Apne liye. Apno ke liye.

May 03, 2024 **SBIL/CS/NSE-BSE/2425/28**

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General Manager
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BSE Scrip Code: 540719

Dear Sir / Madam,

Subject: <u>Transcript of Earnings Conference call for Q4 of FY 2023-24</u>

This is in continuation to our intimation letter ref. No.: SBIL/CS/NSE-BSE/2425/13 dated April 18, 2024 and in compliance with the provision of Regulation 30 read with Schedule III (Part A) (Para A) (15) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose transcript of the earnings conference call held on Friday, April 26, 2024.

The transcript of the earnings conference call with analysts/investors is hosted on the Company's website at www.sbilife.co.in

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,

Girish
Mahesh
Manik

Digitally signed by Girish Mahesh Manik
DN: c=IN, o=Personal, title=4557, pseudonym=1335270825097401595nmzCW6TfYJLm8, 2.5.4.20=45909a25349fece5cfbac3dd8a43a4cd12a446253b8e885e2bc1e3cac77b996f, postalCode=400601, st=Maharashtra, serialNumber=845f42eb9682c55d03763d63d959d54da8bb973e0aa90ba69852a3bc047b0f7b, cn=Girish Mahesh Manik
Date: 2024.05.03 19:39:15 +05'30'

Girish Manik
Company Secretary
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Encl: A/a

"SBI Life Insurance Company Limited Q4 FY '24 Earnings Conference Call"

April 26, 2024

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

Moderator: Ladies and gentlemen, good day, and welcome to the SBI Life Insurance Company Q4 FY '24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Amit Jhingran: Good evening, all. We from SBI Life Insurance Company Limited welcome you all to the results update call of the company for year ended March 31, 2024. We appreciate and thank you wholeheartedly for your time this evening. Update on our financial results can be assessed on our website as well as on the website of both the stock exchanges.

Along with me present here today are Mr. S. Veeraraghavan, Deputy CEO; Sri Sangramjit Sarangi, President and CFO; Abhijit Gulanikar, President, Business Strategy; Subhendu Bal, Chief Actuary and Chief Risk Officer; Mr. Prithesh Chaubey, Appointed Actuary and Ms. Smita Verma, Senior Vice President, Finance and Investor Relations.

We are pleased to inform you that we have successfully maintained the new business thrust and have again delivered enduring performance in this year as well and we continue to be the market leader across individual and total business. We have sourced highest number of policies in the private industry. This aligns with regulators objective of insurance for all and our goal of broadening our customer reach through our customer-centric product offering.

The performance of the company demonstrates our distribution strength and expansive outreach to the customers in a cost-efficient manner. Our commitment is to deliver sustainable long-term returns and a holistic growth for all our stakeholders.

During the financial year 2024, we continue to remain focused on growing our business at sustainable rate, offering varied products in our basket to align with the customer demand, creating a balanced distribution mix and maintaining a best-in-class cost ratio and persistency levels.

Let me give you some key highlights for the financial year 2024. New business premium registered a growth of 29% over previous year and stands at INR382.4 billion and maintained private market leadership with share of 24.6%. Individual new business premium stands at INR238.3 billion with a strong growth of 14% and a private market share of 25.8%.

Gross written premium stands at INR814.3 billion with a growth of 21%. Protection new business premium grew by 15% to INR41.7 billion. Profit after tax stands at INR18.9 billion with 10% growth over last year. Value of new business stands at INR55.5 billion registering a growth of 9% over last year. VONB margin stands at 28.1% for year ended March 31, 2024.

Embedded value stands at INR582.6 billion, registering a growth of 27% over INR460.4 billion in March 2023. Embedded value operating earnings stands at INR100.5 billion with a growth of 11% and operating return on embedded value stands at 21.8%. Assets under management grew by 27% to INR3,889.2 billion. Robust solvency margin of 1.96 as against the regulatory requirement of 1.50.

Customer satisfaction is at the heart of our operations. we constantly strive to exceed expectation and enhance the overall experience for our policyholders. The improvement in our Net Promoter Score reflects the growing trust and satisfaction among our customers, highlighting our dedication to their financial well-being. It gives me immense pleasure to say that we have recorded NPS score of 72 in the current year as against 59 in previous year.

