 2015 and ESOS 2016 schemes, the vested options were required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. After the listing of the Company's shares, vested options under all ESOS schemes are required to be exercised by the employees within five years from the date of vesting subject to the norms prescribed by the Nomination & Remuneration Committee. Due to the exercise period of the options being variable prior to listing, it is not possible to provide the weighted average remaining contractual life of options outstanding at the beginning of the current year as well as at the beginning and end of the previous year.

The details of options, granted, exercised and lapsed for the year ended March 31, 2018 and for the year ended March 31, 2017 scheme-wise is set out below:

1) ESOS 2010

Particulars	Exercise Price per Option	As of March 31, 2018			As of March 31, 2017		
		Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)	Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)
Outstanding at the beginning of the year	26.50	65,000	26.50	Refer Note (ix) above	78,600	26.50	Refer Note (ix) above
Add: Granted during the year	-	-	-	-	-	-	
Less: Lapsed during the year	-	-	-	-	-	-	
Less: Exercised during the year	26.50	65,000	26.50	-	13,500	26.50	
Outstanding at the end of the year	-	-	-	-	65,000	26.50	Refer Note (ix) above

Exercisable at the end of the year	-	-	-	-	65,000	26.50	Refer Note (ix) above
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2) ESOS 2010-II

Particulars	Exercise Price per Option	As of March 31, 2018			As of March 31, 2017		
		Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)	Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)
Outstanding at the beginning of the year	65.00	543,840	65.00	Refer Note (ix) above	12,20,540	65.00	Refer Note (ix) above
Add: Granted during the year	-	-	-	-	-	-	-
Less: Lapsed during the year	65.00	12,000	65.00	-	-	-	-
Less: Exercised during the year	65.00	523,840	65.00	-	676,700	65.00	-
Outstanding at the end of the year	65.00	8,000	65.00	0.50	543,840	65.00	Refer Note (ix) above
Exercisable at the end of the year	65.00	8,000	65.00	0.50	543,840	65.00	Refer Note (ix) above

3) ESOS 2011

Particulars	Exercise Price per Option	As of March 31, 2018			As of March 31, 2017		
		Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)	Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)
Outstanding at the beginning of the year	60.00	393,720	60.00	Refer Note (ix) above	11,19,886	60.00	Refer Note (ix) above
Granted during the year	-	-	-	-	-	-	-
Lapsed during the year	60.00	7,500	60.00	-	-	-	-
Exercised during the year	60.00	368,720	60.00	-	726,166	60.00	-
Outstanding at the end of the year	60.00	17,500	60.00	1.08	393,720	60.00	Refer Note (ix) above
Exercisable at the end of the year	60.00	17,500	60.00	1.08	393,720	60.00	Refer Note (ix) above

4) ESOS 2012

Particulars	Exercise Price per Option	As of March 31, 2018			As of March 31, 2017		
		Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)	Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)
Outstanding at the beginning of the year	60.00 & 64.00	4,165,864	62.93	Refer Note (ix) above	8,043,883	62.68	Refer Note (ix) above
Granted during the year	-	-	-	-	-	-	-
Lapsed during the year	60.00 & 64.00	13,160	61.87	-	108,138	63.90	
Exercised during the year	60.00 & 64.00	4,066,024	62.94	-	3,769,881	62.36	
Outstanding at the end of the year	60.00 & 64.00	86,680	62.34	2.89	4,165,864	62.93	Refer Note (ix) above
Exercisable at the end of the year	60.00 & 64.00	86,680	62.34	2.89	4,165,864	62.93	Refer Note (ix) above

5) ESOS 2014

Particulars	Exercise Price per Option	As of March 31, 2018			As of March 31, 2017		
		Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)	Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)
Outstanding at the beginning of the year	90.00	11,005,981	90.00	Refer Note (ix) above	14,183,168	90.00	Refer Note (ix) above
Granted during the year	-	-	-	-	-	-	-
Lapsed during the year	90.00	468,064	90.00	-	404,192	90.00	
Exercised during the year	90.00	7,625,075	90.00	-	2,772,995	90.00	
Outstanding at the end of the year	90.00	2,912,842	90.00	4.68	11,005,981	90.00	Refer Note (ix) above
Exercisable at the end of the year	90.00	2,912,842	90.00	4.68	5,030,236	90.00	Refer Note (ix) above

