

**ICICI Prudential Life Insurance Company Limited**  
**Earnings conference call**  
**Half year ended September 30, 2022 (H1-FY2023)**  
**October 15, 2022**

**N. S. Kannan, Managing Director & CEO:**

Good evening to all of you, and welcome to the results call of ICICI Prudential Life Insurance Company for the half year ended September 30 of financial year 2023. I have several of my senior colleagues with me on the call, Satyan Jambunathan – CFO; Deepak Kinger, who is responsible for Audit, Legal, Risk & Compliance Departments; Manish Kumar, who manages our Investments; Souvik Jash – Appointed Actuary; Dhiren Salian – Deputy CFO; and Dhiraj Chugha from the Investor Relations team.

Let me start by talking about a few developments during the quarter before I move on to our performance:

**First development:** I am pleased to inform you that the members of the Company have approved the item of special business pertaining to the appointment of Mr. Benjamin Bulmer as a Non-Executive Director of the Company, nominated by Prudential Corporation Holding Ltd. with effect from July 27, 2022, in place of Mr. Wilfred Blackburn by way of an ordinary resolution through postal ballot.

**Second development:** I would also like to share that ICRA, a domestic credit rating agency, has reaffirmed the long-term rating for our subordinated debt program as [ICRA] AAA. The outlook on the long-term rating is also stable.

**Third development:** On the regulatory front, in line with IRDA's vision that by the year 2047, which happens to be the centenary year of India's Independence, every Indian should have life cover and every family should have health cover and old age security. On this vision, the Authority has taken several measures with a clear focus on increasing insurance penetration in the country and ease of doing business for companies like us.

I would like to talk about some of these measures. IRDAI formed a regulatory review committee (RRC) comprising 22 members to examine the regulatory framework comprehensively. The RRC has been entrusted with the task of streamlining and recommending simplified regulations which are principles based with the view to enhance the ease of doing business and making the regulatory regime at par with the global standards. Further, the Regulator has proposed the formation of 'Bima Sugam' an all in one digital platform for solicitation, servicing and claims. We believe that this would be a game changer and possibly the UPI movement for the insurance industry. Over time we expect this unified platform to be used by the large number of customers to fulfill all their insurance needs as also by insurers as well as intermediaries in conjunction with other market participants such as insurance repository and also connectivity to external databases and ecosystems.

We welcome the relaxations provided by the Regulator with respect to allowing certain categories of products to be launched through the use and file approach, relaxation of investment norms and ease of documentation for purchase of immediate annuity products. Further, a series of exposure drafts have been released by the Regulator in the areas of distribution, expenses of management, other forms of capital, dematerialization of insurance policies. We believe that these regulatory reforms will structurally and

functionally reform the sector and boost insurance growth and development while enhancing ease of doing business for the insurance industry.

**Fourth development** is about ESG. As briefed earlier, we had adopted the ESG framework in the year 2020. To sharpen our existing Board oversight on ESG, the Board has enhanced the terms of reference of the CSR Committee of the Board to also include oversight of our sustainability agenda. The Committee has accordingly been renamed as Board Sustainability and CSR Committee. As a result, we now have a formal structure with the Board overseeing the ESG matters, the Board Sustainability and CSR Committee focusing on monitoring ESG initiatives and disclosures, and the Executive Sustainability Steering Committee driving the ESG agenda within the organization.

I would like to reaffirm our commitment to create a culture that embraces sustainability. I am also happy to state that we continue to be the best ranked Indian insurer based on reports by major ESG rating agencies.

**I will now move on to the performance of the Company for the quarter:**

Our 4P strategic elements i.e. Premium growth, Protection business growth, Persistency improvement & Productivity enhancement continue to guide us towards our objective of growing the absolute Value of New Business (VNB), while ensuring that our customer is at the core of everything we do.

I will summarize our performance on the 4Ps through slides 5 to 9 of our presentation which is loaded and then conclude with a commentary on VNB. Satyan will then be taking you through the performance in detail.

Let me start with the first P of our strategic elements, which is **Premium Growth**.

Our annualized premium equivalent (APE) grew sequentially by 32% for Q2-FY2023. We ended H1-FY2023 at an APE of ₹ 35.19 billion with a 10% year-on-year growth and the new business premium of ₹ 73.59 billion with a 14% year-on-year growth.

As you can see on slide 6, for H1-FY2023, the contribution to APE from linked products stood at 41%, non-linked savings at 28%, protection at 20%, annuity at 7% and the balance 4% came from group savings. We would like to highlight that this quarter onwards we have started disclosing the distribution mix based on retail APE. The retail distribution mix of the first half of this fiscal APE is 40% from bancassurance channel, 31% from agency channel, 15% from direct business and balance from other partnerships at 14%. Here, our focus is on investment in building existing channels and also widening the distribution to maintain the diversified distribution mix. Further, we believe that the recent exposure draft wherein a corporate agent can tie up with up to 9 insurers instead of 3 now, if implemented, we believe that will provide us a great opportunity to expand our distribution network further.

We believe that our diversification agenda on both the product and the distribution mix is on track, thereby enabling us to manage the impact of external developments and respond to the changing consumer preferences and behavior in an agile manner.

Moving on to the second P of **Protection Business**, which is presented on slide 7.

The total protection APE is at ₹ 7.10 billion in H1-FY2023, resulting in an increase in the protection mix from 17% for FY2022 to 20% for H1-FY2023. Protection APE has continued to grow in both the quarters of FY2023; the growth was 22% on a year-on-year basis in Q1-FY2023, which has accelerated to 35% year-on-year growth in Q2-FY2023, resulting in a 29% year-on-year growth in H1-FY2023. I would like to highlight that based on the total new business sum assured, our market share has increased from 13.4% for FY2022 to 15.7% in H1-FY2023. With this we continue to hold on to our market leadership in terms of new business sum assured in the private sector.

We continue to take a risk calibrated approach to underwriting and our practices are commensurate with the prices offered including emphasizing sourcing of preferred customer profiles. Further, we have been leveraging the opportunity in the group protection business even as we seek to revive the retail protection business.

For third P of **Persistency** presented in slide 8.

We continue to see significant improvement across cohorts. Our 13<sup>th</sup> month persistency ratio has increased by 130 basis points from 84.6% at March 2022 to 85.9% at September 2022. Similarly, our 49<sup>th</sup> month persistency ratio has increased by 200 basis points from 63.4% at March 2022 to 65.4% as of September 2022.