We will now update you on each of the key elements in details. Let me start with Premium. Individual new business has grown to INR238.3 billion with a year-on-year growth of 14%. Single premium contribution is 31% of individual new business premium, which is mainly attributed to growth in our individual annuity product. If we exclude the annuity business, single premium contributes 12% of individual business. The company gained in private market share by 149 basis points to 25.8% and industry market share by 144 basis points to 15.9%.

On individual rated new business premium, we stand at INR172.3 billion with a growth of 13% over last year and maintaining our leadership position with private market share of 23.3%, with a gain of 107 basis points and at industry level, we gained by 118 basis points and market share stands at 15.8%.

Also, group new business premium stands at INR144.1 billion with contribution of 38% in new business premium and a tremendous growth of 66% over last year. The company gained in private market share by 635 basis points to 22.8%. Having said that, we have collected total new business premium of INR382.4 billion, registering private market share of 24.6% with a gain of 326 basis points. And at industry level, we gained 213 basis points with a market share standing at 10.1%.

Renewal premium grew by 14% to INR431.9 billion, which accounts for 53% of the gross written premium. To sum up, gross written premium stands at INR814.3 billion with a growth of 21% over previous year. In terms of APE, premium stands at INR197.2 billion, registering a growth of 17%. Out of this, individual APE stands at INR174 billion with growth of 13%.

During the year ended March 31, 2024, total 22.6 lakh new policies were issued. This reflects the company's intent to increase the penetration and achieve holistic growth. The company is aligned with the regulators vision of insurance for all and will continue to focus on various reforms, enabling deeper penetration of the life insurance industry.

Number of lives covered during the year ended March 31, 2024 is 37.9 million, registering a growth of 84% over previous year.

Total new business sum assured registered a growth of 25% over corresponding period last year, as compared to growth of 19% at private industry level and a growth of 22% at total industry level.

Let me give you details of the product mix. As on March '24, our guaranteed nonpar saving products are contributing 19% on individual APE basis. Individual ULIP new business premium is at INR137.8 billion, which now constitutes 58% of individual new business premium. Growth in ULIP is attributed to positive movement in equity markets and change in customer preferences.

Individual protection new business premium is at INR9.5 billion. Group protection stands at INR32.1 billion with growth of 22%. Credit Life new business premium has grown by 9% and stands at INR22.6 billion. Other group protection business stands at INR9.5 billion and has registered a growth of 66%.

On protection business contributes 11% of APE and registered a growth of 18%. Annuity business is INR60.2 billion and contributes 16% of new business premium. Under annuity, the company is offering immediate as well as deferred annuity options. Individual Annuity business is at INR50.7 billion with a growth of 22% over last year.

Total annuity and pension new business underwritten by the company is INR89.3 billion, registering growth of 6% over last year. Moving to update on distribution partners with strength of more than 59,000 CIFs, SBI and regional rural banks, bancassurance business contributes a share of 64% and grew by 9% in individual new business premium. And on individual APE basis, it stands at INR117.2 billion with a growth of 12%.

Agency channel registered new business premium growth of 22% and contributes 18%. Agency channel individual APE showed a growth of 14% over last year and stands at INR48.4 billion. As on March 31, 2024, the total number of agents stands at 246,078, a growth of 18% over last year. During the year ended, the company added net 37,304 agents. The share of agency business in individual rated premium has increased from 27% in previous year to 28% in current year.

During the year ended March 31, 2024, other channels like direct, the corporate agents, brokers, online and web aggregators, grew by 49% in terms of individual new business premium and 17% in individual APE. Linked business through other channels registered growth of 49% on APE basis.

The share of other channels in new business premium has increased to 31% in current year from 21% in previous year. We are focused to strike optimum balance among various distribution channels, and we expect to grow by leveraging these multiple drivers and further strengthen our distribution network.

The updates on profitability are as under. The company's profit after tax for the year ended March 31, 2024, stands at INR18.9 billion with 10% growth as compared to previous year. Our solvency remained strong at 196% for financial year 2024. Value of new business stands at INR55.5 billion with growth of 9% as against INR50.7 billion in last year.

VONB margin stands at 28.1% for FY 2024. The shift in VONB is mainly on account of increase in share of ULIP business as compared to previous year. Embedded value stands at INR582.6 billion, a growth of 27% over previous year. Embedded value operating profit stands at INR100.5 billion with a growth of 11% over previous year and operating return on embedded value stands at 21.8%.