6) ESOS 2015

Particulars	Exercise Price per Option	As of March 31, 2018			As of March 31, 2017		
		Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)	Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)
Outstanding at the beginning of the year	95.00	9,005,950	95.00	Refer Note (ix) above	9,660,300	95.00	Refer Note (ix) above
Granted during the year	-	-	-	-	-	95.00	
Lapsed during the year	95.00	440,380	95.00	-	240,200	95.00	
Exercised during the year	95.00	4,755,460	95.00	-	414,150	95.00	
Outstanding at the end of the year	95.00	3,810,110	95.00	5.50	9,005,950	95.00	Refer Note (ix) above
Exercisable at the end of the year	95.00	305,150	95.00	4.38	2,422,590	95.00	Refer Note (ix) above

7) ESOS 2016

Particulars	As of March 31, 2018				As of March 31, 2017		
	Exercise Price per Option	Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)	Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)
Outstanding at the beginning of the year	190.00	3,832,850	190.00	Refer Note (ix) above	-	-	-
Granted during the year	-	-	-	-	3,836,850	190.00	-
Lapsed during the year	190.00	169,000	190.00		4,000	190.00	
Exercised during the year	190.00	988,725	190.00	-	-	-	
Outstanding at the end of the year	190.00	2,675,125	190.00	6.02	3,832,850	190.00	Refer Note (ix) above
Exercisable at the end of the year	190.00	110,430	190.00	4.53	-	-	Refer Note (ix) above

8) ESOS 2017

Particulars	As of March 31, 2018				As of March 31, 2017		
	Exercise Price per Option	Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)	Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)
Outstanding at the beginning of the year	-	-	-	-	-	-	-
Granted during the year	441.95	3,069,206	441.95	-	-	-	-
Lapsed during the year	-	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-
Outstanding at the end of the year	441.95	3,069,206	441.95	7.06	-	-	-
Exercisable at the end of the year	-	-	-	-	-	-	-

9) ESOS (Trust) 2017

Particulars	Exercise Price per Option	As of March 31, 2018			As of March 31, 2017		
		Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)	Number of options	Weighted Average Exercise Price Per Option	Weighted Average Remaining Contractual Life (Years)
Outstanding at the beginning of the year	-	-	-	-	-	-	-
Granted during the year	441.95	536,394	441.95	-	-	-	-
Lapsed during the year	-	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-
Outstanding at the end of the year	441.95	536,394	441.95	7.06	-	-	-
Exercisable at the end of the year	-	-	-	-	-	-	-

- x) The Company follows the intrinsic value method of accounting for stock options granted to employees. The intrinsic value of the options issued under the above referred schemes is 'Nil' as the exercise price of the option was the same as fair value of the underlying share on the grant date and accordingly, no expenses are recognised in the books.
- xi) Had the Company followed the fair value method for valuing its options, the charge to the Revenue Account/Profit & Loss Account for the year would have been aggregated to Rs. 144,712 thousands (Previous year ended March 31, 2017 Rs. 224,706 thousands) and the profit after tax would have been lower by Rs. 77,997 thousands (Previous year ended March 31, 2017 Rs. 122,056 thousands). Consequently, the Company's basic and diluted earnings per share would have been Rs. 5.49 and Rs. 5.46 respectively (Previous year: Rs. 4.41 and Rs. 4.38 respectively)

Method of computation of fair value of options:

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

As at March 31, 2018

ESOS Scheme	Risk Free Interest Rate Range	Expected Life Range	Expected Volatility Range*	Expected Dividend Yield
ESOS 2010	7.19% - 7.72%	3.50 - 6.50 years	48.80% - 51.88%	0.00%
ESOS 2010-II	7.19% - 7.72%	3.50 - 6.50 years	48.80% - 51.88%	0.00%
ESOS 2011	8.28% - 8.30%	3.50 - 5.50 years	46.75% - 48.12%	0.00%
ESOS 2012	8.19% - 8.74%	1.37 - 3.45 years	30.44% - 36.53%	0.00%
ESOS 2014	7.73% - 8.28%	1.75 - 3.75 years	33.23% - 37.15%	1.06%
ESOS 2015	7.41% - 7.58%	1.75 - 3.75 years	34.21% - 38.38%	1.04%
ESOS 2016	6.57% - 6.80%	1.75 - 3.75 years	10.00%	0.88%
ESOS 2017	6.79% - 7.30%	1.75 - 3.75 years	28.96%	0.74%
ESOS (Trust) 2017	6.79% - 7.30%	1.75 - 3.75 years	28.96%	0.74%

