

**TRANSCRIPT OF PROCEEDINGS OF THE 21<sup>ST</sup> ANNUAL GENERAL MEETING (“AGM”) OF THE MEMBERS OF HDFC LIFE INSURANCE COMPANY LIMITED (“THE COMPANY/ HDFC LIFE”) HELD ON MONDAY, JULY 19, 2021 AT 3.00 P.M. (IST) THROUGH VIDEO-CONFERENCING (“VC”)/ OTHER AUDIO VIDEO MEANS (“OAVM”)**

---

Welcome Address by Mr. Deepak S. Parekh, Non-Executive Chairman.

Dear Shareholders’, Good afternoon. It's 3.00 pm and I, on behalf of the Board of Directors (“Board”) of HDFC Life, welcome you all to the 21<sup>st</sup> AGM of your Company.

In remembrance and to honour the memories of all the lives we lost in the battle against the on-going pandemic, we would like to start the meeting by observing a minute's silence. Let us pray for those who lost their lives and may God give the family members strength in these difficult times. At HDFC Life, we lost 17 of our employees and 38 of our financial consultants over past 15 months. Let's please maintain a minute’s silence.

Thank you. On behalf of the Board of HDFC Life and on my behalf, I welcome you all to the 21st AGM of your Company. I hope you and your families are healthy and safe during these uncertain and unprecedented times. In view of the on-going pandemic, consequent restrictions, and keeping your safety in mind, this AGM is being held through VC in accordance with circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

I have been informed that the requisite quorum is present and so I call this meeting to order. We have a full attendance of the Board at this AGM.

Representatives of Joint Statutory Auditor's viz., Price Waterhouse Chartered Accountants LLP and G.M. Kapadia & Co. Chartered Accountants and representative of Secretarial Auditors viz., M/s N L Bhatia & Associates, Practising Company Secretaries have also joined this meeting through VC. We also have members of the Senior Management team alongwith the Company Secretary and Chief Financial Officer participating in this meeting through VC from their respective locations.

The Company has made necessary arrangements to ensure participation of its members at this meeting through VC and to enable them to vote on the resolutions set forth in the AGM notice, electronically. Since the meeting is held through VC, facility for appointment of proxies was not available to the Members. Hence, the Company has not provided Proxy Form to its members and did not maintain Proxy Register. Other applicable registers & returns and statutory documents including Annual Certificate under Employee Stock Options Scheme are available for inspection at the e-voting module, made available by the e-voting service provider viz., KFIN Technologies Pvt. Ltd. (“KFin”).

The Joint Statutory Auditor's and Secretarial Auditors have expressed unqualified opinion in the respective audit reports for the financial year 2020-21. Since there are no qualifications, observations or adverse remarks on the financial statements, the said reports are not required to be read at this meeting.

Let me now highlight some of the key achievements of the Company.

### **START OF CHAIRMAN’S SPEECH**

While India is on the cusp of recovery after being battled the second wave of the pandemic, the economy is expected to grow in the range of 8% to 10% in the financial year 2021-22 albeit on a low base of FY21. Our financial results in pandemic times demonstrated the trust our customers repose on us. The resilience of our differentiated business model, which is supported by a diversified distribution network, market leading innovations, customer focused technology solutions and a trusted brand. We ranked consistently amongst the top two companies in the private sector life insurers in terms of new business premium, closing the year at Rs 20,110 crore with a market share of 21.5%. We closed FY21 with an embedded value of Rs 26,617 crore and an operating return on embedded value of 18.5% on account of higher volume, higher value of new business, and positive variance on persistency and expenses. We have also

registered an industry leading new business premium of 26.1% and a growth of 5% in Indian GAAP profits to close the year at Rs 1,360 crore.

During the first wave of the pandemic, India has significantly lower number of cases. But in the second wave, we witnessed a shortage of basic necessities, such as oxygen and medical supplies, etc. It might appear that the second wave has peaked out with daily cases coming down. But we as a country have already lost over four lakh precious lives. As the rate of infection plateaus, we should not be complacent and under no circumstances lower our guard against the virus.

Overall impact of the second wave on the pandemic and on Indian economy is expected to be milder and largely restricted to the June 2021 quarter.

The pandemic has heightened consumer awareness about life insurance, with many, including the millennials, now realizing that insurance is a necessary safeguard against life's uncertainties. The government's move to increase FDI limit in insurance to 74% is also a positive development for the sector from a long-term perspective.

Physical interactions have reduced drastically, and we are firmly moving towards a hybrid or a digital model offering contactless buying journeys and 24x7 servicing. There's also a rising need to rescale our sales force on ways to engage with customers, navigate queries and close sales in a largely digital environment.

Now, more than ever, insurers should focus on showing empathy towards customers by going above and beyond regular commitments, and offering complimentary and value-added services. These could include need of the art products and services like hospital tie-ups, online doctor consultations, pharmacy discounts, tele-health services and many more.

India's private life insurer's business growth has taken a blow one more time this year due to the second wave of the pandemic and the subsequent local level lockdowns across major parts of our country. However, business is expected to pick-up again from the second quarter as governments across various states lift lockdown restrictions in a phased manner.

We are operating in an extremely challenging and dynamic environment and would need to invest in technology, skilling and distribution, amongst others, to stay ahead of the curve. In this context, we continue to engage with our regulator to hold life insurers accountable towards only one parameter, i.e. expense management limit rather than have numerous rules over what they can or cannot invest or spend on. This would be very similar to the concept of a TER (Total Expense Ratio), followed by mutual funds.

Today, life insurers can only sell life insurance policies at their branches and through their employees. They cannot for e.g. sell NPS under national pension scheme, or health indemnity covers such as mediclaim. Across the world, both pension and health covers are very much part of the life insurance as they protect people from longevity and morbidity risk. Hence, allowing life insurers to distribute products, such as health indemnity and NPS would help improve the much-needed insurance reach across the country.

Despite operational challenges, we insured close to 4 crore lives in FY21, and settled over 2.9 lakh death claims that resulted in beneficiaries being paid over Rs 3000 crore in total. We have also provided for a Covid reserve of Rs 165 crore for FY22 and an additional reserve of Rs 700 crore in Q1 of FY22. We will continue to review the adequacy of this reserve through the year ahead and buffer up further as needed. We remain confident of our ability to absorb the impact of Covid 2.0 and deliver a steady performance.

