January 24, 2025

SBIL/CS/NSE-BSE/2425/227

Vice President
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National Stock Exchange of India Limited,
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Plot No. C/1, G Block, BKC,
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NSE Symbol: SBILIFE

General Manager
Listing Department,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400001
BSE Scrip Code: 540719

Dear Sir / Madam,

Subject: Transcript of Earnings Conference call for Q3 of FY 2024-25

This is in continuation to our intimation letter ref. No.: SBIL/CS/NSE-BSE/2425/216 dated January 13, 2025 and in compliance with the provision of Regulation 30 read with Schedule III (Part A) (Para A) (15) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose transcript of the earnings conference call held on Friday, January 17, 2025.

The transcript of the earnings conference call with analysts/investors is also hosted on the Company's website at www.sbilife.co.in

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,

Girish Mahesh Manik

Digitally signed by Girish Mahesh Manik
Date: 2025.01.24 12:39:17 +05'30'

Girish Manik
Company Secretary
ACS No. 26391

Encl: A/a

"SBI Life Insurance Company Limited Q3 FY25 Earnings Conference Call"

January 17, 2025

MANAGEMENT:	**MR. AMIT JHINGRAN - MANAGING DIRECTOR & CEO**
	MR. SANGRAMJIT SARANGI - PRESIDENT & CFO
	MR. ABHIJIT GULANIKAR - PRESIDENT, BUSINESS STRATEGY
	MR. SUBHENDU BAL - CHIEF ACTUARY & CHIEF RISK OFFICER
	MR. PRITHESH CHAUBEY - APPOINTED ACTUARY
	MS. SMITA VERMA – SVP, FINANCE & INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to SBI Life Insurance Company Limited Q3 FY'25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Jhingran, MD and CEO, SBI Life Insurance. Thank you, and over to you, Mr. Jhingran.

Amit Jhingran: Good evening, everyone. We are happy to welcome you all to the Results Update Call of SBI Life Insurance for the period ended December 31, 2024. We appreciate and thank you whole heartedly for your time and efforts attending our earnings call. Update on our financial results can be accessed on our website as well as on the website of both the stock exchanges. Along with me, Sangramjit Sarangi, President and CFO; Abhijit Gulanikar, President of Business Strategy; Subhendu Bal, Chief Actuary and Chief Risk Officer; Prithesh Chaubey, Appointed Actuary and Smita Verma, Senior Vice President, Finance and Investor Relations are present.

As we reflect on our results for this quarter, we would like to begin by acknowledging that Q3 2023 was an exceptionally strong period, setting a very high benchmark for us. Despite the high base from last year's Q3, we are pleased to report that company has continued to perform well. Not only did we manage to sustain our momentum, but we also achieved growth. During the quarter, December month's new business premiums were one of the highest ever collection for the company.

This speaks volumes about our team's resilience, adaptability and commitment to delivering strong results regardless of the high benchmark we set last year. I am pleased to share that we have seen progress in several key areas as compared to previous corresponding period, demonstrating the strength and dedication of our teamwork. We are building a strong base by improving the agency and banca productivity levels.

By leveraging customer insights and industry trends, we have created solutions that provide enhanced coverage, greater flexibility and more tailored options, ensuring that we continue to deliver exceptional value. I am delighted to share that as per our ongoing commitment to meet the evolving needs of our customers, during the month of December we have successfully added one more product in our Platina series that is Smart Platina Supreme, a non-par guaranteed savings product which provides a stable guaranteed income stream, ensuring financial security and it is for any life stage. The initial response has been encouraging and the company collected more than INR2.5 billion of premium under this product within a span of 20 days. Moving forward, we remain committed to the continuously assessing and refining our offerings, ensuring that we are well equipped to meet dynamic demands of our customers. We recognize that staying attuned to customer preferences and market trends is essential for our continued success.

Now let me give you some key highlights for the period ended 31st December 2024. New business premium stands at INR262.6 billion and maintained private market leadership with a share of 22.4%. Individual new business premium stands at INR198.6 billion with a growth of 12% and private market share of 27.8%. For Q3 FY '25, the company's individual new business premium grew by10% as compared to industry growth of 6%.

Gross written premium stands at INR609.8 billion with a growth of 9%. Protection new business premium stands at INR27.9 billion. Profit after tax stands at INR16 billion with a strong growth of 48% over corresponding period last year. Value of new business stands at INR42.9 billion. VoNB margin stands at 26.9% for the period ended December 31, 2024. Embedded value of the company as on December 31, 2024 stands at INR681.4 billion, registering a growth of 17% over March 31, 2024.

Our assets under management stand at INR4.42 trillion with a growth of 19% over corresponding period last year. Solvency ratio of 2.04 as against the regulatory requirement of 1.50.

We will now update you on each of the key parameters in detail.

Let me start with the premium

Individual new business premium has grown to INR198.6 billion with a growth of 12% over last period. The company's private market share stands at 27.8% and industry market share stands at 17.4%. For the quarter 3 FY '25, the company's individual new business grew by 10% as compared to industry growth of 6%. On individual rated new business, we stand at INR145.5 billion with a growth of 14% over the last period and maintaining our leadership position with private market share of 25.3% and total market share of 17.8%.

The company's 3-year CAGR of IRP that is individual rated new business premium stands at 17%, outpacing the industry CAGR of 13%. This is on backdrop of consistent growth in performance which company delivered year-on-year. We have witnessed some headwinds in group business, particularly with our group savings products. Group new business premium stands at INR64.0 billion with contribution of 24% in new business premium.

