

TRANSCRIPT OF THE PROCEEDINGS OF THE 20TH ANNUAL GENERAL MEETING (“AGM”) OF THE MEMBERS OF HDFC LIFE INSURANCE COMPANY LIMITED (“THE COMPANY”) HELD ON TUESDAY, JULY 21, 2020 AT 3.00 P.M. THROUGH VIDEO-CONFERENCING (‘VC’) / OTHER AUDIO VIDEO MEANS (‘OAVM’)

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

Good afternoon. I, Deepak Parekh, on behalf of the Board of Directors of HDFC Life, welcome you all to the 20th Annual General Meeting of your Company. I wish to mention that in view of the on-going Covid-19 pandemic, this AGM is held through Video-Conference (‘VC’) in accordance with the Circulars issued by the Ministry of Corporate Affairs and SEBI. For safety reasons, many of my colleagues are attending this meeting from their residences.

Besides me, Ms Vibha Padalkar, our Managing Director & CEO, our CFO Mr Niraj Shah and Mr Narendra Gangan, Company Secretary, are joining this meeting through VC from Mumbai.

Before we start with the main proceedings, I request my colleagues joining this meeting through VC to introduce themselves. Rather, I introduce them. We have Mr. Keki Mistry, Ms. Renu Karnad, Mr. Viswanathan, Chairman of the Audit Committee, Mr. Prasad Chandran, Mr. Sumit Bose, Mr. Ranjan Mathai, Mr. Ketan Dalal, Ms. Bharti Gupta Ramola and Mr. Suresh Badami.

Thank you all. We also have key executives of the Company who have joined this meeting through VC from their respective locations. Representatives of Joint Statutory Auditors, M/s Price Waterhouse, Chartered Accountants LLP and G.M. Kapadia & Co., Chartered Accountants and Representative of Secretarial Auditor, N.L. Bhatia & Associates, Practising Company Secretaries have also joined this meeting through VC.

I thank all the shareholders and other participants who have joined this meeting through VC. I hope you all are safe and in good health. The Company has made necessary arrangements to ensure participation of members at this meeting through VC and to enable them to vote on the resolutions set forth in the Notice, electronically. Trust all of you have referred general instructions for e-voting and for participating in this meeting. In case of members facing any difficulty while participating in the meeting or to cast their votes through e-voting, may reach out on the helpline numbers given under e-voting instructions.

Since the meeting is held through VC, facility for appointment of proxies was not applicable. 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.

Since, we have the requisite quorum present for the meeting through VC. I call this meeting to order. I wish to mention that participation of members through VC can be reckoned for the purpose of quorum in accordance with the Circulars issued by the Ministry of Corporate Affairs and Section 103 of the Companies Act, 2013.

I presume that the Shareholders' who were holding shares of the Company as on the cut-off date of June 19, 2020, should have received the Annual Report for the financial year 2020 and the Notice convening this AGM, on their registered e-mail IDs in electronic form.

The Joint Statutory Auditors viz., M/s Price Waterhouse Chartered Accountants LLP and M/s G.M. Kapadia & Co., Chartered Accountants and Secretarial Auditors, N. L. Bhatia & Associates, Practising Company Secretaries, have expressed unqualified opinion in respective audit reports for the financial year 2019-20. Since there are no qualifications, observations or adverse comments on the financial statements and matters which have any material bearing on the functioning of the Company, 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

This year HDFC Life completes 20 years of its journey. In the last two decades, we have set ourselves audacious goals and have consistently achieved them year after year. We have also weathered some unparalleled challenges and achieved many industry-firsts in the process. Throughout our history, we have prioritised supporting our customers, communities and employees and this unprecedented situation is no different.

While the end of FY20 was difficult, we have consistently been amongst the top three companies in the private sector in terms of new business premium, closing the year at ₹17,240 Crore with a market share of 21.5%. We ended the year with new business margin of 25.9% compared to 24.6% in the previous year, and with an embedded value of ₹20,650 Crore along with an 18.1% operating return on embedded value. Despite a sharp correction in the equity markets in the last quarter of the financial year 2020, our Assets under Management exceeded ₹1.25 lakh Crore.

On the distribution front, we continue to add partners and now work with over 270 of them ranging from traditional banks to NBFCs to new age Fintech and Insurtech Firms. These relationships have not only helped us diversify our distribution, but also helped in the development of innovative product and delivery solutions for our customers.

We continue our focus and commitment to invest considerable resources into technology under the aegis of “reimagining insurance”. Our focus is on leveraging technology to simplify Life Insurance for our customers – be it issuance, claims, servicing, or any other engagement. Some of the new areas that we are working on include Artificial Intelligence (AI) for text and speech recognition; Machine Learning (ML) to improve persistency; and Alternate data to enhance underwriting.

