

SBI Life Insurance

Operator: Ladies and gentlemen, good day, and welcome to the SBI Life Insurance Company Limited Q2 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this 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, Managing Director and CEO, SBI Life Insurance Company Limited. Thank you, and over to you, sir.

Amit Jhingran – Managing Director & CEO: Good evening, everyone. It is our privilege to welcome you to the SBI Life Insurance results update call for the period ended September 30, 2026. We sincerely appreciate your time and efforts in analyzing our performance, and thank you for participating in today's earnings call.

Updates on our financial results are available on our website as well as on the websites of both the stock exchanges. Along with me, Mr. Sangramjit Sarangi, President and CFO; Mr. Subhendu Bal, President and CRO; Mr. Prithesh Chaubey, President and Appointed Actuary; Mr. Santosh Chacko, President, Business Strategy; and Ms. Smita Verma, Executive Vice President, Finance and Investor Relations, are present.

India's resilient economy, supported by strong underlying fundamentals, rising household aspirations, and evolving customer needs, provides a sound foundation for the life insurance sector's long-term growth. Given the long-term nature of life insurance, short-term market volatility is unlikely to materially alter the sector's underlying growth drivers, although it may influence customer preferences across products. Demand for guaranteed savings products and ULIPs is expected to be shaped by customers' differing needs for financial certainty and long-term market-linked wealth creation. We remain well positioned to capitalize on these opportunities through customer-centric solutions, our diversified product portfolio, and a strong distribution network.

The recent IRDAI consultation paper on recalibrating the economics of insurance distribution is a constructive step towards strengthening the insurance ecosystem, with a continued focus on policyholder interests, transparency, and improved customer outcomes. This is consistent with the broader direction of recent regulatory reforms, including the GST exemption and the revised surrender value framework, which reinforce the importance of policyholder protection. While the final guidelines are awaited, we look forward to engaging constructively with the regulator. A balanced and sustainable distribution ecosystem remains essential for expanding insurance awareness, deepening penetration, and advancing insurance for all by 2047.

SBI Life's existing structure is broadly aligned with the proposed framework; therefore, we expect limited impact. We remain confident in our ability to adapt while creating value for customers and distributors and delivering sustainable, profitable growth. During H1 FY27, SBI Life pursued sustainable, profitable growth by strengthening distribution, expanding insurance penetration, and offering customer-centric, protection-led solutions across a diversified portfolio.

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Now let me give you some key highlights of the period ended September 30, 2026. New business premium stands at Rs.202.6 billion, with a growth of 10% and private market share of 20%. Individual rated new business premium stands at Rs.97.2 billion, with a growth of 12% and private market share of 22.6%. Gross written premium stands at Rs.40-484 billion, with a growth of 13%. Profit after tax stood at Rs.12.7 billion, registering strong growth of 17% over the corresponding period last year. Value of new business stands at Rs.32.7 billion, with a growth of 19%. VoNB margin stands at 27.9%. Embedded value as on September 30, 2026, stands at Rs.873.5 billion, with a growth of 15%. Our assets under management stand at Rs.5.3 trillion, with a growth of 19% over the corresponding period last year.

We will now update you on each of the key parameters in detail. Individual rated premium stands at Rs.97.2 billion, with year-on-year growth of 12%, while retaining our leadership position with a 22.6% private market share and 16% total market share. The company's 3-year CAGR of IRP stands at 11%. Individual APE stood at Rs.97.7 billion, growing by 11% year-on-year. Total new business premium is Rs.202.6 billion, with private market share of 20% and total market share of 8.2%. Group new business premium stands at Rs.65.3 billion, with a contribution of 32% to new business premium and year-on-year growth of 6%. APE stands at Rs.117.5 billion, registering growth of 18%. Out of this, individual APE stands at Rs.97.7 billion, with a growth of 11%.