Having said that, we have collected total new business premium of INR262.6 billion. The company's private market share stands at 22.4% and total market share stands at 9.5%. The company's 5-year CAGR of new business premium stands at 15%, outpacing the industry CAGR of 7%. Renewal premium grew by 15% to INR347.3 billion which accounts for 57% of the gross written premium.

To sum up, gross written premium stands at INR609.8 billion with a growth of 9% over corresponding previous period. In terms of APE, premium stands at INR159.7 billion, registering a growth of 11%. Out of this, individual APE stands at INR147.3 billion with a growth of 14%. During the period ended December 31, 2024 a total of 15.88 lakh new policies were issued. That is 1.58 million. Number of lives covered during the period ended December 31, 2024 is 18.4 million.

The growth in sum assured serves as a positive indicator of consumer confidence and the increasing awareness of the importance of financial protection. This upward trend reflects a shifting mindset among individuals who recognize the need for comprehensive coverage to safeguard their future.

Individual new business sum assured registered a growth of 33% over corresponding previous period and for the quarter growth was at 46%.

Let me give you detail about the product mix. As on December '24, our guaranteed non par saving products are contributing 18% on individual APE basis. Individual ULIP new business is at INR127.4 billion with a growth of 25% over corresponding last period and constitutes 64% of individual new business.

The growth in ULIP can be attributed to the movement in equity markets. The trend is evident across the industry as more customers seek product that blend investment opportunities with protection. Individual protection new business is at INR5.2 billion. Individual protection business for Q3 FY '25 has grown by 12% on NBP basis as compared to Q2 FY '25. Group protection new business stands at 22.7 billion.

Credit Life new business has grown by 8% and it stands at to be INR17.3 billion. Protection business contributes 8% of APE and stands at INR13.5 billion. Retirement plans assist customers in building a substantial corpus of funds to maintain their desired lifestyle and manage expenses in their golden years. Total annuity and pension new business underwritten by the company is INR53.1 billion.

Moving to update on distribution partners.

With the strength of more than 57,000 CIFs, SBI and regional rural banks bancassurance business contributes a share of 63% on total APE basis and on individual APE basis it stands at INR97.2 billion with growth of 8%. SBI branch productivity on individual APE terms stands at INR5.5 million for the period and registered a growth of 9%.

As mentioned in our last quarter's call, the digital channel within SBI Bank relationship is garnering good numbers of customers. And during the quarter, it attracted more than 50,000 customers opting for protection policies through self-initiated journey. With the enhanced focus on agency channel and strategic launch of agency 2.0, we have witnessed impressive strides in agent activation, agency channel productivity on boarding of new agents and better collaboration between agents.

Our agent productivity for the period stands at 2.9 lakhs on individual NBP terms, registering a growth of 27% over corresponding previous period. Agency registered new business growth of 36% over corresponding previous period and contributes 26%. Agency channel individual APE showed a growth of 31% over last period and stands at

INR44.0 billion. As on December 31, 2024, the total number of agents stands at 2,41,251. During the period ended December '24, the company added more than 75,000 agents on a gross basis.

As part of our strategic initiative to strengthen our presence across the country, we have opened 46 new branches this year. By the end of the financial year, we plan to add an additional 40 branches. The expansion is aligned with our vision to create infrastructure that supports the long-term development of our agency channel. Our expansion targets are carefully designed to cater not only to Tier 1 and Tier 2 cities, but also to underserved Tier 3 and Tier 4 regions. All these steps have resulted in increase in the share of agency channel in individual rated premium from 26% in previous period to 30% in current period.

During the period ended December 31, 2024 other channels that is direct, corporate agents, brokers, online and web aggregators grew by 26% in terms of individual new business premium. Linked business through other channels registered growth of 53% on APE basis.

We are investing in building our online business channel. Individual rated premium through this channel has grown by 71% for the current period as compared to previous period of last year and protection business through this channel on IRP terms grew by 23% as compared to previous period last year.

Coming to updates on profitability. The company's profit after tax for the period ended December 31, 2024 stands at INR16 billion with a robust growth of 48% as compared to previous corresponding period. Our solvency remained strong at 2.04 against regulatory requirement of 1.50. Value of new business stands at INR42.9 billion with a growth of 6%. VoNB margin stands at 26.9% for the period ended December 2024. The shift in VoNB is mainly on account of increase in share of ULIP business as compared to previous period.

Embedded value for the company as on December 31, 2024 stands at INR681.4 billion, registering a growth of 17% over March 31, 2024. Coming to operational efficiencies. Our opex ratio stands at 5.3% and the total cost ratio stands at 10.2% for the period ended December 31, 2024. With respect to persistency of individual regular premium, 13th month persistency stands at 86.10% , an improvement of 83 basis points and 61st month persistency stands at 63.29%, an improvement of 521 basis points.

As mentioned in my opening remarks, asset under management stands at INR4.42 trillion as at December 31, 2024, having growth of 19%. Debt claim settlement ratio stands at 99.3%. The company has registered an improvement of 44 basis points over last period. Our misselling ratio stands at just 0.03% which is one of the lowest in the industry and this is achieved through our consistent approach adopted to ensure right selling to the customers.

Digitalization is transforming the life insurance industry enabling us to deliver enhanced services and a more seamless experience for our customers. As we embrace this digital transformation, we remain committed to innovation and excellence, ensuring that we stay ahead in an increasingly competitive landscape. The company continues efficient usage of technology for simplification of processes with 99% of the individual proposals being submitted digitally. 50% of the individual proposals are processed through automated underwriting.

