July 24, 2023

General Manager
Listing Department
BSE Limited,
Phiroze Jeejeebhoy Tower,
Dalal Street,
Mumbai 400 001

Vice President
Listing Department
National Stock Exchange of India Limited
'Exchange Plaza',
Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051

Dear Sir/Madam,

Subject: Earnings Call Transcript for the year ended June 30, 2023

This is further to our letter dated July 7, 2023 and July 18, 2023. The Company had hosted an earnings conference call with investors and analyst on Tuesday, July 18, 2023 to discuss the performance of the Company for Q1 - FY2024.

Please find attached the transcript of the 'earnings conference call' for Q1 - FY2024. The same is also made available on the website of the Company.

Please note that no unpublished price sensitive information was shared during the meeting.

Thanking you,

Yours sincerely,

For ICICI Prudential Life Insurance Company Limited

SONALI NITIN CHANDAK

Digitally signed by SONALI NITIN CHANDAK
Date: 2023.07.24 18:01:28 +05'30'

Sonali Chandak
Company Secretary
ACS 18108

Encl.: As above

ICICI Prudential Life Insurance Company Limited
Earnings conference call
Quarter ended June 30, 2023 (Q1-FY2024)
July 18, 2023

Anup Bagchi, MD and CEO:

Hi, good afternoon, everyone and welcome to the results call of ICICI Prudential Life Insurance Company for the quarter ended June 30, 2023. Let me begin by highlighting the recent changes in our key managerial personnel. On behalf of the entire team at ICICI Prudential Life Insurance. I would like to express our heartfelt appreciation to Mr. Kannan for his exceptional leadership in scaling up the organization prudently and sustainably. We would also like to express our gratitude to Mr. Satyan Jambunathan, who served as our company's CFO, for his invaluable contribution to the growth and success of ICICI Pru Life. Satyan, he was a founding member, has decided to pursue early retirement after a remarkable career spanning two decades with us. I am pleased to announce that Dhiren Salian has been appointed as the CFO, effective May 18, 2023. Dhiren has been associated with the company for 20 years and has held various positions across functions within the Company. I would also like this opportunity to extend our best wishes to him in his new role. Dhiren is with me on this call.

I also have on the call several other senior colleagues, Amit Palta, who heads distribution, brand marketing and products, Judhajit, who heads Human Resources, Customer Service and Operations, Deepak, who handles Audit, Legal, Risk and Compliance, Manish, our CIO, Souvik, our Appointed Actuary, and Dhiraj, our Chief Investor Relations Officer. Let me take you through some of the key developments during the quarter before moving on to our performance.

Firstly, on the regulatory fund, IRDAI has extended the use and file mechanism towards launching new products that include Group Unit Linked Life and Health Insurance products as well as combi products where the life insurer takes the lead. Additionally, the approval process for new funds has also been simplified. These measures are aimed at providing insurers with greater flexibility to swiftly react to market dynamics and meet the evolving needs of the customers, thereby supporting IRDAI's vision of insurance for all.

Secondly, aligned with our customer-centric philosophy, we further strengthened our product portfolio in Q1-FY2024 by launching new products and funds that complement our offerings. iShield, this was launched in 2023 in partnership with ICICI Lombard, offers a comprehensive protection proposition that combines the benefits of life and health insurance under one umbrella. In addition, we launched ICICI Pru Protect and Gain, a protection-oriented unit life insurance product that addresses both the protection and savings need of the customers. We further strengthened our savings portfolio, with the addition of two new optional attachments, ICICI Pru Non-Linked Accidental Health and Disability Rider and ICICI Pru-Linked Accident Death and Disability Rider. Both are optional.

These attachments provide additional protection against accidental death and disability and can currently be added to many of our products. We have also expanded our products of funds by adding constant maturity fund, a debt fund offered with our unit linked insurance plans. Against the backdrop of rising interest rates, this fund is suitable for customers looking for wealth preservation and tax efficient returns.

Thirdly, I am happy to inform you that during the quarter our Company was awarded with the ASSOCHAM Award for organizational excellence in the field of data science and analytics. Additionally, at Customer Fest Awards for 2023, our teams were honored with a slew of awards, namely Best Data Analytics Team, Best Use of Data and Insights in a Transformation Project, Best Use of Mobile to Enhance Customer Experience, and Best Data Enablement campaign in a loyalty program. Our Corporate Communications team was featured in the top 30 corporate communication teams for 2023 at India Inc, instituted by Reputation Today.

I will now move on to discussing our Company's strategy and performance. We have uploaded the presentation on the stock exchanges and our website. You can refer to the same as we go through our performance. In FY 2023, we successfully accomplished our stated objective of doubling the 2019 VNB. This achievement was made possible through the meticulous execution of our 4P strategy, that is, protection growth, premium growth, persistency improvement and productivity enhancement.

These 4P strategic elements will continue to play a crucial role in growth of our absolute VNB, while keeping customer centricity at the core of everything we do, along with integrating ESG with business management. Our very purpose of existence is to provide financial security to our customers and their families. We believe we are the trustees of the life savings entrusted to us by our customers in order to achieve their protection, health, retirement, and long-term savings goal.

Our philosophy is to understand the latent needs of our customers and curate products that address the unique needs of diverse customer segments. We leverage digital and analytics capabilities to distribute our products through the most appropriate channels. Our goal is to provide a superior experience throughout the customer life cycle by following a diligent risk management framework. To ensure that we remain true to our philosophy and improve our performance across all the 4P strategic elements, we have a 4D framework which drives our 4P strategy.

The elements of the 4D frameworks are data analytics, diversified propositions, digitalization and depth in partnerships, with focus on quality business in a risk-calibrated manner. This framework will ensure products are aligned with the customer needs, are designed to meet those needs most effectively, are developed with the highest quality standards and are delivered through the most appropriate channels.

Also, this framework will help us provide simplified and hassle-free processes to our customers across the product lifecycle. The framework has been detailed in slide 5 of the presentation. The first element of the 4D framework is data analytics. Over a period, we have built significant analytics capabilities that help us to provide better value to our customers and partners. We have leveraged data and information to help us improve our various processes, such as distribution operations, etc, and to identify new growth opportunities.

We understand that customers expect seamless and personalized experience and data analytics plays a crucial role in making this a reality. We have therefore invested in machine learning and artificial intelligence to provide tailor-made insurance solutions to our customers. Our analytical capabilities help us to identify customers through machine learning based segmentation across demographics and customer behavior, create geographic clusters and position appropriate products in those geographic clusters. With data sciences and analytics, we aim to reduce barriers and points of friction in the entire process that prevent customers from buying life insurance.

These capabilities are also extended to our partners to help identify opportunities to cross-sell our products. Further, machine learning models are enabling us to improve persistency, streamline claims and bolster our risk management practices. Through AI, we analyze customer sentiments to improve the overall customer satisfaction. The details of our extensive deployment of analytics capabilities are set out in slide 36 to 38. Further, our analytics team's awards during the quarter are a testimony to our constant efforts in deploying extensive data analytics.

The second element of the 4D framework is diversified propositions. Over the years, our customer's product strategy has been focused on expanding the product suite and continuously providing innovative propositions to our customers. This approach ensures that our products are suitable and accessible to a wider range of customers spread across customer segments, age, affluence and other demographic aspects, enabling us to serve a large market effectively. Further, the continuously recalibrates is product offerings to align with the evolving need of customers. This proactive approach has allowed us to effectively navigate the changing landscape and ensure that our products remain relevant and impactful. Building on this approach in Q1, 2024, we have successfully launched new products and fund offerings.

Moving on to the third element, that is digitalization. Together with our customer first philosophy, as a company we realized very early that digitalization would be a differentiator in times to come. We use technology to help us make life insurance accessible and an empowering experience for customers. As a part of that belief, we were one of the first life insurance companies to begin our digital transformation journey way back in 2012.

Across the customer life cycle, starting from policy purchase to claim settlement / maturity, digitalization has underpinned our journey. Our endeavor is to create simplified and hassle-free processes for our customers. We have fully digitalized our pre-sales, onboarding, issuance, and servicing processes. Through digitalization, we have empowered our customers or servicing aspects, including self-service, renewals and quick payment systems.

More than 99% of all our policies issued are logged digitally. Further, our digital platform has been extended to employees and partners too. We have been leveraging digital tools to strengthen our sales digital capabilities. We empower our partners with customer centric digital support across their processes with a very clear focus on ease of doing business and creating a better customer experience. Few examples of the digital support including our own technological capabilities to identify customer opportunities within partner database, utilizing our demand generation tools to enhance partner productivity and leveraging digital onboarding to reduce issuance time. As we look forward, we will continue to reimagine all our processes to leverage the ever-changing digital ecosystem and continue to provide a better experience to all our stakeholders.

Moving on to the fourth element, that is depth in partnerships. Distribution in life insurance business is a critical link that bridges the gap between the products and the customers. We have made significant strides in expanding our distribution reach by onboarding additional partners and investing in our own proprietary channels. The natural advantage that it gives us is access to a heterogeneous set of customer basis that spans across geographies, demographics, age and affluence. We believe that to have a sustained competitive advantage, we need to equip our partners to grow their overall insurance business and we continue to focus on increasing the depth of our customers in distributors base.

We extensively work with our partners to deep mine the customer opportunities while remaining focused on the quality parameters. We empower our partners with a suite of digital tools to help them position life insurance more effectively and in a more holistic manner. We support them by integrating the ecosystem for easy onboarding of customers and post-sales service and building capacity by training partner employees in products and processes. This entire 4D framework has been put in place by keeping in mind our core objective to deliver quality business in a risk calibrated manner. Our risk management framework sets out the risk that we are prepared to accept, given the expected risk, rewards and consistency with strategic objectives and those risks for which we have no tolerance and want to avoid.

