SBI Life
Apne liye. Apno ke liye.

July 31, 2024 **SBIL/CS/NSE-BSE/2425/89**

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Exchange Plaza,
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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 Q1 of FY 2024-25

This is in continuation to our intimation letter ref. No.: SBIL/CS/NSE-BSE/2425/71 dated July 19, 2024 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 Wednesday, July 24, 2024.

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: 2024.07.31 20:08:48 +05'30'

Girish Manik
Company Secretary
ACS No. 26391

Encl: A/a

"SBI Life Insurance Company Limited Q1 FY-25 Earnings Conference Call"

July 24, 2024

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

Moderator: Ladies and gentlemen good day and welcome to SBI Life Insurance Company Q1 FY25 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Jhingran – Managing Director and CEO, SBI Life Insurance. Thank you and over to you sir.

Amit Jhingran: Good evening, ladies and gentlemen. We welcome you all to the Result Update Call of SBI Life Insurance for Quarter ended June 30th, 2024.

We appreciate and thank you wholeheartedly for your time. Update on our financial results can be assessed on our website as well as on the websites of both the stock exchanges.

Along with me present in this room are Mr. Sangramjit Sarangi – President and CFO, Mr. Abhijit Gulanikar – President, Business Strategy, Mr. Subhendu Bal – Chief Actuary and Chief Risk Officer, Mr. Prithesh Chaubey – Appointed Actuary and Ms. Smita Verma - Senior Vice President Finance and Investor Relations.

I am pleased to share that we have seen progress in several key areas as compared to previous quarter of corresponding period, demonstrating the strength and dedication of our teamwork. We are building a strong base for the year ahead by registering growth in Banca and Agency productivity, onboarding new agents and digital initiatives. This is a testament to the hard work and strategic initiatives we have implemented, ensuring that we not only meet but also exceed our goals. Moreover, our efforts in New Business development have been fruitful. We have seen a notable increase in our New Business Premium, especially in the linked and saving products. With higher insurance awareness there is a positive trend insurance industry and higher focus on financial planning and long-term savings.

During the period 99% of our business is sourced digitally. We will continue our digital initiatives by embracing agility and innovation in meeting the evolving needs of customers in the digital age and fostering brand differentiation. It has been a good start to the year and during the year ahead, we will continue to accelerate on this momentum, striving for excellence in everything we do. We remain confident of navigating the winds of change, ensuring a future where insurance is not just a product but a pillar of financial security and empowerment for all.

Now, let me give you some key highlights for this quarter ended the 30th June 2024:

Our New Business Premium registered a growth of 13% over previous period and stands at Rs. 70.3 billion and maintained private market leadership with share of 21.8%. Individual New Business Premium stands at Rs. 47.5 billion with a growth of 17% and private market share of 25.9%. Gross return premium stands at Rs. 155.7 billion with a growth of 15%. Protection New Business Premium stands at Rs. 7.2 billion. Profit after tax stands at Rs. 5.2 billion with a strong growth of 36% over corresponding period of last year. Value of New Business stands at Rs. 9.7 billion, registering a growth of 12% over last period. VoNB margin stands at 26.8% for period ended June 30th, 2024. Our asset under management has crossed a milestone of 4 trillion mark with a growth of 26% over corresponding period last year. Robust solvency ratio of 2.01 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

The growth of Indian insurance industry for the current quarter has rebounced and has demonstrated a robust performance during the quarter. It grew by 22.9% over previous period. We have successfully maintained our market position amongst private players in individual and total New Business Premium and have delivered an enduring performance for the quarter. In the year ahead our endeavor is to continue to maintain and grow our market share as compared to the previous year. Individual New Business Premium has grown to Rs. 47.5 billion with a growth of 17% over last period. Single premium contribution is 36% of individual New Business Premium, which is mainly attributed to growth in our individual annuity product. If we exclude the annuity business, single premium contribution is at 18% of individual business. The Company's private market share stands at 25.9% and industry market share stands at 15.7%.

On individual rated New Business Premium, we stand at Rs. 32.2 billion with a growth of 21% over last period and maintaining our leadership position with private market share of 22.4% and total market share of 15%. Also Group New Business Premium stands at Rs. 22.9 billion with contribution of 32% in New Business Premium and a growth of 6% over last period. Having said that, we have collected total New Business Premium of Rs. 70.3 billion. The Company's private market share stands at 21.8% and total market share stands at 7.8%. Renewal Premium grew by 16% to Rs. 85.4 billion which accounts for 55% of the gross return premium. To sum up gross return premium stands at Rs. 155.7 billion with a growth of 15% over corresponding quarter of last year. In terms of APE, premium stands at Rs. 36.4 billion registering a growth of 20%. Out of this individual APE stands at 33.1 billion with growth of 22%.

