ICICI Prudential Life Insurance Company

Earnings Conference call - Quarter ended June 30, 2017 (Q1FY2018)

July 25, 2017

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Sandeep Batra: Good evening and welcome to the results call of ICICI Prudential Life Insurance Co for Q1FY2018. 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 Q1FY2018.

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, superior customer service, fund performance and claims management.

Protection is a big focus area for us and we have a multi-pronged product and distribution approach to tap this market. We have a 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 aggregators to reach out to different customer segments.

Company performance

New business

It is in this context that I would like to present our Q1FY2018 performance. Our savings business APE grew by 70.4% year on year and during the same period our protection APE grew by 32.8% leading to the overall APE growth of 68.4%. Our value of new business was ₹ 1.82 bn in Q1FY2018 and margin expanded from 10.1% in FY2017 to 10.7% in Q1 2018. I will go into details of each of these elements through the presentation.

For Q1FY2018 our retail weighted received premium or RWRP grew by 74.7% year on year compared to industry growth of 28.6% and private industry growth of 45.5%. Consequently, our market share stood at 15.3% in Q1FY2018. We continue to maintain our leadership position amongst the private companies.

Our total premium for Q1FY2018 was ₹ 48.85 bn compared to ₹ 35.60 bn for Q1FY2017. In addition to strong new business growth, our retail renewal premium also grew by 25.4% from ₹ 22.39 bn for Q1FY2017 to ₹ 28.08 bn for Q1FY2018.

Given the untapped protection opportunity in the country, we have been focusing on growing our protection business and as a result our protection mix increased from 3.9% in FY2017 to 4.5% for Q1FY2018.

We have a balanced channel mix. Our growth is well supported by strong performance across channels. For Q1FY2018 agency channel has highest year on year growth. Growth of Bancassurance channel was also higher than overall private sector growth however due to relatively stronger growth in agency and direct business, mix of bancassurance dropped from 56.0% in FY2017 to 48.6% in Q1FY2018.

Quality parameters

Persistency for us is an indication of the quality of sales, in addition to being an important financial metric. Our 13th month persistency of 86.7% is amongst the best in the industry. The improvement in the 13th month persistency over the last 3 years is also getting reflected in improvement in 25th and 37th month persistency.

New distributor remuneration guidelines came into effect from April 1st 2017. We had indicated during the last results call that new guidelines would result in recalibration of expenses. Some of marketing and advertising related expenses would reduce and commission would increase because these activities would now be done by the distributors. This shift is expected to be expense neutral for the full year. For Q1-2018 our total expenses were lower than Q1-2017 as recalibration exercise got completed only towards the end of the quarter. We were also aided by the continuing sales momentum post demonetisation. We don’t expect this trend of reduction in expense to continue for rest of the year.

Superior fund performance is important to improve the value proposition of saving products. Our funds continue to deliver robust long term performance.

We are amongst the largest fund managers in India with an AUM of ₹ 1.27 trillion. Linked funds contribute ~71% of our AUM and we have a debt equity mix of 54:46. More than 90% of our debt investments are in domestic sovereign or AAA rated instruments.

Profitability

Our Profit After tax for Q1FY2018 was ₹ 4.06 bn. The growth in new business would have normally resulted in a higher new business strain, but the PAT was flat on account of lower expenses. We have a strong capital position with solvency ratio of 288.6%.

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 from products to claims management and strong focus on quality metrics. Our multichannel architecture is backed by strong technology platform. We have robust and sustainable business model with strong capital position.

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.

Nitin Agarwal: Firstly the protection premium growth has moderated a bit, so is there any seasonality in this business? If I look at, the market share of ours vis-à-vis the protection industry, it still stacks very low. When I compare this to our market share in the life insurance industry at almost 15% within private players at 28%, for our distribution network and the focus that we have on this segment, our market share at 4-5% still looks very low. So any reasons as to why these divergences in the market share?

Sandeep Batra: In terms of seasonality, I think, we have to keep in mind that post demonetization there was an acceleration of financial savings and that momentum has continued. Thus when you see the percentages, they sometimes can be a bit misleading, but if you see the absolute numbers, we have had a very strong growth in the protection business, by more than 30%. The savings business is separate segment. There has been some amount of seasonality in the past and during this year; we have tried to focus on reducing the overall seasonality. But I don't think so there is any case of reducing the focus on the protection side, in fact we continue to remain very focused on protection as well as savings.