During the year, both Standard Life and HDFC Limited pared stakes through open market transactions to reduce holding to 10.27% and 50.14%, respectively; this has resulted in our public shareholding increasing to 39.59% as on June 30, 2020. Additionally, HDFC Life was also added to the MSCI India (Global) Index in August 2019 and the Futures & Options Segment of NSE in February 2020. Your Company intends to raise capital of ₹600 Crore via Subordinated Debt route to shore up its solvency and it gives me a great pleasure to inform you that the debt has been rated ‘AAA’ with a stable outlook by two rating agencies namely CRISIL and ICRA. HDFC Life will also be included in the Nifty50 Index with effect from 31st of July 2020.

The Company also declared its Q1 FY’21 results today. We are increasingly witnessing encouraging on-ground trends. HDFC Life's individual WRP Market Share expanded by 100 basis points from 17.5% to 18.5% this quarter. The Company continues to operate with a balanced product mix in the savings segment and recorded a 50% growth in retail protection. The Company also witnessed strong renewal

premium growth of 24% and achieved a healthy new business margin of 24.3% for the quarter. The solvency was healthy at 190% as at 30th June 2020, well above the regulatory requirement of 150%.

HDFC Pension Management Company Limited and HDFC International Life and Re Company— HDFC Life's two subsidiaries have gone from strength to strength in the financial year 2020. The Pension Company grew its AUM by 60% to close the year at ₹8,265 Crore and is the largest privately-owned Pension Fund Management Company in India with a market share of 31%. The Pension Company is well placed to address the opportunity in a fast growing pension management market in India.

HDFC International Company grew its reinsurance premium revenue by 72% in FY 2020 and continues to register positive net profit. It is well poised to explore key opportunities across the GCC (Gulf Cooperation Council). HDFC International Company aims to further build on its strong foundation on the back of 'BBB' rating affirmed by S&P in December 2019.

Due to ongoing Covid-19 crisis, the growth outlook for the Indian economy, as for most other global economies, remains tepid. However, like all other challenges, I am sure we as a country and insurance as a sector will emerge stronger from this situation. I strongly believe that every crisis presents an opportunity, and it is up to us to respond, and rediscover ourselves by adopting: technology to make our customers' lives easier, by adopting newer ways to distribute by exploring innovative partnerships and by adopting simple products to fulfill customer needs.

As I close, I would like to thank, and express my deep gratitude for all our shareholders for their trust in HDFC Life.

We understand that the government is preparing to list LIC (Life Insurance Corporation) and the move is welcome as it helps bring about more transparency and deepen the market. In the private sector top 10 Life Insurers out of 23, contribute almost 88% market share and I think the time is right to consolidate business through inorganic route. HDFC Life has a strong balance sheet and currency and always on the look for potential acquisition especially of well run companies with a high quality back book and strong innovation franchise.

We have also set up a service helpdesk led by Vineet Agarwal during the Annual General Meeting. You can reach out to the team on 08068800112, I repeat 08068800112 for any service queries you may have.

END OF CHAIRMAN'S SPEECH

I trust majority of you would have read the Annual Report for FY 2020 and assessed the performance of your Company during the year under review. You would have read the notice of the AGM as well and are aware of the businesses transacted 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.

Since the AGM is held through VC, resolutions mentioned in the notice convening this AGM have been already put to vote through remote e-voting. Therefore, there will be no proposing or seconding of resolutions at this meeting.

Before we proceed further, I wish to bring it to your notice that in terms of the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Company had provided to its members facility to cast their votes electronically i.e. through remote e-voting module administered by KFIN, on all the resolutions set out in the notice. Members who have not cast their votes earlier and participating in this meeting can now cast their votes through e-voting module made available by KFIN by clicking on the e-voting icon available on the screen.

Before I conclude, on behalf of the Company, I wish to place on record our gratitude to all our shareholders, customers, distributors and regulatory authorities for their support and confidence in the Company and all the employees for their hard work, commitment, dedication 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. Only those members who are holding equity shares of the Company as on cut-off date for e-voting i.e. July 10, 2020 are entitled to participate and speak at the AGM, subject to prior registrations. May I request the speakers to be brief, you have 3 minutes each and restrict your questions to matters as set forth in the Notice, Annual Accounts and operations of your Company.

My colleague Vibha and I will try and answer all the questions at the end of the Q&A Session.

