2nd Annual Report 2017-18

NEXT MILE FASTER

HDFC Life

HDFC INTERNATIONAL LIFE AND RE COMPANY LIMITED

Annual Report 2017-18

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Amitabh Chaudhry
Chairman

Richard Charnock
Director

Yuvraj Narayan
Independent Director

Davinder Rajpal
Independent Director

Suresh Badami
Director

SENIOR MANAGEMENT

Amit Punchhi
Senior Executive Vice President & Chief International Officer (HDFC Life)

Sameer Yogishwar
Chief Executive Officer

MANAGEMENT COMMITTEE

Sameer Yogishwar
CEO

Eshwari Murugan
Appointed Actuary

Rahul Prasad
Head - Business Development & Strategy

Fouzy Mohamed Sheifuddin
Head - Compliance & Legal, Company Secretary

Abhishek Tandon
Head - Finance

Abhishek Nayak
Head - Risk

Dr. Mohammed Ayathullah Badsha
Head - Underwriting

Joby Xavier
Head - Claims Management

COMPANY SECRETARY & COMPLIANCE OFFICER

Fouzy Mohamed Sheifuddin

AUDITOR

Ernst & Young Middle East
(Dubai Branch)

INTERNAL AUDITOR

Horwath MAK Limited (DIFC)

BANKERS

- Citibank N.A.
- HDFC Bank Ltd. (Bahrain Branch)
- National Bank of Abu Dhabi PJSC
- Abu Dhabi Commercial Bank PJSC
- Dubai Islamic Bank PJSC

REGISTERED OFFICE

HDFC International Life and Re Company Limited
(Regulated by the Dubai Financial Services Authority)

Unit OT 17-30, Level 17,
Central Park,
Dubai International Financial Centre,
PO Box 114603, Dubai,
United Arab Emirates
Telephone: +971 4 354 6969
Email: info@hdfclifere.com
Website: www.hdfclifere.com
Registered Number: 2067

ABOUT HDFC INTERNATIONAL LIFE AND RE COMPANY LIMITED

HDFC International Life and Re Company Limited ("Company / HDFC International Life & Re") was established in the year 2016 as a Company Limited By Shares, in the Dubai International Financial Centre ("DIFC"). HDFC International Life & Re is the first international subsidiary of HDFC Standard Life Insurance Company Limited ("HDFC Life").

The Company is the first life reinsurer incorporated in the DIFC and regulated by the Dubai Financial Services Authority ("DFSA"). The Company is licensed to undertake life reinsurance business in the UAE. The Company operates in the DIFC, offering reinsurance capacity to ceding insurers. It provides bespoke risk-transfer solutions, prudent underwriting solutions and value added services among others, across individual life, group life and group credit life lines of business. The Company currently offers reinsurance capacity in UAE, Oman and Bahrain and is working towards expanding its footprint across the GCC (Gulf Cooperation Council) and MENA (Middle East & North Africa) regions.

The Company draws significantly from HDFC Life's underwriting expertise and experience and looks to cater to the life insurance requirements of ceding insurers, while addressing the needs of this growing segment in the GCC region. The business consists of both treaty and facultative reinsurance arrangements assumed from ceding companies, relating to a broad range of life insurance products across Individual Life and Group Life offered by such cedents.

Our Vision

> *Securing aspirations, through customer focused, technology driven and globally trusted life (re)insurance solutions.*

Our Values

- **Excellence** – Excel in every action, with an aspiration to be the best in the industry
- **People Engagement** – Respect your colleagues and contribute towards an engaged work environment
- **Integrity** – To conduct oneself in a manner that is consistent with the parent company's code of conduct and demonstrate accountability in all professional actions
- **Customer Centricity** – Keep customers' interest at the centre and deliver on commitments
- **Collaboration** – Proactively align actions towards achieving organizational goals

PARENTAGE

HDFC Standard Life Insurance Company Limited ("HDFC Life") is a joint venture between HDFC Limited, India's leading housing finance institution and Standard Life Aberdeen plc (formerly known as Standard Life plc), 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 March 31, 2018, the Company had 34 individual and 11 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.

Initial Public Offering of HDFC Life

During the year under review, HDFC Life had completed its Initial Public Offer by way of an offer for sale of 299,827,818 equity shares of face value of Rs. 10 each of the Company, by the promoters of HDFC Life i.e. Housing Development Finance Corporation Limited and Standard Life (Mauritius Holding) 2006 Limited.

The IPO constiuted 14.92% of the fully diluted post-offer paid-up equity share capital of HDFC Life. The shares of HDFC Life were listed on the National Stock Exchange of India Limited and BSE Limited on November 17, 2017.

The Rs. 8,695 crore initial public offer of HDFC Life was subscribed 4.9 times. HDFC Life got bids for 107.5 crore shares against 21.97 crore shares (excluding anchor) on offer.

Chairman's Message

The upcoming years will see us metamorphose into a strong technology enabled reinsurance company.

Dear Shareholder,

In 2016 we had taken our maiden steps towards setting up our reinsurance subsidiary in the DIFC. Today, as we complete our first two years of existence, I look back at this journey with a sense of pride at what we have achieved and a heightened sense of anticipation at what lies ahead.

When we visualised what HDFC International Life & Re would carve its niche in, we suspected that it would be related to our understanding of primary insurance and its inherent challenges. This thought presented us with some intriguing questions. Would we be able to create a reinsurance company that could leverage its primary insurance DNA and create bespoke reinsurance offerings in the market? Would the resultant offerings solve real world problems that insurance companies face? A quick look at the path that HDFC International Life & Re has traversed thus far, gives me the confidence that our thoughts were not misplaced and this company is on its way to creating something incomparably unique.

Our operations in the GCC region have been noteworthy in respect of the strong ties that we have built with our partner companies. We have expanded our reach and now offer reinsurance in UAE, Oman and Bahrain. With our book steadily building up, we are gaining deeper insights of the markets where we operate and it gives us the conviction that we are geared up to expand into more markets within the GCC as well as in the larger MENA region.

What will continue to differentiate this company are its culture and roots, which are in turn strongly embedded in the organization Values that we follow. There is belief that adherence to our Values framework will keep us anchored, while helping us navigate through the inevitable euphoria and stresses that high growth business models invariably present. Our Values, coupled with our strong processes, rules and ethics, will ensure that we live up to the name we stand for.

I am especially proud that innovative streaks and high ethics DNA have transpired from the parent company to this newest member of the HDFC Life family. The team shares my paranoia about wanting to remain ahead of our times on technological initiatives. To this end, we are setting up infrastructure support for our partners, to give them an experience that is indisputably cutting edge. While we are new in the Reinsurance space, with our life insurance experience, we feel we will soon have many technology enabled "firsts" to our credit. The upcoming years will see us metamorphose into a strong technology enabled Reinsurance company.

I will end by reiterating that we continue to stay committed to creating value for our partners and shareholders today, and more in the years to come.

Amitabh Chaudhry

Board of Directors

Amitabh Chaudhry
Chairman

Mr. Amitabh Chaudhry is the Managing Director and Chief Executive Officer of HDFC Life, India. Before joining HDFC Life in January 2010, he was the Managing Director and CEO of Infosys BPO Limited and was also heading the Independent Validation Services unit in Infosys Technologies, India. He started his career in 1987 with Bank of America and has worked in diverse roles ranging from Head of Technology Investment Banking for Asia, Regional Finance Head for Wholesale Banking and Global Markets and Chief Finance Officer (Bank of America (India)). He moved to CALYON Bank (formerly known as Credit Lyonnais Securities) in 2001 in Singapore where he headed their investment banking franchise for South East Asia and structured finance practice for Asia, before joining Infosys BPO in 2003.

Mr. Chaudhry is a Director on the Board of HDFC Pension Management Company Limited, Manipal Global Education Services Private Limited, Shriram Transport Finance Company Limited, HDFC Credila Financial Services Private Limited and Manipal Education Americas, LLC.

Mr. Chaudhry completed his Bachelor in Engineering from Birla Institute of Technology and Science, Pilani, in 1985 and followed it up with a Management degree from IIM, Ahmedabad in 1987.

Mr. Chaudhry has been on the Board of Directors of HDFC International Life & Re since its inception.

Richard Charnock
Director

Mr. Richard Charnock is an Executive Director with Standard Life Investments and CEO & Director of Standard Life Wealth Limited. He joined Standard Life in February 2007 with a brief to create and launch Standard Life Wealth in the market. Mr. Charnock oversaw the acquisition of Newton Private Client business in 2013, to position Standard Life Wealth as a major provider of discretionary fund management in the UK wealth management sector.

Alongside heading Standard Life Wealth, Mr. Charnock was a member of Standard Life UK Executive Board from 2010 to 2014 and subsequently became Managing Director of the Adviser and Investment business of Standard Life UK. He held responsibility for all Standard Life retail channel activity in the UK and Ireland and was also CEO of Standard Life Savings, with responsibility for the 'Wrap' platform and 'Fund Zone' businesses.

Immediately before joining Standard Life, Mr. Charnock was CEO of Williams de Broe and prior to that, served as CEO of Lloyds TSB, Lloyds TSB IFA and Lloyds TSB Stockbrokers.

Mr. Charnock holds an Honors degree in Geography from the University of Durham. He is also a Director and a Fellow of the Chartered Institute of Securities and Investments, chairs the CISI Ethics and Integrity Committee, is a Member of the Worshipful Company of International Bankers, the Cornhill Club and is a Trustee of the Shrewsbury School Foundation. Mr. Charnock has also served in the British Army.

Mr. Charnock has been on the Board of Directors of HDFC International Life & Re since its inception.

Yuvraj Narayan
Independent Director

Mr. Yuvraj Narayan is the Group Chief Financial Officer of DP World since 2005. He is also on the Board of Directors of DP World. He joined DP World in August 2004. Prior to the above, he has served as Chief Financial Officer of Salalah Port Services Company SAOG, the concessionaire for the management and operation of the new Container Terminal in the Port of Salalah, Sultanate of Oman for almost six years. Before joining Salalah Port Services Company SAOG, he was a key member of ANZ Investment Bank's Global Corporate Finance team and has served ANZ Grindlays Bank Limited for thirteen years in various capacities internationally, from October 1984 to September 1997. During his tenure in the ANZ Banking Group, he has held various key positions such as Head of Corporate Finance and Head of Capital Markets.