Now results for Q1 FY22, which the board met earlier today and approved, in Q1 FY22, HDFC Life delivered 22% growth in terms of individual Weighted Received Premium (WRP) growing faster than the overall industry growth of 16%, with a market share of 17.8%. The value of new

business increased by 40% to Rs 408 crore on the back of growth and balance product mix and the new business margin was at 26.2% for Q1 FY22.

I am sure, we as a country and insurance as a sector will emerge stronger from this situation, and that our 'new normal' would be a better one.

We have also set-up a service help desk led by Mr Vinit Agarwal during this AGM. Policyholders can reach out to our team on 080-68800112 for any service related queries.

#### **END OF CHAIRMAN'S SPEECH**

I trust majority of you would have read the annual report for FY21 and assessed the performance of your Company during the year under review. You would have also read the Notice of this AGM and must be aware of the business which we are going to transact at this meeting.

As the Notice of this meeting was already circulated to all the members, I take the Notice convening the meeting as read.

Before we proceed further, I wish to bring to your notice that in terms of provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Company is providing to its member facility to cast their votes electronically, i.e. through remote e-voting module administered by KFin, on all the resolutions set out in the AGM notice. Members who have not cast their votes earlier and participating in this meeting can cast their votes through e-voting module made available by KFin by clicking on the e-voting icon available on the screen after conclusion of the Q&A session.

So, before I conclude, I wish to place on record our gratitude to all our shareholders, customers, distributors, regulatory authorities and media for their support and confidence in the Company

and above all, I would like to thank each and every employee of HDFC Life for their hard work, commitment and sustained support.

Thank you!

Now, I would like to invite speaker shareholders who have done prior registration, to speak and ask questions, if any. May I request the speakers to be brief and restrict your questions to the matters as set forth in the AGM notice, annual accounts and operations of your Company.

To avoid repetition, my colleague Ms Vibha and I will try and answer all the questions at the end of Q&A session.

#### **QUESTION AND ANSWER SESSION BEGINS**

**Chairman:** I now request speaker shareholders who have registered themselves to speak and ask questions. I request the speakers to be brief and restrict your questions to the matters set forth in the notice of the AGM. I now request the moderator to please go ahead with the session.

Names of the speaker shareholders have been called out by the Chairman/ Moderator seriatim:

**Moderator:** Thank you Sir, I request our first speaker, Ms. Asha Lata Maheshwari to kindly unmute your audio, switch on your camera and ask your question ma'am.

- 1) Ms. Asha Lata Maheshwari (Spoke in regional language)

*Myself, Asha Lata Maheshwari and my warm greetings to the respected Chairman and to all my Directors. My name is Asha Lata Maheshwari.*

*Chairman Sir it was my wish to meet all of you in person but it is sad that this year also it's not possible. I am happy to know that our company has made good profit this year. Happy to know that our Company has insured lives of 40 million people this year and recorded growth in the market share and also recorded almost 20% growth*

*in premium. Chairman Sir, you have already given updates about important achievements during the year in your speech.*

*Our Company has presence in major cities across India and satisfied all its customers (including child plans) by providing innovative and customer-friendly plans. She then praised the Company and the Chairman and gave blessings to them.*

*Is Company planning to bring any insurance scheme or plan especially for senior citizens?*

*Chairman Sir, Balance Sheet of the Company has come out so well that I don't have any question to ask on the same. She has conveyed special thanks for the secretarial team and said one shayari for the same.*

**Moderator:** I now request our next speaker Mr. Tamal Kumar Majumdar to kindly unmute your audio, switch on your camera and ask your question Sir.

2) Mr. Tamal Kumar Majumdar

*Taking into consideration last year's massive claim settlements, current wave and ensuing third wave of pandemic. Do you believe that the provision of Rs 165 crore is enough to settle Covid related claims during the current year? Do you also believe that our asset quality will be impacted further?*

*Further additional provision will be required or prudent company management will be able to handle the situation successfully? Would the Chairman please share his thoughts on the same?*

*Would you please share some details in the state of reshaping of the business model? Will conventional way of doing business take a backseat?*

*Considering the good financial results of the company, the percentage of dividend will increase further in the coming years?*

*After taking into consideration the current scenario, whether the company management expects to improve the solvency ratio further or to maintain it at current levels?*

*Do you believe that our growth momentum will continue during the financial year?*

*Mr. Majumdar then congratulated the management team for consistent growth in new business margins during FY21.*

*Do you believe that the Company will be able to maintain margins achieved in FY21 during FY22 or expect further growth?*

*What is your expectation for 13 months persistency ratio during Q1 FY22 and the remaining part of the financial year?*

*Company's dependency on the HDFC Bank for selling insurance products is not a good sign, and need to know the plan of action in this regard in order to lower down the dependency on the HDFC Bank?*

*What is the reason for growth in premium as the renewal premium grew by 19% during FY21 as compared to FY20?*

*Re-insurance feeder decreased from Rs 483 crore in FY20 to Rs 461 crore during FY21 under policyholders account. Would you please share the reason for such decrease?*

*Is there any loss of job for employees involved in sexual harassment cases and current status of open cases pertaining sexual harassment reported as on March 31, 2021?*

*Does the Company launched any new products during the current year or are there any plans to launch new products in near future?*

**Moderator:** I now request our next speaker Mr. Aloysius Peter Mascarenhas to kindly unmute your audio, switch on your camera and ask your question Sir.

3) Mr. Aloysius Peter Mascarenhas

*What is our future roadmap for business and is there any possibility of we taking over any small size insurance company because considering our size and spread we can take over and manage well. There are many companies in the insurance industry, which are looking for merger opportunities.*



*Kindly explain the impact of Covid-19 pandemic on our business and employees?  
How much compensation has been paid to the families of deceased employees who died due to Covid-19 pandemic and how much donation/ contribution our Company had given to PM Cares/ CM Relief Fund and other NGOs for fighting the battle against Covid-19 pandemic?*

**Moderator:** I request our next speaker Mrs. Mascarenhas to kindly unmute your audio, switch on your camera and ask your question Ma'am.