As at March 31, 2017

ESOS Scheme	Risk Free Interest Rate Range	Expected Life Range	Expected Volatility Range*	Expected Dividend Yield
ESOS 2010	7.19% - 7.72%	3.50 - 6.50 years	48.80% - 51.88%	0.00%
ESOS 2010-II	7.19% - 7.72%	3.50 - 6.50 years	48.80% - 51.88%	0.00%
ESOS 2011	8.28% - 8.30%	3.50 - 5.50 years	46.75% - 48.12%	0.00%
ESOS 2012	8.19% - 8.74%	1.37 - 3.45 years	30.44% - 36.53%	0.00%
ESOS 2014	7.73% - 8.28%	1.75 - 3.75 years	33.23% - 37.15%	1.06%
ESOS 2015	7.41% - 7.58%	1.75 - 3.75 years	34.21% - 38.38%	1.04%
ESOS 2016	6.57% - 6.80%	1.75 - 3.75 years	10.00%	0.88%

*Volatility of a matured enterprise in the industry which is listed on BSE has been used as a basis for estimation of expected volatility of options.

In the case of ESOS 2016, the expected volatility has been assumed at the rate of 10% since the company was unlisted as on the date of the grant.

In the case of ESOS 2017 and ESOS (Trust) 2017, the average of the volatility calculated on the available historical share prices of the company and its two peers, namely SBI Life Insurance Company Limited and ICICI Prudential Life Insurance Company Limited has been considered.

The weighted average fair value of options granted during the year ended March 31, 2018 is Rs. 116.38 per option (Previous Year Rs. 29.70 per option)

B) Diluted EPS

Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share" for year ended March 31, 2018 is Rs. 5.50 per equity share (Previous Year Rs. 4.44 per equity share).

C) Scheme Specific Disclosures

A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS is as set out below:

ESOS 2010:

<u>Sr. No.</u>	<u>Particulars</u>	<u>Disclosure</u>
a)	Date of shareholders' approval	September 22, 2017*
b)	Total number of options approved under ESOS	1,570,000
c)	Vesting requirements	The options have a graded vesting schedule over a period of 4 years from the date of grant. The vesting schedule is 33%-33%-34% subject to vesting conditions.
d)	Exercise price or pricing formula	Rs. 26.50 per option
e)	Maximum term of options granted	9 years from the date of grant
f)	Source of shares (primary, secondary or combination)	Primary
g)	Variation in terms of options	None
h)	Method used for accounting for ESOS – Intrinsic or Fair Value	Intrinsic Value Method
i)	Fair Value Related Disclosure	Refer Page No. 32

* Approval of Members sought for alignment of Scheme with SEBI (Share Based Employee Benefits) Regulations, 2014

Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the year	65,000
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	-
Number of options vested during the year	-
Number of options exercised during the year	65,000
Number of shares arising as a result of exercise of options	65,000
Money realized by exercise of options, if scheme is implemented directly by the company	Not Applicable
Loan repaid by the Trust during the year from exercise price	Rs. 1,722,500

received	
Number of options outstanding at the end of the year	Nil
Number of options exercisable at the end of the year	Nil
Weighted-average exercise price for options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 26.50
Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 14.47

Employee wise details of options granted during the year to:

Sr. No.	Particulars	Name of employee	Designation of employee	No. of options granted during the year	Exercise Price per option
a)	Grants to senior managerial personnel			Nil	
b)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year,			Nil	
c)	Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant			Nil	

A description of the method and significant assumptions to estimate the fair value of options is disclosed at a Company level below.

ESOS 2010-II

Sr. No.	Particulars	Disclosure
a)	Date of shareholders' approval	September 22, 2017*
b)	Total number of options approved under ESOS	3,588,000
c)	Vesting requirements	The options have a graded vesting schedule over a period of 3 years from the date of grant. The vesting schedule is 30%-30%-40% subject to vesting conditions.
d)	Exercise price or pricing formula	Rs. 65.00 per option
e)	Maximum term of options granted	8 years from the date of grant
f)	Source of shares (primary, secondary or combination)	Primary
g)	Variation in terms of options	None
h)	Method used for accounting for ESOS – Intrinsic or Fair Value	Intrinsic Value Method
i)	Fair Value Related Disclosure	Refer Page No.32

* Approval of Members sought for alignment of Scheme with SEBI (Share Based Employee Benefits) Regulations, 2014

Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	543,840
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	12,000
Number of options vested during the year	-
Number of options exercised during the year	523,840
Number of shares arising as a result of exercise of options	523,840
Money realized by exercise of options, if scheme is implemented directly by the company	Not Applicable
Loan repaid by the Trust during the year from exercise price received	Rs. 34,049,600

Number of options outstanding at the end of the year	8,000
Number of options exercisable at the end of the year	8,000
Weighted-average exercise price for options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 65.00
Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 33.24

wise details of options granted during the year to:

Sr.No.	Particulars	Name of employee	Designation of employee	No. of options granted during the year	Exercise Price per Option
1	Grants to senior managerial personnel			Nil	
2	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year,			Nil	
3	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant			Nil	

A description of the method and significant assumptions to estimate the fair value of options is disclosed at a Company level below.