Satyan Jambunathan: To answer your question on the market share on protection, I think, it is very hard to really call where the market share is, because most people are not disclosing the protection numbers separately. If you actually compare the protection numbers for full last year with what we know of at least one or two disclosures, you will find that our retail protection APE is pretty much on par with the others. In group protection business, we are probably a little behind, but that's something that is work-in-progress for us. But except for one or two companies, I don't think there are others who are disclosing their protection numbers separately.

Nitin Agarwal: I was just comparing to your FY17 presentation which said protection premium at ₹ 67 billion, to the protection of ₹ 2.6 billion APE that we did in FY17. I was just comparing these two numbers.

Satyan Jambunathan: That number captures all protection premiums; it includes new business, renewals, single premium and group premium. So, you can't quite compare APE with the received premium numbers that you see there.

Nitin Agarwal: Approximately how much will it be, within the new business then?

Sandeep Batra: These numbers are not available. As and when most companies start disclosing these numbers in granularity, we can do a little more detailed analysis. But as far as we are concerned, I think, it is more important that we focus on how we as a company have been doing. We continue to remain committed to this opportunity. We have said that while in the savings side we compete in the larger financial savings space, in protection the extent of under penetration is much higher, the opportunity is much larger, and we will continue to remain focused on this.

Nitin Agarwal: What has been the key driver for our VNB margin expansion this quarter, because the strong growth for us has come in from the savings which is dominated by ULIP? But, even over FY17 levels, in the first quarter itself we have delivered very good margins so what has driven that?

Sandeep Batra: It is a function of product mix. If you see last year's product mix, our protection was about 3.9% of our APE. During this quarter it was about 4.5% of our APE. This product mix has primarily contributed to margin expansion.

Nitin Agarwal: I was comparing to Q4 margin, even to that number, I would say this number will look pretty good.

Sandeep Batra: It is important to put the whole year in context, because assumptions changes are done at the end of the year so it will be better if you start looking at the year end number at 10.1% and then see the progress thereon.

Satyan Jambunathan: As you are aware, we carry out a review of assumptions usually in the last quarter, and therefore Q4 numbers are never representative. So when we are actually looking at the progression of margins, we should look at the current quarter versus full last year, because that is what has a consistent set of assumptions.

Nitin Agarwal: Under the persistency data, on slide 12, over the 61st month there is a very marginal drop. So, what explains that, because all the buckets have reported higher persistency?

Satyan Jambunathan: As we go through the year, you tend to see a development of persistency; I don't think we should read too much into the persistency numbers so early. We still have nine months to go.

Atul Mehra: What we saw was till nine months FY17, protection growth used to be over 100%, about 122% for nine months FY17 for that matter, Q4 was about 40% growth, now it is about 32% growth, so is there anything in terms of in the market place that has changed in terms of growth business?

Satyan Jambunathan: If you recollect, our strong journey on protection really started in December 2015. So what we saw into the first couple of quarters of last year was also a lot of low base effect, which was coming through. You are right Q4 for us was about 40% growth. This quarter, if you see, there has been a lot of movement on the overall savings business. So, I don't see anything which has structurally changed in this quarter versus what we have seen in the past. The first couple of quarters of last year had base effect which is no longer there, that strong growth is in the base, but we still expect the protection need and opportunity to be quite meaningful going forward.

Atul Mehra: But in terms of general competitive intensity for pure protection in the market, has it changed or in terms of online or otherwise, has it like attracted a lot of competition lately or anything on those kind of things?

Sandeep Batra: We are working in a competitive environment, which is at a pretty similar level.

Atul Mehra: In terms of margins, what we have seen is pure protection mix improving and overall mix leads to margin gain for us. But this quarter savings business has grown faster than pure protection, and despite that we have seen margin gains. So, is it to do with scale generally in terms of margin gains have come about?

Satyan Jambunathan: No, protection mix last year protection was 3.9% of the APE, Q1 it is 4.5%, so that increase in the mix is what is largely contributed to the margin expansion.

Atul Mehra: What we have seeing over the past few months is, couple of private banks now have open architecture, so you have had access in some form and now you have had HDFC Bank go about in terms of open architecture. So, at the board level, in terms of ICICI Bank, do we think any of this would be encouraged over here as well or how do you see this panning out?