The operational efficiency comments for the year are as follows. Opex ratio stands at 4.9% for the year ended March 31, 2024 and our total cost ratio stands at 8.9% for the year ended March 31, 2024. With respect to persistency of individual regular premium, 13th month persistency stands at 86.8%. The company has registered improvement in 13th month and 61st month persistency by 126 basis points and 295 basis points, respectively.

As mentioned in my opening remarks, assets under management stand at INR3.89 trillion as of March 31, 2024 having growth of 27% as compared to March 31, 2023. Death claim settlement ratio stands at 99.2%. The company has registered an improvement of 78 basis points over last year. We are committed to delivering need-based solution that addresses the ever-evolving customer needs based on customer profile, life stage and goal prioritization.

The company continuous efficient usage of technology for simplification of processes with 99% of the individual proposals being submitted digitally. 45% of individual proposals are processed through automated underwriting. To conclude, we will continue to focus on long-term sustainable profitable growth, enhanced automation, and digitalization to ensure customer satisfaction in the long run, along with great value to all our stakeholders.

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

Moderator: Thank you very much. We will now begin the question and answer session. Our first question is from the line of Madhukar Ladha from Nuvama Wealth. Please go ahead.

Madhukar Ladha: Congratulations on a good performance. I have a couple of questions. I'm just looking at the EV movement. And there's a very big release in the mortality, morbidity and operating variance. So can you explain what really helps that? And we've seen 2 years of good reserve releases of that.

The other thing on the monthly numbers that come out Jan and Feb were very strong months, what actually sort of went wrong in March because we would have expected a stronger March to come through as well. And can you also comment a little bit about product level margins. So are we seeing any changes in the nonpar and par business sort of margin at the margin level. So, yes, those would be my three questions to begin with.

Management: Yes, Prithesh, go ahead.

Management: Yes. On EV part, if you look at the operating variance we have make the mortality positive variance, this is a similar thing last year as well if you look into that. And as we keep mentioning that we adopt a prudent approach while setting the assumptions. And our experience is much better than what we assume and that's the reason you are seeing the positive variance.

Other point that we've mentioned last time as well that in the group platform we always wanted to take the schemes which are profitable and those schemes also contributed. We are not just seeking to get the market share in the group term business or credit life business. So both the places you are seeing higher mortality variance coming into.

On the product level margin, I think we don't disclose on the product level, but I can say you that each and every time we review our product in terms of movement in the interest rate and all other experience. And within the product, we try to optimize the value both in terms of the margin for the shareholder as well as the better return and better offering to the policy holder as well.

And some of the things that we keep adopting the segmented approach in terms of the product offering. So different segments had different experience and we try to reflect those segmental experience in our product offering and that is also helping to get the margin enhancement.

Last quarter we have launched two pure TROP products in higher segment which is 25 lakh and above, which has been attractive in the market and that's also helping enhancing our margin. And we expect this is going to further enhance our margin on that level.

Madhukar Ladha: If I get you correctly the mortality morbidity releases are more from the group business and from the retail protection business?

Management: This is across all because it's a reflect of our composition of existing business. So not coming specific for any particular line, it keeps coming across all the lines including protection, including unit linked or even traditional product as well because we keep selling traditional individual TROP. So all perspective they're getting this positive variance on that.

Madhukar Ladha: Okay. But would it be more from the group business, any sense on the contribution?

Management: I don't say this is especially coming from the group business. I think overall basis is coming from.

Madhukar Ladha: Okay. Understood. Thank you.

Moderator: Thank you. Our next question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Hi, and congratulations on a good set of numbers. Just could you repeat the point on the VNB margins, what has contributed to improvement in margins?

Management: No, we are not saying that what has contributed in margin. I think if you look into the last March to this March there is reduction in the margin especially on the account of product mix. If you look into the December to this December our margin stands at the same level.

So what we tried to explain in the earlier question when asking for opportunity on the product level margin, we say that we always optimize these things on the segmented approach reflects the experience of that segment. And within the product line, there is a lot of opportunity to optimize the value both from the customer as well as shareholder in terms of margin.

So that's the reason within the line even we'll do the similar level of business as we are slightly business. There is a possibility for enhancing those value for the shareholder and that’s the reason we're getting to able to maintain this margin.