Moving on to the fourth P of **Productivity** which is presented in slide 9.

Our total expenses grew by 20.9% year-on-year for H1-FY2023. The absolute expenses are higher as compared to the same period last year because we have been investing in building for future growth.

Alongside our 4P strategy framework, we continue to maintain a **resilient Balance Sheet** as we have presented in slide 10 of our presentation.

We have evaluated the insurance risks and the emerging mortality experience and this is within our expectation and we will continue to monitor it closely as we go forward as well. We received COVID-19 claims net of reinsurance of ₹ 272 million for H1-FY2023 out of which ₹ 26 million were pertaining to COVID-19 death in H1-FY2023. Thus, we have released the COVID-19 provisions, which we were carrying till the last quarter.

Our solvency ratio continues to be strong at 200.7% as of September 2022 as compared to the regulatory threshold of 150%. Our assets under management (AUM), stood at ₹ 2.4 trillion at September 2022. On credit risk, only 0.3% of our fixed income portfolio is invested in instruments rated below AA, and we continue to maintain a track record of not having a single NPA since inception. Of our total liabilities, non-par guaranteed return

products comprise about 2.8%, while 77.2% liabilities are primarily linked to market performance. We continue to closely monitor our liquidity and ALM positions and we have no issues to report.

Moving on to the **Value of New Business (VNB)**, as a result of the above drivers, the VNB for H1-FY2023 was ₹ 10.92 billion, a growth of 25.1% over the corresponding period last year. Given our APE of ₹ 35.19 billion, the resultant VNB margin was 31.0% for H1-FY2023 as compared to 28.0% for FY2022 and 27.3% in H1-FY2022. While this increase in VNB margin is primarily on account of shift in underlying product mix, we, on our side, continue to focus on growth in absolute VNB.

Before I hand over to Satyan to talk us through some of the details, I would like to mention that we continue to maintain our objective of doubling FY2019, VNB by the end of this financial year which requires a VNB growth rate of around 23% for the whole of this financial year over the last financial year VNB. With a VNB growth of 25.1% for the first half and with a favorable premium base for the coming months from here on, we believe that we are on track to achieve this aspiration. Our primary objective is to outperform the industry on VNB growth over the medium term. Towards this, we believe all necessary levers are available with us. With this I thank you all for joining the call and I am handing over the call to Satyan to take us through the performance of the Company in detail.

**Satyan Jambunathan, CFO:**

Thank you, Kannan. Good evening. Our primary focus continues to be to grow the absolute Value of New Business through the 4P strategy of Premium growth, Protection business growth, Persistency improvement and Productivity enhancement.

On the first element of **Premium growth**: We continue to leverage on our innovative and comprehensive suite of products, distribution strength, robust technology and strong risk management architecture. We have recently launched ICICI Pru Sukh Samruddhi, a participating savings product to enhance our offering in the category. Coming to product performance on slide 15, you will note that we have registered a strong growth in the non-linked savings, protection and annuity segments, which have contributed to our APE growth of 10% year-on-year for H1-FY2023. With an APE of ₹ 2.33 billion and a 69% year-on-year growth in H1-FY2023, we were one of the largest pension and annuity providers in the market. The protection and annuity business now contribute approximately 50% of the total new business received premium. Our focus has been to sustain growth in the annuity line of business by driving synergy between our company and our subsidiary, ICICI Prudential Pension Fund Management Company (PFM). The AUM managed by the PFM has increased by 36% over September 2021 to ₹ 132.44 billion at September 2022. The PFM has a market share of 14.8% in the private sector AUM at September 30, 2022.

Moving on to distribution on slide 17, a well-diversified distribution, selling comprehensive products suited to customer needs has been our goal. Strengthening the existing network and widening distribution with new partnerships has been one of our key focus areas. During the half year ended September 2022, we have added over 15,000

new agents, 3 new banks, and 44 non-bank partnerships. As we stand today, we also leverage more than 13,000 branch network of our partners for the distribution of our insurance products.

Coming to the performance of these distribution channels on slide 18, you will note that we have witnessed growth across most channels.

The second element of **Protection growth** on slide 20, with an APE of ₹ 7.10 billion, the protection segment saw a growth of 29.1% over H1-FY2022. In this segment, we continue to take advantage of the opportunity available in the group business, specifically on group credit life products. We continue to witness significant demand for the group protection products, especially now with the pricing recalibrated closer to the pre-COVID-19 levels.

The retail protection growth, though challenged on a year-on-year basis, has broadly stabilized on a sequential basis. We have also been encouraging rider attachment on our savings products and term products.

The term product with return of premium that we had launched last year continues to contribute about 15% to 20% of the retail protection portfolio. This is a category creation exercise which we believe will take time to develop.

With all these initiatives, our total new business sum assured stood at ₹ 4.8 trillion for H1-FY2023, a growth of 42.3% year-on-year. We have retained market leadership in the private market space with a sum assured market share of 15.7% in H1-FY2023.

The third element of **Persistency** on slide 22, we continue to have a strong focus on improving the quality of business and customer retention which is reflected across all cohorts. There has been a significant improvement across all cohorts in the last one year with the 13<sup>th</sup> month and 49<sup>th</sup> month persistency ratios improving to 85.9% and 65.4% respectively at September 2022.

The fourth element of **Productivity** on slide 24, our overall cost to total weighted received premium (TWRP) ratio stood at 21.6% and the cost to TWRP ratio for the savings business at 14.4% and the cost to average AUM at 2.2% for H1-FY2023. During the COVID-19 affected year, we had curtailed some of our discretionary expenses. This year we have started to see a normalization of such spends. In addition, we are also investing in building blocks to enable future sustainable growth.

In any case under the Indian Embedded Value principles, VNB is computed after considering all expenses during the year.

For increased productivity, we continue to invest in technology, which is central to our strategy, thereby aiding us to provide better value to our customers. Specifically, on slide 40, we have detailed some of the key initiatives undertaken in H1-FY2023. We are happy to report that we are now a financial information user and a financial information provider in the account aggregator ecosystem. We believe this will ease the entire

documentation and verification process for customers going forward. The usage of data excellence at every phase of our customer journey has also been detailed on slide 41.

The outcome of our focus on these 4P that you may see on slide 25, has resulted in the VNB of ₹ 10.92 billion for H1-FY2023, a growth of 25.1% over H1-FY2022. Given our APE of ₹ 35.19 billion, the resultant VNB margin was 31.0% for H1-FY2023 as compared to 27.3% in H1-FY2022 and 28.0% in FY2022. While this increase in VNB is primarily on account of shift in underlying product mix, we continue to focus on absolute VNB growth, which is our stated objective. As the product mix evolves over the rest of the year, the VNB margin is expected to move in line with the underlying product mix.