Sandeep Batra: I cannot respond for ICICI Bank, but as far as we can see, most of the changes have happened in entities where the life insurance company is not a subsidiary of the bank. Secondly, since we are a subsidiary of the bank, whenever they will look at the distribution, they will factor in the incremental revenue that they can get from an open architecture, and the value that they have in terms of shareholding. In principle, as a company we welcome open architecture

Avinash Singh: You have seen a very strong momentum in new business growth and that typically will have new business strain that will suppress your accounting profit, but you have seen this overall expense ratio going down, which you told is due to realignment and will increase over the coming quarters. So, if this kind of new business growth continues, where do you see that full year 2018 accounting profit after tax number is going to be vis-à-vis FY17? On new business margins, there are certain changes versus FY17 in first quarter FY18, slight increase in protection side that is helping your margin, reported expense ratios going lower, small persistency improvement, as well as your distribution mix is changing. So, can you a bit just qualitatively tell how these different factors change in distribution make, then are there any change in terms of expense ratios and persistency that is upsetting the margins ?

Sandeep Batra: To your first question, about 68% growth in APE, would have normally affected the PAT and as I did mention in my opening statement if we operate at a very high level of growth, there could be a negative impact on PAT. We will see how the year pans out. On the margin part of it, we had said we have just factored in the product mix changes, which have happened into the quarter in the margins reporting; the expense ratio is based on a forecast for the year and we give the final number towards the end of the year, when we report the margins for the full year. Any improvement in persistency is also normally reflected at the end of the year. So we have not factored any of these factors at this point of time. We will see how the year progresses.

Avinash Singh: On the expense ratio side, as you said, Q1 expense ratio including commission is relatively very low, so one should expect these numbers, to go up and move towards FY17, there is some improvement, but this kind of improvement I expect is not going to last over a year and your expense ratio will slightly go up, am I right?

Sandeep Batra: We did mention that this had one off during the quarters, as we said we have recalibrated our expenses between commissions, advertising, and promotional expenses. That happened more towards the end of the quarter. So we do not expect the savings that we achieved in this quarter to sustain for the rest of the year.

Satyan Jambunathan: There are two dimensions to the expense ratio. One is that new business growth itself, which has been stronger in this quarter, the second is the absolute expenses. So, like Sandeep said, the absolute expenses will normalize over the rest of the year. Where we eventually end up, will be a function of how much the new business grows.

Avinash Singh: Your peers have a brand royalty agreement and they pay royalty to their parent company. In your case, so far I understand it is not there. Is there a possibility of your parent asking for a brand royalty because you are using that, you are leveraging their brand.

Sandeep Batra: As of date there is no proposal on the table from the parent to pay brand royalty.

Avinash Singh: But it could be a possibility.

Sandeep Batra: If and when they ask for it, we will evaluate at that point of time.

Ashish Sharma: On the VNB margins as you mentioned that for the current quarter that the VNB margins have improved to 10.7% from 10.1% for the full year. But just for the right comparison, we don't have the comparable numbers for Q1 and should we extrapolate the improvement in the mix of protection going from 3.9% to 4.5%, which has resulted in the improvement in VNB margins?

Satyan Jambunathan: Yes, it is the product mix, which has driven the improvement in the margins in the first quarter.

Ashish Sharma: So, will 10.1% be the right number to compare?

Satyan Jambunathan: Yes, 10.1% will be the right number to compare, that was the full year margin last year after taking into account all assumptions reviews. As we continue to be on consistent assumptions, its product mix which is driving the difference.

Ashish Sharma: We have not given any guidance or number as to what could be the mix in terms of protection in say 12 or 24 months down the line. We expect this number to improve, but there is no specific number we have guidance for.

Satyan Jambunathan: We haven't really given guidance on the mix because actually mix comes from the relative growth of the savings and the protection business. The way we look at it is that each of these as two distinct opportunities and we are seeking to grow them independently. As long as we are able to achieve a meaningful growth rate on each, the mix is only an outcome.

Sandeep Batra: We are more focused on the absolute VNB number expanding rather than just the percentages, because the percentages can be a little misleading. We don't want to stop opportunities in the savings business, to expand % margins. We have two distinct lines of business, so our objective is absolute expansion of VNB and since we started giving VNB from October onwards, you can do a little more quarterly comparison from the next quarter onwards.

Ashish Sharma: Lastly on the APE growth number, which is 68%, currently we are in an environment where equity markets are on a good run, so 68% is not a normalized sort of growth and we should expect this number will even out.