Prayesh Jain: And just structurally how should we think about margins and growth for SBI Life from FY '25 perspective, which are the product segments that would kind of see growth and particularly whether the nonpar segment would start contributing to growth again in FY '25, how do you see the product mix kind of playing out in FY '25? I understand, generally you all say that it depends upon what customer demands, but still ULIP has been picking up momentum, whether that momentum should sustain or how should we think about product mix and profitability for FY '25?

Management: If you look at the product mix and you yourself said that ULIP was flavor of the season last year which you very well understand was coming from the very good performance of the stock market. So the equity market performance reflected into the increased demand for ULIP products. Going forward, while we continue to offer all kind of products to all segments of customers, and it all depends on the customer's choice. Having said that, we will definitely like to grow our protection and nonpar business also in the coming year for a healthier product mix.

Prayesh Jain: And that should reflect -- ideally, if that translates, that should reflect into better margins?

Management: Yes, definitely, that will affect our margins and that effect will be for the positive, I must say.

Prayesh Jain: Okay. And sir, could you give some granularity on the individual annuity, which has been growing very strongly for you? And how does the annuity impact your VNB margins?

Management: So on the growth, as you know, retired people is the fastest growing segment of Indian population and the NPS scheme is also giving good feel to the annuity business. So in terms of volume growth, we expect annuity to be a long-term growth story in India. Prithesh, anything on margin.

Management: I think this annuity is a very profitable business for us. And it is helping us to enhance the margin for the company. So we try to reprice actively, try to get the business at a cost which is reflecting to the investment return and margin enhancing.

Prayesh Jain: Okay. Would the profitability be higher than the company level?

Management: We don't disclose, but the moment I'm saying that it is helping us enhancing the margin is giving this rate as well.

Prayesh Jain: Can I squeeze in one last question. The private players, all the other private players as well are now looking for more granular growth wherein they would be entering Tier 2, Tier 3 cities branch expansions. SBI Life, I think has a better presence in those cities and geographies. Would you see increased competitive pressure with respect to commission payouts and resultant also some pressure on margins because of the kind of competition that could come in. And, your thoughts on competition increasing in Tier 2, Tier 3.

Management: So our presence SBI Life's presence through SBI branches as well as our agency network has already been strong in not only Tier 2, Tier 3 cities, but also in the rural areas. So even now there exists a lot of scope. Having said that, we also say that we don't play the commission game to increase the top line and we will going forward also stick to that. We will meet the customers' expectation. We'll provide them better experience and that will drive our business in the coming year also.

Moderator: Thank you. The next question is from the line of Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Yes. Thank you for the opportunity. Sir, actually the biggest question what I have is that in the current quarter, your banca channel seems to have been muted, very muted actually because you don't have a base problem what other private companies had. And the growth has been pretty weak in the banca channel low single digits. Sir just wanted to understand what led to that muted trend in the banca channel growth both in SBI and other banca relationship?

And I think one of the participants asked that question why March suddenly fell off the cliff when Jan and Feb were good. So I just wanted to understand how do we read these numbers? And how you expect banca to do going ahead in that sense. That's my first question. Maybe after you answer that, I might squeeze in one more.

Management: So if you have been following the company, you will be aware that the banca channel, over the 4 quarters, December quarter is always the best, and that was true this year also. Last year also, the banca channel after December performance, this is the seasonality of the company and the banca channel, which reflected in this month also. As far as March month is concerned, the industry figure, if you consider then our performance vis-a-vis industry has been at satisfactory level. The industry has gone muted in the month of March.

Sanketh Godha: We understand that point, but other players had the problem of high ticket policies of a bigger base. We did not have that problem, but still the growth was pretty honestly, no one in the industry would have expected a negative growth in the month of March as realized. So just wanted to read that in conjunction with the lower banca growth. So anything to read there that SBI intentionally slowed down or some diktat came from some which led to that muted growth is the whole point, which I want to conclude.

Management: Nothing like SBI slowing down or anything. Month-on-month number, I think the quarter number, if you compare, it will be better. We had a 6% growth over the quarter over last year. So there is nothing like that SBI is slowing down or something, SBI is our parent and we'll continue to have strong relationship with that banca channel.

Sanketh Godha: Okay, sir. Fine. I mean, because the reason I'm asking is that others which is nothing but your other PSU bank relationships that has been also muted at 8 percentage for the quarter year-on-year means that actually do sequentially very well. So again, and sorry for harping that point, whether banca has some kind of a stress, especially PSU Bank from a growth point of view.