We regularly monitor our experience in respect of insurance risk, that is mortality, morbidity, persistency and expense, and take actions to ensure that our emerging experience is consistent with our expectation. We minimize our investment risk by following a prudent investment philosophy. Our investments are made with regard to nature and term of liabilities. We have a low exposure to interest rate guaranteed products, and we hedge the risk for these products. We continue to diversify our product and distribution mix to avoid any excessive concentration risk in the business. To summarize, the diligent and prudent risk management framework we operate on is reflected in our strong and resilient balance sheet.

Moving on to the key quarterly performance highlights for Q1-FY2024 presented in slide 6. Our VNB for Q1-FY2024 stood at ₹ 4.38 billion with a margin of 30%. Our total APE stood at ₹ 14.61 billion for Q1-FY2024. We have witnessed a very strong growth momentum in our retail APE from non-ICICI bank channels in the month of May and June. Amit will talk in detail later during the call. Our protection APE stood at ₹ 3.44 billion in Q1-FY2024 on account of strong retail protection growth of 61.8% year-on-year. Our persistency improved significantly across all cohorts.

Our 13-month persistency stood at 86.4% and 49-month persistency stood at 64.7%. Our cost to TWRP ratio for savings lines of business stood at 18.8% in Q1-FY2024. I will now hand it over to Amit to talk to you through our results on 4P strategic elements, after which Dhiren will take you through the financial highlights. Thank you and over to you to Amit.

Amit Palta, CDO:

Thank you Anup. Good afternoon everyone. I will now talk about performance update for Q1-FY2024, through the elements of the 4P strategy. Starting with the premium growth element from slide 7 to 12. We have used a two-pronged strategy to drive premium growth. First, investing in building existing channels and widening the distribution to maintain a diversified distribution mix. And second, continuing to strengthen our product portfolio to address changing consumer preference in a dynamic economic environment. As you can see on slide 8, on the distribution front, we have continued to invest across channels.

Our strategy in the agency channel is to leverage on strong relationship of agents with customers, while we provide institutional support to agents in terms of data analytics and processes. We continue to build capacity and have added more than 7,400 agents during Q1 spread across geographies.

Within the bank and non-bank channel, we continue to add new partnerships and increase share of shop in the existing partnerships. We now have a total of 39 bank partnerships and more than 950 non-bank partnerships with addition of 49 non-bank partners during Q1. As you can see on slide 9 for the quarter, our APE excluding ICICI bank grew by 3.7% Y-o-Y.

Agency for the quarter grew by 4.4%. However, we have witnessed a strong growth of 20% in May and 23% in June 2023. Direct business grew by 28.5% year on year, partnership distribution grew by 7.7% year on year, and APE excluding ICICI bank retail business witnessed strong growth momentum of 20% in May and 21% in June, 2023. As you can see from slide 10, we have a comprehensive suite of products. Also as mentioned by Anup, we continue to strengthen our product portfolio to address changing consumer preference in a dynamic economic environment. As you can see from slide 11, our APE for quarter one stood at ₹ 14.61 billion.

Our APE from savings business stood at ₹ 11.17 billion for quarter. And we continue to maintain a very diversified product mix with quarter one APE contribution from linked savings business at 38.8%, non-linked savings at 27.7%, protection at 23.5%, annuity at 6.2%, and the balance 3.8% coming from group saving products. As you can see from slide 12, we are very diversified in terms of distribution mix and product mix, which allows us to manage the impact of the external environment and respond swiftly to shifting consumer preferences.

Another important focus area for us is to serve the life protection needs of the customer. On this aspect, let me talk about the second P, which is protection growth on slide 14. With an APE of ₹ 3.44 billion, the overall protection segment saw year-on-year growth of 4.2%, leading to a business mix of 23.5% in the quarter. The retail production business registered a strong year-on-year growth of 61.8% to ₹ 1.1 billion. Our total new business summer assured stood at ₹ 2.4 trillion for quarter and a growth of 8.8% year-on-year. Our total sum assured stood at ₹ 30.41 trillion as on June 30th, 2023.

Coming to our third P, which is Persistency Improvement, it is presented on slide 16. We continue to have a strong focus on improving the quality of business and customer retention, which is reflected in the significant improvement in persistency ratios across all cohorts. We would like to highlight here that our 13-month persistency ratio improved to 86.4% and our 49th month persistency ratio improved to 64.7%.

Now moving on to fourth P, which is productivity enhancement, which is presented on slide 18. Our total expenses grew by 21.9% year on year. The expenses are higher as compared to the same period last year on account of continued investment and capacity creation to support future growth. Our overall cost to total weighted received premiums stood at 27.7% and cost to TWRP ratio for the savings business at 18.8% for the quarter. Even with the cost increase, our cost to average assets under management has been stable at 2.3%. Through the 4P strategy of premium growth, protection business, persistency improvement and productivity enhancement, our objective remains the same to increase the absolute value of new business.

I will now hand it over to Dhiren to talk you through the outcome of 4P strategy and financial update for quarter one 2024.

Dhiren Salian, CFO:

Thank you, Amit. Good afternoon. I will now take you through some of the financial metrics. We continue to maintain a strong and resilient balance sheet as presented in slide 19. We have evaluated insurance risks and mortality experience, and they are within our expectations, and we will continue to monitor them closely. On credit risk, only 0.2% of our fixed income portfolio is invested in bonds rated below AA, and we continue to maintain a track record of not having a single NPA since our inception.

Of our total liabilities, 74.7% of liabilities largely pass on market performance to customers. We continue to closely monitor our liquidity and ALM positions, and we have no issues to report. As a result of our 4P strategy, the VNB for quarter one was ₹ 4.38 billion. Given our APE of ₹ 14.61 billion, the resultant VNB margin was 30% for quarter one.

Coming to the financial update as presented in slide 21, our profit after tax grew by 32.7% year on year from ₹ 1.56 billion in Q1 last year to ₹ 2.07 billion this quarter. Our assets under management stood at ₹ 2.6 trillion and our solvency ratio continued to be strong at over 203% at June 30th. To summarize, we will continue to make progress against the 4P framework of premium growth, protection business growth, persistency improvement and productivity enhancement. We expect that our performance in these aspects will translate into our objective to grow Absolute VNB.

Before concluding the call, I would also like to share that during the quarter, we released our FY23 annual report, which was themed “Delivery on Promises and Delivering Sustainable Growth”. Along with that, we also released a standalone ESG report, which articulates our approach and outcomes of our efforts towards sustainability. The integrated reporting structure prescribed by the International Integrated Reporting Council has been followed for developing the Annual Report.

Thank you, and we're now happy to take any questions you may have.

Moderator: Thank you very much. We will now begin the question and answer session. We have our first question from the line of Suresh Ganapathy from Macquarie Group. Please go ahead.

Suresh Ganapathy: Yes, thanks. Okay, my first question is to Anup. Anup, it's been maybe a couple of months for you as the CEO. You know what, in your assessment, I know it is still early days, what do you think are the areas of improvement or what are the gaps that you have identified? That's my first question. And of course, related to that, how well do you plan to leverage the ICICI Bank distribution channel?

Is there a change in mindset with respect to distribution of products by them? How do you plan to leverage that network? That's the first question. And the second question, maybe Dhiren can take it. What explains the sharp rise in expense ratios and the fall in margins this quarter, despite a sharp pickup in protection APE? Overall, APE was down, but still opex is high. So just the clarity on these two questions. Thank you so much.

Anup Bagchi: Thank you, Suresh. So I'll just answer your two questions, the area of improvement and ICICI Bank. First of all, I must say that the team here is very good. Kannan has left a very good balance sheet, very sound and prudent balance sheet. So there is really nothing really to worry on those points at all. The other thing of transformation is largely complete and the transformation by way of diversification of products and diversification of channels is also largely complete.

There is no area of improvement. The area of focus certainly will be growth because as you know our margins you know where last year was at 31% this year it is 30% so on margin we are you know at the top decile or top quartile of the market. The real driver of VNB, our stance will be towards to get it through growth rather than the margins. And so to activate many of our channels which are 18 months old and 24 months old and so they are not really fully mature in the sense that our share of shop in those channels we can improve.

We can help them through data analytics, understanding, co-understanding of their own client base, making sure that we are able to train them on the most suitable products, ensuring that during the login stage that we are able to help and support them, so that you know both of us generate good business. That is really the area of focus. Not really area of improvement but I'll say area of focus. And I must also say that the team here is very very good and fully aligned to this objective. As you know we have been focusing on getting the transformation bit right. And successfully. I will say that in four years, the VNB was doubled in absolute amount. But the driver of that was margin, more than APE growth. And so now with the Bank, in a way, the contribution of the Bank coming on the lower side, all other channels will now start to or must start to show up on growth.

Now, as far as Bank is concerned, I must say that Bank has two distinct roles. One as a shareholder, one as a distributor. As a shareholder, they are a fantastic shareholder. They are extremely supportive, both ICICI Bank as well as Prudential. But in the context of distribution also, because Prudential is not a distributor, ICICI Bank also is a distributor for us. They are focused on protection and annuity. And that is something that is up to them as a distributor. What is their role in distribution. Our plans largely are, now because it's a small proportion and contribution is lower for ICICI Bank, we can get our growth primarily from all other channels as well. In Bank, it is vulnerable, but it is really up to the Bank to respond to that question. Over to you, Dhiren.