To conclude, by fostering a culture of resilience and continuous improvement, supported by a clear focus of developing agency channel along with the partner bank network, we are confidently positioned for the future. Our commitment to exceptional customer service strengthens client relationships and reinforces our status as a trusted leader in the market. With a focus on long-term sustainable and profitable growth, we aim to create lasting values for our customers, shareholders and communities paving the way for a prosperous future together. Thank you all and now we are happy to take any questions that you may have.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Avinash Singh with Emkay Global. Please go ahead.

Avinash Singh: Thanks for the opportunity. Good set of numbers, particularly considering the backdrop. A few questions. The first one would be more that now, I mean, of course, we have crossed the 9 month. So there should be more clarity around what's happening with your main channel bank SBI Bank and also how agency is performing. And also the impact of surrender regulation of course it is known in reported numbers.

So if you can just sort of provide your guidance regarding growth and margin for the full year FY '25. And related to that, if you can just try to quantify if at all, there was some impact from this product filing under new surrender regulations. That's the question number one. Second would be agency, of course, the addition and deletion are kind of a pretty regular, but if I see particularly this quarter, somehow agency deletion seems to have picked up, I mean, nearly 50,000-odd. So addition is like a 25,000 per quarter that has been happening for the last 3 quarters. But deletion has certainly picked up in Q3. So what is going on there with the agency? If you can just sort of provide more color. And lastly one more, protection side again I see that individual protection, the decline had kind of nearly arrested more or less quarter has been flat Y-o-Y basis.

And if we understand the pickup with the product like the Smart Shield Premier and that of product targeted bank customer is good. But I think the premium growth for individual protection is not kind of still coming into positive. If you can just help understand if there is a significant change in regular protection vis-a-vis a return of premium product on a year-on-year basis?

Management: First of all, thanks for congratulating on our numbers. Your first question about the growth, banca and agency. So you would have noticed that our growth for the first 9 months is in line with the kind of guidance that we had at the end of second quarter, the first half year when we said that we will be growing somewhere around 15%.

And on IRP basis, that growth is more or less there. On both the channels, agency as well as banca, the growth is more or less is in line with the targets that we had taken for the year. And banca channel grew by almost 10% in first 9 months whereas agency channel is growing by almost 29% to 30% in the first 9 months. For the remaining period also, we expect the growth to be in the same range and overall basis, we continue to stick to our guidance of 15% on IRP basis.

Your second question was regarding the number of agents addition as you said is around 75,000. But net addition is less because the deletion for the period is a little higher. The basic reason behind that is that the company has changed the definition of active agents. And now with the stricter enforcement of the activation guideline, we have deleted a large number of agents who were not active as per company's definition during the quarter.

So that number is approximately 40,000 - 45,000 during this quarter. So going on – this was a onetime exercise and going on we will continue to stick to this definition only. So going forward, the net addition numbers will be better. Coming to protection. We have seen a shift towards the pure protection products as compared to the return of premium policies.

Now 57% policies out of the protection segment. I mean 57% policies are with the return of premium whereas the mix in pure protection has increased to 43% and that is being reflected in our product portfolio for December quarter.

Avinash Singh: And if you can just sort of provide some color on any impact from this surrender regulation changes on the margin? Because I mean in the margin walk, of course, I mean, that part might be included somewhere in the operating assumption changes or something. So if you can just help understand if there was any impact on the surrender regulation changes.

Management: Yes. So all our products have been relaunched with the new guideline of first year surrender. But one quarter is a very, very short period to have any kind of experience and any kind of margin impact on overall company basis. We will see that how this surrender in the first year pans out and how it affects our margins.

Management: Just to add that as we have mentioned earlier that our impact even potential impact is very minimum. We don't see much impact will come in on account of the surrender value.

Avinash Singh: Okay. Thank you. All the best.

Moderator: Thank you. Next question comes from the line of Shreya Shivani with CLSA. Please go ahead.

Shreya Shivani: Thank you for the opportunity. My first question is on the individual protection. So we had mentioned in the last quarterly call that we've launched the 3-click products on YONO and that should see better growth in the quarter to come. So while there is a good quarter-on-quarter pickup, but wanted to understand is it far more difficult to scale up a product just on YONO app or is this product also available in other channels?

I wanted to understand some color around this product and whether the margins of this product are higher or weaker than our earlier versions of individual protection products that we have. Second is just an update on the banca channel. There were quite a bit of noise around the misselling or the concentration risk, etcetera on this channel. And we've also noticed that the regulator has set up a task force on the banca channel in October 2023.

So if you can give us any update on what came out of it? Any commentary any interactions that you've had and how should we look at this channel? I understand you've given us a growth guidance that it should pick up, but from the regulators point of view and the different task force that have been set up around it, what's going on, if you can help us with this?

Management: So first talking about the individual protection product on the YONO platform that we were talking, which we informed last analyst call and which you were referring to. So this product, we are happy to say that contrary to your perception that it is difficult to sell. In the last 4 months, we have been able to sell more than 70,000 policies of this product, almost 73,000 as on date.

So one thing that we have noticed here and in the earlier question I responded also, that in this particular product we are seeing a good growth in pure protection policies in place of the return of premium policies. That has improved our sum assured. Of course, the ticket size in pure protection is much lesser than the return of premium products. So it is not reflecting on the total premium side, but the number of policies. And overall, we are happy the way this product is faring.

Talking of banca channel, you are right that there is a lot of noise in the market, but as on date, we have not heard anything from the regulator on this particular subject. And I would like to emphasize that IRDA always had a consultative kind of approach on every subject whatever they have done, they have done after floating a paper, circulating draft guidelines, taking industry view and then only they have decided on anything.

On banca channel, we have not received any consultation paper or any task force that you were talking about. We have not heard about that. So it is all around in the market, but nothing concrete as on date from either the regulator or from the ministry side.

