

# **BHARTI AXA LIFE INSURANCE COMPANY LIMITED**

## **ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

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**Corporate Identification Number (CIN)**

**U66010MH2005PLC157108**

## BOARD REPORT 2016 – 2017

Dear Members,

Your Directors have immense pleasure in presenting the 12<sup>th</sup> (Twelfth) Annual Report, together with the Audited Statement of Accounts of Bharti AXA Life Insurance Company Limited ("the Company") for the year ended 31 March 2017.

### Financial Performance

The performance highlights for the year are summarised below:

(Figures in Rs. mn.)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Income</b>		
Premium & Investment Income (net)	18,455	12,688
Other Income	32	12
<b>Total Income</b>	<b>18,487</b>	<b>12,700</b>
<b>Less: Expenses</b>		
Commission	1,003	832
Expenses (excluding depreciation)	6,173	6,050
Depreciation	84	98
Benefits paid (net)	5,681	6,254
Provision for actuarial liability (net)	6,743	559
Provision for doubtful debts	2	18
Bad debts written off	6	2
Provision for taxation		-
Funds for future appropriation – Par pension	3	2
<b>Total Expenses</b>	<b>19,695</b>	<b>13,816</b>
Loss for the current year	(1,209)	(1,115)
Add: Loss bought forward from last year	(22,594)	(21,479)
<b>Total Loss as on date</b>	<b>(23,802)</b>	<b>(22,594)</b>

\*Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year figures.

### Dividend

Since there is an overall deficit for the year under review, the Directors do not recommend any dividend for the year.

### Current year performance & outlook - Life Insurance Industry

Economic growth of 7.5% in FY 2016-17 makes India the fastest-growing G20 economy. The acceleration of structural reforms and low commodity prices have provided a strong growth





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impetus. The d-regulation measures and efforts to improve the ease of doing business boosted foreign investment. Demonitization of high value currency notes by the Government witnessed ~Rs. 12.44 trillion come into the formal system, some of which made way into financial assets.

Life Insurance industry witnessed positive growth (~19%) in terms of weighted new business premium during the year. LIC witnessed positive growth (~16%) in FY 2016-17 however lost market share (~3%) to private players. Private players witnessed double digit growth (~22%) primarily driven by strong growth of prominent players having Bancassurance tie-ups. Agency driven players continued to face challenges due to low productivity and high frontline attrition.

IRDAI came out with certain key regulations on areas like Health Insurance Regulations 2016, issuance of e-Insurance policies, insurance distributor commissions, draft on outsourcing regulations, preparation of financial statements in compliance with IND-AS, amendments to reinstatement period clause for ULIPs etc. In a move to increase insurance penetration, the IRDAI introduced a new distribution channel Insurance Marketing Firm (IMF) through which distributors can sell multiple insurance products of life and non-life insurance companies thereby providing a wider choice to customers.

Life insurance industry outlook looks favorable given the opportunities to tap underpenetrated market, favorable demographics, and increasing household savings rate. The positive outlook for the industry continued during the year with foreign players like AIA, Aviva, Dai-ichi, increasing their stake in their respective insurance JVs.

In June 2016, private life insurers HDFC Life and Max Life in a complex and tier-structured demerger and merger plan announced their plan to merge into a single entity. This would catapult the FY 2015-16 rank #3 HDFC Life & rank #4 Max Life into the top only behind the PSU player LIC. However, post review and IRDAI's reservations about the deal structure, the merger has come to a standstill and revised proposal is yet to be submitted to IRDAI

### Current year (FY 2016-17) Company performance

- The Company's New Business Premium grew by 13% in FY 2016-17 (Rs 6,086 mn) over previous year (Rs 5,395mn), with ~18% growth in Proprietary channels, 16% in Group and 5% in CAB. Renewal premium (Rs 7,879mn) grew by ~18% in the current year over last year.
- In order to target the non-employer-employee group segment, the Company launched Group term product 'Bharti AXA Life Smart Bima' in June 2016. Along with this the Company also launched 'Bharti AXA Life Monthly Advantage' and 'Bharti AXA Life Dhan Varsha' in the Par segment. In the Protection segment Company launched 'Bharti AXA Life Smart Jeevan', 'Bharti AXA Life Income Protection Plan' and 'Bharti AXA Life Flexi Term' which will also boost the new business margins. Bharti AXA Life Flexi Term is aimed at specifically driving online business.
- Investment in technology and automation has enabled the Company to offer various digital enablers and solutions for customers / distributors. Mobility solutions viz. 'Bharti AXA in my pocket' mobile application, Tablets, Portals, Teamchat etc. have benefited the distribution in enhancing efficiency and improving productivity. In order to provide an end-to-end digital





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sales process to distribution and a seamless and fluid sales experience to the customer the Company also introduced solutions like:

- e-App: Enabling filling of the application form on the Mobile / Tablet.
  - SWITCH: Enhanced version of Financial Needs Analysis Module, seamlessly integrated with e-App.
  - Product Calculators: Quick & easy access to generating Quotes of all Products.
  - Generic Calculators: Calculators like 'Child Future Planner', 'Retirement Calculator' & 'Wealth Calculator' assist in easy understanding to the customer.
  - Scan & Upload: Simply scan & upload all the necessary documents, directly to the back-end thereby enabling paperless process.
- Customer Centricity has been at the center of cultural transformation for the Company. It has been our persistent effort to provide services which improve customer experience and go beyond the obvious. With this intent we have launched number of Firsts' in the industry when it comes to Customer Service reflecting Customer Centric culture. In this year we launched :
    - Bharti AXA Life Grief Support Program: This initiative helps the family of the deceased policyholder to overcome the grief of losing a loved one by helping them to bring their life back on track. This service is designed to benefit the Claimants by identifying and addressing personal concerns after a tragic event and in coping with life's daily challenges. This service is being independently provided by ICAS India and facilitated by Bharti AXA Life.
  - Constant efforts towards increasing the in-force book and driving renewal premium have resulted in YoY (~18%) growth of renewals and improvement in 13<sup>th</sup> month persistency (62% in Mar-17 vs. 58% in Mar-16). The Company launched the following initiatives which assisted in achieving the upsides:
    - Launch of the sales KPI with 13 month criteria being included in all contests / RnR / incentives and promotions.
    - Revamp of Call Centre strategy with improved analytical scores and differentiated calling with launch of pre-due calling for high lapse propensity cases.
    - In the CAB channel we have implemented ticket size cap on tele partners depending on the persistency experience.
    - Launch of the 70's club initiative to reward good sales persons with over 70% persistency also helped drive improvement in persistency.
  - Company was conferred with various accolades during the year which is a proof of the organization wide excellence it aims to achieve. Awards conferred were:
    - The Most Trusted Private Insurance Brand for the 2<sup>nd</sup> time in a row in the Brand Trust Report 2016 by TRA.
    - The Company was awarded the 5<sup>th</sup> Most Attractive Brand among private insurers in India, by Trust Research Advisory (TRA), India.





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- The Company was ranked as the No. 3 Brand on customer satisfaction and loyalty in Insurance India 2016 report by IMRB, leading research agency in India.
- Bharti AXA Life was chosen as one of the Hot 50 brands in Mumbai for the 2<sup>nd</sup> time in a row.
- The social media strategy that the Company embarked on during the last year yielded positive results during FY 2016-17. The Company was the most engaged brand among private insurers on Facebook for 2016. The Company had the highest TBI (Talent Brand Index) among private insurers on LinkedIn for 2016.

### Rural and Social sector obligations

Your Company has complied with the rural and the social sector obligations as mandated by the IRDAI. The Company has underwritten 24,853 policies from rural locations (22.31% of total policies versus mandated 20%) and covered 11,654 lives (5.92% of total lives versus mandated 5% of total business procured in the preceding year) under the social sector during the year.

### Technology

At Bharti AXA Life, reliable Application and Infrastructure Support delivery by addressing frequent failures through monitoring analysis and permanent fixes has been a huge focus in 2016-17. Application and Infrastructure Resiliencies to provide branch and Application time for ensuring no business processing disruptions was a key area of focus.

Key Achievements in this regards:

- Network Migration to more reliable Managed Network and Bandwidth upgrades as necessary based on continuous monitoring of usage.
- Root Cause Analysis of repeat and common issues, implementation of mitigation, No outages, major business processing interruption on any sales platforms.
- Monthly Dashboard and Governance to track progress, key performance indicators adherence
- Disaster recovery setup for critical application setup and tested.

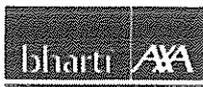
### IT Projects

Strategic Projects agreed with Management Committee at the beginning of year and delivering of the same On Scope, On Time, On Cost and Quality was endeavor.

Key deliveries

- Delawarehouse redesign - Redesigning Operational Datasource and consolidating existing DataMart into single DataMart was done to achieve Standardization of KPIs & timely availability, automating existing report to avoid manual interventions and errors
- Migration of Core system- Migration of Core system (RLS,RCMS) from Singapore to India to meet regulatory requirement
- Digital Transformation- Distributor Self Service Mobile applications for Android and IOS
- Advisor Sales Kit (Includes Financial Needs Analysis, Product calculators and E-application) Targeted for Mobile & Tablet use





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## Customer Service

**Service Recovery** – Customers who give negative rating on the IVR post an Inbound call are out called to know the reasons for dis satisfaction. The customers are out called within 48 hours of them giving a negative feedback on the IVR.

**Branch Address on Interactive Voice Response ('IVR')** – customers looking to get the branch details now has an option on the IVR. They customer enters the pin code and any branches in a diameter of 5 kms the address is send on the registered mobile number. In case the address pin code is not found, the call is connected to the contact center agent.

**Fund Value** – Customer can get the fund value through a missed call from the registered mobile number anytime, anywhere. If the policy is due for renewal, a prepopulated link with the policy number is sent to the customer in order to make the payment.

**Customer Portal** - Forgot / Recover password procedure made easy through OTP on the registered mobile number for resetting the password.

The complaints management setup of the company is not solely tasked with resolution of complaints in line with regulatory guidelines, but also works on active retention of customers at complaints stage and has taken series of proactive steps (as under) to check the quality of business.

- Pre-Verification calling script is reviewed in case of any new trends in complaints
- Education Series are published to existing customers vide Email/ SMS
- Proactive analysis of complaints basis Household IDs, to identify potential complaints
- Analysis with channel partners and Sales Heads highlighting complaint trends

## Distributor Service

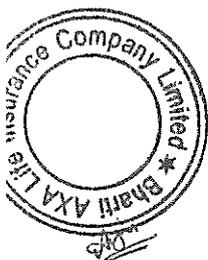
At Bharti AXA Life we recognise that service needs of distribution partners vary and our endeavor through our service solutions is to constantly ensure that the needs of our partners are met in the most efficient and effective way.

Our offering to our distribution partners includes exclusive service levels in terms of turnaround time and quality, customised process and MIS, special services for the partner's clients – Home medicals, special underwriting limits.

Ease of doing business is at the heart of our service offering for our distributors, we have therefore special underwriting limits for our Club Royale/Advantage club advisors. We are cognizant of the fact this is knowledge oriented industry and to support the field force, we have a robust Life stage based training architecture which enables Advisors/Distributors to scale-up their business in an efficient way. The Company believes in providing a high degree of empowerment through usage of technology to its Distributors. We support Agents with sales tools which help in handling customer expectations/objections given the market dynamics. The entire issuance process is now facilitated online through the e-app, now also available on the mobile.

Similarly, the Distributor portal system in place earlier is now extended to the mobile platform, enabling ease of access. This in turns helps its Distributors various ways by keeping abreast of relevant business and performance information and help in attracting and retaining skilled distribution force.

Further CMS (Channel Management System) which was implemented in 2015 for computing Key business performance parameters of Distributors, is now well embedded as a process. Also, an





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additional mid-month payout cycle has been introduced for Renewals payouts.

In the 2016 Distributor Scope covering Proprietary channel and in annual survey conducted by the AXA Asia region through AC Nielsen, Bharti AXA Life recorded the highest net score of 83% in AXA Asia which is testimony to the experience that distribution partners have with it.

## Company Policies

### Whistle Blower Policy

The Company has formulated a Whistle blower Policy to encourage employees to report misconduct related to Human Resource matters, misappropriation of Assets, Financial statement fraud, and matters related to corruption, bribery, extortion and customer mistreatment, without the risk of subsequent victimisation, discrimination or disadvantage. As per the Policy, employees can raise concerns related to breach of any law, statute or regulation, issues related to accounting policies and procedures, acts resulting in financial loss or loss of reputation, misuse of office, suspected/actual fraud and criminal offences, non-compliance to anti-bribery policy by the Company or its employees to specified channels. This mechanism has been communicated and posted on the Company's intranet.

