

January 22, 2021

Ref. No.: HDFC Life/CA/2020-21/54

**Listing Department**  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No C/1, Block G,  
Bandra-Kurla Complex,  
Bandra (East),  
Mumbai- 400 051

NSE Symbol: HDFCLIFE

**Listing Department**  
**BSE Limited**  
Sir PJ Towers,  
Dalal Street,  
Fort,  
Mumbai – 400 001

BSE Security Code: 540777

Dear Sir/ Madam,

**Subject: Outcome of the Board Meeting held on January 22, 2021**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that the Board of Directors of the Company at their meeting held today i.e. Friday, January 22, 2021, have approved the Audited Standalone and Un-audited Consolidated financial results of the Company for the quarter and nine-months ended December 31, 2020.

In this regard, please find enclosed herewith the following:-

- (i) Copy of the audited Standalone financial results along with Auditors report
- (ii) Copy of the un-audited Consolidated financial results along with Limited Review report
- (iii) Press Release

We also wish to inform that the trading window for dealing in securities of the Company will be open from Monday, January 25, 2021, for all the Designated Persons (i.e. Identified Employees, Directors and KMPs) including their Immediate Relatives and Promoters of the Company, in terms of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code of Conduct for prevention of Insider Trading.

The meeting of the Board of Directors of the Company commenced at 1.30 pm. (IST) and concluded at 3.30 pm. (IST).

This is for your information and appropriate dissemination.

Thanking you,

**For HDFC Life Insurance Company Limited**



**Narendra Gangan**  
**EVP, Company Secretary &**  
**Head- Compliance & Legal**

**Encl.: As above**

**Price Waterhouse Chartered Accountants LLP**  
Chartered Accountants  
252, Veer Savarkar Marg,  
Opp Shivaji Park,  
Dadar (W), Mumbai 400028

**G. M. Kapadia & Co.**  
Chartered Accountants  
1007, Raheja Chambers,  
213 Nariman Point,  
Mumbai – 400021

**Auditor’s Report on Standalone Financial Results for the quarter and nine months ended December 31, 2020 of HDFC Life Insurance Company Limited**

To, The Board of Directors of  
HDFC Life Insurance Company Limited

1. We have audited the accompanying standalone financial results of HDFC Life Insurance Company Limited for the quarter and nine months ended December 31, 2020 which are included in the accompanying Statement of Standalone Audited Results for the quarter and nine months ended December 31, 2020, which has been digitally signed by us for identification purposes, pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDA Circular reference: IRDAI/F&I/ REG/ CIR/208/10/2016 dated 25th October 2016 (“Standalone financial results”) and which have been approved by the Board of Directors on January 22, 2021.
2. These Standalone financial results have been prepared on the basis of the interim condensed financial statements prepared in accordance with the measurement and recognition principles specified in paragraph 3 below, which is the responsibility of the Company’s management. The management’s responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation of the standalone financial results that is free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these quarter and nine months ended Standalone financial results based on our audit of such interim condensed financial statements, which have been prepared by the Company’s Management in accordance with the recognition and measurement principles laid down in Accounting Standard (“AS”) 25, “Interim Financial Reporting”, specified under Section 133 of the Companies Act, 2013 (“the Act”), including the relevant provisions of the Insurance Act, 1938 (the “Insurance Act”), the Insurance Regulatory and Development Authority Act, 1999 (the “IRDA Act”) and other accounting principles generally accepted in India, to the extent considered relevant and appropriate for the purpose of quarter and nine months ended to date Standalone financial results and which are not inconsistent with the accounting principles as prescribed in the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors’ Report of Insurance Companies) Regulations, 2002 (the “Regulations”) as amended by Insurance Laws (Amendment) Act, 2015 and orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India (“IRDAI”) to the extent applicable.
4. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An

audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

5. In our opinion and to the best of our information and according to the explanations given to us these quarter and nine months ended to date Standalone financial results:
  - I) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and IRDAI- IRDA Circular reference: IRDAI/F&I/REG/CIR/208/10/2016 dated 25<sup>th</sup> October 2016 in this regard; and
  - II) give a true and fair view of the net profit and other financial information for the quarter and nine months ended December 31, 2020.

#### **Emphasis of Matter**

6. We draw your attention to Note 5 to the Standalone financial results which describe the management's assessment of the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

#### **Other Matter**

7. The actuarial valuation of liabilities for life policies in force and policies in respect of which premium has been discontinued but liability exists is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at December 31, 2020 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists, as contained in the interim condensed financial statements of the Company.

**For Price Waterhouse Chartered Accountants LLP**  
Chartered Accountants  
Firm Registration No.012754N/N500016

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**Alpa Kedia**  
*Partner*

Membership No. 100681  
**UDIN:** 21100681AAAAAB4927  
**Place:** Mumbai  
**Date:** January 22, 2021

**For G. M. Kapadia & Co.**  
Chartered Accountants  
Firm Registration No.104767W

**Rajen  
Ratansi  
Ashar**

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**Rajen Ashar**  
*Partner*

Membership No. 048243  
**UDIN:** 21048243AAAAAV1590

**HDFC Life Insurance Company Limited**  
**Statement of Standalone Audited Results for the Quarter and Nine months ended December 31, 2020**

(₹ in Lakhs)

Sr. No.	Particulars	Three Months ended / As at			Nine Months ended/ As at		Year ended / As at
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>POLICYHOLDERS' A/C</b>							
1	Gross premium income						
	(a) First Year Premium	177,224	167,515	154,296	446,922	432,227	604,427
	(b) Renewal Premium	457,698	431,037	376,563	1,212,647	994,227	1,546,844
	(c) Single Premium	327,899	419,702	269,249	907,761	782,753	1,119,418
2	Net premium income <sup>1</sup>	948,701	1,004,544	785,430	2,525,429	2,175,914	3,222,360
3	Income from investments (Net) <sup>2</sup>	1,159,424	631,881	373,255	2,666,215	691,905	(331,087)
4	Other income	3,567	4,311	5,304	11,678	13,464	24,395
5	Contribution of funds from Shareholders' A/c <sup>3</sup>	988	740	883	1,728	2,996	10,475
6	<b>Total (2 to 5)</b>	<b>2,112,680</b>	<b>1,641,476</b>	<b>1,164,872</b>	<b>5,205,050</b>	<b>2,884,279</b>	<b>2,926,143</b>
7	Commission on						
	(a) First Year Premium	33,206	32,064	25,726	83,165	78,364	108,205
	(b) Renewal Premium	6,816	6,859	6,048	18,493	15,752	24,053
	(c) Single Premium	4,114	2,739	3,421	7,951	9,856	14,119
	Rewards	684	812	877	1,680	2,251	2,741
8	<b>Net Commission<sup>1</sup></b>	<b>44,820</b>	<b>42,474</b>	<b>36,072</b>	<b>111,289</b>	<b>106,223</b>	<b>149,118</b>
9	Operating Expenses related to insurance business (a+b)						
	(a) Employees remuneration and welfare expenses	43,735	39,524	41,540	114,456	124,028	167,696
	(b) Other operating expenses <sup>4</sup>	86,995	70,612	63,580	193,131	177,443	258,994
10	<b>Expenses of Management (8+9)</b>	<b>175,550</b>	<b>152,610</b>	<b>141,192</b>	<b>418,876</b>	<b>407,694</b>	<b>575,808</b>
11	Provisions for doubtful debts (including bad debts written off)	-	-	-	-	-	-
12	Provisions for diminution in value of investments <sup>6</sup>	(4,452)	318	4,957	(9,845)	19,158	56,742
13	Goods & Services Tax on linked charges	8,997	8,860	8,905	26,100	26,023	35,324
14	Provision for taxes	4,134	1,768	4,639	9,058	2,686	14,903
15	Benefits Paid <sup>4</sup> (Net) <sup>1</sup>	618,253	475,582	580,933	1,373,721	1,369,457	1,902,148
16	Change in actuarial liability	1,282,778	988,488	399,649	3,320,695	975,723	244,076
17	<b>Total (10+11+12+13+14+15+16)</b>	<b>2,085,260</b>	<b>1,627,626</b>	<b>1,140,275</b>	<b>5,138,605</b>	<b>2,800,741</b>	<b>2,829,001</b>
18	<b>Surplus/Deficit (6-17)</b>	<b>27,420</b>	<b>13,850</b>	<b>24,597</b>	<b>66,445</b>	<b>83,538</b>	<b>97,142</b>
19	<b>Appropriations</b>						
	(a) Transferred to Shareholders A/c	13,976	21,766	16,910	70,431	73,973	119,139
	(b) Funds for Future Appropriations	13,444	(7,916)	7,687	(3,986)	9,565	(21,997)
20	<b>Details of Surplus / Deficit</b>						
	(a) Interim bonus paid	4,968	1,679	1,397	8,466	3,831	5,850
	(b) Terminal bonus paid	11,680	12,383	22,907	36,949	56,697	78,994
	(c) Allocation of bonus to policyholders	-	-	-	-	-	80,285
	(d) Surplus shown in the Revenue Account	27,420	13,850	24,597	66,445	83,538	97,142
	<b>Total Surplus</b>	<b>44,068</b>	<b>27,912</b>	<b>48,901</b>	<b>111,860</b>	<b>144,066</b>	<b>262,271</b>
<b>SHAREHOLDERS' A/C</b>							
21	Transfer from Policyholders' Account	13,976	21,766	16,910	70,431	73,973	119,139
22	Total income under Shareholders' Account						
	(a) Investment Income <sup>2</sup>	14,273	13,709	11,302	37,627	35,180	43,781
	(b) Other income	-	-	-	-	-	1,856
23	Expenses other than those related to insurance business <sup>5</sup>	1,840	1,444	664	3,967	1,549	3,342
24	Transfer of funds to Policyholders' Account	988	740	883	1,728	2,996	10,475
25	Provisions for doubtful debts (including write off)	-	-	-	-	-	-
26	Provisions for diminution in value of investments <sup>6</sup>	(1,279)	670	304	(2,079)	1,881	19,785
27	<b>Profit before tax</b>	<b>26,700</b>	<b>32,621</b>	<b>26,361</b>	<b>104,442</b>	<b>102,727</b>	<b>131,174</b>
28	Provisions for tax	201	12	1,337	224	4,372	1,647
29	<b>Profit after tax and before Extraordinary items</b>	<b>26,499</b>	<b>32,609</b>	<b>25,024</b>	<b>104,218</b>	<b>98,355</b>	<b>129,527</b>
30	<b>Profit after tax and Extraordinary items</b>	<b>26,499</b>	<b>32,609</b>	<b>25,024</b>	<b>104,218</b>	<b>98,355</b>	<b>129,527</b>
31	<b>Dividend per share (₹) (Nominal value ₹ 10 per share)</b>						
	(a) Interim Dividend	-	-	-	-	-	-
	(b) Final Dividend	-	-	-	-	-	-
32	Profit carried to Balance Sheet <sup>7</sup>	561,147	534,647	425,757	561,147	425,757	456,929
33	Paid up equity share capital	202,046	201,946	201,861	202,046	201,861	201,880
34	Reserve & Surplus (excluding Revaluation Reserve)	606,725	576,089	465,008	606,725	465,008	496,750
35	Fair Value Change Account and Revaluation Reserve (Shareholders)	22,814	3,819	(1,066)	22,814	(1,066)	(19,197)
36	Total Assets:						
	(a) Investments:						
	- Shareholders'	820,986	743,999	604,405	820,986	604,405	585,548
	- Policyholders Fund excluding Linked Assets	8,411,298	7,792,993	6,559,485	8,411,298	6,559,485	6,718,861
	- Assets held to cover Linked Liabilities (Linked Assets)	7,330,062	6,525,210	6,481,170	7,330,062	6,481,170	5,418,208
	(b) Other Assets (Net of current liabilities and provisions)	(46,509)	(53,692)	(85,613)	(46,509)	(85,613)	(4,072)
*Details of Expenses contributing more than 10% of the expense of management are as below -							
	Advertisement and publicity	36,327	43,286	26,562	96,696	73,933	106,957
	Business development expenses	27,825	8,008	15,975	37,161	37,745	61,209

**Foot notes :**

- Net of reinsurance
- Net of amortisation and losses (including capital gains)
- Includes contribution of funds from shareholders accounts towards excess EOM
- Inclusive of interim and terminal bonus
- Includes Remuneration of MD/CEOs/WTDs over specified limits and Interest on NCD
- Inclusive of provision for standard and non-standard assets
- Represents accumulated surplus

The joint statutory auditors have digitally signed this statement for identification purposes only and this Statement should be read in conjunction with their report dated January 22, 2021.

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**HDFC Life Insurance Company Limited**  
Statement of Standalone Audited Results for the Quarter and Nine months ended December 31, 2020

Particulars	Three Months ended / As at			Nine Months ended/ As at		Year ended / As at
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>Analytical Ratios:</b>						
(i) Solvency Ratio	202%	203%	195%	202%	195%	184%
(ii) Expenses of Management Ratio	18.2%	15.0%	17.6%	16.3%	18.5%	17.6%
(iii) Policyholder's liabilities to shareholders' fund	1878.6%	1810.4%	1936.2%	1878.6%	1936.2%	1770.4%
(iv) Earnings per share (in ₹):						
a) Basic EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three and nine months)	1.31	1.61	1.24	5.16	4.87	6.42
b) Diluted EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three and nine months)	1.31	1.61	1.24	5.16	4.87	6.41
(v) NPA ratios: (for Policyholders' fund)						
a) Gross NPAs (₹ in Lakhs)						
- Non Linked						
Par	NIL	NIL	NIL	NIL	NIL	NIL
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
- Linked						
Non Par	5,125.0	5,125.0	5,125.0	5,125.0	5,125.0	5,125.0
Net NPAs (₹ in Lakhs)						
- Non Linked						
Par	NIL	NIL	NIL	NIL	NIL	NIL
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
- Linked						
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
b) % of Gross NPAs						
- Non Linked						
Par	NIL	NIL	NIL	NIL	NIL	NIL
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
- Linked						
Non Par	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
% of Net NPA						
- Non Linked						
Par	NIL	NIL	NIL	NIL	NIL	NIL
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
- Linked						
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
(vi) Yield on Investments (on Policyholders' fund)						
A. Without unrealised gains						
- Non Linked						
Par	1.9%	2.2%	2.3%	5.8%	7.2%	7.0%
Non Par	2.4%	2.4%	2.4%	7.1%	7.0%	9.6%
- Linked						
Non Par	2.2%	2.5%	1.6%	5.4%	5.0%	6.3%
B. With unrealised gains						
- Non Linked						
Par	7.0%	1.9%	2.7%	15.8%	8.5%	5.4%
Non Par	4.2%	-0.5%	2.7%	8.7%	9.6%	15.0%
- Linked						
Non Par	14.9%	7.2%	3.2%	39.6%	3.2%	-14.6%
(vii) NPA ratios: (for Shareholders' fund)						
a) Gross NPAs	NIL	NIL	NIL	NIL	NIL	NIL
Net NPAs	NIL	NIL	NIL	NIL	NIL	NIL
b) % of Gross NPAs	NIL	NIL	NIL	NIL	NIL	NIL
% of Net NPAs	NIL	NIL	NIL	NIL	NIL	NIL
(viii) Yield on Investments (on Shareholders' fund)						
A. Without unrealised gains	1.8%	1.9%	1.9%	5.3%	6.6%	6.5%
B. With unrealised gains	5.8%	2.3%	2.3%	14.5%	7.3%	2.9%
(ix) Persistency Ratio						
13th month	92.9%	90.8%	88.8%	90.7%	89.7%	90.1%
25th month	82.6%	83.4%	80.2%	83.2%	80.0%	80.2%
37th month	72.1%	71.8%	71.5%	73.1%	73.4%	73.8%
49th month	67.4%	70.1%	63.6%	68.7%	67.7%	67.2%
61st month	51.8%	52.4%	52.6%	54.2%	54.7%	55.0%
(x) Conservation Ratio						
Participating Life- Individual & group	91.6%	86.0%	87.6%	86.5%	84.6%	83.7%
Participating Pension- Individual & group	104.5%	80.7%	86.6%	88.9%	94.5%	90.8%
Non Participating Life - Individual & group	86.3%	87.2%	72.1%	85.8%	70.0%	70.0%
Non Participating Pension - Individual & Group	87.4%	74.7%	86.1%	79.7%	80.6%	79.5%
Non Participating - Life Group Variable	NA	NA	NA	NA	NA	NA
Non Participating - Pension group variable	NA	NA	NA	NA	NA	NA
Non Participating Fund - Annuity	NA	NA	NA	NA	NA	NA
Non Participating Fund - Individual & Group Health	77.9%	84.4%	56.7%	80.5%	64.0%	62.7%
Unit Linked - Individual Life	83.7%	86.7%	83.5%	84.8%	82.9%	81.6%
Unit Linked - Individual Pension	70.0%	71.6%	73.9%	70.9%	77.0%	74.6%
Unit Linked - Group Life	NA	NA	NA	NA	NA	NA
Unit Linked - Group Pension	NA	NA	NA	NA	NA	NA

- Notes :**
- Analytical ratios have been calculated as per definition given in IRDAI Analytical ratios disclosure.
  - The persistency ratios are calculated in accordance with the IRDAI circular no. IRDA/ACT/CIR/MISC/035/01/2014 dated January 23, 2014 and hence are with a lag of one month.
  - Group business, where persistency is measurable, has been included in the calculations. Rural business policies issued from FY 2018-19 onwards are included in persistency ratio calculations.
  - The persistency ratios for the quarter ended December 31, 2020 have been calculated for the policies issued in the September to November period of the relevant years. E.g.: the 13th month persistency for the current quarter is calculated for the policies issued from September 2019 to November 2019. The persistency ratios for quarter ended September 30, 2020 and December 31, 2019 have been calculated in a similar manner.
  - The persistency ratios for the nine months ended December 31, 2020 have been calculated for the policies issued in the December to November period of the relevant years. E.g.: the 13th month persistency for the current year is calculated for the policies issued from December 2018 to November 2019. The persistency ratios for the December 31, 2019 have been calculated in a similar manner.
  - The persistency ratios for the year ended March 31, 2020 have been calculated for the policies issued in the March to February period of the relevant years. E.g.: the 13th month persistency for the year is calculated for the policies issued from March 2018 to February 2019.

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The joint statutory auditors have digitally signed this statement for identification purposes only and this Statement should be read in conjunction with their report dated January 22, 2021.

**HDFC Life Insurance Company Limited**  
Segment Reporting (Standalone) for the Quarter and Nine months ended December 31, 2020

(₹ in Lakhs)

Sr. No.	Particulars	Three Months ended			Nine Months ended		Year ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>1</b>	<b>Segment Income</b>						
<b>A)</b>	<b>Policyholders :</b>						
	<b>Segment A - Participating - Individual &amp; Group Life :</b>						
	Net Premium	196,337	172,355	140,673	473,826	364,261	583,500
	Income from Investments <sup>2</sup>	61,591	64,513	56,908	176,943	177,490	136,368
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	2,046	2,723	3,747	7,367	8,345	13,610
	<b>Segment B - Participating - Individual &amp; Group Pension :</b>						
	Net Premium	5,357	4,082	5,089	12,244	13,710	20,260
	Income from Investments <sup>2</sup>	6,043	6,001	9,356	17,416	21,066	22,311
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	145	47	59	235	149	304
	<b>Segment C - Non Participating - Individual &amp; Group Life :</b>						
	Net Premium	293,786	297,537	213,604	743,588	637,097	899,868
	Income from Investments <sup>2</sup>	58,550	49,372	34,057	149,024	93,400	134,045
	Transfer of Funds from shareholders' account	-	-	532	-	2,378	9,536
	Other Income	613	774	394	1,725	1,752	2,293
	<b>Segment D - Non Participating - Life Group Variable :</b>						
	Net Premium	6,707	26,609	26,307	36,541	74,165	84,514
	Income from Investments <sup>2</sup>	6,201	6,016	5,492	18,029	16,235	21,963
	Transfer of Funds from shareholders' account	-	-	121	-	388	626
	Other Income	-	-	-	-	-	-
	<b>Segment E - Non Participating - Individual &amp; Group Pension :</b>						
	Net Premium	11,723	105,399	24,013	137,910	40,676	73,302
	Income from Investments <sup>2</sup>	10,799	9,238	7,263	28,910	21,066	28,587
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	6	4	7	18	23	24
	<b>Segment F - Non Participating - Pension Group Variable :</b>						
	Net Premium	42,736	32,666	24,127	114,846	118,392	164,664
	Income from Investments <sup>2</sup>	7,311	7,163	7,101	21,552	20,566	27,485
	Transfer of Funds from shareholders' account	363	218	230	581	230	313
	Other Income	-	-	-	-	-	-
	<b>Segment G - Non Participating - Individual &amp; Group Annuity :</b>						
	Net Premium	93,564	107,044	61,608	262,048	183,889	269,358
	Income from Investments <sup>2</sup>	20,388	18,848	18,007	56,625	46,622	60,045
	Transfer of Funds from shareholders' account	625	522	-	1,147	-	-
	Other Income	16	18	24	48	70	57
	<b>Segment H - Non Participating - Individual &amp; Group Health :</b>						
	Net Premium	1,052	1,672	2,755	3,742	7,166	9,478
	Income from Investments <sup>2</sup>	121	121	153	450	470	623
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	3	10	5	12	17	(18)
	<b>Segment I - Unit Linked - Individual Life :</b>						
	Net Premium	245,693	227,101	246,112	639,663	631,802	959,915
	Income from Investments <sup>2</sup>	852,881	417,374	185,593	1,899,012	190,520	(765,401)
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	735	734	1,063	2,270	3,095	8,116
	<b>Segment J - Unit Linked - Individual Pension :</b>						
	Net Premium	11,692	13,234	15,897	34,916	47,954	68,971
	Income from Investments <sup>2</sup>	93,939	36,439	29,533	202,041	47,243	(74,855)
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	1	1	5	3	13	8
	<b>Segment K - Unit Linked - Group Life :</b>						
	Net Premium	37,394	14,931	23,185	59,941	50,929	80,662
	Income from Investments <sup>2</sup>	39,096	13,891	12,570	89,845	35,159	21,399
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	-	-	-	-	-	-
	<b>Segment L - Unit Linked - Group Pension :</b>						
	Net Premium	2,660	1,914	2,060	6,164	5,873	7,869
	Income from Investments <sup>2</sup>	6,988	2,621	2,341	16,264	6,527	3,259
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	-	-	-	-	-	-
<b>B)</b>	<b>Shareholders :</b>						
	Income from Investments <sup>2</sup>	15,552	13,038	10,999	39,706	33,299	23,997
	Other Income	-	-	-	-	-	1,856

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**HDFC Life Insurance Company Limited**  
**Segment Reporting (Standalone) for the Quarter and Nine months ended December 31, 2020**

(₹ in Lakhs)