Mr. Narayan previously served as Non-Executive Director of Istithmar World PJSC and IDFC Securities Limited. Mr. Narayan is a Qualified Chartered Accountant and possesses a wealth of experience in the ports and international banking sectors. Mr. Narayan has been on the Board of Directors of HDFC International Life & Re since its inception.

Davinder Rajpal
Independent Director

Mr. Davinder Rajpal is an independent insurance and reinsurance professional who began his professional career in 1961. Prior to retirement in 2006, he was Member of the Executive Team in Swiss Re – Asia HQ, Hong Kong (2002 – 2006), a body responsible for the strategic development and overall management decision making for all Asia Pacific Property & Casualty operations. He was also Head of Turkey, Middle East and South Asia markets for Property & Casualty business in Swiss Re (2000 – 2002). Prior to the above, he was General Manager for AXA China Region, Hong Kong (1992 – 2000). During this period, he was responsible for defining regional strategies and provided overall management of the company's general insurance operations. He has also served as General Manager for CIGNA and his territorial responsibilities in CIGNA included Hong Kong, Taiwan and Macau (1985 – 1992).

Mr. Rajpal was also on the Board of Directors of IDBI Federal Life Insurance Co. Ltd., Mumbai and also was an Independent Non-Executive Director on the Board of PineBridge Investment Trustee Company India Ltd.

Mr. Rajpal has been on the Board of Directors of HDFC International Life & Re since its inception.

Suresh Badami
Director

Mr. Suresh Badami has been associated with HDFC Life since October 2013 and heads the Sales & Distribution channels for HDFC Life. In his role as Chief Distribution Officer of HDFC Life, he has also exercised oversight on the deliverables of HDFC International Life & Re. Mr. Badami was also actively involved in the initial authorization and setup process of the Company. In an overall career span of 23 years, he has spent around 15 years in the financial services industry, with experience of over a decade in Banking and around 4 years with HDFC Life.

Prior to the above, he was Senior General Manager of ICICI Bank Limited ("ICICI"). He joined ICICI in the year 2002 and had worked in diverse roles. During his tenure in ICICI, he had held various key positions such as Zonal Head - Retail Liabilities Group, Head - Retail Branch Banking, Retail Business Head & Senior General Manager - Retail Liability Business. He started his career in 1994 with Dunlop India Limited and worked in ICI India Limited, an Internet start-up, Cognesis Networks Private Limited and Max Ateev Limited before moving to ICICI Bank.

Mr. Badami holds a Bachelor's degree in Science from Bangalore University with a Post Graduate Diploma in Management from Xavier Institute of Management, Bhubaneshwar, India.

Mr. Badami has been appointed to the Board of Directors of HDFC International Life & Re since July 13, 2017.

Senior Management

Amit Punchhi
Senior Executive Vice President & Chief International Officer (HDFC Life)

Mr. Amit Punchhi has been associated with HDFC Life since October 2017. Mr. Punchhi is responsible for reinsurance strategy and the international business of HDFC Life, which includes overall management of HDFC International Life & Re.

Prior to joining to HDFC Life, he was based in Hong Kong as Chief Executive Officer, Reinsurance Group of America (RGA). Additionally, he was also Managing Director of Singapore, India and the Asia High Net-Worth business.

Mr. Punchhi has 27 years of experience in Reinsurance, Insurance and Investments, in both North America and Asia. He serves on the Board of Directors of the Pacific Insurance Conference, Asia's leading conference for the insurance and reinsurance industries. He has also served on the Board of Terry Fox Run in Mumbai as well as on the Advisory Boards of the American School of Bombay and the Chinese University of Hong Kong.

Mr. Punchhi holds a Bachelor's degree in Engineering from Punjab Engineering College, Chandigarh and a Master's degree in Business Administration from the University of Windsor, Canada.

Sameer Yogishwar
Chief Executive Officer

In 1998, Mr. Sameer Yogishwar started his professional career with India's largest mortgage finance company, HDFC (Housing Development Finance Corporation) Limited, one of the Founder Shareholders of HDFC Life, as a Management Trainee. In his 16-year stint with HDFC Life, Mr. Yogishwar was involved across multiple functions including process, operations, learning & development, agency sales, bancassurance, strategic alliances and international business. Within HDFC Life, he has essayed multiple senior leadership roles, having headed the zonal business functions in large geographies of the country, apart from spending a significant part of his career in building up and managing the organization's 500 strong branch operation network in India.

Mr. Yogishwar has traversed critical junctures in the last 19 years to become the first CEO of HDFC International Life & Re in January 2016. He was instrumental in obtaining the license and incorporating the Company in the DIFC.

Mr. Yogishwar also serves on the Board of Directors of the DIFC Insurance Association NPIO.

Mr. Yogishwar holds a Bachelor degree in Economics and a Masters in Management Studies (Finance), both from Mumbai University.

From The Desk of The CEO

Our success lies in constantly scrutinising and assessing our progress and in continuously resetting higher goals for ourselves.

Dear Shareholder,

It is with great pride that I present to you our second Annual Report.

After reporting a modest beginning in our first year of operation, I am happy to share that our business has grown substantially, to around 10X of our first year's numbers. We now offer capacity in UAE, Oman and Bahrain and are evaluating newer markets in the GCC (Gulf Cooperation Council) and MENA (Middle East & North Africa) regions.

We continue to be deliberately selective about partners that we choose to work with and the strong ties that we have nurtured with our partners in UAE, Oman and Bahrain are testimony to this. We thank our existing partners for continuing to repose their confidence in our abilities.

Our quest to establish ourselves as a credible global reinsurer continues and we are working aggressively on expansion plans that will consolidate our position as a life reinsurer to be reckoned with in the years to come.

HDFC International Life & Re's vision is to go deep into the processes of ceding insurers and see how it can impact the overall value chain and life cycle, as a very involved, informed and innovative reinsurer. This will be achieved on the back of technology initiatives and solutions that we intend to bring into the market. We have already commenced work towards this and our vision will come to fruition very soon.

The year 2017-2018 saw us working closely with our home regulator, DFSA and we have been fortunate to receive their continued support in terms of incomparable infrastructure and regulatory guidance. We look forward to many more years of collaborative growth with them.

Finally, we retain our belief that our success lies in constantly scrutinizing and assessing our progress and in continuously resetting higher goals for ourselves. It is firmly because of this principle that we have covered our 'Next Mile Faster'.

On behalf of the entire team at HDFC International Life & Re, I thank you for your support and look forward to entering the new financial year with renewed effort and dedication.

Sameer Yogishwar

NEXT MILE FASTER

"Since commencement of business, the Company has remained agile and adapted to the environment of the life (re)insurance industry. The Company got off to a laudable start with the launch of its initial strategic initiative - 'First Mile'.

Our unwavering determination in translating vision into action has enabled us to traverse the 'Next Mile Faster'."

Next Mile Faster is essentially a three-pronged strategy designed to create the right balance between profitable growth, partnership and prudence.

Profitable Growth

Provide accelerated growth momentum and a healthy balance sheet mix

1. Continue to deepen existing relationships through differentiation and seeding innovation.
2. Grow new franchise in markets of interest and strategic importance
3. Pursue profitable growth in Individual and Group Life through credible underwriting experience

Partnership

Anticipate problems of client partners early and create an engaged ecosystem of tailored risk solutions

1. Our Insurer led DNA coupled with deep knowledge of local markets and reinsurance programs provides the much needed edge to understand client problems better and faster
2. Stay committed to innovation through use of technology by managing businesses along the risk and product lifecycle from a life reinsurer's position
3. Address the widening protection gap in the GCC and broader MENA life insurance market by supporting client partners with solutions amenable to local and expat populace

Prudence

Maintain efficient risk management systems and robust internal control standards

1. De-risk portfolio mix through prudent underwriting norms. Reduce tail risk to shareholders and improve risk portfolio's efficiency. Ensure loss-liability per risk per life remains covered and limited to risk appetite.
2. ERM framework, comprising various risk management mechanisms helps to ensure the risk profile is dynamically optimized, whilst operating within the acceptable risk appetite
3. Adherence to applicable DIFC laws and DFSA rules & regulations including relevant federal directives by statutory authorities, thereby maintaining an ethical and strong corporate governance culture
4. Maintain adequate solvency capital in the optimal regulatory range and apply appropriate prudence in managing technical (underwriting) reserves at all times

MANAGEMENT REVIEW & CORPORATE REPORTS

ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

- The Company has a robust ERM framework, comprising of various risk management mechanisms which help to ensure the risk profile is dynamically optimized, whilst operating within the acceptable risk appetite
- Our Company's risk management system is agile and responsive to emerging risks and is able to address effectively with changes in internal and external operating environment
- Risk Management has close alignment to business and plays an integral role in strategy and planning discussions, where risk appetite facilitates discussions and sets boundaries to risk taking

The Company leverages on the ERM framework that is developed to manage uncertainties in achieving its strategic objectives. The Company has also put in place key policies that set up clear channels of communication regarding risk management strategy, objectives and plans.

The ERM framework operates with the following objectives:

- Ensuring protection of the interests of our ceding and retrocession partners, shareholder(s), employees, and all the relevant stakeholder(s), including adherence to internal values framework.
- Ensuring adherence to applicable DFSA rules and DIFC regulations and relevant federal directives by the statutory authorities, thereby maintaining an ethical and strong corporate governance culture.
- Ensuring the risk assessment (identification, analysis, and evaluation) and risk treatment process is effective with the core objective of minimising risk and maximising opportunities for the Company.
- Assuring in providing a systematic, structured, and dynamic mechanism to take smarter yet informed decisions whilst managing risk and uncertainty pragmatically including internal controls.
- Assuring ERM is tailor-made and not one-size-fits-all, considering human and cultural factors in building lean processes and promoting strong risk and internal controls culture in the Company.