4) Mrs. Mascarenhas

*Congratulated entire management team for all the awards and accolades received during FY21.*

*We have 48 products plus 7 riders, out of which, which are our most popular products.*

*How many policies (% or numbers) were triggered through online mode?*

*In 2021 our Company has insured around 4 crore lives, what is the projection for FY22?*

*In FY21, our Company settled 2.9 lakh death claims. I would like to know what is the average time taken for settling such claims?*

*Are there any plans to list HDFC Pension Management Co. Ltd.? Since, it has grown very well in terms of AUM and market share, etc.*

**Moderator:** I now request our next speaker Mr. Muhammad Ali Sahil Rizvi to kindly unmute your audio, switch on your camera and ask your question Sir.

5) Mr. Muhammad Ali Sahil Rizvi - Could not join due to connectivity issue

**Moderator:** I now request our next speaker Mr. Adil Irani to kindly unmute your audio, switch on your camera and ask your question Sir.

6) Mr. Adil Irani

*Just spoke to greet the Chairman and the management team for the wonderful performance. No specific queries/ questions from Mr Adil.*

**Moderator:** I now request our next speaker Mr. Aspi bhesania to kindly unmute your audio, switch on your camera and ask your question Sir.

7) Mr. Aspi Bhesania -

*Standard Life has reduced its stake in the Company to 3.39%. Are they planning to exit our Company? What would be the impact on our Company if the Standard Life sells all its remaining holdings in near future?*

**Moderator:** We move on to the next speaker. Mr. Gautam Tiwari. Mr. Gautam, we request you to unmute your audio, switch on your camera and ask your question Sir.

8) Mr Gautam Tiwari (Spoke in regional language in between)

*At the outset Mr. Tiwari greeted the Chairman and MD&CEO and their entire team. He then mentioned that all the imminent Board of Directors hope all of you are safe and in good health.*

*Sir, it is my privilege to be a part of this company which is being led by the Deepak Sir as Chairman and Vibha Ma'am as MD&CEO. Sir, even during the dreaded pandemic situation across the world, our company has been doing very well. We are facing newer challenges across the world Sir, and for this great efforts, I would like to appreciate our company management and its employees. Also, Sir, I would like to thank entire secretarial team led by Mr Narendra Gangan for providing timely support to us.*

*He had strongly supported all the resolutions proposed in the AGM notice including proposals for re-appointment of Directors.*

*I would like to know what support the Company is providing to the families of deceased/ affected employees due to Covid-19 pandemic, since the employees are the backbone of our institution.*

*Sir, I would like to know how many pending cases are there.*

*Is our Company planning to bring any insurance scheme or plan especially for senior citizens?*

*What is our strategy or expansion plan about our two subsidiary companies?*

*Thank you very much Sir for patient hearing.*

**Moderator:** I request our next speaker, Ms. Lekha Shah to kindly unmute your audio, switch on your camera and ask your question ma'am.

9) Ms Lekha Shah

*Respected Chairman Sir, the Board of Directors, and my fellow members. Good evening to all of you. Myself, Lekha Shah from Mumbai. First of all, I am very much thankful to our Company Secretary Mr. Narendra Gangan Ji and Nagesh Ji for sending me the AGM notice and Annual Report well in time, which is full of knowledge, fact and figures in place.*

*She had congratulated the Company for winning various awards during FY21 and also expressed her satisfaction for the steps taken by the Company for undertaking various CSR related activities/ initiatives.*

*What are the leanings from lock down and how the Company is implementing such learning in its day to day business?*

*How are we engaging our employees?*

*Sir, I pray to God that he always shower his blessings upon you Sir. I am confident that with your vision and determination our company would reach to greater heights and also I pray to God, our Company should progress more and more under your guidance.*

**Moderator:** We request our next speaker, Mr. Shailesh Mahadevya to kindly unmute your audio, switch on your camera and ask your question Sir.

10) Mr Shailesh Mahadevia

*Respected Chairman, our distinguished Directors and Members of the Company, Sir, I wish to congratulate the entire Board of Directors and the Company Management for achieving excellent results, which is our way of life for the years to come. Sir, I would also like to appreciate the shareholder friendly approach, which you in particular have taken from HDFC right from the beginning and that approach is continued our company as well. Sir, I also appreciate the work which we have done for the benefit of the members who have suffered from Covid-19. Sir, I also appreciate the co-operation of Company Secretary and his team which has enabled us to join this meeting, smoothly.*

*He then congratulated the Company for preparing Sustainability Report, which essentially includes its attitude towards environment, society and governance.*

*He added that we are one of the few companies which has secured "BBB" rating from MSCI for our ESG initiatives/ work.*

*What is the rating index/ number given by Dow Jones?*

*Are we engaging any heavily employed experts having knowledge of latest technology viz., IOT, AI, analytics, etc. or are we taking the services from a well renowned technology companies, for implementing digital technology in our business?*

*Are we planning to acquire any small technology company to further strengthen our position in technology space?*

*He suggested that the report which we are preparing should be integrated annual report from next year, which could give us the idea about all the six capitals of the Company and how we have used them to create value during the year.*

*Last year, under our CSR initiative, the Company had devoted some resources for development of Japanese type of gardens, in Mumbai. We have developed about eight such gardens in the city. Would like to know the present status of such initiatives undertaken by the Company last year?*

**Moderator:** We request our next speaker, Mr. Santosh Kumar Saraf to kindly unmute your audio, switch on your camera and ask your question Sir.

11) Mr. Santosh Kumar Saraf (Spoke in regional language)

*Hello and good day to our respected Chairman, all the Directors and fellow Members. Myself Santosh Kumar Saraf speaking from Kolkata. I trust all of you including our employees are safe and in good health during this unprecedented time.*

*I have already communicated my questions/ concerns to the Company Secretary.*

*Can you please specify the reason for reduction in profit for the Q1 of FY22, despite of decent growth recorded by the Company in overall premium.*

*Kindly share the % of employees working from home and whether all the necessary infrastructure or facilities have been provided to such employees?*

*Also, let me know the % of employees and their family members who have taken the vaccine and whether Company has reimburse charges for the paid vaccine taken by the employees and their family members?*

*Any plans for launching new policies in near future and also elaborate the steps taken by the Company towards cost cutting exercise?*

*Can you please provide the area wise, age wise and gender wise details of more than 20,000 employees.*

**Moderator:** Request our next speaker, Mr. Anil Parekh to kindly unmute your audio, switch on your camera and please ask your question Sir.