Sr No.	Particulars	Three Months ended / As at			Nine Months ended/ As at		Year ended / As at
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>2</b>	<b>Segment Surplus/ Deficit (net of transfer from Shareholders' A/c) :</b>						
	Segment A - Participating - Individual & Group Life	16,424	(7,810)	7,928	823	11,291	(8,541)
	Segment B - Participating - Individual & Group Pension	(1,130)	1,455	2,459	237	5,000	4,891
	Segment C - Non Participating - Individual & Group Life	(2,286)	2,881	(532)	7,835	(2,378)	13,124
	Segment D - Non Participating - Life Group Variable	157	(65)	(121)	207	(388)	(626)
	Segment E - Non Participating - Individual & Group Pension	1,152	(308)	1,519	3,619	7,316	7,522
	Segment F - Non Participating - Pension Group Variable	(363)	(445)	(628)	(581)	(229)	(313)
	Segment G - Non Participating - Annuity	(625)	(1,175)	(560)	(1,147)	4,070	3,319
	Segment H - Non Participating - Individual & Group Health	235	1,277	2,331	2,360	4,620	4,891
	Segment I - Unit Linked - Individual Life	8,946	13,337	7,443	39,543	38,821	46,930
	Segment J - Unit Linked - Individual Pension	2,970	3,017	3,056	8,962	9,615	12,394
	Segment K - Unit Linked - Group Life	783	755	686	2,384	2,420	2,599
	Segment L - Unit Linked - Group Pension	167	191	131	474	385	476
	<b>Total</b>	<b>26,430</b>	<b>13,110</b>	<b>23,712</b>	<b>64,716</b>	<b>80,543</b>	<b>86,666</b>
	Shareholders	13,510	11,582	8,997	35,515	27,377	20,862
	<b>Grand Total</b>	<b>39,940</b>	<b>24,692</b>	<b>32,709</b>	<b>100,231</b>	<b>107,920</b>	<b>107,528</b>
<b>3</b>	<b>Segment Assets:</b>						
	Segment A - Participating - Individual & Group Life	3,309,548	3,068,178	2,926,480	3,309,548	2,926,480	2,812,223
	Segment B - Participating - Individual & Group Pension	296,047	283,237	278,249	296,047	278,249	266,423
	Segment C - Non Participating - Individual & Group Life	2,251,146	2,015,018	1,473,731	2,251,146	1,473,731	1,650,757
	Segment D - Non Participating - Life Group Variable	329,597	320,421	290,462	329,597	290,462	295,331
	Segment E - Non Participating - Individual & Group Pension	567,157	547,693	372,911	567,157	372,911	409,096
	Segment F - Non Participating - Pension Group Variable	426,240	396,660	332,024	426,240	332,024	354,510
	Segment G - Non Participating - Annuity	1,059,963	956,863	690,964	1,059,963	690,964	777,715
	Segment H - Non Participating - Individual & Group Health	5,479	4,834	4,575	5,479	4,575	5,693
	Segment I - Unit Linked - Individual Life	5,950,268	5,253,456	5,122,255	5,950,268	5,122,255	4,228,828
	Segment J - Unit Linked - Individual Pension	684,706	635,232	781,018	684,706	781,018	614,863
	Segment K - Unit Linked - Group Life	597,278	545,532	497,996	597,278	497,996	498,895
	Segment L - Unit Linked - Group Pension	101,286	95,019	91,084	101,286	91,084	86,860
	<b>Total</b>	<b>15,578,715</b>	<b>14,122,143</b>	<b>12,861,749</b>	<b>15,578,715</b>	<b>12,861,749</b>	<b>12,001,194</b>
	Shareholder	878,864	829,892	650,617	878,864	650,617	667,483
	Unallocated <sup>3</sup>	58,259	56,475	47,080	58,259	47,080	49,868
	<b>Grand Total</b>	<b>16,515,838</b>	<b>15,008,510</b>	<b>13,559,446</b>	<b>16,515,838</b>	<b>13,559,446</b>	<b>12,718,545</b>
<b>4</b>	<b>Segment Policy Liabilities<sup>4</sup> :</b>						
	Segment A - Participating - Individual & Group Life	3,110,854	2,992,858	2,859,513	3,110,854	2,859,513	2,832,635
	Segment B - Participating - Individual & Group Pension	274,348	272,051	264,197	274,348	264,197	263,729
	Segment C - Non Participating - Individual & Group Life	2,220,695	2,005,244	1,467,602	2,220,695	1,467,602	1,643,115
	Segment D - Non Participating - Life Group Variable	327,266	318,090	288,765	327,266	288,765	293,364
	Segment E - Non Participating - Individual & Group Pension	565,771	546,387	372,334	565,771	372,334	408,081
	Segment F - Non Participating - Pension Group Variable	424,186	394,628	330,828	424,186	330,828	352,854
	Segment G - Non Participating - Annuity	1,054,618	956,414	692,702	1,054,618	692,702	778,089
	Segment H - Non Participating - Individual & Group Health	6,026	5,474	5,471	6,026	5,471	5,853
	Segment I - Unit Linked - Individual Life	5,982,888	5,286,806	5,144,819	5,982,888	5,144,819	4,255,269
	Segment J - Unit Linked - Individual Pension	684,709	635,232	781,477	684,709	781,477	614,865
	Segment K - Unit Linked - Group Life	596,857	545,877	498,011	596,857	498,011	498,879
	Segment L - Unit Linked - Group Pension	102,084	95,019	91,083	102,084	91,083	86,860
	<b>Total</b>	<b>15,350,302</b>	<b>14,054,080</b>	<b>12,796,802</b>	<b>15,350,302</b>	<b>12,796,802</b>	<b>12,033,593</b>
	Shareholders	891,674	842,486	665,915	891,674	665,915	679,992
	Unallocated	-	-	-	-	-	-
	<b>Grand Total</b>	<b>16,241,976</b>	<b>14,896,566</b>	<b>13,462,717</b>	<b>16,241,976</b>	<b>13,462,717</b>	<b>12,713,585</b>

**Note:**

1. Segments include:
  - a. Linked Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
  - b. Non-Linked:
    1. Non-Participating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
    2. Participating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable
  - c. Variable insurance shall be further segregated into Life and Pension.
2. Net of provisions for diminution in value of investment.
3. Unallocated row in the segmental assets above includes income tax deposited with tax authorities which is contested by the company and Advance Tax (net of provision for taxation). As per Accounting Standard 17, tax asset cannot be allocated across reporting segments.
4. Segment policy liabilities includes fund for future appropriations and excludes Credit / (Debit) Fair Value Change Account on Policyholders' funds.

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The joint statutory auditors have digitally signed this statement for identification purposes only and this Statement should be read in conjunction with their report dated January 22, 2021.



**HDFC Life Insurance Company Limited**

**Other disclosures :**

**Status of Shareholders Complaints as on December 31, 2020**

<b>Sr No.</b>	<b>Particulars</b>	<b>Number of Complaints</b>
1	Investor complaints pending at the beginning of the quarter	0
2	Investor complaints received during the quarter ended December 31, 2020	2
3	Investor complaints disposed of during the quarter ended December 31, 2020	2
4	Investor complaints remaining unresolved as on December 31, 2020	0



**Notes:**

1. The standalone results of the company for the quarter and nine months ended December 31, 2020 were reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on January 22, 2021.
2. The standalone financial results have been prepared in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable, and IRDAI Circular IRDA/F&I/REG/CIR/208/10/2016 dated October 25, 2016 on publication of financial results for Life Insurance companies.
3. In view of seasonality of industry, the results of interim period are not necessarily indicative of the results that may be expected of any other interim periods or for the full year.
4. During the quarter ended December 31, 2020, the Company has allotted 995,349 equity shares of face value of ₹10 each pursuant to exercise of employee stock options.
5. In light of the COVID-19 'outbreak and based on the information available upto the date of the approval of the half yearly financial results, the Company has assessed the impact on its business including valuation and impairment of investments, liabilities including policy liability and solvency positions. Based on its current evaluation, the Company has:  
(a) made adequate impairment provisions on the investments to the extent necessary and  
(b) carried the un-utilised provision of Rs 4,100 lakhs made as at March 31, 2020, for potential adverse mortality experience due to COVID, this provision was in excess of the IRDAI prescribed norms. The Company has also assessed its solvency position as at the Balance sheet date and is at 202%, which is above the prescribed regulatory limit of 150%. Based on the Company's current assessment of the business operations over next one year, it expects the solvency ratio to continue to remain above the minimum limit prescribed by the Insurance regulator.  
While, the Company does not expect any material impact to arise due to pandemic, the actual impact may differ from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor any material change in future economic conditions due to COVID-19.
6. The Company had been consistently following the conservative practice of accounting for provision for lapsation in line with the generally accepted accounting principles. Pursuant to IRDAI letter dated 08/12/2020, the Company has changed its accounting policy of accruing provision for lapsation on premiums due, from the current quarter. This change in accounting has resulted in an increase in premium income and actuarial reserves with a resultant net impact on profit for the nine months period ended December 31, 2020, which is not material to the financial statements.
7. In accordance with the requirements of IRDAI Master Circular on "Preparation of Financial Statements and Filing Returns of Life Insurance Business" dated December 11, 2013, the Company will publish the financials on the company's website not later than February 14, 2021.
8. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company is in process of evaluating the financial impact, if any.
9. Figures of the previous period have been regrouped wherever necessary, in order to make them comparable.
10. The above standalone financial results have been audited by joint statutory auditors of the Company.

The joint statutory auditors have digitally signed this statement for identification purposes only and this Statement should be read in conjunction with their report dated January 22, 2021.

**Mumbai**  
**January 22, 2021**

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**For and on behalf of the Board of Directors**

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**Padalkar**  
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**Vibha Padalkar**  
**Managing Director & CEO**  
**(DIN: 01682810)**

**Price Waterhouse Chartered Accountants LLP**  
Chartered Accountants  
252, Veer Savarkar Marg,  
Opp Shivaji Park,  
Dadar (W), Mumbai 400028

**G. M. Kapadia & Co.**  
Chartered Accountants  
1007, Raheja Chambers,  
213 Nariman Point,  
Mumbai – 400021

To The Board of Directors  
**HDFC Life Insurance Company Limited**

1. We have reviewed the unaudited consolidated financial results of HDFC Life Insurance Company Limited (the “Parent”), and its subsidiaries (the parent and its subsidiaries hereinafter referred to as the “Group”), for the quarter and nine months ended December 31, 2020 which are included in the accompanying Consolidated Financial Results (the “Consolidated financial results”). The Consolidated financial results, which have been approved by the Board of Directors on January 22, 2021 is being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, which has been digitally signed by us for identification purposes.
2. This Consolidated financial results, which is the responsibility of the Parent’s Management and approved by the Parent’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (‘AS’) 25, “Interim Financial Reporting”, specified under Section 133 of the Companies Act, 2013 (“the Act”), including the relevant provisions of the Insurance Act, 1938 (the “Insurance Act”), the Insurance Regulatory and Development Authority Act, 1999 (the “IRDA Act”) and other accounting principles generally accepted in India, to the extent considered relevant and appropriate for the purpose of quarterly and nine monthly financial results and which are not inconsistent with the accounting principles as prescribed in the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors’ Report of Insurance Companies) Regulations, 2002 (the “Regulations”) as amended by Insurance Laws (Amendment) Act, 2015 and orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India (“IRDAI”). Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Consolidated financial results in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.  
  
We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.
4. The Consolidated financial results includes the results of the following entities:
  - a) HDFC Pension Management Company Limited and
  - b) HDFC International Life and Re Company Limited
5. Based on our review conducted and procedures performed as stated in paragraph 3 above,

nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Insurance Act, IRDA Act, and other accounting principles generally accepted in India and to the extent considered relevant and appropriate for the purpose of these consolidated financial results and which are not inconsistent with the accounting principles as prescribed in the Regulations and orders/directions/circulars issued by IRDAI to the extent applicable and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw your attention to Note 5 to the consolidated financial results which describe the management's assessment of the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.
7. The actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists is the responsibility of the Parent Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at December 31, 2020 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ("IRDAI") and the Institute of Actuaries of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists, as contained in the consolidated unaudited financial results of the Group.
8. The consolidated unaudited financial results includes the financial results of two subsidiaries which have not been reviewed by their auditors, whose interim financial results reflect total revenue of Rs. 191,091 ('000) and Rs.516,437 ('000) and total net loss after tax of Rs. 15,565 ('000) and Rs.3,708 ('000) for the quarter and nine months ended December 31, 2020 respectively, as considered in the consolidated unaudited financial results. According to the information and explanations given to us by the Management, these financial results are not material to the Group. Our conclusion on the Statement is not modified in respect of the above matter.

**For Price Waterhouse Chartered Accountants LLP**  
Chartered Accountants  
Registration No.012754N/N500016

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**Alpa Kedia**  
*Partner*  
Membership No. 100681  
**UDIN:** 21100681AAAAAC4392  
**Place:** Mumbai  
**Date:** January 22, 2021

**For G.M.Kapadia & Co.**  
Chartered Accountant Firm  
Firm Registration No.104767W

Rajen Ratansi  
Ashar

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**Rajen Ashar**  
*Partner*  
Membership No. 048243  
**UDIN:** 21048243AAAAAW5834

**HDFC Life Insurance Company Limited**  
Statement of Consolidated Unaudited Results for the Quarter and Nine months ended December 31, 2020

(₹ in Lakhs)

Sr. No.	Particulars	Three Months ended / As at			Nine months ended/As at		Year ended/As at
		December 31, 2020	September 30,2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31,2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>POLICYHOLDERS' A/C</b>							
1	Gross premium income						
	(a) First Year Premium	1,77,224	1,67,515	1,54,296	4,46,922	4,32,227	6,04,427
	(b) Renewal Premium	4,57,698	4,31,037	3,76,563	12,12,647	9,94,227	15,46,844
	(c) Single Premium	3,27,899	4,19,702	2,69,249	9,07,761	7,82,753	11,19,418
2	Net premium income	9,48,884	10,05,671	7,85,498	25,27,926	21,76,903	32,24,498
3	Income from investments (Net) <sup>2</sup>	11,59,424	6,31,881	3,73,255	26,66,215	6,91,905	(3,31,087)
4	Other income	3,567	4,311	5,304	11,678	13,464	24,395
5	Contribution of funds from Shareholders' A/c <sup>3</sup>	988	740	883	1,728	2,996	10,475
6	<b>Total (2 to 5)</b>	<b>21,12,863</b>	<b>16,42,603</b>	<b>11,64,940</b>	<b>52,07,547</b>	<b>28,85,268</b>	<b>29,28,281</b>
7	Commission on						
	(a) First Year Premium	33,206	32,064	25,726	83,165	78,364	1,08,205
	(b) Renewal Premium	6,816	6,859	6,048	18,493	15,752	24,053
	(c) Single Premium	4,114	2,739	3,421	7,951	9,856	14,119
	Rewards	684	812	877	1,680	2,251	2,741
8	<b>Net Commission<sup>1</sup></b>	<b>44,820</b>	<b>42,474</b>	<b>36,072</b>	<b>1,11,289</b>	<b>1,06,223</b>	<b>1,49,118</b>
9	Operating Expenses related to insurance business (a+b)						
	(a) Employees remuneration and welfare expenses	43,735	39,524	41,540	1,14,456	1,24,028	1,67,696
	(b) Other operating expenses <sup>4</sup>	86,995	70,612	63,580	1,93,131	1,77,443	2,58,994
10	<b>Expenses of Management (8+9)</b>	<b>1,75,550</b>	<b>1,52,610</b>	<b>1,41,192</b>	<b>4,18,876</b>	<b>4,07,694</b>	<b>5,78,808</b>
11	Provisions for doubtful debts (including bad debts written off)	-	-	-	-	-	-
12	Provisions for diminution in value of investments <sup>5</sup>	(4,452)	318	4,957	(9,845)	19,158	56,742
13	Goods & Services Tax on linked charges	8,997	8,860	8,905	26,100	26,023	35,324
14	Provision for taxes	4,134	1,768	4,639	9,058	2,686	14,903
15	Benefits Paid* (Net) <sup>1</sup>	6,19,640	4,76,874	5,81,119	13,77,012	13,70,248	19,03,504
16	Change in actuarial liability	12,82,778	9,88,488	3,99,649	33,20,895	9,75,723	2,44,076
17	<b>Total (10+11+12+13+14+15+16)</b>	<b>20,86,647</b>	<b>16,28,918</b>	<b>11,40,461</b>	<b>51,41,896</b>	<b>28,01,532</b>	<b>28,30,357</b>
18	<b>Surplus/Deficit (6-17)</b>	<b>26,216</b>	<b>13,685</b>	<b>24,479</b>	<b>65,651</b>	<b>83,736</b>	<b>97,924</b>
19	Appropriations						
	(a) Transferred to Shareholders A/c	12,772	21,602	16,792	69,637	74,171	1,19,921
	(b) Funds for Future Appropriations	13,444	(7,916)	7,687	(3,986)	9,565	(21,997)
20	Details of Surplus / Deficit						
	(a) Interim bonus paid	4,968	1,679	1,397	8,466	3,831	5,850
	(b) Terminal bonus paid	11,680	12,383	22,907	36,949	56,697	78,994
	(c) Allocation of bonus to policyholders	-	-	-	-	-	80,285
	(d) Surplus shown in the Revenue Account	26,216	13,685	24,479	65,651	83,736	97,924
	<b>Total Surplus</b>	<b>42,864</b>	<b>27,747</b>	<b>48,783</b>	<b>1,11,066</b>	<b>1,44,264</b>	<b>2,63,053</b>
<b>SHAREHOLDERS' A/C</b>							
21	Transfer from Policyholders' Account	12,772	21,602	16,792	69,637	74,171	1,19,921
22	Net Reinsurance Premium	1,428	335	401	1,792	1,559	2,234
23	Total income under Shareholders' Account	-	-	-	-	-	-
	(a) Investment Income <sup>2</sup>	14,477	13,932	11,516	38,310	35,808	44,629
	(b) Other income	85	72	33	214	76	1,986
24	Reinsurance Claims incurred	430	(203)	281	457	1,157	1,511
25	Expenses relating to reinsurance business & Change in reinsurance contract liabilities (net of reinsurance assets)	87	381	67	1,097	771	1,834
26	Expenses other than those related to insurance business <sup>7</sup>	1,990	1,558	761	4,344	1,859	3,773
27	Transfer of funds to Policyholders' Account	988	740	883	1,728	2,996	10,475
28	Provisions for doubtful debts (including write off)	-	-	-	-	-	-
29	Provisions for diminution in value of investments <sup>6</sup>	(1,279)	670	304	(2,079)	1,881	19,785
30	<b>Profit before tax</b>	<b>26,546</b>	<b>32,795</b>	<b>26,446</b>	<b>1,04,406</b>	<b>1,02,950</b>	<b>1,31,392</b>
31	Provisions for tax	202	12	1,337	225	4,372	1,647
32	<b>Profit after tax and before Extraordinary items</b>	<b>26,344</b>	<b>32,783</b>	<b>25,109</b>	<b>1,04,181</b>	<b>98,578</b>	<b>1,29,745</b>
33	<b>Profit after tax and Extraordinary items</b>	<b>26,344</b>	<b>32,783</b>	<b>25,109</b>	<b>1,04,181</b>	<b>98,578</b>	<b>1,29,745</b>
34	Dividend per share (₹) (Nominal value ₹ 10 per share)						
	(a) Interim Dividend	-	-	-	-	-	-
	(b) Final Dividend	-	-	-	-	-	-
35	Profit carried to Balance Sheet <sup>1</sup>	5,60,524	5,34,179	4,25,177	5,60,524	4,25,177	4,56,343
36	Paid up equity share capital	2,02,046	2,01,946	2,01,861	2,02,046	2,01,861	2,01,880
37	Reserve & Surplus (excluding Revaluation Reserve)	6,06,677	5,76,441	4,64,541	6,06,677	4,64,541	4,97,420
38	Fair Value Change Account and Revaluation Reserve (Shareholders)	22,814	3,819	(1,066)	22,814	(1,066)	(19,197)
39	Total Assets:						
	(a) Investments:						
	- Shareholders'	8,24,098	7,46,749	6,06,159	8,24,098	6,06,159	5,88,503
	- Policyholders Fund excluding Linked Assets	84,11,298	77,92,993	65,59,485	84,11,298	65,59,485	67,18,861
	- Assets held to cover Linked Liabilities (Linked Assets)	73,30,062	65,25,210	64,81,170	73,30,062	64,81,170	54,18,208
	(b) Other Assets (Net of current liabilities and provisions)	(45,098)	(51,385)	(84,667)	(45,098)	(84,667)	(2,180)

\*Details of Expenses contributing more than 10% of the expense of management are as below -

Advertisement and publicity	36,327	43,286	26,562	96,696	73,933	1,06,957
Business development expenses	27,825	8,008	15,975	37,161	37,745	61,209

**Foot notes :**

- 1 Net of reinsurance
- 2 Net of amortisation and losses (including capital gains)
- 3 Includes contribution of funds from shareholders accounts towards excess EOM
- 4 Inclusive of interim and terminal bonus
- 5 Includes Remuneration of MD/CEOs/WTDs over specified limits
- 6 Inclusive of provision for standard and non-standard assets
- 7 Represents accumulated surplus

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**HDFC Life Insurance Company Limited**  
**Statement of Consolidated Unaudited results for the Quarter and Nine months ended December 31, 2020**

Particulars	Three Months ended / As at			Nine months ended/As at		Year ended/As at
	December 31, 2020	September 30,2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31,2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Analytical Ratios:</b>						
(i) Solvency Ratio	202%	203%	195%	202%	195%	184%
(ii) Expenses of Management Ratio	18.3%	15.0%	17.7%	16.3%	18.5%	17.6%
(iii) Policyholder's liabilities to shareholders' fund	1879.3%	1810.2%	1938.0%	1879.3%	1938.0%	1769.3%
(iv) Earnings per share (in ₹):						
a) Basic EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three months and nine months)	1.30	1.62	1.24	5.16	4.89	6.43
b) Diluted EPS before and after extraordinary items (net of tax expense) for the period (not annualized for three months and nine months)	1.30	1.62	1.24	5.15	4.88	6.42
(v) NPA ratios: (for Policyholders' fund)						
a) Gross NPAs (₹ in Lakhs)						
- Non Linked						
Par	NIL	NIL	NIL	NIL	NIL	NIL
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
- Linked						
Non Par	5125.00	5125.00	5125.00	5125.00	5125.00	5125.00
Net NPAs (₹ in Lakhs)						
- Non Linked						
Par	NIL	NIL	NIL	NIL	NIL	NIL
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
- Linked						
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
b) % of Gross NPAs						
- Non Linked						
Par	NIL	NIL	NIL	NIL	NIL	NIL
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
- Linked						
Non Par	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
% of Net NPA						
- Non Linked						
Par	NIL	NIL	NIL	NIL	NIL	NIL
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
- Linked						
Non Par	NIL	NIL	NIL	NIL	NIL	NIL
(vi) Yield on Investments (on Policyholders' fund)						
A. Without unrealised gains						
- Non Linked						
Par	1.9%	2.2%	2.3%	5.8%	7.2%	7.0%
Non Par	2.4%	2.4%	2.4%	7.1%	7.0%	9.6%
- Linked						
Non Par	2.2%	2.5%	1.6%	5.4%	5.0%	6.3%
B. With unrealised gains						
- Non Linked						
Par	7.0%	1.9%	2.7%	15.8%	8.5%	5.4%
Non Par	4.2%	-0.5%	2.7%	8.7%	9.6%	15.0%
- Linked						
Non Par	14.9%	7.2%	3.2%	39.6%	3.2%	-14.6%
(vii) NPA ratios: (for Shareholders' fund)						
a) Gross NPAs	NIL	NIL	NIL	NIL	NIL	NIL
Net NPAs	NIL	NIL	NIL	NIL	NIL	NIL
b) % of Gross NPAs	NIL	NIL	NIL	NIL	NIL	NIL
% of Net NPAs	NIL	NIL	NIL	NIL	NIL	NIL
(viii) Yield on Investments (on Shareholders' fund)						
A. Without unrealised gains	1.8%	1.9%	1.9%	5.3%	6.6%	6.5%
B. With unrealised gains	5.8%	2.3%	2.3%	14.5%	7.3%	2.9%

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**HDFC Life Insurance Company Limited**  
**Statement of Consolidated Unaudited results for the Quarter and Nine months ended December 31, 2020**

Particulars	Three Months ended / As at			Nine months ended/As at		Year ended/As at
	December 31, 2020	September 30,2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31,2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
(ix) Persistence Ratio						
13th month	92.9%	90.8%	88.8%	90.7%	89.7%	90.1%
25th month	82.6%	83.4%	80.2%	83.2%	80.0%	80.2%
37th month	72.1%	71.8%	71.5%	73.1%	73.4%	73.8%
49th month	67.4%	70.1%	63.6%	68.7%	67.7%	67.2%
61st month	51.8%	52.4%	52.6%	54.2%	54.7%	55.0%
(x) Conservation Ratio						
Participating life- Individual & group	91.6%	86.0%	87.6%	86.5%	84.6%	83.7%
Participating pension- Individual & group	104.5%	80.7%	86.6%	88.9%	94.5%	90.8%
Non Participating life - Individual & group	86.3%	87.2%	72.1%	85.8%	70.0%	70.0%
Non Participating pension - Individual & Group	87.4%	74.7%	86.1%	79.7%	80.6%	79.5%
Non Participating - Life Group Variable	NA	NA	NA	NA	NA	NA
Non Participating - Pension group variable	NA	NA	NA	NA	NA	NA
Non Participating fund - Individual & Group Annuity	NA	NA	NA	NA	NA	NA
Non Participating fund - Individual & Group Health	77.9%	84.4%	56.7%	80.5%	64.0%	62.7%
Unit Linked - Individual life	83.7%	86.7%	83.5%	84.8%	82.9%	81.6%
Unit Linked - Individual pension	70.0%	71.6%	73.9%	70.9%	77.0%	74.6%
Unit Linked - Group life	NA	NA	NA	NA	NA	NA
Unit Linked - Group pension	NA	NA	NA	NA	NA	NA

**Notes :**

- Analytical ratios have been calculated as per definition given in IRDAI Analytical ratios disclosure.
- The persistency ratios are calculated in accordance with the IRDAI circular no. IRDA/ACT/CIR/MISC/035/01/2014 dated January 23, 2014 and hence are with a lag of one month.
- Group business, where persistency is measurable, has been included in the calculations. Rural business policies issued from FY 2018-19 onwards are included in persistency ratio calculations.
- The persistency ratios for the quarter ended December 31, 2020 have been calculated for the policies issued in the September to November period of the relevant years. E.g.: the 13th month persistency for the current quarter is calculated for the policies issued from September 2019 to November 2019. The persistency ratios for quarter ended September 30, 2020 and December 31, 2019 have been calculated in a similar manner.
- The persistency ratios for the nine months ended December 31, 2020 have been calculated for the policies issued in the December to November period of the relevant years. E.g.: the 13th month persistency for the current year is calculated for the policies issued from December 2018 to November 2019. The persistency ratios for the December 31, 2019 have been calculated in a similar manner.
- The persistency ratios for the year ended March 31, 2020 have been calculated for the policies issued in the March to February period of the relevant years. E.g.: the 13th month persistency for the year is calculated for the policies issued from March 2018 to February 2019.