The ERM framework provides a systematic and holistic risk management approach throughout the Company and facilitates alignment of risk appetite and business objectives. Under this framework, workshops and walkthrough meetings are conducted through structured and specialized risk assessments. This results in risks being recorded, controls being mapped and actioned with an assigned risk owner, with timelines, reporting and monitoring. Subsequently, residual risk rating is assigned to risks identified and key risk indicators (KRIs) are developed for such identified risk so that the risk-taking activities of the various business and functional units can be measured and controlled.

The Risk Management function facilitates risk awareness and risk culture environment by promoting forward-looking assessment of the Company's risk profile. The Company has embedded a strong risk and control culture throughout its business and operational processes, so that material risks, emerging risks and controls issues are identified early, managed effectively and promptly addressed in the normal course of the Company's operations. The Company as at date of this report has identified three (3) risk categories which are further broad-based into specific identified risk types and sub-risk types basis the nature, scale, size, complexity and materiality of the Company's objectives:

- Reinsurance Risks
- Financial Risks
- Operational Risks

The Company has a defined comprehensive governance structure for risk management designed to identify, analyse, mitigate and manage all material and emerging risks through a multi-line of defence model providing for an effective balance of internal controls, oversight and assurance. It includes the leadership, accountabilities and oversight that builds and improves the ERM framework in the Company. ERM governance structure is an essential part of the Company's corporate governance responsibilities. Effective ERM governance structure will help the Company improve its performance and achieve the desired outcomes, basis the five (5) principles alongside identified relevance:

Principles	Relevance
Mandate: Reflects the intent to ensure effective ERM	▪ Endorsing of the ERM Policy ▪ Ensuring a positive attitude towards ERM ▪ Reviewing regularly the effectiveness of ERM
Design: Reflects what is key to effectiveness of framework	▪ Designing of framework considering internal and external factors ▪ Accountability and responsibility for managing risk and controls ▪ Integrating into strategic planning and decision making process
Implementation: Reflects what actions are required to make it real	▪ Developing an ERM Strategy to support integration across functions ▪ Identifying the requirements for building ERM capability ▪ Reviewing implementation progress and reporting outcomes
Monitor & Review: Reflects the approach to assess performance	▪ Assessing the ERM framework at least annually ▪ Monitoring progress against the ERM Strategy ▪ Implementing changes considering internal and external factors
Continual Improvement: Reflects the continual improvement process	▪ Supporting risk attestation to ensure controls are fit & proper ▪ Developing an ERM improvement plan to assess effectiveness ▪ Determining improvement through risk assurance reports

DIRECTORS' REPORT

TO,
THE MEMBER OF HDFC INTERNATIONAL LIFE AND RE COMPANY LIMITED

The Board of Directors are pleased to present the 2nd Annual Report of HDFC International Life and Re Company Limited on the business and operations of the Company in DIFC, together with the Audited Financial Statements of the Company, for its 2nd Financial Year (FY 2017-18 commencing from April 1, 2017 to March 31, 2018).

Financial Performance

The Financial performance for the FY 2017-18 is summarized as under:

Particulars	FY 2016-17 (USD)	FY 2017-18 (USD)
Gross Income	354,192	2,161,598
Total expenses	(1,327,218)	(2,422,197)
Profit/(Loss)	(973,027)	(260,599)

Share Capital

The authorized share capital of the Company is USD 25,000,000. There was no change in the Company's paid up capital during the year. The Company's paid up share capital as on March 31, 2018 was USD 13,600,000. The entire paid up capital of the Company is held by HDFC Standard Life Insurance Company Limited.

Business Review and Outlook

The Company has successfully completed two financial years of operations and is steadily building experience in the GCC Life Reinsurance market.

The Company has expeditiously accelerated with revenue growth of more than 10 times of previous year's revenues and has focussed on the need for creation of stable and diversified revenue lines.

HDFC International Life & Re continues to generate technical profit which is testimony to the strength of its underlying underwriting and risk assessment processes.

Working closely with clients is the central focus of the strategy and we look to establish meaningful and long term business associations which are mutually win-win. The Company has been working with ceding insurers to provide reinsurance support for long term individual life policies and also collaborate on facultative arrangement on group programs.

As we get into the third year of operation, our aim is to continue building compelling reinsurance propositions which enable our clients to either break into new segments, expand market share or offer truly unique customer benefits. We are building technology enabled models which allow for differentiation from existing processes and propositions and we look to deliver capital efficiencies by means of bespoke reinsurance and risk solutions.

Our aim is to become partners in the journey of the insurers to help them realise their potential through reinsurance solutions which enable and empower them to innovate and optimise as per the needs of their market segments.

Partnering, rather than pure risk participation is the chief mantra for our approach in GCC. We are optimistic about opportunities that lie ahead and excited about the journey that we have embarked upon.

Key Regulatory Framework

The independent legislative framework of both, the DIFC and the DFSA, are based on international standards and principles of common law. Both, the DIFC and the DFSA, have administered and enacted various laws and rules which the Company is bound by. The key laws, rules and regulations issued by the DIFC and the DFSA, applicable to the Company during the year under review, including amendments, are:

i. The DIFC Laws

- Companies Law & Regulations – Set out provisions in respect of formation and incorporation of companies, classification of companies, shares, capital, directors and their duties, auditors and their duties, meetings, accounts, winding up etc.

  During the year under review, the Companies Law has undergone changes, including but not limited to, classification of companies; introduction of the definition of Accounting Records and enhancements to company accounting and audit requirements following the new classification of companies; additions of provisions relating to mergers and schemes of arrangement of Public Companies, compromises and arrangements between a company and its creditors/ shareholders; new provisions relating to whistle blower protection etc.

- Contract Law – Sets out the provisions governing contracts such as formation of contracts, validity of contracts, interpretation of contracts, performance and non-performance of contracts, damages in case of breach and agency contracts.

- Data Protection Law & Regulations – Prescribe rules and regulations regarding the collection, handling, disclosure and use of personal data in the DIFC, the rights of individuals to whom the personal data relates and the power of the Commissioner of Data Protection in performing their duties in respect of matters related to the processing of personal data as well as the administration and application of the Data Protection Law.

- Arbitration Law – Sets out provisions governing an arbitration agreement, arbitration proceedings and arbitral awards; regarding the composition of the Arbitral Tribunal.

- Employment Law – Provides minimum employment standards to employees based within, or who ordinarily work within or from the DIFC; promotes the fair treatment of employees and employers; fosters employment practices that will contribute to the prosperity of the DIFC.

ii. The DFSA Rules

- Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module ("AML") – Provides a single reference point for all persons and entities who are supervised by the DFSA for Anti-Money Laundering, Counter-Terrorist Financing and sanctions compliance under the Federal regime and the DIFC regime.

Pursuant to Federal Law No. 7 of 2014 On Combating Terrorist Offences, the UAE Government maintains a list of designated terrorist organisations and groups. The UAE Government regularly updates this list and issues notifications to the effect. These notifications are adopted by the DFSA following which the DFSA issues SEO letters to all DIFC firms on the said notifications, laying down the procedures to be followed and reports to be submitted by the firms in order to comply with the UAE Government notifications.

The requirement and obligations contained in the AML Module include Governing Body & senior management's responsibilities, anti-money laundering policies and procedures, rules regarding Money Laundering Reporting Officer ("MLRO"), risk based assessment and customer due diligence, suspicious activity reports, AML training and awareness, sanctions and other international obligations.

- Conduct of Business Module ("COB") – Regulates the conduct of business including the conduct of insurance and reinsurance business in or from the DIFC.
- General Module ("GEN") – Prescribes the financial services which may be carried on by the Authorised Firms or regulated entities in the DIFC; sets out the fundamental regulatory obligations of the Authorised Firms while carrying out the financial services activities in the DIFC.
- Prudential – Insurance Business Module ("PIN") – Sets out the prudential requirements applicable to insurers providing financial services in or from the DIFC and all insurers are governed by the PIN Module.
- Sourcebook Modules – Provide all appropriate forms and notices which must be submitted to DFSA and consist of a Code of Market Conduct, Prudential Returns Module and Regulatory Policies and Process Sourcebook.

Capital Adequacy

As on March 31, 2018, the adjusted capital resources of the Company calculated as per App3 of the PIN Module was USD 12,212,614. This is higher than the minimum capital requirement of USD 10,000,000 calculated as per App4 of the PIN Module.

As on March 31, 2018, the Company was in compliance with the minimum capital adequacy requirements of the PIN Module.

Net worth

As on March 31, 2018, the Company's net worth was USD 12,366,374.

Board of Directors

The Board of Directors of the Company oversees the business and operations of the Company. As on the date of this Report, the Company's Board of Directors comprises of five Directors, represented by three members from shareholder's/controllers' organization and two Independent Directors. Mr. Suresh Badami, from the shareholder's / controller's organization, was appointed as a fifth member of the Board on July 13, 2017. In accordance with the provisions of Articles of Association of the Company, one third of the Directors who are subject to retirement by rotation are required to retire at the third annual general meeting of the Company. However, a Director who is subject to retirement by rotation, if willing, is eligible for re-election. The Shareholder of the Company appoints the Directors for such term as it may determine.

Senior Management, Persons Undertaking Key Control Functions and any Major Risk Taking Employees

Chief Executive Officer represents the senior management team. The Compliance Officer, Finance Officer and Risk Officer of the Company are designated as "Persons Undertaking Key Control Functions", as per the relevant DFSA Rulebooks.

Related Party Transactions

There were no materially significant related party transactions with the Directors, the Management, subsidiaries or relatives of the Directors that have a potential conflict with the interests of the Company at large.

Related Party Transactions

Particulars	Description	Balance as on March 31, 2017 (USD)	Total Value of Transactions for FYE March 31, 2018 (USD)
HDFC Standard Life Insurance Company Limited	Share Capital infused	13,600,000	13,600,000
HDFC Standard Life Insurance Company Limited	Due to Holding Company	16,153	Nil
Key Managerial Personnel	Loan to Key Managerial Personnel	Nil	27,000

Remuneration / Compensation of Directors, Senior Management, Persons Undertaking Key Control Functions and Major Risk Taking Employees for the Period Under Review

Sr. No.	Particulars	Amount (USD)
1.	Independent Directors' Sitting Fees	16,500
2.	Remuneration of Senior Management, Persons Undertaking Key Control Functions and Major Risk taking Employees	73,324

Auditors

During the year under review, Ernst & Young Middle East (Dubai Branch) was reappointed as the Auditor of the Company for the financial year 2017-18 to hold office until the conclusion of the forthcoming Annual General Meeting ("AGM").