Dhiren Salian: Hi, Suresh. So some of the larger contributors of expense growth are manpower costs, which of course, additional people that we have on the ground to be able to activate some of our newer channels and some other elements around distribution costs, which are fundamentally on the advertising and sales costs. But also, I think when you look at the VNB, you are aware the way we look at it is more from a full year perspective of where we expect costs to be.

And so when we look at the VNB, you'll see that largely it is driven by the inter-se product mix profile that has been shifting. What you can see is somewhat traditional perspective, you are aware that there is 5 lakh cases. There are the taxation aspects that have come through on the 1st of April. So within the traditional pool, we still have drop away from the higher ticket sizes.

For non-linked guaranteed portfolio, to some level, that has gone across to the participating side, which have picked up quite smartly. And from another level, we're seeing some signs of moving towards the unit-linked side. So while you are right, at one level, we have got growth in retail protection, there are some contrasting elements that have come through overall.

Moderator: We have our next question from the line of Supratim Datta from Ambit Capital. Please go ahead.

Supratim Datta: I will start up with your point on investing into newer channels. So you have 39 bank partners. Could you give us an understanding about what would be your share in banks outside of ICICI bank? And how do you plan to grow here? Because 26 of these partners have been there for more than 2 years. So how are you planning to grow the channel going forward? That's one.

Next, on the agency side, that has been a strong growth driver for you. But from a productivity perspective, your agents -- the new business premium for agents is still at the lower end compared to the industry. So how do you plan to grow that? What are the steps that you are taking? If you could shed some light on that. But when I look at your RWRP and compare that to the individual APE, your RWRP comes out to ₹ 10.6 billion whereas your individual APE is ₹ 11.7 billion. So if you could help me understand what's driving the difference between these two lines, it could be very helpful?

Anup Bagchi: Yes. So Amit, will you just take those questions? And then...

Amit Palta: Yes, so I'll comment here. Let me start with share of business with our new bank partners. So if you were to look at new partnerships that we have stitched over a period of last 18 to 24 months, we saw a huge traction of business, which was driven through tax scarcity that we witnessed in Jan, Feb, March, specifically during March.

And we saw some part of the business pulled into last quarter of last year. And hence, there was generally overall slowdown, which was witnessed not just in bank partners but also in some non-bank partnerships as well, which spanned across corporate agency and broker. But the good news is that while overall pie may have shrunk because of early half of the quarter, the remaining half of the quarter actually we have seen the growth coming back. So overall pie has started to grow in the second half of the quarter.

And our share of business actually has incrementally grown across all our large partnerships. So from where we were to where we are, of course, delta here could be different from partner-to-partner. But in a large number of our partnerships, we have seen our share growing even though the overall pie was kind of static. So that is the status on all the bank partnerships, not just bank partnership but extending this argument to even other multi-insurer area of partnerships that we have. So that is one thing, one area I would like to just articulate.

Second point, you spoke about agency productivity. So now I would understand that probably the way you are calculating agency productivity is on the total number of agents, total business done divided by total number of agents. So if you recollect that for a long period of time in the past, we were actually not terminating advisors. So as you know, the advisors, over a period of time, they hold on to the insurance business, they continue in insurance business and large number of advisors also kind of stop doing insurance after they have exhausted their natural market. So even after they have exhausted their natural market, we tend to stay away from terminating these advisors. And hence, they are reflecting in the pool.

What is most important is agency distribution while calculating productivity is to see our manageability of these advisers. And this manageability of advisers, we used to look at 3,000-odd unit managers, who used to manage these advisers. Now that manageability, we have improved over a period of last 12 to 15 months by increasing our unit manager capacity from 3,000 to almost 4,000, which is almost like adding capacity of 33%.

So if you look at productivity of the units, that we have seen significantly growing over a period of last 2 to 3 years. In between, there was a period during COVID when we refrained from adding this capacity, as you know, that this is direct addition to our cost. But however, whatever investment that we have done in the last 15 months or so, we are starting to see the results already.

As we speak in Q1, we can clearly attribute some 4% to 5% of our top line in agency being contributed by the capacity that we have built over a period of last 12 to 15 months, which means that at an early gestation period, if you were to look at low vintage pool of our units to contribute 5% to 7% of our top line is quite significant. And as we go deep into the year, we expect this capacity to deliver anywhere close to around 15% to 18% of our business as we have planned anyway in the agency business.

Dhiren Salian: So Supratim, your third question was the divergence between what is RWRP and APE. That can come through if there are, let us say, non-annual modes that have been written. Of course, they do not show up in RWRP. It will show up in APE.

Supratim Datta: Sorry, yes, it's non-annual what? I could not get that.

Dhiren Salian: Monthly mode policy.

Moderator: We have our next question from the line of Avinash Singh from Emkay Global. Please go ahead.

Avinash Singh: A couple of questions. First one is if I just try to look within protection and we can see, on the group side, I mean, there had been sort of a decline. And it could have been, given the kind of a retail credit growth, it can largely be into the GTI where you are seeing decline. Can you just help us sort of because you are pretty kind of a dominant player in this market. So how has been the market?

And what has been the reason behind sort of your growing cost or withdrawing accounts on some parts of the GTI market? So that's number one. Second question, a bit continuing from what Mr. Bagchi said on sort of things being in place and growth being sort of top of the agenda that sort of -- if you can just help, I mean, if I look back at the 4 years, you had your VNB at -- absolute VNB growth flat.

If you were to look ahead with the 4% growth, what sort of a relative or absolute growth of kind of range or experience you have for the medium-term? And related to that, I mean, your direct has been growing already strongly this quarter. Is the sort of that is driven by retail protection growth? Or it's the other way? I mean, how sustainable is this direct channel growth?

Dhiren Salian: So Avinash, let me take out those questions. Within the group protection, there are two parts of it. There is credit life and there is group term, which is employer-employee. Now the credit life continues to grow. But if you recall our earlier conversations on group term, which is the employer-employee space, if you recall that we actually had higher prices which was an offshoot of COVID pricing that was still remnant in last year and a portion of last year's business. As you are renewing business this year, all those COVID loadings have gone away. So to that extent, there is a challenge in staying in the same place. While even though we're doing much better in terms of closures, the absolute premium, therefore, is a little challenged to that extent. But as you go through the year, we expect this to wash away. That's at one level.

In terms of what we are starting to see in terms of VNB from a medium-term perspective, clearly as Anup pointed out earlier, the profile shift in terms of the product has actually happened towards last full year. And going forward, I don't think there's going to be a large shift in the product profile, which means we are not seeking to grow VNB through margin. We seek to grow VNB primarily from APE growth. And to that extent, some of the trends that you could see over this last quarter, particularly when you look at the month of May and June, you'll see sequential growth plus you'll see strong year-on-year growth. In fact, in the month of June, we had a double-digit growth in APE for that month. So clearly, we see good movement and strong movement in terms of APE. Where we should end up, I think would be a function of two key segments, one, of course, how does savings actually pan out over the next full year. There are, of course, these transient elements in terms of the taxation aspect that will possibly impact it. But as we had mentioned before, we kind of expect to see that wash away as we look to the full year.

Of course, environment factors will continue in terms of macro. But we'll have to see how that pans out through the year. Fundamentally, we don't think that this is going to be a drag. I think more from a medium-term perspective, there is expectation that savings business will continue to grow in terms of a nominal GDP. What can be quicker is obviously in terms of protection and more specifically in terms of retail protection. You've seen those green shoots come through. We've been speaking about this for the past few quarters. And now as you see the strong growth of 62% year-on-year for the quarter, I think it gives us a lot of comfort to say that the entire sales distribution team has understood that this is the new way of doing business. And that is actually seen through not just in sales but in terms of the back-end operations team as well. So I think we are in a far better position today than what we were even 18 months back.

And from that perspective, from the medium term, we will see how this evolves. We've always held that from a protection perspective, from a retail protection perspective, it's not just a few years in terms of the trajectory, we think it's a multi-decade opportunity. And we continue to hold on to that view.

Amit Palta: Now just to add, see today, business in retail other than ICICI is now close around 87% of our business. And from this 87% of our business retail part grew by ~20% in May, grew at ~20% in June. So that gives us comfort Avinash that, even if ICICI stays where it is, I think 87% of the business will help us be in line with the industry growth. And we will allow customer preferences to dictate how the margin will pan out. But overall, on APE growth aspirations, I think we are in a better position now with 87% of the portfolio already exhibiting the most recent growth trends of May and June.

Coming to one more question you had on direct business, yes, we do have an upside on direct channel. As you know, direct channel proprietary sales force, is largely looking at upsell opportunities within the existing customer base of ours. We'll continue to use our deep analytics to identify spaces, how we can leverage in a dynamic environment, where tax benefits was going away. And we'll capitalize on our ability to reach out to our existing customers with alternate propositions are fastest.

So you have the advantage of direct channel being fastest to get this proposition going to our customers. And that is something that we are seeing in the conversions. This has also given us the cues to create enablement through our partnership intermediary businesses as well. I do believe that this is sustainable, not just on upsell, but we are looking at going beyond upsell and explore some of the strategic segments that we can address through our proprietary sales force, which is part of direct.

And also, as you know, the direct business also comprises our ability to cross-sell through our digital assets, which is our website and application. We continue to improve our customer experience at our website as well as application. And of course, we'll explore opportunities around our partners to see how we can leverage their digital assets as well. So it looks quite sustainable in nutshell if I were to tell you.

Moderator: We'll take our next question from the line of Prakash Kapadia from Anived Portfolio Managers.