During the quarter ended June 30th, 2024, total 4.25 lakh new policies were issued. We remain committed towards the goal of increasing the penetration and achieve holistic growth. Number of lives covered during the quarter ended June 30th, 2024, is 4 million. The Company is aligned with the regulator's vision of insurance for all and will continue to focus on various reforms enabling deeper penetration of the life insurance industry. Individual New Business sum assured registered a growth of 16% over corresponding quarter of previous year.

Let me give you some details about the product mix:

As on June '24, our guaranteed non-PAR savings products are contributing 21% of individual APE basis. Individual ULIP New Business Premium is at Rs. 27.5 billion which now constitutes 58% of individual New Business Premium. Growth in ULIP is attributed to positive movement in equity market and change in customer preferences. Individual protection New Business Premium is at Rs. 1.5 billion. Group Protection stands at 5.7 billion. Credit Life New Business Premium has grown by 6% and stands at 4.7 billion. On Protection Business contribution 8% of APE stands at Rs. 3 billion. Retirement plans assist customers in building a substantial corpus of funds to maintain the desired lifestyle and manage expenses in their golden years. Our comprehensive solutions ensure a secure, comfortable and fulfilling retired life for our valued customers. Total annuity and Pension New Business underwritten by the Company is Rs. 15.4 billion. Annuity Business is at Rs. 11.5 billion and contributes 16% of New Business Premium. Individual Annuity Business contributes 90% of total Annuity Business.

Moving to updates on the distribution partners:

With a strength of more than 59,000 CIF's, SBI and RRB's Bancassurance business contributes a share of 63% and on individual APE basis it stands at Rs. 20.7 billion with a growth of 12%. SBI branch productivity on individual APE terms stands at Rs. 3.5 million for the current quarter and registered a growth of 14%. With enhanced focus on agency channel and strategic launch of agency 2.0, we have made impressive strides in agent activation, agency channel productivity and onboarding of new agents and better collaboration. Our agent productivity for the quarter stands at Rs. 1.7 lakhs on individual APE terms, registering a growth of 27% over corresponding quarter of previous year.

Agency registered New Business Premium growth of 28% over corresponding quarter of previous year and contributes 21%. Agency channel individual APE showed a growth of 48% over last period and stands at Rs. 10.7 billion. As on June 30th, 2024, the total number of agents stand at 2,57,266, a growth of 15% over previous year. During the quarter ended the Company added a net of 11,188 agents. The share of agency channel in individual rated premium has increased from 27% in previous period to 32% in current period.

During the quarter ended June 30th, 2024, other channels that is the direct channel, corporate agents, brokers, online and web aggregators grew by 61% in terms of New Business Premium and 38% in Individual New Business. Linked business through other channels registered growth of 89% on APE basis. The share of other channels in New Business Premium have increased to 28% in current period from 19% in corresponding quarter of previous year. We are focused to strike optimum balance among various distribution channels and we expect to grow by leveraging these multiple drivers and further strengthening our distribution network.

Now to some updates on profitability:

The Company's profit after tax for the quarter ended June 30th, 2024, stands at Rs. 5.2 billion with a robust growth of 36% as compared to previous quarter of previous year. Our solvency remained strong at 201% as against regulatory requirement of 150%. Value of New Business stands at Rs. 9.7 billion with growth of 12% as against Rs. 8.7 billion in last period. VoNB Margin stands at 26.8% for the period ended June '24. The shift in VoNB is mainly on account of increase in share of ULIP business as compared to previous period and for a specific period in non-PAR savings, the impact of yield movement was absorbed by the Company instead of being passed on to the customers.

Talking of operational efficiency:

OPEX ratio stands at 6.1% for the quarter ended June 30th, 2024, as compared to 6.8% for corresponding quarter of previous year. Our total cost ratio stands at 10.5% for the period ended June 30th as compared to 10.8% for corresponding quarter of last year. With respect to persistency of individual regular premium, 13th month persistency stands at 86.5% with an improvement of 150 basis points and 61st month persistency stands at 59.0% with an improvement of 229 basis points.