Coming to the financial metrics, our profit after tax for H1-FY2023 was ₹ 3.55 billion compared to ₹ 2.59 billion in H1-FY2022, primarily on account of significantly lower COVID-19 claims.

Our Value of Inforce business (VIF) grew by 16.4% year-on-year and stood at ₹ 247.97 billion at September 2022. The adjusted net worth reflects the mark-to-market impact on the investment portfolio. The embedded value grew by 8.1% and stood at ₹ 326.48 billion at September 2022.

To summarize, we continue to monitor ourselves under 4P framework of Premium growth, Protection business growth, Persistency improvement and Productivity enhancement. Our performance on these dimensions is what we expect to feed into our objective of doubling the FY2019 VNB in this financial year and VNB growth over time.

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

### Questions and Answers

**Swarnabha Mukherjee:** Couple of questions, first one on the return on premium (ROP) product. So, I was looking at the run rate since the last three quarters when the product has been launched, the run rate remains fairly same across quarters in the absolute number. I understand that Quarter 4 was, of course, a very small period in which the product was launched. Now, I wanted to understand, as you mentioned, it's a category creation exercise and it will take time. But if you could throw some colour on what are the efforts that are being put in and is there any kind of challenges that you were seeing, maybe from the channel side or maybe from what the customer is asking for in the product? And whether if there is any supply-side issue also in this like we have seen in the retail protection side?

**Satyan Jambunathan:** So, you're right, it has been consistent at 15% to 20% over the past three quarters since we have launched it. And as you mentioned, it is a category creation. The point really is that the customer segment, which is choosing this product, is a more mass-oriented customer segment and therefore, for this to continue growing, it will have to be based on a suitable distribution customer segment match. Typically, distribution channels, which have a strength in more mass-oriented customers, such as Agency or Small Finance Bank and some other distribution partners who have access to

that customer segment are what will popularize this. We don't see any supply-side issues in this. These products are priced with an appropriate level of mortality and therefore, I don't expect that to be a challenge. I think it is contributing meaningfully even now. In that, we are not out of line with the rest of the market with the exception of one company. I do think that it will take a period of time before it becomes a larger mix, but we are quite happy with the way that this business is progressing.

**N. S. Kannan:** Just to add to that, I would only say that we would be more focused on growing the retail protection side together and we are quite happy if ROP continues to stay at 15% to 20%. But we are quite okay with that outcome. The focus is more on growing the entire pie rather than focusing on ROP or non-ROP.

**Swarnabha Mukherjee:** Any comment on the pure term side, what are you seeing? And should we expect any growth and any movement this year?

**N. S. Kannan:** On the retail protection, so year-on-year basis, you would have seen that it is challenged because overall numbers are also still declined on retail protection. Of course, we give out the numbers only by the end of the year in terms of split between retail and group. But I can say that year-on-year decline has been coming down on retail protection. That's one trend I can point out towards and the second trend is that on a sequential basis, when I look, it has been stable. So, that are the two trends I can tell you.

Demand side, we are not seeing any lack of demand. Demand continues to be stable for these products and if I really look at the underwriting side, the processes have stabilized, and the pricing has also stabilized. So, those are the indications I can give you in terms of sequential stabilization, stabilization of processes and stabilization of pricing and that is what we are seeing with a lot of positive outlook in this segment as we move forward. Now if you look at the customer protection from a demand perspective, why I say that the demand is intact is because we are seeing a rider attachment increase. If I look at the ULIP, the rider attachment has gone up to about 45% plus in the recent month. If you look at the rider attachment in term, that has also gone up. So, these are the things which give me an indication that the protection demand is quite intact amongst the consumers.

Now to answer your question on when it will really look up. I think the growth will come back in the second half of the year. That is what we believe because when you look at the last year, in the second half things had started flattening and it actually started coming down. Slowly, we are clawing our way back in terms of a sequential stabilization now and slowly a sequential improvement, which in the second half we are hoping that will result in the year-on-year growth also. This is the colour I can give you on pure term on the retail side.

On the other side, pure term on the group side, that is growing quite well. Yes, there have been some news reports about the pricing and all that. But we believe that the employer, employee, and other groups do have a lot of need for the group term cover. There's a continuous movement towards increasing the employee coverage or the coverage per employee, and we are one of the leaders when it comes to this segment. So, that is also helping us to continue to show a robust growth on the group segment as well. So, this is



the colour I can give you. So, the sense is that by the time when you see any plateau on the group side, the retail would have got stabilized and that will come to help us on the growth of overall protection.

**Swarnabha Mukherjee:** A couple of quick questions on the channel side. First, on the non-ICICI banks. So, that segment has been growing very strongly. If you could give some details on what would be the product mix difference between a non-ICICI bank and ICICI Bank for us to gauge how this growth can pan out going ahead?

**N. S. Kannan:** Yes. If you really look at ICICI Bank first, as we have always told you, from a customer franchise perspective, they have not been selling any non-linked products in the savings side. So, that strategy sort of continues. So, the focus of the channel on ICICI Bank, just to give you a colour, continues to be on protection and of course, given that in general, we have seen the supply side constraints on protection as same as ICICI Bank and the rest of the channels as well, same as in the industry as well, given that it has been a bit slow. But given that the environment is improving and as I said earlier, things have been stabilizing on the retail protection, we should expect the growth to happen in ICICI Bank protection.

On annuity, ICICI Bank continues to drive growth. On linked, given the environment and the market conditions, that has been a decline in ICICI Bank and because they don't sell any traditional products to offset the decline in the ULIP. So, this is as far as ICICI Bank is concerned. But we are happy to look at protection and annuity as two key segments for growth in ICICI Bank.

Now, you talked about the other banks. So, wherever we have tied up with banks in the last couple of years, we continue to see momentum in those banks and those banks are very much focused on the fee income rising out of insurance. That is something we are leveraging as well. So that part is moving and you have seen in our retail distribution, other banks (i.e. banks other than ICICI) contributing to about 17% of our business. So, that itself is testimony to how things have been moving on the non-banks and we have added 3 more bank partners. Of course, these are all cooperative and small banks. Then, as I said, in my opening remarks, the exposure draft, IRDAI says that corporate agent can tie up with up to 9 life insurers instead of 3. I see it as a great opportunity because we are used to not just working with ICICI Bank, but also working with 30 banks now. So, that it should give us a good entry with this new opportunity and that is something in a focused manner we will be doing.