Prakash Kapadia: My questions have been answered. Thank you.

Moderator: We have our next question from the line of Madhukar Ladha from Nuvama Wealth Management. Please go ahead.

Madhukar Ladha: So I wanted get a better sense of why are our other bank channels in Q1, if you look at that segment, they have been flattish. In fact, there has been a decline of about 0.5%. So what is sort of hindering growth over there? And maybe if you could let us know or tell us about, what is our counter share in some of our major bank partners and whether growth will be driven more by the channel growth itself? Or are we looking at increasing our share? Some color over there will be helpful?

Amit Palta: Yes, so Madhukar, I answered this question previously as well. Let me brief, just reiterate once again. Growth has looked flattish for the quarter, actually returned to growth in the month of June. They are close to around 6% to 7% of our growth. That is bank partnership beyond ICICI. And like I mentioned, multi-insurer banks as well as CABR partners did see a huge scaleup on traction built around tax scarcity in the month of March. And hence, we cannot rule out some part of the demand being pulled into March. And hence, we saw some impact of that in the first half of the quarter. So overall pie at these banks was relatively constrained.

But, however, our share at these shops still continued to increase. I can't give specific numbers around partnerships. But all I can say is it was quite significant in terms of overall growth in the share of our business. And we believe that with growth returning in the second half of the quarter, we hold onto current share and probably will gain having picked our market share up in the second half. So that is what I would like to articulate here.

Madhukar Ladha: Understood. Just a follow-up on the ICICI banking channel, I think Mr. Bagchi clearly mentioned that the decision of what they want to sell lies with them. Having said that, what is your expectation in terms of numbers from there? Do you think that this channel, which made about INR1,200 crores last year in business, does it -- has it plateaued? Or will it decline further from here? What are you guys building in when you make your business plans?

Anup Bagchi: So this is Anup here. So today, the proportion of ICICI Bank is small. So to that extent, I see it as a positive thing in the sense that 85% to 87%, we have full control of growing. And the balance, 13% to 15%, that is on ICICI Bank as to what their stance is. But they have said that the two products or two categories that they would be focused on will be protection and annuity.

Our plans essentially are not so much dependent on ICICI Bank now. So ours is an independent plan based on other channels. And on the other channels, we are very clearly seeing that these are all 18 months - 24 months old channels. The share of shop there is increasing. And wherever we have done partner workshops and we have put out strategy, clearly there is a good acceptance of that. We certainly want to be the partner of choice for all our partners.

And we would want to help them do more and more of these businesses. In many cases, we have seen that the absolute penetration of customers, that is customers policy divided by the customer base is all less than 1%; 0.5% somewhere, 1.5%, 2%. And it is inconceivable that only 0.5% or 1% would be wanting this kind of -- or that insurance product would be suitable to only 1% of the customer base.

And to that extent, what we have to really work hard is to move the penetration up and also show value to the partner that by selling an insurance product, which is a long-term product, in a good way. That is with high persistency indeed increases the stickiness of the customers with the partners. And long-term stickiness of the partners is really helping in their other products as well, particularly in banking.

And that is the value that we will, with our full data analytics, we would want to demonstrate to them and keep increasing our share, number one, of the existing business that they do, but we will also help them create new drivers of business for their insurance businesses, which is going to help us. So that is going to be the approach in general from our side.

Madhukar Ladha: Sir, but I understand that it's up to ICICI Bank as to how much business they want to do. But what do you think? What is sort of your expectation of growth from ICICI Bank?

Anup Bagchi: As a manufacturer, well all manufacturers think that distributors should do good business. So our expectation also is that if ICICI Bank does well, we will only be very happy.

Amit Palta: Just to give you a quick sense, Madhukar. In the businesses that they have chosen to prioritize, ICICI Bank is already on a growth path. So to that extent, in protection, ICICI Bank is on a good double-digit growth.

Moderator: We have our next question from the line of Prithvish Uppal from AMSEC.

Prithvish Uppal: So just firstly, wanted to understand the retail protection growth has been quite strong for us for this quarter. And even sequentially, we've been more or less at a similar kind of run rate. So what channels has this been driven by? And second is have you seen an increase in policy count in retail protection as well?

Or is it more driven by sum assured being -- like a greater amount of sum assured being purchased? So that would be my first question. Second is, if you could just highlight what could possibly be the average ticket size in your non-par segment during the quarter compared to probably, say, last year and possibly even how much the policy count has grown. So these are the first two questions and then I'll come back for a follow-up.

Anup Bagchi: Yes, Amit, you want to? And Dhiren, you want to?

Dhiren Salian: Prithvish, in terms of policy counts for retail protection, of course, there's been an improvement. It's not just the ticket size angle, it's also a policy count aspect there. So yes, the uptick actually has been on more number of cases being sold. And this is actually quite broad-based. It's not just one or two channels. Of course, at a point in time, you might see some shift across from one to another. But it's a broad-based effort that has been going on across all channels through the year.

And we start to see that in this particular quarter as well. In terms of the ticket size as you mentioned for non-par, I think we're seeing it broadly stable and it is trending downwards. Because of course, we don't have the more than 5 lakh cases in the same quantum that we had last time. But as you also have read, the total cases over 5 lakh was not that large for us as a company. So to that extent, we are not worried. And more importantly, I think we're starting to see some migration away from non-linked more than 5 lakh towards the unit-linked pool, which means we're not losing the customer. We're able to offer them something else as they come and approach us.

Anup Bagchi: Also, just to add on, on the retail protection side, essentially there are four things that you're required to do. One is on the KYC side. Second one is income estimation, that is in general for life insurance policy. Third is health. And fourth, more and more and more, if you want to do preapproved sum assured kind of products for retail protection, you would then want to only take it essentially as a question-answer, then customers give information. And so the fourth element becomes a critical thing, how do you establish authenticity of the information.

Because it's later on during the claims, if the information given doesn't turn out to be fully right, then there could be an issue on the claim, which is something that no insurance company would want to do, because we are there to give claims for good customers. And now if you see over the last 3, 4, 5 years, many of the things either are fully digitizable. KYC is fully digitizable. Better and better income estimation models are coming in. Better and better health models are coming in and with better path labs, etce. So that ecosystem is also developing.

And if you go towards preapproved sum assured, there also, on the authenticity of data, there are other markers that you can bring in to get more authenticity of data. So actually more and more and more, we see that the congestion levels on the protection, if it is brought down, we are also seeing a shift in the society where in the demand for protection is coming, albeit for a certain segments of customers.

So when there is a demand, if you are able to then streamline the processes of meeting the demand through decongested processes without trading off risk and prudence, this is a business of growth. And this is a business that we will certainly be focused on. We are focused on this business and we will continue to be focused on this business. And this is a good business to be in. It is margin accretive. It is good for customers. It increases policy count. And it indeed is what insurance companies, life insurance companies particularly, we all strive to do more and more and more of that.

Prithvish Uppal: Okay, sir. Thanks, sir. Well understood. Coming to...

Moderator: Gopal, I request you to join back the queue, sir. Thank you. We have our next question from the line of Anirudh Shetty from Solidarity Investment Managers. Please go ahead.

Anirudh Shetty: Hi, thanks for giving me this opportunity. I had two questions. So my first question is, within protection we have, this employer-employee type of questions. So just wanted to understand as of today, what is our share of, like what is the percentage of premium that comes in this segment? And from a long-term perspective, do we see this as strategic to us or this is more of a tactical business, wherein where the pricing is right, we could consider it but it's not core to ICICI Pru?

And my second question is your opening remarks had mentioned that, your guaranteed product is not very large as a share of business, so if we just quantify how much comes from this interest rate guaranteed business. And just another question here is that, some of our peers have a larger share of business coming from this category. And they claim that, they are able to hedge it quite well. So what would explain our hesitation in growing this business to a larger percentage, more closer to what our peers are doing today?

Anup Bagchi: Yes, Dhiren, you can take this.

Dhiren Salian: Yes, hi Anirudh. So in terms of the group term business, some of the improvement in protection share that you've seen over the past few years has come through group term. So to think of it as a one-off and a tactical move, I think is the wrong way. We've fundamentally been able to establish our position quite well in the group term market, because we've been investing in our group sales business for the past many, many years. And so we've held these relationships all this while, especially in the period of COVID, when there weren't that many companies quoting to clients. We were the ones who were willing to quote and quote appropriately. Of course, COVID was an evolving scenario at that time and we were able to correct prices as they went through. Fundamentally, this is part and parcel of our strategic element. I don't think we are treating this as a one off in that aspect.

Coming to your second question that you called out, fundamentally, the way we look at the non-par guaranteed business is that, at the core of it, it caters to the mass affluent customer, which means that, there is adjacency between the participating and the non-participating business. There may be shifts between these two businesses depending upon the interest rate environment, but fundamentally they would cater to the similar set of consumers, which is why we have called them out as traditional business in our disclosures.

Of course, what also happened over the past couple of years is that, given the interest rate cycle and the steepness of the yield curve, there were of course some element of pickup that has come in from affluent customers. But that was a transient part. And as you see the new taxation rules, there is of course some hesitancy that will come in from that particular set. Even though we think that from a long term perspective, these sets of products, even above INR5 lakhs, even if being taxed completely do make a lot of sense because they do take away reinvestment risk. So from the assets available that the customer may be able to invest money in, this should definitely form part of their portfolio.

Coming to your third question, whether we're able to hedge it, I think we've been very, very categorical. The reason, we did not step into this market four years back was because of the lack of hedging instruments. As instruments were made available primarily through FRAs, we grew that business quite well. We run a very, very tight strategy in terms of hedging, and we also run a tight strategy in terms of re-pricing. That is how we've been able to manage any residual risk that comes out of this book.