Sandeep Batra: Yes, there will be a base effect. If you see, post demonetization, there was an accelerated pace of growth and the second is, we are attempting to try to remove some of the seasonality factors which means that the April-May month which was at pretty low base have done reasonably well for us. So yes, there will be a little bit of moderation as we go ahead, but we will see how the margins grow.

Nidesh Jain: My question is on distribution, we have seen very sharp growth in agency channels. So how much of this growth is led by productivity gains and how much is addition of new agents.

Sandeep Batra: As we have always said that we focus on the customers, we are agnostic from which channel he buys, so during the first quarter the agency has done little well. We do not monitor agency business in terms of number of agents; we manage our business on a geography basis and manage overall costs. All our micro market managers look at the growth and cost to wrp number. Within that, we are quite agnostic whether it has come from productivity gains or addition of new agents. The most important numbers for us are growth and cost ratio.

Nidesh Jain: Then it is reasonable to expect that the margins across channel are broadly similar.

Sandeep Batra: It is a function of product mix, so in terms of product mix, there could be certain differences, but broadly they would be in line.

Nidesh Jain: The product that we were recently advertising, the health insurance product, is it classified under protection?

Sandeep Batra: Yes, it is a part of protection initiative.

Seshadri Sen: The VNB margin that you disclosed in the first quarter is based on what the assumptions were in FY17, it is not that you revised your cost assumptions and your expected cost basis or anything, so it is just on the exact assumptions that you had in FY17, am I right?

Sandeep Batra: Q1FY2018 is VNB based on management forecast of cost for full year at end of the Q1. We will keep on updating the forecast on a quarterly basis as we go along and by the end of the year it will be the actual number.

Seshadri Sen: So it is based on a forecast. No, I thought that was the case, but then I got confused by a statement saying that this 10.7% is comparable to the 10.1%, because the 10.1% is on the actual cost, right, of FY17?

Sandeep Batra: Yes, by the time we reach FY2018 March numbers, it will be on actual cost. It is because of a significant seasonality in businesses, if I start using actual cost on a quarterly basis, it will distort the numbers. This is what we have been doing consistently since last year; we intend to do it consistently going forward also.

Seshadri Sen: And if I may ask last year between the forecast assumptions that you made in the first half, for example, I know you didn't have a first quarter VNB, to the final number that you had to take when you published your full year, was there a major difference?

Sandeep Batra: No, it was pretty close. And we keep on revising them on quarterly and we will have a better sense in other quarters.

Seshadri Sen: My sense was that business is far more stable today; so, you should be having a reasonable handle on cost very early in the year. And I know, the second half would have a little more of business, the first half numbers would probably be closer.

Satyan Jambunathan: Yes. As we go through the year, we get a better sense of where the new business numbers for the year will end up being. It is less about absolute cost; it is more about ratio at the end of it. That's why it tends to develop over the year.

Seshadri Sen: On the banca relationships, given open architecture, are you seeing opportunities to tie up with other new banks? I know the larger banks being competitors to ICICI may not be willing to tie up with you, but are you looking to get more banca relationships through the door, given that you are the largest and most established player and I presume a lot of new banks would want to tie up.

Satyan Jambunathan: It is not that we don't try, we continue to try. But I think the reality also is that as of today there are not too many banks which have completely opened it up. The people that have completely opened it up are the small finance banks and the payment banks and we have partnerships there. Amongst the established banks, there has not really been so much of an open architecture. Even the ones that have opened up the open architecture, we would quite keenly observe as how the share of the various manufacturers actually develops in their shops.

Seshadri Sen: No, I know they haven't, which is why I was asking if it was an opportunity.

Sandeep Batra: If you see, even the open architecture is where the bank is not the holding company. I am not aware of a bank, which has a step down insurance company, which has an open architecture.

Seshadri Sen: So there are some established banks without banks having a significant stake, which are yet to go to open architecture, so when they do open up, I was just trying to assess how you rate your chances of getting into those larger banks.

Sandeep Batra: We will continue trying.

Seshadri Sen: On M&A. Where do you see any opportunities coming up? I know Sahara is very small, I am not sure it is worth discussing, but in general do you see M&A opportunities particularly on the PSU side, do you see them being a little more open to M&A and offering a distribution relationship with the parent PSU Bank?