12) Mr. Anil Parekh

*Respected Chairman Sir, Vibha Ma'am and all the Board Members, Good evening to you all and I hope you all are safe and doing well at respective end. Sir, I am thankful to our company's secretarial team headed by Mr Narendra Gangan. They are really doing an excellent work as far as investors are concerned and they are very helpful and I consider them as a best CS team so far I have come across.*

*Sir, I would like to congratulate our Company for excellent performance. This year 9.8 lakh policies we have sold and recorded new business premium of Rs 2,185 crore and also posted a net profit of Rs 1,360 crore. Excellent performance Sir. What rehabilitation package we have offered to the families of deceased employees due to Covid-19 pandemic and have we incurred any losses due to the same?*

*What is our penetration rate in tier two and three cities?*

*What kind of business strategy are we planning to upgrade our overall market share?*

*Any plans to launch any new policies/ products for Covid-19 pandemic?*

**Moderator:** I request our next speaker Mr. Chetan Chadda to kindly unmute your audio, switch on your camera and ask your question Sir.

13) Mr. Chetan Chadda (Spoke in regional language)

*I welcome the Board of Directors and fellow Members who have joined this meeting from their respective locations through video-conferencing.*

*I am thankful to our secretarial team who helped me to join this meeting through video-conferencing.*

*He then praised the company management for the good financial results.*

*He suggested that we should also approach our shareholders for selling the policies and investment plans, etc.*

*Sir, in this last 5 years, we have almost doubled our business but the profitability margin increased only from 22% to 26%.*

**Moderator:** I request our next speaker Mr. Dinesh Bhatia to kindly unmute your audio, switch on your camera and ask your question Sir.

14) Mr. Dinesh Bhatia (Spoke in regional language)

*Sir, at the outset I would like to congratulate our entire team for maintaining profitability even during pandemic time.*

*I am thankful to the secretarial team of the Company for giving us very good treatment and support for joining this meeting through video-conferencing.*

*I fully support all the resolutions proposed in the AGM notice.*

**Moderator:** I request our next speaker, Mr. Yusuf Yunus Rangwala to kindly unmute your audio, switch on your camera and ask your question Sir.

15) Mr. Yusuf Yunus Rangwala

*Chairman Sir, I am very happy with our secretarial team for providing me meeting link and also very thankful to the KFin team for providing necessary assistance to me.*

*All our staff has taken the vaccine to fight against Covid-19 pandemic?*

*When was the last bonus issue declared by the Company?*

*Sir, Ganesha Chathurti is coming. So, let's pray to lord Ganesha to shower his blessings on our company.*

**Moderator:** I request our next speaker, Mr. Kaushik Narendra Shaugar to kindly unmute your audio, switch on your camera and proceed with your question Sir.

16) Mr Kaushik Narendra Shaugar

*Good afternoon Sir, at the outset, let me introduce myself as Kaushik Narendra Shaugar from Mumbai. Professionally, I am Chartered accountant. Medically I have Dystonia. In simple terms, 65% of my body is paralyzed and this has impact of my right hand, my right leg and my speech.*

*As I mentioned before, despite my medical condition, I have successfully completed my chartered accountant course, as I strongly believe that I am self-reliant and self-dependent person, I admire the virtue of life.*

*I am confident that you will find my professional acumen of value to your organization and empathize with my condition and support me. Sir, if you could shower your blessings over me, it could impact my life in a positive manner.*

*Can I expect the positive response from your company? Thank you. Thank you so much.*

**Moderator:** I request our next speaker, Mr. Raj Hitesh Mehta to kindly unmute your audio, switch on your camera and proceed with your question Sir.

17) Mr Raj Hitesh Mehta

*HDFC life is gaining market share year on year basis. So, at what levels you will find that the % of market share gained will slower down or we will continue to maintain the same.*

*What's our investment strategy? Is it similar to what HDFC AMC is following? Kindly explain the investment strategies with respect to shareholders' fund.*

*Are we having any different strategies followed with respect to investments in equity markets? Or is it same as followed by HDFC AMC?*

*Going forward, what will our PAT growth will be? Will it be higher than the sales growth?*

*Re: Saral Jeevan Bhima product which was rolled out in this quarter. So, how are you going ahead with respect to the term products? Are we still cautious? Are you able to be a little aggressive on the term side in near future?*

*Kindly provide break-up of what are the margins you on? Is it that a term product or a unit product or a guaranteed product on better margin then compared to other products? Is it possible that can you give the breakup of the margin? So that we come to know that if we are increasing any particular product, then how will our margin increase based on that product?*

**Moderator:** I request our next speaker, Mr. Dharav Jamadar to kindly unmute your audio, switch on your camera and proceed with your question Sir.

18) Mr. Dharav Jamadar



*How many years do you think, our country will stay under penetrated in terms of life insurance and in our company's strategy should we use to increase the market share?*

*What are the major issues which our board has faced last year identified and how have we addressed them?*

*How does the company determine the overall mix of compensation to executives between cash options, ESOP's deferred compensation, perks, pension and other post-retirement benefits?*

*Our subsidiary Company viz., HDFC International has entered into the kingdom of Saudi Arabia and Qatar. So, can you please mention at what scale have we entered? And with what products portfolio? And also what other countries are we operating in? Or are we planning to operate?*

*Instead of having a push strategy, like many other companies are having in life insurance policy, we can have a pull strategy in attracting our customers and also then we can significantly reduce the customer complaint numbers that is right now, it is 35 per 10,000 policies to let's say a lower single digit.*

*In reference to ESG strategy of our company, can you please highlight more on how our company has earned upon the governance part? And also, can we expect some non-conventional products and services launched in this financial year?*

*My last question to Deepak Sir, what is your advice to the current new generation and millennial as they are actively participating in the financial market? So, what advice you would give to all of us so that we can have a good future and we can follow your footsteps?*

**Moderator:** I request our next speaker, Mr. Ravi Kumar Naredi to kindly unmute your audio, switch on your camera and proceed with your question Sir.

