ICICI Prudential Life Insurance Company
Earnings Conference call- Quarter ended December 31, 2016 (Q3FY2017)
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Sandeep Batra: Good afternoon and welcome to the results call of ICICI Prudential Life Insurance Co for 9MFY2017. I have Satyan Jambunathan, CFO and Vikas Gupta head of Investor relations with me and we will walk you through the developments during the quarter as well as the presentation on the performance for 9MFY2017.

We have put up the results presentation on our website. You could access it as we walk through the performance presentation.

Company Strategy

As we had articulated our key strategies earlier we approach overall market opportunity as two distinct segments-savings and protection. We continue to focus on savings opportunity through customer centric product propositions and superior customer service, fund performance and claims management.

Protection is big focus area for us and we have a multi-pronged product and distribution approach to tap this market. We have range of products-individual term, mortgage linked and group term products to cater to different markets segments. We use traditional distribution channels like Agency, banks etc. and also emerging channels like direct, online and web aggregator to reach out to different customer segments.

We continue to focus on growing value of new business (VNB) through

- growing the protection business faster than the rest of the business
- continuing to improve the persistency of the business

- Stay focused on cost management

Company performance

New business

For 9MFY2017, our retail weighted received premium RWRP grew by 27.9% compared to industry growth of 19.8% and private industry growth of 22.7%. Our saving APE grew by 25.4% year on year. During the same period our protection APE grew by over 100%.

Government of India announced withdrawal of currency notes of 500 and 1000 denomination on 8 Nov 2016. This move is likely to accelerate shift of physical saving to financial saving in medium to long term and hence is expected to be beneficial for the life insurance industry.

Though short term disruption was expected due to demonetization, we achieved YoY APE growth of 46.5% during Q3FY2017. Some of the key reasons for the same are

- We stopped accepting cash at our branches around 2 year ago
- Customer walk-ins in bank branches increased significantly and
- Dormant cash returned into the financial system

Our total premium for 9MFY2017 was Rs147.75 billion compared to Rs127.79 bn for 9MFY2016. In addition to strong new business growth, our retail renewal premium also grew by 19.7% from Rs 77.42 bn for 9MFY2016 to Rs 92.69 bn for 9MFY2017.

As a result of strong growth in 9MFY2017 our market share improved from 12.1% to 13.0% and private market share improved from 23.5% to 24.5%.

We continue to maintain our leadership position amongst the private companies.

As a result of our strong focus on growing protection business at a significantly faster rate compared to our savings business, for 9MFY2017 our protection APE grew by over 100% compared to 25.4% for saving resulting in an increase in our protection mix from 2.2% to 3.9% for 9MFY2017.

Our strong growth in protection business is also reflected in the 100% growth in new business sum assured from Rs 1.03 tn in 9MFY2016 to Rs 2.05 tn in 9MFY2017.

We continue to have a balanced channel mix with Bancassurance contributing 57.7% of overall business. Our growth is well supported by strong performance across channels and all channels continue to grow. For 9MFY2017 direct channel has highest growth of 65.5%.In the same period agency channel also grew by 35.8% year on year.

Quality parameters

Persistency for us, in addition to being an important financial metrics, is also an indication of the quality of sales. We are happy to report that our persistency has improved across all cohorts. 13th month persistency of 83.4% is one of the best in the industry. 49th month persistency for 9MFY2016 was 71.6% due to high share of single premium. Excluding single premium 49th month persistency has improved from 58.7% for 9MFY2016 to 59.4% for 8MFY2017.

We continue to focus on limiting the increase in expenses to a slower pace than premium growth rate. Overall cost to TWRP ratio for 9MFY2017 is 15.9% similar to 9MFY2016.

Our funds consistently outperformed their benchmarks since inception. More than 90% of our debt investments are in domestic sovereign or AAA rated instruments.

We are amongst the largest fund managers in India with an AUM of Rs 1.14 trillion. Linked funds contribute about 72% of our AUM and we have debt equity mix of 55:45.

Profitability

For 9MFY2017 we had a VNB margin of 9.4% compared to 8.0% for FY2016. Our value of new business for 9MFY2017 is Rs 4.21 bn. The 122% increase in protection APE is the key driver of this growth in the value of new business.

Our Profit After tax for 9MFY2017 was Rs 12.74 bn. We have a strong capital position with solvency ratio of 294%.