### Code of Conduct for Prevention of Insider Trading

The Company has a Code of Conduct for Prevention of Insider Trading. The objective of the Code is to prohibit insider trading in any manner by the Designated Persons and to maintain confidentiality of unpublished price sensitive information and access to information on a "need to know" basis. The Code is applicable to all "Designated Persons" and their "Immediate Relatives" as defined in the Code.

### Anti-Sexual Harassment Policy

The Anti-Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 provides protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment. The Company has a laid down policy on sexual harassment at work place and has communicated to all its employees about the same. The Company believes in providing a safe working environment at the workplace. On an ongoing basis, the Company creates education & awareness amongst employees through training program, e-mail campaigns, posters.

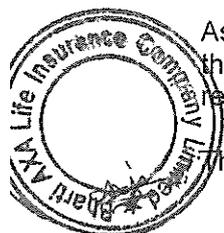
### Policy on allocation of direct expenses and apportionment of Indirect expenses to various Business segments for preparation of Segmental financial statements

As per the IRDAI notification dated 9th May 2016 (ref. F.No. IRDAI/Reg/14/126/2016) Insurance companies are required to prepare financial statements (Revenue account and Balance sheet) separately for different line of business including Participating, Nonparticipating, Group and Unit-linked products etc. Accordingly, the Company has laid down the Policy on Expenses of Management, approved by the Board of Directors in its meeting held on 26 July 2016.

### Directors

As on 31 March 2017, the Company had eleven Directors with a Non-executive Chairman. Out of the eleven directors, 3 were Independent Directors, 4 were Bharti representatives and 3 were AXA representatives and a CEO and Managing Director.

The Board is responsible for overall corporate strategy and other responsibilities as laid down by





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IRDAI under the Corporate Governance guidelines. The Managing Director & CEO oversee implementation of strategy, achievement of the business plan and day-to-day operations. There is an appropriate mix of executive, non-executive and independent Directors. None of the Directors are related to any other Director or employee of the Company

All independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013 which has been relied on by the Company and placed at its Board Meeting held on 11 May 2017.

The names of the Directors with their qualification and field of specialisation are set out in Corporate Governance section.

In accordance with provisions of Companies Act, 2013, Rakesh Bharti Mittal (DIN 00042494), and Jean Paul Dominique Louis Drouffe (DIN 07373856), Directors are liable to retire from the Board by rotation at the ensuing Annual General meeting, and being eligible, offer themselves for re-appointment.

During the year Rahul Bhatnagar (DIN 7268064) resigned from the services of the Company and Harjeet Kohli (DIN 07575784) appointed as Additional Director with effect from 29 August 2016.

Sundar Rajan Rajagopalan (DIN 06428757) resigned as a Director of the Company w.e.f. 30 June 2016 and Mukesh Bhavnani (DIN 03595080) appointed as an Additional Director with effect from 30 June 2016.

Also, Mukesh Bhavnani (DIN 03595080) resigned as a Director of the Company w.e.f. 11 May 2017 and Soumen Ghosh (DIN 01262099) appointed as an Additional Director with effect from 11 May 2017.

The Board would like to place on record its sincere appreciation for the services rendered by Rahul Bhatnagar, Sundar Rajan Rajagopalan and Mukesh Bhavnani during their tenure on the Board.

Pursuant to Section 161 of the Companies Act, 2013, Harjeet Kohli (DIN 07575784) and Soumen Ghosh (DIN 01262099) will hold the office upto the date of the ensuing Annual General Meeting. The Company has received a letter from shareholders' nominating them for the post of Director of the Company.

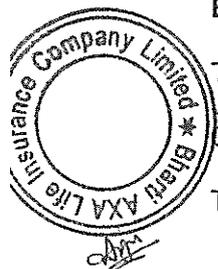
The Company has received a declaration of Independence, the format of which is annexed as an **Annexure A** from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act 2013.

The Company has also received declarations from all Directors confirming that they are not disqualified from being appointed as Director under the provisions of the Section 164 of the Companies Act 2013. Further, all the Directors have confirmed that they comply with the 'fit and proper' criteria prescribed under the Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI).

#### Board Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee ('BNRC') comprises of Bharat S Raut, Jitender Balakrishnan, Rakesh Bharti Mittal, Jean Drouffe. Bharat S Raut is the Chairman of the Committee.

The Board Nomination & Remuneration Policy is attached as "**Annexure B.**"





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BNRC met four times during the year under review.

The other details about the Committee are provided in Corporate Governance report.

### **Board Audit & Compliance Committee**

The Board Audit and Compliance Committee of the Company comprises of Bharat S. Raut, Jitender Balakrishnan, Uma Relan, Jean-Louis Laurent Josi and Harjeet Kohli with Independent Directors forming a majority. Bharat Raut is the Chairman of the Committee.

All members of the committee possess adequate qualifications to fulfill their duties stipulated under the Act and under the Corporate Governance Guidelines issued by the IRDAI.

The Committee met six times during the year under review.

The other details about the Committee are provided in Corporate Governance report.

The Company has also in place Board Investment Committee, Policyholders Protection Committee, Risk Management Committee and With Profit Committee; the details are set out in Corporate Governance Report.

### **Directors' Responsibility Statement**

Your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis; and
- the directors are satisfied about the adequacy of internal financial controls with reference to financial statements.
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and ensure that such systems were adequate and operating effectively.

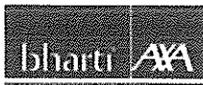
### **Corporate Social Responsibility**

Since the Company is yet to post statutory profits, Corporate Social Responsibility Committee has not been formed so far.

### **Risk Management Framework**

Bharti AXA Life is in the business of undertaking risks under life insurance policies and risk management for our customers is one of our core competencies. Bharti AXA Life has a strong Enterprise Risk Management framework in place, which has "three lines of defense structure" for managing risk.





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First line of defense – Management & Staff  
Second line of defense – Risk & Compliance  
Third line of defense – Internal Audit

#### **Classification of Risk:**

- Financial Risk – It includes Market risk, credit risk & liquidity risk
- Insurance Risk – It includes Mortality, Longevity, morbidity, expenses & persistency.
- Operational Risk – It refers to the risk of loss arising from inadequate or failed internal process, personnel or systems or from external events
- Other Risk – It includes Strategic & Regulatory, Reputation Risk & Emerging Risk.

Bharti AXA Life has annual risk assessment process and is conducted at entity levels to enable a full refresh of each functional unit's risk profile. Management, assisted by risk function, is responsible for planning and facilitating the process.

A structured approach to reporting and monitoring risk matters is adopted to ensure that the Local Risk Management Committee as well as the Board Risk Management Committee receives assurance that risks are being effectively managed.

#### **Disclosure as required under Anti-Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2016-17.

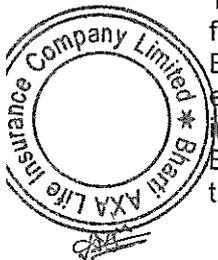
No. of complaints received: Seven

No. of complaints disposed: Seven

#### **Statement in respect of adequacy of Internal Financial Controls with reference to the Financial Statements**

The Company has in place proper and adequate internal control systems commensurate with the nature of its business, and size and complexity of its operations. Internal control systems comprising of policies and procedures which are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations, and that all assets and resources are acquired economically, used efficiently and adequately protected.

The Company, through independent Internal Audit Department, carries out periodic audits at all functions based on the annual audit plan (keeping in mind various key risks) approved by the Board Audit and Compliance Committee, and inter alia, tests the design, adequacy and operating effectiveness of the internal controls. Significant observations including recommendation for improvement of business processes are reviewed by the Management before reporting to the Board Audit and Compliance Committee, which reviews the Internal Audit reports, and monitors the implementation of audit recommendations.



Additionally during the year as required under the Companies Act, 2013 the Company has done an independent assessment of the adequacy and effectiveness of Internal Controls over Financial Reporting and submitted a report for the review and comment by Statutory Auditors.

### **Status of Compliance with IND – AS**

Pursuant to the Ministry of Corporate Affairs (MCA) notification read in connection with the Companies (Indian Accounting Standards) Rules, 2015 dated 16 February 2015 followed by Press Release dated January 18, 2016 issued by the Authority, outlining the roadmap for implementation of International Financial Reporting Standards (IFRS) converged Indian Accounting Standards (Ind As) for banks, non-banking financial companies, select All India Term Lending and Refinancing Institutions and Insurers and IRDAI Circular Ref: IRDA/F&A/CIR/IFRS/038/03/2016 dated March 01, 2016 that Insurers shall comply with the Ind AS for financial statements for accounting periods beginning from April 1, 2018 onwards and in accordance with the further instructions and guidelines issued in this regard in December 2016, in March 2016 the company has submitted its proforma Financial Statements for the period from April 2016 to December 2016 to the Authority. The company is in the process of submission of similar proforma financials for the entire Financial Year 2016-17.

### **Statutory auditors**

M/s. CNK & Associates, LLP were appointed as the Joint statutory Auditors of the Company until the conclusion of Annual General Meeting ('AGM') for Financial year ending 31 March 2019 subject to ratification of the appointment in every AGM and the Company proposes its ratification of appointment for Financial year 2017-18. M/s CNK & Associates, LLP have expressed their willingness to be re-appointed, as applicable, as the Statutory Auditors, and have certified that their ratification of appointment, as the case may be, if made, would be within the prescribed limits under Section 139 Companies Act, 2013.

M/s. M.P. Chitale & Co, were appointed as the joint Statutory Auditors of the Company until the conclusion of the Annual General Meeting for Financial Year ending 31 March 2021 subject to ratification of the appointment in every AGM and the Company proposes its ratification of appointment for Financial year 2017-18. M/s. M.P. Chitale & Co. also have expressed their willingness to be re-appointed, as applicable, as the Statutory Auditors, and have certified that their ratification of appointment, as the case may be, if made, would be within the prescribed limits under Section 139 Companies Act, 2013.

### **Secretarial Auditor**

As per provisions of Section 204 read with Section 134 (3) of the Companies Act, 2013, M/s Neha Singhi & Company, Company Secretaries, were appointed as the Secretarial Auditor of the Company for the financial year 2016-2017.

Secretarial Audit report in the prescribed form MR 3 is annexed as **Annexure C**.

### **Extract of Annual return (MGT 9)**

Pursuant to the provisions of Section 92(3), 134 (3)(a) of the Companies Act 2013 read with Rule 11 of Companies (Management and Administration) Rules, 2014 the extract of annual return in prescribed form MGT 9 is attached as **Annexure D**.

### **Reservation and qualification on Statutory Auditors Report and Secretarial Auditors Report**

The observations made by Secretarial Auditors are self-explanatory. The Report of the Joint Statutory Auditors to the shareholders of the Company is annexed to the financial statement for





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the financial year ended 31 March 2017. There is no specific qualification, reservation or adverse remarks in the report of the Joint statutory auditors which require clarification.

### Related Party Transactions

Transactions / arrangements by the Company in its ordinary course of business with related parties primarily includes availing various services from the related parties, wherein service fees is received / paid from / to related parties. Board Audit and Compliance Committee has given its approval to different types of related party transactions which are recurring in nature and in the ordinary course of business.

Related party transactions that were entered into during the year were in the ordinary course of business and on an arm's length basis. The details of transactions with related parties are placed before the Board Audit and Compliance Committee at its quarterly meetings for approval / ratification.

During the year under review, the Company has not entered into any transaction or arrangement with related parties as per Section 2(76) of Companies Act, 2013, which were not at arm's length.

There were no materially significant transactions with the Directors, the Management, the promoters or the relatives of the Directors that have a potential conflict with the interest of the Company at large. As per Accounting Standard (AS) 18 on 'Related Party Disclosures', the details of related party transactions entered into by the Company are included in the Notes to Accounts.

**Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.**

Since the last AGM there were no material changes or commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

### Particulars of loans, Guarantee and Investments

In terms of the provisions of the sub-section 11 of section 186 of the Companies Act, 2013, as amended by the Companies (Removal of Difficulties) Order, 2015 dated 13 February 2015 issued by the Ministry of Corporate affairs, the provisions of Section 186, of the Companies Act, 2013 shall not apply to Banking company or insurance company or housing finance company, making acquisition of securities in the ordinary course of business.

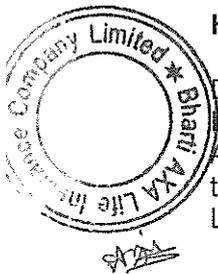
Therefore, the provisions of Section 186, except for Sub-section (1) are not applicable to your Company.

### Significant and material orders passed by the Regulators/Courts/Tribunal

There were no significant or material orders passed by the Regulators, Courts or Tribunals which could impact the going concern status of the Company or its future operations.

### Holding Company

During the year ended 31 March 2017, one of the shareholders - Bharti Insurance Holdings Pvt. Ltd. has transferred its entire 13.22% shareholding to Bharti Life Pvt. Ltd. (formerly known as First American Securities Pvt. Ltd.) and taking up the cumulative holding of Bharti Life Pvt. Ltd. ('BLPL') to 51% in the Company. This has resulted in BLPL becoming the Holding Company of Bharti AXA Life.