And it's extremely important to recognize that this particular book has to be managed tightly from a hedging perspective, because world over insurance companies have gone down for mismanaging interest rate risk. I don't think insurance companies have gone down from a mortality risk perspective. So this is a portion that we have been watching extremely closely, and we continue to work on that. When we mentioned that a small portion of the book comes in from this pool, it's obviously from the overall book and not just the incremental segment, Anirudh.

Amit Palta: Yes, Anirudh, just one thing I wanted to clarify. Over the period of last few years, our effort has been to be most comprehensive product provider, which takes care of consumer preference changes that may happen because of the environment change. So once we complete the product portfolio, which could be, within savings, linked, non-linked, within linked, it is equity, debt, balanced, within non-linked, it is participating or non-participating. We allow the environment to take over and consumer preference to eventually decide what they want to buy.

After that, we don't carry a bias against any one category of products. We allow it to play out the way it is. And we build capabilities over a period of time to adjust to that. And that is exactly what we did, when we saw an opportunity on guaranteed side. We adjusted our capability to deliver on what consumer preference was. And that's when the hedging opportunity came, and we capitalized and converted and catered to the consumer preference change.

Anirudh Shetty: Got it. And would it be possible to quantify how much of our premium in Q1 FY '24 comes from this guaranteed products and how much comes from this employer-employee protection?

Dhiren Salian: No, we've not called those numbers out. And at one level, like I explained earlier, the way we look at the traditional book is fundamentally because of the fact that, this caters to a different set of consumers. And the inter-se mix between the two can vary at points in time depending upon the rate cycle.

Anirudh Shetty: Okay, no problem. Thank you for answering my questions.

Dhiren Salian: Thanks, Anirudh.

Moderator: Thank you. We have our next question from the line of Shashank Mundra, an individual investor. Please go ahead.

Shashank Mundra: Hi, so I was seeing the margin, so it has drawn Y-o-Y despite being high protection business mix, which is I think 70%- 80% plus margin. So, I want to understand the reason behind the drop in the margin and another one is on the cost side, despite the business being flattish, the expenses have increased so much? Thanks.

Dhiren Salian: Yes, Shashank. Hi, Dhiren here. So I picked up this margin question earlier and the reason for that is basically the interse mix between the product profile. Where at one level, yes, you're right, retail protection has gone up. As we discussed earlier, there has been a drop in group term. Similarly, in the high value non-par guaranteed segment, that has dropped to some extent, those customers have gone towards the participating and some towards unit linked. So it's essentially the underlying product profile that has resulted in this margin that you see here.

Having said that, margin is not a focus as we've been reiterating on the call. Our vision is to be able to grow absolute VNB. And given the way that the product profiles have actually transformed over the past four years, the core driver of VNB is going to be absolute APE. To that extent, while we've had a drop in APE in the quarter, that is the co-driver of where the VNB drop is.

Having said that, through the quarter also, we have seen improvements, sequential improvements in absolute APEs. So in the month of June, we've been able to do double digit growth numbers. The cost numbers of course as I mentioned earlier also had risen. Some of the larger cost elements, where this has gone up has been on employee cost, as we have been investing in adding more people on the ground, fundamentally along new banks, along new partnerships, and other elements of distribution cost as well.

Shashank Mundra: Okay. And one more thing you mentioned about the agent termination in one of the earlier question. So I assume there must be some cost if you don't terminate some inactive agent.

Dhiren Salian: So that's a good question, Shashank. Fundamentally, the way we look at agency is because these are completely commissioned agents, it doesn't cost us to keep them on books. The first point of fixed cost and the efficiency that the fixed cost element draws out is what is very critical and that is the manager on the ground. So to be able to manage productivities of these managers who manage these agents is what becomes very critical when you're looking at agency productivity and profitability.

I'd also like to add that, we spoke about this fact also, we've been on a digitalization journey for many years. In fact, we've actually built out an agent platform, which allows spans of these frontline managers to run as low as 10 to 12 to as high as 200. And again, because it doesn't really cost us to keep these agents on books, we pay no fixed cost. We're able to eke out even from a long-term perspective some of these businesses as well. So yes, while it looks on an agent productivity, which would be the total APE divided by the 2,00,000 agents, looks like not so great as compared to the rest of our peers. More important, we look at productivity at a frontline level.

Shashank Mundra: Yes, okay, thanks.

Moderator: Thank you. We have our next question from the line of Nidhesh Jain from Investec. Please go ahead.

Nidhesh Jain: Thanks for the opportunity, sir. Firstly, how should we think about the VNB margins going forward? Do we think that, we have already made the required investments which are required to scale AP growth or that will still ahead of us? And which will have some, which will probably drive AP growth but may have impact on VNB margins going forward.

Dhiren Salian: So, Nidhesh again, no guidance on VNB margin, absolute VNB growth is what we seek. Again, a lot of it would be a function of the product profile that comes through. As Amit also pointed out earlier, essentially we're laying bare the entire product profile. And as Anup pointed out, what we're seeking to see is, what is the specific product that can fit a particular customer through that specific distribution channel.

So understanding the nuance of the distribution channel to see what kind of customers they have, and therefore what are the products that we could sell to them. The outcome of all of that is what we would end up in terms of the VNB margin. Again, we hold no targets on VNB margin, absolute growth in VNB is what we seek. And again, based on the way the product profile comes through, we will take it as it comes.

Amit Palta: Like I give you an example, Nidhesh, like what we mentioned, that change in the consumer preference, whenever it happens, we want to be there catering to customers change requirements. Like for instance, what we saw towards the end of the quarter is where large value deals which typically were coming in non-participating platform. We started seeing large part of this business shifting towards unit link products. So internally at the organization level, we don't get partial towards any one category of products. If customers started choosing unit linked products, we were more than happy to serve them through that.

And that is what is evident in the way we have looked at our average premiums and non-participating in unit linked. So unit linked went up by 10% and non-participating went down by 10%. So it was all about consumer deciding as to what it is. So to answer your question on VNB margin outlook, while absolutely right, what Dhiren mentioned, that we will not be guided on margin percentage. We will allow the ecosystem and the environment to drive the margins for us. We will stay focused on the drivers that we have identified for our distribution through which we intend to deliver our AP growth. That is what, we will focus more as a controllable, that's the market forces and the environment will take over.

Nidhesh Jain: Sure, sir, so just to follow up on that, so if you look at last four year journey for us, we have delivered on VNB growth, despite a lot of headwinds that we were facing, but in the process we have maxed out on product mix changes. We have probably also invested less in our distribution, at least in FY ‘22.

And FY ‘23 probably we started this investment journey in our distribution. So where are we currently in the investment journey? Or do we think, our investment will continue to accelerate going forward in FY ‘24? Leading to growth in cost ratios vis-a-vis top line growth that we have seen in Q1. Is that likely to continue in FY ‘24- ‘25 or not?

Amit Palta: Absolutely. We want to stay invested in building capacity. Proprietary channels already are close to half of our business today. And we want to stay invested there and want to build capacity. As you rightly mentioned, Nidhesh, in between during COVID, adding to capacity would have added cost without any bottom line or top line because gestation period for settling into reasonable productivity is much longer in proprietary channels.

And hence, for a very reasonable reason, we stayed away from investing during times which were very difficult. And we were banking mostly on efficiency and productivity enhancement of our existing distribution. So the journey that we started 12 months, 15 months back, we want to continue. And for next couple of years, we want to stay invested relentlessly. And that is what, like I mentioned in the previous, to the previous question as well, almost 5% to 7% of our agency business, we are seeing coming through from the additional capacity that we've built in last 12 months.

And that is something that will continue. So this is incrementally going to only add and become significant as we go deep into the year and even the coming financial year. But that will only happen if we continue investing. And that is what is one of the reasons also that, we invested in first quarter, we did not stop. Though for seasonality of business, typically you see much lower business in quarter one. So percentages look heavier in the earlier quarters, but as you go deep, it will all get squared up.

Nidhesh Jain: Sure, sir. In FY2019...

Moderator: Mr. Jain, I request you to join back the queue, sir. Thank you. We have our next question from the line of Sanketh Ghoda from Avendus Spark. Please go ahead.

Sanketh Ghoda: Yes, thank you for the opportunity. I just wanted to check on this protection business again, that probably there was a campaign run in bank or even the agency channel, and even to some extent in Policy Bazaar, that the price hike is coming in. So I just wanted to understand, that led to an up-fronting of the growth in the current quarter in the individual protection business. That's point number one.

And if the price hike is coming, I just wanted to understand the reason for it, because I don't see any competitor increasing price. Have we changed our reinsurance strategy? Because we have a different reinsurance strategy compared to the peers. So I just wanted to understand that part a little better on protection. And second question was more on margin again.

There should be some level where you might be thinking that beyond below this number, I am not comfortable to go margin, whether that number is 30 or 29 or 28, I'm not sure. But there should be some number in your mind probably beyond which the margins going down might not be comfortable. So at that point of time, you'll take a calibrated step on more product mix rather than just chasing what customer wants? So I just wanted to understand these two parts, share from you.

Amit Palta: Okay, so Sanketh, let me try addressing first of all this protection part. The protection pricing part that we are putting, actually this is an ongoing exercise that we keep doing. Internally in a committee based approach, we keep looking at profiles in various cohorts and keep looking at our risk to pricing and balance between the two. And we do correct our pricing on a regular basis.