Risk Management

The Company firmly recognizes Risk Management as an integral building block to proactively manage risks and maximize opportunities related to achievement of strategic objectives. The Enterprise Risk Management (ERM) function is primarily responsible for identification and classification of material risks, recommending risk control mitigants, implementation of risk management framework and to periodically update the Risk Management Committee on the risk profile status. The Company has put in place an ERM Policy ("Policy"), which provides a base for the overall risk management framework of the Company. The Policy is reviewed by the Risk Management Committee and the Board of Directors on an annual basis.

Internal Audit

As at the date of this report, the Company had utilized the services of Horwath MAK Limited (a DFSA registered auditor) to ensure an independent review of the Company's internal control framework and risk management practices. The Audit Committee of the Board has complete access to internal audit activities, reports and findings. The Board of Directors of the Company has adopted an Internal Audit charter acknowledging that the Internal Audit function draws its authority from the Audit Committee and the Board of Directors of the Company. The Audit Committee of the Board reviews the annual Internal Audit plan and provides relevant inputs to the internal audit planning process basis internal and external operating environment.

The Internal Audit framework operates with the following objectives:

- Scope: The Internal Audit charter has defined the scope and authority of the internal audit activities, approved by the Audit Committee of the Board of Directors of the Company.
- Approach: The annual Internal Audit plan adopts the Risk based Internal Audit (RBIA) methodology for undertaking internal audits, approved by the Audit Committee.
- Objective: To test, objectively and independently, the design and operating effectiveness of the internal control framework and risk management practices.
- Assurance: To provide independent and reasonable assurance about the adequacy and effectiveness of the internal controls to the Audit Committee and the Board of Directors of the Company.
- Reporting & Monitoring: The Audit Committee of the Board periodically reviews audit findings. The Management of the Company closely monitors the internal control framework to ensure recommendations and observations are effectively implemented.

Human Resources and People Development

The Company believes that a talented and dedicated workforce is a key pillar for a strong foundation, growth and efficiency. The Company has adopted HR Policies as per the DIFC Employment Laws and in line with Talent Management strategies of its Parent Company, which are designed to achieve the twin objectives of personal development and organizational growth.

The Company's workforce comprises of individuals from different countries and cultures, who bring on board a stream of cross-border experiences. With our global presence expected to expand in the near term, we will continue to welcome and encourage diversity in our workforce.

Directors' Statement

In accordance with the applicable DFSA Rules and DIFC Laws, the Board of Directors state that:

i. The Financial Statement has been prepared in accordance with the provisions of International Financial Reporting Standards ("IFRS").

ii. Such standards have been selected and applied consistently, and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the Company's statement of accounts for the period under review, and of the state of the Company's financial position as at March 31, 2018;

iii. The Company has complied with those provisions of PIN that are applicable to it,throughout the financial reporting period.

Appreciation and Acknowledgement

The Directors thank all clients and business partners / associates for maintaining their trust in the Company. The Directors also thank the Company's employees for their continued hard work, dedication and commitment; and the Management for its tireless effort in establishing the reinsurance business and the progress made.

The Directors further take this opportunity to thank HDFC Life, the sole Shareholder of the Company, and HDFC Limited for their invaluable and continued support and guidance. The Directors would also like to thank the DFSA, the DIFC Authority, Insurance Regulatory and Development Authority of India (IRDAI) and other Governmental authorities for the support, advice and direction provided from time to time.

On behalf of the Board of Directors

Sd/-
Amitabh Chaudhry
Chairman
DIFC, Dubai
April 12, 2018

CORPORATE GOVERNANCE FRAMEWORK

The Company is committed to sound corporate governance practices and acknowledges the importance of adopting best practices related to Corporate Governance, which include Company's vision, values, policies processes and goals. The Company is also committed to comply with the requirements of the regulator, Dubai Financial Services Authority (DFSA), with regard to Corporate Governance standards, as set out in the relevant Rulebook.

Governing Body (Board of Directors)

The Company's Governing Body encompasses the Board of Directors. As at March 31, 2018, there are total five Directors represented by three members from shareholder's/controllers' organization(s) and two Independent Directors who carry significant and rich experience in reinsurance, insurance, banking and in the overall financial services sector. The Chairmen of the Board sub-committees i.e. the Risk Management Committee, Audit Committee and the Remuneration Committee are Independent Directors. This clearly reflects the adoption of international best practices in corporate governance. The Board is responsible for setting the business objectives and to provide strategic direction as well as to provide overall supervision of the Company. The Board is also responsible for overseeing the business plan, strategy and management of the Company. The Board also has oversight on internal control systems which include all policies, processes and functioning of the management team.

The composition of the Board of Directors as at March 31, 2018 is as under:

Sr. No.	Name of Director	Status / Position	No. of Committees	
			As Member	As Chairman
1.	Mr. Amitabh Chaudhry	Director (Chairman of the Board)	1	-
2.	Mr. Richard Charnock	Director	2	-
3.	Mr. Yuvraj Narayan	Independent Director	3	2
4.	Mr. Davinder Rajpal	Independent Director	3	1
5.	Mr. Suresh Badami	Director	3	-

Responsibilities of the Board

The Board of Directors upholds the interests of the Company's shareholder and all relevant stake holders, including its client and business partners. The Board provides the management with guidance, strategic direction and oversees the Company's overall business affairs/functioning.

The Board has an oversight on regulatory compliance and corporate governance matters and oversees the interests of various stakeholders.

The Directors attend and actively participate in Board Meetings and meetings of the Committees in which they are members.

The Key Terms of Reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management. The Key Terms setting out the roles and responsibilities of the Governing Body were adopted and approved by the Board.

Board of Directors' Meetings

During the year under review, the Board meetings were held 4 times (once a quarter) to review the Company's quarterly performance, financial results, review the business, consider business strategies and their implementation including review and discussion of systems and controls in place etc. The Meetings of the Board of Directors and the Committees were held at Dubai.

In case any matter required urgent attention, resolutions were circulated for approval of the Board. The Board was provided with requisite information and detailed agenda papers, together with necessary supporting papers, as required. The Board papers, agenda and other explanatory notes are circulated to the Directors in advance, and include:

i. Minutes of the previous Board and Committee meetings (including minutes of Management Committee);
ii. Financial results/accounts
iii. Capital Adequacy review update
iv. Business review, update and strategy overview
v. Annual business plans, budgets, and updates on the same
vi. Investment Strategy for the Company's capital and update on investment performance
vii. Actuarial report/update
viii. Compliance Monitoring & AML process Review Reports
ix. Regulatory update
x. Risk management update

<u>Board Meetings held during FY 2017-18</u>

The Board of Directors met four times during FY 2017-18, as follows;

- April 12, 2017
- July 12, 2017
- October 10, 2017
- January 15, 2018

Committees of the Board of Directors

During the year under review, the Audit and Risk Management Committee meetings were held on quarterly basis, and Remuneration Committee was held on annual basis.

<u>Board Committee Meetings held during FY 2017-18</u>

The Audit and Risk Management Committees met four times during FY 2017-18, as follows;

- April 12, 2017
- July 12, 2017
- October 10, 2017
- January 15, 2018

Remuneration Committee Meeting was held on April 12, 2017.

The functions of the Board Committees are governed by the Key Terms of References of the Board Committees which are approved by the Board from time to time. During Financial Year 2017-18, key financials, actuarial, compliance related matters were updated and approved by the Audit Committee and the Board of Directors. Further, Risk reports were placed before the Risk Management Committee on quarterly basis. Key risk management related matters were updated and approved by the Risk Management Committee.

Remuneration Policy, Remuneration Structure & Strategy were placed and approved by the Remuneration Committee of the Board of Directors on April 12, 2017.

The minutes of the Audit and Risk Management Committee meetings were placed at the Board Meeting.

The details of the various Board Committees, including their composition and Responsibilities as per their Key Terms of Reference as at March 31, 2018 are given below:

Board Committees

Committees	Responsibilities as per Key Terms of Reference	Members	No. of Meetings held during the Year
Audit Committee	▪ To monitor the integrity of financial statements and any announcement relating to actual and forecast of financial performance including management discussion and analysis ▪ To review any unusual accounting reporting brought to its attention, requiring the exercise of managerial jurisprudence, potentially impacting the preparation of financial statements ▪ To monitor the relationship with DFSA/DIFC as per the relevant regulatory requirement, including review of the scope, approach and result of accounting related reporting ▪ To review the accounting policies, controls and procedures established by executive management for compliance with regulatory and mandatory financial reporting requirements ▪ To monitor any significant deficiencies and material weaknesses in the internal control structure as reported by risk management & internal control and external auditors ▪ To review the internal control of financial management, compliance with local laws, statutes and regulations including safeguarding assets and intellectual property ▪ Recommending the appointment and removal of Statutory Auditor / Internal Auditor, fixation of audit fee and also approval for payment for any other services, including review of their performance and oversight ▪ Ensuring the compliance of the conditions for appointment and eligibility of Statutory Auditors of the Company as stipulated by the Regulatory Authority from time to time; ▪ Review of performance of the Statutory Auditors ▪ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and financial statements are prepared in accordance with IFRS ▪ Review of all regulatory returns and ensure that returns are prepared and submitted in accordance with the requirements set out in DFSA PIN rules and regulations	▪ Yuvraj Narayan – Independent Director (Chairman) ▪ Davinder Rajpal – Independent Director ▪ Richard Charnock – Director ▪ Suresh Badami - Director	4