Sandeep Batra: We are open, but there is nothing at this point of time which is really on the cards and we will evaluate if something comes, if it is shareholder accretive and distribution accretive, we will evaluate at that point of time.

Satyan Jambunathan: And also, for the record, Sahara, even should it materialize, is not on the table as a merger, it is intended to be just taking over the block of liabilities with corresponding assets. It is not taking over the company.

Seshadri Sen: Okay, got it. So it is a financial acquisition rather than a merger.

Satyan Jambunathan: Exactly, almost like a portfolio transfer.

Sandeep Batra: And the amounts are less than 1% of our assets/liabilities.

Thomas Wang: You used to disclose new business sum assured numbers, but I couldn't find it this quarter, is it somewhere in the presentation or have you stopped reporting that?

Satyan Jambunathan: We have put out a few extra elements of information for the full year, so that we will continue to do, there is no reason to discontinue any of the disclosures that we have made at the full year.

Thomas Wang: Okay, sorry, so you mean you will not be disclosing the sum assured numbers, because I think you disclosed it three-quarters last year?

Satyan Jambunathan: Let me just check it out, but I thought we did it for the full year last year. Otherwise we will update it in the next quarter.

Thomas Wang: On the direct channel, which has also seen quite a strong growth in this quarter? How much of that is coming from Internet and then just what are all your broad strategy and what opportunity you can use the Internet, do you have the operation or distribution there, how do you implement your initiative on that front?

Satyan Jambunathan: From a growth perspective, if you recollect, after the demonetization we have seen a consistent uptick in the new business on the month-on-month basis and that has continued for us into the first quarter as well. As Sandeep mentioned some time back, as we go through the rest of this year, there will be a base effect catch up which will start to come through after we cross October and November of this year. So, purely from a growth rate perspective, in the savings business one would expect at least a bit of moderation to come through. From a new initiative perspective, it is being more of the same, we will just continue to focus on the savings space trying to get a better throughput to the product and through the proposition that we deliver and to make sure that the sales process is easy enough for distributors to complete the process quickly. Protection continues to be a very large need from a customer perspective and therefore that focus continues to be there. And we still have the same views about the potential of the protection business going forward. Internet is still very, very small for us. On the savings space, it is pretty much negligible. We still have most of our business coming from intermediated channels. What you see as direct business in distribution mix is predominantly sales to the existing customers through proprietary sales employees. That is what we classify as direct business, that's the biggest contributor to that channel that you see in this space.

Mayur Parkeria: On a portfolio basis, is the protection business profitable if you have to calculate on that, absolute profitability?

Satyan Jambunathan: Yes It is. In fact for the last two, three years, a large part of our margin expansion has been driven by the protection business growth.

Mayur Parkeria: On an absolute basis, there is profitability on the protection side.

Satyan Jambunathan: Yes, there is. Unlike the general insurance business, a lot of the general insurance business that we see in India operates at a combined ratio in excess of 100% and that's probably where your context is. But the life insurance business has at least tended to be a little different than that. So we haven't had challenges of combined ratio from a profitability perspective in the life insurance industry.

Mayur Parkeria: The reason, as you rightly said this was one context, the other was if you look at the online channel, and that is where I guess the protection business to some extent would be getting driven, the pricing is very competitive, so I was just trying to understand that will that be the right context?

Satyan Jambunathan: You are right, when you look at the online space, the pricing will be competitive. But there are a couple of elements, which also feeds into the pricing being competitive. One, over the years, life expectancy in the country has improved and that has resulted in the mortality premium rate going down. Second, large companies especially have been able to build a larger body of mortality experience that they can use to price more accurately. And that benefit also tends to get passed on as the price. On the other hand, though if I look at our own protection business and where it is coming from, a substantial part of our protection business actually comes from the traditional distribution channels. It comes from agents, banks, our own proprietary sales force. We still have a fairly small portion of our business, even in protection that currently comes from online.

Mayur Parkeria: As you try to catch up on the group protection, do you believe the margins would further get positive momentum or they would be in par, in line with the individual protection business?

Satyan Jambunathan: Every segment of business will usually have a difference in profitability. And a lot of this also comes from the tenure for which we sell the product. For example, if I am selling a term insurance to an employer for his employees, that's a one year cover. However, if I am selling it attaching it to a loan, it could be a five to 15-year cover. On the other hand, if I sell it on the retail channels to an individual, it could be 20 to 30 years cover. And just like any other part of our business, the term of the policy is a very big determinant of the profitability of the product.