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Sr. No.		Three Months ended / As at			Year ended / As at		Year ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	<b>Segment Income</b>						
A)	<b>Policyholders :</b>						
	<b>Segment A - Participating - Individual &amp; Group Life :</b>						
	Net Premium	1,96,337	1,72,355	1,40,673	4,73,826	3,64,261	5,83,500
	Income from Investments <sup>2</sup>	61,591	64,513	56,908	1,76,943	1,77,490	1,36,368
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	2,046	2,723	3,747	7,367	8,345	13,610
	<b>Segment B - Participating - Individual &amp; Group Pension :</b>						
	Net Premium	5,357	4,082	5,089	12,244	13,710	20,260
	Income from Investments <sup>2</sup>	6,043	6,001	9,356	17,416	21,066	22,311
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	145	47	59	235	149	304
	<b>Segment C - Non Participating - Individual &amp; Group Life :</b>						
	Net Premium	2,93,969	2,98,663	2,13,671	7,46,086	6,38,087	9,02,006
	Income from Investments <sup>2</sup>	58,550	49,372	34,057	1,49,024	93,400	1,34,045
	Transfer of Funds from shareholders' account	-	-	532	-	2,378	9,536
	Other Income	613	774	394	1,725	1,752	2,293
	<b>Segment D - Non Participating - Life Group Variable :</b>						
	Net Premium	6,707	26,609	26,307	36,541	74,165	84,514
	Income from Investments <sup>2</sup>	6,201	6,016	5,492	18,029	16,235	21,963
	Transfer of Funds from shareholders' account	-	-	121	-	388	626
	Other Income	-	-	-	-	-	-
	<b>Segment E - Non Participating - Individual &amp; Group Pension :</b>						
	Net Premium	11,723	1,05,399	24,013	1,37,910	40,676	73,302
	Income from Investments <sup>2</sup>	10,799	9,238	7,263	28,910	21,066	28,587
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	6	4	7	18	23	24
	<b>Segment F - Non Participating - Pension Group Variable :</b>						
	Net Premium	42,736	32,666	24,127	1,14,846	1,18,392	1,64,664
	Income from Investments <sup>2</sup>	7,311	7,163	7,101	21,552	20,566	27,485
	Transfer of Funds from shareholders' account	363	218	230	581	230	313
	Other Income	-	-	-	-	-	-
	<b>Segment G - Non Participating - Individual &amp; Group Annuity :</b>						
	Net Premium	93,564	1,07,044	61,608	2,62,048	1,83,889	2,69,358
	Income from Investments <sup>2</sup>	20,388	18,848	18,007	56,625	46,622	60,045
	Transfer of Funds from shareholders' account	625	522	-	1,147	-	-
	Other Income	16	18	24	48	70	57
	<b>Segment H - Non Participating - Individual &amp; Group Health :</b>						
	Net Premium	1,052	1,672	2,755	3,742	7,166	9,478
	Income from Investments <sup>2</sup>	121	121	153	450	470	623
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	3	10	5	12	17	(18)
	<b>Segment I - Unit Linked - Individual Life :</b>						
	Net Premium	2,45,693	2,27,101	2,46,112	6,39,663	6,31,802	9,59,915
	Income from Investments <sup>2</sup>	8,52,881	4,17,374	1,85,593	18,99,012	1,90,520	(7,65,401)
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	735	734	1,063	2,270	3,095	8,116
	<b>Segment J - Unit Linked - Individual Pension :</b>						
	Net Premium	11,692	13,234	15,897	34,916	47,954	68,971
	Income from Investments <sup>2</sup>	93,939	36,439	29,533	2,02,041	47,243	(74,855)
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	1	1	5	3	13	8
	<b>Segment K - Unit Linked - Group Life :</b>						
	Net Premium	37,394	14,931	23,185	59,941	50,929	80,662
	Income from Investments <sup>2</sup>	39,096	13,891	12,570	89,845	35,159	21,399
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	-	-	-	-	-	-
	<b>Segment L - Unit Linked - Group Pension :</b>						
	Net Premium	2,660	1,914	2,060	6,164	5,873	7,869
	Income from Investments <sup>2</sup>	6,988	2,621	2,341	16,264	6,527	3,259
	Transfer of Funds from shareholders' account	-	-	-	-	-	-
	Other Income	-	-	-	-	-	-
B)	<b>Shareholders :</b>						
	Income from Investments <sup>2</sup>	15,755	13,262	11,212	40,388	33,926	24,844
	Other Income	85	72	33	214	76	1,986



## Consolidated Segment Reporting for the Quarter and Nine months ended December 31, 2020

(₹ in Lakhs)

Sr No.	Particulars	Three Months ended / As at			Year ended		Year ended / As at
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>2</b>	<b>Segment Surplus/ Deficit (net of transfer from shareholders' A/c) :</b>						
	Segment A - Participating - Individual & Group Life	16,424	(7,810)	7,928	823	11,291	(8,541)
	Segment B - Participating - Individual & Group Pension	(1,130)	1,455	2,459	237	5,000	4,891
	Segment C - Non Participating - Individual & Group Life	(3,490)	2,716	(650)	7,042	(2,180)	13,905
	Segment D - Non Participating - Life Group Variable	157	(65)	(121)	207	(388)	(626)
	Segment E - Non Participating - Individual & Group Pension	1,152	(308)	1,519	3,619	7,316	7,522
	Segment F - Non Participating - Pension Group Variable	(363)	(445)	(628)	(581)	(229)	(313)
	Segment G - Non Participating - Annuity	(625)	(1,175)	(560)	(1,147)	4,070	3,319
	Segment H - Non Participating - Individual & Group Health	235	1,277	2,331	2,360	4,620	4,891
	Segment I - Unit Linked - Individual Life	8,946	13,337	7,443	39,543	38,821	46,930
	Segment J - Unit Linked - Individual Pension	2,970	3,017	3,056	8,962	9,615	12,394
	Segment K - Unit Linked - Group Life	783	755	686	2,384	2,420	2,599
	Segment L - Unit Linked - Group Pension	167	191	131	474	385	476
	<b>Total</b>	<b>25,226</b>	<b>12,945</b>	<b>23,594</b>	<b>63,923</b>	<b>80,741</b>	<b>87,447</b>
	Shareholders	14,560	11,921	9,199	36,272	27,403	20,299
	<b>Grand Total</b>	<b>39,786</b>	<b>24,866</b>	<b>32,793</b>	<b>1,00,195</b>	<b>1,08,144</b>	<b>1,07,746</b>
<b>3</b>	<b>Segment Assets:</b>						
	Segment A - Participating - Individual & Group Life	33,09,548	30,68,178	29,26,480	33,09,548	29,26,480	28,12,223
	Segment B - Participating - Individual & Group Pension	2,96,047	2,83,237	2,78,249	2,96,047	2,78,249	2,66,423
	Segment C - Non Participating - Individual & Group Life	22,49,559	20,14,634	14,73,552	22,49,559	14,73,552	16,50,373
	Segment D - Non Participating - Life Group Variable	3,29,597	3,20,421	2,90,462	3,29,597	2,90,462	2,95,331
	Segment E - Non Participating - Individual & Group Pension	5,67,157	5,47,693	3,72,911	5,67,157	3,72,911	4,09,096
	Segment F - Non Participating - Pension Group Variable	4,26,240	3,96,660	3,32,024	4,26,240	3,32,024	3,54,510
	Segment G - Non Participating - Annuity	10,59,963	9,56,863	6,90,964	10,59,963	6,90,964	7,77,715
	Segment H - Non Participating - Individual & Group Health	5,479	4,834	4,575	5,479	4,575	5,693
	Segment I - Unit Linked - Individual Life	59,50,268	52,53,456	51,22,255	59,50,268	51,22,255	42,28,828
	Segment J - Unit Linked - Individual Pension	6,84,706	6,35,232	7,81,018	6,84,706	7,81,018	6,14,863
	Segment K - Unit Linked - Group Life	5,97,278	5,45,532	4,97,996	5,97,278	4,97,996	4,98,895
	Segment L - Unit Linked - Group Pension	1,01,286	95,019	91,084	1,01,286	91,084	86,860
	<b>Total</b>	<b>1,55,77,128</b>	<b>1,41,21,759</b>	<b>1,28,61,570</b>	<b>1,55,77,128</b>	<b>1,28,61,570</b>	<b>1,20,00,810</b>
	Shareholders	8,84,974	8,35,332	6,53,496	8,84,974	6,53,496	6,72,813
	Unallocated <sup>3</sup>	58,259	56,475	47,080	58,259	47,080	49,868
	<b>Grand Total</b>	<b>1,65,20,361</b>	<b>1,50,13,566</b>	<b>1,35,62,146</b>	<b>1,65,20,361</b>	<b>1,35,62,146</b>	<b>1,27,23,491</b>
<b>4</b>	<b>Segment Policy Liabilities<sup>4</sup> :</b>						
	Segment A - Participating - Individual & Group Life	31,10,854	29,92,858	28,59,513	31,10,854	28,59,513	28,32,635
	Segment B - Participating - Individual & Group Pension	2,74,348	2,72,051	2,64,197	2,74,348	2,64,197	2,63,729
	Segment C - Non Participating - Individual & Group Life	22,20,695	20,05,244	14,67,602	22,20,695	14,67,602	16,43,115
	Segment D - Non Participating - Life Group Variable	3,27,266	3,18,090	2,88,765	3,27,266	2,88,765	2,93,364
	Segment E - Non Participating - Individual & Group Pension	5,65,771	5,46,387	3,72,334	5,65,771	3,72,334	4,08,081
	Segment F - Non Participating - Pension Group Variable	4,24,186	3,94,628	3,30,828	4,24,186	3,30,828	3,52,854
	Segment G - Non Participating - Annuity	10,54,618	9,56,414	6,92,702	10,54,618	6,92,702	7,78,089
	Segment H - Non Participating - Individual & Group Health	6,026	5,474	5,471	6,026	5,471	5,853
	Segment I - Unit Linked - Individual Life	59,82,888	52,86,806	51,44,819	59,82,888	51,44,819	42,55,269
	Segment J - Unit Linked - Individual Pension	6,84,709	6,35,232	7,81,477	6,84,709	7,81,477	6,14,865
	Segment K - Unit Linked - Group Life	5,96,857	5,45,877	4,98,011	5,96,857	4,98,011	4,98,879
	Segment L - Unit Linked - Group Pension	1,02,084	95,019	91,083	1,02,084	91,083	86,860
	<b>Total</b>	<b>1,53,50,302</b>	<b>1,40,54,080</b>	<b>1,27,96,802</b>	<b>1,53,50,302</b>	<b>1,27,96,802</b>	<b>1,20,33,593</b>
	Shareholders	8,96,197	8,47,542	6,68,614	8,96,197	6,68,614	6,84,839
	Unallocated	-	-	-	-	-	-
	<b>Grand Total</b>	<b>1,62,46,499</b>	<b>1,49,01,622</b>	<b>1,34,65,416</b>	<b>1,62,46,499</b>	<b>1,34,65,416</b>	<b>1,27,18,432</b>

**Note:**

1. Segments include:

a. Linked Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

b. Non-Linked:

1. Non-Participating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

2. Participating Policies: (i) Life (ii) General Annuity and Pension (iii) Health (iv) Variable

c. Variable insurance shall be further segregated into Life and Pension.

2. Net of provisions for diminution in value of investment.

3. Unallocated row in the segmental assets above includes income tax deposited with tax authorities which is contested by the company and Advance Tax (net of provision for taxation). As per Accounting Standard 17, tax asset cannot be allocated across reporting segments.

4. Segment policy liabilities includes fund for future appropriations and excludes Credit / (Debit) Fair Value Change Account on Policyholders' funds.

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Date: 2021.01.22  
15:13:12 +05'30'The joint statutory auditors have  
digitally signed this statement for  
identification purposes only and  
this Statement should be read in  
conjunction with their review  
report dated January 22, 2021.

HDFC Life Insurance Company Limited

Other disclosures :

Status of Shareholders Complaints as on December 31, 2020

Sr No.	Particulars	Number of Complaints
1	Investor complaints pending at the beginning of the quarter	0
2	Investor complaints received during the quarter ended December 31, 2020	2
3	Investor complaints disposed of during the quarter ended December 31, 2020	2
4	Investor complaints remaining unresolved as on December 31, 2020	0

## Notes:

1. The above consolidated financial results of the company for the quarter and nine months ended December 31, 2020 were reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on January 22, 2021.
2. These consolidated financial results have been prepared in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable, and IRDAI Circular IRDA/F&I/REG/CIR/208/10/2016 dated October 25, 2016 on publication of financial results for Life Insurance companies.
3. In view of seasonality of industry, the results of interim period are not necessarily indicative of the results that may be expected of any other interim periods or for the full year.
4. During the quarter ended December 31, 2020, the Parent company has allotted 995,349 equity shares of face value of ₹10 each pursuant to exercise of employee stock options.
5. In light of the COVID-19 'outbreak and based on the information available upto the date of the approval of the nine monthly financial results, the Group has assessed the impact on its business including valuation and impairment of investments, liabilities including policy liability and solvency positions. Based on its current evaluation, the Group has:  
(a) made adequate impairment provisions on the investments to the extent necessary and  
(b) carried the un-utilised provision of Rs 4,100 lakhs made as at March 31, 2020, for potential adverse mortality experience due to COVID, this provision was in excess of the IRDAI prescribed norms. The Parent company has also assessed its solvency position as at the Balance sheet date and is at 202%, which is above the prescribed regulatory limit of 150%. Based on the Parent company's current assessment of the business operations over next one year, it expects the solvency ratio to continue to remain above the minimum limit prescribed by the Insurance regulator. While, the Group does not expect any material impact to arise due to pandemic, the actual impact may differ from that estimated as at the date of approval of these financial results. The Group will continue to closely monitor any material change in future economic conditions due to COVID-19.
6. The Parent Company had been consistently following the conservative practice of accounting for provision for lapsation in line with the generally accepted accounting principles. Pursuant to IRDAI letter dated 08/12/2020, the Parent Company has changed its accounting policy of accruing provision for lapsation on premiums due, from the current quarter. This change in accounting has resulted in an increase in premium income and actuarial reserves with a resultant net impact on profit for the nine months period ended December 31, 2020, which is not material to the financial statements.
7. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company is in process of evaluating the impact, if any.
8. Figures of the previous period have been regrouped wherever necessary, in order to make them comparable.
9. The above consolidated financial results have been reviewed by joint statutory auditors of the Company.

For and on behalf of the Board of Directors

The joint statutory auditors have digitally signed this statement for identification purposes only and this Statement should be read in conjunction with their review report dated January 22, 2021.

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KEDIA

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ALPA KEDIA  
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Rajen  
Ratansi  
Ashar

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by Rajen Ratansi  
Ashar  
Date: 2021.01.22  
15:13:37 +05'30'

Mumbai  
January 22, 2021

Vibha  
Padalkar

Digitally signed by Vibha Padalkar  
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Vibha Padalkar  
Managing Director & CEO  
(DIN: 01682810)

**PRESS RELEASE - PERFORMANCE FOR THE NINE MONTHS ENDED DEC 31, 2020**

**BSE Code: 540777**

**NSE Code: HDFCLIFE**

## **Market share expansion of 214 bps to 16.4%; NBM strong at 25.6%**

### **Other Key Highlights:**

- **8% Individual WRP growth compared to private industry de-growth of 6%**
- **25.6% New Business Margin on the back of growth and balanced product mix**
- **17% growth in Protection (Indl) and 42% growth in Annuity in APE terms**
- **22% growth in renewal premium with stable persistency**
- **PAT of Rs 1,042 Cr, with growth of 6%**
- **Solvency healthy at 202%**

**Mumbai, Jan 22, 2021: The Board of Directors of HDFC Life approved and adopted today the audited standalone and reviewed consolidated financial results for the nine months ended December 31, 2020. Below is the summary of our standalone results:**

Commenting on the current situation, Ms. Vibha Padalkar, MD & CEO said “We are witnessing a lift in customer confidence, which is also reflected in the new business premium trends for both the individual as well as the group credit protect business. We continue to see a pickup in the savings business, accompanied by an increase in both the average ticket size as well as number of policies.”

Further, commenting on the 9MFY21 performance, Ms. Padalkar said “Our market share in terms of Individual WRP has increased by 214 basis points from 14.3% to 16.4%. We continue to witness sequential improvement in our new business margins, which stood at 25.6% for 9MFY21. Given that the vaccination drive has been initiated and the economic momentum on the ground seems sustained, we will strive for continued new business growth and an upward trajectory on New Business Margins whilst adhering to a conservative risk management approach.”

### **Key Financial Summary**

Rs Cr	9M FY21	9M FY20	YoY	FY20	FY19
<b>Key Financial and Actuarial Metrics</b>					
Individual APE	4,661	4,394	6%	6,145	5,204
Total APE	5,491	5,296	4%	7,407	6,260
New Business Premium (Indl + Group)	13,547	12,150	11%	17,239	14,971
Renewal Premium (Indl + Group)	12,126	9,942	22%	15,468	14,215
Total Premium	25,673	22,092	16%	32,707	29,186
Assets Under Management	1,65,623	1,36,451	21%	1,27,226	1,25,552
Networth (1)	8,089	6,670	21%	6,992	5,659
Profit After Tax	1,042	984	6%	1,295	1,277

Indian Embedded Value	25,054	20,841	20%	20,650	18,301
Value of new business	1,408	1,407	0.1%	1,919	1,537
Protection based on Individual APE	345	295	17%	466	351
Protection based on Total APE	691	886	-22%	1,270	1,045

	9M FY21	9M FY20	FY20	FY19
<b>Key Financial Ratios</b>				
New Business Margins	25.6%	26.6%	25.9%	24.6%
Operating Return on EV	18.3%	19.0%	18.1%	20.1%
Operating Expenses / Total Premium	12.1%	13.7%	13.1%	13.1%
Solvency Ratio	202%	195%	184%	188%
13M / 61M Persistency (2)	89%/53%	87%/53%	88%/54%	84%/51%
Product mix by Indl APE (UL / Par / Non par savings / Term & Health / Annuity)	23/35/30/7/5	28/13/47/7/4	28/19/41/8/4	55/18/15/7/5
Distribution mix by Indl APE (Corp Agents/ Agency/ Direct/ Broker)	63/12/19/6	55/14/21/9	55/14/22/9	64/13/19/4

Notes:

1. Networth comprises Share capital, Share premium and Accumulated profits
2. Persistency ratios are calculated basis original premium, for Individual business

**Other key highlights for the nine months ending December 31, 2020:**

- **Private Market Share:** Ranking improved to #2 in terms of Individual WRP, with market share expanding by 214 bps from 14.3% to 16.4%. Our private market share within the group and overall new business segment stood at 27.3% and 22.3% respectively
- **Product Portfolio:** We continue to maintain a balanced product mix with share of participating savings, non-participating savings, ULIPs, protection and annuity accounting for 35%, 30%, 23%, 7% and 5% of Individual APE respectively. Our focus on the retiral segment resulted in 42% growth in annuity business
- **Distribution Mix:** Our diversified distribution mix is evidenced by the wide spectrum of 300+ partners, including more than 50 new-ecosystem partners. This is supplemented by 391 branches across the country
- **Assets Under Management:** As on December 31, 2020, our AUM was Rs. 1.7 lakh Cr. (Debt:Equity mix – 64:36); about 98% of debt investments were in G-Secs and AAA bonds as on December 31, 2020

## Definitions and abbreviations

- **Annualized Premium Equivalent (APE)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups
- **Assets under Management (AUM)** - The total value of Shareholders' & Policyholders' investments managed by the insurance company
- **Embedded Value Operating Profit (EVOP)** - Embedded Value Operating Profit ("EVOP") is a measure of the increase in the EV during any given period, excluding the impact on EV due to external factors like changes in economic variables and shareholder-related actions like capital injection or dividend pay-outs
- **First year premium** - Premiums due in the first policy year of regular premiums received during the financial year. For example, for a monthly mode policy sold in March 2021, the first monthly instalment received would be reflected as First year premiums for 2020-21 and the remaining 11 instalments due in the first policy year would be reflected as first year premiums in 2021-22, when received
- **New business received premium** - The sum of first year premium and single premium, reflecting the total premiums received from the new business written
- **Operating expense** - It includes all expenses that are incurred for the purposes of sourcing new business and expenses incurred for policy servicing (which are known as maintenance costs) including shareholders' expenses. It does not include commission
- **Operating expense ratio** - Ratio of operating expense (including shareholders' expenses) to total premium
- **Operating return on EV** - Operating Return on EV is the ratio of EVOP (Embedded Value Operating Profit) for any given period to the EV at the beginning of that period
- **Persistency** - The proportion of business renewed from the business underwritten. The ratio is measured in terms of number of policies and premiums underwritten
- **Renewal premium** - Regular recurring premiums received after the first policy year
- **Solvency ratio** - Ratio of available solvency margin to required solvency margin
- **Total premium** - Total received premiums during the year including first year, single and renewal premiums for individual and group business
- **Weighted received premium (WRP)** - The sum of first year premium received during the year and 10% of single premiums including top-up premiums

## **About HDFC Life**

HDFC Life Insurance Company Limited ('HDFC Life' / 'Company') is a listed life insurance entity promoted by HDFC Ltd., India's leading housing finance institution and Standard Life Aberdeen, a global investment company.

Established in 2000, HDFC Life is a leading long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity and Health. As on December 31, 2020, the Company had 37 individual and 13 group products in its portfolio, along with 7 optional rider benefits, catering to a diverse range of customer needs.

HDFC Life continues to benefit from its presence across the country having a wide reach with 391 branches and additional distribution touch-points through several new tie-ups and partnerships. The count of our partnerships is in excess of 300, comprising traditional partners such as NBFCs, MFIs and SFBs, and includes more than 50 new-ecosystem partners. The Company has a strong base of financial consultants.

For more information, please visit our website, [www.hdfclife.com](http://www.hdfclife.com). You may also connect with us on Facebook, Twitter, YouTube and LinkedIn.