Now you asked about the products in other than ICICI Bank segment. We have really left it to the partners. If you really ask me, some of the smaller banks really ask us to do only traditional products and not so much on unit-linked products and that is something we are happy to give to them. If you look at the agency side, Agency also used to be skewed 4 years back towards ULIP. But Agency now is becoming something like a 1/3<sup>rd</sup> traditional, 1/3<sup>rd</sup> protection and annuity and 1/3<sup>rd</sup> other products and we believe that it is the right match. Because the kind of the customer segments they cater to, there would be a lot of mass and mass-affluent kind of segments where this kind of a product mix is probably a better mix compared to a highly skewed ULIP product mix. So, to answer your

question, yes, channel by channel, we do have the mix which we have left it to the respective bank partners or the other partners and we will take the outcome as it comes. That has been our approach.

For example, if you look at our slide 17, we have talked about what has been our strategy in each of the segments. If you look at the agency as an example, their protection and annuity is 31%, non-linked saving is 35% and linked is 34%. So, if you look at the bancassurance, protection and annuity mix is 42%. And then partnership distribution which is corporate agents and brokers, we have products in the protection and annuity mix of 28% and non-linked savings of 61%. So, these are all the outcomes based on the customer segments the channels are catering to and the channel preferences. And we have come to a situation today as a Company that we have a 40% ULIP and 20% protection and the balance contributing traditional and other product. But we are completely neutral, and we are very happy to cater to the customer and the channel requirements in terms of product mix.

**Avinash Singh:** Going to the accounting profit of surplus variances, I would just need your help. If I am looking Y-o-Y for the quarter, the variance has come in three parts. Shareholder accounts understood how the market was, so realized gains, I understand. Non-par life, again, because you have seen a strong growth, so of course, there will be a strain or we can have a negative surplus also. Another big thing that is in the non-par annuity surplus, now for the last two quarters is negative, I understand. If you can help me, why it was at a big positive number last year in the same quarter? So, why there's such a swing when it comes to surplus in your annuity Y-o-Y basis because that is the thing that is driving kind of the Y-o-Y surplus lower. So, if you can help me with that process.

**Satyan Jambunathan:** So the strain under the annuity portfolio is a function of mix between single pay and regular pay and also a function of the tenure of the deferral period for annuity. So, for every period, the annuity strain need not be the same. We recently launched a regular pay deferred annuity, which is much longer term. So, the strain profile for the annuity business this year is definitely different from what it was in the past years.

**Avinash Singh:** Last year, annuity business was a big positive number, that generated surplus. Was something back based on mortality or something? I mean just I am trying to understand because last year it was like ₹ 100 crore.

**Satyan Jambunathan:** No not mortality. Last year, in the same period, there may also have been some realized investment income on the fixed-income portfolio that may have caused it. But otherwise, there is nothing unusual that is happening in those portfolios. It's really a function of the underlying mix of what we are selling.

**Avinash Singh:** In the annual report, the details of your hedging is disclosed. On an incremental basis, in the first half from March 2022 to now, what would have been the MTM movement in your FRA and what that impact on your solvency and net worth, if you can help me.

**Satyan Jambunathan:** MTM on FRA has had no impact on solvency because in aggregate the equity portfolio plus the FRA portfolio MTM is net positive. So, there is no impact on solvency. You can't take credit for positive. Only if it is in aggregate negative, will you take a hit from a solvency point of view. So, there is no impact. In fact, the MTM has come down quite sharply at the end of this quarter than it was at the end of the last quarter. Those numbers are not specifically publicly disclosed, but I can confirm no adverse or positive impact on solvency and MTM impact is substantially lower now than it has been at the end of the last two quarters.

**Avinash Singh:** I mean your equity MTM and FRA hedging MTM, both put together, if they are negative, then only you have a hit on solvency, I mean, of course, you cannot take equity. So, if you have some negative on FRA and some positive on equity, I mean they kind of cancel each other, okay?

**Satyan Jambunathan:** That is correct.

**Avinash Singh:** Lastly, I mean, again, this is a very, very minor thing. Based on kind of a negative in your revaluation reserve in the property side, is it because of some sale or like certain investor property has come down?

**Satyan Jambunathan:** Sorry, you're talking about negative on?

**Avinash Singh:** No. If I look at sequentially, your revaluation reserve in property has come down slightly, of course, a very minor number, but typically I think. So, is it some kind of sale of property or is it like a usual revaluation?

**Satyan Jambunathan:** No, it's just a usual revaluation. We get it done once a year. You won't have any change in this period. You would have had it at the end of last year. This period, the only thing that would have happened on property would be that we moved one piece of a property from the par pension fund to par life fund. So, to that extent, it may be sitting in a different place, but there is no revaluation which has happened this quarter. That typically happens only at 31<sup>st</sup> March.

**Shreya Shivani:** I just wanted a clarification on the three new bank partners you have added. Just a bit of an understanding on how many bank partners do you look to add? These new bank partners, I just heard they are small banks, I believe. Are you like the #1, #2, #3 insurer for them? So, some more flavor around these new bank partners is my first question. And my second question is any APE guidance that you have for the full year of this year?

**Satyan Jambunathan:** These three partners actually got added in the first quarter. So, they are in the first half year. In this quarter, we haven't added anybody new. These are very small, so it doesn't really matter whether how much share of shop we have. But the point really is that all of these partners put together now are building into a reasonable scale and I think that's the more important part that we tend to focus on with now 17% of the retail APE coming from the non-primary bank partnership that we have developed.

So, to that extent, these are not big. Let's see going forward, whether we are able to get more or not.

Without an objective, we would like as many as people would like to have us. But it's really a long gestation period. We keep working and pitching with various potential bank partners to establish our credentials and if it comes to, it should be positive.

APE guidance for the year, we have not given any APE guidance. We are still holding on to our expectation of the 23% VNB growth. We have said this in the past, once upon a time, we would have to depend on a 20% APE growth to get to that VNB growth. But now the degrees of freedom are many more given the diversification in products. So, even if the APE growth is either faster than what it was for H1 or even a little slower than what it was for H1, we still feel that we have a fair shot at getting to the objective.