## Annual Evaluation of Board, Committees and Director's performance

Pursuant to the provisions of the Companies Act, 2013, the Directors have carried out an annual performance evaluation of the Board, its Committees, the Chairman of the Board, their self-evaluation and that of the Independent Directors as a group (by Non-Independent Directors).

The evaluation of the Board was carried out on the basis of various parameters which include quality and experience of Board members, Board responsibilities, Board processes, role and effectiveness of Non-Executive Chairman, assessment of quality, quantity and timeliness of flow of information, etc.

The Board Committees were evaluated based on parameters such as composition of the Committee, terms of reference and Committee's responsibilities, skill and experience of Committee members to fulfill the delegated responsibilities and their promptness and efficacy to report issues requiring Board's attention.

The evaluation of individual Directors was assessed on their awareness of the Company's core business, its business plans, statutory duties under the Companies Act, 2013 and the Corporate Governance Guidelines issued by IRDAI, attendance and preparedness for the meetings of Board and its Committees, familiarity and compliance with the Company's code of conduct and other policies and contribution to the deliberations and decisions at the board / Committee meetings, etc.

In addition to the above, Independent Directors were also evaluated on other parameters such as bringing in objectivity and independent judgment in decision making process, support and contributions to implement best governance practices, protecting the legitimate interest of various stakeholders etc.

## Vigil Mechanism

Your Company has implemented a comprehensive vigil mechanism as required by the Companies Act, 2013. The company has implemented a Whistleblower Policy for Employees of the Company to report their genuine concerns as and when they arise.

The Company presents the Whistle blower cases update in its Board Audit and Compliance committee meeting on quarterly basis. Whistleblowers are accorded complete protection from any kind of unfair treatment. Misuse of the Whistleblower Policy with malafide intention is subject to disciplinary action.

## Share capital

During the year the Company increased its share capital by Rs. 1,200,000,000 pursuant to Right Issue of shares in multiple tranches.

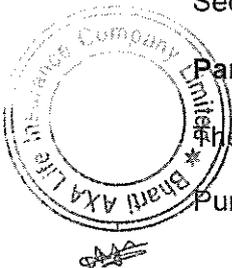
## Public Deposits

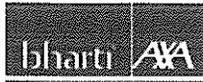
During the year ended 31 March 2017, the Company has not accepted any deposits under Section 73 of the Companies Act, 2013.

## Particulars of Employees

The Company had 2945 employees as at 31 March 2017.

Pursuant to the provisions of Rule 5(2) and Rule 5(3) of the Companies (Appointment and





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Remuneration of Managerial Personnel) Rules, 2014 the Statement of the particulars of the employees who have been paid remuneration exceeding Rs.1.02 Crore per annum or Rs.8.5 Lakh per month is annexed to this report as **Annexure E**.

## Statutory Disclosure of Particulars

### Conservation of Energy

Since the Company does not carry out any manufacturing activity, the provisions in terms of Section 134 (3) (m) of the Companies Act, 2013, with reference to disclosure of particulars regarding conservation of energy are not applicable to the Company.

### Foreign Exchange Earnings and Outgo

The Company recorded an inflow of Rs. Nil and outflow of Rs. 388,052,316/- in foreign exchange during the year 2016 -17.

### Auditors' Report

The reports of the joint statutory auditors are attached to this report. All the Notes to Schedules and Accounts are self-explanatory and do not call for further comment.

### Management Report

Pursuant to the provisions of regulation 3 of the IRDA (Preparation of financial statements and auditors' report of insurance companies) regulations, 2000, the Management Report forms part of the financial statements.

### Solvency Margin

The Company is adequately capitalised and has, at all times during the year, complied with the required IRDA solvency norms. The Solvency Margin as at 31 March 2017 is 182.41% as against the required solvency margin of 150%.

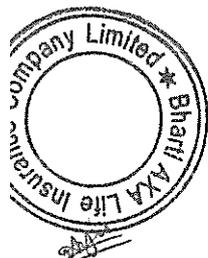
### Disclosure on qualitative and quantitative aspect of Remuneration pursuant to IRDAI guidelines on remuneration to Non-executive Directors and MD/CEO/WTD dated 5 August 2016

As per IRDAI guidelines on Remuneration of Non-Executive Directors and MD/CEO/WTD dated 5 August 2016, the Insurance Companies are required to include qualitative and quantitative aspect of remuneration in Annual Report. The qualitative and quantitative details are as follows:

#### Qualitative

The Remuneration Philosophy of the company aims to:

- attract and retain the best skills and talent by offering competitive packages and differentiating among employees on the basis of performance;



Sr. No	Name of the Director	No. of Board Meetings attended	10 May 2016 (through Video – Conference)	30 May 2016	26 July 2016 (through Video – Conference)	29 August 2016	22 Nov 2016	09 Feb 2017 (through Video Conference)	22 Feb 2017
1	Akhil Gupta	5	✓	Leave of absence	✓	✓	✓	✓	Leave of absence
2	Rakesh Bharti Mittal	5	✓	Leave of absence	Leave of absence	✓	✓	✓	✓
3	Sundar Rajan Rajagopalan*	1	Leave of absence	✓	N.A	N.A	N.A	N.A	N.A
4	Rahul Bhatnagar**	3	✓	✓	✓	N.A	N.A	N.A	N.A
5	Mukesh Bhavnani***	2	N.A	N.A	✓	✓	Leave of absence	Leave of absence	Leave of absence
6	Harjeet Kohli****\$	4	N.A	N.A	N.A	✓	✓	✓	✓
7	Sandeep Ghosh#	6	Leave of absence	✓	✓	✓	✓	✓	✓
8	Bharat S Raut##	7	✓	✓	✓	✓	✓	✓	✓
9	Jitender Balakrishnan###	7	✓	✓	✓	✓	✓	✓	✓
10	Uma Relan	6	✓	Leave of absence	✓	✓	✓	✓	✓
11	Amelie Breiburd@	3	Leave of absence	Leave of absence	Leave of absence	✓	✓	✓	Leave of absence
12	Jean Louis Laurent Josi####	6	✓	Leave of absence	✓	✓	✓	✓	✓
13	Jean Drouffe	2	Leave of absence	✓	Leave of absence	Leave of absence	✓	Leave of absence	Leave of absence

\*Resigned w.e.f 30 June 2016

\*\*Resigned w.e.f 29 August 2016

\*\*\*Appointed w.e.f 30 June 2016

\*\*\*\*Appointed w.e.f 29 August 2016

# Attended 26 July 2016 and 09 February 2017 meeting through vide conference

## Attended the 10 May 2016 and 09 February 2017 meeting through video conference

### Attended the 10 May 2016, 26 July 2016 and 09 February 2017 meeting through video conference

@Attended 09 February 2017 meeting through video conference

\$ Attended the adjourned meeting on 30 August 2016





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- b) foster employee engagement by rewarding fairly and consistently across businesses, teams and individuals;
- c) strengthen its leadership by rewarding performance as the combination of both results and behaviors.

The remuneration structure for employees is designed as a mix of fixed pay, performance linked bonus, benefits and long term incentive. The proportion of variable pay to fixed pay varies by band and increases with higher seniority. The payment of variable pay is linked to individual performance and company performance. Strong financial and non financial Key Performance Indicators are built into the performance parameters to ensure that all current and future risk are taken into account in the remuneration process.

### Quantitative Disclosure for Key Management Persons ('KMP')

The CEO/MD has received a variable remuneration during 2016-17. This payment was linked to the performance of previous calendar year and was paid post approval from IRDAI. No Sign on or joining Bonus was paid to any of KMPs who have joined the organisation during the year 2016-17.

The details of remuneration paid to KMP, other than CEO and Managing Director is as follows:

- Amount of Deferred Remuneration (LTI) Paid out in Financial Year 2016-17 to KMP = 4,130,625
- Total Deferred Pay (LTI) Granted to KMPs in various years: Rs. 64,318,873
- Deferred Pay (LTI) Granted during the year 2016-17 = 19,836,710
- Fixed pay paid during the year 2016-17 = 64,402,500
- Non Deferred Pay (Bonus) paid = 23,748,840

KMPs are also eligible for other benefits like gratuity, leave encashment, group mediclaim insurance, etc.

Remuneration paid to CEO & MD is disclosed in notes to accounts and Annexure D of the Board report.

### CORPORATE GOVERNANCE

The Company believes in the philosophy of conducting business through fair and ethical means. The true spirit of corporate governance emanates from the strong values that the Company believes and practices. A detailed report on Corporate Governance is as follows:

#### Board Meetings

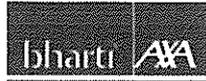
#### Constitution of the Board, number of meetings held and attendance by Directors during Financial Year 2016-2017

Seven Board meetings were held on 10 May 2016, 30 May 2016, 26 July 2016, 29 August 2016, 22 November 2016, 09 February 2017 and 22 February 2017.

The attendance of Directors during the Board meeting held in 2016-17 is given below:

The necessary quorum was present for all the meetings.





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## Board Audit and Compliance Committee meetings

### Constitution of the Board Audit and Compliance Committee, number of meetings held and attendance by Members

Six Board Audit and Compliance Committee meetings were held on 30 May 2016, 26 July 2016, 29 August 2016, 22 November 2016, 09 February 2017 and 21 February 2017

The attendance of Directors during the Board Audit and Compliance Committee meeting held in 2016-17 is given below:

Name of the Members	No. of Committee Meetings attended	30 May 2016	26 July 2016 (through video conference)	29 August 2016	22 November 2016	09 February 2017 (through video conference)	21 February 2017
Bharat S Raut	6	✓	✓	✓	✓	✓	✓
Jitender Balakrishnan	6	✓	✓	✓	✓	✓	✓
Uma Relan <sup>@</sup>	5	Leave of absence	✓	✓	✓	✓	✓
Jean-Louis Laurent Josi <sup>#</sup>	6	✓	✓	✓	✓	✓	✓
Rahul Bhatnagar <sup>*</sup>	2	✓	✓	N.A	N.A	N.A	N.A
Harjeet Kohli <sup>**</sup>	4	N.A	N.A	✓	✓	✓	✓

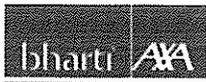
*\*Resigned w.e.f 29 August 2016*

*\*\*Appointed w.e.f 29 August 2016 and attended the 09 February 2017 meeting via video conference*

*#Jean Drouffe attended the 30 May 2016 meeting as an alternate member to Jean-Louis and attended the 26 July 2016 and 09 February 2017 meeting via video conference*

*@Attended the 09 February 2017 meeting via video conference*





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## Board Investment Committee meetings

### Constitution of the Board Investment Committee, number of meetings held and attendance by Members

Four Board Investment Committee meetings were held on 30 May 2016, 29 August 2016, 22 November 2016 and 21 February 2017.

The attendance of Directors during the committee meeting held in 2016-17 is given below:

Name of the Member	No. of Committee Meetings attended	30 May 2016	29 August 2016	22 November 2016	21 February 2017
Sandeep Ghosh	3	Leave of absence	✓	✓	✓
Rahul Bhatnagar*	1	✓	N.A	N.A	N.A
Harjeet Kohli**	3	N.A	✓	✓	✓
Amelie Breitburd	4	✓	✓	✓	✓
Sundar Rajan Rajagopalan***	0	Leave of absence	N.A	N.A	N.A
Rajeev Kumar	4	✓	✓	✓	✓
Mudit Kumar	4	✓	✓	✓	✓
Sandeep Nanda#	2	Leave of absence	Leave of absence	✓	✓
C.L. Baradhvaj*****	1	N.A	Leave of absence	Leave of absence	✓

\*Resigned w.e.f 29 August 2016

\*\*Appointed w.e.f 29 August 2016

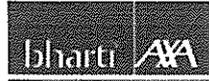
\*\*\* Resigned w.e.f 30 June 2016

\*\*\*\*Appointed w.e.f 30 June 2016

\*\*\*\*\*Appointed w.e.f 22 November 2016

#Attended the 22 November 2016 meeting via audio call





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## Risk Management Committee

### Constitution of the Risk Management Committee, number of meetings held and attendance by Members

Four Risk Management Committee meetings were held on 31 May 2016, 29 August 2016, 23 November 2016 and 21 February 2017.