As mentioned in my opening remarks, asset under management stand at Rs. 4.15 trillion as at June 30th, 2024, having a growth rate of 26% as compared to June 30th, 2023. Death claim settlement ratio stands at 98.7%. The Company has registered an improvement of 107 basis points over last year. At SBI Life an unwavering commitment to our customer centric approach remains at the heart of everything we do. Our mis-selling ratio stands at just 0.04% which is lowest in the industry. To further strengthen it and keeping customer at the center stage in order to better address the customer grievances, we have created the position of internal ombudsman and appointed an industry veteran to set a new benchmark in customer satisfaction. This is first in the entire insurance industry. We are committed to delivering need-based solutions that address the ever-evolving customer needs based on customer profile, life stage and goal prioritization. The Company continues efficient usage of technology for simplification of processes. With 99% of the individual proposals being submitted digitally. 42% of individual proposals are processed through automated underwriting.

We have aligned our business strategies with IRDA vision and other regulatory initiatives, emphasizing the importance of consumer empowerment in driving growth of the industry. IRDAI has issued a master circular on life insurance products that encompasses a series of forward-thinking reforms aimed at enhancing the efficiency, transparency and overall functioning the insurance sector. These reforms are designed to foster innovation, improve customer satisfaction and ensure the stability and growth of the industry. Measures like increase in special surrender value, increase in free look cancellation period, loan against policy for all non-linked saving products, offering surrender value and robust processes to address customer grievances will further increase insurance penetration. We at SBI Life fully support these initiatives and are committed to aligning our operations with the new regulatory framework. We believe that these changes will bring about a positive transformation in the insurance industry benefiting all stakeholders involved.

To conclude by fostering a culture of resilience and continuous improvement and with our expanding multi-distribution network, committed team members and best in class customer service, we are confident of our ability to navigate the future and maintain our position as a trusted leader and preferred market player. We will continue to focus on long term, sustainable and profitable growth. Thank you all and now we are happy to take any questions that you may have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Avinash Singh from Emkay Global.

Avinash Singh: A couple of questions. The first one is more around what will be your strategy around protection, encompassing both the retail protection and credit life? Because I mean on the credit life side you have a large bank like SBI as a partner and also on the retail side you have a big reach. But since last almost more than a year, protection somehow seems to be losing momentum, at least on a relative basis to savings. So, what is going to be the strategy to sort of improve our protection share in the product mix, particularly the retail protection and credit life, GTI separating for the moment? So that's first question and the second question if you can sort of outline on your strategy or plans around product design or the commission tweaking post September 30th.Once this new product has to be sort of filed where you have this enhanced special surrender value. So, what are your thoughts on sort of our impact in terms of how we are going to deal with the you know balancing the margin or payout to the persistent customers at the same time the commission payout?

Management: So, taking your protection question first, there was a slight blip during the quarter in the protection sales as we saw in the result. And that was basically I think was being driven by more demand of ULIP products in the market depending on the returns that are being generated through ULIPs and our natural attraction of the customer segment for these higher returns. But having said that being in the insurance industry, protection remains very important and this is on top of our mind also. To improve the protection business, we have gone into a huddle with our main Banca partner SBI and depending on the data analytics of SBI on its database, we are going to offer a product very soon on the digital platform of State Bank of India, that is YONO, and this will be a simpler product with three click kind of issuance based on the data analytics and pre-approved kind of sum assured with very competitive rates and being on the digital platform, the journey will be very easy for the customer, the rates will be very competitive and we expect a very good response through this particular product. In addition to that, we are also designing a product for the ultra HNI kind of segment where higher sum assured is needed. This product should also be launched sometime during the month of August, and we expect to garner a good business out of this higher sum assured product also. Of course, underwriting offering higher non-medical limits and simplified medical procedures also are being introduced to improve the individual protection business. The group protection of course has shown some growth and we expect that with the property market in boom, the group protection business especially with the Banca partner will definitely show further growth during the year.

Coming to your second question about the strategy and plans, we have maintained that the new customer centric approach of the IRDA, the better surrender value and also the customers, SBI Life being the lowest cost operator and also because of the kind of product mix that we have at SBI Life, we will be the least affected Company. As of now we are not planning any commission structure change for our corporate agents or for our individual agents and the rate structure will continue to be the same.