19) Mr. Ravi Kumar Naredi

*How much percentage is credit base, means insurance against loan in all our premium of HDFC Life policies?*

*Did we do reinsurance business with other companies, if yes, can you provide detailed information.*

*We did partnership with 50 emerging ecosystem like FinTech, Digital and telecommunication, how much growth we achieved in FY21 and what is your expectation for FY22?*

*If interest rate rises or decreases, what impact comes to our company as a whole or which situation is more beneficial to our company, downward side or upward side of insurance and if we do any hedging against interest rates, please let us know.*

*During Q1 FY22, the Company has created additional reserve of Rs 700 crore, out of which how much we have charged from Profit & Loss account.*

**Moderator:** I request our next speaker, Mr. Hiranand Kotwani to kindly unmute your audio, switch on your camera and proceed with your question Sir.

20) Mr Hiranand Kotwani

*How's the vision and mission for the growth and the increasing growth PAN India presence, our presence in northeast, if you can throw some light, expanding the business activity in the northeast, and our employees after 31st March, how many employees we have increased or decreased?*

*% of women employee in the Company and ratio of women and men employees and other attrition rate, if you can throw some light on that, in this pandemic and particularly our investment in stock market and liquid asset?*

*How you see the future of this organization particularly the growth and profitability and the reward.*

*One more thing, Re: our employees, are there any cases of human rights violation and sexual harassment, etc. in our Company? How we deal with it, any abuses and the human rights violation that our organisation reported?*

**Moderator:** I request our next speaker, Mr. Manoj Maheshwari to kindly unmute your audio, switch on your camera and proceed with your question Sir.

21) Mr Manoj Maheshwari

*Paid-up share capital of the Company is around Rs 2,000 plus crore and considering the insurance segment in the country and other listed entities in the segment, ours is the highest one. So, do you think it is appropriate to carry on with the same or intend to reduce is by way of buyback of shares or any other option available under the law. Referring to Form AOC-1 attached to the Annual Report it was understood that HDFC Pension Management Company Limited, one of the fastest rising company in retail and corporate segment having market share of over 34% that is tremendous and AUM over Rs 16,000 crore. My only concern is the reserves and surplus which is given in this form is in negative. So considering such a strong fundamental, how the reserves and surplus is in negative?*

*GST @ 18% on the insurance product is really very costly for an individual to pay such a huge GST rate on insurance product, if it is reduced to say 5% yours is one of the most powerful group in the country and of course you can engage with the government also at appropriate time and if you get it reduced to 5%. Surely it's going to benefit public at large and of course insurance sector broadly.*

**Moderator:** I request our next speaker, Mr. Jaydip Bakshi to kindly unmute your audio, switch on your camera and proceed with your question Sir.

22) Mr. Jaydip Bakshi

*It's a proud moment for a journey of 20 years protecting India with pride and it is the most admired life insurance company.*

*We have 36 individual and 12 group products. How many are the number of lives insured and business gathered in this crisis period and what's the % of business affected as sales team had difficulty in moving around during this lockdown period which we are having?*

*What is the % of premium payments we have received digitally and also physically? The economic scenario is dull. So what is the premium payment status at present? Are we getting it or there is a delay in the premium payments, and also the number of cases the settlement done due to Covid impact?*

*What measures we followed and tie-up for the sanitization of the office space and also the staff and the visitors and are we assisting our staff members, who were affected by this pandemic and is there any plan/ policy for debt reduction.*

*What are the steps undertaken by our Company for data protection?*

**Moderator:** I request our next speaker, Mr. Shrikant Jhawar to kindly unmute your audio, switch on your camera and proceed with your question Sir.

23) Mr. Shrikant Jhawar (Could not join due to connectivity issue)

**Moderator:** I request our next speaker, Mr. Arun Kumar Bhopana to kindly unmute your audio, switch on your camera and proceed with your question Sir.

24) Mr. Arun Kumar Bhopana (Could not join due to connectivity issue)

**Moderator:** I request our next speaker, Mr. Harsheel Umesh Parekh to kindly unmute your audio, switch on your camera and proceed with your question Sir.

25) Mr. Harsheel Umesh Parekh

*How do you anticipate the third wave and do you think that do you think we would need to shell out to more funds due to increase in number of deaths due to COVID-19 situation around? Many new variants are identified every month? What are your views on sustainability with the same premium levels? Or do you think there needs to increase in a premium amounts and Vis à Vis we could also retain our customer base.*

**Moderator:** We request speaker Mr. Kirti Shah to kindly unmute your audio, switch on your Camera and ask your question Sir.

26) Mr. Kirti Shah (Spoke in regional language)

*Good afternoon Chairman Sir.*

*We should focus on increasing the shareholding of Indian public including mutual fund and DIS, etc.*

*Considering the current share price you should think of spilt of shares in near future.*

*Also, kindly advise KFinTech to provide desired support to all the speaker shareholders and allot serial number to the concerned speaker well in advance next time.*

The Chairman then answered most of the questions asked by the shareholders.

*The Chairman said..*

Let me begin by thanking all the shareholders, I think we had 25 speaker shareholders and 2 or 3 could not join. But the first speaker was Asha Lata Maheshwari. Sorry, we wanted to first of all, in general, I would say most of the shareholders were very happy with our secretarial department. So, I think our secretarial department has done a great job assisting and aiding all our shareholders to be able to participate in the meeting and getting the annual report on time. Thank you shareholders, for recognizing and appreciating the work done by our secretarial department.

Ms Asha Lata Maheshwari asked any scheme for senior citizens. We really, all our products cater to all age segments Ma'am. There is one immediate annuity and deployment annuity plans in the pension category and Sanchay Par Advantage plan with immediate income option in the savings category. These are the products of choice offered to the senior citizen category. Again, for servicing senior citizens, there have been multiple avenues such as dedicated service counter and branches for priority service, direct access to agents, avoiding the usual IVR on the customer care helpline. Again, for convenience of senior citizens, we also have started accepting life certificate through digital modes. Additionally, assisted service through video servicing have been started for any issues that are faced in the course of digital submission of certificates. So Ma'am, we have enough products and we take enough care to service our senior citizens and we really value. I am also a senior citizen. So I really value your suggestions that we have to be more considerate to senior citizens, particularly because of their age.