## **Disclaimer**

*Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion in business, the impact of any acquisitions, technological implementation and changes, the actual growth in demand for insurance products and services, investment income, cash flow projections, our exposure to market risks, policies and actions of regulatory authorities; impact of competition; experience with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital, solvency or accounting standards, tax and other legislations and regulations in the jurisdictions as well as other risks detailed in the reports filed by HDFC Limited, our holding company, with the United States Securities and Exchange Commission. HDFC Life undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.*

*None of Company or any of its directors, officers, employees, agents or advisers, or any of their respective affiliates, advisers or representatives, undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise and none of them shall have any liability (in negligence or otherwise) for any loss howsoever arising from any use of this press release or*





*Sar utha ke jyo!*

*its contents or otherwise arising in connection. Further, nothing in this press release should be construed as constituting legal, business, tax or financial advice or a recommendation regarding the securities. Although Company believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of Company's management on future events. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Company's control. Past performance is not a reliable indication of future performance.*

*Before acting on any information you should consider the appropriateness of the information having regard to these matters, and in particular, you should seek independent financial advice.*

# HDFC Life Insurance

Investor Presentation – 9M FY21





# Agenda

1 Performance Snapshot

2 Our Strategy

3 Managing Covid-19

4 Customer Insights

5 Annexures

6 India Life Insurance



Performance  
Snapshot

Our Strategy

Managing Covid-19

Customer Insights

Annexures

India Life Insurance

1

# Performance Snapshot



# Executive summary: 9M FY21

## Revenue growth and Market share

- Expansion in market share<sup>1</sup> by 214 bps from 14.3% to 16.4%
- Individual WRP grew by 19% in Q3. 8% growth in 9M FY21 v/s private industry de-growth of 6%

## Product mix

- Balanced product mix<sup>2</sup> (UL: 23%, Par: 35%, Non-par savings: 30%, Protection: 7%, Annuity: 5%)
- 17% growth in retail protection and 42% growth in Annuity

## Renewal collection

- Renewal premium growth of 22% with stable 13th month persistency

## Cost management

- Opex ratio at 12.1% for 9M FY21 compared to 13.7% in 9M FY20

## New business margins

- Improvement in sequential new business margins
- NBM of 25.6%, on the back of higher growth and favourable product mix

## Profit after tax

- PAT of Rs 10.4 bn, with growth of 6%

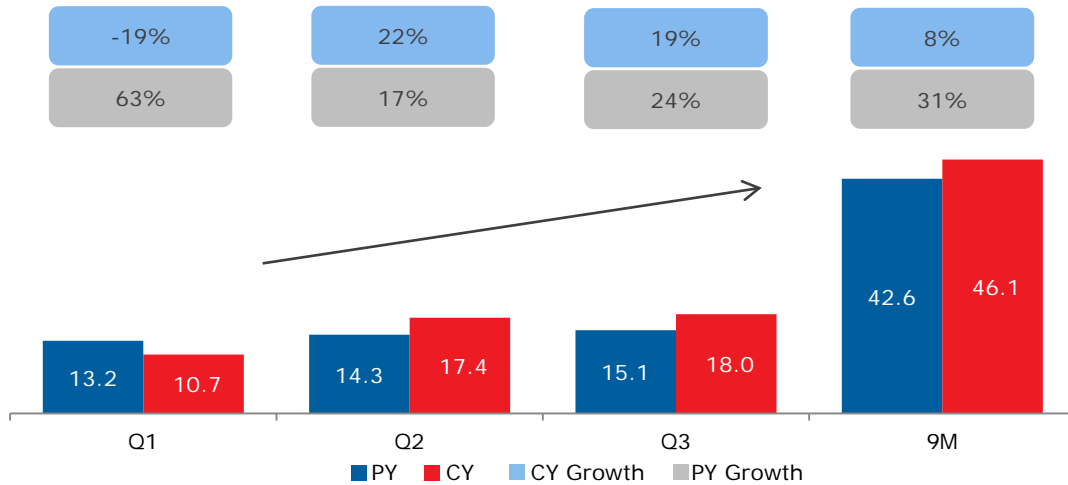
## Capital position

- Solvency ratio healthy at 202%

1. Based on Individual WRP; 2. Based on Indl APE  
The numbers throughout the presentation are based on standalone financial results of the Company

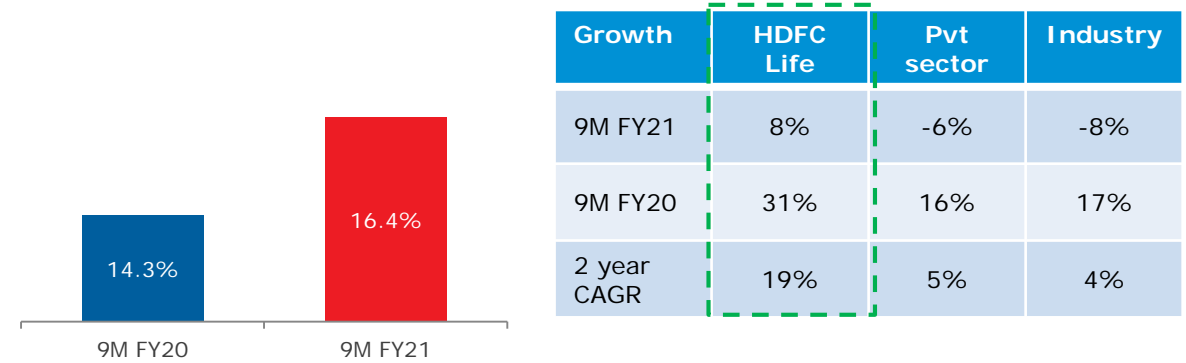
# Demonstrating resilience in the current environment (1/2)

## Improving MoM business trends<sup>1</sup>



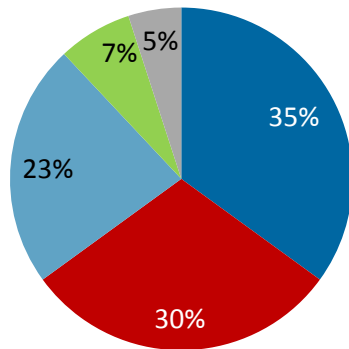
## Expanding market share<sup>1</sup>

Rs Bn.



## Optimizing product mix

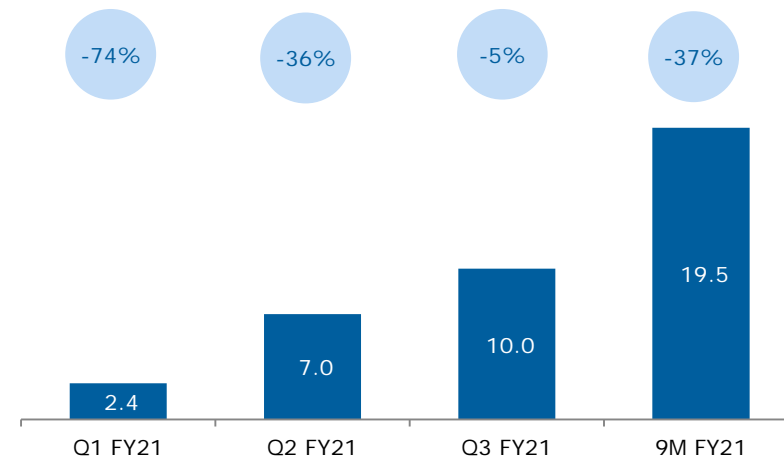
### Individual APE



- Maintained balanced product mix
- 42% growth in annuity

■ Par ■ Non Par Savings ■ ULIP ■ Non Par Protection ■ Annuity

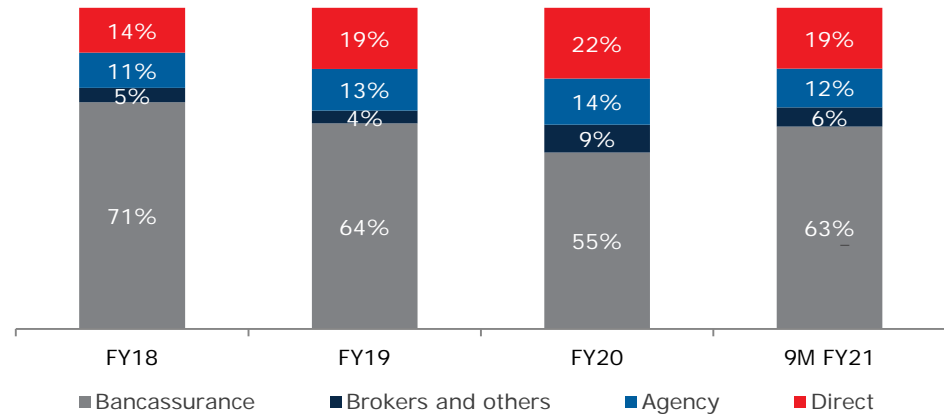
## Improvement in CP<sup>2</sup> volumes with pickup in disbursements



1. Based on Individual WRP; 2. Based on Credit Protect NBP

# Demonstrating resilience in the current environment (2/2)

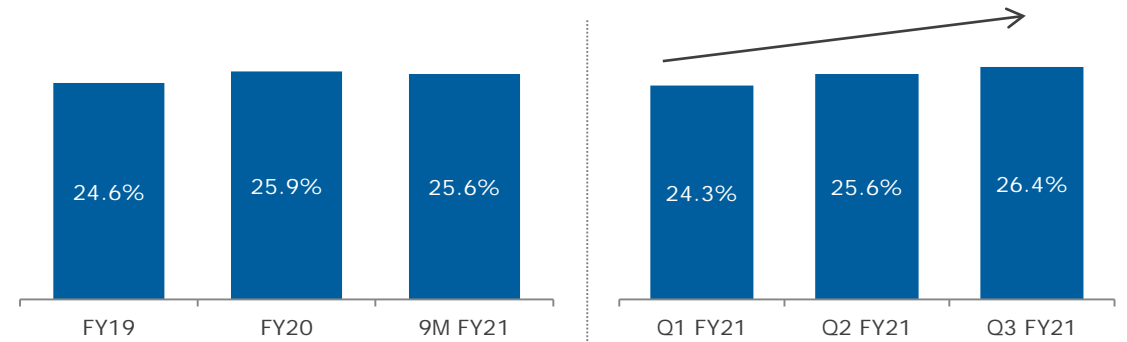
## Focus on diversified channel mix<sup>1</sup>



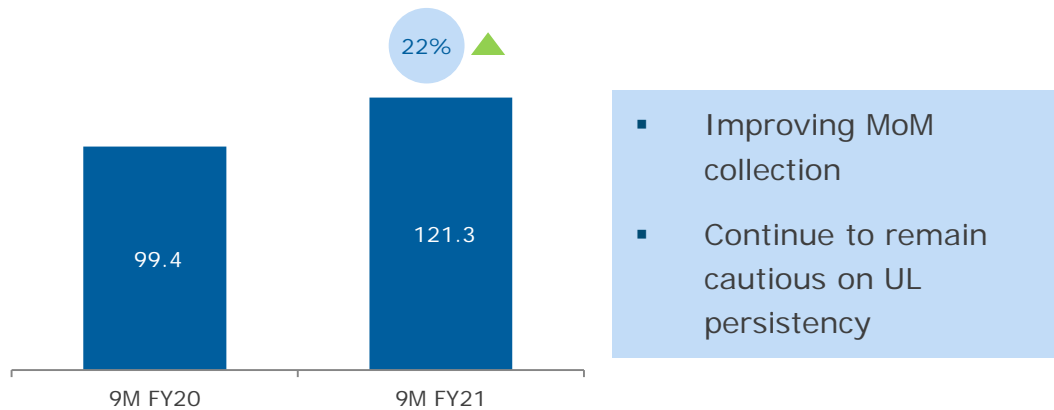
## Steady expansion in VNB margin

Rs Bn.

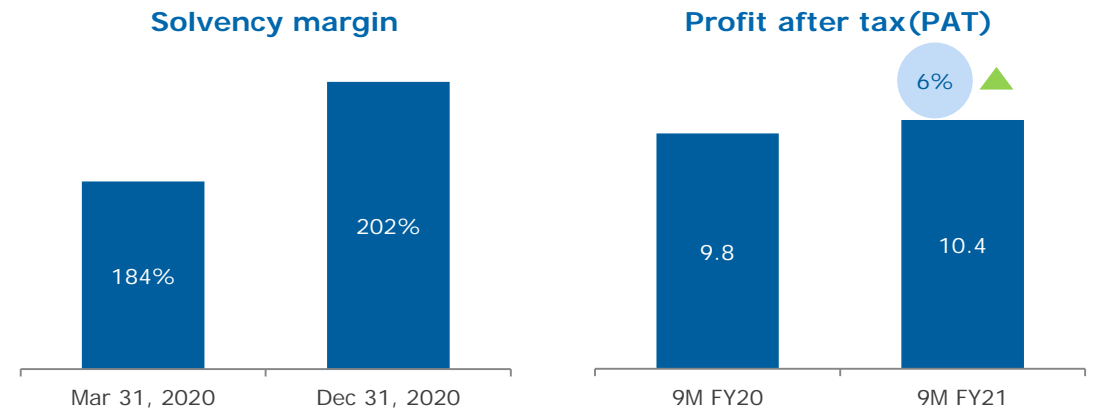
### New Business Margins (NBM)



## Strong growth in renewal premium



## Healthy solvency position and consistent growth in PAT



1. Basis Individual APE



Performance  
Snapshot

**Our Strategy**

Managing Covid-19

Customer Insights

Annexures

India Life Insurance

**2**

**Our Strategy**



# Key elements of our strategy

1



## Focus on profitable growth

Ensuring sustainable and profitable growth by identifying and tapping new profit pools

2



## Diversified distribution mix

Developing multiple channels of growth to drive need-based selling

3



## Market-leading innovation

Creating new product propositions to cater to the changing customer behaviour and needs

4



## Reimagining insurance

Market-leading digital capabilities that put the customer first, shaping the insurance operating model of tomorrow

5



## Quality of Board and management

Seasoned leadership guided by an independent and competent Board; No secondees from group companies

**Our continuous focus on technology and customer-centricity has enabled us to maintain business continuity during the COVID-19 outbreak**

# Focus on profitable growth

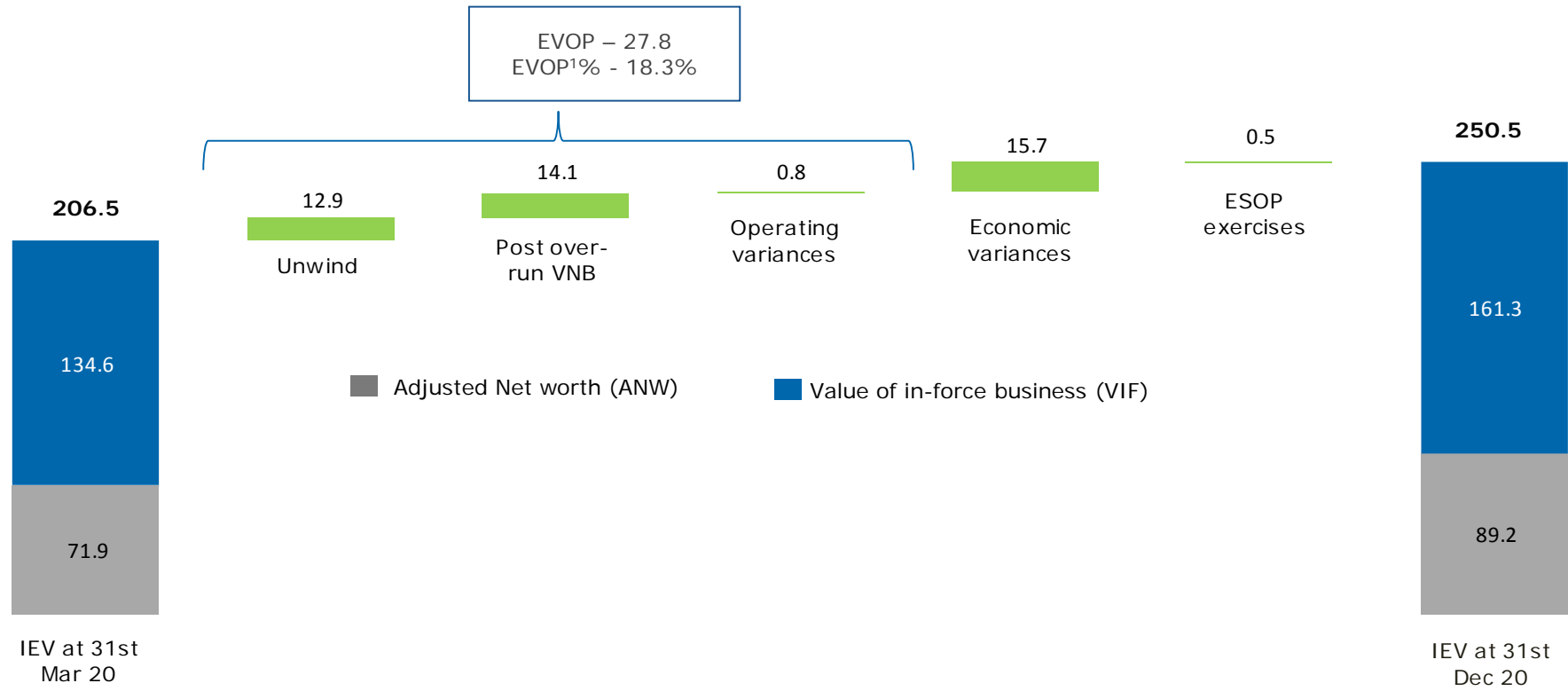


Underwriting profits breakup

- Profitable growth
- Diversified distribution mix
- Market-leading innovation
- Reimagining insurance
- Quality of Board and management



# Analysis of change in IEV<sup>1</sup>



- Profitable growth
- Diversified distribution mix
- Market-leading innovation
- Reimagining insurance
- Quality of Board and management

- Operating experience continue to be positive and in line with our assumptions
- Covid reserve adequate for current mortality trends; to be reviewed periodically



1. EVOP% calculated as annualised EVOP (Embedded Value Operating Profit) to Opening EV

# Diversified distribution mix enabled by

## Strong partnerships

- Strong network of 250+ traditional partners and brokers



## Focus on proprietary channels

- Building a structurally solid agency channel: focus on building a strong and quality workforce along with increasing FLS productivity
- Tapping new generation of customers through *online channel*; expanding geographical presence



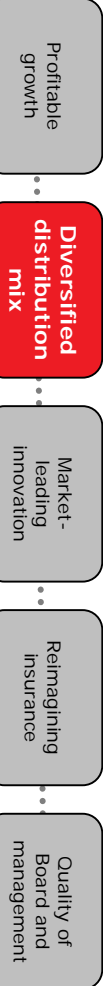
## Explore new opportunities

- Platform to tap the growing pension and retiral space (<https://life99.in/>)
- Point of Sale products

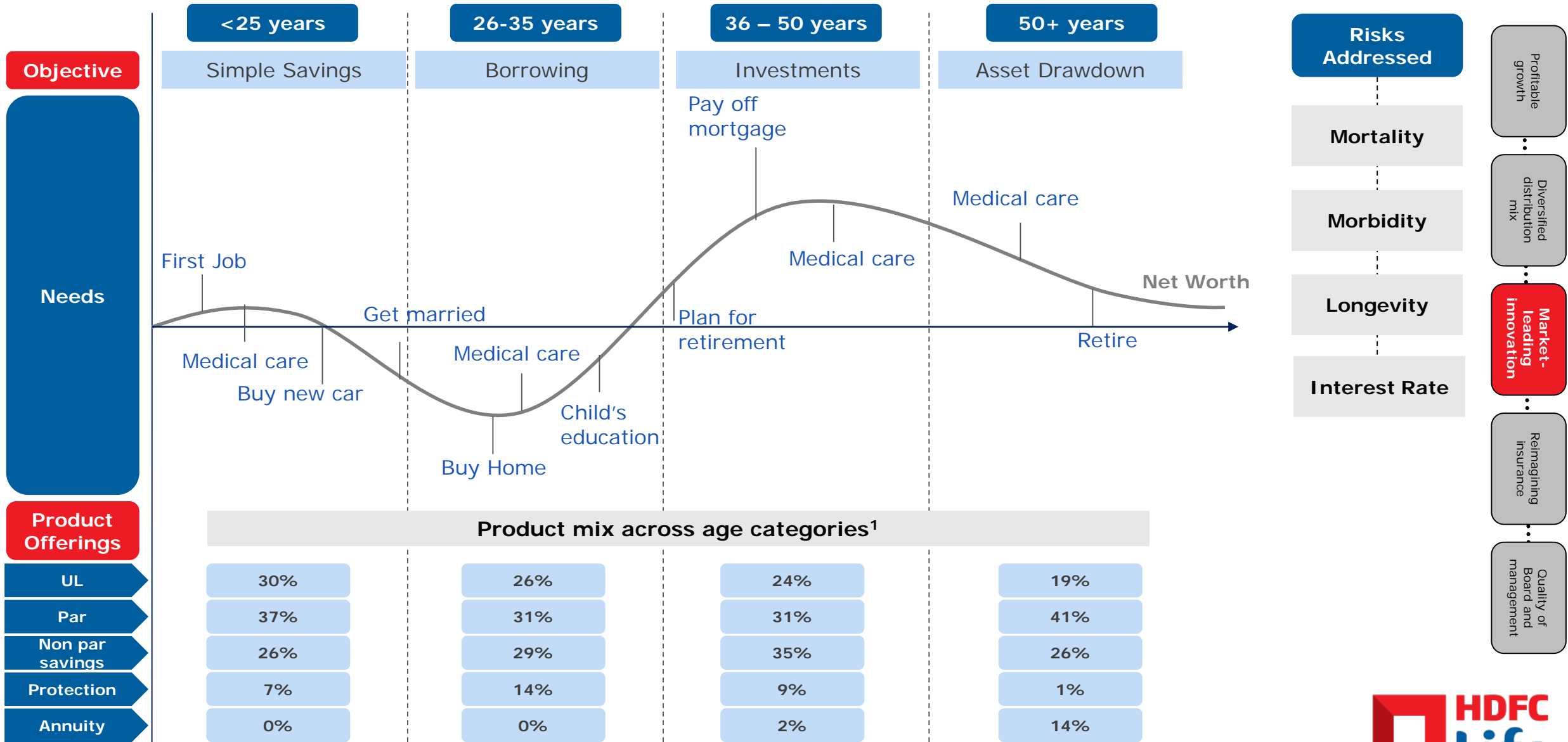


## Tap emerging eco-systems

- 50+ partnerships across health, auto, telecom, mutual funds, fintech firms

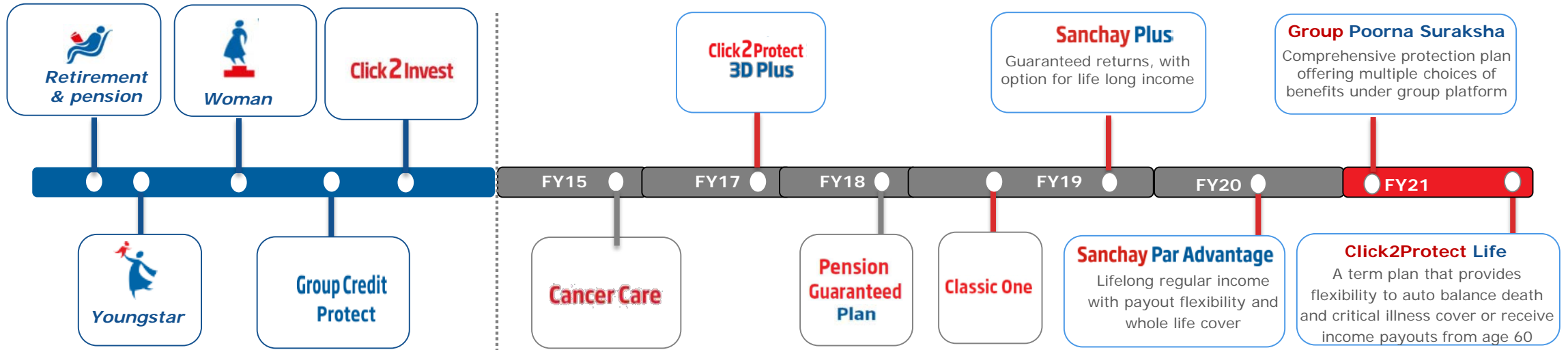


# Addressing customer needs at every stage of life



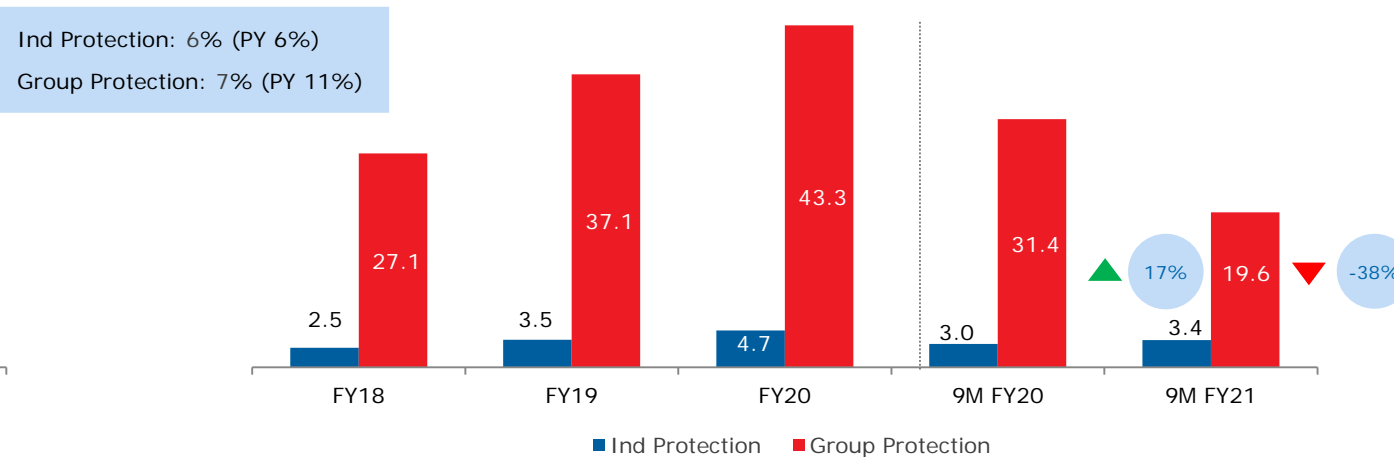
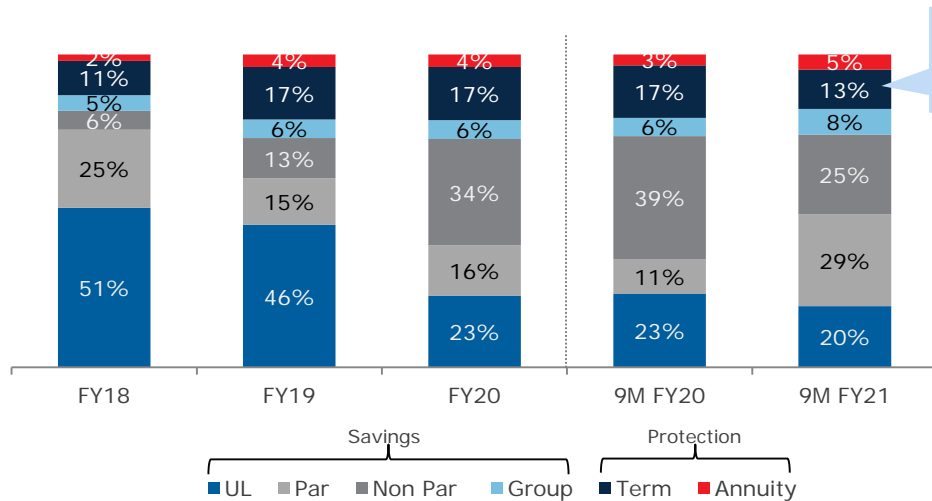
1. Based on Individual WRP for 9M FY21

# Expanding market through consistent product innovation



Balanced product suite helps in managing business cycles <sup>1</sup>

Sustained growth in individual protection <sup>2</sup> (Rs Bn.)