The attendance of Directors during the Committee meeting held in 2016-17 is given below:

Name of the Member	No. of Committee attended	31 May 2016	29 August 2016	23 November 2016	21 February 2017
Uma Relan	3	Leave of absence	✓	✓	✓
Rahul Bhatnagar*	1	✓	N.A	N.A	N.A
Harjeet Kohli**	3	N.A	✓	✓	✓
Amelie Breitburd	4	✓	✓	✓	✓
Sundar Rajan Rajagopalan***	0	Leave of absence	N.A	N.A	N.A
Mukesh Bhavnani****	1	N.A	✓	Leave of absence	Leave of absence
Sandeep Ghosh	1	✓	N.A	N.A	N.A
Jean-Louis Laurent Josi*****	1	N.A	✓	Leave of absence	Leave of absence

\* Resigned w.e.f 29 August 2016

\*\* Appointed w.e.f 29 August 2016

\*\*\* Resigned w.e.f 30 June 2016

\*\*\*\* Appointed w.e.f 30 June 2016

\*\*\*\*\* Appointed w.e.f 29 August 2016





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## Policyholders Protection Committee meetings

### Constitution of the Policyholders' Protection Committee, number of meetings held and attendance by Members

Four Policyholders Protection Committee meetings were held on 30 May 2016, 29 August 2016, 22 November 2016 and 21 February 2017.

The attendance of Directors during the Committee meetings held in 2016-17 is given below:

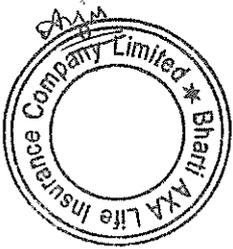
Name of the Member	No. of Committee Meetings attended	30 May 2016	29 August 2016	22 November 2016	21 February 2017
Jitender Balakrishnan	4	✓	✓	✓	✓
Bharat S. Raut	4	✓	✓	✓	✓
Jean Drouffe <sup>#</sup>	4	✓	✓	✓	✓
Rakesh Bharti Mittal <sup>*</sup>	1	✓	N.A	N.A	N.A
Mukesh Bhavnani <sup>**</sup>	3	N.A	✓	✓	✓

*\*Attended 30 May 2016 meeting through alternative member*

*\*\*Appointed w.e.f 29 August 2016 in place of Rahul Bhatnagar and attended 22 November 2016 and 21 February 2017 meeting through alternative member*

*#Attended 29 August 2016, 22 November 2016 and 21 February 2017 meeting through alternate member*

**Note:** Pursuant to IRDAI Corporate Governance Guideline dated 18 May 2016, the Board of Directors at its meeting held on 22 February 2017 appointed Mr. Prashanto Sen as an expert/Customer representative to attend the Policyholders Protection Committee meetings of the Company.





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## Board Nomination and Remuneration Committee meetings

### Constitution of the Board Nomination and Remuneration Committee, number of meetings held and attendance by Members

Four Board Nomination and Remuneration meetings were held on 10 May 2016, 31 May 2016, 23 November 2016 and 21 February 2017

The attendance of Directors during the Committee meeting held in 2016-17 is given below:

Name of the Member	No. of Committee Meetings attended	10 May 2016 (through video conference)	31 May 2016	23 November 2016	21 February 2017
Jitender Balakrishnan	4	✓	✓	✓	✓
Bharat S Raut	4	✓	✓	✓	✓
Rakesh Bharti Mittal*	4	✓	✓	✓	✓
Jean Drouffe**	4	✓	✓	✓	✓

\*Attended the 10 May meeting through video conference and attended 31 May 2016 meeting through alternate member

\*\*Attended the 10 May 2016 meeting through video conference and attended the 10 May 2016, 23 November 2016 and 21 February 2017 meeting through an alternate member

## With Profit Committee

### Constitution of the With Profit Committee, number of meetings held and attendance by Members

One With profit committee meeting was held on 23 May 2016 and attendance of directors is given below:

Name of the Member	No. of Committee Meetings attended	23 May 2016
Jitender Balakrishnan	1	✓
Mayur Ankolekar (Independent Actuary)	1	✓
Sandeep Ghosh	1	✓
Mudit Kumar	1	✓





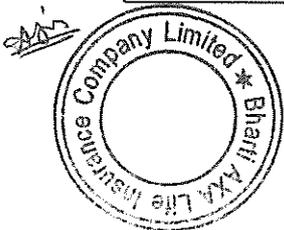
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**Details of sitting fees paid to directors during the Financial year 2016-17**

Sr. No.	Name of the Independent director	Nature of Directorship	Sitting fees per Meeting		Total sitting fees paid during the FY 2016-17	
			Committee Meeting	Board Meeting	Committee meeting	Board meeting
1.	Bharat S. Raut	Independent Director	15,000	45,000	210,000	315,000
2.	Jitender Balakrishnan	Independent Director	15,000	45,000	225,000	315,000
3.	Uma Relan	Independent Director	15,000	45,000	120,000	270,000
	<b>Total Remuneration</b>				<b>555,000</b>	<b>900,000</b>

**Details of Directors and their status of Directorship and qualifications:**

Name	Status of Directorship	Area of Specialisation	Qualifications
Rakesh Bharti Mittal	Chairman and Non-Executive Director	Financial Management	Electronics Engineering from YMCA Institute of Engineering
Sandeep Ghosh	CEO & Managing Director	Financial services, Market Strategy	Master's in Business Administration (Marketing & Strategy), Bachelor of Commerce (Accountancy & Financial Management)
Bharat S Raut	Independent Director	Tax advisory, tax compliance and tax litigation	B.Com, LLB, Chartered Accountant
Jitender Balakrishnan	Independent Director	Industrial Management and customer services	B.E.(Mech) NIT, Madras University & Post Graduate Diploma in Industrial Management, Bombay University
Uma Relan	Independent Director	Capital Markets	Bachelor of Commerce, Bachelor of Law (General)
Akhil Gupta	Non-Executive	Advanced Management Program	Chartered Accountant
Mukesh Bhavnani*	Non-Executive Director	Legal and Secretarial	Graduate in Law and Commerce from Bombay University and a Qualified Company Secretary
Harjeet Kohli**	Non-Executive Director	Corporate finance, capital markets and international finance	BE (Mechanical) and MBA (Finance)





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Name	Status of Directorship	Area of Specialisation	Qualifications
Rahul Bhatnagar***	Non-Executive Director	Business strategy and education, Financial Management and controls, M7A, Taxation, Treasury, Marketing Intelligence and IT	Chartered Accountant- 1981 MBA form Wharton- 1985
Sundar Rajan Rajagopalan**	Non-Executive	International and Indirect Taxation	Bachelor of Laws (B.L) from University of Madras.
Amelie Breitburd	Non-Executive Director	Audit and consulting, internal international strategic and	IAF Actuary, ESSEC Business School and French Baccalaureate
Jean-Louis Laurent Josi	Non-Executive Director	Insurance Industry Professional	Master of Business Administration, Postgraduate degree in Actuarial Science, Degree and Master in Administration and Management and McGill University, Montreal
Soumen Ghosh	Non-Executive Director	Insurance Industry Professional	Member of the Institute of Chartered Accountants of England & Wales Member of the Institute of Chartered Accountants of Australia
Jean Paul Dominique Louis Drouffe	Non-Executive Director	Insurance Industry Professional	Ecole Polytechnique (Sep 1994-July 1997) -Majored in Economics and Applied Mathematics ENSAE (Sep 1997-Aug 1999) -Majored in Economics, Insurance, Finance and Statistics Qualified actuary - French Institute IAF (Dec 1999)

\* appointed w.e.f. 30 June 2016 and resigned w.e.f. 11 May 2017

\*\* appointed w.e.f. 29 August 2016

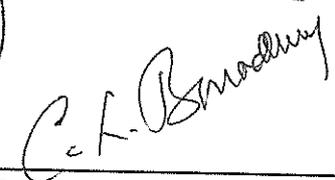
\*\*\* resigned w.e.f 29 August 2016

\*\*\*\* resigned w.e.f 30 June 2016

### Certification for compliance of the Corporate Governance Guidelines

I, C.L.Baradhvaj, Company Secretary of Bharti AXA Life Insurance Company Limited, hereby certify that the Company has complied with the corporate governance guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.



  
C.L. Baradhvaj  
Company Secretary



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## Acknowledgements

The Board places on record its sincere appreciation of the hard work, professionalism, team work and relentless pursuit of excellence shown by its employees and distributors, which has enabled the company to successfully complete the financial year. The Board also expresses its gratitude to the Insurance Regulatory and Development Authority of India, the Bharti group and the AXA Group for their constant support, guidance and co-operation.

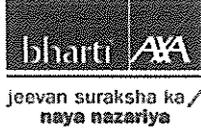
For and on behalf of the Board of Directors of  
Bharti AXA Life Insurance Company Limited,

Chairman

Date: 26 July 2017

Place: New Delhi





**Annexure A**  
**ANNUAL DECLARATION OF INDEPENDENCE**  
*(Pursuant to Section 149(6) of the Companies act, 2013)*

To,  
The Board of Directors  
**Bharti AXA Life Insurance Company Limited**  
Unit no. 601 & 602, 6<sup>th</sup> Floor,  
Raheja Titanium,  
Off Western Express highway, Goregaon – East,  
Mumbai 400063

Dear Sir,

I \_\_\_\_\_, son/daughter of \_\_\_\_\_, resident of \_\_\_\_\_ hereby declare that I have complied and shall comply with the conditions laid down in Section 149(6) read with Schedule IV of the Companies Act, 2013 during my tenure with the Company as an Independent Director.

I further state that up to the date of this certificate,

- a. I do not have any material pecuniary relationship or transactions with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years, apart from receiving director's remuneration as per my appointment letter.
- b. I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- c. I have not and will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall seek prior approval of the Board. I understand that in such a situation I shall cease to be an independent director from the date of entering into such relationship/transaction.
- d. I was not a partner or an executive during the preceding three years, of any of the following:
  - i. the statutory audit firm or the internal audit firm that is associated with the Company and
  - ii. the legal firm(s) and consulting firm(s) that have a material association with the company
- e. I have not been a substantial shareholder of the Company i.e., owning two percent or more of the total voting power of the Company.

Date:  
Place:

Signature:  
Name:





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## Annexure B

### BHARTI AXA LIFE INSURANCE COMPANY LIMITED NOMINATION & REMUNERATION POLICY

#### 1. SCOPE OF APPLICATION:

This policy shall come into force with effect from the date of approval by the Board of Directors of the Company and shall be applicable to:

- a. Non-Executive Directors
- b. Managing Director / Whole Time Director / Chief Executive Officer / Executive Director
- c. Key Management Persons (KMP) of the Company

#### 2. KEY OBJECTIVES:

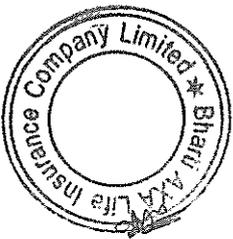
This Nomination and Remuneration Policy Statement takes into account Bharti AXA's business strategy, objectives, risk tolerance, and the long-term interests of its clients, shareholders and employees. In the document below we have sought to ensure that the nomination and remuneration policies and practices at Bharti AXA Life Insurance attracts right talent and drives effective risk management and right behaviors that are in the long term interests of both the Company and its shareholders.

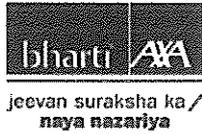
The key objectives of Policy are:

- 1.1. To provide the criteria for identification of persons who are qualified to become Directors, Key Management Persons (as defined in point 2.3)
- 1.2. To provide standards for appointment, remuneration and removal of Directors and Key Management Persons and other Senior Management personnel.
- 1.3. To set out the methodology for carrying out performance evaluation of Directors and Key Management Persons
- 1.4. To fix the fee structures and fee levels for Independent Directors.
- 1.5. To approve remuneration plan for employees of the Company;

The Remuneration Philosophy aims to:

- a) attract and retain the best skills and talents by offering competitive packages by differentiating employees on the basis of performance;
- b) foster employee engagement by rewarding fairly and consistently across businesses, teams and individuals;
- c) Strengthening leadership by rewarding performance as the combination of both results and behaviors.





### 3. DEFINITIONS

- 3.1. **Act means Companies act 2013**
- 3.2. **Director** means a person appointed to the position of a Director on the Board of Director of the Company.
- 3.3. **Guidelines** means IRDAI (Remuneration of Non-executive Directors of Private Sector Insurers) Guidelines, 2016
- 3.4. **Independent Director** means a director referred to in Section 149(6) of the Companies Act, 2013.
- 3.5. **Managing director** means a director who, by virtue of the articles of a company or an agreement with the Company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the Company and includes a director occupying the position of managing director, by whatever name called.
- 3.6. **Whole-time director** includes a director in the whole-time employment of the Company
- 3.7. **Key Management Person (KMP)** means a person defined under section 2(51) of the Companies Act 2013 and / or a person defined as a Key Management Person under IRDAI Guidelines on appointment and reporting of Key Management Persons, as amended from time to time.
- 3.8. **Senior Management Person** means persons of the company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the Board, including the functional heads.

### 4. POLICY

Any proposal for remuneration or increase in remuneration must be submitted in adherence to the Board Nomination and Remuneration Committee (BNRC) and BNRC may recommend the proposal to Board of Directors for their consideration in accordance with this Policy.