ESOS 2011:

Sr.No.	Particulars	Disclosure
1	Date of shareholders' approval	September 22, 2017*
2	Total number of options approved under ESOS	4,753,000
3	Vesting requirements	The options have a graded vesting schedule over a period of 3 years from the date of grant. The vesting schedule is 30%-30%-40% subject to vesting conditions.
4	Exercise price or pricing formula	Rs. 60.00 per option
5	Maximum term of options granted	8 years from the date of grant
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	None
8	Method used for accounting for ESOS – Intrinsic or Fair Value	Intrinsic Value Method
9	Fair Value Related Disclosure	Refer Page No. 32

* Approval of Members sought for alignment of Scheme with SEBI (Share Based Employee Benefits) Regulations, 2014

Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	393,720
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	7,500
Number of options vested during the year	-
Number of options exercised during the year	368,720
Number of shares arising as a result of exercise of options	368,720
Money realized by exercise of options, if scheme is implemented directly by the company	Not Applicable
Loan repaid by the Trust during the year from exercise price	Rs. 22,123,200

received	
Number of options outstanding at the end of the year	17,500
Number of options exercisable at the end of the year	17,500
Weighted-average exercise price for options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 60.00
Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 30.31

Employee wise details of options granted during the year to:

Sr. No.	Particulars	Name of employee	Designation of employee	No. of options granted during the year	Exercise Price per Option
1	Grants to senior managerial personnel			Nil	
2	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year,			Nil	
3	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant			Nil	

A description of the method and significant assumptions to estimate the fair value of options is disclosed at a Company level below:

ESOS 2012:

Sr. No.	Particulars	Disclosure
1	Date of shareholders' approval	September 22, 2017*
2	Total number of options approved under ESOS	14,275,310
3	Vesting requirements	The options have a graded vesting schedule over a period of 3 years from the date of grant. The vesting schedule is 30%-30%-40% subject to vesting conditions.
4	Exercise price or pricing formula	Rs. 60 & Rs. 64 per option
5	Maximum term of options granted	8 years from the date of grant
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	None
8	Method used for accounting for ESOS – Intrinsic or Fair Value	Intrinsic Value Method
9	Fair Value Related Disclosure	Refer Page No 32

* Approval of Members sought for alignment of Scheme with SEBI (Share Based Employee Benefits) Regulations, 2014

Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	4,165,864
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	13,160
Number of options vested during the year	-
Number of options exercised during the year	4,066,024
Number of shares arising as a result of exercise of options	4,066,024
Money realized by exercise of options, if scheme is implemented directly by the company	Not Applicable
Loan repaid by the Trust during the year from exercise price received	Rs. 255,933,996

Number of options outstanding at the end of the year	86,680
Number of options exercisable at the end of the year	86,680
Weighted-average exercise price for options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 62.94
Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 16.60 & Rs. 17.16

Employee wise details of options granted during the year to:

Sr.No.	Particulars	Name of employee	Designation of employee	No. of options granted during the year	Exercise Price per Option (Rs.)
1	Grants to senior managerial personnel			Nil	
2	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year,			Nil	
3	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant			Nil	

A description of the method and significant assumptions to estimate the fair value of options is disclosed at a Company level below.

ESOS 2014:

Sr.No.	Particulars	Disclosure
1	Date of shareholders' approval	September 22, 2017*
2	Total number of options approved under ESOS	15,210,043
3	Vesting requirements	The options have a graded vesting schedule over a period of 3 years from the date of grant. The vesting schedule is 30%-30%-40% subject to vesting conditions.

4	Exercise price or pricing formula	Rs. 90.00 per option
5	Maximum term of options granted	8 years from the date of grant
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	None
8	Method used for accounting for ESOS – Intrinsic or Fair Value	Intrinsic Value Method
9	Fair Value Related Disclosure	Refer Page No 32

* Approval of Members sought for alignment of Scheme with SEBI (Share Based Employee Benefits) Regulations, 2014

Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	11,005,981
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	4,68,064
Number of options vested during the year	3,818,220
Number of options exercised during the year	7,625,075
Number of shares arising as a result of exercise of options	7,625,075
Money realized by exercise of options, if scheme is implemented directly by the company	Rs. 686,256,750
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	2,912,842
Number of options exercisable at the end of the year	2,912,842
Weighted-average exercise price for options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 90.00
Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 26.70 & 26.55

Employee wise details of options granted during the year to:

Sr.No.	Particulars	Name of employee	Designation of employee	No. of options granted during the year	Exercise Price per Option (Rs.)
1	Grants to senior managerial personnel	Nil			
2	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year,	Nil			
3	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil			

A description of the method and significant assumptions to estimate the fair value of options is disclosed at a Company level below.