Summary

To summarize we are operating in a large and high growth potential market with a record of consistent leadership across cycles. We have a customer centric approach across the value chain and multi-channel architecture backed by strong technology platforms. We have a very strong capital position and consistently delivered ROE of more 30% for FY2012-FY2016 period. We have robust and sustainable business model with low interest rate risk and strong focus on quality metrics.

Thank you and we are now happy to take any questions that you may have.

Moderator: Thank you sir. Ladies and gentlemen, we will now begin the question and answer session.

Avinash Singh: You have good growth across your different channels, but post demonetization one would expect your bank growth to be strong. On the contrary your agency had a very strong growth, while bank growth looks moderate as per your past track record. And also on expense ratio side, when your mix is slightly shifting towards agency, how are you still managing to improve your expense ratio? And thirdly on your new business margins, the reported VNB margins, is 8% for FY2016. Can you remind us what was the number based on your management estimate of cost at that time? Thank you.

Management: With respect to the growth of the bank, during the first half of FY2017, we had the bank channels growing at about 11%, which has accelerated to a 9MFY2017 growth of 22%, so even the bank channel for us in the third quarter has had a very robust growth of 47.5%, which has come post the demonetization period. To answer your second question on expenses, moving more towards the protection business, will increase the commission expenses. The way we are looking at managing the business is that for the savings business, we continue to focus on driving efficiency but for the protection business given that it is indeed value accretive, we would not hesitate to invest more in growing that particular business. At an expense ratio of 15.9% compared to the 16.0%, the commission ratio has gone up marginally, but the overall expense ratio has improved. So that is the improvement in the efficiencies and the productivity that we have been able to bring in. The third question that you had asked was with respect to the margin of 9.4% compared to the 8% of last year. Last year 8% margin was on the actual cost for full year FY2016, 9.4% is based on our nine months actual cost plus the expectation of what we will close the year with. Because of the seasonality of the business you can't quite take a curtailed period expense ratio in reporting of margins. That is exactly the approach that we had adopted in reporting our H1 numbers, when we reported 9.4%, we continue to do exactly the same.

Avinash Singh: In terms of post demonetization, still there are large deposits with ICICI bank. What is your expectation of those additional deposits flowing into insurance vis-à-vis other instruments like time deposit or mutual funds? So what sort of an increased contribution you are looking from those traditional deposits?

Management: The deposits can go into a variety of financial savings. It will be very hard to actually take a call on how much of that goes into insurance. We believe that the key determinant would be the quality of products and second whether the quality of the distribution is good enough to leverage at least some of these deposits. We have seen the shift from flows going to other parts of the financial sector as well. So it is very hard to take a call on how much of it will really move towards insurance, but we do see it as a directionally positive compared to what we had in the pre-demonetization period.

Avinash Singh: Okay, thank you.

Dhaval Gada: Thanks and congrats for the good set of numbers. Have a few questions. Firstly on the protection business, could you remind what's the average ticket size in the protection business for us and how is the distribution mix looking for the incremental protection business?

Management: Dhaval, the protection business has an average premium of about Rs.10000 that continues to be consistent with what we had before. We have given the channel mix for total sales and protection is across all channels.

Dhaval Gada: So a large part of the protection would be through the agency channel?

Management: It is across all channels.

Dhaval Gada: Okay, it is spread out.

Management: There are three broad buckets where our protection business comes from. One is the retail protection business, which comes from all the channels, i.e. agency, bank relationship, as well as proprietary sales force. Then we have the protection product linked to loans, which primary comes from the bank channel.

Third the employer-employee kind of protection which comes in the direct channel. So we have different kinds of products across these different channels.

Dhaval Gada: Okay, have you made any changes to the ceding policy in this business or that remains fairly stable compared to last year? Just wanted to get a sense of how that is a driver for margins in protection business. Can you just give some color?

Management: Re insurance arrangements continue the way it was. There is no change.

Dhaval Gada: Okay. And on the ULIP business, how do you see growth panning for us in the fourth quarter and more importantly in FY18?

Management: Fourth quarter, is probably the strongest quarter for most insurance companies. Up till now, directionally, we have seen the demonetization move to be positive for financial services and the life insurance sector and we had a very strong Q3. But it would be difficult for us to quantify the exact impact for fourth quarter.