Any changes in the Policy on account of regulatory requirements will be reviewed and approved by the Board Nomination and Remuneration Committee and the Board. The Board Nomination and Remuneration Committee / Board will give suitable directions / guidelines to implement in the Policy.

The Policy shall be reviewed yearly by the Board Nomination and Remuneration Committee and the Board of Directors of the Company.

### 5. APPOINTMENT CRITERIA AND QUALIFICATIONS:

#### 5.1. **Non-Independent Director and KMP**

5.1.1. The BNRC shall identify and ascertain the integrity, qualification, expertise, experience, past remuneration of the persons for appointment as Non-Independent Director and KMP or at Senior Management level and recommend to the Board of Directors for their consideration.

5.1.2. The BNRC shall exercise due diligence and ensure that the candidate who is





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proposed to be appointed is 'fit and proper' for the position. For all Directors and KMP a 'fit and proper declaration' shall be taken from the candidate before appointment.

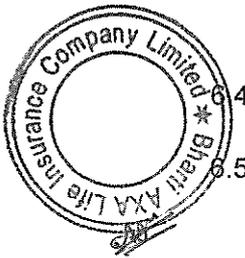
- 5.1.3. No appointment, re-appointment or termination of appointment of MD/CEO/WTD/ED shall have effect unless such appointment, re-appointment or termination is made with the previous approval of the IRDAI and approval of Board of Directors is obtained.
- 5.1.4. No appointment of Appointed Actuary shall have effect unless such appointment is made with the previous approval of the IRDAI and approval of the Board of Directors is obtained.

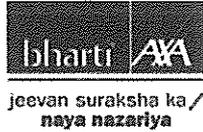
## 5.2. Independent Directors

- 5.2.1. The Committee shall ascertain the qualification, positive attributes and independence of the person for appointment as Independent Director.
- 5.2.2. Independent Directors shall be appointed for their professional expertise in their individual capacity as independent professionals.
- 5.2.3. The candidates shortlisted for the position of Independent directors shall fulfill the criteria laid down by regulatory authorities under the IRDAI's Corporate Governance Guidelines and Companies Act 2013.
- 5.2.4. An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operation, or other disciplines related to the Company's business.
- 5.2.5. The Committee shall consider the criteria mentioned in section 149(6) of the Companies Act, 2013 as may be amended from time to time, for determining the Independence of Independent Directors.

## 6. PERFORMANCE EVALUATION OF DIRECTORS:

- 6.1. The Committee should consider the following criteria while evaluating the performance of the Directors:
  - a) Attendance of the Board and Committee meetings
  - b) Contribution of the Directors at the Board and Committee meetings
  - c) Quality of interaction at the meetings
  - d) Governance on compliance and risk areas
- 6.2. Such other criteria as may be decided by the Committee
- 6.3. The Committee shall evaluate the performance of directors before considering their re- appointment and shall accordingly recommend the Board for their re-appointment.
- 6.4. The Director whose performance is subject to evaluation and discussion at a particular Committee / Board meeting shall not participate in such meeting.
- 6.5. Separate meeting of Independent Directors shall be held for evaluation of the performance of Board of Directors at least once every financial year.





## **7. REMOVAL/VACATION OF OFFICE/SUPERANNUATION/RESIGNATION:**

- 7.1. The Committee shall be taking utmost care and diligence while recommending the appointment of Directors, KMPs and Senior Management Person. However due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Person subject to the provisions and compliance of the said Act, rules and regulations.
- 7.2. The Committee at its discretion may also recommend to the Board for removal of Director, KMPs and Senior Management person due to misconduct, unsatisfactory performance and for such other reasons as the committee deems fit.
- 7.3. Grounds for Removal according to Companies Act, 2013:
- a) If he/she incurs any of the disqualifications specified in section 164
  - b) If he/she absents himself for all the meetings of the Board of Directors held during 12 weeks
  - c) If he/she contravenes provisions of Section 184
  - d) If he/she fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested
  - e) If he/she is disqualified by a court of any offence involving moral turpitude and is sentenced to imprisonment for a period of not less than 6 months
- 7.4. The Director, KMPs and Senior Management person, unless re-appointed, shall vacate their office on retirement / expiry of their term as per the terms and conditions of their appointment / employment and the applicable provisions, rules and regulations of the Companies Act, 2013 and other applicable laws.
- 7.5. KMPs shall lay down their office on the date of attainment of the age of superannuation as per their Employment Contract or upon the expiry of the term of their appointment.
- 7.6. An Independent Director shall lay down his/her office, unless re-appointed for another term as per the applicable provisions of Companies Act, 2013 and rules thereunder.
- 7.7. A director may resign from his office by giving a notice in writing to the Company and the Board and such resignation of a director shall take effect from the date on which the notice is received or such further date as may be mentioned.

## **8. TERM AND TENURE:**

- 8.1. The Managing Director / Whole-time Director / Executive Director may be appointed for a term not exceeding five years at a time.
- 8.2. Independent Directors may be appointed for a term not exceeding five years and shall not be re-appointed for more than 2 consecutive terms of 5 years. The Independent Directors who has completed 2 consecutive terms may be considered for re-appointment after the cooling off period of three years.





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- 8.3. Other Directors, KMPs or Senior Management Person(s) may be appointed for such term as the Board may deem fit from time to time.

## 9. REMUNERATION PRINCIPLES:

The remuneration Policy is based on the following key principles:

- 9.1. Simple, consistent and transparent.
- 9.2. Achieving a balance between pay and performance, such that:
  - 9.2.1. fixed pay remains at an appropriate level when considered against the highly competitive market place, ensuring we are able to attract and retain high caliber staff;
  - 9.2.2. and variable pay and incentives provide a strong and demonstrable link between the performance of the Company and/ or other parameters as may be approved by the Nomination & Remuneration Committee.
- 9.3. Total Remuneration is adjusted for all types of risks such as cash, credit and liquidity risks , such that:
  - Remuneration outcomes are symmetric with risk outcomes and sensitive to time horizon of risk
  - Use mix of cash, equity and deferred compensation to be consistent with risk alignment

In setting remuneration levels, the Committee is mindful of the fact that our business operates in a highly competitive market. The Committee takes into account appropriate remuneration data from the relevant market

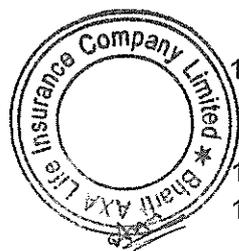
## 10. REMUNERATION OF DIRECTORS

### 10.1. Independent Directors:

- 10.1.1. As per Section 197 (5) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company can decide on the remuneration to be paid to Directors by way of fee for attending meetings of the Board or Committee thereof.
- 10.1.2. The sitting fees payable to Independent Directors of the Company for attending the Board and Committee meetings will be approved by the Board of Directors of the Company from time to time on the recommendation of Board Nomination and Remuneration Committee.
- 10.1.3. In addition to above, they are entitled to reimbursement of travel and accommodation expenses incurred in connection with attending the Board, Committee and General meetings of the Company.
- 10.1.4. The Independent Directors may, be paid profit related commission, as per process laid down under Companies Act, 2013

### 10.2. Non-Executive Directors:

- 10.2.1. None of the director representing the shareholders of the Company shall be paid





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MD/WTD/ED/CEO after the approval of Board of Directors subject to the prior approval of IRDAI.

11.3.5. The MD/ WTDs / CEO of the Company shall not be paid remuneration by any promoter/investor or group companies of the promoters'/investors'.

**11.4. ESOP:**

11.4.1. ESOP is a widely used instrument to provide employees with stock ownership and align them to long term interest of the company. While ESOP is not part of total remuneration, the extent of ESOPs issued should be reasonable and decided based on affordability of the company.

11.4.2. In accordance with the disclosure requirements laid out for financial statements of the company, details of the ESOP granted to the MD & CEO will be disclosed to the regulator.

11.4.3. If the ESOPs of Bharti AXA are offered to CEO & MD or a WTD, such offer shall be in compliance of the applicable regulatory requirements and the manner of pricing of shares shall be disclosed upfront to the IRDAI.

**11.5. Sweat Equity:**

If the shares of Bharti AXA Life Insurance Co. Ltd. are issued in form of Sweat Equity, then it will be governed by the provisions of the Sweat Equity Regulations issued by SEBI.

**11.6. Guaranteed Bonus:**

11.6.1. In compliance with IRDAI guidelines, guaranteed bonuses will not be part of the compensation structure for MD/CEO/WTD. Hence, the joining or sign on bonus will only form part of the first year compensation package, which may be paid beyond the year of joining.

11.6.2. Sign on / Joining Bonus, Retention Bonus, Deferred bonus, other one-time payouts, may be offered with appropriate claw backs.

**11.7. Deferral Pay:**

11.7.1. In case of deferral arrangement of variable pay for MD/CEO/WTD, the deferral period should not be less than 3 years.

11.7.2. Remuneration paid under deferral arrangements should vest no faster than on pro rata basis.

11.7.3. In event of any negative trend in the parameters on the basis of which the variable pay has been structured in any year during the vesting period, any unvested/ unpaid portions will be clawed back appropriately basis actual/realised performance of the company.

11.7.4. The claw back norms will be driven by observable and verifiable measures of risk outcomes defined for calculation of variable pay

**12. SEVERANCE PAY:**

12.1.1. Without the prior approval of the Board, the Company will not grant any severance pay to MD & CEO other than accrued benefits (gratuity, pension, etc.)

12.1.2. Severance Pay does not include notice period pay.





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any remuneration for attending the Board / Committee meetings of the Company.

10.2.2. In compliance with Guidelines, the Board of Directors may approve the remuneration in the form of profit related Commission to the Non-Executive Directors, excluding the Chairman of the Board.

## **11. REMUNERATION FRAMEWORK**

The key elements of our remuneration framework for KMPs and other Senior Management Persons are as below:

### **11.1. Total Fixed Pay:**

11.1.1. The Total Fixed Pay for all its employees shall be based, inter alia, the competitive market benchmarking to attract and retain talent

11.1.2. It shall be periodically benchmarked to ensure that the pay remains competitive and adequate to attract and retain high caliber talent.

### **11.2. Variable Pay:**

11.2.1. There should be proper balance between fixed pay and variable pay. The proportion of variable pay to fixed pay increases with increase in level of responsibility, skill and specialty of function / role.

11.2.2. The variable pay can be in the form of cash, deferred cash, stock linked instruments or a mix of these. Appropriate balance between will be maintained between cash and stock/share linked components in the variable pay.

11.2.3. The payout against the variable pay opportunity will be calculated based on Company Performance (including group and / or regional performance, as the case may be) as well as Individual performance. Deterioration in financial performance of the company will generally lead to contraction in the variable remuneration paid. Conversely, if there is an improvement in financial performance of the Company, it may lead to an increase in the variable pay.

11.2.4. Wherever applicable, the variable pay will be adjusted for all types of business risks which are an integral part of the KPIs of Senior Management and KMPs. While calculating the variable pay of CEO & MD, due consideration shall be given to the parameters as laid down by IRDAI in the Guidelines.

The variable pay-out to the MD & CEO will be as per the structure approved by the Board on recommendation of Nomination & Remuneration Committee, subject to in conformity with the extant regulatory provisions.

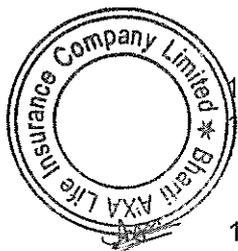
### **11.3. Total Remuneration:**

11.3.1. Total Remuneration may comprise of total fixed pay, actual variable pay, perquisites, guaranteed pay, sign on bonus, deferred bonus, one-time payouts, pension plans, gratuity, benefits and superannuation.

11.3.2. Total Remuneration does not include ESOPs.

11.3.3. If the annual compensation of the CEO is more than 1.50 crore (including all perquisites and bonuses etc.), such excess shall be debited to by the Shareholders' account

11.3.4. Any of the following types of compensation may be provided to an



# Secretarial Audit Report

<b>Name of Company</b>	Bharti AXA Life Insurance Company Limited
<b>Corporate Identity Number</b>	U66010MH2005PLC157108
<b>Registered Office</b>	Unit 601 & 602, 6 <sup>th</sup> floor, Raheja Titanium, Off Western Express Highway, Goregaon East, Mumbai – 400063
<b>Period of Audit</b>	Financial Year ending on 31st March, 2017
<b>Date of Report</b>	** May 2017

Report by:



**Neha Singhi & Co**  
**Company Secretaries**

**Mumbai Office:** 1215, 12th Floor  
Sunshine Tower, Senapati Bapat Marg  
Dadar, Mumbai 400 013  
Ph:+9122 67477400

**Kolkata Office:** c/o Kreeti Technologies,  
#330 SDF Building, Block-GP, Sector V,  
Salt Lake City, Kolkata- 700091  
Phone: +91 33 40083385

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## **Neha Singhi & Company**

Company Secretaries  
website: [www.nehasinghi.com](http://www.nehasinghi.com)  
email: [neha@nehasinghi.com](mailto:neha@nehasinghi.com)  
Mob: +91 9819722234

## **Executive Summary**

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Neha Singhi & Company, has been engaged by Bharti Axa Life Insurance Company Limited (hereinafter called "Bharti Axa" or "the Company") to conduct the Secretarial Audit required under Section 204 of the Companies Act, 2013 ("Secretarial Audit") for the financial year ended 31<sup>st</sup> March 2017. The Secretarial Audit includes review of compliances under various Acts, Rules, Regulations, Guidelines, and Standards as applicable to the Company. The appointment of Neha Singhi & Company has been approved by the Directors of the Company in the Board meeting held on 22<sup>nd</sup> February 2017.