Now, this is something which is not periodic, but it is something that we take stock every month. Sometimes we may decide to increase pricing in some cohorts and some months, we will decide not to. So it is generally at some pockets and some cohorts, where we find an experience where it necessitates us to correct pricing and that is what we do it. It has no implication on demand going forward to that extent because protection product is more or less now standardized in terms of pricing, it's not much of a disruption that we've seen in the industry. So to that extent, there is nothing in terms of demand, which is affected because of some price change that happened in the past. So that is on protection part.

Second on margins, you spoke about, what is that bare minimum? So let me answer by saying that, the biggest driver, if you were to ask me, as to what we should be doing to look at enhancing our overall margins, if at all, is of course to reach out to customer segments where the natural demand of the products from those customer segments is the one, where we see same as margin accretive. For instance, typically mass and mass affluent, where the entire industry is going to be focused on but to increase width and increase number of policies by reaching and penetrating more and more.

Anup spoke about the fact that current penetration being 0.7%, 1%, 1.5% across various partnerships. If you were to move towards 5% kind of a number, you have to go deeper and go beyond affluent and go to mass and mass affluent. And there naturally you will understand that probably simplified products like participating and non-participating will make more meaningful sense.

So our effort will be to increase with, reach out to more and more customers, increase penetration. And by virtue of reaching out to this customer segment, but probably, you will see a category of products will start growing where probably margin acquisition is relatively better in comparison to what you see in unit link products.

Anup Bagchi: I will just come in here, just to add to what Dhiren and Amit said, on this margin management thing because a couple of questions that come on the margin management. So what is the approach and philosophy of margin management? So margin management essentially, just mathematically is a function of product. Now, if it is a function of product mix, then it is then a function, but ultimately it emanates from the customer segment.

So what we have seen is that, there is a wide ranging quality parameter on when you triangulate the persistency, the product and the customer code. And wherever we have seen that the customer suitability and the product suitability is not right, there the persistency drops perceptibly. And wherever there is a customer suitability and the product suitability is there, even after five years, we have seen 90% plus persistency, although the market persistency, as you know better, Sanketh, is hovering around 50s, mid-50s, and 60s, but we have seen 90%. Then the real question that comes back is that, why is it that some people are at that level and some people are at 90% plus?

The real answer to that and that's the only answer to that is that, wherever the product suitability is proper and there is continuous customer engagement, you get high customer persistency because that is where the customer needed the product. They understand the product and it is well sold and it is well accepted and then your engagement and so the fall off doesn't happen that they forget whether to pay premium, not pay premium and they understand that, these are locked up products and they understand why they brought the product.

Then the question really is that, if you really want to do margin management, then we have to find out pairs of such products and such customers. So if you don't diversify on products and you just allow the customer to play, they obviously will pick up a particular kind of product, if you put a control on quality. And so while your quality may be good, if you don't diversify your product customer base, you will have lesser growth, but you will have quality growth, and you will have a product. Now, that product depends on it could be a low margin product, it could be a high margin product.

Now, as a company, you cannot allow that fully. So because ultimately, VNB will come from margin multiplied by the top line growth. And so because of the heterogeneity of the partners that we have, we have seen that, you have all kinds of customer cohorts within us, within our customer partners base. And so we are digging deeper into the partners base to see, which are the kind of cohort and which are the kind of products cohorts that you bring and you pair them for higher quality business. And then you go after that one by one-by-one and make sure that the channel is activated for that product through that channel for the correct customer segment.

And that is the way in which your quality also will be maintained, your growth will also come, and your margin will also come. And that is going to be our approach. And we have seen, working very closely with partners, that wherever we have done this kind of a workshop, we have seen that, the green shoots are very good. And they understand it, and it is easy. And then the partners don't see it purely as a fee income. It is a fee income product. But they also see it as a part of the overall book your product, where they will get attachment for a long period of time. And if you're a bank, where ultimately, you require attachment for you to lower the volatility of your liability, lower the volatility of your customer, this is a very, very good product because it is locked up product.

And if understood well, you have to sell it only to 10%, 15% of the income. Just like you cannot over-leverage in lending, you cannot over-leverage in insurance as well. Otherwise, you'll have a persistency problem. So this is a slightly multivariable issue that we have to solve. And that is the approach that we are taking. And this is the approach that is going to be useful to us. And I'm very confident that, it is going to be useful to us. And I'm also very confident that, the game that we have to play is not 0.7%, 1% going to 1.1%. The eye, we have to keep is 2%. Of course, we have to month over month, quarter over quarter, we have to grow.

But really the big problems that we have to solve within our company is, how do you set up the foundation that you can go from 1% to 10% and how do you do the full penetration on the customer base? How do you understand the barrier to adoption? How do you understand that, why customers don't buy? And you get to know, why customers don't buy from the customers who buy.

And which is the peer? Which is the agent? Which is the channel through which the customers buy in a more persistent manner without complaints? So really, I thought, I'll just answer it comprehensively, because what I was hearing is that, these are coming across as disjointed questions. It is actually just one big problem that has to be solved, of course, by breaking this into four, five variables but doing it in a cohesive, integrated manner.

Sanketh Ghoda: Perfect, sir. This is very useful. Thanks.

Moderator: I request you to join back the queue, sir. We'll take our next question from the line of Shyam Srinivasan from Goldman Sachs. Please go ahead.

Shyam Srinivasan: Good evening. Thank you for taking my question. Just the first one, just the only one on ULIP. I think, in the opening remarks, there was a mention that ULIP demand is starting to come back. So, and maybe it's also a result of this tax breaks going away. So I just want to understand what are the demand dynamics here? It still is a 40% kind of APE contribution. So when we talk about growth, both APE and VNB, can you talk about what's happening on the ULIP demand dynamics? And also the constant maturity product, thought process behind it? Was it a missing product in our portfolio? So any color here will be helpful. Thank you.

Anup Bagchi: When it comes to the philosophy of fund, essentially, the constant maturity came up because on the mutual fund side, the tax advantages have gone up. Here, the tax advantages remain the same, and there are a segment of customers who don't want to take. Of course, ULIP is associated generally with equity, I must admit or at the best balance advantage funds equivalent. But there are a certain set of customers who want their wealth to get compounded in a tax-free manner for a long period of time, and that is where this product comes in. Like I said, essentially, it is not about coming out with the product, it is about understanding is there a product positioning for a segment of customers and then searching for those customer segment of customers and which channels can that be paired to with what product.

And that is there. So we are seeing reasonable traction on the fund. And customers who have taken this fund, they seem to be generally happy because it is clear what they are taking. For example, in constant maturity fund that they are taking a debt fund and they should not expect equity type of return. I think selling and expectation is very, very critical. All of us in this call belong to financial services, and it's important that everything is against an expectation.

And so disappointments and happiness all comes against expectations. So this is basically tuned for that kind of customer segment through these kind of channels. So these are not traditional equity ULIP kind of channels also that also we are seeing and but they search for this kind of product and then sell it and the experience so far has been quite good.

Shyam Srinivasan: Sir, just on the first question, ULIP overall, not constant maturity?

Anup Bagchi: Not constant maturity, I think, what has happened is a little bit of spillover has happened greater than INR5 lakhs because they're affluent. Affluent essentially, if you look at ULIP and if you look at ULIP equity, they were all non-affluent types. So part of the spillover has come to ULIP. But it is 40%. So there is -- it's not too much of a deviation from our general product mix.

Amit Palta: Yes, specifically, if you were to see in unit linked business, there is a bit of a channel color as well that we have internally, which is very unique to us. If you were to keep ICICI ULIP aside, then you will see actually some 11% kind of growth on linked business that we have seen in channels other than ICICI.

And that is largely contributed by what we witnessed in the second half of the quarter, where large value deals instead of coming in non-participating range of products started coming in unit linked business. And that is when it coincided with CMF launch, Constant Maturity Fund launch. And since the story came at a time when the number of options available for tax savings, relative tax savings, was very attractive on this kind of a platform, then we saw an uptick in the channels other than the ICICI.

Shyam Srinivasan: Thank you. And all the best.

Amit Palta: Thank you.

Anup Bagchi: Thanks Shyam.

Moderator: Thank you. We have our next question from the line of Shreya Shivani from CLSA. Please go ahead.

Shreya Shivani: Hi, thank you. I have two questions. First is on the credit life business. So in the annual report for the full year, you've given about INR4.8 billion of credit life. In previous years, you used to give us the breakup of credit life between ICICI and other banks, if you could help me with that?

Also, any color on what kind of attachment rates are we seeing in the other banks because I'm assuming that the majority of the growth should be coming from that segment. First is that. And second is just a clarification. You said that agency channel in May and June grew at 20%, 23%. Does that -- is that correct because that implies a 50% decline in April. So just these two from me.

Dhiren Salian: Yes. On the second question, yes, agency broadly right. You got the numbers broadly right there.

Amit Palta: Yes. So, as you know that there is generally a traction of spillover business that happens from March to April. And that has been the trend in the past. And this year being special, most of the logins that we experienced in the last week of March was issued by us March itself because there was sensitivity around the tax proposition.

Hence, we actually dislodge ourselves from April performance because large part of spillover, which was a trend in the past, did not happen for us this year. Hence, April looks a little skewed, but you are right. May, June is 21%, 22% growth for agency and resultant is whatever we saw in the month of April.