Renewal premium grew by 15% to Rs.281.5 billion, which accounts for 58% of the gross written premium. To sum up, gross written premium stands at Rs.484 billion, with a growth of 13% over the corresponding period last year.

During the period, a total of 9.78 lakh new policies were sold, covering 1.43 crore lives. The growth in sum assured reflects strong consumer confidence and increasing awareness of financial protection. Individual and group new business sum assured grew by 36% and 78%, respectively, year-on-year, while rider sum assured continued to expand, now accounting for 40% of individual sum assured.

Let me give you details about the product mix. The company continues to strengthen its product portfolio through focused and customer-centric initiatives. During the quarter, the company launched riders to enhance product propositions, provide comprehensive coverage, and address evolving customer protection needs. Individual APE for participating products stands at Rs.5.1 billion, with a growth of 9%. The participating segment also witnessed considerable growth of 40% in sum assured during the period. For the period ended September 2026, guaranteed non-par savings garnered business of Rs.24.7 billion, with a growth of 27%. ULIP share stands at Rs.60.2 billion, contributing 62% of the product mix compared with 65% in H1 FY26, reflecting a gradual shift towards non-ULIP products. Individual protection APE is at Rs.4.3 billion, with a growth of 16% as compared to the corresponding period ended September 2025. The pure protection category registered growth of 26% on an individual APE basis, reflecting rising awareness and demand for comprehensive financial protection, while individual sum assured in the protection segment grew by 29%. Rider attachment continued to gain momentum, reaching nearly 49% of eligible individual policies. Including riders, individual protection [cut off]

Management: APE grew by 30%. Group protection APE stood at Rs.16 billion, registering growth of 134% over the corresponding period last year. Retirement plans assist customers in building a

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substantial corpus of funds to maintain their desired lifestyle and manage expenses in their golden years. Total annuity and pension new business underwritten by the company is Rs.46.2 billion.

Moving to updates on our distribution partners, with a strength of more than 64,000 CIFs, the bancassurance business of SBI and RRBs contributes 53% of the total APE basis. On an individual APE basis, it stands at Rs.59.9 billion, reflecting growth of 10%. SBI branch productivity on individual APE terms stands at Rs.5 million for the period ended September 2026. As on September 2026, agency individual APE stood at Rs.32 billion, registering growth of 12% YoY, with average agent productivity of around Rs.2 lakhs. The channel's product mix improved, with the non-unit share increasing from 39% to 47%, supported by robust 50% growth in agency individual sum assured. During the period, the company added over 72,000 agents on a gross basis and opened 14 new branches. The other channels—direct, corporate agents and other banks, brokers, online, and web aggregators—grew by 67% and contributed 19% of total APE.

Coming to updates on profitability, profit after tax for the period ended September 30, 2026, stands at Rs.12.7 billion, with a growth of 17%. The GST impact for the period is Rs.5.3 billion. Excluding this impact, profit after tax stands at Rs.16.9 billion, a growth of 39%. Our solvency remained strong at 1.97 as against the regulatory requirement of 1.50. Value of new business stands at Rs.32.7 billion, reflecting 19% growth, driven by both volume growth and a favorable shift in product mix. We have sustained a healthy margin of 27.9% for the period ended September 30, 2026, and for the quarter, the margin is 29.3%. Excluding the GST impact, VoNB would have been Rs.33.8 billion, representing 19.4% growth with a VoNB margin of 28.8%, and for the quarter, at 30%. Embedded value as on September 30, 2026, stands at Rs.873.5 billion, with a growth of 15% over September 2025. The operating return on embedded value is 18.8%.

Coming to operational efficiency, the opex ratio stands at 6.9%, and the total cost ratio stands at 11.7% for the period ended September 30, 2026, as compared to 6.2% and 10.9%, respectively, for the corresponding period ended September 30, 2025. Excluding the GST impact, the opex ratio is in line with last year and stands at 5.8%.