Avinash Singh: On first part on credit life, do you have any plans to sort of meaningfully improve traction beyond home loans? Because now SBI of course is pretty big in auto loan, even in personal loan their reasonably big. Are you looking to sort of increase penetration of credit life in auto loan customer or personal loan customer or is the home loan going to be the core area?

Management: Home loan continues to be the largest portfolio for the bank also and we see good value increasing penetration there. In addition to that with these new protection products also, on individual basis as well as on the group term basis, we will be targeting the education loan customers. So, for these young customers the protection will be priority and we will try to cover them through group or through individual products.

Moderator: The next question is from the line of Nishchint Chawathe from Kotak Institutional Equities.

Nischint Chawathe: I'm not sure if I really understood the reason for year-on-year decline in margins. As I understand, your margins in ULIPs at least in the past you've had kind of highlighted are higher than margins in the PAR book. So, what has driven the compression in margins?

Management: Nishchint the main thing is our protection has not grown to the extent we wanted. That is one of the key reasons why our margin has gone down. And in opening remarks MD also stated for that for a short while the drop in interest rate was not passed on to the customer. That is also there, of course non-PAR remains high margin product. But within non-PAR our margins have gone down comparatively slightly compared to last year because we did not pass on the drop in interest rate to customer. So, it's combination of product mix, slightly higher ULIP sell and these two factors which have caused decrease in margin.

Nischint Chawathe: Slightly higher ULIP sales should have actually lifted your margins and you are saying that these two components probably more than offset that and which is the reason why your margin have margins have dropped.

Management: Correct.

Nischint Chawathe: If I just look at purely the savings vertical versus protection vertical margins, is the savings vertical margin kind of almost stable or gone up or how should one think of?

Management: They are almost stable.

Nischint Chawathe: So then practically it's only the protection swing in which you probably have around maybe 60%-70% margin on individual protection which is practically driving all the difference in numbers this quarter.

Management: I mean directionally correct. We will not comment on the amount I mean the numbers.

Nischint Chawathe: And just one more thing is you know on the regulatory side, there have been you know quite a few changes. Anything else that we are now really envisaging at this stage?

Management: So, we have always stood by the changes that the regulator brings in because we firmly believe that whatever is being done by the regulator is to ultimately benefit all the stakeholders in the industry, be it customer, be it the insurance companies or the distributors. So, whatever comes in we are ready to implement that and in fact we have gone ahead. If you notice during my comments, we said that some of the customer centric approach like the introduction of internal Ombudsman in the Company, that is for the first-time insurance industry that we are doing that. So, all the customer favoring decisions of regulator we fully stand by that.

Nischint Chawathe: And because of the surrender penalty guidelines change, what could be the impact on margins? Because I think you mentioned somewhere that you're going to absorb it and naturally share it with the distributors.

Management: Not much. As you know our product mix is not towards the Unit Linked, less than the non-PAR. Secondly, we always used to be very prudent in terms of setting our assumptions. Our surrender value is higher than the regulatory required. So, we don't penalize the customers. Our approach in the pricing the product is to ensure consistency and continuity in terms of what return we offer to the continued policyholder and things. We're not banking our return based on the surrender penalty coming from that. So, to that extent there is very less impact. Only impact will come on the year one and year one our assumptions, our experience is also very low. So, we don't see much impact will come on that perspective.

Nischint Chawathe: And just finally any guidance that you would want to give for the growth for the financial year?

Management: So, we stand by the guidance that we gave during the end of the last financial year results. Our top line growth will be in higher teens to 20% and regarding the margin also, we will be in the same range of plus/ minus 28% kind of.

Moderator: The next question is from the line of Prayesh Jain from Motilal Oswal Financial Services.

Prayesh Jain: A couple of questions. Firstly, on commission costs that have gone up, what could be the reason for that? Secondly there is a slowdown in annuities as well. Could you highlight the reason for that? What is the outlook there?

Management: For the commission part, as you know we have provided as required under the expense of management guideline, which was not there in the last year's first quarter. That is the reason there is a little spike shown in the current quarter. And as far as the annuity is concerned, we have been very focused on the individual annuity. For group annuity, this is coming based on the transactions which you do over a period of time, so which are in pipeline. So, we expect that annuity will also pick up overall for the financial year in the next few quarters.

Prayesh Jain: And just lastly in the surrender charges, you are saying that if your product mix remains the same and the new products are launched from October, your margins would not be impacted. Is that a fair assumption to go with?