ESOS 2015:

Sr. No.	Particulars	Disclosure
1	Date of shareholders' approval	September 22, 2017*
2	Total number of options approved under ESOS	10,000,000
3	Vesting requirements	The options have a graded vesting schedule over a period of 3 years from the date of grant. The vesting schedule is 30%-30%-40% subject to vesting conditions.

4	Exercise price or pricing formula	Rs. 95.00
5	Maximum term of options granted	8 years from the date of grant
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	None
8	Method used for accounting for ESOS – Intrinsic or Fair Value	Intrinsic Value Method
9	Fair Value Related Disclosure	Refer Page No 32

* Approval of Members sought for alignment of Scheme with SEBI (Share Based Employee Benefits) Regulations, 2014

Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	9,005,950
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	440,380
Number of options vested during the year	2,679,720
Number of options exercised during the year	4,755,460
Number of shares arising as a result of exercise of options	4,755,460
Money realized by exercise of options, if scheme is implemented directly by the company	451,768,700
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	3,810,110
Number of options exercisable at the end of the year	305,150
Weighted-average exercise price for options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 95.00 per option
Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 24.56 & 24.58

Employee wise details of options granted during the year to:

Sr. No.	Particulars	Name of employee	Designation of employee	No. of options granted during the year	Exercise Price per Option (Rs.)
1	Grants to senior managerial personnel			Nil	

2	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year,	Nil
3	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

A description of the method and significant assumptions to estimate the fair value of options is disclosed at a Company level below.

ESOS 2016:

<u>Sr. No.</u>	<u>Particulars</u>	<u>Disclosure</u>
1	Date of shareholders' approval	September 22, 2017*
2	Total number of options approved under ESOS	3,900,000
3	Vesting requirements	The options have a graded vesting schedule over a period of 3 years from the date of grant. The vesting schedule is 30%-30%-40% subject to vesting conditions.
4	Exercise price or pricing formula	Rs. 190.00 per option
5	Maximum term of options granted	8 years from the date of grant
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	None

8	Method used for accounting for ESOS – Intrinsic or Fair Value	Intrinsic Value Method
9	Fair Value Related Disclosure	Refer Page No 32

* Approval of Members sought for alignment of Scheme with SEBI (Share Based Employee Benefits) Regulations, 2014

Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	3,832,850
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	169,000
Number of options vested during the year	1,115,955
Number of options exercised during the year	988,725
Number of shares arising as a result of exercise of options	988,725
Money realized by exercise of options, if scheme is implemented directly by the company	Rs. 187,857,750/-
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	2,675,125
Number of options exercisable at the end of the year	110,430
Weighted-average exercise price for options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 190.00 per option
Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 30.82 & 30.29

Employee wise details of options granted during the year to:

Sr. No.	Particulars	Name of employee	Designation of employee	No. of options granted during the year	Exercise Price per Option (Rs.)
1	Grants to senior managerial personnel			Nil	
2	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year,			Nil	
3	Identified employees who were granted			Nil	

	option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	
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A description of the method and significant assumptions to estimate the fair value of options is disclosed at a Company level below.

ESOS 2017:

<u>Sr.No.</u>	<u>Particulars</u>	<u>Disclosure</u>
1	Date of shareholders' approval	February 27, 2018
2	Total number of options approved under ESOS	45,00,000
3	Vesting requirements	The options have a graded vesting schedule over a period of 3 years from the date of grant. The vesting schedule is 30%-30%-40% subject to vesting conditions.
4	Exercise price or pricing formula	Rs. 441.95 per option
5	Maximum term of options granted	8 years from the date of grant
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	None
8	Method used for accounting for ESOS – Intrinsic or Fair Value	Intrinsic Value Method
9	Fair Value Related Disclosure	Refer Page No. 32

Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	-
Number of options granted during the year	3,069,206
Number of options forfeited / lapsed during the year	-
Number of options vested during the year	-
Number of options exercised during the year	-
Number of shares arising as a result of exercise of options	-
Money realized by exercise of options, if scheme is implemented directly by the company	-
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	3,069,206
Number of options exercisable at the end of the year	-
Weighted-average exercise price for options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 441.95
Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 116.38

Employee wise details of options granted to:

Sr.No.	Particulars	Name of employee	Designation of employee	No. of options granted during the year	Exercise Price per option
1	Grants to senior managerial personnel	Mr. Sanjay Vij	Executive Vice President – Bancassurance & Chief Value Officer	42,000	441.95
		Mr. Prasun Gajri	Chief Investment Officer	40,000	441.95
		Mr. Rajendra Ghag	Senior Executive Vice President & Chief Human Resource Officer	55,000	441.95
		Mr. Subrat Mohanty	Senior Executive Vice President & Head-Strategy, Operations, Business Systems & Technology & Health	93,300	441.95

		Mr. Khushru Sidhwa	Executive Vice President - Audit & Risk Management	20,000	441.95
		Mr. Srinivasan Parthasarathy	Senior Executive Vice President, Chief & Appointed Actuary	65,000	441.95
		Mr. Narendra Gangan	Executive Vice President, Company Secretary & Head - Compliance & Legal	65,000	441.95
2	Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year,	Mr. Sanjay Vij	Executive Vice President – Bancassurance & Chief Value Officer	42,000	441.95
		Mr. Prasun Gajri	Chief Investment Officer	40,000	441.95
		Mr. Rajendra Ghag	Senior Executive Vice President & Chief Human Resource Officer	55,000	441.95
		Mr. Subrat Mohanty	Senior Executive Vice President & Head-Strategy, Operations, Business Systems & Technology & Health	93,300	441.95
		Mr. Khushru Sidhwa	Executive Vice President - Audit & Risk Management	20,000	441.95
		Mr. Srinivasan Parthasarathy	Senior Executive Vice President, Chief & Appointed Actuary	65,000	441.95
		Mr. Narendra Gangan	Executive Vice President, Company Secretary & Head - Compliance & Legal	65,000	441.95
		Mr. Amit Punchhi	Senior Executive Vice President	270,000	441.95
		Mr. Ankur Shah	Executive Vice President – Agency	225,000	441.95
		Mr. Parvez Mulla	Senior Executive Vice President – Institutional Sales	435,000	441.95

3	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
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A description of the method and significant assumptions to estimate the fair value of options is disclosed at a Company level below.

ESOS (Trust) 2017:

Sr. No.	Particulars	Disclosure
1	Date of shareholders' approval	February 27, 2018
2	Total number of options approved under ESOS	536,394
3	Vesting requirements	The options have a graded vesting schedule over a period of 3 years from the date of grant. The vesting schedule is 30%-30%-40% subject to vesting conditions.
4	Exercise price or pricing formula	Rs. 441.95 per option
5	Maximum term of options granted	8 years from the date of grant
6	Source of shares (primary, secondary or combination)	Primary
7	Variation in terms of options	None
8	Method used for accounting for ESOS – Intrinsic or Fair Value	Intrinsic Value Method

9	Fair Value Related Disclosure	Refer Page No. 32
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Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	-
Number of options granted during the year	536,394
Number of options forfeited / lapsed during the year	-
Number of options vested during the year	-
Number of options exercised during the year	-
Number of shares arising as a result of exercise of options	-
Money realized by exercise of options, if scheme is implemented directly by the company	Not Applicable
Loan repaid by the Trust during the year from exercise price received	-
Number of options outstanding at the end of the year	536,394
Number of options exercisable at the end of the year	-
Weighted-average exercise price for options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 441.95
Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the company's shares	Rs. 116.38

Employee wise details of options granted to:

Sr.No.	Particulars	Name of employee	Designation of employee	No. of options granted during the year	Exercise Price per option
1	Grants to senior managerial personnel	Mr. Amitabh Chaudhry	Managing Director & Chief Executive Officer	233,600	441.95
		Ms. Vibha Padalkar	Executive Director & Chief Financial Officer	117,200	441.95
		Mr. Suresh Badami	Chief Distribution Officer	116,100	441.95

2	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year,	Mr. Amitabh Chaudhry	Managing Director & Chief Executive Officer	233,600	441.95
		Ms. Vibha Padalkar	Executive Director & Chief Financial Officer	117,200	441.95
		Mr. Suresh Badami	Chief Distribution Officer	116,100	441.95
		Mr. Kailash Mittal	Senior Vice President - Actuarial	60,000	441.95
3	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil			

Fair Value Related Disclosure

A description of the method and significant assumptions to estimate the fair value of options is disclosed at a Company level below.

The Company follows the intrinsic value method of accounting for stock options granted to employees. The intrinsic value of the options issued under the above referred schemes is 'Nil' as the exercise price of the option was the same as fair value of the underlying share on the grant date and accordingly, no expenses are recognised in the books.