Committees	Responsibilities as per Key Terms of Reference	Members	No. of Meetings held during the Year
Audit Committee	▪ Review of the accounts/financial statements and ensure that accounts/financial statements of the Company comply with the applicable legislation in the DIFC		
Risk Management Committee	▪ ERM Policy: To review the implementation of policy and strategy while ensuring adequacy and effectiveness of risks and internal controls ▪ ERM Strategy: To ensure ERM is aligned to the objectives and the framework attains maturity, basis change in internal and external environment ▪ ERM Profile: To review the Company risk profile relative to risk tolerance and limits and review outcomes on internal and external risk reviews ▪ ERM Architecture: To review the risk assessment (identification, analysis and evaluation), risk treatment, risk monitoring & review nomenclature ▪ Risk Appetite: To consider and set risk objectives and appetite basis the strategic objectives and forward looking internal and external environment ▪ Risk Portfolio: To consider and review the Company's portfolio of risks vis-à-vis internal and external environment including any other relevant factors which has a bearing on the Company's objectives ▪ Risk Capital: To consider and review the Company's regulatory (DFSA) risk capital which is dove-tailed across the spectrum of material risks ▪ Risk Assessments: To review outcomes of risk management reports including scenario & stress testing explaining crystallization of material risks ▪ Risk-Reward: Ensure the committee is taking appropriate measures to achieve a prudent balance between risk & reward (upside risk)	▪ Davinder Rajpal – Independent Director (Chairman) ▪ Yuvraj Narayan – Independent Director ▪ Richard Charnock – Director ▪ Suresh Badami - Director	4
Remuneration Committee	▪ Formulate and oversee the policies and procedures covering formal and transparent process for Company's remuneration structure and strategy ▪ Regular review of Company's remuneration practices and procedures and its effectiveness and adequacy ▪ Formulate an appropriate succession planning for key control functions ▪ Assessment of performance of staff including key controlling functions ▪ Undertake all activities in consideration of the best practices as laid down in the DFSA laws and regulations.	▪ Yuvraj Narayan – Independent Director (Chairman) ▪ Davinder Rajpal – Independent Director ▪ Amitabh Chaudhry – Director ▪ Suresh Badami - Director	1

Other Internal Committees

During the year under review, Management Committee meetings were held on a monthly basis and ALCO meetings were held on quarterly basis.

The minutes of the Management Committee meetings were placed at the Board Meeting.

Management Committee

The Committee comprises of the Chief Executive Officer and eight members, representing each key function of the Company, and the Compliance Officer & Company Secretary acts as Secretary to the Committee.

As on March 31, 2018, the Management Committee comprised of the following members:

- Chief Executive Officer (CEO) - Chairman
- Head of Business Development
- Appointed Actuary
- Finance Officer
- Risk Officer
- Head-Underwriting
- Head-Claims Management
- Compliance Officer & Money Laundering Reporting Officer

The Quorum for the meeting is five members including the Chairman of the Committee.

Number of Meetings held

During FY 2017-18, the Management Committee met once in a month and as on March 31, 2018, twelve meetings were held in total.

Asset Liability Committee (ALCO)

The Committee comprises of the Chief Executive Officer and three members representing actuarial, finance and risk functions of the Company, and the Finance Officer acts as Secretary to the Committee.

As on March 31, 2018, ALCO comprised of the following members:

- Chief Executive Officer (CEO) - Chairman
- Appointed Actuary
- Finance Officer
- Risk Officer

The Quorum for the meeting is three members including the Chairman of the Committee.

Number of Meetings held

During FY 2017-18, the ALCO met quarterly and as on March 31, 2018, four meetings were held in total.

Senior Management/Management Team

The leadership of the Company comprises of the Senior Executive Vice President & Chief International Officer (HDFC Life), the CEO and his management team, who are experienced, qualified professionals in the life reinsurance, life insurance, banking and financial services space. They are entrusted with the responsibility of effective functioning of the Company, including execution of the Company's strategic objectives and ultimately working towards fulfilment of the long term vision of the Company. Also, in line with the international best practices, the Company has independent functions with respect to managing underwriting, actuarial, compliance, risk and internal audit with clear responsibilities, reporting lines, segregation of duties and responsibilities with no conflict of interest, to enable decision making with reasonable prudence.

Compliance & Anti- Money Laundering (AML) Framework

The Company continues to take appropriate steps towards its commitment to ensure compliance with the applicable laws of the DIFC and the rules & regulations of the DFSA. The Company also monitors relevant jurisdictions and applies prudent processes to ensure compliance with relevant sanctions regimes and applicable regulations. During the year under review, the compliance and AML processes & procedures were strengthened to ensure that the Company and its staff (staff includes employees, directors etc. as interpreted in the manuals) conduct business activities in compliance with the DFSA rules and regulations, which they are subject to, and also as stated in the Compliance & AML Manuals.

During the year under review, the Compliance Officer performed regular review and monitoring activities as per the compliance monitoring plan adopted by the Company. The results were documented and review reports were placed before the Board on quarterly basis. Periodic updates were given to the parent, Audit Committee, Management Committee and the Board of Directors of the Company.

The Company has revised its AML processes, particularly client on-boarding KYC processes and procedures including Enhanced Due Diligence Process during the year under review and has maintained records throughout the year.

All employees were made conversant with procedures contained in the Compliance Manual, AML Policies and Procedures (AML Manual) and periodic training and regular updates are provided to ensure that they are fully aware of regulatory changes applicable to the Company.

The Board of Directors approved the Compliance and AML Manuals and will review each year to ensure that it continues to reflect the procedures affecting and relating to the business.

During the year, no instances of breaches were reported and no reports were made on non-compliance with applicable legal or regulatory requirements.

HDFC Life's and HDFC Group's reputation is an important asset, which the Company protects, through a compliance, AML & Compliance Monitoring program approved by the Board and through a forward looking risk assessment as part of our Enterprise Risk Management Framework, approved by the Risk Management Committee.

Internal Audit

The Company has established an Internal Audit Charter, detailing the roles and responsibilities of Internal Audit function and the same was approved by the Audit Committee.

During the Financial Year, Horwath MAK Limited, a DIFC & DFSA registered firm, was appointed for performing Internal Audit function and internal audit was undertaken for the period from January 01, 2017 to December 31, 2017.

Actuarial Review

Appointed Actuary undertakes the review of Capital adequacy and technical provisions. Appointed Actuary provides an Actuarial Report to DFSA on an annual basis.

Policies and Framework

During the year under review, the Company has enhanced systems and controls for effective management of the Company. The Company has documented policies, procedures and manuals as appropriate to the nature of business and in line with the regulatory requirements.

Each policy and its revisions were approved by the Board of Directors/Board Committees, as may be applicable.

Regular and periodic reviews were performed and review results/reports are periodically updated to the Board/Committees/parent company.

Key policies, manuals, framework required under the applicable laws, rules and regulations are:

i. Accounting Policies and Procedures Manual

The Company, being an Authorised Firm in the DFSA regulated regime, is committed to having effective policies and procedures. The Accounting Policies and Procedures Manual provides a general overview of Company's accounting policy.

ii. AML Policies and Procedures Manual

In line with requirements of the DFSA AML Rules, the Company has put in place effective AML practices and procedures. The AML Manual sets out the parameters to be followed to ensure the effective implementation of AML guidelines while conducting the business activities in DIFC.

iii. Asset-Liability Management ("ALM") Policy

The Company has put in place an ALM Policy to ensure strict compliance with applicable DFSA PIN Rule norms and other applicable rules and regulations as prescribed by the DFSA. The ALM Policy sets out the ALM framework of the Company.

iv. Business Continuity Management ("BCM") Policy

As per DFSA PIN regulations, it is imperative to develop, implement and maintain sound and prudent business continuity strategy for the Company. In this respect, the Company has established BCM Policy which encompasses the BCM philosophy, the BCM governance structure, the BCM planning process (methodology and testing), crisis management and disaster recovery.

v. Claim Policy

Claim policy of the Company provides a general overview of Company's internal claim policy, including claim documentation requirements, claims assessment, claims underwriting, settlement processes etc.

vi. Compliance Manual

As per the regulatory requirements, the Company has put in place an effective Compliance Manual while conducting the business in the DIFC. The Compliance Manual outlines the compliance policies and procedures of the Company and it sets out the DFSA and DIFC regulatory obligations to which the Company and its Staff are subject to and describes the high level controls and responsibilities existing within the Company.

vii. Enterprise Risk Management ("ERM") Policy

A separate report on Enterprise Risk Management framework has been included in this Annual Report, describing the enterprise risk management architecture.

viii Remuneration Policy

The Company's remuneration structure and strategies are governed by Remuneration Policy. The Remuneration Policy was reviewed and approved by the Remuneration Committee in its first meeting held on April 12, 2017. In line with the requirements of applicable provisions of DFSA Rules/guidance (General Module) relating to corporate governance and remuneration, the Company has put in place a Remuneration Policy setting out the broad guidelines on remuneration philosophy and compensation structure of employees of the Company. The Policy ensures the performance evaluation process, compensation structure, broad guidelines on annual increments/promotions and pay out process for remuneration of Company's employees.

ix. Underwriting Policy

As per DFSA PIN regulations, it is imperative to implement an appropriate Underwriting Policy. In this respect, the Company has implemented an appropriate Underwriting Policy for its reinsurance operations. The broad contour of the Underwriting policy enunciate the core objectives of Underwriting risk assessment.

x. Compliance Monitoring Programme

The Compliance Monitoring Programme sets out the process and procedures to ensure the compliance of rules and regulations when undertaking Regulated activities in or from the DIFC by performing periodic review of the process and procedures in place by way of compliance testing to ensure that any compliance breaches are identified and corrective action measures are taken promptly.