With respect to individual regular premium persistency, we continue to record healthy improvement across key cohorts. The 13th, 25th, and 49th month persistency ratios stood at 87.6%, 78.4%, and 69.3%, respectively, improving by 44, 110, and 40 basis points year-on-year. This consistent progress reflects the quality of our business, stronger customer engagement, and our continued focus on appropriate product offerings and long-term policyholder retention.

As mentioned in my opening remarks, assets under management stand at Rs.5.3 trillion as at September 30, 2026, having grown by 9%. Death claim settlement ratio stands at 99.1% for the period ended September 30, 2026. Our misselling ratio stands at 0.035%.

We continue to leverage technology to simplify processes and enhance operating efficiency. Nearly all individual proposals, 99.9%, are submitted digitally, while 71% are processed through automated underwriting, supporting faster and more seamless onboarding.

In conclusion, we are building scale and investing in future growth by strengthening our key channels and fostering a culture of resilience and continuous improvement. Frictionless onboarding, adopting AI-led underwriting and autonomous workflows will help further optimize

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costs, improve customer experience, and broaden access to financial protection. As technology reshapes insurance, we regard trust as a vital asset built through responsible deployment of technology, transparency, and consistent positive customer outcomes. Our focus remains on delivering high-quality, profitable new business growth with attractive investment economics, positioning us for sustainable long-term growth. Thank you all, and now we are happy to take any questions that you may have.

Operator: Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Avinash Singh from Emkay Global. Please go ahead.

Avinash Singh – Emkay Global: Hi, good evening. Thanks for the opportunity. Congratulations on a good set of numbers. I have two questions. The first one is, if I were to focus on IRP growth, it is close to 10–11% in the first half. As you also highlighted, over the last 3 years, the CAGR has been close to 11%. In a relative context, it may appear good, but based on your own aspirations or guidance, typically your IRP growth is expected to be around 13%, 14%, or 15%. For you, over the last many years, things have been pretty stable. You have a very exclusive bancassurance channel and have been investing in agency. Are you satisfied with this growth, or do you see certain things missing? Is growth not properly accelerating? I wanted your thoughts on growth and how this is going to shape up going forward, particularly given the changing regulatory landscape.

The second question is, if I try to look at the EV walk and VNB, on the EV walk side, you have a positive benefit from operating experience variance, and that has typically been the case for many years. But if I look at the VNB walk, there is still a negative impact from operating assumption changes. If, in reality, based on your past assumptions, your experience continues to improve, what are these operating assumption changes that you have made this year which are leading to some minor negative variance in the VNB margin? Thanks.

Management: Thank you, Avinash. Regarding IRP growth, in the first half we are growing at around 12%, but at the start of the financial year, we had given guidance that we would grow for the year at around 14% to 15%. We are sticking to our guidance for the entire financial year, notwithstanding the quarter-to-quarter or month-to-month variation. We are very sure that for the financial year, we will close with 14% to 15%, as we had guided.

What makes us satisfied with the growth is that, as we had already said in our earlier commentary, the growth will be better than the industry growth, and we are happy that we are at the same level as the industry growth has been in the first half. That was regarding your question on IRP. I will ask Mr. Prithesh to tell you about the operating variance and related matters.

Prithesh Chaubey: Thank you, sir. Thank you, Avinash, for your question. I think you are right that operating [laughs] variance has been positive and always has been, because our objective is to keep the long-term sustainable assumption. That is the reason we always outperform on the EV side.

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When you look at the VNB, just to clarify, we have not made any assumption change during this period. The impact that you are seeing is from the assumptions that we refined in March 2026 as part of our normal refinements, and that included minor refinement in terms of mortality, persistency, expenses, and all that. That is why it is reflected, because we are comparing this VNB walk from the previous September to this September, and March came in between. Otherwise, we have all positive variance, and we do expect to maintain this positive variance and better ROEV going forward.

Avinash Singh – Emkay Global: Okay. Thank you.