- Profitable growth
- Diversified distribution mix
- Market-leading innovation
- Reimagining insurance
- Quality of Board and management

1. As a % of Total APE

2. Individual protection numbers are based on APE and group protection numbers based on NBP. Group protection includes Credit protect, GTI, GPS and Group Health





# Our approach to retiral solutions

## Opportunity to grow the retiral corpus<sup>1</sup> by 3x between FY20-25

### 1. NPS



- Ranked #1 with AUM of Rs 139 bn amongst private owned Pension Fund Managers
- Registered strong AUM growth of 81% in 9M FY21

### 3. Immediate / deferred annuity



- Largest player in the private sector
- Servicing 100+ corporates and >26,000 lives covered in 9M FY21

### 2. Individual income plans<sup>2</sup>



- Providing long term retiral solutions
- Catering across age brackets & premium frequencies

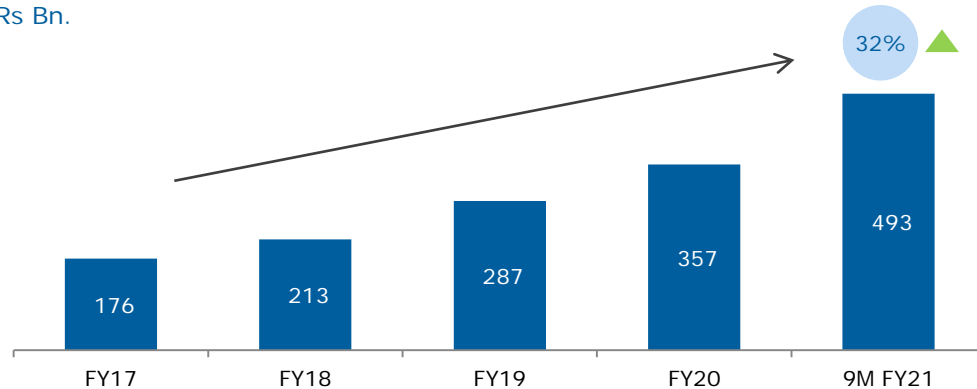
### 4. Group superannuation fund



- Managing funds for about 150+ corporates under superannuation scheme

## Increasing retiral corpus<sup>1</sup>

Rs Bn.



## Preferred long-term retiral service providers across corporates



1. Includes NPS, Annuity, Group superannuation fund and long term variants of Sanchay Plus and Sanchay Par Advantage

# Product mix across key channels<sup>1</sup>

Banca <sup>2</sup>	Segment	FY18	FY19	FY20	9M FY21
	UL	64%	64%	32%	26%
	Par	25%	13%	18%	37%
	Non par savings	8%	17%	44%	30%
	Term	3%	4%	4%	5%
	Annuity	1%	3%	2%	2%

Direct	Segment	FY18	FY19	FY20	9M FY21
	UL	58%	50%	33%	26%
	Par	17%	8%	14%	17%
	Non par savings	9%	12%	20%	13%
	Term	5%	6%	4%	4%
	Annuity	11%	24%	29%	40%

Agency	Segment	FY18	FY19	FY20	9M FY21
	UL	33%	26%	12%	9%
	Par	48%	40%	34%	38%
	Non par savings	5%	17%	40%	36%
	Term	11%	12%	12%	13%
	Annuity	3%	5%	3%	3%

Online <sup>3</sup>	Segment	FY18	FY19	FY20	9M FY21
	UL	57%	62%	44%	36%
	Par	1%	2%	1%	1%
	Non par savings	0%	1%	18%	29%
	Term	42%	35%	37%	33%
	Annuity	0%	1%	1%	2%

Company	Segment	FY18	FY19	FY20	9M FY21
	UL	57%	55%	28%	23%
	Par	28%	18%	19%	35%
	Non par savings	7%	15%	41%	30%
	Term	5%	7%	8%	7%
	Annuity	2%	5%	4%	5%

Protection	Total APE	FY18	FY19	FY20	9M FY21
	Term	11%	17%	17%	13%
	Annuity	2%	4%	4%	5%
	<b>Total</b>	<b>13%</b>	<b>21%</b>	<b>21%</b>	<b>18%</b>

Total NBP	Total NBP	FY18	FY19	FY20	9M FY21
	Term	26%	27%	27%	17%
	Annuity	9%	17%	16%	19%
	<b>Total</b>	<b>35%</b>	<b>44%</b>	<b>43%</b>	<b>36%</b>

1. Basis Individual APE, Term includes health business

2. Includes banks, other corporate agents and online business sourced through banks / corporate agents. Nos for previous years have been restated in line with revised classification

3. Includes business sourced through own website and web aggregators. Nos for previous years have been restated in line with revised classification



# Simplifying the customer journey using 5 building blocks



## Journey Simplification

Customer sales journeys simplified via mobility applications for sales force

### Insta Suite

- Bringing our technological capabilities on the mobile platform in order to empower sales force



### InstaQuote!



## Partner Integration

Products and services built on API for ease of partner integration

### Instalnsure

- Pre-approved sum assured:** Partner integrated KYC and income verification
- Quick easy to understand form filling:** Seamless and customer friendly user interface
- 3-step buying journey:** End-to-end digital journey enabling partner's customers to buy the policy



- Mobile app for on-boarding of prospective agents



## Service Simplification

Simplified solutions for customers across the value chain

- Online payments & services:** ~87% of renewal via online / debit mode



Chat bot ELLE



WhatsApp bot ETTY

~90% of chats are self-serviced via chat-bot

- Robotic Process Automation:** more than 260+ bots deployed



Virtual Assist for Sales & Service, current usage at ~1.65 million+ queries p.m.



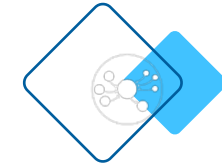
An omni-channel conversational AI engine



## Data Enrichment and Analytics

Continuous improvement in raw data by gaining deeper insight into our customers' lives

- Artificial Intelligence:** Use of predictive analysis for persistency, underwriting and claims (fraud prevention)
- Big Data / Customer 360:** Brings all customer data – interactions, transactions & relationships in one place, in real time
- Cloud Storage:** Data Lake (repository for entire enterprise data management)  
  
Lead Lake (For effective lead storage & enrichment)



## Platforms and Ecosystems

Insurance beyond digital: allow multiple participants to connect, create & exchange value



- One stop shop for retirement planning

Profitable growth

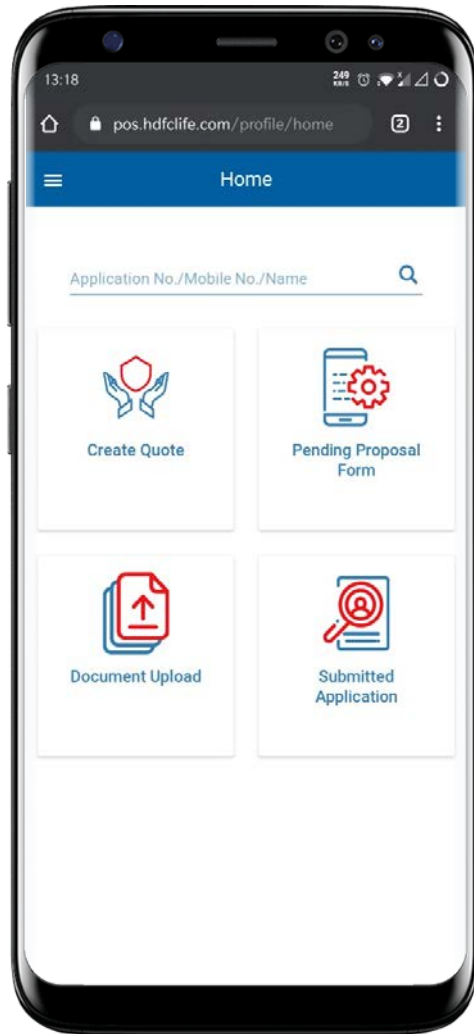
Diversified distribution mix

Market-leading innovation

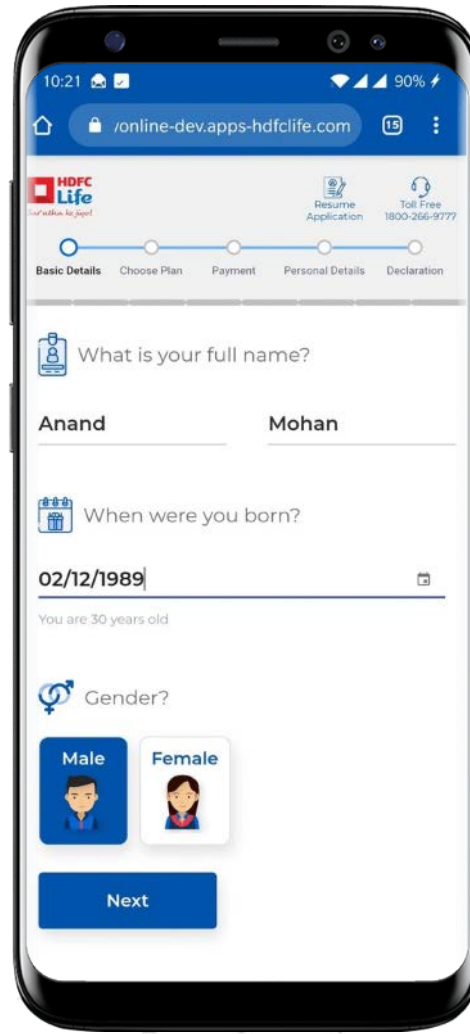
Reimagining insurance

Quality of Board and management

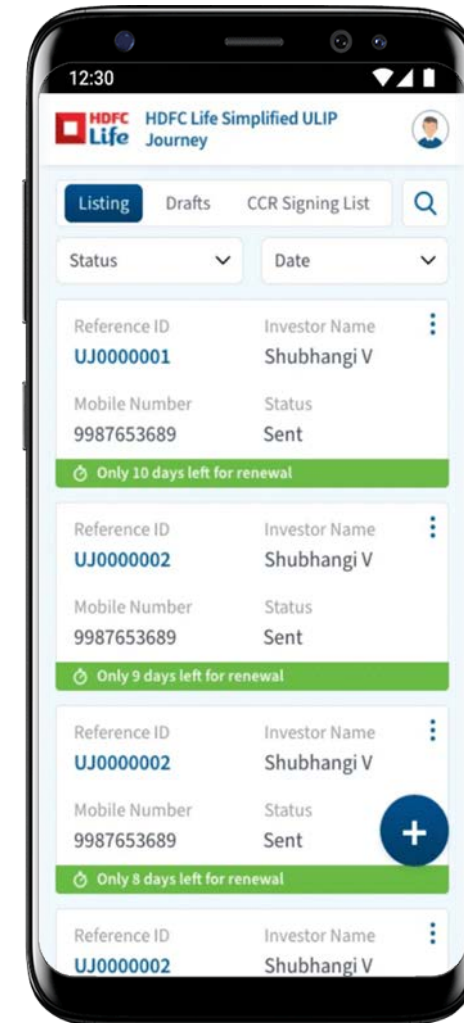
# Journey simplification - short journeys for specific requirements



POSP Journey



LifeEasy – Protection Journey

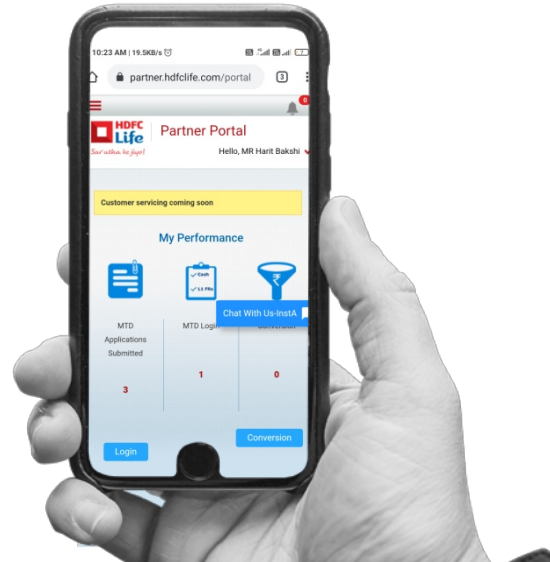
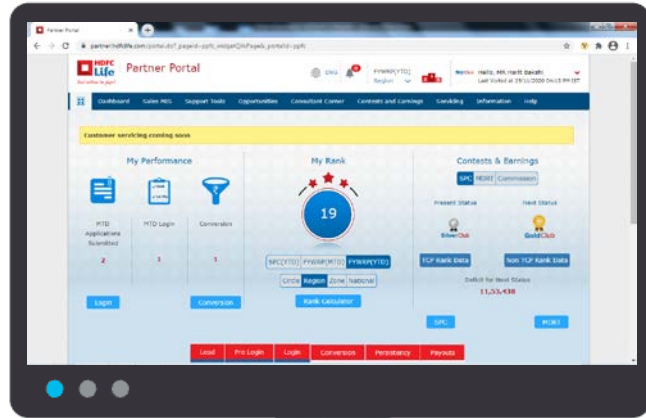


InstaSIP – ULIP Journey

- Profitable growth
- Diversified distribution mix
- Market-leading innovation
- Reimagining Insurance
- Quality of Board and management



# Partner & Corporate Portals to ensure smooth partner integration



## Customer servicing:

Availability of servicing tools on the portal to ensure service on the go



## MIS and dashboard integration:

Quick view of logins, payouts, persistency



## Value added services:

Access to Chatbots for real time query resolution



## Automatic redirection to tools of HDFC Life

Seamless access to HDFC Life applications

Profitable growth

Diversified distribution mix

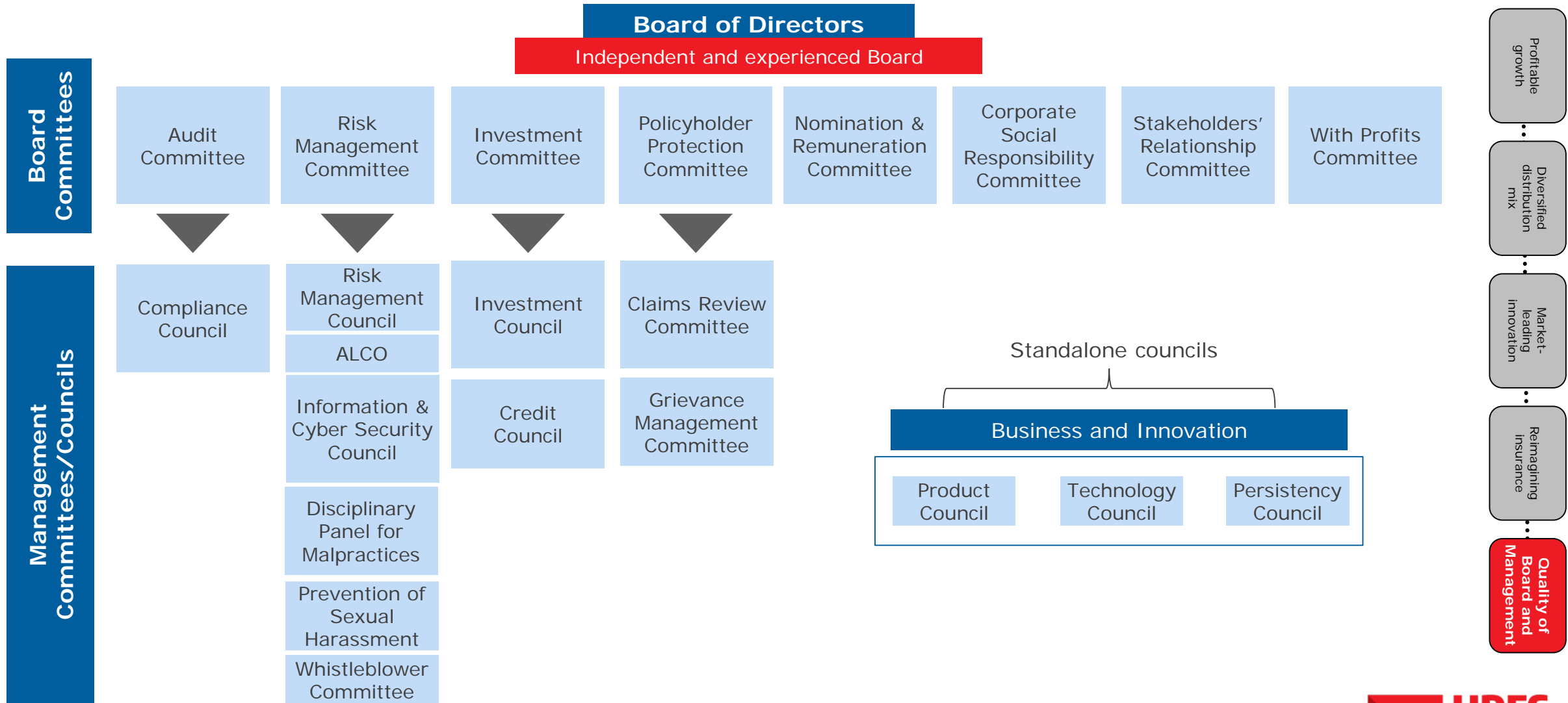
Market-leading innovation

Reimagining insurance

Quality of Board and management



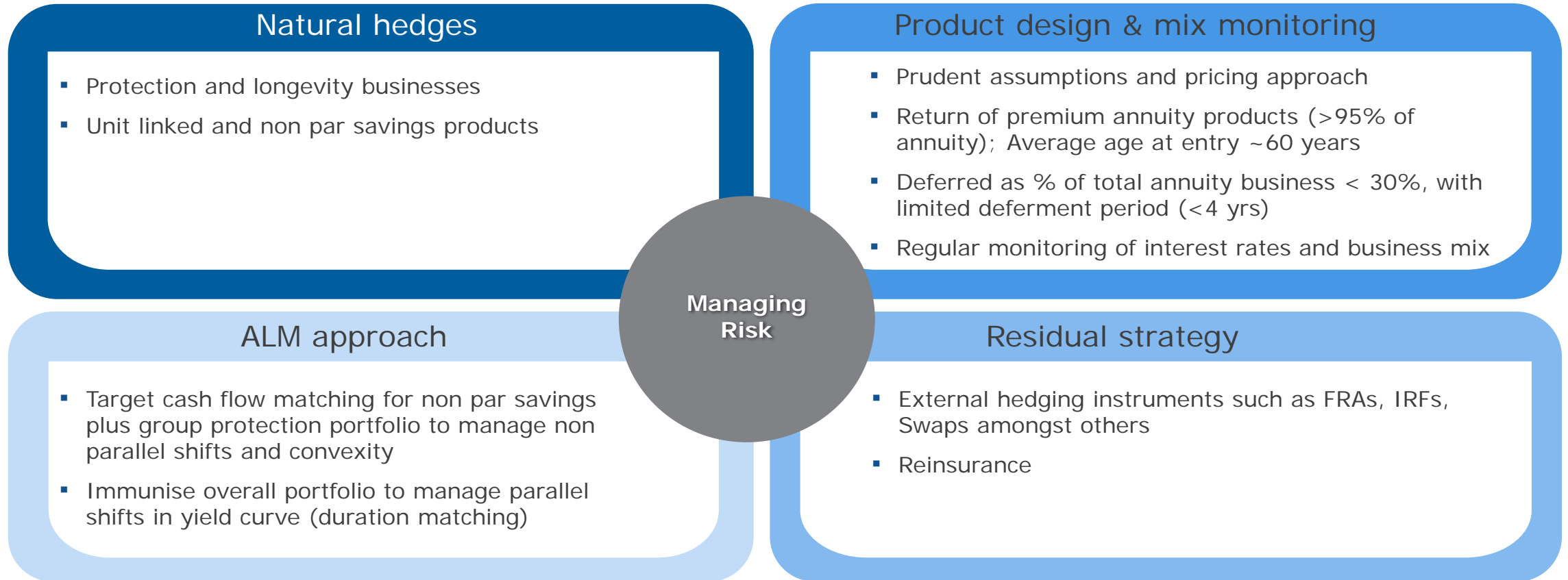
# Governance framework



Additional governance through Internal, Concurrent and Statutory auditors



# Financial risk management framework



Sensitivity	FY20				9M FY21			
	Overall		Non par <sup>1</sup>		Overall		Non par <sup>1</sup>	
Scenario	EV	VNB Margin	EV	VNB Margin	EV	VNB Margin	EV	VNB Margin
Interest Rate +1%	(1.2%)	(0.7%)	(1.3%)	(2.0%)	(2.0%)	(1.2%)	(1.7%)	(2.7%)
Interest Rate -1%	0.6%	0.2%	0.0%	1.7%	1.4%	0.6%	0.3%	1.9%

Sensitivity remains range-bound on the back of calibrated risk management

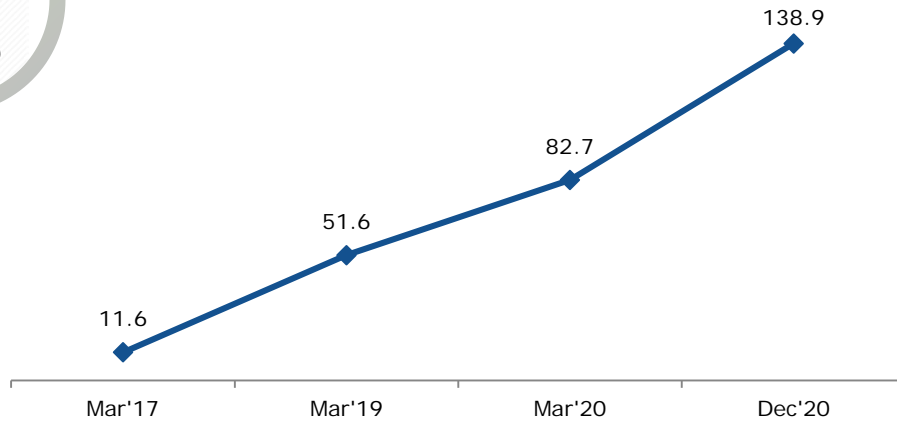


# Performance of wholly-owned subsidiary<sup>1</sup> companies



## HDFC Pension

AUM, Rs Bn.