Management: No, banca is a very strong channel, and we should not read too much about one quarter's performance. It's a long history.

Sanketh Godha: Okay. And you're confident of the next quarter growth will be more than 15 percentage, sorry for next year growth will be more than 15 percentage or do you still want to maintain that guidance of 20% growth?

Management: So as of now we are not putting any number for the current quarter growth, but our long-term growth targets and our CAGR we will definitely like to maintain.

Sanketh Godha: Okay, sir. One more question just on the protection business. See your individual protection was muted for the entire year. Credit Life was also muted. Individual protection declined 5 percentage, Credit Life just grew by single-digit 9 percentage, but large part of the growth came from GTL which grew 67 percentage.

So just wanted to understand whether this mix or color will change next quarter -- next year I mean to say or you see on a bigger base individual protection is struggling to grow?

Management: So individual protection is one line where we will continue to remain focused and we want to increase that business. The lower proportion in the last year, maybe a reflection of the customer's choice for the ULIP during the year as other analysts have also pointed out. So I would like to clarify that protection remains our focus area. And we are also going to introduce some more products in this year for growing the individual protection business.

Sanketh Godha: Abhijit, you are confident that the INR9,500 crores will be still repeat next year with the 67% growth?

Management: No. The overall protection is INR2,099 crores, Sanketh.

Sanketh Godha: No. I'm referring to only GTL which you said is INR950 crores for FY '24. That number which is 67% growth year-on-year, you are confident that number of INR950 crores will sustain going ahead too?

Management: Sanketh, we are focusing on as MD said for the overall growth of each segment within the protection, so it starts with individual protection. And Credit Life and GTI both it comes as per the planned numbers. And we expect that we will try to improve upon those numbers, but GTI as you know this is based on some specific transactions.

And it depends on the geography to geography. So we will be focusing on overall growth. As Abhijit said, we have already launched two products during this quarter and we expect that the individual protection will grow in a better proposition than the group.

Sanketh Godha: Perfect sir. Thank you very much. That's it from my side.

Management: Thank you Sanketh.

Moderator: Thank you. The next question is from the line of Mahek from Emkay Global. Please go ahead.

Mahek: Thank you for the opportunity. Congratulations on the good set of numbers. I have two questions. One is, what would be the reason for a negative INR285 crores of rewards in the quarter 4 results? And secondly, if I see that 37th month persistency it is at 71.3% which has seen a drop in this year. So I wanted to move the reason for the drop. That's all?

Management: So there is this cohort of the COVID period. Last year, if you have noticed, if you remember the number, the drop was in 25th month and that COVID cohort has moved to 37th month and we have seen some fallout there. But there is nothing much to read. We have other persistency in all cohorts, 13th month, 25th month, 49th month and 61st month, everywhere it has increased. So that 37th month is one exception related to the COVID cohort. And you will like to answer about this?

Management: Yes. So as you know we have also communicated previously that we appropriately made some provisions as far as the discussions going on with our respective banca partners. So which has actually we've seen that as per our estimates which we have designed or defined or we have achieved. So then the remaining we have reversed that. So this year, we will again see how it will shape up. And accordingly, if it is required, then we will provide it.

Mahek: Thank you sir.

Moderator: Thank you. Our next question is from the line of Supratim Datta from Ambit Capital. Please go ahead.

Supratim Datta: Thanks for the opportunity. So firstly, I wanted to understand on the group savings side there has been a significant jump this year. Just wanted to understand what is driving that. And the second question was on SBI. I know you have answered this before, but I just wanted to understand that we have seen significant productivity gains there at a branch level. Now that seems to be plateauing.

So would it be fair to assume that now further penetration within the branches could become more limited and you should be growing more in line with the bank as compared to ahead of the bank? Is that a correct assumption to make? Those are my two questions.

Management: Look at the branch penetration in SBI. Our penetration in the overall customer base of SBI is only around 2%. And if you see the insurable kind of people with more than say 10,000 balance, there also our penetration is between 3.5% to 4%. So that leaves us still a very, very large population of customers of 96%. So you cannot say that it is plateauing.

We are making cautious effort to improve insurance penetration in the entire population. And there is our 96% kind of cohort where we have ample scope to improve the productivity further.