Second speaker, Mr Tamal Kumar Majumdar. Again, you were happy with the secretarial department. You had asked so many questions, hence we will try and answer majority of them and if we are not able to answer I am sure, Ms Vibha will add some of the answers. You mentioned about Rs 165 crore and Rs 700 crore provision. We, being the prudent organisation, try and provide hopefully more than what is needed and therefore the Board and the management has recommended to the Board of higher provision to be more prudent, dividend in future, we have to really wait for the pandemic to get over in order to really be able to give a proper dividend to our shareholders. Solvency and same level, you know you have said that "Do you believe provision of Rs 165 crore is adequate?" See reserves on March 31, were sufficient to cover claims received in Q1 FY22. While this wave has been steeper, it has been shorter as compared to the first wave and based on current claims experience, we have provided an additional reserve of Rs 700 crore to service the claims intimation expected to be receive in future. Covid Claims Settlement in the quarter gone by, witnessed a steep rise in death claims with peak claims in wave two at around three to four times of the peak wave volume in the first wave, we paid over 70,000 claims in Q1. The gross and net claims were provided for Rs 1,598 and Rs 956 crore, respectively.

Cost obviously, the cost has decreased. We started the year on a conservative note particularly on discretionary expenses. New hiring, increments were not given one year, while we continue to invest in digital assets for enabling better customer service and to service our new customers. Now, we hope that growth comes back in Q2 and our approach starts normalizing. In Q1, our cost ratio was 13.4%. On a two year CAGR there has been 4% increase in cost versus 8% in the total premium, we have a fully coasted arm's length multi-tie model vis-a-vis with other top players. We witnessed 2x growth leading to some increase in the cost. We shall continue to invest in strengthening our distribution and enhancing our technological capabilities to stay ahead of the curve while calibrating the costs at the overall level. We raised some debt last year on your question on solvency and the Company has also assessed its solvency position as at March 31. Our solvency position remains a healthy 201% as on March 31. After the dividend payment, it comes down to 195% against a statutory minimum of 150. So we feel that we monitor it closely and we don't think we run the risk of breaching the solvency requirement.

Your next question was, do we able to maintain margins or increase the margins? Steady increase in margin is our objective by changing products mix and growth. Persistency again, we try our best to increase persistency and expected to improve given the new products and the initiatives that we have undertaken. ICICI, you talked a lot about ICICI. We have good equations with them and we don't need to comment on their performance, we would like to be silent on that, you could ask them about their performance, it's not our duty to talk about their. Now, you also said that we depend much on HDFC Bank. During FY 20-21, on a NPP basis, our bank source 45% of the total individual business only 45% of individual business, but 28% of the total business. Share of HDFC Bank was 23% on new business premium. So I think I have answered most questions asked by Mr Tamal Kumar.

Mrs. Mascarenhas was happy with the performance, happy with the CSR and future roadmap, etc. I think now after the pandemic and possibility of a third wave, most people realize that

health insurance is very important aspect to protect one's family. I am convinced that the penetration level of life insurance will increase as time goes on. We understand that on the CSR contribution also, you were happy. We have contributed seven and a half crores to the PM cares fund. Then, to answer your question, we settled 2.9 lakh death claims, time taken in 90% of the cases, we try settle in one or two days. Regulator allows us 30 days, but there are some cases where we need to investigate and when investigations are going on, we are allowed 120 days. You know on the pension, we feel that we are very buoyant and bullish on our pension business. We are the largest and the fastest growing fund manager of over 7.6 lakh customers with AUM of 16,000 crore as on March 31. We are grown at 98%, but on a small base. So it's early days, I think some shareholders asked about monetizing insurance, pension business and HDFC International. It's too early, we are still very small, we need to grow our business, before we think of offering this to public. Again, Mr. Aloysius has also thanked the management and you were happy with everything. CSR activities to Dabbawala's and on your question on what is our market share in selling life policies, A market share basis of individual weighted receive premium was 15.5% in the private sector in financial year 21 and 17.8% in the first quarter of FY22. Any plans to acquire life companies? We are always on the lookout, you also mentioned there are a large number of small companies when an opportunity comes we will certainly look at it. We have donated Rs 7.5 crore to PM growth fund. Our group has contributed Rs 150 crore to the PM Cares Fund.

Next is Mr Adil Irani. We have not invested any money in CNBC TV 18 and I have noted your points that they keep hammering our group companies. But it's a television channel that operates 24 hours, they have to keep hammering some company or the other and we are a large group. So we have to just bear with it. Aspi, you were happy with the business product mix. Yes, Standard Life has brought down its stake to 3.9%. They do not have any representation on the Board at the moment. And last year, we did not pay any dividend because of Covid-19 impact and the regulator did not allow us to pay, this year we paid a nominal amount of dividend.



Mr Gautam Tiwari, Thank you. You were happy with the employees performance and the secretarial department. You supported Directors reappointment. You were happy about the number of awards we received on the legal cases. There are 1243 legal cases which we have resolved. But there are 3175 cases which are still pending.

Ms Lekha Shah also said thank you to the Company Secretary and you are happy with the CSR.

Mr. Mahadevia asked number of questions. Sustainability Report? That's what you asked for. We are engaged with external benchmarking indices like MSCI and S&P Global. Our MSCI rating improved from BB in October 2019 to BBB in August 2020. Our S&P Global which is the Dow Jones index rating improved significantly. We are getting reassessed this term with additional disclosures across all aspects of sustainability, governance and environment. Our ESG journey has been articulated for the first time in the 2021 Annual Report and also in the Integrated Report. We have also published a dedicated ESG Report covering our approach strategy and initiative taken, articulates our commitment to sustainable development, material topics, stakeholder engagement and the way forward. We are also conducting and evaluating a pilot study to assess our carbon footprint and develop a roadmap to carbon neutrality. Digital Innovation is not the choice anymore. Technology and data will be key for driving new business, customer service, claim payouts as well as risk management.

Higher adoption of digital assets across the channels makes our operations smoother. Online is no longer a channel, but a way of doing business and servicing customers. We continue to invest heavily in digital initiatives. New platforms and apps were rolled out, digital platforms and apps which support video and voice interfacing, sales enabler, we are rolling out these new apps which helps customers also. Internally, we are augmenting our data science capabilities. You talked about AI and data mining to develop deeper insights into the needs of customers. Details in the annual report and investor presentations are also there. Expect to reap benefits for the long run, investment in tech paid off during Covid online transactions. You also mentioned about acquiring smaller companies and you were happy with the reduction in cost,

increasing efficiency. You see what we want to do now. We just wanted, we requested the insurance regulator to allow us as the life insurance company to market pension scheme and health indemnity, which as of today is not permitted. That is what we asked for. We are pleased to announce our first integrated report as mentioned above.