Nidhesh Jain: Looking at the margin for the quarter, it is at around 9.6% versus 9.3% for the first half. The proportion of protection has actually come down in this quarter versus H1, so what has actually driven this 30 basis point improvement in margin? Is it interest rates or operating leverage?

Management: For first six months of FY2017 margin was 9.4% and it continues to be at 9.4% for 9mFY2017. The mix of protection in the third quarter has been a little lesser than it was in the first half. You will also recall that when we did the first half year results, we had also indicated that protection does not tend to have so much seasonality; savings can have more seasonality. Given the strong growth of savings business in the last quarter post demonetization, it was expected that protection as a mix would go down but the absolute protection business numbers have continued to grow in a robust fashion. So what we have had in the margin for nine months is two factors coming through. One for the third quarter, protection was a little lower, on the other hand because the growth was more, the expenses got defrayed better. So each of these compensated for each other therefore resulting in the YTD margins remaining stable versus what we had for H1FY2017.

Nidhesh Jain: And has the benefit of interest rate decline been factored in these margins or will that be factored at the end of the year only?

Management: We take the effect of change in interest rates at the end of every quarter. But that would not be a substantial contribution for margin movement. The bigger reasons for the margin so far are the protection business movement and in the last quarter the growth of business, resulting in the expenses being a bit more efficient

Nidhesh Jain: In Q4, because we have seen a sharp improvement in persistency across buckets especially the last buckets, if we normalize the persistency could there could be a sharp improvement in margin? Can you quantify what could be the improvement in margin because of the persistency in Q4?

Management: We have already set out the persistency sensitivity for IEV and VNB in our IPO document RHP. At this point of time that's the best we can provide for the sense of the change Actual experience at the end of the year has to be factored in for full year FY2017 margin.

Nidhesh Jain: Okay sir, thank you that's it from my side.

Shrey Loonker: On the slide number 15 of cost, your overall expense ratio seems to have come off by 30 basis points but how do we read the cost to average AUM having gone up by 30 basis points? Could you give us some texture on the cost to AUM movement?

Management: We have been quite focused on reducing the cost ratio but as we do more protection business, we will see some elements of costs go up. What we are seeing as a cost to AUM is an aggregate because the protection premium does not get too much of an AUM increase. So while the cost to AUM would be a meaningful metric to look at from a pure savings business perspective, the moment protection cost also add up into it, that becomes a little less representative. So let's watch it through till the end of the year. More important is that are we able to keep our savings business operating at a more efficient level or not.

Shrey Loonker: Could you please share the cost to average AUM in the first half? The reason I ask is because logically if Q2 the share of protection was lower significantly then logically this should only come to the benefit.

Management: It was at 2.6%.

Shrey Loonker: Okay, but still at 2.6%, 2.7% is also a little surprising given that the protection share has reduced.

Management: Cost to average AUM is also a function of what's happened to the market. During the quarter there has been very little movement on the market side. So it is better to look at this number on a longer term basis rather than on a quarterly fluctuation. Our focus continues to be on managing costs and internally we look at savings separately and protection separately. So the fact that during the quarter there was limited movement in the market, had impact on the cost to average AUM ratio.

Shrey Loonker: Fair point sir. Sir two other questions. One was on the IRDAI regulations on the corporate agency. How do we look at the change ramification for ICICI Pru Life, if you can help us understand that better please?

Management: Payment of commission or remuneration regulations were changed. They were expected and this is one of the last set of regulations to come in post passage of the amendment to insurance act about two years back. We will have to probably recalibrate some of our products but it will be effective from the 1st of April. It should not have any kind of negative impact on an overall basis but we will be doing some internal re-calculations of how we are going to be selling products and we might introduce some new products.

Shrey Loonker: But shouldn't this affect the growth trajectory that we expect for FY18?

Management: No it should not affect the growth trajectory.

Shrey Loonker: But has the lead time between the product conceivement and the product approval shrunk significantly for that to not have an impact?

Management: We also have many products already in our suite, moreover, we have another two months to go before the year end. At this point of time we do not see any negative impact on our growth. Also when change in regulations happen product approval tends to be much faster.

Shrey Loonker: Fair. And this recalibration of the business model is only product related or there could be arrangement related re-calibration as well with the partners?

Management: At this point of time of work in progress, we are talking to our partners. We do not expect any negative impact because of this.

Shrey Loonker: But is there any scenario in which out of this re-calibration our margins throughput on the incremental business could be higher next year or is that too early to call?