Management: On the part of group savings as you know these are all lumpy businesses. So depending upon the corporate's requirement we get across the year and as principally we have been restricting our this number between around 18% to 20% of my total NBP so which I think we are under very much control. So we will look into on year on basis how this business will flow.

Supratim Datta: Got it. And sir, just one follow-up to that penetration question. Just wanted to understand, do you have any idea about how many of these insurable customers may have an insurance policy with some company already? And how many would not have any insurance policy? Do you have any data on that front?

Management: I don't think we have that kind of information available with us.

Supratim Datta: Okay. No problem. Thank you sir.

Moderator: Thank you. The next question is from the line of Nidhesh Jain from Investec Capital. Please go ahead.

Nidhesh Jain: Thanks for the opportunity. Two questions. Firstly, what all is constituted in other channels that we disclosed in bancassurance I think only SBI Bank is considered, but all channels are included. And secondly, if you can give the breakup of protection --

group protection APE between group protect between GTI and Credit Life for FY '24 and FY '23?

Management: See, other channel consists of my all banker relationships excluding SBI and corporate agents, brokers and the other online channels also and the bifurcation of the group protection the difference is around 55% of the total protection is coming from this Credit Life and GTI.

Nidhesh Jain: Yes. Between GTI and Credit Life it will give the number what is the contribution from Credit Life and GTI in the APE individually?

Management: So for GTI, it will be INR930 crores. And for Credit Life, it will be INR226 crores.

Nidhesh Jain: So these are all APE?

Management: APE.

Nidhesh Jain: Thank you sir. That's it from my side.

Management: Thank you.

Moderator: Thank you. The next question is from the line of Dipanjan Ghosh from Citi. Please go ahead.

Dipanjan Ghosh: Hello. Good evening. Hope I am audible. So two, three questions from my side. First, a data-keeping question. If you can split your expected return on the existing business in your EV work between the unwinding at the reference rate and unwinding on real-world excess returns. I assume you used to report it historically.

Second, on these other channels which has been the non-SBI non-agency channel which has been reporting quite a strong growth. I just wanted to get some sense of how do you think of the payout shaping up at these counters once you start expanding at a very fast pace at some of these counters?

And lastly, on the margin front, let's say, next year when ULIPs, for example, let's say, we have to compress, do you see competitive pressure rising in some of the other channels in terms of the pricing pressure that maybe your competitors are willing to offer. So is there a risk to your product level margins? So those were my three questions.

Management: Prithesh?

Management: So on this EV basically, expected return perspective, we don't have readily available this number. So we need to reflect that. I think to be fair & comparable to the market we have used that. I think is the RFR what is coming from and then expected if you look at the total basis the return is more or less similar as last year. So it is coming on that perspective.

And on the margin perspective I don't think much pressure will come on the anyone launching the product at all. We try to be reviewing and actively repricing our products. So our endeavour is either to maintain the margin or try to enhance those margins. So we don't see any stress coming on those products level margin.

Management: And on the partners even this year we have some agreements with our partners for which we had made provision. So next year also, we will have some parameter-based numbers. So we don't see any significant pressure coming from that side.

Dipanjan Ghosh: Sir, just one follow-up on the first question. Will it be safe to assume that your excess returns, I mean, the real-world excess returns, the assumptions have not changed meaningfully this year. Would it be a safe assumption to make?

Management: Yes it is. That it's not changed much because as you mentioned the expected return and basically you look into your blended return that you expected, depending on your asset mix for existing portfolio and what do you expect in the future. So our approach is unchanged except might be some impact might have on account of the change in yield curve that accounted for the new investments. Otherwise, it's fairly safe. You can assume that at a similar level.

Dipanjan Ghosh: Got it sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Neeraj Toshniwal from UBS India. Please go ahead.

Neeraj Toshniwal: Hi, sir. Congrats on good set. Wanted to understand again on the product level margin, are we seeing improvement in any of the product margin because even we are ULIP heavy, so we have managed to deliver a decent set and would this mean that this will become base margin going ahead, you can see further improvement with the mix improving in FY '25?

Management: I think, yes, there is an improvement in the margin within the line of business. That's also helping us both on the non-par and protection side, even that we mentioned that we launched protection products where margin is slightly higher than what it used to be earlier.