Operator: Avinash, does that answer your question?

Avinash Singh – Emkay Global: Yes, it answers it. Thanks. All right.

Operator: Thank you. The next question is from the line of Shreya Shivani from Nomura. Please go ahead.

Shreya Shivani – Nomura: Thank you for the opportunity. My first question is about the trajectory of the bancassurance channel. Usually, the bancassurance channel does quite well for us in the third quarter, and the trajectory starts in September itself. However, this time the September month was slightly affected. How has the performance been so far in October? It has been 27 days. Any details that you can give around that would be useful.

My second question is also on the non-par savings product and the annuity product, which have grown quite well. Are we making these products available across all SBI branches, or, as the data shows, is most of this growth coming from the agency channel? That would be my second question. Thank you.

Management: You are right, Shivani, that the third quarter is usually good for SBI Life as a whole, and our growth rate in the third quarter has normally been higher. That is what we are expecting this year as well. Notwithstanding quarter-on-quarter or month-on-month growth figures, as I already said in response to the first question, what we look for is the long-term trend, and for the year, we had guided for growth of 14% to 15%. In the first quarter, we had growth of 15% plus, and the second quarter was slightly subdued, but overall, I will still maintain that the trend is for 14% to 15% growth in IRP for the entire year.

Regarding the products, all our products are available across all channels and across all distributors. The products you are talking about are available through both the bancassurance channel and the agency channel. Uptake from the agency channel has been slightly better than through the bancassurance channel, but we are trying to improve the sales performance of these products through the bancassurance channel also in the coming quarter and coming half year.

Shreya Shivani – Nomura: Right, sir. Just a follow-up on the product uptake being better in the agency channel versus the bancassurance channel. In general, given the way movements in benchmark rates have taken place, have we revised our guaranteed IRR on our non-par products? I am assuming it is the same offering, same pricing, or same IRR offering across all channels, right? There will be no differentiation as such.

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Management: No, all our products are uniformly priced across channels, and from time to time, we keep looking at the rates being offered depending [trails off]

Management: on the yield movement in the market. In this quarter, Q2, we did revise the return to the customer and pass on some benefit as well.

Shreya Shivani – Nomura: Great. Okay, that is useful. Thank you, and all the best.

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

Prayesh Jain – Motilal Oswal: Hi. Congratulations on a good set of numbers. Firstly, I wanted to understand the non-par aspect and the margin front. We have seen margins in this quarter. One factor is obviously the product mix shift, but did we also get an advantage from the yield movement that happened during the quarter and possibly some delay in passing on the benefits to the customer? Possibly, product-level margins would have improved and could decline in the next quarter. I am just trying to understand the margin movement.

Second, on the regulatory environment, we have seen the consultation paper, which contains certain elements that discuss bancassurance and credit life, which is an important product for us. How do you see this impacting the business, or how is the parent bank thinking about these elements? Those would be my two questions. Thanks.

Management: I will take your second question first, regarding the regulatory paper on recalibration of the distribution framework. We have already gone on record and said that it is conceptually and directionally a very good step on the part of the regulator, and this is going to play an important role in the vision of the regulator as well as that of the government of insurance for all by 2047. It is a further continuation of earlier reforms such as the GST exemption and the surrender value regulation, all of which are directed towards taking better care of customers.

As far as the impact is concerned, you are aware that SBI Life is going to be one of the least impacted companies because of this. This may also open up some opportunities for SBI Life in the coming times. I am sure that as the final guidelines come in and take effect, we will definitely be able to adapt to these new conditions in a much better way.

I will ask Mr. Choubey to talk about the margins and the effect of yield on them.

Prithesh Chaubey: Thank you, sir. On the margin, you are right that the margin movement over this quarter happened particularly on account of the better product mix. As far as the yield is concerned, our objective, or our endeavor, is to pass on the benefit to the customer as much as possible, with the objective of optimizing value. When I say optimize value, it means optimizing the return to the customer as well as optimizing the margin.