**Sanketh Godha:** Just wanted to check that non-ICICI Bank growth which was very strong around 6% to 7% in the first quarter, I assume it should be of a low base in the previous quarter, but it seems to have moderated a bit to 30% in second quarter, though the H1 numbers look pretty strong, but second quarter is extremely little moderating and it is converging closer to the overall APE growth of the company. And if I look at similarly to the other channels like agency and direct, they also have not done that well relatively given the partnership channels have done well. Sir, just wanted to understand anything to read why non-ICICI Bank channels have not grown to the expectation or again the same point that the market share potentially which we had a low hanging fruit we have reached it and incremental is more a channel growth?

**Satyan Jambunathan:** The way I would look at it is this. I will maybe talk about the Agency and Direct first before I get there. Agency had a very strong base in Q2 of last year and some of that is what we are seeing come through as a base effect. Also, in Agency, you would have noticed that 1/3 of the business is unit linked. To the extent that unit linked has been a bit more of a struggle in the current quarter that is an impact which has happened. As we get to the next two quarters, typically both December and March tend to be fairly peak period for agency. So, we have no concerns about the trajectory for growth for agency into the next two quarters.

Direct-to-customer for us is predominantly the upsell channel executed by our proprietary sales force. Now, this is executed on existing customers. Given that our existing customers are predominantly unit-linked oriented, this channel has seen the same impact that we have seen for the unit-linked category as a whole and that's why for the quarter, it was relatively slow. As we go into the next two quarters, we think that should again help correct over a period of time. So, again, from a Direct point of view, while the number does seem modest, we are not concerned in any material fashion about the trajectory. Banks, other than ICICI Bank, from a 70% - 80% growth in the past, I would hesitate to say that it will not moderate; that it will moderate. But those are periods of time that will happen. I don't think one should read too much into what happens in a month or what happens in a quarter. This is a channel which has been growing at a fairly robust pace and if you look at even the wider industry context, this is a segment which has been doing as well as the rest of the industry as well.

So, from a growth point of view, I would actually say that the base effect is going to be an important determinant through these quarters. Like Kannan mentioned in his opening comments, Q2 last year was a Y-o-Y 35% growth and eventually, Q3 and Q4 last year were 16% and 4% growth that should be a slightly more benign base when we look at potential growth into the future. So, yes, we will always have periods of improving growth or decreasing growth, but I am not so sure that we can live our life based on what happens on a month-on-month basis.

**Sanketh Godha:** Just to understand that if I look at our 61<sup>st</sup> month persistency compared to FY2022, it has improved very sharply from 54%, it is almost 61%, so which means to some extent, can we assume that we have a lever given this is a structural improvement in the persistency after 5 years of completion. Is that a lever substantially available from the full-year point of view to further expand the margin?

**Satyan Jambunathan:** Yes. It may well be a lever when we get to the end of the year, but we would like to assess it when we get there.

**Sanketh Godha:** If you can quantify the MTM impact or negative economic variance number on the embedded value in the H1 number since July given the impact on the networth seems to be around ₹ 509 crore. Just on embedded value, how much it could be?

**Satyan Jambunathan:** We have not disclosed that specifically. We will have to wait for the full year before we disclose all the breakup of movement in Embedded Value. I can only reiterate that the Value of Inforce has continued to see a very strong growth at 16.5% year-on-year.

**Ansuman Deb:** One of my question was regarding that persistency part. So, we have seen a very sharp increase. And it could be because of a little bit of lower ULIPs. But regarding our base case assumptions, is there a chance for a positive release in the year-end? That would be my first question.

**Satyan Jambunathan:** That's what I confirmed in response to Sanketh's question as well. It may well be the case. We will see where it gets to. Right now, I am not getting into an explanation of what is causing this. Whatever is the cost of improvement, I will take it happily.

**Ansuman Deb:** The second question is more of a thought process in the sense when we started this journey of doubling the VNB, we had a very high protection growth trajectory. And as we moved ahead and as you rightly said, we have a great shot of kind of meeting that objective, it has been more toward savings. So, if you could just tell us in terms of the strategy of the company, has it absolutely remained same in terms of like as per whatever the customer demand is or we have done certain special strengths or objectives in meeting savings kind of a business because we have now a significant portfolio in terms of savings, which has given us a good VNB growth.

**Satyan Jambunathan:** What we had articulated then was that protection and annuity would be very significant engines for us to grow our VNB. That has not changed at all and I don't think protection growth has slowed down. If we just look at this year, first quarter protection growth was 22%. Second quarter protection growth was 35%. So, I know we all get very caught up about retail protection and in that, we miss the fact that the protection business growth has actually not moderated. I think most companies across the world would give an arm and a leg to get a 30% growth in protection over a half-year period. So, to that extent, absolutely no discomfort with the way the product is moving. What we have added to our armory that we did not have five years back is what you mentioned, a wider product suite. Now the benefit of the wider product suite is that it helps us reach many more customers and improve opportunity. So, the purpose of widening the product suite was not about improving margins. It was about adding more to growth. It was about getting more customer opportunity that were not choosing the product categories that we were present in earlier. So, strategically, nothing has changed. Protection and annuity are very core elements in our VNB growth. Savings, whatever is the need of the customer, we are happy to offer. But whatever we offer on savings, risk will be a very big filter. Unhedged market risk is not something that we would want to take on our balance sheet.

**Dipanjan Ghosh:** Following up on some of the points which have been discussed in the call. On your non-ICICI Bank bancassurance channel, could you give some colour on the counter share that you maintained out there? Or in other words, are you growing faster than the channel from a larger non-ICICI Bank partner? And my second question is on similar lines, you mentioned that the proposed circular by IRDAI to expand open architecture and bancassurance channels is available for the Company because you get to tie up or you have a chance to tie up with some of the other banca partners. But if you go back and see the history of the events that happened after the first open architecture, there is also a chance of some of the smaller players yet to enter the channels or the core channels like the ICICI Bank where you have been growing at a faster pace today. So, how do you kind of think of from that perspective also maybe 4-5 years down the line given that some of the smaller players also have a relatively diversified product bouquet today compared to let us say what they were having three to four years back. So, those are the two questions.