Management: It is too early to call but our margin expansion strategy that we have been articulating is essentially selling more protection, continuing to focus on persistency and trying to maintain our cost ratio. We have been articulating that for quite some time now and that will remain our strategy going into the next year as well.

Shrey Loonker: Please help with the tax rate sensitivity. If the tax rate is increased in this budget what would be the impact on the EV and VNB?

Management: We do not know whether it is going to go up from 14% to 30%, or will it be different. If there is a change in tax rate, there would be a negative impact both on margin and EV. The sensitivity for a 30% tax rate change is there as part of the IPO document

Shrey Loonker: But that number seems to be little high on the VNB side

Management: It will be a little higher on the VNB side because our old business book business has a mix of pension and life business. Pension still is not taxed. Whereas the new business book is predominantly life business thus the average tax on new business is less than overall business.

Shrey Loonker: That said, if say tax rate of 15% is going to be 30%, why would the VNB be hit more than 30%?

Management: Sensitivity is higher than tax rate because of impact of tax on earnings on assets held to cover solvency margin

Shrey Loonker: Thank you so much and all the best.

Sumeet: Hi, this is Sumeet here, a couple of questions. One is what would be the contribution of lower rates to margin uplift in the first 5 months. I know it is small, but if you could quantify that please?

Management: It is not very significant, because if you look at the shift, it has been different across different parts of the yield curve. In aggregate that effect has not been material. The larger movement that you see in the margin is really coming from protection mix and the unit cost because of the growth in the last quarter.

Sameet: Okay and on the protection side, what was the impact on credit life product? How much does that contribute and how are trends looking over there right now versus the previous quarters?

Management: Today a bulk of our new business comes from the retail products which are sold across the channels. Credit life's contribution is lesser compared to retail products. In the last couple of months credit life sales has slowed down a little bit but what we have been trying to do also is to expand the coverage of the credit life product. Earlier we used to offer it only with the mortgage; we have now started offering it with other kinds of loans as well. Therefore the credit life business in aggregate for us has not gone down but surely the mortgage has gone down in the last couple of months compared to what we had earlier which is not in any significant fashion affecting overall because a predominant part of protection is coming from the retail product.

Sumeet: And with respect to protection we have been investing into new businesses. So any color that can be given as to how much of the protection business is coming from new clients that were not there last year, strategy for the existing clients and kind of new business being added from both old and new clients?

Management: On the protection side, most of the protection is coming from new client acquisition. Just like the rest of the business, existing client repeat sale including protection is still at a fairly low level. We do that more substantially through the proprietary sales force channel that we have but in the other channels it still tends to be a little low. So most of the growth is coming from new client acquisition.

Sumeet: And any color on protection business from new distribution partners?

Management: They are still very, very small in our business contribution.

Sumeet: Okay and the final question is on the business done in the third quarter average premiums obviously have spiked. How have we ensured that the persistency on this business remains stable because what could have happened is that a lot of customers would be having a lot of disposable money in that quarter but could you see persistency getting impacted when these policies come up for renewal? Have we tried to ensure so that persistency doesn't get impacted?

Management: Over all of these years we have been trying to put a 360 degree approach to managing persistency. It all starts at the point of sale, continues with a communication that goes out to the policy holder and subsequently as well. Through the entire business management, both for our partners and as well as for our own employees, persistency is a key part of the KPI and it continues to be there. We continue to manage the business in exactly the same fashion. So we will watch for the persistency but given that persistency is now more of an organizational culture than just a transactional matter, we should still hold up.

Sumeet: Thanks that's useful. Thanks a lot.

Atul Mehra: Hi this is Atul from Motilal Oswal Asset Management. There have been some media reports round that many PSU insurers are on the block. So how do we look at some of these inorganic opportunities for us, given that the typical ICICI Bank customer will be very different from a PSU bank customer and given that our focus is around ULIPs. The PSU bank's customers are quite different in a way; so how do we see that as strategy going forward?

Management: Are you referring to M&A possibilities?

Atul Mehra: Yes. If you look at the newspaper today, ICICI Pru has been named in one of the deals with PNB MetLife.