There might be a slight delay, but this is an ongoing process, and we do not see that there will be a significant impact going forward, because we continue to refine our products to offer optimized value from that perspective. We do not see that there will be any adverse impact in the next quarter.

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Prayesh Jain – Motilal Oswal: Just a follow-up on the margin front. Earlier, we used to guide for 26% to 28% VNB margins. We are obviously recording above that, and the third quarter is a much stronger quarter for us. Do we now think about VNB margins in a much higher range compared with what we are getting today?

Prithesh Chaubey: Our objective is to optimize VNB and enhance VNB. From that perspective, we continue to maintain this range, and that range will help us optimize value. As and when required, we can price accordingly and do that.

Management: We will stick to our guidance of 26% to 28%, and we will see how things pan out in the next half year, meaning the current half year.

Prayesh Jain – Motilal Oswal: Thanks. Thank you so much.

Operator: Thank you. The next question is from the line of Samant Singh from PhillipCapital. Please go ahead.

Samant Singh – PhillipCapital: Hi. Thanks for taking my question. Coming back to the non-par pricing, in June you raised the customer IRR on guaranteed non-par products as yields rose, and then non-par savings performed very strongly in this quarter. My question is, when yields rise, how do you split the benefit between a higher guaranteed return for the customer, which is reflected in volumes, and a wider spread for SBI Life in terms of margin? Did you reprice again in the second quarter, and how much of the Q2 margin gain is from the non-par contribution? If you could help with that.

Prithesh Chaubey: As I mentioned, we continue to refine and reprice our products going forward, including in Q3 and Q4. This is part of our strategy to optimize value, so that will happen. We do not disclose how much margin is coming from a particular line of business for this quarter, but the change in the mix that we reflected has helped us enhance our margin for this quarter.

Samant Singh – PhillipCapital: On annuity, you also previously suggested that you were planning to launch a regular-pay deferred annuity. Has it been launched, or what volumes and margin do you expect from it? Any color on the regular-pay deferred annuity would be useful.

Prithesh Chaubey: We will be launching this deferred annuity soon, and the margin will be similar to, or perhaps higher than, the company margin. That is what we are looking for. The objective is to provide a return to the customer, and this is one segment where we see a lot of potential from the perspective of the country's demographics. There is a lot of potential for deferred annuity as well as for margin-accretive products. We will be launching it, and we hope this will help grow our non-par share as well as enhance our margin.

Samant Singh – PhillipCapital: Sometime in this quarter itself, is that what you said?

Prithesh Chaubey: Yes. Yes.

Management: Yes, hopefully.

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Samant Singh – PhillipCapital: I have one or two more questions, if that is okay. On the IFRS or Ind AS matter, which transition approach will you use for the in-force book? Will it be full retrospective for recent cohorts or fair value or modified retrospective for the older ones? Any color on that? The point I am more interested in knowing is what share of the opening CSM would come from each. If you could provide some color on that. Additionally, [cut off]

Management: Mr. Sarangi will be replying to that.

Mr. Sarangi: We are following exactly what the mandate from the regulator is, and at this moment, as you know, we are under a forbearance period under the IRDAI. We will evaluate accordingly what the best options available for the company to adopt are. Once we go towards the end of this financial year, by the end of March, we will finalize and then move towards June 30, 2027, for the adoption. By that time, we will take an appropriate call on what is best for the company as far as IFRS adoption is concerned.

Samant Singh – PhillipCapital: Will we have an investor day to educate investors before that?

Mr. Sarangi: Yes, we will do that. We will definitely do that. We will definitely do that. By the time we come towards the end of this financial year, we will plan it accordingly.

Samant Singh – PhillipCapital: One last question, if I can squeeze it in, on ULIPs, because that is a significant portion of your mix. Will ULIP CSM be released on a sum-assured basis, or will it be on a fund-value basis?