On the first question that you asked on credit life, we actually don't share specifically channel-wise numbers on this, but if you ask me among on attachments, see this is something that we completely go by our partner priority, depending upon the type of customer, the type of businesses they are in, whether it is MFI, whether it is home loan, personal loan, vehicle loans, you know, that credit line today is being sold across category of loan products. And we have seen attachment rates are varying from product category to product category, and also depending upon partner priorities, right? So to that extent, there is no standard number that I can reply you with, but it varies from partner-to-partner.

Shreya Shivani: Got it, that's useful, thank you.

Moderator: Thank you.

Dhiren Salian: So that number varies as such, Shreya, in terms of what are the share of ICICI Bank that comes in., it can be anywhere between a quarter to a half depending upon the period.

Shreya Shivani: Yes, because last three years, FY '20 to FY '22, the annual report did have a breakup of credit lines between ICICI Bank and other banks.

Dhiren Salian: Yes, so a lot of it also is additional credit life across new partners. That's where some of the growth is coming from.

Shreya Shivani: Okay, got it, got it.

Moderator: Thank you. We have our next question from the line of Aravind R from Sundaram Alternates.

Aravind R: Hi, thank you for the opportunity. As you're talking about the agents, some of them being not active. Can you give some color on the number of active agents in the system?

Dhiren Salian: So, we've not called that out. Like I said, one of the core reasons is looking at total APE and looking at channel economics, it makes more sense to look at what is the frontline that we have. And also, as I mentioned, given the way that we manage the channel using our digital platform, span can be as low as 10, which can go all the way up to 200 as well.

So I think, it becomes a little more important to kind of look at what the channel delivers in terms of absolute APE, because end of the day, the agent is completely variable for us. So he takes his commission only if he performs and delivers business, if he doesn't, he doesn't. So that's the way we actually run that business. And it's not looking at number of agents that we have overall on our books that we're chasing at any point. Obviously, at points through the year, there will be a change in number of agents who are active at any point. But again, it's also a function of the underlying nature of those agents. Some of them are far more professional, some of them are semi-professional. And so to that extent, their activity levels will vary through the year.

Aravind R: Just one more question if you can, if it's permitted. I understand you're talking about, it's upon the ICICI Bank, bank itself, but in terms of business per branch of a bank, and when compared to other peers, it's one of the lowest among the peers. So is there any target or something in mind to improve that to some average level in the industry, certain thing?

Dhiren Salian: Aravind, you're referring to ICICI Bank productivity per branch?

Aravind R: Yes.

Dhiren Salian: So I think, we've discussed quite a bit on ICICI Bank's philosophy on what they're looking at from a third party perspective. And when you put that out, I don't think comparing ICICI Bank's per branch productivity with any other bank would make, you know, it would be an apples-to-oranges comparison actually. The Bank is very clear that the kind of products that they focused on are going to be protection and annuity and given those ticket sizes, it's obviously going to be much less than that of other products.

Aravind R: Okay, thank you.

Moderator: Thank you. We have our next question from the line of Supratim Datta from Ambit Capital. Please go ahead.

Supratim Datta: Yes, I have one follow-up question. So from April this year, the new IRDA guidelines have come in and which is the more product-wise commission caps. So just wanted to understand how has that resulted in, some of the negotiations with the non-ICICI bank partners, or how are commissions there now trending post these changes?

Dhiren Salian: So, Supratim, the short answer to that is this is still an evolving scenario. There are conversations on. At some level, one would expect commissions to go up. But from a company perspective, I think, what we would seek to do is to keep overall unit cost broadly stable across where we were because at the end of the day, there's only so much that can be put into the product from a pricing perspective.

And so if there is going to be an increased commission, then there is going to be a reduced set of operating expenses that will have to happen there. But I don't think, the market has stabilized at this point. That is our sense in some of the conversations. Yes, to some level, in some cases, there have been some increases in commission, but I don't think all of it has played out. I think, we'll get a much better picture as we go through to the end of the year. This could just be a little premature at this point.

Supratim Datta: Got it, thank you.

Moderator: Thank you. We have our next question from the line of Neeraj Toshniwal from UBS India. Please go ahead.

Neeraj Toshniwal: Yes, hi. My first question is on the ULIP since we discussed that we are selling products given by demand. So I wanted to understand anything you are doing towards increasing the product level margin particularly for ULIP because the in the last call, I think, we discussed that the margin can normalize to a much lower level and would remain as is. Is that the case, or is there a change in strategy or you can see the margin might improve from that level?

Dhiren Salian: So Neeraj, taking that question on ULIP margins, I think by regulation, there's only so much that a ULIP product can deliver in terms of margin. There could be variations from year-to-year, period-to-period, depending upon how efficient we are in that period. But I don't think, this is going to be like a high double digit kind of a margin product at all. I think, the guidelines are fairly clear in terms of what has to be given to customer. And so to that extent, this is not going to be fairly high margin, relatively speaking. But again, as we have said before, it's a question of where is the customer opportunity? This product clearly caters to our affluent customer segment. If they're able to sell much, much more than what we would have sold in another customer segment, then clearly it gets VNB on the table. Because again, I come back to the first point, we're not guided by margin, we're looking at growth of absolute VNB. This is an opportunity pool that we should not be letting go of.

Traditionally, we've had great strength in this pool, and we continue to have strength in this segment. And we'll continue to innovate and bring new products that will be relevant for customers in this segment. And one example of that is Constant Maturity Fund that we launched in the month of May. Clearly, that was an opportunity we saw given all the changes that were happening in the environment and the fact that there wasn't a credible offering from the life insurance stable, which is where we moved quickly and got that out.

Neeraj Toshniwal: Got it, sir.

Moderator: Mr. Toshniwal, I request you to join back the queue, sir. Thank you. We have our next question from the line of Sahej Mittal from 3P Investment Managers. Please go ahead. Mr. Sahej Mittal, please unmute your line and go ahead with your question.

Since there is no response, we will move on to the next question from the line of Akshen Thakkar from Fidelity. Please go ahead.

Akshen Thakkar: So one on retail protection, strong growth this quarter. You know, in the past two to three years, we've spoken about constraints in terms of underwriting, in terms of ability to for customers to pay that much. Now if when you think, I'm not saying this year, this quarter, etcetera, just the next two to three years, would you say that this business has now got back to a run rate where you feel confident that it will deliver the kind of growth which an underpenetrated category like this deserves? That's question one. I'll wait for you to answer and then ask follow-up question.

Dhiren Salian: Okay, so, Akshen, I think, we're getting a lot more confident in the numbers that are being generated on a month-to-month basis. There's a lot more stability that we see. Of course, as you pointed out, in the past periods, the environment challenge was a key factor in the drop that we saw in retail protection.

But as we had mentioned earlier also, we have been working hard actually at a unit level to try and understand what are the core drivers, be it at the sales side, be it at the operation side, be it at underwriting side. And we've been slowly working at addressing these over these years. So as we stand today, I think, we've moved much further direction and we're getting a lot more confident the way the numbers are actually shaping up. Can we do more? Of course we can do more and as I mentioned earlier, we fundamentally think that this is a multi-decade opportunity. We are not shying away from that. It was essentially coming out of that period of adjustment that we have to work through and as we see it I think, we're far better position today than what were, let's say a year back. Amit, would you want to add?

Amit Palta: Yes, so Akshen, just to explain it further and understand what happened in protection over the last few years, I just want to mention that one part of congestion was created because of underwriting policies becoming stringent on account of unforeseen impact on mortality risk, which was envisaged during COVID. So that is one factor that this is no longer as big a fear or apprehension as it was two years back. So experience is definitely much better than what we thought a few years back, which is leading to process becoming simpler.

Two, Anup mentioned that congestion. Process over a period of last few years has actually eased out because of the overall data which is available in the ecosystem. So everything to do with process today, our ability to get KYC from the customer, get income documents from the customer is getting easier-and-easier and newer options are emerging to make process more seamless for the customers. So I want to believe that one, because of experience, two, because of ecosystem data, processes are becoming simpler.

And third element, which is also critical, is the distribution reset. Because distribution was selling protection in a certain way till the FY ‘17, FY ‘18 and subsequent to COVID, it had to take some time to reset and follow a different regime of selling protection. So all three things have contributed towards retail protection now turning around. So I do believe that all these three are quite sustainable because ecosystem will only get stronger-and-stronger, ecosystem will get data rich, experience I don't see it undergoing any drastic change because all those calamities are behind us. And distribution reset has already happened. So more-and-more participation you will see from distribution going forward as well.

Akshen Thakkar: All right, great. Thanks for that answer. Second, Dhiren, to you, a little bit of a housekeeping question. You mentioned that growth in April was a little muted because March month had seen a big bump-up in premium growth. When we think through growth for the full year, would you say that the extra bump that you got in March, the effect of that would have played out in Q1 largely, or do you think, as we look at growth in Q4, you will have some residual impact on Y-o-Y growth in Q4 as well? Just trying to, I'm not looking at exact numbers, just directionally how we're thinking about that?

Dhiren Salian: Yes, so April was not a great month. And I think to some extent, we were fairly clear that we needed to get the operational efficiency fairly high in the month of March, given that some of the policies were in the traditional pool. And some of them, of course, were in the more than INR5 lakh range. And there was no way that we want to let those spill over into the month of April.

So typically, April is one of those months where there is new business generation that is quite low. That has been the case of the industry and depending upon different years, looking at whatever spillover comes through because you are unable to issue all the cases in the month of March, you see some of the April numbers shape up. But having gone beyond that, I think, looking at May and June are the ones that are more critical. And there you could see even within as we've disclosed earlier as well, there has been a sharp movement up in terms of the overall business for the month of June, sequentially, as well as on a Y-o-Y basis. We continue to see those trends even now.