Had the Company followed the fair value method for valuing its options, the charge to the Revenue Account/Profit & Loss Account for the year would have been aggregated to Rs. 144,712 thousands (Previous year ended March 31, 2017 Rs. 224,706 thousands) and the profit after tax would have been lower by Rs. 77,997 thousands (Previous year ended March 31, 2017 Rs. 122,056 thousands). Consequently, the Company's basic and diluted earnings per share would have been Rs. 5.49 and Rs. 5.46 respectively (Previous year: Rs. 4.41 and Rs. 4.38 respectively)

Method of computation of fair value of options:

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

ESOS Scheme	Risk Free Interest Rate Range	Expected Life Range	Expected Volatility Range*	Expected Dividend Yield
ESOS 2010	7.19% - 7.72%	3.50 - 6.50 years	48.80% - 51.88%	0.00%
ESOS 2010-II	7.19% - 7.72%	3.50 - 6.50 years	48.80% - 51.88%	0.00%
ESOS 2011	8.28% - 8.30%	3.50 - 5.50 years	46.75% - 48.12%	0.00%
ESOS 2012	8.19% - 8.74%	1.37 - 3.45 years	30.44% - 36.53%	0.00%
ESOS 2014	7.73% - 8.28%	1.75 - 3.75 years	33.23% - 37.15%	1.06%
ESOS 2015	7.41% - 7.58%	1.75 - 3.75 years	34.21% - 38.38%	1.04%
ESOS 2016	6.57% - 6.80%	1.75 - 3.75 years	10.00%	0.88%
ESOS 2017	6.79% - 7.30%	1.75 - 3.75 years	28.96%	0.74%
ESOS (Trust) 2017	6.79% - 7.30%	1.75 - 3.75 years	28.96%	0.74%

*Volatility of a matured enterprise in the industry which is listed on BSE has been used as a basis for estimation of expected volatility of options.

In the case of ESOS 2016, the expected volatility has been assumed at the rate of 10% since the company was unlisted as on the date of the grant.

In the case of ESOS 2017 and ESOS (Trust) 2017, the average of the volatility calculated on the available historical share prices of the company and its two peers, namely SBI Life Insurance Company Limited and ICICI Prudential Life Insurance Company Limited has been considered.

Method used and the assumptions made to incorporate the effects of expected early exercise:

Not Applicable

Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition:

Not Applicable

D) Disclosures in respect of grants made in three years prior to Initial Public Offering (IPO) under each ESOS:

A description of each ESOS scheme in respect of grants made in three years prior to IPO, including the general terms and conditions of each ESOS is as set out below:

Sr. No.	Particulars	ESOS 2014	ESOS 2015	ESOS 2016
1	Date of shareholders' approval	September 22, 2017*		
2	Total number of options approved under ESOS	15,210,043	10,000,000	39,00,000
3	Vesting requirements	The options have a graded vesting schedule over a period of 3 years from the date of grant. The vesting schedule is 30%-30%-40% subject to vesting conditions.	The options have a graded vesting schedule over a period of 3 years from the date of grant. The vesting schedule is 30%-30%-40% subject to vesting conditions.	The options have a graded vesting schedule over a period of 3 years from the date of grant. The vesting schedule is 30%-30%-40% subject to vesting conditions.
4	Exercise price or pricing formula	Rs. 90.00 per option	Rs. 95.00 per option	Rs. 190.00 per option
5	Maximum term of options granted	8 years from the date of grant	8 years from the date of grant	8 years from the date of grant
6	Source of shares (primary, secondary or combination)	Primary	Primary	Primary
7	Variation in terms of options	None	None	None
8	Method used for accounting for ESOS – Intrinsic or Fair Value	Intrinsic Value Method	Intrinsic Value Method	Intrinsic Value Method

9	Fair Value Related Disclosure	Refer Page No. 32
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* Approval of Members sought for alignment of Scheme with SEBI (Share Based Employee Benefits) Regulations, 2014

Option movement during the year:

Particulars	ESOS 2014	ESOS 2015	ESOS 2016
Number of options outstanding at the beginning of the year	11,005,981	9,005,950	3,832,850
Number of options granted during the year	-	-	-
Number of options forfeited / lapsed during the year	468,064	440,380	169,000
Number of options vested during the year	3,818,220	2,679,720	1,115,955
Number of options exercised during the year	7,625,075	4,755,460	988,725
Number of shares arising as a result of exercise of options	7,625,075	4,755,460	988,725
Money realized by exercise of options, if scheme is implemented directly by the company	686,256,750	451,768,700	187,857,750
Loan repaid by the Trust during the year from exercise price received	Not Applicable	Not Applicable	Not Applicable
Number of options outstanding at the end of the year	2,912,842	3,810,110	2,675,125
Number of options exercisable at the end of the year	2,912,842	305,150	110,430
Weighted-average exercise price for options whose exercise price either equals or exceeds or is less than the market price of the company's shares	90.00	95.00	190.00
Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the company's shares	26.70 & 26.55	24.56 & 24.58	30.82 & 30.29