So we continue reviewing that. So we'll see the enhancement coming from. And if you summarize that if you're able to get the better product mix from the current levels that we are aiming for, I think there will be upside from the current level rather than any downside.

Neeraj Toshniwal: So another two products which you talked about which you have launched in this quarter, which means April running quarterly are basically focusing on the pure protection plan rather than ROP if I get it correct?

Management: No, this is a two plan that we have launched in Jan. It is mostly on the TROP for the higher segment level with 25 lakh and above and we are in the process of reviewing this and coming out with a pure protection product as well. As our MD also mentioned that objective is to continue to focus on protection. So we will be continuing reviewing the portfolio and coming out of other products, two or three products are already in pipeline in the protection side.

Neeraj Toshiwal: Sure sir. Thank you so much.

Moderator: Thank you. Our next question is from the line of Anurag Mantry from Oxbow. Please go ahead.

Anurag Mantry: Just one question from my side. So there was total number of policies, the individual number of policies in FY '24 based on the IRDAI data has grown only 3% this year. This used to be like mid double digit last 2 years. So anything specific to understand from this?

Management: See, overall we have been growing in a better shape as far as the number of policies are concerned during the last few years. This year, our improvement for the ticket size has shown growth over the number of policies. And we have anticipated a better number in our nonpar portfolio, which is consisting of both protection and nonpar guaranteed savings which has not come up as you have seen from the numbers.

But we expect that this will correct in the coming years because as already mentioned, we are focusing on the product mix, which will go towards non-ULIP, so the number of policies will also enhance in the coming years.

Moderator: Thank you. The next question is from the line of Aditi Joshi from JP Morgan. Please go ahead.

Aditi Joshi: Thank you for taking my question. Just my first question is on the economic assumption change. So when I compare this economic assumption change the impact of this in the embedded value movement versus the NBV movement, the economic assumption change is positive for EV whereas negative for VONB. So can you please help explain this difference?

And just a related on that before you change your assumptions, how many years of experience you observed as in the last 2 to 3 years or 5 years before you think that it's time to make the changes in the assumptions? And my second question is related to the growth differential between Tier 2, Tier 3 and Tier 1 cities, if you are able to share some growth numbers as in where the growth is higher in NBV. Is it higher in Tier 1 as compared to Tier 2 or Tier 3 or vice versa?

Management: Prithesh, can you respond to the first part.

Management: Yes. So I will respond to two question on the perspective. When you set the assumptions we do look into the historic experience, we look into that trend and in terms of the trend we look into the 5-year trend and 3-year trend. And objective is to look into what is the emerging trend. And all our assumption reflecting to the emerging trend to reflect the demographics assumption recommendation.

Other question, you are looking for economic impact of the economic assumption change. So when you look into this impact when you go to the EV, it reflect on existing book and that's changed from the point to the point. So if you look at the March changes, 31 March 2023 to 2024, So when you look to the VONB perspective is the average and that's reflected the new business composition.

And as you know that our also indicates the interest rate movement will have a different impact as unit-linked business and non-linked business. That's the reason we see slight variation coming from that prospect.

Management: In terms of growth, it is more not Tier 1, Tier 3. It is more state and other customer segment growth, which has varied. We've not seen any significant difference between growth of Tier 3 terms compared to Tier 1 terms. There is no pattern that we can see there.

Aditi Joshi: Okay. Just one follow-up on the experience. I think I remember just one of your peers they observed the last 2 years' experience before making any changes to the assumptions. So is it last 2 years experience for you as well or you wait for more years before changing any assumptions?

Management: So we do take some longer period to ensure that our experience that we are going to use are assumptions safely is the credible enough. Now credible enough will also depend on the exposure of those lines of business, as we said that. But our view is not to make year-on-year changes. Our view is to make an assumption, which is sustainable for a longer period of time, and to some extent is a prudent seller.

And second point, just to add to your question on this. When you look at the economic assumptions, EV and other. Other part is if you read this chart the economic assumptions for EV is not only economic assumption, it's also includes most of the economic variance and most of the things are coming on account of economic variance. That you expect it will return a much more than what you expected in the yield curve.

Aditi Joshi: Okay. Got it. Thank you so much.

Moderator: Thank you. Our next question is from the line of Anirudh Shetty from Solidarity Advisors Private Limited. Please go ahead.