Shreya Shivani: So the taskforce actually there was a document on the IRDA I know it's old. It's back in October 2023, but there were other life insurers who have said they have the representatives who are going to be a part of the task force. I saw that SBI Life was not mentioned there. So I mean it seems a little confusing because it's not just there in the media. They have said, a year before they started speaking in media.

They also put out this document on their own website. So then it adds to the fire, unfortunately. I mean, it adds to the confusion unfortunately. That's why these questions are coming up?

Management: So I mean in the recent past, we have not heard anything on this subject from the regulator and that is what we stand by as on date. Having said that, whatever guidelines will come in, we will definitely go along with those guidelines. And you must have noticed we are also focusing on our agency channel to take care of any contingency. But as on date, there is no such thing in the discussion stage.

Shreya Shivani: Got it sir. Thank you very much. This answers my question.

Moderator: Thank you. Next question comes from the line of Supratim Datta with Ambit. Please go ahead.

Supratim Datta: Thanks for the opportunity. My question is on the agency side, I understand you have laid out certain plans that you want to do this year, but if I have to take a 5 year view, by when do you think agency can go up to around 50% contribution to the overall APE and what all building blocks we would need to put in place for agency to contribute 50%? If you could give us some color on that?

And then in that what would be the banca growth we'll have to build in? If you could give us some color on that, that would be very helpful. That would be my first question. Then on the banca growth when do we think the banca growth will get ramp up and get closer to the overall APE growth that we are delivering. Currently, it's still in the single digit. So by when do we think that gets up to the double-digit figure that we used to do 1 year back and what again, what all will be the drivers of that? If you could give us some color on that?

And lastly coming to the new products you launched, a new product in the non par side recently. If you could give us some color that how that has tracked in December, if you could give how do you see that play out over the remainder of the year? And two, given ULIP has been a key driver of growth and we are entering a cycle where the overall equity market growth might be muted.

In that scenario, what would be the key products that we would be focusing on to drive growth? If you could give us some color on that, that also would be very helpful?

Management: So, if you look at our distribution mix, the overall banca contribution is much higher than the agency. And if you are talking about 50% agency share then obviously agency growth will be higher than banca growth. So we cannot have a situation where banca grow is in line with the overall APE growth and agency share is also growing. It itself become contradictory.

So we have identified a lot of opportunities on the agency side. And we want to take advantage of that and that is why we are strengthening our agency channel by opening more number of branches, employing more agents, increasing agent productivity and all. And that is already getting reflected in our first 9 months number. Going forward also, we will keep on adding more branches and more agents and have a higher agency growth.

Banca growth at 10%, I will say with the kind of base that we have is pretty satisfactory. And with the very strong partner bank with us we will continue to explore all kinds of opportunities. And as I already informed in the last analyst call also that in addition to the CIF network, we are also developing the alternate digital channel on the banca side. And as I already informed with one product and more than 70,000 policies in the first year, we are pretty confident that this channel will also start contributing in a bigger way in coming times.

So we stand by our overall growth forecast in the medium term of 15% to 17%. And with the kind of growth in the banca channel, let's say, 10% and agency channel at 30% plus. Would like to take that question on product, Sangram.

Management: Product we have launched in this quarter that is Smart Platina Supreme which is on the non-par side and which has done very well. And we expect that this momentum will continue into this quarter. But subject to the kind of rate of interest which is expected to come from the RBI, but at this moment it is going as per expectation and we expect that it will continue the same momentum in this fourth quarter of FY '25.

As for ULIP, you have mentioned about the market going down and it will have some impact. The last 3 months the market correction has happened, but we have not seen any kind of connection between the market going down and the ULIP business going down because similarly if you have seen already in the SIPs where mutual funds have been increasing month-on-month, the last 3 months consistently.

And we don't see any kind of challenge for the ULIP per se. Because the experience in the past these numbers shows that whenever the market is getting corrected, ULIP doesn't get much impact per se. And that is the right opportune time for the customers to invest because you get a lower NAV. And subsequently by the time of 5-year to 7-year horizon, you get a better opportunity for a good return. So we don't see any challenge for us as far as ULIP is concerned.

Supratim Datta: If you could tell us what is the APE of the Smart Platina Supreme in December, if you could give us some color on that, that would be helpful?

Management: INR250 crores is the number. I think it is there in our opening remarks.

Management: Approximately INR250 crores in the month of December.

Supratim Datta: Got it. Okay. Thank you.

Moderator: Next question comes from the line of Prayesh Jain with Motilal Oswal Financial Services Limited.

Prayesh Jain: A good set of numbers. Just, sir, one question is on the SBI channel. We saw, I think, a decent growth coming back in this quarter what different did we do in this particular quarter as compared to the first half, where we had seen some slowdown? Extending that question, the YONO sales, sales from YONO app, did you classify under SBI Bank itself?

And what about the other group companies of SBI, like SBI Securities or any other companies that kind of sell products of SBI Life. Would they be classified in SBI? Would be my first question.

Management: So YONO product does get classified under the channel. But the other group company, that is SBI Securities, they are our corporate agent. That sales is a very small in volume and that does not get classified under the banca channels. That is getting under the corporate channel. Regarding growth, I mean, even if you look at the 3 quarters of this financial year.

The first quarter was pretty strong. Third quarter was pretty strong. So one quarter growth, 2% or 3% year-over-year doesn't matter much. These kind of things do keep happening. But overall, growth strength is intact, and we stand by that.

Prayesh Jain: And sir, just the banca channel, do you plan to tie up with more banks and diversify your product distribution mix further with respect to the banca channel in particular? What is the strategy there?