Management: We are saying that there will be very minimal impact. We can't say there will be no impact. But looking into our product mix and the surrender value that we are currently offering, there will be much minimal impact will come on our margins, on overall margin for the Company.

Prayesh Jain: How do we kind of come to (+/-28%) VoNB margin guidance that you are giving and the second half margins are likely to be lower would be impacted by this and how do we arrive at the guidance of 28%?

Management: So, we are saying that product mix will improve and that will compensate for the loss in margin that you are seeing in the first quarter.

Moderator: The next question is from the line of Shreya Shivani from CLSA.

Shreya Shivani: I have two questions. First is on the Banca channel, SBI Channel, I know in last quarter also they were slow. But in general, the trend for this channel last year through the fourth quarter it didn't decline but the growth sort of slowed down. So, has there been any SBI stance over insurance or anything that you can share on that? Second is on the competitive landscape, after last year's taxation change had entered Tier-III-IV geographies which is your home turf in a way. So, are we seeing any increased competition in your geographies, any color you can give around that?

Management: If you are following Company's result, you would have noticed that there is very strong seasonality, especially in the Banca channel. After a very robust December quarter our growth in March quarter for the Banca channel was flat, in fact a little negative. But if you notice the numbers for June, we are back on the growth path. Although it is in the lower double digit, but the growth is back and second and 3rd Quarter usually are stronger for Banca and we expect that we will be back on the same growth path in Banca again.

Management: The second one I think you referred about the Tier-II, Tier-III cities for change in that. So, as you know we have been very strong on the Tier-II, Tier-III cities, almost kind of 48% to 50% of our business comes from these regions. And the presence of SBI across geographies in these particular regions are very high. So, we don't see much competition per se from any quarter. And we will try to enhance our penetration more on these regions to take the target which we have planned for the Company.

Shreya Shivani: So even incrementally right now you're not seeing any increased competition or is that what you're trying to indicate?

Management: You can see that the industry is having very robust growth, so there is enough in the market for all the players to take in. We won't say that we are being affected by the competition in any major way.

Moderator: The next question is from the line of Supratim Datta from Ambit Capital.

Supratim Datta: My first question is on the agency channel. Now the agency channel has been growing fairly strongly and one of the key drivers behind that has been the number of agents that you have been adding over the last 2 years. Just wanted to understand that you know how sustainable is this agent addition and do you have an annual target about how many agents you would like to add every year? So that would be my first question before I come to my second question.

Management: So, as you would have noticed in my address, I talked about our agency strategic initiative of Agency 2.0 what we are calling it internally in the Company. As you yourself said that you have been noticing the agent accretion during last few quarters in the Company. And the first quarter, growth in agency business is the result of the addition of these agents over previous quarters. As we recruit the agent it takes some time to mature and increase the productivity. And we are now noticing that increase in productivity of our agents and the consequent growth in agency number. Agency almost grew by 43% on IRP basis. And that is the kind of growth we are looking for in the current year so that our overall distribution mix, the contribution of agency is slated to go up.

Supratim Datta: And could you give us a breakdown of how the margins across the different channels, typically would the agency be higher, or a lower margin channel as compared to Banca and the other channel? Could you give us some sense around that?

Management: So, we don't divulge the distribution channel wise margins for the products as such. So that is the Company strategy and that is how we want to continue in the current year also.

Supratim Datta: And lastly, I understand that you have indicated that in the second and 3rd Quarter, the growth typically picks up. But if I see that in the second and 3rd Quarter, you're citing fairly strong growth over the last 2 years. If I see on a 2-year basis in both quarters you're citing steady strong growth. So, could you give us a sense that will this growth that you are targeting going to come from new product launches or are there other strategies in cue that you will focus on in the 2nd and 3rd Quarter which will result in the growth acceleration?

Management: So, we will have some segment specific product launches to drive growth in protection which we mentioned earlier. And we do believe that certain initiatives on digital platform of the bank that are underway will fructify in this quarter that is Quarter 2 of Financial Year and our normal activity level in bank, all three of them will result in higher sales in Banca channel.

Moderator: The next question is from the line of Dipanjan Ghosh from Citibank.