Results have been uploaded, Mr Santosh Saraf, you were happy about quarterly results. You were happy with that work from home. Yes, infrastructure facilities have been provided to our staff, otherwise it would be impossible to work from home. With regard to the Vaccination policy, we have tried our best to vaccinate most of our employees. We have also held camps in our different offices across the country by tying up with hospital chains who come to our office and vaccinate our staff. Future plan really depends whether how soon we get over Covid. HDFC Bank, I attended the meeting of HDFC Bank, although you did not see me.

Mr Anil Parekh, again, very happy with secretarial department which is very helpful and cooperative. Question about coverage in Tier 2 and 3 cities. Our tier 2 business is 24%. Our tier 3 businesses 30% and the rest of it is tier 1 business. Our attrition rate total is 38.6%. Increasing the market share obviously is the main objective of the Company and we can only do that with wider distribution, new product innovation and use of technology. What is the rehabilitation package you asked? This year we are also providing fixed ratio for years' salary to the dependents of deceased employees. Also, employment on eligibility of relatives and Mediclaim cover for dependents for two years. So, we are really taking care of some of our employees who unfortunately tragically passed away due to COVID infection. I have mentioned this before, our death claim of 2.9 lakhs was for the full year. Claim settlement ratio is 99% for overall business. We have introduced a product 'click to protect Corona kawach', that offers dual protection of life cover as well as medical expenses incurred on COVID-19 treatment. This plan provides comprehensive coverage with nine options for whole life, accidental disabilities, and critical illnesses and so on.

Mr Chetan Chadda, happy with the secretarial department they reached out to shareholders, increase your business dividend policy. We can only increase our dividend policy, after we are sure that the situation is normalize. I mentioned that our B2B has grown at a five year CAGR of 24% between 2016 and 2021 on the back of growth in top line and margins. Top line growth of 235% versus 2017 but dividend is still the same, why? Our dividend policy lays down the principles and criteria's to be considered before declaration of dividend by the Board, the Company has been consistently declaring dividend for the past six years. The same information is available on the website of the company.

Mr Dinesh Bhatia, again, you didn't have much on dividend. Again, you were happy with the dividend but you wanted to increase. I really liked your statement that our secretary department deals with 'भावना' means feelings and you again reiterated that when we do any more IPOs, we should give a preferential allotment to our shareholders as we had in the past.

Mr Yusuf Rangwala, I don't think bonus is a possibility in Life Insurance Company. We have a large number of competitors. There are 23 private life insurance companies apart from LIC. So, there is a massive competition in the life insurance business and we have to really be among the top three or four to be able to be successful.

Mr Kaushik Saukar. I know you Kaushik, I met you before during better times, Non-covid times, but I really could not understand your questions. I hope Vibha heard you and she will take care of it.

You said you would like to associate yourself with HDFC Life in compliance and certificate certification work. I think Vibha has heard you, the Company Secretary Mr Narendra Gangan has heard you, let us see what they will be able to do.

Mr Raj Mehta, Profit after tax has gone up, business margins are high, HDFC life is gaining market share, when will it slow down? Now, we would like to continue growing. But all the

other companies are also trying hard to improve and increase their businesses. We grew by 17% based on individual WRP compared to the private industry growth of 8%. So, we have grown faster than the total industry in Q1 and we hope we can maintain this in future quarters. We shall continue to drive our business on the back of a balanced product mix, diverse distribution and continuous product innovation and deployment of technology on a sustainable profit basis. Our strategy, shareholder fund strategy is different from the AMC, Shareholder strategy is determined by the Investment Committee of the Board, which emphasizes safety, more important than returns. Because it's a long term business, life insurance is a very long term business. We have to assure safety and safety is paramount, returns come after that and we are also governed very tightly by the IRDAI investment regulation. We don't have a free hand on our investments. Thus, investments are made across diversified asset basis. The Prudential norms and limits specified by the investigate investment regulations and we have a conservative approach with minimum risk to the capital. Our investment yield at the segment level is disclosed in our public disclosures L-22 on quarterly basis. What will be our profit after tax on future? I don't think we can answer that because that will be giving some forward, we'll be giving some forward this thing which we don't give. New business causes business trade different for life insurance, changing profile of products sold in recent year. Yeah, we have longer tail products. These products have better profitability in economic terms. Accounting profits will emerge over the longer time frame the way the Commissions are charged. So that was Raj Mehta.

Mr. Jamadar. I think you are from Surat. You're an academic and I agree that we have to educate the younger people and I think this pandemic has opened the eyes of the millennial, they will understand the importance of insurance. As I mentioned, initially, the insurance penetration in India is extremely low and this has to only one way to go with which is it will increase. And so the insurance, data mining I talked about what advice I would give, to anyone would be cautious, be conservative, don't do trading, buy equity for long term, don't buy and sell regularly and be conservative in your savings investment. You also asked about at what scale HDFC international entered in Qatar and Saudi Arabia, what products and other countries

do we planned? I mentioned to you about advice and then on , we have a reinsurance portfolio in 20-21 in Kingdom of Saudi Arabia and Qatar. It comprises of reinsurance of group life and group credit life programmes written by the insurers in those countries. Future plan include continuing with the same geographies.

Okay, now, the next one is Mr Ravi Kumar. Reinsurance? I mentioned about how much percent is credit based in the overall premium share of credit protect, has been in the range of 15 to 20% new business premium in the last three years. How much percentage of premium do we reinsure, you wanted to know that details of reinsurance we do for others. 43% overall re insured individual 68%, reinsurance group 15% reinsurance. Expectation of growth responded to impact of interest rate changes, which is better increasing or decreasing do we hedge? Function of hedging is not by insurance, we are very well hedged. Hedge change in interest rates will have a minimum impact on our financial metrics.