- Fastest growing PFM (Pension Fund Manager) under the NPS architecture (YoY growth of 81% in AUM)
- Market share grew from 30% in Dec'19 to 34% in Dec'20 amongst all PFMs
- Company has over 6.5 lakh customers - ~4.2 lakh in retail segment and ~ 2.3 lakh in corporate segment
- POP operations commenced in FY20 with enrolling of both retail and corporate subscribers; #1 POP in Corporate NPS business



## HDFC International Life and Re



- Registered growth of 109% in gross reinsurance premium in 9M FY21
- Forayed into Kingdom of Saudi Arabia (KSA) and Qatar, both being strategically important (re)insurance markets
- Despite challenging external environment, momentum of growth trends and new opportunities remains positive
- S&P Global Ratings continues to reaffirm its long-term public insurer financial strength rating of "BBB" with "Stable" outlook

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# 3 Managing Covid-19

# Dynamic approach to manage impact of the COVID-19 outbreak



## Accelerated digital selling

Focus on selling products with end to end digital customer journeys



## Digital servicing

Communication to customers about digital touch-points for claims, renewal collection and customer queries



## Employee engagement/ facilitation

Initiatives to keep employee morale high; infrastructure enablement and collaboration tools for WFH option



## Prioritizing areas of focus

Dynamic review and assessment, strengthening operating assumptions, heightened focus on cost



## Responsive operating measures

Regular branch operations started (100% branches operational), daily tracking of employee and agent safety

# Emphasis on 'digital' across customer touch-points

## New business / purchase



**Digital sales journey** - End-to-end digital sales, from prospecting till conversion, including customer interactions



**Chat PCV and eCCD** - No dependence on salesperson or call center. ~55% verifications through Chat PCV; 64% adoption of eCCD ★



**Telemedicals** – 42% of the medicals done through tele-medicals



**Uninterrupted customer assistance** - Work from home enabled across the organization, Microsoft Meet, Citrix ★



**InstaInsure** - Simplified insurance buying through a 3-click journey

## Policy servicing



**SVAR** Renewal collections - ~87% of renewal payments (95% of policies) made digitally; SVAR (voice bot for renewal calling) and use of Cloud telephony



**Maturity payouts** - Email, Whatsapp and customer portal 'My Account' enabled to upload necessary docs



**LifeEasy** - Simple '3 click claim' process (~99% claims settled in 1 day). Claims initiation process also enabled through Whatsapp



**RPA** –Robotic Process automation handled more than 260 processes remotely



**Contact centres** - Branch staff replacing Call centre agents servicing customers

## Customer interactions



**Insta**  
**Seamless support experience** - 1.65 mn+ monthly queries handled by Insta (virtual assistant)



**Use of mobile app** – Over 10x increase in mobile app usage



**InstaServe 2.0** - OTP based policy servicing tool to handle customer queries ★



**24\*7 self-service options** - ~90% of chats are self-serve via chat-bot



**Branches** - Daily tracking of employee and agent safety (100% branches operational)

## Employee / Partner engagement



**e-learning platform** – 7,000+ agents attending training programs daily through mLearn / VC Platform ★



**Gamified contests** - Launched to drive adoption of digital engagement initiatives ★



**Insta PRL** **Agent on-boarding** - Insta PRL enabling digital on-boarding of agents – 75,000+ applicants since launch in mid March



**Employee engagement** - VC based skill building sessions with digital partners (Twitter, Google, Facebook) ★



**Partner trainings** - Conducted via digital collaboration tools

★ New initiatives launched to manage volatile business environment due to the Covid-19 outbreak

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# 4 Customer Insights



# Customer Insights – A shift towards digital platforms



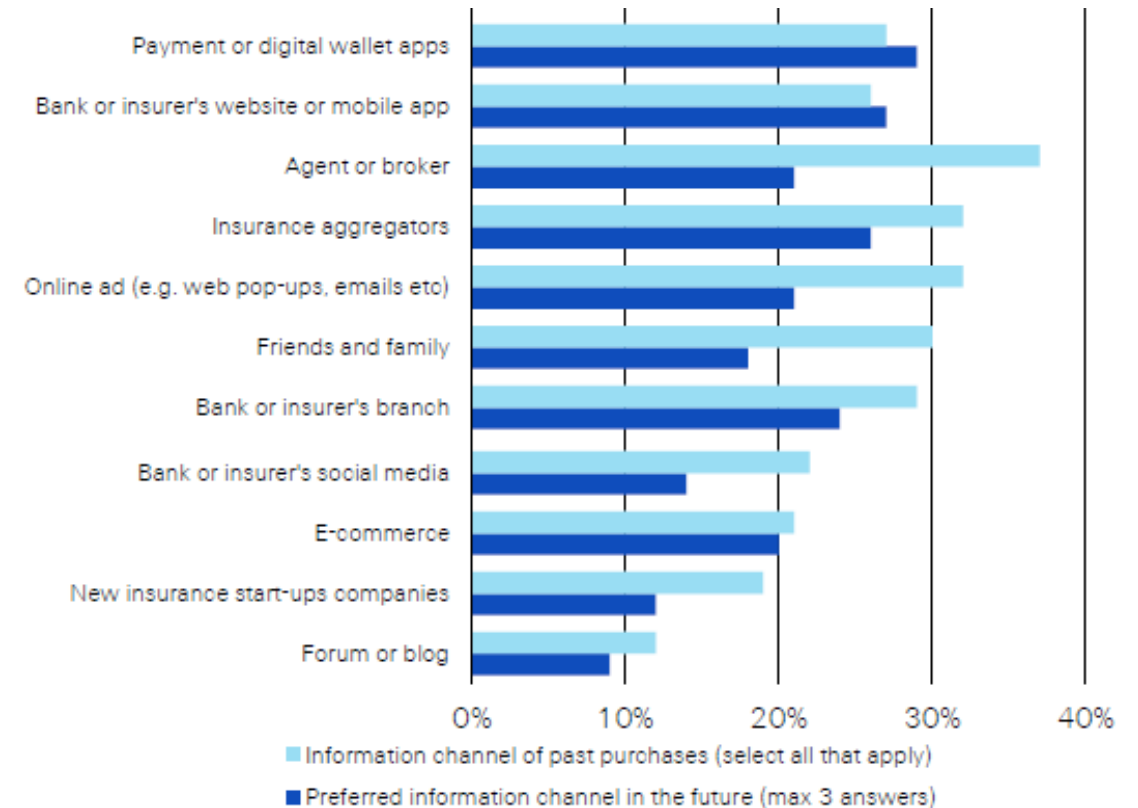
**70%** customers surveyed for a study, across age groups, showed **increased confidence in purchasing policy via digital platform**

Digital purchase channels, i.e. **website/ app, payment app/e-wallets** remain top 2 choices for more than **65% of the customers** in the coming future

Key reason for buying online is **product simplicity and quality of user experience** (ease of making application, simple Underwriting and filing claims)

Around **40%** customers are willing to share personal data on digital platforms, for **customized offerings and better rates**

**Rising consumer confidence in digital platforms is reflected in terms of preferred channels for insurance-related information**



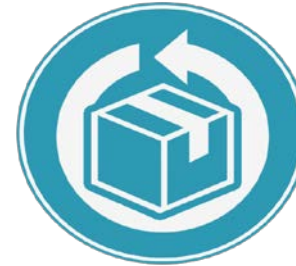
# Customer Insights – Customer Behaviour/Preferences

## Top reasons to buy Life insurance

	2019 rank	2013 rank
Protect family in case of death	1	1
To secure child's education/marriage	2	2
Old age security/retirement	3	3
For disciplined saving	4	8
Good returns	5	4
Safe investment option	6	7
Additional investment option	7	4
Dual benefit of investment and insurance	8	9
Tax Saving	9	4
To meet additional life cover	10	10

- Major reasons to buy Life Insurance continue to be protection for family, securing child's needs and retirement planning over last 6 years
- Tax saving is the 9<sup>th</sup> reason to buy Life Insurance, compared to 4<sup>th</sup> in 2013

## Customer behaviour / trend



- The future intent to buy Life Insurance is the highest amongst financial products driven primarily by 21-40 year olds
- Within LI, the intent to buy **traditional policies** was highest, particularly by people in the ages of **41-50**



- The intent to buy **term insurance** was driven primarily by people in the age group of **22-30**
- The key differentiating factors for consumers were **safety of investment** and **maturity value**



- There has been significant pickup in intention to buy **term products** in metros
- Online mode** for premium collection shows an increasing trend across geographies



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India Life Insurance

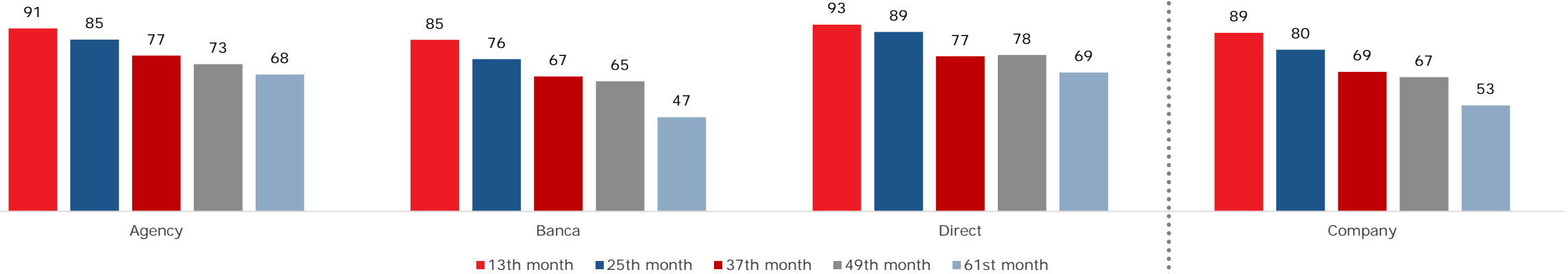
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**Annexures**

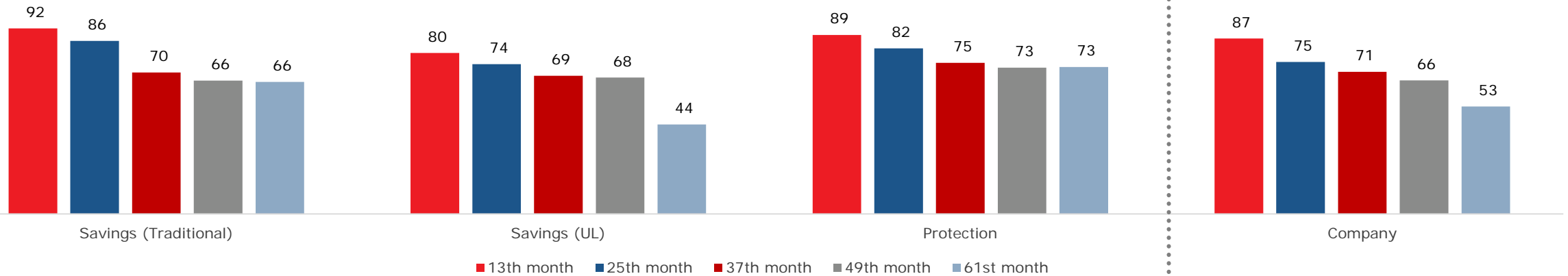


# Individual persistency for key channels and segments<sup>1</sup>

## Across key channels (%)



## Across key segments (%)



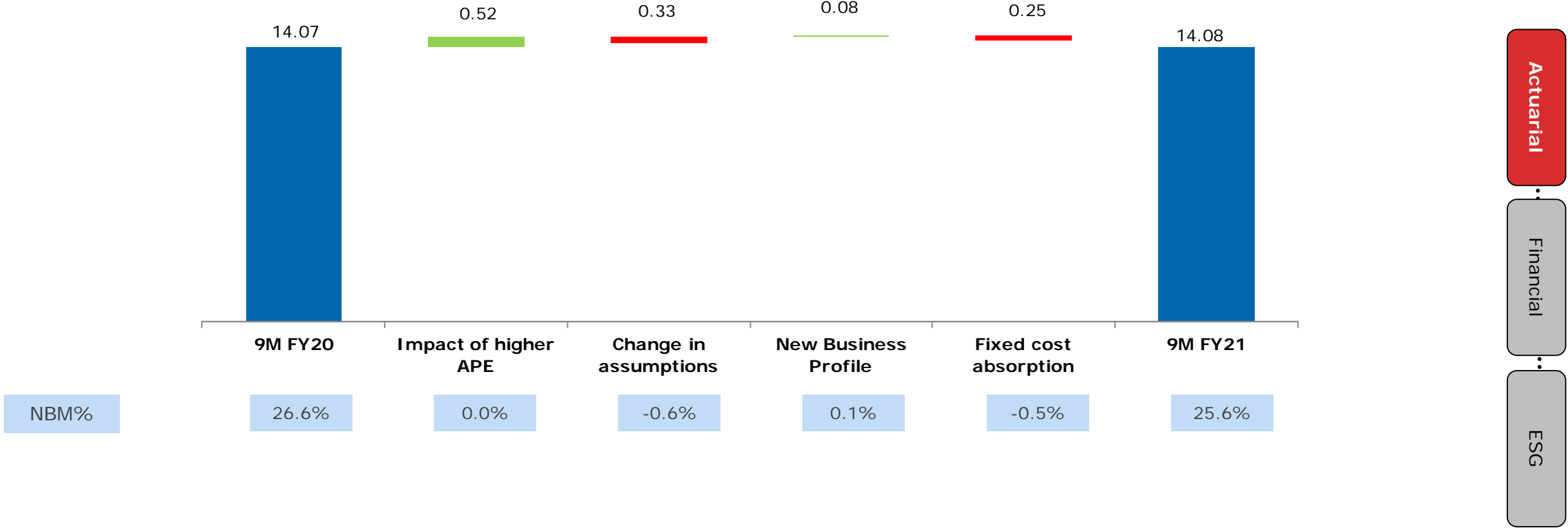
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1. Calculated as per IRDAI circular (based on original premium) for individual business

# VNB and NBM walkthrough

Rs Bn.



1. Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple etc

VNB – Value of New Business; NBM – New Business Margin



# Sensitivity analysis – H1 FY21

Analysis based on key metrics	Scenario	Change in VNB Margin <sup>1</sup>	% Change in EV
<b>Change in</b>			
<b>Reference rate</b>	Increase by 1%	-0.9%	-1.5%
	Decrease by 1%	0.2%	0.7%
<b>Equity Market movement</b>	Decrease by 10%	-0.1%	-1.3%
<b>Persistency (Lapse rates)</b>	Increase by 10%	-0.3%	-0.7%
	Decrease by 10%	0.2%	0.7%
<b>Maintenance expenses</b>	Increase by 10%	-0.6%	-0.8%
	Decrease by 10%	0.6%	0.8%
<b>Acquisition Expenses</b>	Increase by 10%	-2.9%	NA
	Decrease by 10%	2.9%	NA
<b>Mortality / Morbidity</b>	Increase by 5%	-0.7%	-0.8%
	Decrease by 5%	0.7%	0.8%
<b>Tax rate<sup>2</sup></b>	Increased to 25%	-5.0%	-7.9%

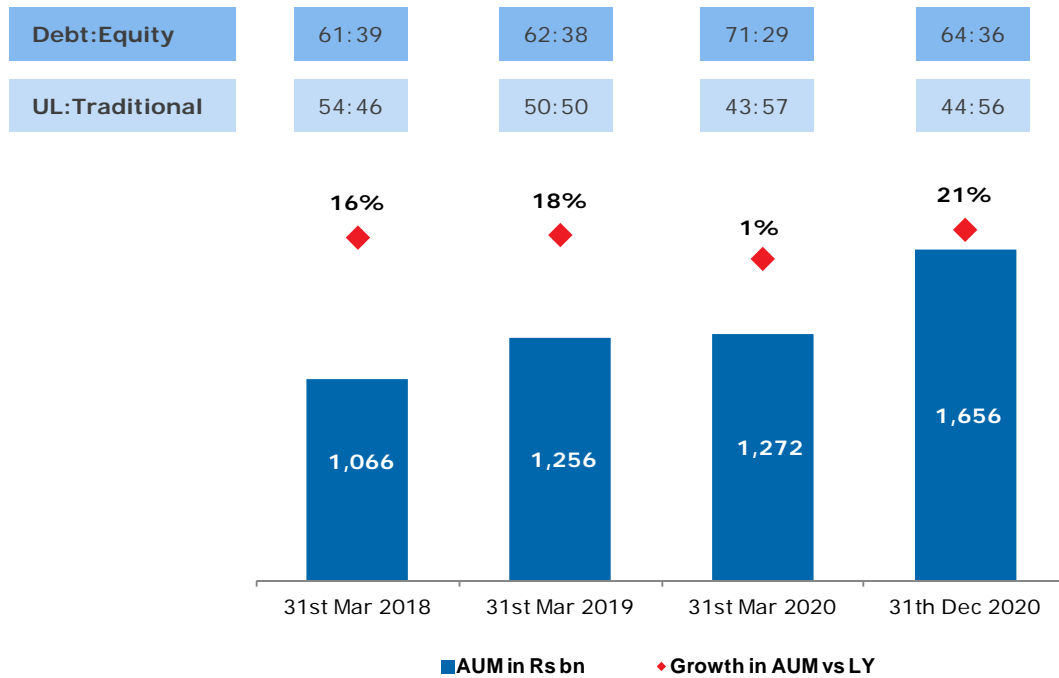


1. Post overrun total VNB for Individual and Group business

2. The tax rate is assumed to increase from 14.56% to 25% and hence all the currently taxed profits in policyholder/shareholder segments are taxed at a higher rate. It does not allow for the benefit of policyholder surplus being tax-exempt as was envisaged in the DTC Bill.

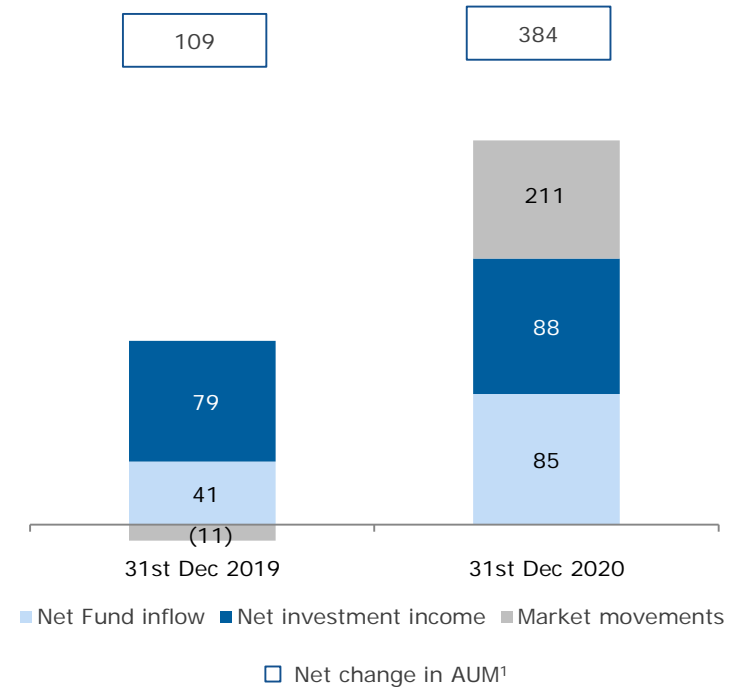
# Assets under management

## Assets Under Management



## Change in AUM<sup>1</sup>

Rs Bn.



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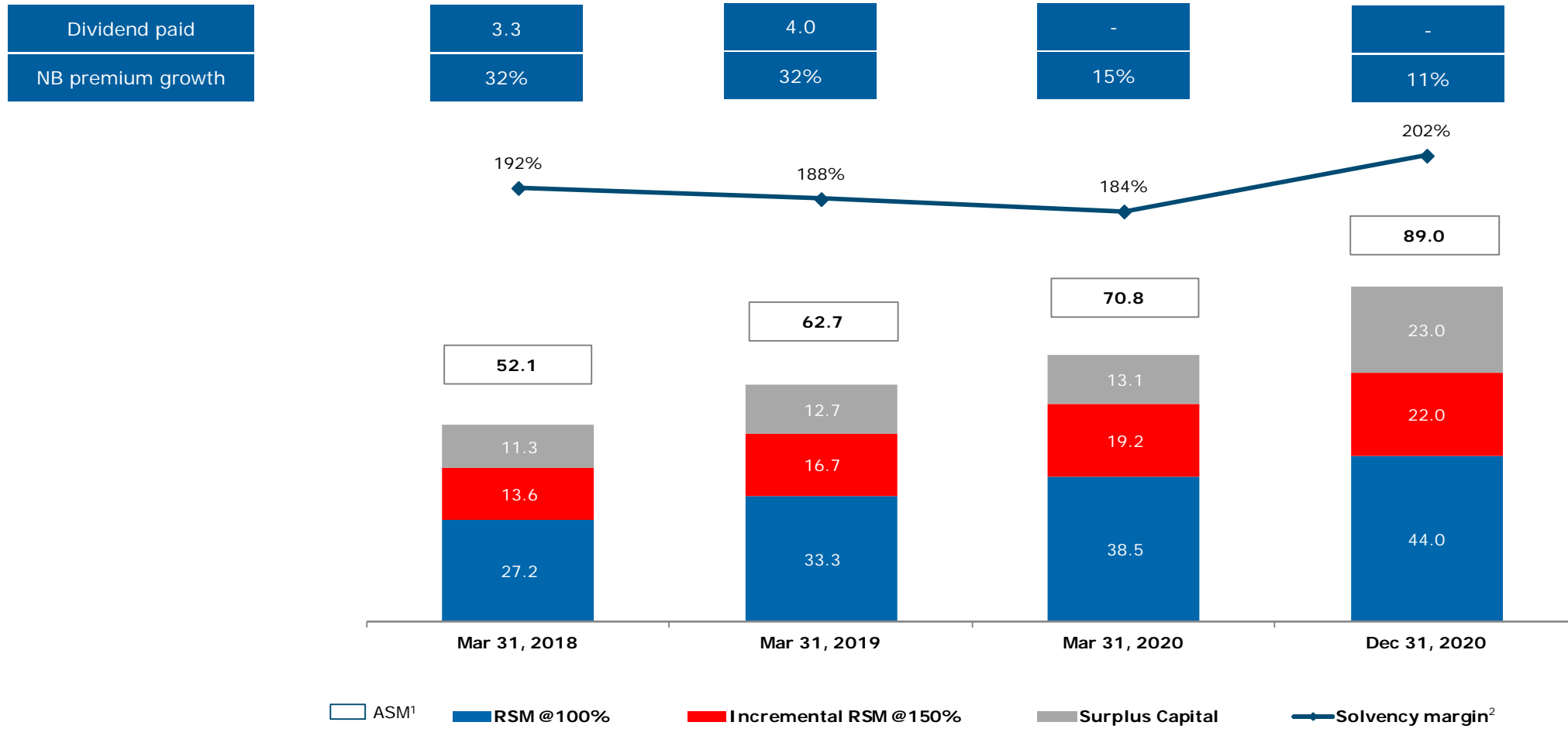
- Continue to rank amongst top 3 private players, in terms of assets under management<sup>2</sup>
- Over 98% of debt investments in Government bonds and AAA rated securities as on Dec 31, 2020

1. Calculated as difference from April to December

2. Based on Assets under Management as on Sep 30, 2020

# Stable capital position

Rs Bn.



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Stable solvency ratio, augmented by steady accretion to backlog

1. ASM represents Available solvency margin and RSM represents Required solvency margin  
 2. Investment in subsidiaries not considered in solvency margin





# Governance - Promoting responsible behavior

## Governance structure

- Corporate governance policy
- Board diversity policy
  - 30% women occupancy in the Board
  - Multiple nationalities and varied ethnicities
- Board evaluation and independence
  - Self-assessment of Board performance
  - 50% independent directors
  - Regulatory norm as per 'Fit and Proper'
  - Average Board experience is >30 yrs
- Board members are elected independently

## Information / Cyber Security

- ISO 27001:2013 and ISMS assessment program;
  - Independent auditors and IRDAI auditors validated and certified the controls implemented
- Data Privacy Policy
  - Applicable to customers, employees and service providers
  - Any disciplinary action is in line with the malpractice matrix

## Risk Management and BCM

- Risk management policy
- Risk oversight by Senior Management & Board of Directors, via Risk Management Council and Risk Management Committee respectively
- Enterprise risk management (ERM) framework
  - 'Three Lines of Defense approach'
  - Reviewed and approved by the Board
- Modes of Risk awareness
  - Trainings, Workshops, E-mailers, Seminars, Conferences, Quizzes and Special awareness Drives
- Sensitivity analysis and stress testing
- Business Continuity Management(BCM)
  - Creation of a recovery plan for critical business activities of a function or process

## Compensation Framework

- Remuneration policy recommended by Nomination and Remuneration Committee
- Performance Management System based on the principles of balanced scorecard
- Detailed disclosure of managerial remuneration in the annual report

## Compliances/ Policies

- Code of Conduct Policy
- Vigil Mechanism/ Whistle Blower Policy
- Prevention of sexual harassment to women at workplace policy
- Business Responsibility Reporting(BRR)
- Stewardship Code

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# Social initiatives - Culture of care and giving

## Inclusive growth

- **Swabhimaan**, the Corporate Social Responsibility wing is aligned with the UN Sustainable Development Goals (SDGs) with focus on Education, Health, Environment, Livelihood & Disaster Relief
  - FY 2020-21: 20 CSR projects across 22 states and 3 UTs impacting >239K beneficiaries in India
  - FY 2019-20: 22 CSR projects across 25 states and 3 UTs impacting >280K beneficiaries in India
- **Financial Inclusion:** Insured >40 million lives through microfinance institutions in FY20
- **COVID-19 Response:**
  - Contribution to PM Cares Fund
  - Medical supplies, nutritional meals for frontline healthcare workers
  - Distribution of Happiness Box consisting of immunity boosting supplements, hygiene support material and educational workbooks for underprivileged school children

## Customer centricity

- Improve lives with products designed to suit the different life stage needs
- Focus on leveraging technology to simplify life insurance for customers through their journey across issuance, claims, servicing, or any other engagement
  - Artificial Intelligence (AI) for text and speech recognition;
  - Machine Learning (ML) to improve persistency;
  - Cognitive bots (software robots) for 24x7 customer service; and
  - Alternate data to enhance underwriting
- Grievance Redressal Policy
- Overachieved on Voice of Customers (VOC) study in FY20

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# Social initiatives – Human Capital Development

## Attracting talent

- Virtual hiring and on-boarding process without compromising on quality
- Robust employee referral schemes (>50% of the hiring through referrals)
- Flexi job program and flexi hours to promote WFH, attract gig workers
- Hire–train–deploy model through tie-up with reputed learning institutions

## Focus on training and development

- Mandatory and optional learning programs for employees, contractors, channel partners
- Mobile learning app for self-paced learning
- Virtual training of employees during Covid
- Access to curated online training programs from reputed universities
- Career coaching and development interventions for high potential talent

## Employee engagement

- Online yoga, mindfulness / meditation sessions, fitness challenges (Walkathon, Fit by Bit)
- Emotional and mental well being assistance program for employees
- Engagement programs for employees and their families
- Carpool app as a green initiative to provide safe transport for employees dependent on public transport
- Strong Reward and Recognition framework

## Employee diversity

- Actively promoting diversity and inclusion
- 24% women employees (creche facility, maternity transition program)
- Promoting diverse talent pool (work profiles designed for second career women, freelancers, specially-abled)
- LGBTQ - friendly organisation