Dipanjan Ghosh: Just a few questions. First if you can give some color on the business growth in the others channel which is non-agency, non-SBI. What are the underlying constituents in terms of both product, and which is the fastest growing subsegment within that particular segment in terms of the channel mix? Second you mentioned on the protection product pipeline but is there any other products that is expected to be launched in the next few quarters? Also, will you be re-filing your products before 1st of October and if so, what would be the new contour? Are you planning for any changes? And you mentioned you won't be tweaking the commission structure but is there going to be any other product structure tweaking that you kind of would be doing? And lastly, we have seen some dichotomy in the non-PAR growth that we have seen across all the players have reported till now and you have reported a (+20%) sort of YOY growth. We just wanted to get some color on the policy growth versus the ticket size growth or the quality of customers who are really buying this policy.

Management: I will take the question on the other channels and Prithesh will answer on the product. So, on the other channels it's a mix of PSU bank partners we have, non-PSU bank partners we have, brokers, online channel and direct channel, all everything. So, we have seen good growth in the online channel and good growth in some of the partners that we have. There has been a subdued growth in some of the bank partners we have. So, net it is there is what we expect is the bank partners which have shown subdued growth will come back in Quarter 2, Quarter 3, Quarter 4 and we will continue to show robust growth in our online channel, that is our expectation and this channel depending upon the partner, the product mix keeps varying. So, in some partner the share of, some channels share of protection and PAR, non-PAR is very high. In some other channel we are offering only NPS like products, so there is a different color partner by partner analysis will have to be done in terms of product mix for this channel. On the product structure and Prithesh will mention on the launch.

Management: On the product side what MD has also mentioned that we will be launching some plan for the ultra HNI customer also for the bank. What we are doing that we also looking into revamp our PAR portfolio, so you see few products we are working on the PAR business. We are also coming out of the PAR, on the non-PAR and as you mentioned that we are adopting the segment-wise approach, so we have a different geography, different kind of customers, try to understand their need and come up with the product with them, suitable to their profile, demographic profile and their income profile. What we identified another on the child segment is the growing segment for the country, so we will be revamping the product and child segment, and you will see the planning to introduce the child product in all three major segments, PAR, non-PAR and Unit linked platform and in addition to that we are revamping our rider portfolio. So, this month, month of August we'll be launching the extender rider and there is other few protection rider in pipelines. Objective is to give the complete solution to the customer, and we hope that will help us not only to meet the need of the customer but also help us to improve the growth and along with the improvement in our margin.

Dipanjan Ghosh: On the unexpected re-filing of products prior to the 1st October?

Management: Yes, we will. So, we have planned, and we are going to reprice and refile all this products in the phased manner, not limited to filing on the 30th September, so in gradual manner we will file these products.

Dipanjan Ghosh: If you can get the credit protect APE for the quarter?

Management: Credit protect APE is around Rs.47 crores.

Moderator: The next question is from the line of Aditi Joshi from JP Morgan.

Aditi Joshi: So, two questions from my side. Firstly, on the composite licensing thing. So, are you still expecting that this composite licensing might come into play and then if it actually takes into effect then what sort of benefits can you reap out of it? And from a channel perspective again from a composite licensing perspective which will be a key focus of channel in terms of distribution? And second on this agency side, do you have any particular product mix on that particular distribution channel in terms of what products you would like your agency to sell? Because in this quarter we saw that the ULIP growth was pretty much higher even in the agency side. But going forward do you think that we might see some higher share of protection products coming in from that side? And just lastly on these new high net worth, higher sum assured products that you mentioned, which distribution channel are you focusing on for this product segment?

Management: So composite licensing is in the talk for almost last more than a year or so and regulator has and government have to take a call on that. But having said so the contours of business in life and general insurance are very different but have some synergies also. The risk, the asset liability management, everything is quite different. But the distribution channel and certain other things there are synergies. So, it has its pros, it has its cons. As far as SBI Life is concerned, our parent bank has Company in life insurance and there is a separate subsidiary which looks after the general business. So as and when the composite licensing is introduced, the parent will take a call depending on the market condition and we will be guided by the parent bank in this regard.

Regarding agency channel, we do not offer differentiated product from agency and Banca channel. Their products are common, and the other features are also common to both the channels. The current growth in agency channel is basically being driven by our increased focus, improving infrastructure, opening more number of branches, employing more agent and focusing on the per agent productivity which happens to one of the highest in the private sector industry. So going forward we will continue to focus on the agency channel.

Your third question about the ultra HNI product, we will be focusing on our direct channel as well as Banca and agency channel both because we are simplifying the underwriting processes. We are going to give higher non-medical kind of facility also in protection business and these will be uniform across the channels.