Management: So we are always on a lookout for good partners, and it is an ongoing process. Wherever we get good partners at the mutually acceptable terms, we will definitely be onboarding. So there is no embargo on that or there are no additional efforts also on that. It is a normal business practice of the company.

Prayesh Jain: Sir, on product-level margins, how would they have behaved this quarter? And particularly on ULIP, the profitability, how would it have moved in this quarter?

Managment: Prithesh, please.

Management: I think there is not much significant change on the margin. So, margins remain even the part level is more or less similar to that, except in case of non-PAR or even protection. Because as you know we have repriced most of our non-PAR product in the Q2. And Q1, fall of interest rate will pass on to the customer, and that fully reflected in Q3.

So, if you look into the Q3 product level margin, there is an enhancement coming from. Also, we have launched some protection riders that attach to the savings product and the attachment rate is quite encouraging. So that's also helping us to enhance the product line margins. So more or less, product line margin in the product line is similar.

Particularly to the unit linked product, I think margin is at around earlier expectation as well. So not much changes on that side.

Prayesh Jain: Sir, last question. You have guided for a 15% to 18% kind of growth. That would be an APE basis, right? And what would be your guidance or outlook on VNB growth, per se?

Management: We are expecting an individual APE growth of around 15% to 17%. And the VONB will be in the range of around the current rate, which is going at around single digit or will be around 10%.

Prayesh Jain: Okay. So value of new business growth rate will be lower than individual APE growth. That is what you're saying?

Managment: It all depends. So most likely ideally should be similar to the APE growth. But if you look at our base, our base is much higher and our target for growth is also much higher. So, growing to a higher base with higher growth rate with the same range of margin is a difficult task. So, what we are saying that there is a rationalism already happened to report the margin of 31%.

We have fall to 27%. Our objective is to maintain the margin in the range of 27% to 29% kind of thing. So that perspective, we are saying that there is a possibility that our VONB growth might be slightly lower than the APE growth.

Prayesh Jain: This is for FY '25?

Managment: FY 25, we will definitely slightly lower. But going forward, because this year already, we grew by 14%. VONB growth is 6%. The next 3 months, we can't compensate that. But my guidance is in the longer-term perspective. The ongoing basis, we expected to maintain this margin and grow on that level.

Prayesh Jain: Got it. Long term, 15% to 17% individual APE growth and VONB margin in the range of 27% to 29%, right?

Managment: Yes. That's right.

Moderator: Next question comes from the line of Dipanjan Ghosh with Citi.

Dipanjan Ghosh: Just a few questions from my side. First, if I look at the embedded value between the third quarter and the second quarter, there seems to be a significant decline. So, I would assume this would be because of the equity market movements. If you can just break that up? I know you gave it on an annual basis.

So, if you can just give some color on the EV movement and if there were any assumption changes or operating variance on the negative side. And if it was investment variance, if you can break it up between equity and debt. Second would be your non-PAR growth through the agency was quite strong during the quarter.

So, is it a function of both term and non-PAR and whether most of it was driven towards last month of the quarter? And is the new product that is witnessing growth in the fourth quarter also being driven through agency? If you can give some qualitative understanding on that. And lastly, one question on your agency.

When you mentioned that your agent activation rates have increased and you are witnessing productivity benefits also, could you share some kind of positive understanding on the differential activation rate or the differential increase in activation rates that you've witnessed between, let's say, newer agents versus higher vintage agents?

And a similar qualitative data on the productivity side?

Management: So, I'll take the second one first about the agency product mix, which you have asked. Let me tell you that quarter 3 product mix per agency has been very strong for both non-PAR protection as well as for non-PAR savings. And that has also continued in the 9-month ending. So non-PAR protection has seen a higher double-digit growth as well as in the non-PAR protection also.

And which we expect that will continue for the fourth quarter. As far as your activity or productivity of agents are concerned, as we have already mentioned, earlier in the opening remarks, so productivity level of our agents have been very strong. It has gone up to 2,91,000. And as far as our active productive agents, productivity also has gone up to now 17 lakhs.

So, we have been investing a lot as far as agency is concerned, and we expect that it will continue to give us not only the growth but also the higher activity. Because the agency growth comes generally from the activity increases, and that is what our focus. On the first part is EV, I'll request Prithesh to answer.

Management: So, I see on the first part, when you mentioned there is a quarter-on-quarter decline in EV, I don't see there is a decline. The EV has grown over the quarter. So, you look into September to December, there is a 3.1% growth in EV. Also, we keep disclosing the sensitivity of the economic variance, economic sensitivity, both in terms of equity and interest rate.

If you see the equity has fallen and, to that extent, EV movement is in line with our sensitivity. Second other point that you asked, we can confirm, though we are not disclosing. We are disclosing the September, and eventually we're disclosing the year. All our operating variance is positive.

As a company, we adopt the long-term sustainable assumptions. So always there is a positive variance coming from each and every component, be it the mortality, persistency or expenses.

Dipanjan Ghosh: Got it. Sir, just one thing I would like to highlight. In the presentation, there is some typing relating to the Indian embedded value. It's mentioned at INR618.4 billion. I think 1 and 8 have got reversed between the BSE filing of the presentation. So…

Management: Yes, I think that -- we'll update that.

Dipanjan Ghosh: Just one follow-up on the productivity for active agents, which you mentioned at 17 lakhs. Could it like-to-like number for, let's say, Y-o-Y or maybe 2 years back so that we can compare it?

Management: So for our agency, as I said, the productivity is increasing. And Y-o-Y, I can tell you that active agent productivity has increased by 16%. And this is generally the phenomena for us. And which is an increasing trend for us as far as our active agent productivity is concerned. But overall, agent productivity also is increasing. So that is also a very good sign. I think we are one of the best in the private industry as far as agents productivity is concerned in both the parameters.