And the way we look at it is that quarter 1 is only about 15% of the overall business. We are cognizant of the fact that March last year was a fairly strong March. And therefore, it's important for us to be able to drive growth in the balance months as we go through to the end of the year. So I'm not giving a set of numbers, difficult to call out, but effectively this is amount of color that I can provide in terms of what we're driving towards.

Akshen Thakkar: Yes, so I mean, it will be a volatile year, but I think, Q2 and Q3 from what you're saying should give a better reflection of the growth cadence in your business rather than looking at Q1 or Q4 or full year numbers because there'll be a lot of noise either side of the quarter. So..

Dhiren Salian: You're right. And Akshen, as we spoke of earlier, one of the core drivers of VNB development is going to be APE growth and therefore this is clearly top of our mind. Not that it wasn't top of our mind earlier, I think, people were not able to appreciate the overall movement across those channels, given the preponderance of some of our channels that were not doing so well. But as you now see that portions of the business are much smaller, overall you can start to see the APE growth come through quite strongly.

Akshen Thakkar: All right, great. Thank you guys and all the best for the rest of the year.

Dhiren Salian: Thanks, Akshen.

Moderator: Thank you. We have our next question from the line of Dipanjan Ghosh from Citi. Please go ahead.

Dipanjan Ghosh: Hi, good evening. Just two questions. One on the persistence improvement. Can I get some color on whether it is led by a mixed change on the product side that you have seen or on the individual product classes also you're witnessing improvement across cohorts? And second, if you can give some color on your individual riders attachment rates or across your policies that you're seeing and whether there has been any trend shift on that particular segment out there?

Dhiren Salian: So on persistency, Dipanjan, the answer is both. We're seeing some improvements at the LOB level as well as some amount of mix change. At the first one is what is more critical. I think, irrespective of where the underlying product mix is, it is important for us to be able to deliver on persistency because that's essentially the promise that we've got from the customer. So all efforts are on towards improving unit level persistency as well. In terms of riders, I think they're quite small at this stage. We just started another drive on improving rider attachments. Let's see how that shapes up through the year.

Dipanjan Ghosh: Sure. Thank you and all the best.

Dhiren Salian: Thanks, Dipanjan.

Moderator: Thank you. We have our next question from the line of Nischint Chawathe from Kotak. Please go ahead.

Nischint Chawathe: Thank you for the opportunity. Now that we sort of look back over the last six months, and kind of, say that March was extraordinarily a strong month, which obviously had a rub off in this quarter. Would you want to call off the extraordinary in the month of March?

Dhiren Salian: Call off extraordinary month? So Nischint, I don't think that's a fair question on the perspective that if we hadn't taken the business that was on the table, you would have asked a different question of us now. So I think, we saw the business, we took it, and I think we move on to the coming quarter. We know it wasn't that large overall, but clearly we know what our work has to be from a cutout perspective. Important to see that on a sequential basis, you are seeing positive trends. And like I said, coming into June, it is a double digit growth number. And that's what we want to build on.

Nischint Chawathe: I guess the way I'm coming in is that, for March this year, you probably going to be looking at growth over growth, like, or it's not something that...

Amit Palta: We want to stay optimistic because March is still quite far away. And I'm sure the journey that we had started doing on building capacity will also start playing out through the year, right? So there are a lot of things that we probably have built up over a period of last 15 months, and that only will go and become more-and-more efficient and productive as we go deep. So March is still far away. I'm sure we will work towards filling-up for the scale-up in March to the build-up capacity in next few months.

Anup Bagchi: So Nischint, these kind of, see Anup here, these are two independent questions. Whether March was a strong month? Of course March was a strong month because there was an event and so March was a strong month. Should we have taken the business? Yes, we should have taken the business. Why leave the business if the March is strong? You don't leave a business or you don't take the business thinking that year-on-year next year will be low. So that's an independent thing. Now, whether the next march will be strong or weak is a function of what capacities we are building and what is the market opportunity there?

Our general focus and our approach will be that whatever be the last March, we will see it's an independent thing. It's a thing that is behind us. We have to look forward and ensure that we have to keep growing. And we have to build capacities for growth. And whether March was good or bad, we will see. We will want to make last March an ordinary March. And we will all push and focus to make it an ordinary March, so that when you look back, you say that while it was an extraordinary March, your growth is so strong that it was an ordinary March. So this is also my request to Amit and team.

Nischint Chawathe: Sure. On the product strategy side, it looks like, ULIP is kind of making a comeback. And I think, at the same time, you are investing in the franchise, investing in the agency force. Typically, the trend that we have seen over the last three years is that agency tends to be sort of no more non-link heavy than ULIPs. Probably maybe driven by consistency outcomes. So how do you see both adding up adding up you know in terms of...

Anup Bagchi: Good question. I am not seeing, see, ULIP, see we have all products and what happens when the marketing generally is good etcetera, there is a bit of shift towards ULIP. Also because non-par guaranteed has moved off, some part has shifted towards ULIP but our sense is that is that it is not as if it's a secular trend moving towards ULIP and it will not go back. It is for us to discover different customer segments and come out with more suitable product to manage our product mix so that we are a balanced company.

Now, of course, to a channel which is, let's say, more ULIP-focused, and if they have got ULIP customers, they obviously will sell more ULIP. But then it is up to us to also find out other channels, develop other customer cohorts, so that we get more balance. So I think that is nearer to the situation. I don't think it's a secular thing. When the market moves, ULIP is a market focused business. So when it moves, it moves. And when it moves, one should take.

Amit Palta: And Nischint, just to add effort like what Anup in one of his answers to the previous question mentioned. Idea is not to say no to ULIP, let ULIP grow in absolutes, but how to reach out to customer segments who need a product which is different from ULIP. And that is the journey that we have started. It's a journey which is about understanding customer segments of our partners.

And with only 1% kind of penetration that our partners have, I'm sure there are customers which are beyond affluent, who may need products other than ULIP. And that is the journey that we have to traverse and that is what we have started working on. I think absolute growth in ULIP is welcome, but at the same time, we have a task laid out in terms of what we want to do to increase width by increasing number of policies and segments beyond ULIP customers.

Nischint Chawathe: Thank you very much and all the best.

Moderator: Thank you. We have our next question from the line of Mohit Mangal from BOB Capital. Please go ahead.

Mohit Mangal: Yes, thanks for the opportunity. My first question is towards the annuity. So we saw annuity declining and if you look at last three to four quarters, we saw a very strong growth. So what went wrong this quarter in the annuity business?

Amit Palta: Yes, so I'll take that. First of all, let me just put in context that last year, we had an introduction in one of our new products on a regular premium platform. So last year first quarter was a good 60%-plus kind of a growth for us in annuity. So it was one, it was on a very large base that we saw annuity growth declining, that is one, which is a very technical Excel file, mathematical explanation.

But second thing which I want to articulate here is that if you were to segregate annuity business into regular premium products and single premium products, then we actually saw a constrained growth in single premium products. So regular premium continued to grow at around 30%, 40% for us in this quarter. However, single premium was impacted. As you know that, currently rates available in deposits are at an all-time high at this point in time. And some of our bank partners did prioritize at this point in time to look at deposit mobilization as a primary objective.

But we believe that it is transient. Eventually, what the regular premium annuity product serves is a customer who's nearing retirement against a customer segment which is, who's already retired when it comes to single premium product. So it's not a customer segment issue, it is a transient issue, which we do believe that demand will come back as we go deep into the year.

Mohit Mangal: All right, very clear, thanks and all the best.

Moderator: Thank you. We have our next question from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Yes, hi, good evening everyone. Just a couple of questions. Firstly, the INR5 lakh-plus ticket size, what would be the share of that premium in 1Q and versus say, 1Q of last year? If you could help us with that. And secondly, with respect to the retail protection, what is the kind of risk that you are taking on your own balance sheet and what is the level that you're passing out beyond which you're passing it on to the reinsurers? And any change there? Yes, that would be my two questions.

Dhiren Salian: So hi, Prayesh. I think, breaking it down back again into less than INR5 lakhs and more than INR5 lakhs, I think we would want to stay away from that. Fundamentally, because we still are looking at the opportunity. And like we said, there is going to be some shift that happens across. It is not a large amount that used to be for us, nor is it at this point. I think, our focus overall is to be able to reach out to different consumer segments and offer products that are relevant there.

So if at some level, the more than INR5 lakh ticket size, we're seeing some, if you see some drop coming from a non-par segment, there are other products that we are offering and we're starting to see some pickup on that, which is what we mentioned earlier on the call. I think, our focus will still be to be able to grow overall business, irrespective of which segment it comes in from. Coming to your second question on retail protection, we've not changed our reinsurance levels on retail protection. The retention levels continue to be at INR1 crore and we're comfortable with the experience that we've taken on.

Prayesh Jain: Thanks.

Moderator: Thank you. We have our next question from the line of Nidhesh Jain from Investec. Please go ahead.

Nidhesh Jain: Thanks for the opportunity again. So in FY '19, we put out our aspiration to double VNB over three years to four years. What are our aspirations for VNB and AP over medium to long term in terms of growth?

Anup Bagchi: No. We will just continue to work hard to ensure that VNB keeps increasing and with a stance towards growth.

Nidhesh Jain: Okay, sure.

Moderator: Mr. Jain, does that answer your question?

Nidhesh Jain: Yes. Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Anup Bagchi for closing comments. Over to you, sir.

Anup Bagchi: Yes, Yes. Thank you all very much for joining this evening and we'll just continue to work hard to ensure that all our customer needs are met through the suitable products, through the most appropriate channel. Thank you.

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