**Satyan Jambunathan:** On other bank partnerships, at least what we are seeing is we are more than proportionately contributing to the growth of their business. The objective that we are focusing on is to expand the pie for them and that eventually is resulting and will continue to result in an increasing share of shop, but our objective is about growing the pie for them. So, to that extent, we are very comfortable with the progress and we will continue to work on it. With respect to an open architecture ecosystem, I think eventually, every bank will have to make the decision on what they are comfortable with, whether they want to stay with one, stay with three, expand to five, go all the way to nine or whatever else that the regulation may permit. We expect the regulation to be permissive but not mandating and therefore, to that extent, even if it means in some of the partnerships where we are one of three, if somebody else enters, we would like to think that our brand is still significant enough, our product width is still good enough, and

our technology capability is still strong enough for us to maintain our position. And to the extent that some of the banks which may have lesser number of partners or not opened up, if it gives us an opportunity, we would be happy to take it. But like I said, it does not in any way establish that currently partners who are only distributing for one insurance company such as an SBI Life for SBI or a Kotak or an ICICI Bank will move from one to multi. That is a decision they have to take over a period of time. We don't think there is anything given about what that outcome will be. On balance, we see the opening up to be more positive to us than adverse.

**Dipanjan Ghosh:** We have seen some of the banks increase their term deposit rates over the past, let's say, one month to two months in a very aggressive manner and assuming rate growth continues to remain at levels they are, probably we can expect to see some amount of the faster translation of the repo rate hike to the overall term deposit rate. On that pretext, do you see some of the guaranteed return products across the industry seeing some amount of pressure on incremental growth out there into the next calendar year?

**Satyan Jambunathan:** At one level, I know we all tend to compare bank deposits with guaranteed return product. But all said and done, the products are chalk and cheese. Bank deposits, 75%-80% of bank deposits are for a tenure of up to three years. All insurance products are five years plus. We have life cover, which makes it very different and overall, when I look at the banking system flows, we are but a small part of it. And if indeed it was so fungible, in the last two years, insurance companies should have been growing at 50% per annum. I don't think that's quite what has happened. So, yes, at a conceptual level, it seems substitutive. I don't think in actual buying behavior, it is as closely reflected.

From our point of view, what's important is that as long as we reflect available yields and as long as people see value in the product, whether adjusted for tax or otherwise, that will keep the demand for the product alive. In case, we start seeing a change or a shift in the cycle from high interest rates to lower interest rates, we may well see a shift in product mix from non-par to par and that's something that we would be very comfortable with. I don't think that would be a problem at all from our point of view. So, we wouldn't get too caught up. I don't think an opportunity is created by a product. An opportunity is actually created by a customer opportunity. A product is only a way to leverage that opportunity. So, beyond a point, we wouldn't worry too much about this relativity.

**Neeraj Toshniwal:** I wanted to clarify on the group protection pricing recalibration. So, has this been totally accounted for or we may see some impact coming in the subsequent quarters so that the growth might actually take an impact from the same?

**Satyan Jambunathan:** Group protection renewal now we are seeing pricing which is at pre-pandemic level. So, every scheme that gets renewed, I would expect at least over the next three months or so assuming that nothing else happens on the pandemic side, will be at a lower pricing like pre-pandemic. This has already been the case for the past three

months or so. What you're seeing as growth for the quarter is despite or after the change in price that has happened on group term.

**Neeraj Toshniwal:** So, we have added the new partners or you were able to add at the mid-level corporates as well because earlier the focus was only larger corporates I understand in terms of pandemic.

**Satyan Jambunathan:** You are right. That is what we had said we want to target, and we are doing that, and that is working well so far.

**Neeraj Toshniwal:** In terms of understanding, just to mention that we might see a shift of product from non-par guaranteed products towards par and we have recently launched product towards par as well probably thinking on the same lines. So, I wanted to understand the margin trajectory or the absolute VNB. I understand you have already given guidance in FY2023. But beyond that, could it become a linear or even because par, I understand would be a much lower margin compared to non-par. How should one think about it in terms of aggregate margin profiling?

**Satyan Jambunathan:** The way we tend to look at it is there is an overall savings portfolio margin, which will be driven by a combination of linked mix, par mix & non-par mix. At any point of time, amongst these, you will see some shift in mix. I don't think we can stand up and say that the mix is going to be stable at exactly some level over a period of time. The point that we are making very simply is that we are happy to take whatever is the margin outcome. Our approach is more on absolute VNB and in a way, the more pronounced impact on margin will not be about par, non-par, it will be about protection, annuities versus other parts of savings. So, there will always be pluses and minuses. We are not, at this stage, seeing anything to suggest downside risk to margin. We think there should be stability. If at all we would expect there to be a positive bias over a period of time, given the fact that retail protection may come back. Once retail protection comes back within protection itself, the portfolio margin can improve. Second, the mix itself of protection can improve. Third, persistency in delivery can translate into some amount of margin improvement and fourth, over a period of time, expenses also will contribute. So, while there are possibilities of positives and negatives, on balance, we think there is the chance of a positive bias overall over the medium term with respect to margins.

**Neeraj Toshniwal:** Just on protection, I understand some relatively smaller competitors, entities or players are actually picking up in terms of lowering the retail protection pricing and the market share gains have been happening at that side. How do you think about it? And how sustainable is it? And whether it is impacting demand or actually there is a shift between some share from the larger players to relatively smaller players?

**Satyan Jambunathan:** I would only point you to what we showed on the slide with respect to new business sum assured market share, where we have actually gained market share from 13.2% to 15.7%. I am not really seeing any small player gaining in any fashion. There are one or two midsized players who are putting in more focus and that is bound to happen. That's the way the business will operate. But I am not seeing that diluting our position in any way or creating a loss in market position for us.



**Jayant Kharote:** Between group term and credit life, which segment has grown faster in this quarter?

**Satyan Jambunathan:** We have not given the breakup in business between the two. What I can, however, say that both have grown quite strongly.

**Jayant Kharote:** Last quarter, you had given an indication that VNB growth will be in line with the industry probably going ahead. Where do you see that number settling at? And is there any number in your mind?

**Satyan Jambunathan:** We had said that in the context of life beyond FY2023. But that is something, again, we have not given any number guidance with respect to what it can be. We'll see at the end of the year, whether we are wanting to do that. But as of now, we are not giving any number guidance beyond FY2023.

**Jayant Kharote:** On the EV sensitivity to interest rates, have you seen that move up in the first half? Just a calculated economic variance seems to be slightly higher? So, directionally, is that number moving up?

**Satyan Jambunathan:** We disclose sensitivities only at the end of the year. So, at the end of this year, you will be able to see it.

**Prateek Poddar:** Looking beyond FY2023. See, in the last 18 months, we have had benefits of good pricing on the group term side, and we have had a wider product suite as well as a better distribution access to other banca partners. Now going into FY2024, maybe medium term, if you can talk about what will drive growth for you on the APE side? Not on the margin side, you have explained that anyway. But maybe on the APE side beyond FY2023, what will be the real growth guidance?