Anirudh Shetty: Thanks for the opportunity. So my first question is around the GTI business. You shared the APE figure for FY '24, could you share that for the FY '23 as well?

Management: So it is around INR600 crores.

Anirudh Shetty: Got it. And sir, this business while we're calculating our VNB for this, do we assume it to be a yearly sort of business or do we also make an assumption that the business could get renewed and so we kind of take it on a more multiyear type of recognition?

Management: We use this is a yearly renewal business and this is a very lumpy business. This year, it is with you, next year might be gone to other thing and particularly as a company we try to acquire or renew the business from a profitable type of things. So we always assume this is one year business.

Anirudh Shetty: And sir on the individual protection business you explained some challenges there this year because of ULIP doing well. But aren't the products serving very, very different needs, so was the challenge more from the customer demand side or was it more from the push side, from the distribution side where in they prioritized pushing ULIP?

Management: So there is no change from the push side. We want to offer all our products to all our customers and we provide all solutions for every life stage cycle of the customer. It is customers' choice. And as I told earlier also in response to some other question, this year, the flavor was ULIP because of excellent performance of the stock market.

So people preferred and were attracted to the equity returns. The kitty of investable surplus with the people is same. So if they are preferring ULIP, obviously, the other line of business, the share goes down. But from the company side, our focus is on all the products and we offer all the products that lay out in front of the customers.

Anirudh Shetty: Got it. And just one final question is when you think about the opportunity within. You had mentioned 2% penetration. Is that just for insurance or for all our savings products put together and you had also mentioned more -- the target customer, someone with -- correct me if I'm wrong, but more than INR10,000 savings balance. So I just want to understand that how did you -- how have we arrived at this INR10,000 saving balances a potential customer?

Management: So that basically is SBI's internal data, and they run internal data analytics. That is what they have informed us. We don't have that customer list with us. That is the data analytics that SBI runs. And this 2% is for all the products, not only the protection product, for all products that we offer through SBI branches.

Moderator: Thank you. The next question is from the line of Punit Bahlani from Macquarie Capital. Please go ahead.

Punit Bahlani: So just on an APE growth basis. Your peers have said that they are expecting APE growth in line with industry level, but what would be your expectation sir? I know you don't want to give an explicit guidance, but will we be expecting higher than industry growth or in the high teens or what are your comments?

Management: See, if I understand clearly you're talking about the APE growth vis-a-vis the peers comment on that subject, correct?

Punit Bahlani: Right.

Management: See, if you have seen our trend in the past and current year also, we have been better off as compared to the industry within the industry also among the private players. And we will try to maintain that position going forward. And as we have mentioned, the growth trajectory will be similar what we have been seeing in this year and we'll continue to focus on the leadership as far as the private industry is concerned.

Punit Bahlani: Got it. And sir, just confirming one thing on the margins front, you highlighted that going forward, growth will be driven by an improvement in the protection mix, you do expect further levers for margin expansion, right?

Management: There is a probability because it depends on the product mix. If this switch will happen from ULIP to non-ULIP. So expectation is that if it goes as per the plan then there will be a positive shift in the margin.

Punit Bahlani: Okay. Thank you sir.

Moderator: Thank you. The next question is from the line of Roshan Chutkey from ICICI Prudential. Please go ahead.

Roshan Chutkey: Thanks for taking my question. Just wanted to understand from a regulatory standpoint, what do you worry now? How should one think about it?

Management: I think worry is the wrong word. Our regulator, the sector regulator is very active and he is taking, the regulator is taking all the right steps for improving the insurance penetration, overall sum assured, taking care of long-term, short-term customers, everybody. So we don't feel any challenge. The regulator is working for the customer satisfaction and the company's policy fully aligns with the regulator's policy.

Roshan Chutkey: Thank you.

Management: Thank you Roshan.

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

Amit Jhingran: So thank you very much everybody who was here and we had very fruitful discussions and the insights into the industry. I thank you again for all the time and all the queries. I hope we have provided you with satisfactory answers. If you need any clarification, you can reach to our Investor Relations Department and we will be happy to satisfy any other queries regarding it. Thank you. Good bless you all.

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

Safe harbour: Please note that this transcript has been slightly edited for the purpose of clarity. Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These statements by the Company and its management are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions and are not guarantees of future performance. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control, and actual results could differ materially from those presented in the forward-looking statements.