Management: We have always said that we will look at M&A possibilities if they are going to make financial sense to us largely from a distribution perspective. From our perspective, we have worked with Indian banks, foreign banks and PSU as well. So whenever these opportunities come, we will look at them from a larger perspective. Secondly in terms of product mix, we have always articulated that we have two different strategies. One on the protection side and secondly on the savings side. On the savings side unit linked business happens to be a lot more than par business because the customer happens to prefer this. We do not force a particular product mix. It is not that we do not have a par product. In fact our par products have been doing pretty well in terms from return perspective. We have the entire suite, whatever the customer chooses to buy, he/she buys. We wouldn't want to enforce a category of savings product on a consumer. Protection is a need whether you are there with either a bank customer or an agent customer or otherwise. We clearly see that there is a lot of under penetration on the protection side, a lot of protection gaps and we will evaluate opportunity as and when they come.

Atul Mehra: Right. Secondly on protection as we are speaking, how do we see the visibility, now that we have had very strong couple of years of growth, so how do we look at the proportions say in the next two, three years down line and consequently the impact on NB margins for us?

Management: The margin expansion for us is essentially around the back of higher protection business secondly if you look at the large protection gap or sum assured to GDP ratio of FY16 or at any macro data protection business looks underpenetrated. So we do not see the opportunity going down in the next couple of years. Over the last year or so we have been saying that the protection business is going to grow at a much faster pace than the saving business given the opportunity, we continue to hold on to that statement.

Atul Mehra: Given that we are having very strong growth in the savings business as well, so can we expect overall margin profile for even the savings business improving quite a bit from the current levels for the next say couple of years?

Management: The savings business margin improvement is going to come from increased persistency as well as more focus on costs. The overall margins are essentially going to be a function of what we are going to do on the protection side. It is also important to see from our perspective that the products are customer centric and they continue to be the same. Also given the nature of the portfolio, we hardly make any profit on account of lapse, at least for the new business that we have been writing. Again in the course of our presentation we talked of the importance of customer centricity in our portfolio.

Mayur Parkeria: Thank you for the opportunity. The question is a little different from a normal financial question. Do we deploy any big data analysis for driving sales into our insurance business? On which segment we do it, or do we do it as formally as we normally hear that technology change is taking place and it is driving the businesses?

Management: We continue to remain invested in data analytics. We have internal Business intelligence unit. But clearly given the advancement of technology and what all that needs to be done, there is a lot more that we can do and we will continue to remain focused on this. Especially on the protection side we do a fair bit of analytics on understanding our own data.

Mayur Parkeria: Sir is there a total spend which you budget as an overall on technology side? We compare companies on the basis of the cost structures and other parameters but as we are looking at more and more companies, even technological spends in the overall financials become an important driver maybe not now but over a period. So when you do the budgeting, is it that you do it as the annual budget for technology spend is let's say X amount and how to get the most value out of it? How do you go about doing the technology part?

Management: We do look at, if you see what we have done on the digitization space over the last few years, we have had a significant impact due to use of technology during our sales processes. But that doesn't mean that we have to really spend a lot. A lot of productivity gains and business growth happens with simplification and using smart solutions rather than focusing on spends as a metric because spends is an input driven stuff rather than an output driven metric. We largely focus on output rather than input, so you may not necessarily see very large technology spends in our balance sheets because of the way we try to manage our technology spends which are looked at more from the overall effectiveness point of view but we do not again shy away from investing if there is a need arises. For us it has to be cost effective and every rupee that we spend needs to be give value.

Management: The entire life insurance industry used to focus earlier on technology with a view to optimizing the transaction processing after issue. What we have tried to do in the last three years, recognizing that over 70% of the costs are actually incurred at the time of selling, is focusing on deploying technology in that part of the process and today that has helped our distributors improve their productivity which can be seen in the average new business per employee and how it has moved over the last three years.

That is all a significant contribution coming through from the technology investments that we have made.

Mayur Parkeria: Okay. One more question from my side was do you do any kind of segmentation of your clients? We are a B2C company. For any B2C large customer-based company, it becomes important. Do we do any age profiling of our customers and do we have data of our existing customer base into age profiles and what is the new business which is coming as per the age? The reason where I am coming from is, savings as a product and even protection as a product, going forward would have to be aligned to the demographics of the nation. Is the new generation more accustomed to take insurance and protection business or is it still people above certain age who are more inclined to take insurance? Have you got any kind of data on age group segmentation and the quantum of the opportunity in a certain segment? Or have you seen any kind of trend in that and do we capture that data?