The Compliance Monitoring Programme shall monitor and test the Company's level of compliance to DIFC and DFSA laws, regulations and standards which the Company is subject to. In particular, the programme carries out formal periodic reviews of the Company's compliance records, policies and procedures; by performing sufficient and comprehensive compliance testing.

xi. HR Policies & Processes

The Company has adopted HR Policies as per the DIFC Employment Laws and in line with Talent Management strategies of its Parent Company, which are designed to achieve the twin objectives of personal development and organizational growth. HR Policies & Processes lay down the guidelines that will govern all eligible employees of the Company.

xii. Investment Management Policy

The purpose of the Investment Management Policy is to provide a formal plan for investing ceding insurers' premia and shareholders' funds and is also set forth to:

a. Define and assign the responsibilities of all involved parties

b. Provide guidance to the Investment Management Function

c. Establish the relevant investment horizon for which the assets will be managed

e. Provide ongoing oversight of investments by the ALCO

xiii. Treaty Execution Management Policy

The Treaty Execution Management Policy describes the detailed procedures to be followed by the Staff of the Company to ensure timely execution of Treaties in compliance with the laws, regulations and rules governing the conduct of business in the DIFC and in accordance with best market conduct practices and professional service standards.

The purpose of this framework is to strengthen the Treaty execution process, effective coordination and timely decision making between teams. It helps the Company to fulfil its Treaty execution requirements in a coordinated, consistent and timely manner.

xiv. Information Security Policies

The Information Security Polices comprise of the following:

a. IS Policy Statement – The Information Policy Statement establishes management directives to protect the information assets of the Company from all known threats, whether internal or external, deliberate or accidental. The implementation of this Policy is essential to maintain the confidentiality, integrity and availability of data processed by the Company for its business requirements.

b. Information Security Policy – This policy provides a standard while developing a security plan detailing management, technical and operation controls.

c. Acceptable Usage Policy – This policy outlines acceptable use of computing equipments, network and information assets of the Company. This policy is to ensure that the Company assets and information are appropriately protected.

d. User Access Management Policy – The purpose of this policy is to prevent unauthorised access to the Company information systems. The policy describes the registration, privilege management, accounting, de-registration process for all Company information systems and services.

e. Antivirus Policy – This policy defines rules for protecting the Company systems from viruses, worms, spams, malicious codes etc., using Antivirus solutions for the Company.

FINANCIAL STATEMENTS
31 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HDFC INTERNATIONAL LIFE AND RE COMPANY LIMITED

Opinion

We have audited the financial statements of HDFC International Life and Re Company Limited (the "Company"), which comprise of the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholder of the Company, for our audit work, for this report, or for the opinions we have formed. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Dubai International Financial Centre, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Board of Directors for the financial statements

Management is responsible for the preparation of the financial statements that a give a true and fair view in accordance with IFRSs and in compliance with the applicable provisions of the Dubai Financial Services Authority Prudential Rulebooks, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Ernst & Young
Sd/-
James Potter
Partner
16 April 2018
Dubai, United Arab Emirates

STATEMENT OF FINANCIAL POSITION As at 31 March 2018

	Notes	As at 31 March 2018 USD	As at 31 March 2017 USD
ASSETS			
Property and equipment	5	39,844	69,506
Reinsurance contract assets	6	404,331	84,627
Reinsurance balance receivable	7	1,421,420	174,627
Prepayments and other receivables	8	247,336	174,605
Deposit with banks	9	8,599,987	7,899,988
Held to maturity investments	10	3,573,052	3,619,040
Bank balances and cash	11	707,975	1,038,928
TOTAL ASSETS		14,993,945	13,061,321
EQUITY AND LIABILITIES			
Share capital	12	13,600,000	13,600,000
Accumulated losses		(1,233,626)	(973,027)
Total equity		12,366,374	12,626,973
Employees' end of service benefits	13	37,414	17,697
Reinsurance contract liabilities	6	2,079,491	203,648
Reinsurance premium and other payables	14	510,666	196,850
Amount due to Holding Company	15	-	16,153
Total liabilities		2,627,571	434,348
TOTAL EQUITY AND LIABILITIES		14,993,945	13,061,321

The financial statements were approved by the Board of Directors on April 12, 2018 and signed on its behalf by:

Sd/-
Amitabh Chaudhry
Chairman

Sd/-
Sameer Yogishwar
Chief Executive Officer

Sd/-
Abhishek Tandon
Head-Finance

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 March 2018

	Notes	For the year ended 31 March 2018 USD	For the period from 10 January 2016 to 31 March 2017 USD
Gross reinsurance premium		1,929,588	193,882
Reinsurance premium ceded		(347,648)	(73,859)
Net reinsurance premium		1,581,940	120,023
Commission on retro premium		1,555	-
Change in reinsurance contract liabilities (net of reinsurance assets)		(1,556,139)	(119,021)
Claims incurred		(5,544)	-
Net technical income		21,812	1,002
Net investment income	4	230,455	160,309
Total Income		252,267	161,311
General and administration expenses	3	(512,866)	(1,134,338)
LOSS FOR THE YEAR/PERIOD		(260,599)	(973,027)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(260,599)	(973,027)

STATEMENT OF CHANGES IN EQUITY For the year ended 31 March 2018

	Share capital USD	Accumulated losses USD	Total USD
Opening share capital (Note 12)	13,600,000	-	13,600,000
Total comprehensive loss up to 31 March 2017	-	(973,027)	(973,027)
At 31 March 2017	13,600,000	(973,027)	12,626,973
Total comprehensive loss for the year ended March 2018	-	(260,599)	(260,599)
At 31 March 2018	13,600,000	(1,233,626)	12,366,374

STATEMENT OF CASH FLOWS For the year ended 31 March 2018

	Notes	For the year ended 31 March 2018 USD	For the period from 10 January 2016 to 31 March 2017 USD
OPERATING ACTIVITIES			
Loss for the year/period		(260,599)	(973,027)
Adjustments for:			
Depreciation	5	29,662	34,360
Net investment income	4	(230,455)	(160,309)
Provision for end of service benefits	13	19,717	17,697
		(441,675)	(1,048,103)
Working capital changes:			
Reinsurance contract assets		(319,704)	(84,627)
Reinsurance balance receivable		(1,246,793)	(174,627)
Prepayment and other receivables		(9,903)	(104,002)
Reinsurance contract liabilities		1,875,843	203,648
Reinsurance premium and other payables		313,816	196,850
Due to Holding Company		(16,153)	16,153
Net cash flows from/(used in) operating activities		155,431	(1,027,884)
INVESTING ACTIVITIES			
Purchase of property and equipment	5	-	(103,866)
Purchase of held to maturity investment		(3,572,608)	(3,633,300)
Realization of held to maturity investment		3,600,000	-
Movement in held to maturity investment		(444)	-
Net investment income received		186,667	103,966
Deposits with banks	9	(699,999)	(7,899,988)
Net cash flows from/(used in) investing activities		(486,384)	(11,533,188)
FINANCING ACTIVITY			
Proceeds from issuance of shares	12	-	13,600,000
Cash flows from financing activity		-	13,600,000
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(330,953)	1,038,928
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,038,928	-
THE END OF YEAR/PERIOD	11	707,975	1,038,928

NOTES TO THE FINANCIAL STATEMENTS At 31 March 2018

1. ACTIVITIES

HDFC International Life and Re Company Limited (the "Company") was incorporated in Dubai under the DIFC (Dubai International Financial Centre) Companies Law No. 2 of 2009 on January 10, 2016 under registration number 2067 to carry out re-insurance business. The Company is regulated by the Dubai Financial Services Authority ("DFSA"). The registered address of the Company is Unit OT 17-30, Level 17, Central Park, Dubai International Financial Centre, PO Box 114603, Dubai, United Arab Emirates.

The Company is wholly owned by HDFC Standard Life Insurance Company Limited ("HDFC Life" or "Holding Company"). The registered address of the Holding Company is 13th Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Road, Mumbai, India. 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. HDFC Standard Life Insurance Company Limited ('HDFC Life' or 'Holding Company'), is formed as a joint venture between Housing Development Finance Corporation Limited ('HDFC Limited') and Standard Life Abardeen plc (formerly known as Standard Life plc).

These financial statements represent the audited financial statements for the twelve-month period ended 31 March, 2018. Since the Company was incorporated on 10th January 2016, the comparative figures are presented for the period 10th January 2016 to 31st March 2017 and may not be comparable with the current year's figures.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements have been presented in United States Dollars (USD) which is the functional currency of the Company. The financial statements have been prepared under the historical cost basis.

The Company presents its statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

2.2 USE OF ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the reported amount of assets and liabilities, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgments in applying accounting policies (that have the most significant effect on the amount recognised in the financial statements) are discussed in note 19.

Financial assets are classified, at initial recognition, as financial assets at FVPL, loans and receivables, held to maturity (HTM) investments, as appropriate. Financial assets are recognised initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs that are attributable to the acquisition of the financial asset.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the company has the positive intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR, less impairment. The EIR amortisation is included in 'Investment income' in the statement of comprehensive income. Gains and losses are recognized in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortization process.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the previous year financial statements for the period ended 31 March 2017, except for the adoption of new standards and interpretations effective for annual period beginning on or after as of 1 April 2017, as listed below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and interpretation apply for the first time for the year ended 31 March 2018, they do not have a material impact on the financial statements of the Company.

New and amended standards and interpretations

The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 April 2017. The Company has not early adopted any standards, interpretations or amendments that have been issued are not yet effective.

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

Standards Issued But Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date. During the year the Company has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018 when the Company will adopt IFRS 9. Overall, the Company expects no significant impact on its statement of financial position and equity.

(a) Classification and measurement

The Company does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables and no significant impact is expected.

(c) Hedge accounting

As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Company financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Company shall apply IFRS 15 on a modified retrospective basis. Given insurance contracts are scoped out of IFRS 15, the Company not expect the impact to be significant.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date has been deferred indefinitely, but an entity that early adopts the amendments must apply them prospectively)

This standard is not applicable to the Company.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2 (effective for annual periods beginning on or after 1 January 2018, with early application permitted)

This standard is not applicable to the Company.

IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies IFRS 15)

Lessees are required to recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right-to-use the underlying asset for the lease term.

IFRS 17 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2021. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17)

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby

recognised in profit or loss over the remaining contractual service period

- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Company plans to adopt the new standard on the required effective date together with IFRS 9. The Company expects that the new standard may result in an important change to the accounting policies for insurance contract liabilities of the Group and it is in the process of assessing the impact of the new standard on profit and equity in presentation and disclosure.

Transfers of Investment Property – Amendments to IAS 40 (effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed)

This standard is not applicable to the Company.