Moderator: Next question comes to the line of Sanketh Godha with Avendus Spark.

Sanketh Godha: Sir, my first question is related to individual protection business. So the individual protection business in APE terms have declined by 18% for 9 months. But you said that the mix changed towards what you call pure protection business as compared to ROP led to that decline. So, if I do a NOP calculation, that is a number of policies calculation growth.

Whether we have seen the growth -- and this mix, 57-43, what you alluded to, is now have stabled. So going ahead, we can see a growth coming back to protection business? Or you believe this mix will keep on changing? And the growth will remain muted probably till a optimal mix, what you want to have will impact the protection business now?

So that's my first question?

Management: Sanketh, as we said, the focus is on the protection and that too within the protection -- pure protection. And as already mentioned about our quarter 3 numbers, so it has seen a drastic change in from the ROP to pure protection. So now it is doubled around, I can say, it is between 60-40. We are -- at this moment is 57-43.

But if we are comfortable that it will be in the range of 60-40 in this year. As far as our ROP movement, so you said 19% degrowth in the protection, but the massive growth in our pure protection which is 53% in Y-o-Y. And in the ROP, it has come down. But we expect that this overall protection will continue to be good for us in the next 2 to 3 years.

As already mentioned, the focus is YONO. And YONO has already garnered 70,000-plus policies. And we expect that pure protection will definitely grow. And overall protection also is on the focus for the company in the next FY '26 to '27. And we will stabilize around 60-40 as the ratio for us in the ROP to non-ROP.

Sanketh Godha: Got it, sir. But just for 9 months you said 70,000 for the third quarter. But for 9 months, the number of policies in the protection has seen a growth. And if it is, then what is the quantum?

Management: It has seen a growth. But at this moment, we don't have basis. But I can tell you that number in the individual protection, which is in the pure protection, has seen a significant growth of 53%.

Sanketh Godha: Okay. Got it, sir. And sir, the second question, what I had said is that you launched -- as you told, that Smart Platina Supreme plan, which contributed INR250 crores to December business. So just wanted to understand two points. One, you said whether the momentum of this growth continues in fourth quarter, you see a product mix change in the fourth quarter towards more non-PAR compared to ULIP?

And second thing is if that happens, that impact on the margin. And second, is this product, that is Smart Platina, has a margin better than the overall company average. So if the mix increases, whether it will lead to a better margin profile going ahead. So that is my second question. And lastly, the related point is that if non-PAR APE growth about 7% for 9 months FY '25.

Then if this contribution increases, will you expect this growth to be much better for full year and then FY '26 in that sense?

Management: So on the new product, Smart Platina Supreme, the margin is better than the company margins so if this product contribute and that we are expecting that a product contribution will increase. It will help us to enhance the margin going forward. Second part is that we do expect the product would also help to change the product mix for the company as well.

And both will result into the better company margin and better VONB growth as well.

Sanketh Godha: Sir, but you usually just made a comment to one of the questions that you expect VONB growth to be lower compared to APE growth. Then if you have already launched a product which is better margin profile compared to company average and you expect that needs to go up, then I'm just wondering that your VONB growth to be lower than APE growth doesn't tie up to the point what you said right now?

Management: So, let me try to reemphasize this point. What we're saying in the longer term, growing with a high growth rate and also maintain the similar level of margin -- enhancing the margin will be slightly challenging. So, over the period with a longer-term basis, you see the margin that we mentioned that it will remain in a range of 26% to 29% with objective to maintain minimum 27% that we're looking for.

But some quarter, depending on the growth, you may have to rationalize the margin over the period. And then again, even you're able to achieve the product growth, but if there is a change in the product mix, non-PAR reduction will happen. That also has some impact. So that's the reason by saying that there is a possibility that VONB growth might be slightly lower than APE growth.

Example is the part of the current financial if you look last 9 months.

Sanketh Godha: Got you. But on an immediate basis, you see a benefit because of the new product launch, and there could be a possibility of margin outlook to be better. That's a fair point to make on a near-term basis.

Management: Yes, that's correct. .

Sanketh Godha: And lastly, sir, your total APE growth is 11 for 9 months. And individual APE growth is 14% for 9 months. So just for FY '25, would you want to give a ballpark number what you will grow at? You gave that number for FY '26 or little medium term to be 15% to 17%. But for immediate fourth quarter included, what kind of a growth we can expect for '25 on total APE and individual APE separately?

Management: So we will maintain the same rate of growth what we have done 9 months for this financial year. So as we have already mentioned previously, Sanketh, the individual APE will be in this range of 14% and total APE will be in this range around 10% to 11%. Strategically, if you have seen that why the overall APE has come down, is because of the group fund management business.

And here, already has MD in the opening remarks said, so the market where we want to be in a profitable business. So that is the reason we are concentrating on individual APE this financial year, around 14%, 15% and this total APE of around 10% to 11%. .

Moderator: Next question comes to the line of Rishi Jhunjhunwala with IIFL Institutional Equities.

Rishi Jhunjhunwala: Just a couple of questions. Firstly, on the margin side. I just wanted to understand, you've been able to maintain margins sequentially, whereas the product mix has gotten tilted more towards ULIPs in this quarter. So what were the tailwinds that helped you in this quarter? And also, you mentioned 27% to 29% in the long term.

Then outside of a change in product mix where, say, ULIP comes down and traditional goes up and protection goes up in the future, are there any other levers that you can call out?