Mayur Parkeria: So, you mean to say, it will vary based on period?

Satyan Jambunathan: That's correct.

Mayur Parkeria: I know, it will be difficult to get a number on this, but in terms of stacking if one has to do, will the protection business VNB if one were to calculate, will it be lower than the weighted VNB of 10.7% or will it be higher? Just in terms of stacking basis, I just want to know.

Satyan Jambunathan: It will be higher, because that is what actually leads to the expansion of the margin.

Manish: On the direct business that we do, would it be fair to assume that it's a more profitable business, as it makes more margins for us compared to the other two distribution channels?

Sandeep Batra: Direct business has two, three components, one is online, two is our own proprietary sales force and then you have web aggregators. As a company we are pretty agnostic from where the customer is buying, so the costs are largely a function of products rather than the channel. For us, all channels are profitable and the profitability is broadly in a link.

Manish: No, sure. But you have assumed a certain amount of cost for a particular channel and like direct channel cost would largely be fixed, you don't have to pay any commissions to anyone and if you sell more from a direct channel, your margins ideally should expand.

Sandeep Batra: No, as I mentioned, the direct has got three components, there is a proprietary sales force where it is largely a function of how well the employee is doing. So some of it is variable. Secondly, if you see what happens in an online channel, it is assumed that it is sort of fixed, but there is always technology up gradation, which happens, and then if you are going to get leads from the Internet, there is a cost that you incur. So if you put everything together, at this point of time, we are saying that broadly the margins are in a range. It may change significantly tomorrow, but right now that's the way it is.

Manish: On the distribution front, is there seasonality in terms of distribution mix, like in this quarter we have seen agency grow very fast? So is it that the first quarter banca is a bit slow and maybe over the year, it picks up?

Satyan Jambunathan: I wouldn't say banca is slow, even if you look at the banca's growth rate, you will find that it is faster than even the private sector.

Manish: Sometimes in Q4 say agency does better than a banca and in Q4 a banca does better than an agency. Is there seasonality?

Satyan Jambunathan: Usually Banca tends to have lower seasonality and usually agency seasonality tends to be skewed towards Q4. Like we mentioned earlier, one of the things that we have been actively trying to do and this is still work-in-progress, is to bring down the effect of seasonality. So the reality is, we carry fixed costs through the year and therefore we are trying to reduce seasonality. We will see how it progresses, but I think, a quarter is too short a period of time to really say whether one channel is doing better or doing worse. What is encouraging for us is, all of the channels definitely have done well in this quarter.

Manish: On customer behavior, like we are selling a lot of ULIPs, but it seems that incrementally a large part of the ULIPs are still debt-oriented, because in terms of your AUMs, both debt and equity have moved similarly, but your returns on the equity funds would be much higher, so the incremental contribution of debt ULIP is actually increasing in the overall ULIP. Would you say that is the right observation?

Satyan Jambunathan: I think when you are looking at the way the AUM is moving, there are a couple of things to keep in mind. One, the way we are trying to promote a ULIP-linked product, is less of a debt or an equity product more of an asset allocation over the life stage and therefore it is quite likely that you have an asset allocation that the customer starts off with, which changes over a period of time. Secondly, surrenders are still significant and a lot of surrenders tend to happen from the equity side of the funds. So it is very hard to conclude just by looking at the movement in the AUM whether one is becoming predominant or not, but clearly we haven't noticed any change in the trend in the asset allocation over this period.

Manish: Okay. And just last question, in the shareholder account, there is this investment income, which has fallen like 47% and this is despite the fact that your shareholder investments have kept rising. Any reason for this?

Satyan Jambunathan: In the first quarter last year, there were some realized gains in the shareholder funds, which was not there this year.

Harshid Thoshniwal: Just wanted to know that within the protection, if I want to look between agency and bancassurance, how the distribution in these two channels, will it be fair to say that around 60% to 65% of protection comes from agency?

Sandeep Batra: We give the mix once in a year; we do not give it on a quarterly basis.

Satyan Jambunathan: You can actually see, from our full year FY17, it will be there in the appendix to presentation, it shows you the product mix by channel, specifically protection across each of the channels.

Sandeep Batra: Thank you so much, pleasure interacting with all of you. If you have any follow-up questions, you are free to get in touch with us.