## Talent management/retention

- Fast track growth path for special categories of employees - Management Trainees & Graduate Trainees, etc.
- Potential review and talent development interventions for leadership
- Robust, transparent and objective performance management system
- Career microsite, job portal to educate employees on career opportunities within the company
- Higher increments, bonuses for those exceeding expectations
- Long term incentive plans in the form of ESOPs and Cash to attract, retain and motivate good talent
- Elaborate succession planning for Key Managerial Personnel, critical senior roles

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# Environmental initiatives - Creating a better environment

## Energy and Water

- Energy efficiency and water conservation initiatives
  - Use of 3/5 star rated appliances with regular maintenance
  - Use of LED based lighting system
  - Use of sensor based urinals and water taps

## CSR initiatives

- Reducing operational footprint through CSR activities
  - 12 water ATMs installed in villages to provide clean drinking water
  - 13 city forests consisting of 16,239 trees across 33,250 sq.ft. created using Miyawaki method

## Digitization

- Reduction of Paper Usage
  - Online /e-forms for customers
  - Annual report FY'20 was digitally communicated to all stakeholders
  - Printers configured with default double side printing

## Business Travel

- 40+ video conferencing rooms setup to reduce travel

## Waste Management

- Segregation and proper disposal of waste - dry and wet
- No single-use plastics
  - Use of bio-degradable garbage bags
  - Cafeteria with reusable plates, cutlery, wooden stirrers etc
  - Conference / meetings rooms with glass bottles and cups
  - Employees encouraged to bring their own mugs/glass
- Compliant under the Hazardous and Other Wastes (Management and Trans-boundary Movement) Rules, 2016 and E-waste (Management), Rules, 2016

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Performance Snapshot

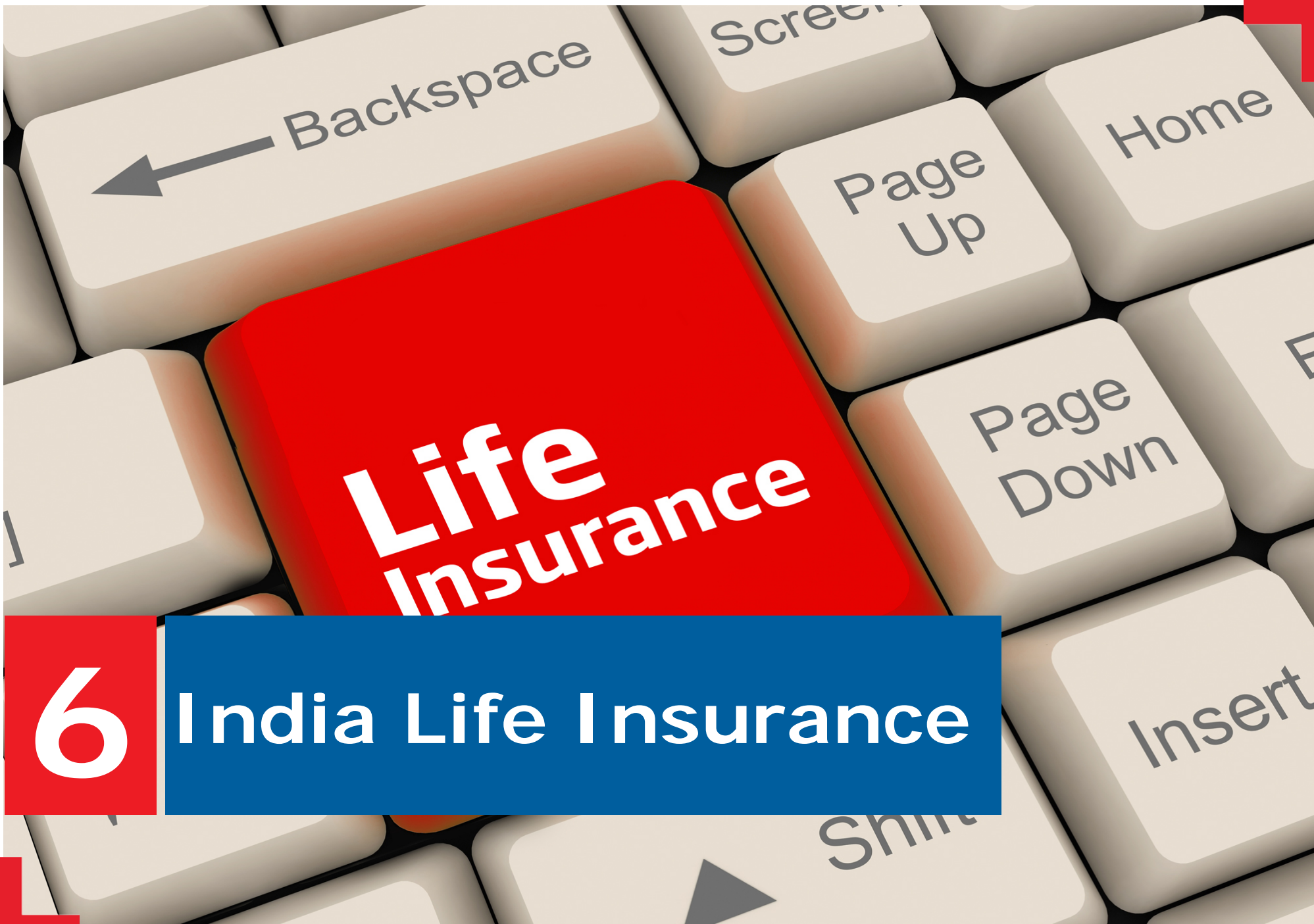
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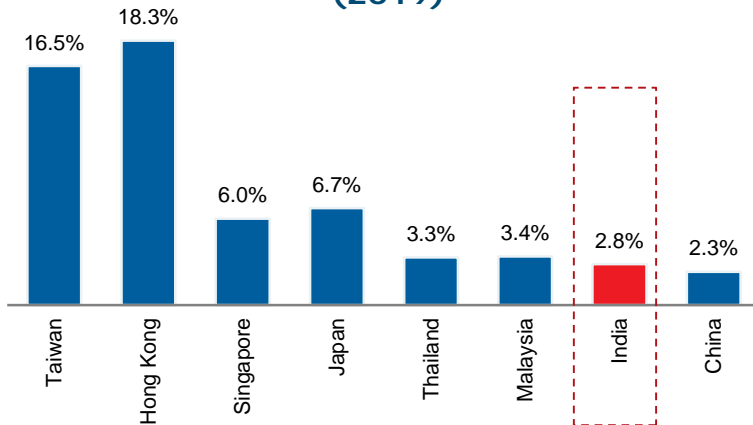
India Life Insurance



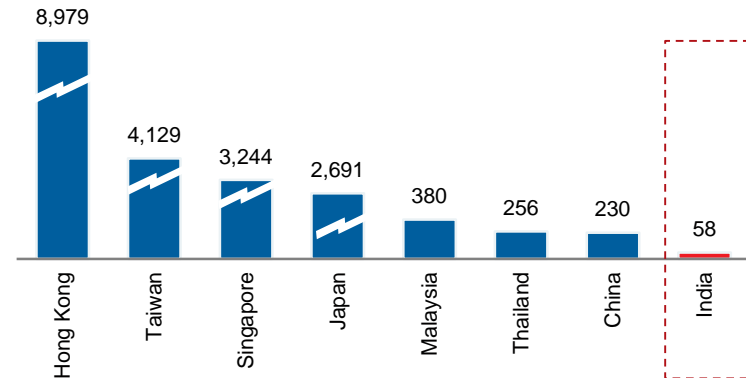
# 6 India Life Insurance

# Growth opportunity: Under-penetration and favourable demographics

**Life Insurance penetration <sup>1</sup> (2019)**

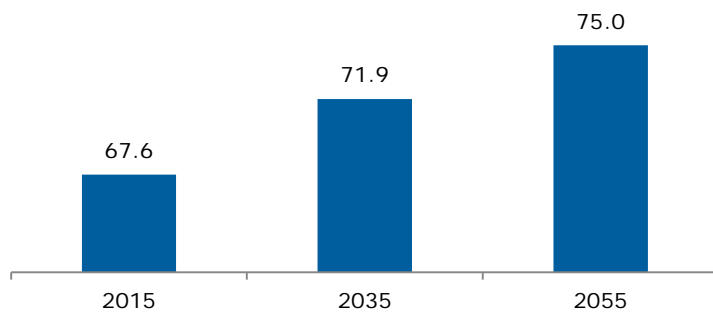


**Life Insurance density US\$ <sup>2</sup> (2019)**

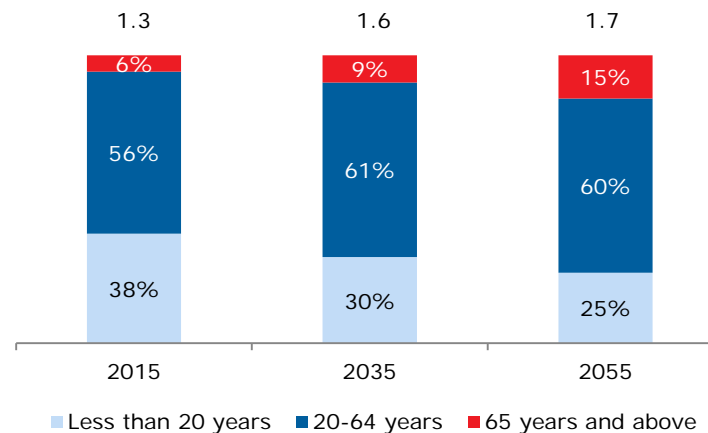


- India remains vastly under-insured, both in terms of penetration and density
- Huge opportunity to penetrate the underserved segments, with evolution of the life insurance distribution model

**Life expectancy (Years)**



**Population composition (Bn.)**



- India's insurable population is expected to touch 750 million by 2020
- India's elderly population is expected to double by 2035 (as compared to 2015)
- Emergence of nuclear families and advancement in healthcare facilities lead to increase in life expectancy thus facilitating need for pension and protection based products

1. Penetration as measured by premiums as % of GDP,

2. Density defined as the ratio of premium underwritten in a given year to the total population

Source: Swiss Re (Based on respective financial year of the countries), MOSPI, United Nations World Populations Prospects Report (2017)

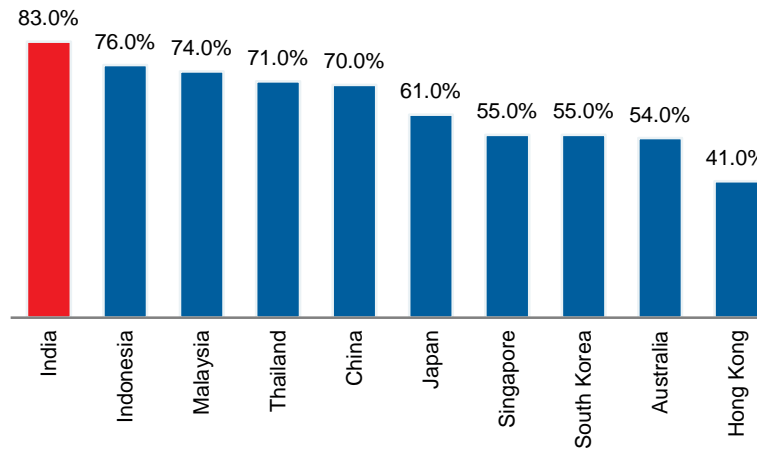


# Low levels of penetration – Life protection



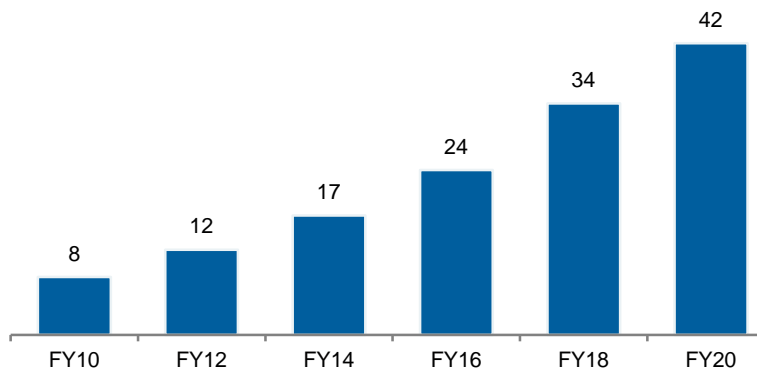
- Only 1 out of 40 people (2.5%) who can afford it is buying a policy every year 1
- Even within the current set, Sum Assured as a multiple of Income is <1x

Protection gap <sup>2</sup> (2019)



- India has the highest protection gap in the region, as growth in savings and life insurance coverage has lagged behind economic and wage growth
- Protection gap growth rate is predicted to grow at 4% per annum

Trend of retail loans <sup>3</sup> (Rs Tn.)



- Retail credit has grown at a CAGR of 18% over last 10 years
- Increasing retail indebtedness to spur need for credit life products
- Immense opportunity given:
  - Increasing adoption of credit
  - Enhancement of attachment rates
  - Improvement in value penetration
  - Widening lines of businesses

1. Goldman Sachs Report, March 2019

2. Swiss Re (Based on respective financial year of the countries)

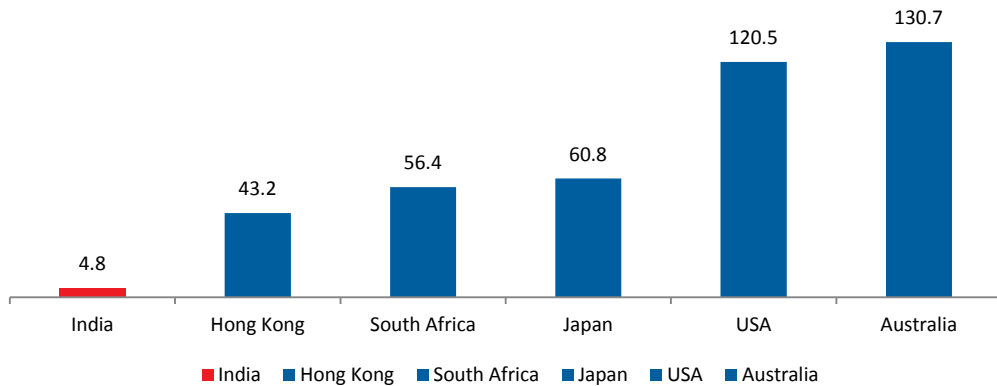
3. Kotak institutional equities



# Macro opportunity – Retirement solutions

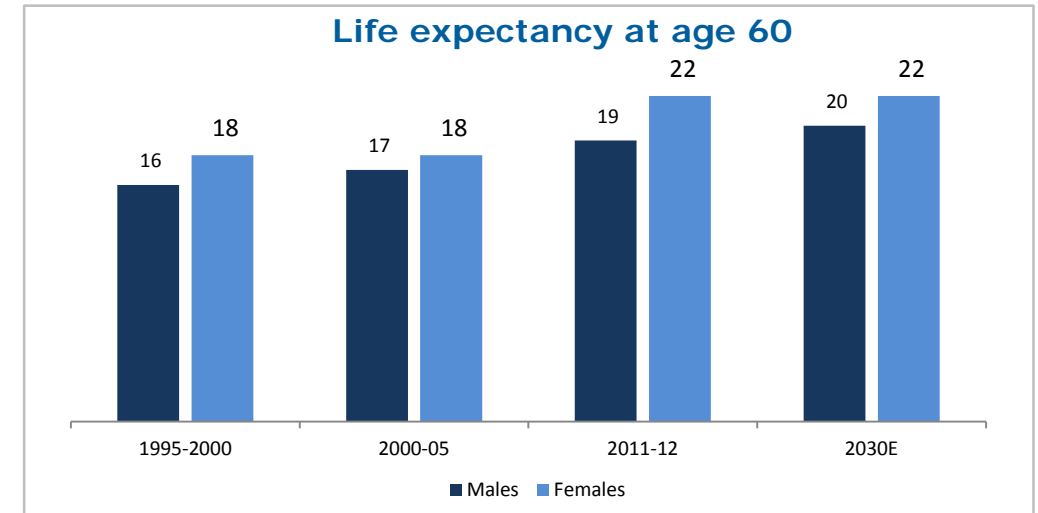
India's pension market is under-penetrated at 4.8% of GDP

Pension Assets / GDP Ratio



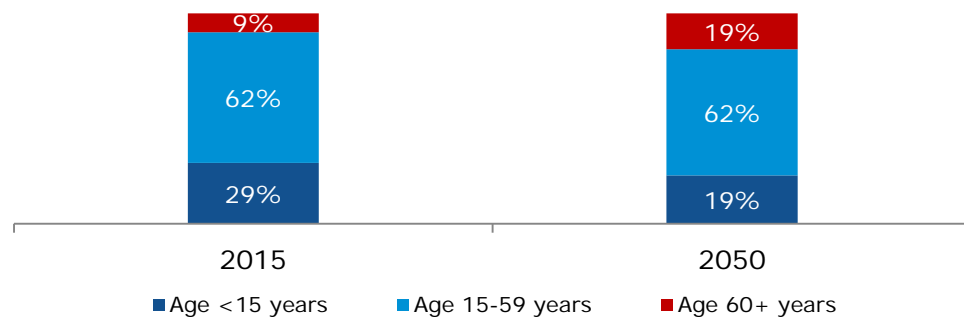
Improvements in life expectancy will lead to an average post retirement period of 20 years

Life expectancy at age 60



60+ population is expected to almost triple by 2050

Ageing population



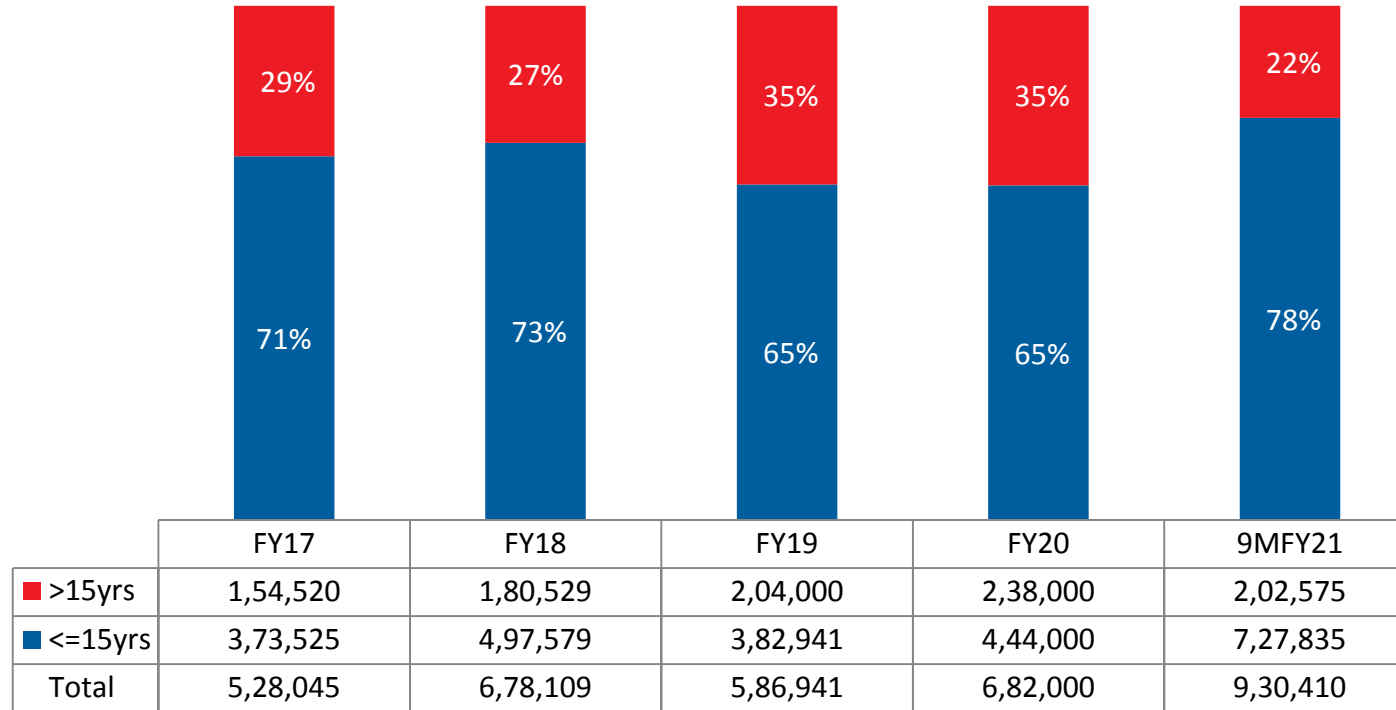
- Average household size has decreased from 4.6 in 2001 to 3.9 in 2018
- Total Pension AUM is expected to grow to Rs 47 Tn by 2025 (more than 1/3<sup>rd</sup> accounted for by NPS)
- Mandatory schemes to increase coverage for both unorganized and organized sectors



# Government bond auctions

## Government Bonds – Tenorwise Issuance

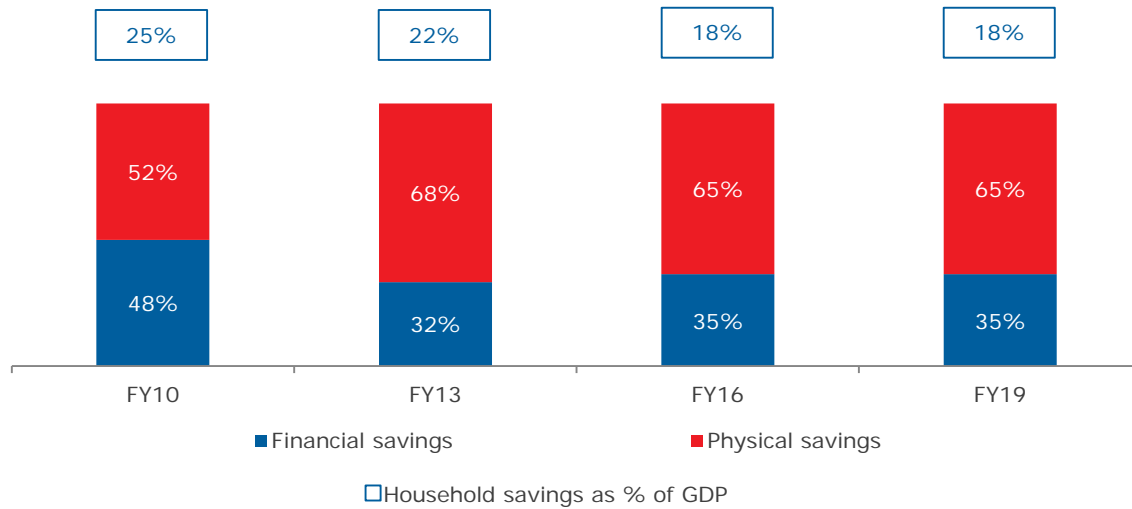
Rs Cr



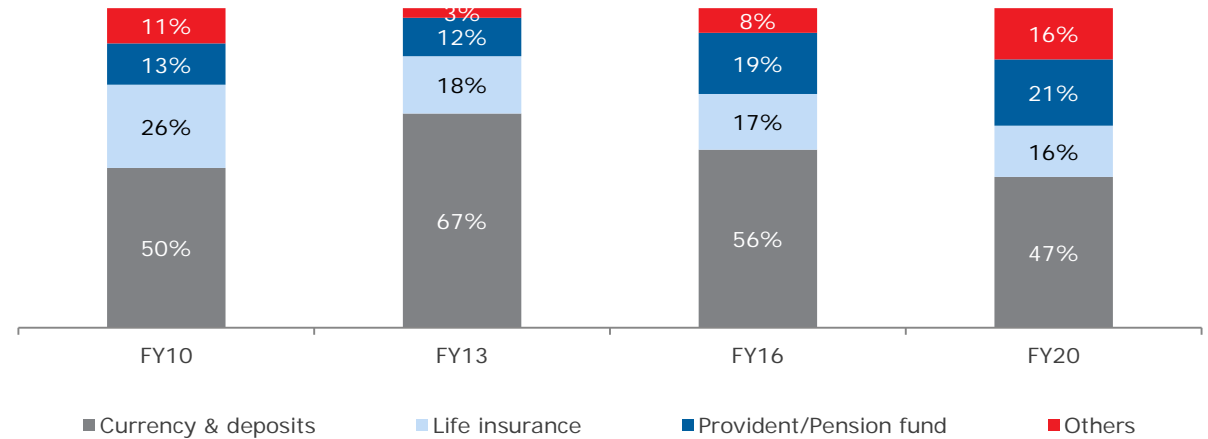
- Auction of >15 year maturity bonds has been ~25-30% on an average facilitates writing annuity business at scale
- Budget estimate plan for government borrowing for FY21 at Rs. 12 trillion on gross basis
- The actual borrowing till 9M is 77.5% of the budget