**N. S. Kannan:** If I really look at from a channel perspective, I already talked about a little bit of opening up, which was likely to happen from IRDAI perspective in terms of adding more insurance partners by banks. Here, I do believe that as a Company, over a period of time, we have been able to get this whole alliance proposition growing quite strongly. That's the reason why we see 30 bank partners, primarily as a banca promoted company, I mean this is quite unique, I would suggest. So, that, given those experience and ability to tie up, I think the widening of bancassurance itself could be one big platform where we would like to grow. I am not saying that all the banks will jump into adding some nine insurance players, I am not suggesting that. But I do believe that wherever the growth momentum for the existing players are not happening, we can make a meaningful proposition to them to say that at least add us as the fourth player. I think that is going to be inherent part of our strategy going forward.

Second, on Agency, that is an area where I do believe that we have done significant investments, including manpower, addition of agents in the last year and as you know, the business lags the investments in Agency because they have to come up to full productivity. So, if you do that, hopefully, Agency will grow from here on. It has been a bit of up and down depending on the base effect. But otherwise, on a secular basis, we

do see Agency contributing much more than what it is doing today. So, that is the second channel. The third one is direct to consumers. This is an area where we do believe that we can make a huge difference. On one side, you have seen IRDAI talk about Bima Sugam. On the other side, we do have our own assisted online channels and direct online channels, which are already contributing about 15% of our retail APE and given the kind of customer base we have today, we do believe that there's a huge opportunity to go direct in terms of upsell and cross-sell.

So, widening of bancassurance partners, increase in the agency share further and increasing the D2C share, I think this will be the medium-term growth drivers beyond 2023. This is how we have sized up our own strategy. So, if I have to really look at long term, I would definitely expect the Agency to contribute at least 1/3 of our APE. That is broadly the direction in which we will grow with banca continuing to stabilize and the other direct to consumer channel contributing much more than what they are doing today. Directionally, this is where the Company will be growing in terms of the growth drivers on the channel side.

On the product side, now we have become completely neutral to customer and the channel preference on the product side. We are no more skewed to any particular product line nor we have any preference to a particular product line. We will just completely leave it to the emerging environment, market environment, or consumer preferences or channel preferences, we are happy to take the outcome. That is where we have positioned on the product side. So, these would be the approach beyond 2023.

**Prateek Poddar:** Just wanted to check, you talked about the IRDAI adding more Banca partners. From a marginal utility perspective if a bank already has three partners, adding more, does it make sense for them in your view?

**N. S. Kannan:** Yes. So, let me answer first. To me, when we discuss internally, it doesn't make any sense for banks to go up to nine at all. So, let me throw out they are adding nine because a lot of chaos will be there on the shop floors and that is not going to be something which is useful either to insurance companies or to the banks. But on the other side, if you're looking at three becoming four or three becoming five that will really be a case-to-case basis.

For example, if some bank has got already three partners and, let's say, the momentum is not happening with one or two partners, that is where I meaningfully see a play in terms of going and presenting to them, showing them the numbers. I am sure what we have done with other 29 bank partners and ICICI Bank as well, and then show it to them and make a pitch to say that maybe they would benefit a lot by adding a fourth or fifth. I see a play only there. I mean not really on a mass basis people adding and our getting into every bank, I am not seeing that kind of a play. I am just being practical about this.

**Shyam Srinivasan:** Just on the exposure draft, one on expenses of management, one on payment of commission, what are your initial thoughts? I know these are still exposure drafts. But is it going to benefit bigger players like you vis-a-vis smaller, could it lead to

consolidation? Just your overall thoughts of the industry and what is your micro story there on both those exposure draft?

**N. S. Kannan:** Overall thoughts, we believe that any such reform-oriented approach is very good. We welcome it completely because this also helps us to structure the payments the way we want to get the best outcome rather than talking about some segmental basis or a micro-management of what to pay here or what to pay there. That sort of gets completely overwritten by an overall limit. So, that is a lot of operational flexibility from our perspective. Second, yes, of course, larger players like us will welcome it because it's really beneficial to companies with good expense ratio like us because if you look at our expense ratio, it will be probably top two in the industry in terms of expense ratio. So, naturally, it is beneficial to players like us. So, those are my initial thoughts. Of course, at what level the expenses stabilize or commissions stabilize, that we will have to see based on the competitive dynamics. But definitely, the flexibility and the efficiency, the current stage we are in, it is beneficial to us.

**Shyam Srinivasan:** We have started seeing supply from a reinsurance perspective come back now, now that COVID-19 has gone. And any chances that we will see very high price hikes you think like last year from them or you think it's a little bit more nominal?

**Satyan Jambunathan:** The way I would look at it, is to say that given our balance sheet capacity, current solvency, expected increase in sub-debt limits and expected shift to risk based capital, I would be perfectly happy even retaining more on my balance sheet if there is not adequate capacity from a reinsurance point of view. So, at least to participants in the market like us, it doesn't matter too much beyond a point what is reinsurance capacity. What is important is, what is the price at which we are getting reinsurance in the context of the experience that we are seeing and over there, at least our experience, we are very comfortable that experience in the context of our pricing is consistent. So, we are happy to retain more. We will see where it goes, not really too concerned about capacity from where we are.

**Shyam Srinivasan:** The last data point if I may try I think you called out guaranteed income contribution to APE in previous quarter. Is it like still around the 20% number or it's gone higher than that?

**Satyan Jambunathan:** I don't remember calling out guaranteed return products.

**Shyam Srinivasan:** I believe there is a 20% number, that we had actually called out in 4Q, and maybe my memory is wrong, 20% of APE.

**Satyan Jambunathan:** I don't know. We haven't publicly disclosed it.

**Nischint Chawathe:** This is one of the news articles a couple of days back about GST input tax credit where I guess there was some investigation on the insurance industry. Just on behalf of the industry, can you kind of help us understand what really happened? And does it mean that you need to make any payouts right now or probably make any provisions up there?

**Satyan Jambunathan:** You are right, this is an inquiry that is being carried out with respect to the entire industry. The context of the inquiry is about certain expenses and how GST input credit has been availed on that. As far as I understand, the entire industry and we are continuing to provide data and co-operation to the authorities as they are seeking. They will have to go through their process and assess whether whatever evidence we have of the activities that are carried out are suitable or not. We will wait for that process to conclude and if necessary, afterwards, it may move into litigation. In order of magnitude or what it could be or even whether there will be any impact, I think it is too premature to call because right now, it is a data gathering exercise by the authorities.