QUESTION AND ANSWER SESSION

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

- 1) Ms. Ashalata Maheshwari (Spoke in regional language)
In this Covid-19 pandemic, how much growth are we expecting in insurance business?
- 2) Mr. Ravi Kumarnaredi,
How many Covid fatal cases came across during lock down?
Did we do reinsurance business with other companies, if yes, can you give detailed information.
From April to June 2020 our Life Insurance business had reduced drastically. Can you please elaborate on such significant down fall.
- 3) Mr. Gautam Tiwari – Could not join due to connectivity issue
- 4) Mr. Manilal Kunverji Haria –
What is the reason for sharp fall in the stock price of the Company in March 2020. Also, I would like to know if Rakesh Jhunjhunwala's, Rare Enterprises is holding any shares of the Company? Is there any additional business opportunities we are looking for in this Covid-19 scenario to improve top line.
- 5) Mr. Pankaj Pradhan – Could not join initially due to connectivity issue, however he was able to connect at the second attempt
HDFC Life should go for complete transformation in terms of digitisation to reach out to Tier III and IV cities. Also, look out for implementing more innovative products with the use of Artificial Intelligence, Machine Learning and Data Analytics based applications for customer interaction. You should also address to the low income group and consider addressing to the broad spectrum of the customers while coming out with new product.

- 6) Mr. Tamal Kumar Majumder – Could not join initially due to connectivity issue, however he was able to connect at the second attempt

Please share your expectations about the business of the Company in the near future. Do you believe whether our Company will be able to declare dividend for the current year in case if permitted by IRDAI, post September 2020.

Would you believe in the current Covid-19 scenario our asset quality would deteriorate further? or further additional provisions will be required or our prudent management will be able to cope up with the situation.

Do you believe that the Company will be able to maintain solvency ratio above prescribed minimum of 150 bps for next nine months?

Do you believe that the Company will be able to maintain sovereign business margins at least around 20% during FY'21. What is the expectation about Persistency Ratio during Q1 and remaining part of FY'21.

Do you believe that the AUM Scenario can be improved during FY'21 on account of bounce back in the equity market.

Why the management is not taking steps to decrease the dependency on the HDFC Bank and at the same time improving its relationship with other banks/ agents.

During the year under review our company provides for an amount against our investment in ILFS and AT 1 Bonds in YES Bank. You must be aware that one of the bond holder 63 Moons Technologies Ltd. has moved a petition in the Hon'ble High Court for recovery of Bond value worth Rs.350 Crores. Whether our Company wants to be a party to it or using any other channel for recovery of dues from administrator of ILFS?

Is there any chance of further improvement in Operating Expenses to Total Premium during Q1 or the remaining part of FY'21. Would you please share with us nature of expenses incurred under the head Business Development?

What is the reason for sale of shares by Standard Life, one of the Promoters of our Company during the year or whether they have sold any further shares during the current year. Thank you all for patient hearing.

- 7) Mr. Aspi Bhesania -

Please give figures for Income from Investments, Capital Gains, Amortisation and Losses separately.

What is the difference between earlier losses and provision for diminution and value of investment?

In the notice of the AGM it was mentioned that the physical meeting will take place at Birla Matushree. Please comment on that.

On page 2 of the Annual Report no. of lives insured, total premium and embedded value is shown. Please mention PY figures to enable the comparison.

Standard Life stake has reduced to 10% from 24%. How much more will it go down? Also, whether HDFC Ltd. stake expected to go below 50% in near future. Sir, thank you and all the best.

8) Mr. & Mrs. Mascarenhas - Could not join due to connectivity issue

9) Mr. Santosh Kumar Saraf - (Spoke in regional language)

The management should think of employing more woman employees (now it is 24% of the total strength) to promote woman empowerment and share their views in this regard and also disclose % of physically challenged persons as a % of total employees. Please share the details of expenses incurred last year for conducting physical AGM and ancillary expenses and expenses incurred this year for conducting AGM through VC and also disclose savings, if any.

10) Mr. Anish Kumar - Could not join due to connectivity issue

11) Mr. Shailesh Mahadevia - Could not join initially due to connectivity issue, however he was able to connect at the second attempt

Many people in India are dependent on 2G, and 5G technology is likely to be operational soon. What preparation our Company has made to take advantage of the new technology as and when it comes up.

We should try to obtain ISO 45000 Certification which mainly taken into account how to handle the unprecedented situation.

Whether any brand valuation has been made for some of our valuable products. Whether we are likely to concentrate more on primary and secondary education, which help in extending our services in rural areas?

Where these 9 city forest developed on the basis of Japanese technology under CSR initiatives, located in the city of Mumbai and how it differs from the normal forest.

12) Mr. Beruz Pouredehi - Could not join due to connectivity issue

Chairman answered some of the generic questions asked by the shareholders.

Chairman then requested Ms Vibha Padalkar, Managing Director & CEO to answer remaining questions.

Ms Vibha Padalkar answered all the remaining questions to the satisfaction of the shareholders.

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 48 hours from the conclusion of this meeting and disseminated on the Company's website along with scrutinizer's report by the authorised signatory. 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 website of the Company. 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.

Thank you all for your support and cooperation. Let me also thank all the Directors for attending. Thank you.