## **Introduction**

---

Bharti Axa is a joint venture between Bharti Enterprises and AXA Group. To briefly introduce, Bharti Enterprises is an Indian business conglomerate headquartered in New Delhi, India, which was founded in 1976 by Sunil Bharti Mittal having operations in 20 countries across Asia and Africa. AXA Group has impeccable presence in Insurance in more than 59 countries, and is headquartered in France. AXA's three lines of expertise providing it a distinctive business portfolio are - Property & Casualty, Life & Savings and Asset Management.

Bharti Axa is a closely held public company incorporated in the year 2005. The Company is engaged into business activities related to Insurance, and is registered with Insurance Regulatory and Development Authority (IRDA). The authorised share capital and paid up share capital of the Company as on March 31, 2017 was INR 3,000 crore and INR 2,406 crore (approx.) respectively.

## **Purpose and Scope of Audit**

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### **A. Purpose**

Section 204 of the Companies Act 2013, read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, mandates (a) every public company having a paid-up share capital fifty crore rupees or more; or (b) every public company having a turnover of two hundred fifty crore rupees or more, to annex with its Board's report, a secretarial audit report, given by a company secretary in practice, in the form prescribed in MR 3.

It is the duty of the company to give all assistance and facilities to the company secretary in practice, for auditing the secretarial and related records of the company. Further, the Board of Directors, in their report made in terms of sub-section (3) of section 134, shall explain in full any qualification or observation or other remarks made by the company secretary in practice in the secretarial audit report under sub-section (1).

If a company or any officer of the company or the company secretary in practice, contravenes the provisions of this section, the company, every officer of the company or the company secretary in practice, who is in default, shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.



## Neha Singhi & Company

Company Secretaries  
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Mob: +91 9819722234

### B. Scope of Audit

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of Acts, Rules, Regulations, Guidelines, Standards as described herein below:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Memorandum and Articles of Association of the Company
- (iii) Joint Venture Agreement between the Promoters
- (iv) The Depositories Act, 1996 and the Regulations and Bye – Laws framed thereunder;
- (v) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- (vi) The Insurance Act, 1938 (or The Insurance Act), including amendments and part thereof;
- (vii) Corporate Governance Guidelines for Insurance Companies;
- (viii) The following Regulations and Guidelines under Insurance Regulatory And Development Authority of India (IRDA):-
  - (a) IRDA (Protection of Policyholders Interests) Regulations, 2002;
  - (b) IRDA (Insurance Advertisements and Disclosure) Regulations, 2000;
  - (c) IRDA (Assets, Liabilities And Solvency Margin of Insurers) Regulations, 2000;
  - (d) IRDA (Registration of Indian Insurance Companies Regulations, 2003;
  - (e) IRDA (Place of Business) Regulations, 2013;
  - (f) IRDA (Appointed Actuary) Regulations, 2000;
  - (g) IRDA (Actuarial Report and Abstract) regulations, 2000;
  - (h) IRDA (Health Insurance) Regulations, 2013;
  - (i) IRDA Advisory Committee (Meetings) Regulations, 2000;

- (j) IRDA (Life Insurance – Reinsurance) Regulations, 2013;
- (k) IRDA (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002
- (l) IRDA (Investment) Regulations, 2000;
- (m) IRDA (Non-Linked Insurance Products) Regulations, 2013;
- (n) IRDA (Linked Insurance Products) Regulations, 2013;
- (ix) The following Regulations and Guidelines under labour law:
  - (a) Employees State Insurance Act, 1948;
  - (b) Employees Provident Funds & Miscellaneous Provisions Act, 1952;
  - (c) Payment of Bonus Act, 1965;
  - (d) Payment of Gratuity Act, 1972;
  - (e) Payment of Wages Act, 1936;
  - (f) Minimum Wages Act, 1948;
  - (g) The Maternity Benefit Act, 1961;
  - (h) The Child labour (Prohibition and Regulation) Act, 1886;
  - (i) Contract labour (Regulation & Labour) Act, 1970;
  - (j) The Bombay Shops & Establishments Act, 1948;
  - (k) The Maharashtra labour Welfare Fund Act, 1953;
  - (l) The Maharashtra State Tax on Professions, Trades, Callings And Employments Acts, 1975;
  - (m) The Equal Remuneration Act, 1976
- (x) Secretarial Standards issued by The Institute of Company Secretaries of India



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# Audit Programme

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Reviewing Period: 20<sup>th</sup> March to 5<sup>th</sup> May 2017

We have conducted the Secretarial Audit of the compliances and governance practices followed by Company, in view of the applicable statutory provisions and adherence to good corporate practices. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Various audit techniques were adopted during the Audit Programme, including exhaustive check lists, selective or sample checks etc.

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# Reporting

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Based on the verification of books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended 31<sup>st</sup> March, 2017 complied with the statutory provisions applicable to it and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

## A. We report that-

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non – Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the applicable Acts, rules and regulations.
2. Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. The quorum was present for all the meetings and the meetings were conducted in a proper manner, where the dissenting members' views were captured and recorded as part of the minutes, and decisions have been based on majority.
4. There are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
5. During the period under review (i.e. during the financial year ending March 31, 2017), the Company has issued and allotted 12000000 equity shares on right issue basis. Further there was a transfer of 31,81,12,176 shares from Bharti Insurance Holdings Private Limited to First American Securities on 31<sup>st</sup> March 2017, such that the later company becomes the holding company of the Company. The new shareholding pattern of the Company constitute 51% shareholding of First American Securities and 49% Axa India Holdings. Such share issuance and transfer could be considered as an event or action having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards etc. referred above. A snapshot of the allotment and transfer is reproduced in Annexure A & B.



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### **B. Observations**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., except for the following:

- I. Compliance of Section 40B of the Insurance Act, read with Rule 17D of Insurance Rules, which specifies limits on management expenses in life insurance business. Though the Company was allowed an exemption for a period of five years by IRDA from 2007-08 to 2011-12, however the expenses after the exemption period continue to be in excess of the prescribed limits. The Company had received show cause notice from IRDA for such non-compliance, to which the Company replied through letter dated 20<sup>th</sup> May 2014 and 4<sup>th</sup> December 2015. Thereafter on request, the Company was allowed a personal hearing before IRDA on 23<sup>rd</sup> April 2016, the matter was heard and the IRDA issued an Order warning the Company for the contravention and advising it to bring the expenditure level within prescribed limits. Though the expenses continue to be in excess of prescribed limits, meanwhile, IRDA has issued IRDAI (Expenses of Management for Life Insurers) Regulations, 2016 on 9<sup>th</sup> May 2016, which gives power to the IRDA to exempt a newly registered insurer, forbearance for a period not exceeding ten years. Accordingly, the Company has filed an application for forbearance under Section 14(i) of the IRDAI (Expenses of Management for Life Insurers) Regulations, 2016 with the IRDA. The Company is awaiting response from IRDA for the forbearance application filed.

## Conclusion

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The Company is professionally managed company, and has observed the compliance of applicable law, rules and regulations from time to time. The Board of the Company includes directors nominated from different promoter groups, professionals and industry experts, adding the benefits of sound governance system to Company management. The Secretarial department of the Company is effective and robust, and it strives to safeguard interest of all stakeholders.

## Scope Limitations

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- In providing this Report, we have relied on the information, documents, reports, details and representation provided by the Management of Bharti Axa. We have assumed that these information are complete and accurate.
- This Report is intended to be a part of Board's Report, in terms of the provisions of Section 204 of the Companies Act, 2013. It is not intended to be relied upon in isolation by third parties.
- Our comments are based on prevailing law as on date of our Report and our understanding and interpretation of the specified legislation as at that date. The foregoing are subject to change and any such change could have a retroactive effect on the conclusions presented in this memorandum.
- This report is an adaptive version of Form MR 3, retaining all the essential points of the format provided in Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
- In connection to the authenticity and reliability of financials, accounting statements, tax compliances, including indirect taxes viz. service tax, customs etc., we have placed reliance on the Statutory Auditors Report or other designated professionals having expertise in the field.



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## Certifications

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I certify that the contents of this Secretarial Audit Report are true to the best of my knowledge and belief, and an opinion in the Report is formed based on the information and details furnished by the Management of the Company.

For Neha Singhi & Company  
Company Secretaries

*neha baid*

Neha Baid  
Fellow Company Secretary: 7577  
Certificate of Practice: 8083

Place: Mumbai  
Date: \*\* May 2017

**Annexure A**

<b>Date of allotment</b>	<b>Names of the shareholder</b>	<b>Number of shares</b>	<b>Face Value per share</b>	<b>Premium per share</b>	<b>Amount of shares issued</b>
30.06.2016	Bharti Insurance Holdings Private Limited	6,61,000	10	Nil	66,10,000
30.06.2016	First American Securities Private Limited	18,89,000	10	Nil	1,88,90,000
30.06.2016	AXA India Holdings	24,50,000	10	Nil	2,45,00,000
30.11.2016	Bharti Insurance Holdings Private Limited	3,96,600	10	Nil	39,66,000
30.11.2016	First American Securities Private Limited	11,33,400	10	Nil	1,13,34,000
30.11.2016	AXA India Holdings	14,70,000	10	Nil	1,47,00,000
09.02.2017	Bharti Insurance Holdings Private Limited	5,28,800	10	Nil	52,88,000
09.02.2017	First American Securities Private Limited	15,11,200	10	Nil	1,51,12,000
09.02.2017	AXA India Holdings	19,60,000	10	Nil	1,96,00,000

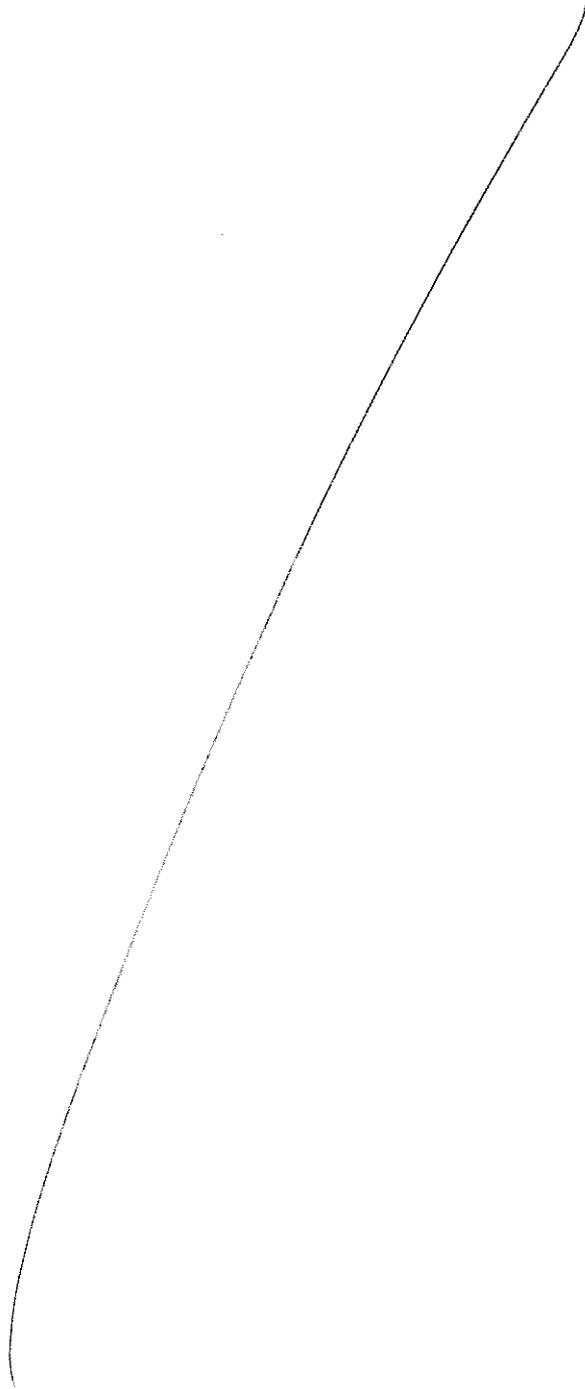


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### Annexure B

Date of Transfer	Transferor	Number of shares transferred	Transferee
31.03.2017	Bharti Insurance Holdings P Ltd	31,81,12,176	First American Securities P Ltd