Management: On the first part, despite ULIP mix, there are multiple reasons are there. First reason that we have explained a few minutes back that in Q1, we are not able to pass the impact of the yield fall on the customer. And that part we have all the non-PAR products, repriced in the Q2. And that's reflected in the Q3. That's the reason the non-PAR margin has gone up as compared to Q1.

So that's compensated to some extent the impact on the margin on account of increase in ULIP business. Also, we mentioned that we launched several protection products, and we also mentioned that pure protection has better margin. So that's also helping us. Second aspect is that we have launched the protection rider and attached to our savings product.

And attachment rate is also quite encouraging. They're also helping us to enhancing the margin of that. So, despite the product non-PAR is stable at the similar level, we have seen this. Other aspects that we've mentioned that we get some better terms and condition from the reinsurer, particularly for the credit life business.

And that also helped us to enhance the product level margin. And all together, if you club together that helped to maintain the margin, even enhance the margin for this quarter, if you look into the quarter on a sequential basis, despite the ULIP mix has increased. And we're also working and we're going to run some of the protection rider under unit linked business.

And we hope that this also help us. Other than product mix, there will always be the lever and that we keep saying that, as a company, we try to optimize the value of both for the company as well as the policyholder. And in that prospect, we have evaluating and exploring each and every customer segment and try to design the product for that particular segment, optimize value.

And that optimization and segmentations is helping us to enhance the margin. And that is another lever available with us going forward that may improve and enhance our margins going forward.

Sanketh Godha: Okay, sir. And just a second question on banca. And I know in different ways, it has been asked during the call, but just wanted to get some color on in terms of slightly medium-term growth from our parent bank. For us to grow double-digit in that channel, how much of it is dependent on the penetration levels being lower and the banks willing to push that versus some of the base effect that is already there?

And probably a caution around the products being sold. So, what I'm trying to understand is, how do we get comfort that, that channel even in the future with the kind of base we have will continue to grow double-digit, if it all?

Management: See, for channel in the banca, particularly we are considering, as usually said, not only for SBI particularly but other banca partners also. So we have currently 5 banca partners. And we also have tied up with Indian Postal Payment Bank. So all across, we are seeing that how to penetrate or increase our penetration across the partnerships. As far as the current quarter is concerned, so we have seen a big base.

So, last year, if you remember, the industry grew by 8% and we grew by 18%. With such a large base of the third quarter, that is the biggest quarter for us. We have seen a growth in the banca also. So, we believe that there are a lot of levers available for us the penetration, particularly because we have seen till date. There is hardly 2.5% to 3% penetration in the overall market in the banking side, whoever our partners are.

And we will capitalize all our relationships with various models, which we have already been very successful. And we expect that the penetration will increase and the growth will come back. So whatever we have seen during this financial year, I think it will settle down as we have already mentioned. And there are various news which we don't see that any point of reaction. But going forward, it will definitely help us for improvement in our growth rate for the banca partners, along with SBI.

Moderator: Next question comes from the line of Raghvesh with GM Financial.

Raghvesh: Congratulations on a strong set of numbers. Sir, just a couple of questions. First, on the protection piece. I'm just doing some math around INR100 would have come directly from the new protection plan that you're selling through. So, is there a conscious decision to stop selling ROP products?

And is it because there has been poor mortality experience in that segment, understanding is ROP is typically sent to sold to a less affluent segment. So, have we seen some negative mortality experience on that?

Management: No, it is purely a customer's choice in this particular product on the YONO channel. We have seen a welcome kind of change that customers are going in for pure protection products. There is no conscious decision. We are offering both the options to the customer. But this is a welcome change that customers are opting for pure protection products.

Management: But you do know that under the new guidelines, we have stopped one small ticket ROP, which we wish to sell earlier. So, to that extent, there will be some reduction in ROP in the future.

Raghvesh: Okay, sir. And secondly, sir, with a very strong under-penetration in insurance, a 10% growth target from banca, I mean, is it not very low?

Management: You see, there is a lot of under-penetration and under-insurance both in Indian market. And the same kind of demography is in the State Bank customer group also, because the State Bank has now 53 crores-plus customer. Almost every third Indian is having an account with the State Bank. So, we are very sure that the growth in the banca channel will be in line with the industry growth at least, and that is why we are projecting these kinds of numbers.

You would have gone through the Swiss Re report also. Their expectation for the Indian industry to grow is around 7%. 7.3% for the next 5 years. So, projecting a 10% growth, I think, that is a fair enough number. But we are all set to explore and exploit all kind of opportunities available in the market.

Moderator: Next question comes from the line of Neeraj Toshniwal with UBS Securities.

Neeraj Toshniwal: Sir, just one question on Credit Life. I have missed the number. How is the growth in this quarter on Y-o-Y in APE terms?

Management: So Credit Life in this quarter has grown 16% over last year.

Neeraj Toshniwal: And quarter-on-quarter?

Management: Quarter-on-quarter only I'm saying, Q3 FY '25 compared to Q3 FY '24. That is 16%.

Neeraj Toshniwal: Versus Q2?

Management: Q2 versus Q3...

Management: Sequential growth is also quite strong.

Management: Q2 was a little muted Credit Life side. So Q3 numbers are much better than...

Management: 25% growth over Q2 according to me...

Neeraj Toshniwal: What is the absolute number, if you can share, this quarter, absolutely like APE?

Management: No, I'll give you. 17% growth should be there sequentially.

Neeraj Toshniwal: And absolute number, please.

Management: INR171 crores.

Moderator: Next question comes from the line of Gaurav Jain with ICICI Prudential Mutual Funds.