Employee wise details of options granted during the year to:

Scheme Name			ESOS 2014		ESOS 2015		ESOS 2016	
Particulars	Name of employee	Designation of employee	No. of options granted	Exercise Price per option	No. of options granted	Exercise Price per option	No. of options granted	Exercise Price per option
Grants to senior managerial personnel								
Nil								
Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year,								
Nil								
Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant								
Nil								

A description of the method and significant assumptions to estimate the fair value of options is disclosed at a Company level below.

The Company follows the intrinsic value method of accounting for stock options granted to employees. The intrinsic value of the options issued under the above referred schemes is 'Nil' as the exercise price of the option was the same as fair value of the underlying share on the grant date and accordingly, no expenses are recognised in the books.

Had the Company followed the fair value method for valuing its options, the charge to the Revenue Account/Profit & Loss Account for the year would have been aggregated to Rs. 144,712 thousands (Previous year ended March 31, 2017 Rs. 224,706 thousands) and the profit after tax would have been lower by Rs. 77,997 thousands (Previous year ended March 31, 2017 Rs. 122,056 thousands). Consequently, the Company's basic and diluted earnings per share would have been Rs. 5.49 and Rs. 5.46 respectively (Previous year: Rs. 4.41 and Rs. 4.38 respectively)

Method of computation of fair value of options:

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

ESOS Scheme	Risk Free Interest Rate Range	Expected Life Range	Expected Volatility Range*	Expected Dividend Yield
ESOS 2010	7.19% - 7.72%	3.50 - 6.50 years	48.80% - 51.88%	0.00%
ESOS 2010-II	7.19% - 7.72%	3.50 - 6.50 years	48.80% - 51.88%	0.00%
ESOS 2011	8.28% - 8.30%	3.50 - 5.50 years	46.75% - 48.12%	0.00%
ESOS 2012	8.19% - 8.74%	1.37 - 3.45 years	30.44% - 36.53%	0.00%
ESOS 2014	7.73% - 8.28%	1.75 - 3.75 years	33.23% - 37.15%	1.06%
ESOS 2015	7.41% - 7.58%	1.75 - 3.75 years	34.21% - 38.38%	1.04%
ESOS 2016	6.57% - 6.80%	1.75 - 3.75 years	10.00%	0.88%
ESOS 2017	6.79% - 7.30%	1.75 - 3.75 years	28.96%	0.74%
ESOS (Trust) 2017	6.79% - 7.30%	1.75 - 3.75 years	28.96%	0.74%

*Volatility of a matured enterprise in the industry which is listed on BSE has been used as a basis for estimation of expected volatility of options.

In the case of ESOS 2016, the expected volatility has been assumed at the rate of 10% since the company was unlisted as on the date of the grant.

In the case of ESOS 2017 and ESOS (Trust) 2017, the average of the volatility calculated on the available historical share prices of the company and its two peers, namely SBI Life Insurance Company Limited and ICICI Prudential Life Insurance Company Limited has been considered.

E) Details related to Trust

i) General information on all schemes

Sl. No.	Particulars	Details
1	Name of the Trust	HDFC Standard Life Employees Stock Option Trust
2	Details of the Trustee(s)	Mr. Rajendra Ghag Mr. Srinivasan Parthasarthy Mr. Suresh Badami Mr. Prosenjit Gupta Mr. Praveen Kumar Bhalla
3	Amount of loan disbursed by company / any company in the group, during the year	Nil
4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	Rs. 10,050,408/-

5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil

ii) Brief details of transactions in shares by the Trust

Sr. No.	Particulars	Number of shares
1	Number of shares held at the beginning of the year	5,845,479 shares
2	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	Nil
3	Number of shares transferred to the employees / sold along with the purpose thereof;	5,185,105 shares transferred to eligible employees pursuant to exercise of vested options under the relevant ESOS schemes
4	Number of shares held at the end of the year.	660,374 shares

iii) In case of secondary acquisition of shares by the Trust

Sr. No.	Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
1	Held at the beginning of the year: 5,845,479 shares	0.029%
2	Acquired during the year: Nil	-
3	Sold during the year: Nil	-
4	Transferred to the employees during the year : 5,185,105 shares transferred to eligible employees pursuant to exercise of vested options under the relevant ESOS schemes	0.026%
5	Held at the end of the year: 660,374 shares	0.003%