Mr Hiranand Kotwani. We continue to grow our business in all geographies. North east also, we have a multi-channel approach, we have the 100 plus partnerships. How many women employees increased or decreased? 24% of all our employees are women employees. We have realized profit on sale of investments of Rs 6,606 crore for policyholders and Rs 210 crore for shareholders. All pending outstanding sexual harassment cases mentioned in the annual report for FY 2020-21 and they all stand close as of today. All the past cases have been objectively investigated. We have a committee and all pending cases were closed within the time limit. Based on the outcome of the investigation, the accused were either issued a caution warning or terminated. In FY21, two employees have been terminated. 25 employees were issued a caution notice bearing a career growth and salary increments will be impacted. On the fraud and malpractices cases reported through Whistle blower, we had 35 such cases last year of which 23 cases i.e. 63% were proven, cautioned letters have been issued to 2 employees, warning letters to 7 and 12 exits.

Mr Manoj Maheshwari, Buy back! I don't think, buy back is the possibility. Infact we might have to do a sub-debt this year, in order to keep our solvency way above the requirement of the insurance regulator. We cannot really think of a buy back. As paid up capital is high, reserves should be reduced. I don't think we can reduce reserves as reserves and surplus are negative. Why is it negative? With the growth reserves and surplus is negative to do the accumulate losses on the FPL business. From the beginning of the current year, revised charges and new licensing conditions will be allowed to be charged which will help the company to recover the negative surplus that we have. GST is 18% on insurance product if the same is reduced to 5, it will certainly help engage with the government. The industry associations have taken it up number of times with the government. But so far, no luck. we keep trying.

Mr Jaydip Bakshi, staff schemes how many number of lives insured in this crisis period? HDFC Life has a defined privacy policy which is applicable to all customers of HDFC Life and consequential services and products are made available on the website HDFC Life. About data protection, I have already mentioned.

Then we had Kirti Shah and Mr. Harsheel Parekh. Third wave?? Now, my personal view on third wave is, even when the third wave comes, the gravity and the intensity of the third wave will be much less because more and more population have been vaccinated. And, you know, some of the global some of the emerging countries like UK and USA are opening up their economies and saying that we have to learn to live with Covid. If larger percentage of a population have vaccinated, even if you Covid, it will be in a much milder form. You don't need to isolate or hospitalize and you know it will be like flu. Now, we have to wait and see these are all predictions. We don't know how it evolves. We have to monitor and evaluate very carefully. Then you talked about the third wave, then you talked about more deaths, new variants? Yes, But I am not too worried because of as I mentioned, that there could be third wave, but it would be much milder. Will there be increasing premiums given our claims experience. Pricing strategy is based on asserting from asserting the appropriate risk charge or spread and always being cognizant of the competitive environment and the experience from past business. We

can't singularly increase the premium rate or increase the premium if our competitors are not doing it. So we are very close, we have our ears to the ground, we see what our competitors do, and experience from our past business. Accordingly, we take a decision whether to increase the premiums. Products are either the cheapest or the most expensive. We operate in an open architecture environment and recognize that our customers and distribution partners have multiple options to choose from, hence offering a comprehensive package becomes imperative and as we go deeper and wider into geographies and customer segments of pricing would need to reflect the experience.

Mr Kirti Shah, I entirely agree we are marketing our products to domestic institutions and to individuals holding is coming down, Standard Life as you know has come down to 3.9%. Split? I don't think we are looking at split at the moment. The Board will consider it if they find it necessary. You want more details, are available in the annual report. I am sure our management team has heard you, you wanted some ratios and figures and you also wanted preferential allotment to be given in case we have more issues. Now I have tried to answer. The number of women employees is increased by 11% over the previous year, our current gender ratio is 25%.

I have tried answering most of your questions, but I want Ms Vibha Padalkar, our Managing Director & CEO to take any further questions which I have not referred to and briefly talk to the shareholders.

Managing Director & CEO said..

Thank you, Chairman! Thank you to all shareholders. I think you have been very supportive of the Company, especially ever since we listed, thank you also for your kind words about the Company, the secretarial team, our chairman and the Board of Directors. So, thanks once again. A lot of questions have been answered already. One or two of you that were not very audible, very happy to engage with you separately and answer any residual questions that you might have. We value your association with HDFC Life. We are a young Company, in terms of the

number of years that we have been listed and we do believe that insurance, like some of you mentioned is vastly under penetrated. Against a pandemic, it is even more relevant for us to focus on buying insurance, some of you had a great suggestion about engaging with shareholders to buy insurance. That is a great idea and we will certainly continue to engage with you. Our quarterly results have been announced today and they have been uploaded on our website as well as websites of the stock exchanges. Some of the suggestions that you have given in terms of ESG, in terms of CSR and also, in terms of how to engage deeper with customers, through some of our digital initiatives, we are very much on that path. But we will continue to do more so that we are right there, where the customer is, where the needs of the customer is. Also, in terms of enhancing as well as harnessing the power of our digital capabilities more so today, as most of us are reasonably comfortable given the pandemic and no face to face interaction for a very long time for us to be able to transact on a non-face to face platform. So we continue to innovate in that area.

I would finally like to extend our gratitude to all our employees, our partners, all our stakeholders, who have worked tirelessly and relentlessly during these very trying times to provide best in class service to both our existing customers as well as new customers that we should get themselves insured. I also want to thank our regulator IRDAI for being extremely supportive during these trying times and allowing us a lot of flexibility to be able to conduct business without which we would not have been able to deliver the kind of numbers that we did. Finally, wish all of you as well as your family's safe and healthy time ahead.

## **END OF QUESTION AND ANSWER SESSION**

*Chairman said..*

As I mentioned earlier, those who have not cast their votes on the resolutions set forth in the notice, may do so now, as the e-voting platform is available for the next half-an hour. The Company has appointed Mr. Surjan Singh Rauthan of M/s S. S. Rauthan & Associates, Company Secretaries, as scrutinizer to supervise the e-voting process.



E-voting results will be declared and submitted to the stock exchanges within 2 working days from the conclusion of this meeting and disseminated on the Company's website [www.hdfclife.com](http://www.hdfclife.com) along with scrutinizer's report. I authorise Mr Narendra Gangan, Company Secretary, to receive and declare the voting results alongwith the scrutinizer's report, intimate the same to stock exchanges and place the same on the Company's website. Resolutions, as set forth in the notice, shall be deemed to be passed today subject to receipt of requisite number of votes.

With your permission, I call this meeting to an end. *(Meeting concluded at 5.57 pm. (IST) [including time allowed for e-voting at the AGM]).*

Thank you all for your support and cooperation. Please take care of yourself, follow all covid protocols and be safe, till we meet again.

Thank you.

\*\*\*\*\*