Aditi Joshi: And can I just make a quick follow up question, on your comment that going forward we will be focusing on riders as well. So, is it going to be higher rider attachment on the ULIP products as well? So, what sort of products will we have this increased attachment in the rider?

Management: So, our objective is to make this rider available to all line of business. So, it will be available to the PAR, non-PAR as well as ULIP linked products. So, this is for all products. And we expect that the more and more offering we'll have in the rider side, it will give opportunity to customer to fulfill their need and hence there will be a lot of expectation that our rider attachment will go up.

Moderator: The last question is from the line of Sanketh Godha from Avendus Spark.

Sanketh Godha: It's the same question on Bancassurance channel. See our APE growth is just 12% in that Banca, that is SBI channel. So, if you are guiding for 18% to 20% kind of a growth for the full year, then the expected growth from the Banca channel should be at least 15% to 16% for the full year, if the momentum in the agency remains at the current level. So just wondering whether if it is 12% in the next 9 months you are expecting a growth of around maybe 18%-19% in the Banca channel. Are you fairly confident that 18% to 19% kind of a growth will happen to deliver that high teen to 20% kind of a growth what you have guided for APE that's the thing and what will lead to it? I understand the seasonality part but just want to understand that part little better. And second is that you said there is a marginal impact you did not quantify the number. But assuming this current product mix remains true for the entire year, maybe how much that impact would be maybe less than a percentage or 50-60 basis point means if you can give a ballpark number assuming the current product mix will remain true what will be the likely impact on the margins because of the surrender norms? Those were my questions.

Management: So, you yourself answered what you asked for that the 12% growth rate is based on the seasonality in the Banca channel. The March quarter growth rate was almost nil. It came back to 12%. Second and 3rd Quarter are usually strong for Banca. And in addition, we are expecting good business in the protection segment. The digital product that we are going to offer on the Yono channel, we have very high hopes because it is a much-simplified product with a lesser premium and we expect very good growth in this also. The strong growth in ULIP is continuing so that also in second-3rd Quarter will provide us good growth opportunities and pushing it from 12% to the number, you yourself said around 15%-16%. That is not much of a difference. We are very sure, very sanguine that the kind of 18%-20% growth guidance that we are giving we will be able to stick to that.

Sanketh Godha: And if you can quantify the bps impact on the margins with the current product mix?

Management: We will not exactly quantify but this will be definitely much lesser than the 1% number that you quoted.

Sanketh Godha: And lastly if I can squeeze in one, see even your group protection has slowed down I understand. Group annuity has slowed down I understand which could be tactical based on when the corporates will do it. But even individual number, individual annuity seems to have declined 10% year-on-year. So, anything to read there? Is it because of the IRR pressure, competitive pressure or the competition has launched more customer friendly products and that is leading to bit of slowdown individual annuity?

Management: Sanketh, there are two things to it. Credit life as of today it is growing at 5%. But as MD has already mentioned that there is a big uptake on the housing loan side because of the various things going on in the economy. So, we expect that the credit life will grow better than what we have seen in the first quarter. Second as far as the GTI businesses are concerned, it is a business which is getting negotiated during the course of the year and we expect that some transactions will fructify during the next two-three quarters and will definitely get as desired for us in the current financial year. As far as the annuity is concerned, it is a bulky business, and we don't have much pressure as far as the pricing is concerned. But we will see what is the beneficial for us as far as the VoNB attrition is concerned. If it is a positive VoNB definitely we will be going forward for the larger deals in the coming quarter. So overall we expect that the group from the credit life as well as from the group annuity will go up in the coming quarters.

Sanketh Godha: My question was on individual annuity which has also declined by 10%. Is there any pressure there in that sense?

Management: No, it has subdued this quarter. But our rates are quite competitive and we expect that this will bounce back in the coming quarters to come.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Mr. Amit Jhingran – Managing Director and CEO for closing comments.

Amit Jhingran: Thank you very much everybody, ladies and gentlemen for the time and the queries and the interest shown by all of you. You may get in touch with our investor relations team in case you have any follow up question at any point of time. Thank you. God bless.

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

Safe harbour: Please note that this transcript has been slightly edited for the purpose of clarity. 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 statements by the Company and its management are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions and are not guarantees of future performance. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control, and actual results could differ materially from those presented in the forward-looking statements.