Management: We do see such patterns coming through as well. We have been trying to develop a very strong analytics capability over the years for a variety of reasons. One is on how do we optimize repeat sales and two, how do we focus analytics including the big data environment on targeting new customers acquisition

Mayur Parkeria: What would be our business below the age of 40 today?

Management: We see it in different segments. For the savings business and the protection business we see slightly different patterns. We see the younger people more amenable to buying protection products today and more concentration of savings product among people around 40 years when more money is available with people So across these lines of business we see different patterns; younger for protection and slightly older for savings.

Mayur Parkeria: Younger would be 25 or is it still 35?

Management: Below 30 as well.

Management: Secondly when we are talking of protection, we are really talking of substitution of income. A 25 year old person, not married, may not need a protection product. First stage when you need protection is marriage, when you have children and going forward and then maybe after certain age you don't need protection because you have earned enough wealth, so there are no more people depending on you. So when we are talking about this segment, it will start somewhere in the late 20s and then go up to somewhere in the 50s on the protection side. Clearly since the premium rates are very different by age, we too have pretty accurate data.

Mayur Parkeria: Okay thanks. That's all from my side.

Hitesh Gulati: My question is on the persistency for the 61^{st} month. As we see it has increased from 28% to 65% for the 8-month period 2017, you mentioned would exclude single premium persistency. Can you just explain on these two lines?

Management: In the 61^{st} month persistency, the big change coming through is because of the change in the product regulation that came in FY2011. Pre-FY2011 the products used to have a lock in for three years; post September 2010 the products have a lock-in of 5 years which determines the 61^{st} month persistency. On the 49^{th} month, once the product regulations changed in September of 2010, for the first 6 or 7 months we had a substantial share of business coming from single premium related products. Now, in the computation of persistency, single premium contracts are treated as fully persistent which creates a kind of distortion in the way the persistency is calculated. That is why we have given an explanatory note that if you actually exclude the single premium what you see is an underlying improvement in persistency from 58.7% to 59.4%. So the underlying persistency continues to improve.

Hitesh Gulati: But just to understand how the 61^{st} month persistency is greater than the 49^{th} month persistency?

Management: That happens because it is not the same pool of policies which is going through this entire cycle. What you see as 13^{th} month today was policy sold a year back. What you are seeing as 72.9% for 25^{th} month was sold 2 years back. So, typically to see the chain cohort, one should read diagonally.

Mayur Parkeria: Have we got any medium term roadmap for the margins on the new business side for slightly longer 3, 5 year horizon?

Management: We have not given any specific guidance on margin trajectory. But we have been managing the business and also been articulating accordingly that we see the protection premium growth as the single largest driver of the growth of margins. From low levels of protection in the last year and half we have been able to build traction which is now getting reflected in protection growth and we have been working on keeping that going. For the savings business, the way we are expecting the profitability to move would be in line with the improvement in persistency and that's been the focus of the company and that's what you will see in the persistency results as well over a period an improvement across all cohorts.

Mayur Parkeria: All these strategies will be based on what kind of targets are we looking at. If it is just a 200-basis point margin improvement, the strategies may differ. Can you give some guidance on protection business or its growth rate for next three years?

Management: No we haven't given any specific guidance on that.

Hitesh Gulati: A follow up from my previous question. The 65% persistency that we see for 8 monthsFY17, will it also have some single premium included as well? Because this is coming from 71.6% which was 49 months in 9 months FY16.

Management: Yes

Hitesh Gulati: If we exclude single premium part from 65%, approximately what will be the number there?

Management: Excluding single premium 61st month persistency is 52.6% in 8MFY2017 compared to 17.0% in 9MFY2016.

Hitesh Gulati: Is this percent sustainable? Because this number looks very high compared to what we have had in the past and also in general what the industry has been looking at for 61st month?

Management: 61st month is just the start of the experience. We should watch it for a few more quarters before we see where it settles down to. But what we are increasingly getting more comfortable about is the early period persistency which is actually quite critical from a profitability perspective.

Hitesh Gulati: Okay thank you.

Prasad Sharda: Thank you for the opportunity. When you calculate persistency do you take into account the protection business? Because if I buy protection one year, I can buy it again next year and the year after that?

Management: In our IPO prospectus, we had given persistency by various product categories and we had shown for protection separately. We do not give that number on an interim basis but we will give it at the end of the year.

Management: But persistency does include protection as well.

Prasad Sharda: Okay thank you.

Moderator: Ladies and gentlemen this concludes the conference call.