Annual Improvements 2014-2016 Cycle:
(issued in December 2016)

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term
- IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are set out below:

Gross reinsurance premiums

Gross reinsurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the cover commences. The premiums recognition is based on a combination of actual reinsurance premium reflected in the reinsurance premium statements (statement of account) received from the cedents and an estimation of reinsurance premium expected to be received for the risks that would be reinsured with the Company. The estimation is based on historical trends, and/or indications from cedents on the risks written/expected to be written.

Reinsurance premium ceded

Reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into during the accounting period and are recognised on the date on which the cover commences.

Leases

The Company has no finance leases. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term.

Foreign currencies

The Company's financial statements are presented in USD, which is the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in statement of profit and loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit and loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or statement of income are also recognised in other comprehensive income or statement of income, respectively).

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of income during the financial period in which they are incurred.

Freehold land and fixed assets not commissioned are not depreciated. The estimated useful life of fixed assets for the Company is as follows:

Items of property and equipment	Useful life in years
IT equipment - End user devices	3
IT equipment - Servers and networks	4
Furniture and Fixtures	5
Office equipment	5

Leasehold improvements are depreciated over the lock in period of leased premises subject to maximum period of five years Assets are depreciated on a straight-line basis over their estimated useful lives as given above.

Property and equipment not commissioned are stated at cost. When commissioned, they are transferred to the appropriate property and equipment category and depreciated in accordance with the Company's policies.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of income as the expense is incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of income.

Financial assets

Initial recognition and measurement

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to contractual provisions of the instrument. From this date any gains and losses arising from changes in fair value of the assets or liabilities designated at fair value through statement of profit and loss or available-for-sale assets are recognised. Receivables are recognised on the day they are transferred to or acquired by the Company.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include bank balances and bank term deposit and held to maturity investments.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR, less impairment. The EIR amortization is included in 'Investment income' in the statement of comprehensive income. Gains and losses are recognized in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortization process.

For those investments deemed to be held to maturity, management ensures that the requirements of IAS 39 are met and, in particular, that the Company has the intention and ability to hold these to maturity.

Subsequent measurement

A financial asset or a financial liability is recognised initially at its fair value plus, in the case of a financial asset or a financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial recognition, all financial assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be measured reliably is stated at cost, including transaction costs, less impairment allowances.

All other financial assets and non-trading financial liabilities are measured at amortised cost less impairment allowances.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short- term deposits with original maturity of three months or less.

Derecognition

The Company derecognises financial assets when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial assets are transferred. Any interest in derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Investment income

Interest income is recognised in the statement of comprehensive income as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

Impairment of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;

(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and

(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Impairment of non-financial assets (excluding goodwill)

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through income statement, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include accruals and other payables and due to a related party.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Reinsurance contract liabilities

Reserve for future expected claims

Reserve created for long term insurance contracts (products more than one year) to cover all future claim liabilities as determined by the Actuary. The reserve is held for the claims expected to be incurred in future on the reinsurance contracts in force at the date of valuation.

Mathematical reserve

Reserve created for long term insurance contracts (Insurance of Persons and Fund Accumulation operations products more than one year) to cover all future claim liabilities as determined by the Actuary. The main assumptions used relate to mortality, morbidity, longevity, expenses, lapse, surrender rates and discount rates. The Company bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics and own claim severity and frequency experiences.

Reinsurance contract liabilities

Incurred but Not Reported (IBNR)

As significant time lags may exist between incurrence of claims and notification of the claims to the Company, a reserve for incurred but not reported claims is held.

Allocated Loss Adjustment Expense (ALAE)

These represents future claim expenses and related handling costs.

Other payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods and services rendered, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits

The Company provides end of service benefits to its employees employed in the UAE in accordance with the DIFC Employment Law. The entitlement of these benefits is based upon employees' final salary and length of service, subject to the completion of a minimum service period.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is legally enforceable right to offset the recognised amounts, or to realise the assets and settle the liabilities simultaneously. Income and expense are not offset in the statement of comprehensive income unless required or permitted by an accounting standard or interpretation.

3. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 March 2018 USD	For the period from 10 January 2016 to 31 March 2017 USD
Employee benefits expenses	198,558	765,202
Rent, rates & taxes	97,689	108,271
Regulator fess and legal expense	54,155	92,123
Other expenses	86,158	81,623
Depreciation on property and equipment	29,662	34,360
Auditor's remuneration	26,023	32,615
Utility expenses	20,621	20,144
Total	512,866	1,134,338

4. NET INVESTMENT INCOME

	For the year ended 31 March 2018 USD	For the period from 10 January 2016 to 31 March 2017 USD
Net interest income from held till maturity investments	21,169	15,328
Interest on bank deposits	209,286	144,981
	230,455	160,309

5. PROPERTY AND EQUIPMENT

31 March 2018

	Leasehold Improvements USD	IT equipment end user devices USD	IT equipment servers and networks USD	Furniture and fixture USD	Office equipment USD	Total USD
Cost:						
As at 1st April and 31 March 2018	47,456	15,123	10,834	26,715	3,738	103,866
Depreciation:						
As at 1 April 2017	18,458	5,753	3,107	6,169	873	34,360
Charge for the year	15,822	5,320	2,430	5,343	747	29,662
As at 31 March 2018	34,280	11,073	5,537	11,512	1,620	64,022
Net carrying amount:						
As at 31 March 2018	13,176	4,050	5,297	15,203	2,118	39,844

31 March 2017

	Leasehold Improvements USD	IT equipment end user devices USD	IT equipment servers and networks USD	Furniture and fixture USD	Office equipment USD	Total USD
Cost:						
Purchases during the period	47,456	15,123	10,834	26,715	3,738	103,866
As at 31 March 2017	47,456	15,123	10,834	26,715	3,738	103,866
Depreciation:						
Charge for the period	18,458	5,753	3,107	6,169	873	34,360
As at 31 March 2017	18,458	5,753	3,107	6,169	873	34,360
Net carrying amount:						
As at 31 March 2017	28,998	9,370	7,727	20,546	2,865	69,506

6. REINSURANCE CONTRACT ASSETS AND LIABILITIES

At 31 March 2018

	Gross 2018 USD	Reinsurers' Share 2018 USD	Net 2018 USD
Mathematical reserve	1,923,246	(403,089)	1,520,157
Incurred but not reported reserve	142,090	(1,242)	140,848
Allocated loss adjustment expense	14,155	-	14,155
	2,079,491	(404,331)	1,675,160

At 31 March 2017

	Gross 2017 USD	Reinsurers' Share 2017 USD	Net 2017 USD
Mathematical reserve	187,934	(84,627)	103,307
Incurred but not reported reserve	5,714	-	5,714
Allocated loss adjustment expense	10,000	-	10,000
	203,648	(84,627)	119,021

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market data and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

Life Insurance

Mortality and morbidity rates

Assumptions are based on the expectations of mortality and morbidity experience, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. Being on the conservative side, no allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type. An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the Company.

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the Company.

Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends.

Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on the expected investment return on the assets backing the liabilities. The expected investment return is based on the investment return on the existing assets and the expected return on future investments. A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

7. REINSURANCE BALANCE RECEIVABLES

	31 March 2018 USD	31 March 2017 USD
Due from insurance companies	1,421,420	174,627

As at the period end, the ageing analysis of unimpaired reinsurance balance receivables is as follows:

	Total USD	Neither Past due but not impaired USD	Past due but not impaired				
			<30 days USD	31-60 days USD	61-90 days USD	91-180 days USD	>180 days USD
As at 31 March 2018:	1,421,420	868,260	387,103	-	166,057	-	-
As at 31 March 2017:	174,627	141,975	32,652	-	-	-	-

See note 16B on credit risk of trade receivables, which explains how the Company manages and measures credit quality of trade receivables.

8. PREPAYMENT AND OTHER RECEVABLES

	31 March 2018 USD	31 March 2017 USD
Interest accrued	133,421	70,603
Prepaid expenses	45,035	62,802
Other receivables	68,880	41,200
	247,336	174,605

9. DEPOSITS WITH BANKS

	31 March 2018 USD	31 March 2017 USD
Deposits with banks	9,086,987	8,819,988
Deposits with banks maturing within three months (Note 11)	(487,000)	(920,000)
	8,599,987	7,899,988

Deposits with banks carry interest rate in the range of 1.77% to 2.60 % per annum. (2017: 1.2% to 2.6% per annum)

10. HELD TO MATURITY INVESTMENTS

	31 March 2018 USD	31 March 2017 USD
Canadian Government Bonds	3,573,052	3,619,040
	3,573,052	3,619,040

The held to maturity investment represents Canada government bonds carrying a coupon rate of 2 % maturing during November 2022. During the year USD 3,600,000 Canadian bonds carrying a coupon rate of 1.125% matured on 19th March, 2018.

11. BANK BALANCES AND CASH

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	31 March 2018 USD	31 March 2017 USD
Bank balances and cash	220,975	118,928
Deposits with banks maturing within three months (Note 9)	487,000	920,000
	707,975	1,038,928

12. SHARE CAPITAL

	31 March 2018 USD	31 March 2017 USD
Issued and paid up Capital		
Issued and fully paid 13,600,000 shares of USD 1 each	13,600,000	13,600,000

Authorised share capital of the Company is 25,000,000 shares of USD 1 each.