**Nischint Chawathe:** But have you paid anything right now to the authorities or provided for anything in the P&L?

**Satyan Jambunathan:** We haven't spoken about any payments. But generally, whenever there is tax-related litigation or inquiry, and this is true in litigation as well, expectation is to deposit some proportion of the disputed amount upfront and then continue with the litigation and eventually, the decision of adjudication will decide whether it goes in our favor or not, in which case if it goes in our favor, we get a refund of whatever we deposited.

**Nischint Chawathe:** If you are making an advance payment, this kind of has some implication on the P&L?

**Satyan Jambunathan:** It doesn't. Advance payment has no implication. Only when there is a substantive action does any implication on P&L even get considered.

**Nischint Chawathe:** You will probably from a P&L point of view consider this is as an advance payment?

**Satyan Jambunathan:** That is correct.

**Manish Gupta:** What I wanted to understand is that the way we measure our progress is doubling of VNB between FY2019 and FY2023. Now, typically in other categories in insurance, what we see is that the experience of people in group term has been very poor. So, for example, if we see health insurance, the combined ratio in group policies is well over 100, meaning it's a loss making proposition. Now, my question to you is that in life insurance, the true profitability is only measured over long periods of time when you make the adjustment on the EV. So, can you give some data, if you can share about what your experience in group term has been vis-à-vis what your assumptions are because as we measure progress through VNB, we can end up reporting very good VNB when we book these policies only to reverse it at a later date? So, I just wanted to understand whether my interpretation of the accounting is correct. And what your experience in group term has been vis-à-vis the VNB margins we have estimated in the past. Thank you.

**Satyan Jambunathan:** A perfectly valid question. One should not look only at VNB. One should also look at movement in embedded value, particularly within that, the operating experience, variance and assumption change impact over a period of time. You will notice from slide 64 in our presentation deck that over the years, right from FY2018 onwards and even before when we did the IPO disclosures for FY2016 onwards, mortality, morbidity variance has been consistently positive with the exception of the pandemic period and this has been only possible because both group as well as retail and within group, credit life and group term have consistently delivered positive operating variance. So, from our point of view, at the level of pricing that we are operating and offering the products on, we are very comfortable with the loss ratios and the profitability emerging. Health, and particularly within health, corporate health may be a completely different ball game from what you see in life. Clearly, at least from outside in what I have seen of that and what I know of the life insurance industry, I have no reason to believe that for the significant companies, group term should be a loss making proposition. I can confirm this for ourselves. This has been consistently positive over the years.

**Manish Gupta:** Is that because the accounting in life insurance is fairly complicated, if one was to look at accounting very simply, how does one think about from a shareholder perspective, what is the return on equity of an insurance company?

**Satyan Jambunathan:** This is really the tricky part. The problem is return on equity, I will have to associate it with the profit under an accounting standard and given the Indian accounting standard today, the return on equity becomes a very distorted measure. So, let me give you an example. If I am selling ₹ 100 worth of term life policy, under Indian GAAP, I may well have a first year P&L which is a loss of ₹ 200. If I were to account on an IFRS-17 basis, I may well have an answer where the first year profit is not a loss, but the first year profit may be ₹ 25. Now between the two, how do I determine what is return on equity? That is a tricky part of it. Which is why as a proxy to return on equity, what we use is Return on Embedded Value. Essentially, what we are saying is that the Embedded Value, which is the pool of future profit, it's like the capital which is supporting business growth and the operating EV profit is the equivalent of a profit metric in that context, and that's how we are looking at the equivalent of Return on Equity. So, an ROEV of 16% to 17% does seem like a reasonable level for somebody like us to be operating on, and that is what, at least in the current accounting context, I would prefer looking at as a measure of Return on Equity. Of course, tomorrow, if we move to an IFRS-17 basis, we may well decide that the EV approach can be junked and we can move with the financial statement itself and an ROE, the way it would emerge from that as a true measure of profitability. But that to my mind, is a little out into the future. For now, our view is the current framework of Embedded Value and Return on Embedded Value is the closest substitute, if you will, to Return on Equity that we would consider appropriate.

**Manish Gupta:** But have you ever calculated the ROE on an IFRS basis?

**Satyan Jambunathan:** Yes, we have. That's what I was telling you that with no new business strain, it's effectively no capital deployed.

**Manish Gupta:** No, I hear that. But if you were to calculate your ROE today on an IFRS basis, what would it be?

**Satyan Jambunathan:** Still India has not started reporting on an IFRS basis. It's still another two to three years later. I gave you a representative information. But I am saying that I don't have a loss in the first year at all. So, there is no capital to be provided. So, technically, it is infinite ROE.

**Swarnabha Mukherjee:** One is on the September new business monthly data that was released, what I had noticed was that for the group business, if I calculate the APE, generally for the top players as well as, I think, for you, the group APE number was quite tepid. So, if you could give some color on why would that be the case? Is there a base effect or something other in play given that disbursements particularly continue to be strong? And I was kind of expecting that the credit life portfolio would continue to be robust at least. So, some color on that, please.

**Satyan Jambunathan:** The group business has multiple parts. You have group term, you have group credit life which are protection-oriented, and then you have the group funds business. By nature, the group funds business is a very lumpy business. I don't think you can ever arrive at any conclusion on trends and patterns based on monthly numbers with respect to the group APE.

**Swarnabha Mukherjee:** I mean the only trend that I picked up was that for all the larger players, it was a bit slow. So, that's why I thought that we are tending to read at an industry level trend or anything.

**Satyan Jambunathan:** So, I would actually suggest that I don't think there is any trend at all in that, if you look over a period of time.

**Swarnabha Mukherjee:** If I look at the persistency numbers, say the 61<sup>st</sup> month persistency at 5M-FY2023, that should be a function of what your product mix, channel mix and customer mix was at 5M-FY20218, right? And also maybe how they are behaving right now. Does it have to do with anything else to read into?

**Satyan Jambunathan:** You are absolutely right, nothing else.

**Swarnabha Mukherjee:** Whether what would be the new business environment right now has nothing to do with that, right?

**Satyan Jambunathan:** Not at all.

**N. S. Kannan:** Thank you. We have answered all the questions and in case there are any residual questions, please talk to our team. Thank you so much for joining on a Saturday evening. We just finished the Board meeting, so we didn't have a choice. Thank you so much and have a great weekend. Bye.

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