Gaurav Jain: Congratulations on a good set of numbers. And also, sir, helpful to see that you started giving EV disclosure on a quarterly basis. That is also helpful. Sir, two questions from my side. One is on reported profit after tax, we are seeing very strong growth both on a quarterly basis and on the 9-month basis. So if you can share some light as to, is it the new normal? We can expect PAT to really grow in this manner? Or is it this year phenomenon?

If you can help us understand what exactly helps the PAT growth. Second, sir, on this new non-PAR product that we had launched and growing and also maybe on the existing products that we have, have we set the clawback provision or the deferred commission payout structure, etcetera, in place?

Mangement: So, coming to your first part, which is profit after tax. So this is a reflection of multiple things. One is that the major contributor of the profit is coming from the investment income. So, investment income from both from our traditional portfolio, which is excluding PAR, so non-PAR and shareholders has contributed the profit for the company. And secondly, the backbook also is very strong for us.

So, renewal premium has grown by 15%. So, there is a big backbook available for us through which we are garnering good numbers as far as the total PAT is concerned.

And secondly, the profit growth projection which is currently seen, we will not give you any kind of guidance because it depends on the product mix and the kind of market movement during that period of time.

So, because today, we have made profit because of the lesser growth in my traditional business as compared to ULIP early business. So, if tomorrow the product mix shifts towards more on non-PAR and PAR, so there will be a strain on the PAT. So at this moment, we expect that it will be in the range of around 10% to 15% growth for the year-on-year as far as PAT is concerned.

And on the new product, the new non-PAR which you asked, I think I'll request Prithesh to answer.

Management: The commission is in line with our previous product. The commission structure has not changed. The benefit structure has changed slightly, but commission structure has not changed.

Moderator: Our next question comes from the line of Madhukar Ladha with Nuvama Wealth Management Limited.

Madhukar Ladha: Congratulations on good set of numbers. Just a couple of questions. See, the medium-term growth you're still guiding for is 15% to 17%. Now banca channel, as I understood, is not expected to grow that fast. So it'll probably grow at the, whatever, 8% to 11% sort of a range. And it's contributing almost about 65% to individual APE. That basically means that the other channels have to grow at almost probably 25% sort of a number.

Now my question is that what is our right to win? How will we be able to recruit that productive and agency channel? And we are also not that competitive when it comes to commission payouts. So would that mean that in order to grow at this rate, we would have to like aggressively also increase our commission payouts? And that would then also result probably in an impact on the margins coming from this channel.

So, some sort of clarification. And like what confidence do you have that you will be able to grow that other channel at that faster rate and the margins on that channel? So that would be my question. Yes, if you can give me some color on this?

Management: So, we just tell you that agency channel for SBI Life has been a consistent growth story for many years now, so more than 10 to 15 years. And the pressure to pay commissions or whatever you were mentioning has always been there. It's not a new phenomenon. Our advantage is that our dependence on new agents is very limited. We have a very wide base of agents and activation rates which are quite good compared to some of the other peers.

And that helps us widen the agency distribution. We think this strategy, we will continue. And it's a sustainable strategy, by which we will be able to grow the agency channel without having to really compete on commission. Commission competition happens largely for large agents and not for mass of agents and large part of our business comes from mass of agents.

And there is enough and more scope in India to recruit more agents and grow.

Management: And we are helped in this particular aspect by being -- by having a very strong brand. People have a lot of trust. So despite whatever shortcomings you talked about of the agency channel, we have the largest agency channel in private sector, and it is second only to LIC in India. Despite all these shortcomings, we have been able to create that kind of sales force in the market.

And with the kind of policies we have for our agents, we are pretty sure that we will continue to grow in an even better manner in coming times with the kind of opportunities that we have across India.

Madhukar Ladha: Okay. Just a follow-up also on protection. You mentioned that 57% is now pure protection -- sorry, is ROP and 43% is pure protection. I just wanted clarification. This is on value basis, right, on a premium basis, right? Or is it on number of policies?

Management: Madhukar, the overall 9 months ending the ROP to non-ROP has moved from 90-10 to now 80-20. And we said for the quarter 3, this ratio has changed to now 75-25.

Management: And this on premium in basis

Moderator: The last question comes from the line of Supratim Datta with Ambit.

Supratim Datta: I have just one follow-up. So if you could give us some clarity around how the cost structure in bank versus agency differ? And hence, given we are now going to grow in agency, we have been growing faster, but that proportion is going to go up. Then how does that impact the VNB margin? Because I just wanted to understand if 1 ULIP or 1 non-PAR is sold versus in the agency?

How does the margin or cost structure differ there? If you could help me understand that, that would be very helpful?

Management: See, the major component, the differentiator between the banca and agency is the fixed cost in agency as compared banca. As far as the commission structures are concerned, it is almost similar. And for us, as already said, the agency is a consistent investment for us and which we have been doing it for the last 2 decades. And we will continue to do that. The cost efficiency, which are coming from agency is through product mix and the consistency.

And that is very well reflected in our all parameters as far as the margins or the VONB is concerned. And we don't expect any challenge, per se, for our agency margin to go further down as compared to banca. Because banca is definitely profitable for us as compared to agency. But yes, at the same time, product mix also plays a bigger role.

And we expect the product mix the way it is now shaping up in agency will definitely give us the better margin going forward.

Supratim Datta: Got it. And could you quantify how much is the delta between bank and agency VNB margins?

Management: Generally, depends on a very various parameters. So we don't disclose on those aspects.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Amit Jhingran for closing comments.

Amit Jhingran: Thank you, everyone, for the time and all the queries. I hope that all the queries were responded to by our team and me in a satisfactory manner. But just in case you have anything else, you can get in touch with our Investor Relations team with any follow-up questions. Thank you once again. God bless.

Moderator: Thank you. On behalf of SBI Life Insurance Company Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.