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## Annexure D

### EXTRACT OF ANNUAL RETURN (MGT 9) as on financial year ended on 31 March 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

I. CIN:- U66010MH2005PLC157108

II. Registration Date: 27 October 2005

III. Name of the Company: Bharti AXA Life Insurance Company Limited

IV. Category / Sub-Category of the Company : Life Insurance

V. Address of the Registered office and contact details: 601 & 602, 6<sup>th</sup> Floor,  
Raheja Titanium, Off Western Express highway, Goregaon East, Mumbai 400063

VI. Whether listed company: Yes/ No

VII. Name, Address and Contact details of Registrar and Transfer Agent, if any –

Link Intime India Pvt. Ltd.  
C 101, 247 Park,  
L B S Marg, Vikhroli West,  
Mumbai – 400 083

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

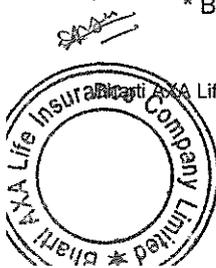
All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

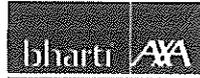
Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1.	Life Insurance Business	65110	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary / associate	% of shares held
1	Bharti Life Private Limited (formerly known as First American Securities Pvt. Ltd.)	U67120DL1996PTC293 113	Holding Company	51%
2	Bharti Enterprises Limited* (‘BEL’)	U74993DL2007PLC163 757	Associate Company	25%
3	Bharti Overseas Pvt. Ltd.* (‘BOPL’)	U72300DL2005PTC142 757	Associate Company	25%

\* BEL & BOPL hold 50% share capital of Bharti Life Private Limited





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#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### Category-wise Share Holding

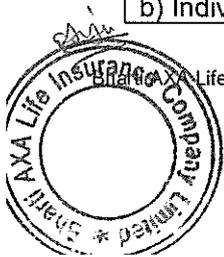
Category of Shareholders	No. of Shares held at the beginning of the year[As on 1-April-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
(1) Indian									
a) Individual/ HUF				0				0	
• Alok Roongta		1#				1*			
• Vinod D'souza		1#				1*			
• Nilesh Kothari		1#				1*			
• Manoj Jaju		1#				1*			
• Vidya Raman		-			1*				
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	51.00 %	-	-	-	51.00 %	-
(i) Bharti Insurance Holdings Private Limited	302,248,172		302,248,172		-	-	-		-
(ii) <sup>s</sup> Bharti Life Private Limited (previously known as First American Securities Private Limited)		863,714,322	863,714,322		1,227,162,489	4	1,227,162,493		
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub total (A) (1)</b>	<b>302,248,172</b>	<b>863,714,326</b>	<b>1,165,962,494</b>	<b>51.00 %</b>	<b>1,227,162,489</b>	<b>4</b>	<b>1,227,162,493</b>	<b>51.00 %</b>	<b>-</b>
(1) Foreign									
a)NRI - Individuals	-	-	-	-	-	-	-	-	-
b) Other -	-	-	-	-	-	-	-	-	-





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Category of Shareholders	No. of Shares held at the beginning of the year[As on 1-April-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Individuals									
c) Bodies Corp. AXA India Holdings	1,120,238,478		1,120,238,478	49.00%	1,179,038,478		1,179,038,478	49.00%	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub total (A) (2)</b>	<b>1,120,238,478</b>		<b>1,120,238,478</b>	<b>49.00%</b>	<b>1,179,038,478</b>		<b>1,179,038,478</b>	<b>49.00%</b>	<b>-</b>
<b>Total shareholding of Promoter (A) (1) + (A) (2)</b>	<b>1,422,486,650</b>	<b>863,714,326</b>	<b>2,286,200,976</b>	<b>100%</b>	<b>2,406,200,972</b>	<b>4</b>	<b>2,406,200,976</b>	<b>100%</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-





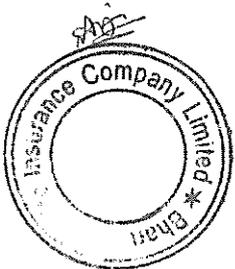
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Category of Shareholders	No. of Shares held at the beginning of the year[As on 1-April-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>1,422,486,650</b>	<b>863,714,326</b>	<b>2,286,200,976</b>	<b>100</b>	<b>2,406,200,976</b>		<b>2,406,200,976</b>	<b>100</b>	<b>-</b>

#Nominee on behalf of Bharti Insurance Holdings Limited

\*Nominee of Bharti Life Private Limited (previously nominee of First American Securities Private Limited)

\$Name change from First American Securities Private Limited to Bharti Life Private Limited w.e.f. 05 April 2017





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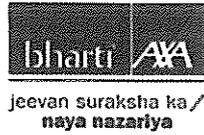
**B) Shareholding of Promoter-**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Bharti Insurance Holdings Pvt. Ltd.	302,248,172	13.22%	N.A.	-	-	N.A.	(13.22%)
2.	Bharti Life Private Limited (previously known as First American Securities Private Limited)	863,714,322	37.78%	N.A.	1,227,162,493	51.00%	N.A.	13.22
3.	AXA India Holdings	1,120,238,478	49.00%	N.A.	1,179,038,478	49.00%	N.A.	NIL
4.	Alok Roongta	1 <sup>#</sup>	0.00%	N.A.	1 <sup>*</sup>	0.00%	N.A.	NIL
5.	Vinod D'souza	1 <sup>#</sup>	0.00%	N.A.	1 <sup>*</sup>	0.00%	N.A.	NIL
6.	Nilesh Kothari	1 <sup>#</sup>	0.00%	N.A.	1 <sup>*</sup>	0.00%	N.A.	NIL
7.	Manoj Jaju	1 <sup>#</sup>	0.00%	N.A.	1 <sup>*</sup>	0.00%	N.A.	NIL
8.	Vidya Raman	-	-	N.A.	1 <sup>*</sup>	0.00%	N.A.	NIL

*# Nominee on behalf of Bharti Insurance Holdings Private Limited as on 31 March 2016*

*\*Nominee on behalf of Bharti Life Private Ltd previously known as First American Securities Pvt. Ltd. as on 31 March 2017*





**C) Change in Promoters' Shareholding (please specify, if there is no change)**

**a. Bharti Insurance Holdings Private Limited**

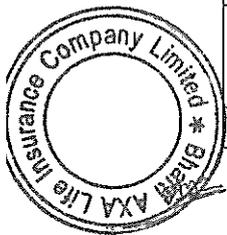
SN		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	302,248,176	13.22%	302,248,172	13.22%
2	<b>Allotment of shares during the year</b>				
	30 June 2016	6,610,000	13.22%	308,858,172	13.22%
	30 November 2016	3,966,000	13.22%	312,824,172	13.22%
	28 February 2017	5,288,000	13.22%	318,112,172	13.22%
	31 March 2017 (transfer of entire shareholding to Bharti Life Private Limited*)	318,112,176	13.22	-	-
3	At the end of the year	-	-	-	-

\*Previously known as First American Securities Pvt. Ltd.

**b. Bharti Life Private Limited\***

SN		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	863,714,322	37.78%	863,714,322	37.78%
2	<b>Allotment of shares during the year</b>				
	30 June 2016	18,890,000	37.78%	882,604,322	37.78%
	30 November 2016	11,334,000	37.78%	893,938,322	37.78%
	28 February 2017	15,112,000	37.78%	909,050,322	37.78%
	31 March 2017 (shares transferred by Bharti Insurance Holdings Private Limited)	318,112,176	51.00%	1,227,162,493	51.00%
3	At the end of the year			1,227,162,493	51.00%

\*Previously known as First American Securities Pvt. Ltd.





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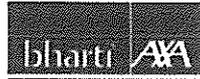
c. AXA India Holdings

SN		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	1,120,238,478	49.00%	1,120,238,478	49.00%
2	<b>Allotment of shares during the year</b>				
	30 June 2016	24,500,000	49.00%	1,144,738,478	49.00%
	30 November 2016	14,700,000	49.00%	1,159,438,478	49.00%
	28 February 207	19,600,000	49.00%	1,179,038,478	49.00%
3	At the end of the year	1,179,038,478	49.00%	1,179,038,478	49.00%

**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	N.A.	N.A.	N.A.	N.A.
	At the end of the year	N.A.	N.A.	N.A.	N.A.





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**E) Shareholding of Directors and Key Managerial Personnel: -**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	0.00	-	0.00
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	0.00	-	0.00
3	At the end of the year	0	0.00	0	0.00

**V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	Nil	Nil	Nil	Nil
<b>Change in Indebtedness during the financial year</b>	Nil	Nil	Nil	Nil
* Addition	Nil	Nil	Nil	Nil
* Reduction	Nil	Nil	Nil	Nil
<b>Net Change</b>	Nil	Nil	Nil	Nil
<b>Indebtedness at the end of the financial year</b>	Nil	Nil	Nil	Nil
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	Nil	Nil	Nil	Nil



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to CEO and Managing Director:

#### Managerial Remuneration:

#### A) Chief Executive Officer's (CEO's) Remuneration

Appointment of managerial personnel is in accordance with the requirements of Section 34A of the Insurance Act, 1938 and is as approved by the IRDAI.

Details of the managerial remuneration paid/ payable by the Company to MD & CEO are as follows:

			(Rs. '000)
Sr. No.	Gross salary	Sandeep Ghosh	Total Amount
		Managing Director	
i.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	55,168	55,168
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4,640	4,640
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
ii.	Stock Option	Details provided below	
iii.	Sweat Equity	NIL	NIL
iv.	Commission	NIL	NIL
	- as % of profit	NIL	NIL
	others, specify...	NIL	NIL
v.	Others, please specify	Details provided below	
	i. LTIP Granted ii. Past LTIP Allotted		
	Total		59808 + Stock Option + LTIP granted

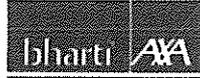
*Note: The provisions/ceiling relating to payment of Managerial Remuneration under the Companies Act, 2013 are not applicable to the Company since the Company is an Insurance Company under the provisions of Insurance Act 1938. The appointment/remuneration of MD & CEO is as per the approval of Insurance Regulatory and Development Authority of India. (IRDAI)*

#### Details of Stock Option and Other benefits

**Performance Bonus** – CEO is entitled to following Discretionary Annual Short Term Incentive Compensation ('STIC' or Discretionary Performance Bonus) payable as per the following parameters

Sr. No.	Calendar Year Performance level	STIC as a % of Basic Salary and Special Allowance***
1.	Achievement of Target Performance level (100% of Target)	70%
2.	Achievement of Excellent	140%





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Sr. No.	Calendar Year Performance level	STIC as a % of Basic Salary and Special Allowance***
	performance level (200% of Target)	
3.	Achievement levels between Target Performance level and Excellent Performance levels	Pro-rata in the range of 70% to 140% based on the actual performance. For example, if the actual performance is, say, 150%, the STIC % will be 105% (70%*150%)

\*\*\* Basic Salary and Special Allowance as at end of the Calendar year

- The Actual Performance will be measured based on the quantitative and qualitative performance parameters as per the following weightages:
  - Performance of Bharti AXA Life: 90% weightage
  - Performance of AXA Group: 10% weightage
- Discretionary Annual Short Term Incentive Compensation (STIC) may be further adjusted by +/- 15% based on an assessment of leadership behavior of CEO

#### Other Allowances

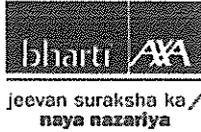
CEO is entitled to the following additional benefits:

- Free furnished house (in lieu of Housing Allowance) under the Company leased accommodation with fully refundable Security Deposit paid to the lessor
- Company Leased Car with Chauffeur, Car maintenance and running expenses at actuals
- PF & Gratuity as per Company's Policy. In the absence of Bharti AXA Life Superannuation Scheme, 15% of the monthly Basic salary for each month of completed service or part thereof payable on separation, subject to period of service being at least 2 years from the date of joining
- Official Travel expenses to be reimbursed as per Company's policy
- Medical Insurance Coverage, Accident Benefit and Life Insurance coverages as per Company's Policy
- One club membership

The amount in excess of Rs. 15,000 ('000) is charged to Profit and Loss (Shareholder's account) as required by IRDAI.

From FY 2015-16 onwards, the cost of the benefits/payments made to the Managerial Personnel required to be borne by the Insurance Company. Accordingly, the value of Performance Shares vested to CEO worth Rs. 7,335 ('000) [Previous Year Rs. 9,196 ('000)] for Calendar Year 2016 by AXA are provided for in books of account for FY 2016-17 and the same are included in Other Allowances and Benefits above.





CEO is also entitled to the following stock options granted by AXA. An amount of Rs. 723 ('000) [Previous Year NIL] have been provided for towards the cost of the stocks which have been vested but not exercised as at 31 March 2017 and the same are included in Other Allowances and Benefits above.