# Life Insurance: A preferred savings instrument

## Household savings composition

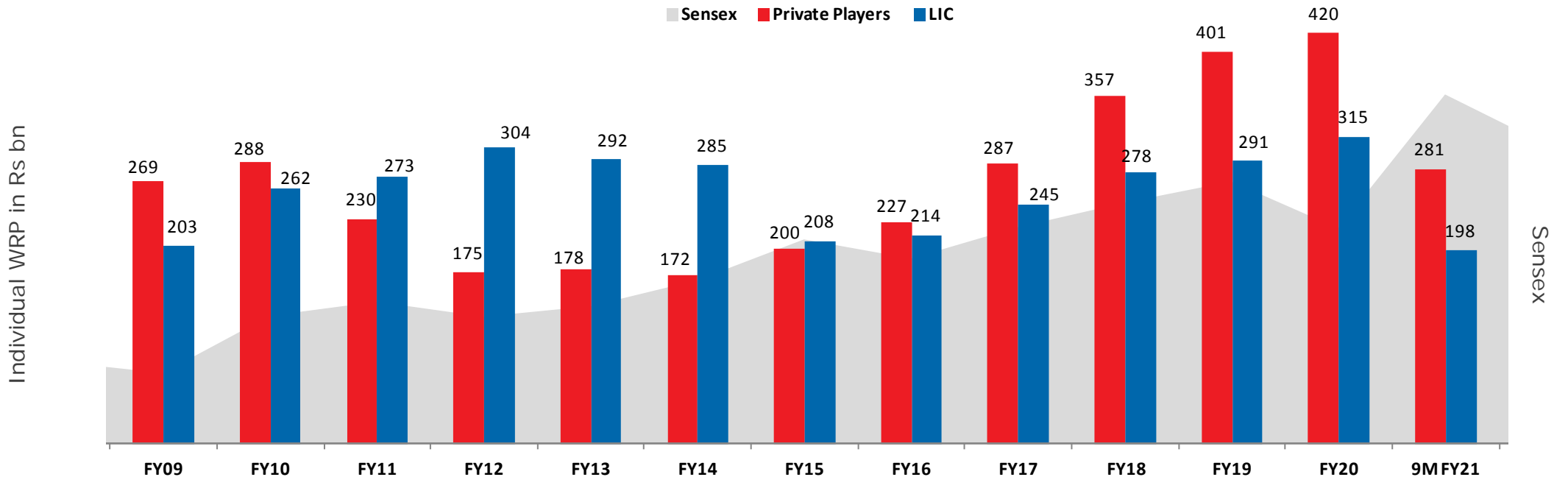


## Financial savings mix



- Increasing preference towards financial savings with increasing financial literacy within the population
- Various government initiatives to promote financial inclusion:
  - Implementation of JAM trinity
  - Launch of affordable PMJJBY and PMSBY social insurance schemes
  - Atal Pension Yojana promoting pension in unorganized sector

# Industry new business<sup>1</sup> trends



## Private players Market share

	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	9M FY21
<b>Private</b>	57%	52%	46%	37%	38%	38%	49%	52%	54%	56%	58%	57%	59%
<b>LIC</b>	1%	7%	-20%	-24%	2%	-3%	16%	14%	26%	24%	12%	5%	-6%
<b>Overall</b>	-22%	29%	4%	11%	-4%	-2%	-27%	3%	15%	13%	5%	8%	-11%
<b>Overall</b>	-10%	17%	-9%	-5%	-2%	-3%	-11%	8%	21%	19%	9%	6%	-8%

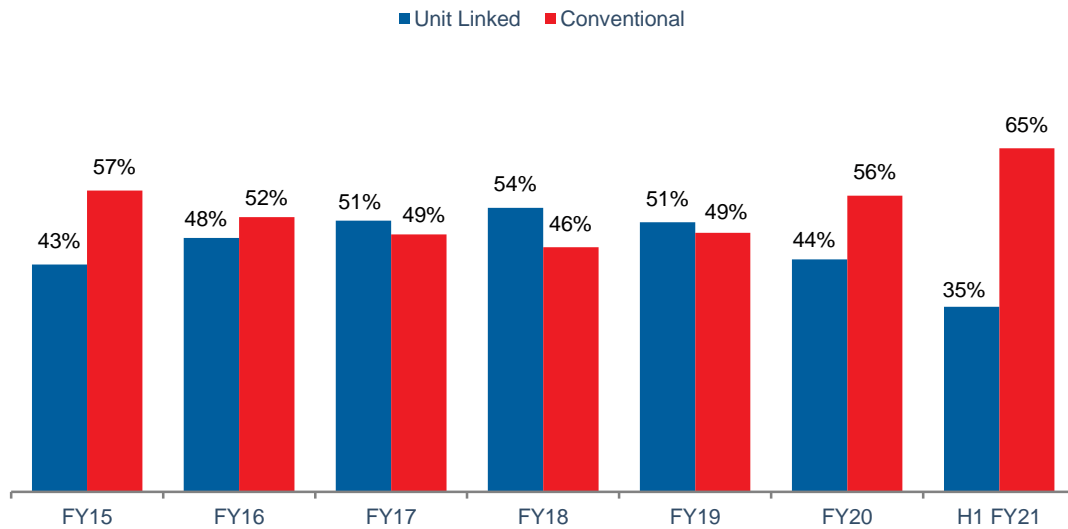
- Private sector gained higher Market share than LIC for the first time in FY16, post FY11 regulatory changes
- Amongst private insurers, insurers with a strong bancassurance platform continue to gain market share

1. Basis Individual Weighted Received Premium (WRP)

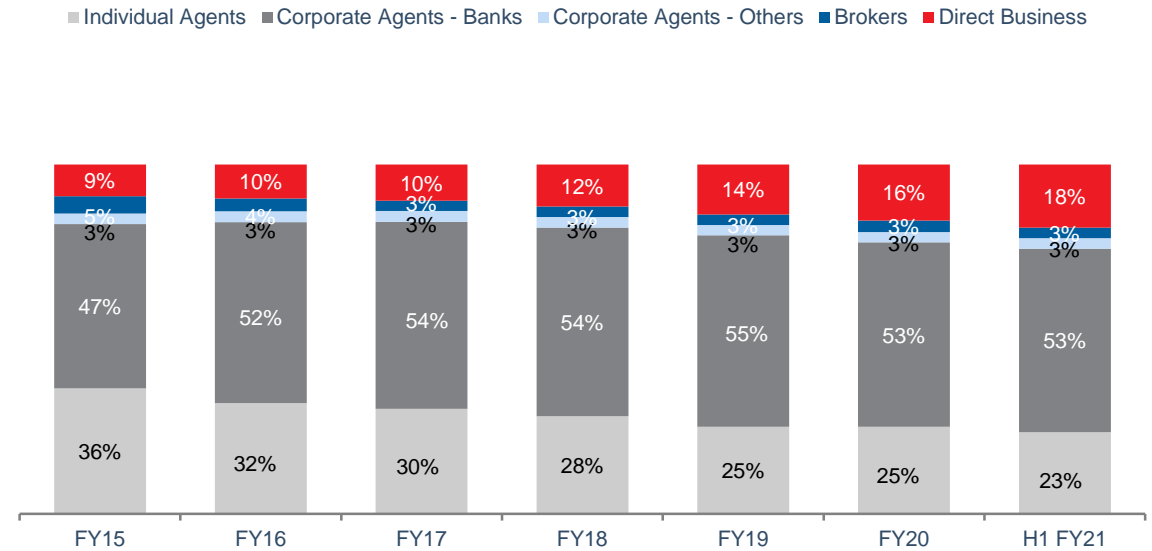
Source: IRDAI and Life Insurance Council

# Private industry: Product and distribution mix

## Product mix <sup>1</sup>



## Distribution mix <sup>2</sup>



- Product mix has recently moved towards conventional business for the private players with high focus on non-par savings
- Increasing thrust on protection business by top players has helped improve the new business margins
- Banca sourced business continues to dominate the channel mix on the back of increasing reach of banks along with increase in share of direct channel, while share of Agency has been constant in the last few years

1. Basis Overall WRP (Individual and Group);

2. Basis Individual New business premia for all private players

Source: IRDAI and Life Insurance Council

# Appendix

# Financial and operational snapshot (1/2)

	9M FY21	9M FY20	Growth	FY20	FY19	FY18	CAGR	Rs Bn.
<i>New Business Premium (Indl. + Group)</i>	135.5	121.5	11%	172.4	149.7	113.5	23%	
<i>Renewal Premium (Indl. + Group)</i>	121.3	99.4	22%	154.7	142.1	122.1	13%	
Total Premium	256.7	220.9	16%	327.1	291.9	235.6	18%	
Individual APE	46.6	43.9	6%	61.4	52.0	48.9	12%	
Overall APE	54.9	53.0	4%	74.1	62.6	55.3	16%	
Group Premium (NB)	67.6	61.5	10%	87.8	73.3	54.1	27%	
Profit after Tax	10.4	9.8	6%	13.0	12.8	11.1	8%	
- <i>Policyholder Surplus</i>	6.9	7.1	-3%	10.9	9.0	8.5	13%	
- <i>Shareholder Surplus</i>	3.6	2.7	30%	2.1	3.8	2.6	-11%	
Dividend Paid	(1) -	-	NA	-	4.0	3.3	NA	
Assets Under Management	1,656.2	1,364.5	21%	1,272.3	1,255.5	1,066.0	9%	
Indian Embedded Value	250.5	208.4	20%	206.5	183.0	152.2	16%	
Net Worth	(2) 80.9	66.7	21%	69.9	56.6	47.2	22%	
NB (Individual and Group segment) lives insured (Mn.)	21.3	44.8	-53%	61.3	51.4	33.2	36%	
No. of Individual Policies (NB) sold (In 000s)	675.5	639.5	6%	896.3	995.0	1,049.6	-7%	

1. Including dividend distribution tax (DDT)

2. Comprises share capital, share premium and accumulated profits/(losses)





# Financial and operational snapshot (2/2)

		9M FY21	9M FY20	FY20	FY19	FY18
Overall New Business Margins (post overrun)		25.6%	26.6%	25.9%	24.6%	23.2%
Operating Return on EV	(1)	18.3%	19.0%	18.1%	20.1%	21.5%
Operating Expenses / Total Premium		12.1%	13.7%	13.1%	13.1%	13.5%
Total Expenses (OpEx + Commission) / Total Premium		16.4%	18.5%	17.7%	17.0%	18.0%
Return on Equity	(2)	18.4%	21.3%	20.5%	24.6%	26.0%
Solvency Ratio		202%	195%	184%	188%	192%
Persistency (13M / 61M)	(3)	89%/53%	87%/53%	88%/54%	84%/51%	83%/50%
Market Share (%)						
- Individual WRP		16.4%	14.3%	14.2%	12.5%	13.3%
- Group New Business		27.3%	28.6%	29.0%	28.4%	28.5%
- Total New Business		22.3%	21.4%	21.5%	20.7%	19.1%
Business Mix (%)						
- Product (UL/Non par savings/Non par protection/Par)	(4)	23/35/7/35	28/52/7/13	28/45/8/19	55/20/7/18	57/9/5/28
- Indl Distribution (CA/Agency/Broker/Direct)	(4)	63/12/6/19	55/14/9/21	55/14/9/22	64/13/4/19	71/11/5/14
- Total Distribution (CA/Agency/Broker/Direct/Group)	(5)	25/6/2/17/50	23/7/3/17/51	23/7/3/17/51	26/7/2/16/49	33/7/2/10/48
- Share of protection business (Basis Indl APE)		7.4%	6.7%	7.6%	6.7%	5.1%
- Share of protection business (Basis Overall APE)		12.6%	16.7%	17.2%	16.7%	11.3%
- Share of protection business (Basis NBP)		17.1%	28.1%	27.6%	27.0%	25.9%

1. During FY18, there was a one time positive operating assumption change of Rs 1.4 bn based on review by an external actuary as part of the IPO process. Excluding this one time adjustment, Operating return on EV would have been 20.4% for FY18

2. Calculated using net profit and average net worth for the period (Net worth comprises of Share capital, Share premium and Accumulated profits)

3. Persistency ratios (based on original premium)

4. Based on individual APE. UL: Unit Linked, Trad: Traditional, Par: Participating & CA: Corporate Agents. Percentages are rounded off

5. Based on total new business premium including group. Percentages are rounded off



# Revenue and Profit & Loss A/c

## Revenue A/c

	9M FY21	9M FY20
Premium earned	256.7	220.9
Reinsurance ceded	(4.2)	(3.3)
Income from Investments	266.6	69.2
Other Income	1.0	1.1
Transfer from Shareholders' Account	0.2	0.3
<b>Total Income</b>	<b>520.3</b>	<b>288.1</b>
Commissions	11.1	10.6
Expenses	30.8	30.1
GST on UL charges	2.6	2.6
Provision for taxation	0.9	0.3
Provision for diminution in value of investments	(1.0)	1.9
Benefits paid	132.6	130.6
Change in valuation reserve	332.1	97.6
Bonuses Paid	4.5	6.1
<b>Total Outgoings</b>	<b>513.6</b>	<b>280.0</b>
<b>Surplus</b>	<b>6.6</b>	<b>8.4</b>
Transfer to Shareholders' Account	7.0	7.4
Funds for future appropriation - Par	(0.4)	1.0
<b>Total Appropriations</b>	<b>6.6</b>	<b>8.4</b>

## Profit and Loss A/c

	9M FY21	9M FY20
<b>Income</b>		
Interest and dividend income	3.2	2.7
Net profit/(loss) on sale	0.6	0.9
Transfer from Policyholders' Account	7.0	7.4
Other Income	0.0	0.0
<b>Total</b>	<b>10.8</b>	<b>10.9</b>
<b>Outgoings</b>		
Transfer to Policyholders' Account	0.2	0.3
Expenses	0.2	0.2
Interest on Non-convertible debenture	0.2	-
Provision for diminution in value of investments	(0.2)	0.2
Provision for Taxation	0.0	0.4
<b>Total</b>	<b>0.4</b>	<b>1.1</b>
<b>Profit for the year</b>	<b>10.4</b>	<b>9.8</b>

Rs Bn.

# Balance sheet

	Dec 31, 2020	Dec 31, 2019	Mar 31, 2020
<b>Shareholders' funds</b>			
Share capital (including Share premium)	24.8	24.1	24.2
Accumulated profits	56.1	42.6	45.7
Fair value change	2.3	(0.1)	(1.9)
<b>Sub total</b>	<b>83.2</b>	<b>66.6</b>	<b>68.0</b>
<b>Borrowings</b>	<b>6.0</b>	-	-
<b>Policyholders' funds</b>			
Fair value change	27.4	9.7	0.5
Policy Liabilities	793.6	619.6	652.7
Provision for Linked Liabilities	694.9	613.5	508.4
Funds for discontinued policies	38.1	34.6	33.4
<b>Sub total</b>	<b>1,554.0</b>	<b>1,277.4</b>	<b>1,195.0</b>
Funds for future appropriation (Par)	8.4	12.0	8.8
<b>Total Source of funds</b>	<b>1651.6</b>	<b>1,355.9</b>	<b>1,271.9</b>
Shareholders' investment	82.1	60.4	58.6
Policyholders' investments: Non-linked	841.1	655.9	671.9
Policyholders' investments: Linked	733.0	648.1	541.8
Loans	3.8	2.6	3.0
Fixed assets	3.3	3.4	3.3
Net current assets	(11.7)	(14.5)	(6.7)
<b>Total Application of funds</b>	<b>1651.6</b>	<b>1,355.9</b>	<b>1,271.9</b>

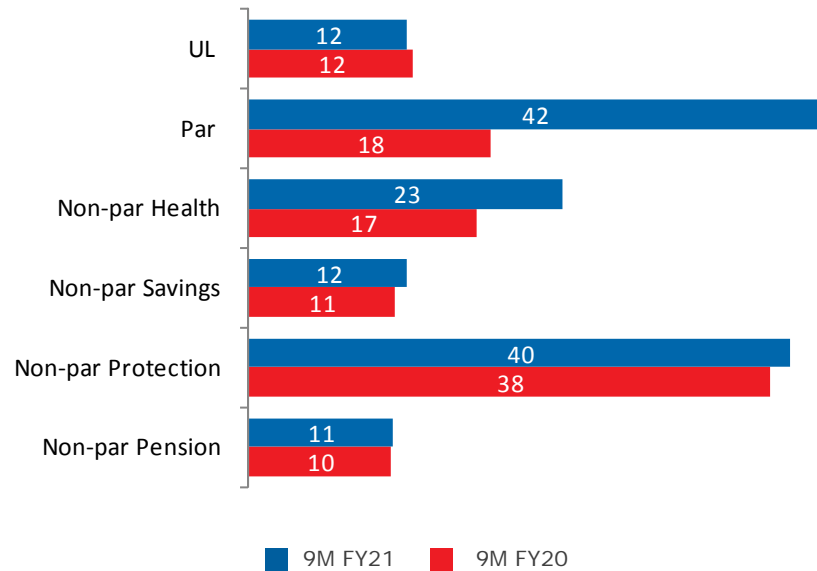
Rs Bn.



# Segment wise average term and age<sup>1</sup>

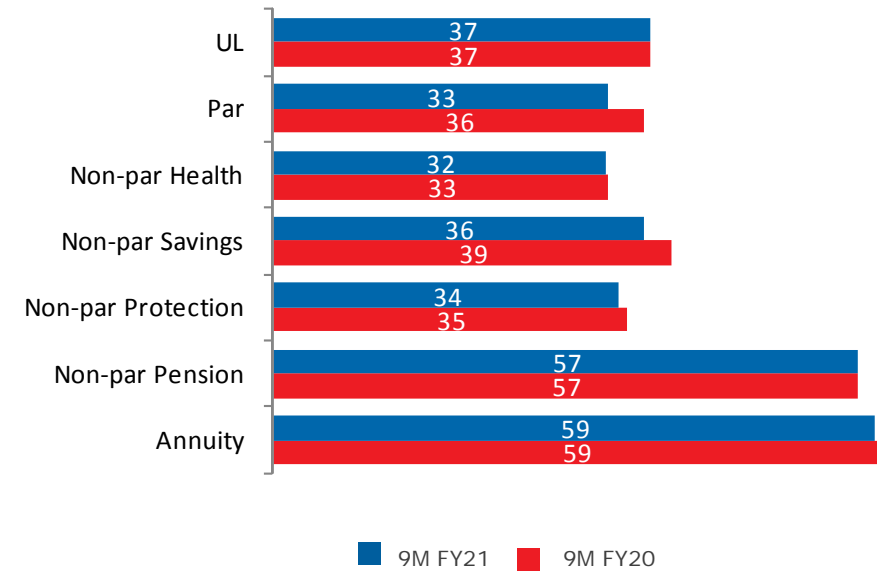
## Average Policy Term excluding annuity (Yrs)

9M FY21: 25.1 (9M FY20: 17.0)



## Average Customer Age excluding annuity (Yrs)

9M FY21: 35.7 (9M FY20: 37.5)



- Focus on long term insurance solutions, reflected in longer policy tenure
- Extensive product solutions catering customer needs across life cycles from young age to relatively older population

# Summary of Milliman report on our ALM approach

Scope of review	Portfolios reviewed
<ul style="list-style-type: none"> <li>Assess appropriateness of ALM strategy to manage interest rate risk in non-par savings business</li> <li>Review sensitivity of value of assets and liabilities to changes in assumptions</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio 1: Savings and Protection – All non-single premium non-par savings contracts and group protection products</li> <li>Portfolio 2: All immediate and deferred annuities</li> </ul>

Description	Stress scenarios tested	Net asset liability position
Interest rate scenarios	Parallel shifts/ shape changes in yield curve within +/- 150 bps of March 31 <sup>st</sup> 2020 Gsec yield curve	Changes by < 4.5%
Interest rate + Demographic scenarios	Interest rate variation + changes in future persistency/ mortality experience	Changes by < 7%
100% persistency and low interest rates	100% persistency with interest rates falling to 4% p.a. for next 5 years, 2% p.a for years 6 -10 and 0% thereafter	Still remains positive

## Opinion and conclusion

**ALM strategy adopted for Portfolios 1 and 2 is appropriate to:**

- meet policyholder liability cash flows
- protect net asset-liability position thereby limiting impact on shareholder value



# Indian Embedded value: Methodology and Approach (1/2)

## Overview

**Indian Embedded Value (IEV)** consists of:

- **Adjusted Net Worth (ANW)**, consisting of:
  - Free surplus (FS);
  - Required capital (RC); and
- **Value of in-force covered business (VIF)**: Present value of the shareholders' interest in the earnings distributable from assets allocated to the covered business, after making sufficient allowance for the aggregate risks in the covered business.

## Components of Adjusted Net Worth (ANW)

- **Free surplus (FS)**: FS is the Market value of any assets allocated to, but not required to support, the in-force covered business as at the valuation date. The FS has been determined as the adjusted net worth of the Company (being the net shareholders' funds adjusted to revalue assets to Market value), less the RC as defined below.
- **Required capital (RC)**: RC is the amount of assets attributed to the covered business over and above that required to back liabilities for the covered business. The distribution of this to shareholders is restricted. RC is set equal to the internal target level of capital equal to 170% of the factor-based regulatory solvency requirements, less the funds for future appropriations ("FFA") in the participating funds.

# Indian Embedded value: Methodology and Approach (2/2)

## Components of Value in-force covered business (VIF)

- **Present value of future profits (PVFP):** PVFP is the present value of projected distributable profits to shareholders arising from the in-force covered business determined by projecting the shareholder cash flows from the in-force covered business and the assets backing the associated liabilities.
- **Time Value of Financial Options and Guarantees (TVFOG):** TVFOG reflects the value of the additional cost to shareholders that may arise from the embedded financial options and guarantees attaching to the covered business in the event of future adverse market movements. Intrinsic value of such options and guarantees is reflected in PVFP.
- **Frictional costs of required capital (FC):** FC represents the investment management expenses and taxation costs associated with holding the RC. VIF includes an allowance for FC of holding RC for the covered business. VIF also includes an allowance for FC in respect of the encumbered capital in the Company's holdings in its subsidiaries.
- **Cost of residual non-hedgeable risks (CRNHR):** CRNHR is an allowance for risks to shareholder value to the extent that these are not already allowed for in the TVFOG or the PVFP. In particular, the CRNHR makes allowance for:
  - asymmetries in the impact of the risks on shareholder value; and
  - risks that are not allowed for in the TVFOG or the PVFP.

CRNHR has been determined using a cost of capital approach. CRNHR is the present value of the cost of capital charge levied on the projected capital in respect of the material risks identified.



# Embedded Value: Economic assumptions<sup>1</sup>

Years	Forward rates %		Spot rates %	
	As at Dec 31, 2020	As at Dec 31, 2019	As at Dec 31, 2020	As at Dec 31, 2019
1	3.54	5.55	3.48	5.40
2	4.63	6.30	4.00	5.75
3	5.55	6.87	4.47	6.05
4	6.26	7.23	4.87	6.28
5	6.79	7.43	5.21	6.46
10	7.80	7.52	6.25	6.86
15	7.65	7.47	6.65	6.98
20	7.28	7.45	6.78	7.03
25	6.97	7.45	6.80	7.06
30+	6.76	7.45	6.77	7.08

# Glossary (Part 1)

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- **APE (Annualized Premium Equivalent)** - The sum of annualized first year regular premiums and 10% weighted single premiums and single premium top-ups
- **Backbook surplus** – Surplus accumulated from historical business written
- **Conservation ratio** - Ratio of current year renewal premiums to previous year's renewal premium and first year premium
- **Embedded Value Operating Profit (“EVOP”)** – Measure of the increase in the EV during any given period, excluding the impact on EV due to external factors like changes in economic variables and shareholder-related actions like capital injection or dividend pay-outs.
- **First year premiums** - Regular premiums received during the year for all modes of payments chosen by the customer which are still in the first year. For example, for a monthly mode policy sold in March 2021, the first instalment would fall into first year premiums for 2020-21 and the remaining 11 instalments in the first year would be first year premiums in 2021-22
- **New business received premium** - The sum of first year premium and single premium.
- **New business strain** – Strain on the business created due to revenues received in the first policy year not being able to cover for expenses incurred

## Glossary (Part 2)

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- **Operating expense** - It includes all expenses that are incurred for the purposes of sourcing new business and expenses incurred for policy servicing (which are known as maintenance costs) including shareholders' expenses. It does not include commission.
- **Operating expense ratio** - Ratio of operating expense (including shareholders' expenses) to total premium
- **Proprietary channels** – Proprietary channels include agency and direct
- **Protection Share** - Share of protection includes annuity and health
- **Persistency** – The proportion of business retained from the business underwritten. The ratio is measured in terms of number of policies and premiums underwritten.
- **Renewal premiums** - Regular recurring premiums received after the first year
- **Solvency ratio** - Ratio of available solvency Margin to required solvency Margins
- **Total premiums** - Total received premiums during the year including first year, single and renewal premiums for individual and group business
- **Weighted received premium (WRP)** - The sum of first year premium and 10% weighted single premiums and single premium top-ups

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