13. EMPLOYEES' END OF SERVICE BENEFITS

	31 March 2018 USD	31 March 2017 USD
As on 01 April 2017	17,697	-
Charged to comprehensive income	19,717	17,697
As on 31 March 2018	37,414	17,697

14. REINSURANCE PREMIUM AND OTHER PAYABLES

	31 March 2018 USD	31 March 2017 USD
Accruals and other provisions	106,199	121,234
Reinsurance premium payable	403,397	73,859
Other payables	1,070	1,757
	510,666	196,850

15. RELATED PARTY TRANSACTIONS

Related parties represent associated companies, Holding Company and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management. Name of related parties and the nature of relationship is given below:

Ultimate Holding company

- Housing Development Finance Corporation Limited

Holding company

- HDFC Standard Life Insurance Company Limited

Fellow Subsidiaries

- HDFC Developers Ltd (upto 24th January, 2018).
- HDFC Investments Ltd.
- HDFC Holdings Ltd.
- HDFC Asset Management Company. Ltd.
- HDFC Trustee Company Ltd.
- HDFC Pension Management Company Ltd.
- HDFC Realty Ltd. (upto 24th January, 2018)
- GRUH Finance Ltd
- HDFC ERGO General Insurance Company. Ltd.
- HDFC Sales Pvt. Ltd.
- HDFC Venture Capital Ltd.
- HDFC Ventures Trustee Company Ltd.
- HDFC Property Ventures Ltd.
- Griha Investments (subsidiary of HDFC Holdings Ltd)
- HDFC Credila Financial Services Pvt. Ltd.
- HDFC Education and Development Services Pvt. Ltd.
- Griha Pte Ltd., Singapore (Subsidiary of HDFC Investments Ltd.)
- HDFC Capital Advisors Ltd.
- Windermere Properties Pvt. Ltd.
- Grandeur Properties Pvt. Ltd.
- Winchester Properties Pvt. Ltd.
- Pentagram Properties Pvt. Ltd.
- Haddock Properties Pvt. Ltd.

Entities over which control is exercised

- HDFC Investment Trust
- HDFC Investment Trust II

Key management personnel

Directors:

- Mr. Amitabh Chaudhry
- Mr. Richard Charnock
- Mr. Yuvraj Narayan
- Mr. Davinder Rajpal
- Mr. Suresh Badami

Chief Executive Officer

- Mr. Sameer Yogishwar

Balances with related parties included in the statement of financial position are as follows:

		31 March 2018 USD	31 March 2017 USD
Share Capital held by Holding Company	(Note 12)	13,600,000	13,600,000
Due to Holding Company		-	16,153
Loan to Chief Executive Officer *		27,000	

* On 28 September, 2017 the Company has provided a loan to the Chief Executive Office amounting to USD 39,922, repayable in equal monthly instalments over a period of 18 months. The loan is unsecured and carries interest at 6% per annum.

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	For the year ended 31 March 2018 USD	Period from 10 January 2016 to 31 March 2017 USD
Director's sitting fees	16,500	16,000
Short-term benefits	36,067	287,509
	52,567	303,509

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company's risk management framework is the responsibility of the Risk Management Committee of the Board of Director's and has effective oversight by the Board of Directors.

The Board of Directors meets regularly to approve any commercial, regulatory and organizational decisions. The Management under the authority delegated from the board of directors defines the Company's risk and its interpretation, limits structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

(b) Capital management framework

The primary objective of the Company's management is to ensure that it complies with externally imposed capital requirements and to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders. The Company manages its capital structure and makes adjustments to it, in light of changes in business conditions.

The Company fully complied with the externally imposed capital requirements during the period ended 31 March 2018.

As at 31st March 2018, the adjusted capital resources of the company calculated as per App3 of 'The DFSA Rulebook, Prudential – Insurance Business Module' is USD 12,212,614. (As at March 31, 2017 – USD 12,453,466)

This is higher than the minimum capital requirement of 10,000,000 USD calculated as per App4 of 'The DFSA Rulebook, Prudential – Insurance Business Module.

As at March 2018, the Company was in compliance with the minimum capital adequacy requirements of the DFSA Rulebook, Prudential- Insurance Business Module.

(c) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are also subject to regulatory requirements within the jurisdiction where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the reinsurance companies to meet unforeseen liabilities as these arise.

(d) Asset liability management (ALM) framework

The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders.

The Asset Liability Committee (ALCO) actively monitors the ALM framework to ensure in each period sufficient cash flow is available to meet liabilities arising from reinsurance contracts.

Management regularly monitors the financial risks associated with the Company's other financial assets and liabilities not directly associated with reinsurance liabilities.

The risks faced by the Company and the way these risks are mitigated by management are summarised below.

16A. Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a number of insurance contracts. The variability of risks is also improved by careful selection of risk accepted with outward reinsurance arrangements.

Reinsurance risk

In common with other reinsurance companies, in order to minimise financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty and facultative arrangements.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers.

16B. Financial risk

The Company's principal financial instruments include financial assets and financial liabilities which comprise receivables arising from reinsurance contracts, deposits with banks, held to maturity investments, cash and cash equivalents, other payables, and re-insurance balance payables.

The Company does not enter into derivative transactions.

The main risks arising from the Company's financial assets are credit risk, geographical risk, liquidity risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Credit risk

Credit risk is the risk that counterparty to financial instruments fails to discharge its contractual obligations and arises principally from the Company's receivables and placement with the commercial banks.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate has less influence on credit risk.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- The Company only enters into reinsurance contracts with recognised, credit worthy third parties. In addition, receivables from reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.
- The Company's bank balances are maintained with a range of international banks in accordance with limits set by the management.

The Company's cash is held in banks of appropriate credit rating.

The Company's receivables were not impaired as at 31 March, 2018 and as at 31 March, 2017.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties.

31 March 2018

	Neither past due nor impaired				
	High grade USD	Standard grade USD	Sub-Standard grade USD	Past due and impaired USD	Total USD
Reinsurance assets	-	404,331	-	-	404,331
Reinsurance receivables	-	1,421,420	-	-	1,421,420
Held to maturity	3,573,052	-	-	-	3,573,052
Bank balances and deposits	9,307,962	-	-	-	9,307,962
	12,881,014	1,825,751	-	-	14,706,765

31 March 2017

	Neither past due nor impaired				
	High grade USD	Standard grade USD	Sub-Standard grade USD	Past due and impaired USD	Total USD
Reinsurance assets	-	84,627	-	-	84,627
Reinsurance receivables	-	174,605	-	-	174,605
Held to maturity	3,619,040	-	-	-	3,619,040
Bank balances and deposits	8,938,916	-	-	-	8,938,916
	12,557,956	259,232	-	-	12,817,188

For assets to be classified as 'past due and impaired' the contractual payments in arrears are more than 180 days and an impairment adjustment is recorded in the statement of income for this. When the credit exposure is adequately secured or when management is confident of settlement, arrears more than 180 days might still be classified as 'past due but not impaired', with no impairment adjustment recorded.

Geographical risk

The Company's bank balances are primarily with financial institutions. The insurance risk arising from reinsurance contracts is concentrated mainly in the Middle East.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not have any exposure to currency risk because most of the financial instruments are denominated in USD, United Arab Emirates Dirham, which is pegged against USD.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

At 31 March 2018 and as at March 2017, all financial liabilities were either repayable on demand or payable within a maximum period of three months. The contractual outflows associated with financial liabilities are not materially different from their carrying amount in the statement of financial position.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates prevailing in market. Interest bearing financial assets and interest-bearing financial liabilities are all held for maturity and hence there is no interest rate risk. As a result, the Company is not subject to exposure to fair value interest rate risk due to fixed rate of interest on its financial instruments.

16C. Operational risk

The "Company" envisages operational risks to emanate typically from inadequate or failed internal processes, people (key person), systems (technology), services or external events including legal risks and specialised risks viz. fraud & fiduciary risks, outsourcing risks, business continuity planning risk and information security or data risk. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures and assessment processes.

17. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent Liability

As on 31 March, 2018 the Company has deposited an amount of USD 6,129 (2017: USD 5,448) to the Government as security of Visa of its employees and in case any Visa related rules are not abided by the employees the same can be forfeited by the Government.

Leases

The Company has entered into an operating lease agreement with cancellable lease period of 5 years with Aardy Developers for an office premises.

	31 March 2018 USD	Restated 31 March 2017 USD
Operating lease commitments:		
Future minimum lease payment		
Within one year	101,444	97,057
After one year but not more than five years	197,770	299,214
Total operating lease expenditure contracted for at the year end	299,214	396,271

As at 31 March, 2018 and 2017, the Company had commitments of USD 38,549 relating to the purchase of software.

18. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit and maturity. For other variable rate instruments an adjustment is also made to reflect the change in required credit spread since the instrument was first recognised.

19. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgment which has the most significant effect on the amounts recognised in the financial statements:

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held to maturity, held for trading, fair value though or profit and loss income or available-for-sale.

For those investments deemed to be held to maturity, management ensures that the requirements of IAS 39 are met and, in particular, that the Company has the intention and ability to hold these to maturity.

Operating lease commitments - Company as lessee

The Company has entered into a lease agreement for its office. The Company has determined, based on an evaluation of the terms and conditions of the lease agreement, that the Company will not be able to obtain the ownership by the end of the lease term and so accounts for the lease contract as an operating lease.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Technical reserves

In calculating the technical reserves, reserve for incurred but not reported claims and reserve for allocated loss adjustment expenses, the company makes estimates of the future claims and expenses experience. These estimates are based on the expected experience in relation to the reinsurance contracts written and is based on historical data, adjusted for the company's views of the future experience. Any adverse deviation from the expected experience could result in an increase in the reserve requirements.

Impairment of accounts receivable

An estimate of the collectible amount of reinsurance balance receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due.

At the reporting date, gross reinsurance balance receivables were USD 1,421,420 (2017: USD 174,627) on which the Company has not identified any indications of impairment on the receivables. Hence no provision for impairment losses was reported. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

Estimated premium income

In calculating the estimated premium income, the Company makes estimates for the expected written premiums during the period. These estimates are based on the expected experience in relation to the reinsurance estimates written and is based on historical data, adjusted for the Company's views of the experience. Any adverse deviation from the expected experience could result in future adjustments for the future premium.

Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

20. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to improve the quality of information previously presented. The table below summarises the reclassification for the line items affected in the statement of financial position:

	As previously reported USD	Reclassified USD	As currently reported USD
As at 31 March 2017			
Statement of financial position			
Employees' end of service benefits (a)	50,873	(33,176)	17,697
Reinsurance premium and other payables (a)	163,674	33,176	196,850

(a)The Company has reclassified the air travel and other allowances at 31 March, 2017 amounting to USD 33,176 as reinsurance premium and other payables, which was previously included within employees' end of service benefits.

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