## 2016

**AXA Stock Options & AXA Performance Shares granted as per the following table:**

Sr. No.	Date of vesting	Proportion of vesting	Numbers Allotted	Black Scholes Value
Stock Options	2019	To be confirmed on Grant date	The numbers of Stock Options and Performance Shares will be confirmed on Grant date	EUR 187,000
	2020			
	2021			
Performance Shares	2020	100%		

\$ Terms and Conditions for AXA Stock Options and AXA Performance Shares are set out at the end of this note

The cost of above AXA Stock Options and AXA Performance Shares granted to CEO, Managing Director and CEO, will be fully borne by Bharti AXA Life Insurance Company Limited at the time of vesting.

## 2015

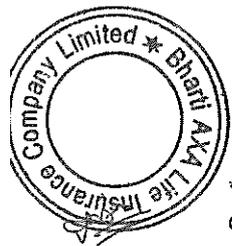
- AXA Stock options**

Sl. No	Date of vesting	Proportion of vesting	No. of AXA Stock options vesting	Price at which options are granted (Exercise Price)
1.	19 June 2018	1/3 of the Grant	4,379	EUR 22.90
2.	19 June 2019	1/3 of the Grant	4,379	
3.	19 June 2020	1/3 of the Grant	4,379	
	<b>TOTAL</b>		<b>13,137</b>	

- AXA Performance Shares**

Sl. No.	Date of vesting	Proportion of vesting	No. of AXA Performance Shares vesting (On Target)	Price at which Performance Shares are granted
1.	19 June 2019	100%	7,507 **	Free of cost

\*\* Actual shares granted may vary between 0% to 130% of the Target grant, on the basis of combined performance of AXA group & AXA Asia Region (including Bharti AXA Life





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Insurance Company Limited) performance.

\$\$ Terms and Conditions for AXA Stock Options and AXA Performance Shares are set out at the end of this note

The cost of above AXA Stock Options and AXA Performance Shares granted to CEO, Managing Director and CEO, will be fully borne by Bharti AXA Life Insurance Company Limited at the time of vesting of shares.

**Further, CEO is entitled to the following stock option/performance shares granted by AXA (pertaining to FY 2014-15 and prior). The cost of these is entirely borne by AXA.**

2014	2013	2012
(i) AXA Stock options granted: 12,100	(i) AXA Stock options granted: 12,000	(i) AXA Stock options granted: 9000
Vesting schedule: (a) 1/3 after 3 years from grant date; (b) Another 1/3 after 4 years from grant date; (c) Balance 1/3 after 5 years from grant date;	Vesting schedule: (a) 1/3 after 2 years from grant date; (b) Another 1/3 after 3 years from grant date; (c) Balance 1/3 after 4 years from grant date;	Vesting schedule: (a) 1/3 after 2 years from grant date; (b) Another 1/3 after 3 years from grant date; (c) Balance 1/3 after 4 years from grant date;
(ii) AXA Performance shares granted: 7,200	(ii) AXA Performance shares granted: 7,200	
Vesting schedule: (a) 1/2 after 3 years from grant date; (b) Another 1/2 after 4 years from grant date;		

\$ The AXA Stock Options will be granted subject to the following conditions:

- Stock Option is a right given to the Grantee to purchase Equity Shares of AXA which is listed in the compartment A of NYSE Euronext Paris at a pre-determined exercise price (Exercise Price) after the Stock Options vest with the Grantee as per above predetermined vesting Schedule
- The Grantee has a 10 year period from the date of Grant, to exercise the Stock options (post vesting), failing which the Grant will become null and void. At any point of time within that period (i.e. post vesting), the Grantee can choose to exercise the right to purchase share in part / in full or in any proportion to his convenience by paying the above pre-defined Exercise price
- Upon exercise of the vested options and payment of Exercise price, the Grantee gets actual allocation of AXA shares to his equity account with a third party





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(Bank/Appropriate Body) facilitated by the AXA Group. The Grantee has the option to sell the AXA Shares so acquired, at the then (when selling) prevailing Market price. On opting to sell the acquired AXA shares, a third party (Bank / Trust / Appropriate Body) arranged by the AXA Group shall facilitate the payout of sales proceeds to the Grantee

- If, however, the Grantee decides to sell the stock options immediately upon exercise at any time after the vesting date, the difference between the market value on the date of sale and the Exercise Price will be paid to the Grantee by a third party (Bank/Trust/Appropriate Body) arranged by the AXA Group and the actual allocation of shares will not happen to him under such circumstances.

§ The Performance Shares shall be subject to following conditions:

- Actual shares granted may vary between 0% to 130% of the Target grant, on the basis of combined performance of AXA group & AXA Asia Region (including Bharti AXA Life Insurance Company Limited) performance.
- AXA Performance Shares denote the Equity Shares of AXA listed in the compartment A of NYSE Euronext Paris which is granted free of cost to the Grantee after a 4 year waiting period (also called acquisition period) upon fulfilment of certain performance parameters
- Performance Shares would be granted based on the collective performance parameters as follows:
  - 1/3rd weightage for AXA Group's performance
  - 2/3rd weightage for AXA Asia Region (including Bharti AXA Life Insurance Company Limited) performance
- Weighted Average of the Performance of the entities listed above would be measured for the calendar years 2016, 2017 and 2018 for the above purpose
- On the basis of performance measured at the end of 2018 calendar year, AXA Shares as listed in the table above will be granted in June 2020
- The Grantee has the option to sell the AXA Performance Shares so acquired, at the then (when selling) prevailing Market price. On opting to sell the acquired AXA shares, a third party (Bank/Trust / Appropriate Body) arranged by the AXA Group shall facilitate the payout of sales proceeds to the Grantee
- If, however, the Grantee decides to sell the Performance Shares immediately upon vesting, the market value on the date of sale will be paid to the Grantee by the appointed third party (Bank/Trust/Appropriate Body) and the actual allocation of shares will not happen to him under such circumstances.

§§ The grant of the AXA Stock Options is subject to the following conditions:

- (a) Stock Option is a right given to the Grantee to purchase Equity Shares of AXA which is listed in the compartment A of NYSE Euronext Paris at a pre-determined exercise price (Exercise Price) after the Stock Options vest with the Grantee as per above pre-determined vesting Schedule





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- (a) The Grantee has a 10 year period from the date of Grant, to exercise the Stock options (post vesting), failing which the Grant will become null and void. At any point of time within that period (i.e. post vesting), the Grantee can choose to exercise the right to purchase share in part / in full or in any proportion to his convenience by paying the above pre-defined Exercise price.
- (b) Upon exercise of the vested options and payment of Exercise price, the Grantee gets actual allocation of AXA shares to his equity account with a third party (Bank / Appropriate Body) facilitated by the AXA Group. The Grantee has the option to sell the AXA Shares so acquired, at the then (when selling) prevailing Market price. On opting to sell the acquired AXA shares, a third party (Bank/Trust / Appropriate Body) arranged by the AXA Group shall facilitate the payout of sales proceeds to the Grantee.
- (c) If, however, the Grantee decides to sell the stock options immediately upon exercise at any time after the vesting date, the difference between the market value on the date of sale and the Exercise Price will be paid to the Grantee by a third party (Bank/Trust/Appropriate Body) arranged by the AXA Group and the actual allocation of shares will not happen to him under such circumstances.

\$\$ The grant of Performance Shares is subject to the following conditions:

- (a) AXA Performance Shares denote the Equity Shares of AXA listed in the compartment A of NYSE Euronext Paris which is granted free of cost to the Grantee after a 4 year waiting period (also called acquisition period) upon fulfilment of certain performance parameters
- (b) Performance Shares would be granted based on the collective performance parameters as follows:
  - 1/3<sup>rd</sup> weightage for AXA Group's performance
  - 2/3<sup>rd</sup> weightage for AXA Asia Region (including Bharti AXA Life Insurance Company Limited) performance
- (c) Weighted Average of the Performance of the entities listed above would be measured for the calendar years 2015, 2016 and 2017 for the above purpose
- (d) On the basis of performance measured at the end of 2017 calendar year, AXA Shares as listed in the table above will be granted in June 2019
- (e) The Grantee has the option to sell the AXA Performance Shares so acquired, at the then (when selling) prevailing Market price. On opting to sell the acquired AXA shares, a third party (Bank/Trust / Appropriate Body) arranged by the AXA Group shall facilitate the payout of sales proceeds to the Grantee

If, however, the Grantee decides to sell the Performance Shares immediately upon vesting, the market value on the date of sale will be paid to the Grantee by the appointed third party (Bank/Trust/Appropriate Body) and the actual allocation of shares will not happen to him under such circumstances.





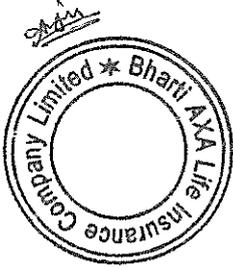
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### B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		Bharat Raut	Jitender Balakrishnan	Uma Relan	
1	Independent Directors				
	Fee for attending board / committee meetings	315,000	315,000	270,000	900,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	315,000	315,000	270,000	900,000
2	Other Non-Executive Directors**				
	Fee for attending board / committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
Total (B)=(1+2)		315,000	315,000	270,000	900,000
Total Managerial Remuneration		315,000	315,000	270,000	
*Overall Ceiling as per the Act		1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting

\*Currently the Company is paying Rs. 45000 as sitting fees for Board meeting and Rs. 15,000 for committee meeting.

\*\*No fees/remuneration is paid to the Non-executive Directors





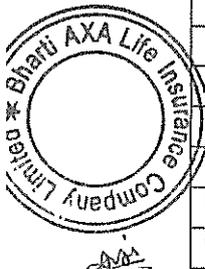
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**C. Remuneration to key managerial personnel other than MD / MANAGER / WTD**

Particulars of Remuneration	Key Managerial Personnel		
	C.L. Baradhvaj – Company Secretary	Rajeev Kumar Chief Financial Officer	Total
Gross salary	8,179,341	15,786,542	23,965,883
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	32,400	32,400
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
Stock Option	-	-	-
Sweat Equity	-	-	-
Commission	-	-	-
- as % of profit	-	-	-
others, specify...	-	-	-
Others, please specify iii. LTIP Granted	-	44,36,312	44,316,312
iv. Past LTIP Allotted	-	-	-
<b>Total</b>	<b>8,179,341</b>	<b>15,818,942+LTIP granted 44,36,312</b>	<b>23,998,283+LTIP granted 44,36,312</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment					
Compounding					





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ANNEXURE – E

Statement of employees drawing Rs. 1.02Cr p.a and Rs. 8.50L p.m. or part thereof in the previous financial year as per Rule 5(2) of the Chapter XIII of Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

For the Financial Year 2016-17

Sl. No.	Name	Designation	Total remuneration paid (p.a. on the basis of working period)	Nature of employment (contractual/otherwise)	Qualifications and Work Experience	Date of Joining	Date of Birth and Age of the employee	Last employment held by such employee	% of shares held by the employee	Whether related to any
1	Rajeev Kumar	Chief & Appointed Actuary	1,87,81,277	otherwise	B.Tech., Actuarial Fellow, Total 13 years (all insurance)	9-Aug-05	9-Dec-78	Max New York Life Insurance	N.A.	No
2	Amit Chopra	Senior VP & National Head - Broking	1,13,01,603	otherwise	BA, MBA, Insurance Industry (13 years), Total 15 years	9-Apr-07	30-Jul-76	ICICI Prudential	N.A.	No
3	Sandeep Nanda	Executive VP & Chief Investment Officer	1,29,41,403	otherwise	B.Tech., MBA, Total 28 years	4-May-09	26-Nov-62	AXA Investment Managers Pvt. Ltd	N.A.	No
4	Balakrishnan Ambat	Chief Agency Officer	1,33,87,875	otherwise	B.Com., PG Diploma in System Management, Bank 4 years, Insurance 15 years, Total 21 years	22-Sep-10	8-Jan-71	Max New York Life Insurance	N.A.	No
5	Nagina Singh	Chief Human Resource Officer	1,82,18,173	otherwise	BA, Masters in Psychology, MBA, Total 17 Years	16-Sep-14	17-Aug-72	Abott India	N.A.	No
6	Latha Ayyar	Chief Operating Officer	1,77,85,070	otherwise	B.Com., CA, Total 26 years	10-Mar-15	2-Apr-64	Citibank	N.A.	No
7	Mudit Kumar	Chief & Appointed Actuary	1,20,18,900	Otherwise	B Tech, Fellow of Institute of Actuary, India and UK, 15 years	29-Apr-15	20-Oct-79	Aviva Life Insurance	N.A.	No
8	Sandeep Ghosh	Chief Executive Officer	56,587,497	otherwise	B.Com., MBA, Total 25 years	11-Apr-11	14-Oct-68	Australia & New Zealand Banking Group	N.A.	No