Mr. Sarangi: We will come back to you when we start discussing IFRS. Once this is done, we will come back to you and guide you accordingly.

Samant Singh – PhillipCapital: Sure, sure. Thanks for answering.

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

Sanket Godha – Avendus Spark: Thank you for the opportunity. If I look at your VNB walk for the first quarter, you had a negative 60 basis point impact because of the product mix change. If I look at H1, it is positive 80 basis points. Is this change from -60 to +80 predominantly because of the reduction in the GTL contribution, or did non-par or annuity also play a role in the improvement? If you can give some color on how this moved from -60 to 80 because of annuity and non-par, and how much was because of the reduction in the GTL business.

Prithesh Chaubey: The first thing I would clarify is that the comparison from -60 to +80 is not really comparable, because when you showed the walk in June, that was from the previous June to this June. What we are showing here is from the previous September to this September, H1 versus this H1. It is not exactly comparable on that point.

The positive movement that you are referring to, from the previous year's H1 to this year's H1, is on account of the entire product mix. This includes some impact from GTI and some positive impact from annuity as well as non-par. It is a combined impact of the product mix that we are reflecting here.

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Sanket Godha – Avendus Spark: I understand that it is not comparable and is difficult to compare, but I wanted to understand whether it was largely because the share contribution came down, or whether it was largely because of the contribution of non-par and term. Directionally, I wanted to understand that point.

Prithesh Chaubey: I would say that when we explained it in Q1, it was mainly on account of a higher share of GTI in that quarter. When you are comparing this H1 [cut off]

Operator: I am sorry to interrupt, sir. We are not able to hear you properly. Your voice is breaking, sir.

Prithesh Chaubey: What I am saying is that when you compare Q1, that was more on account of the higher share of group business, or GTI business. That is why it was negative. When you look at the positive movement here, it is more positive movement towards the non-par and annuity business. That is where the positive movement is coming from.

Sanket Godha – Avendus Spark: Understood, sir. In the annuity business, I asked this question last time as well: is this 28% growth in the second quarter because of the launch of the new plan that you were planning to introduce, the deferred annuity, or is it still the existing single-premium product that is driving the growth?

Management: No, actually, it is the existing product portfolio only. The new product is yet to be launched. We are looking forward to launching that product sometime in the third quarter.

Sanket Godha – Avendus Spark: Understood. One more question was regarding the agency channel. In Q1, it was quite strong, with around 23% to 24% growth, but it suddenly grew by only approximately 6%, while banca continued to grow in the range of 9% to 10%. Is there anything to read into as to why the agency channel suddenly looked somewhat weaker in the current quarter compared with Q1, when we experienced strong growth, or is it simply a base effect?

Management: As I already said, instead of looking at month-to-month or quarter-to-quarter variation, we look at the overall trend. I am very sure that whatever target and guidance we have taken for FY27, we are going to adhere to. The agency channel will return to its normal growth in the next couple of months.

Sanket Godha – Avendus Spark: Understood, sir. Lastly, on individual protection, I wanted to get some color because, as we have highlighted in the past, our growth looks softer compared with peers. I believe this is because of the significant product mix change towards pure term. Can you give some color on how the 16% growth in APE for the first half is broken down between pure term growth and ROP growth? Alternatively, a color on the mix of pure term and ROP would be useful.

Management: Yes. Sangram.

Mr. Sarangi: The overall growth in protection on the individual NBP basis is 16% in H1. The contribution is mostly coming from pure protection. Pure protection is growing faster than return of premium. As far as our mix between ROP and non-ROP is concerned, it has now moved to 58% to 42%. 58% is ROP and 42% is non-ROP. The pure protection mix has moved from 19:10 to 58:42. The major growth is coming from pure protection, but at the same time, ROP is also quite an attractive

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proposition for our customers. We will continue to do that.

Management: You can see that the sum assured growth in our company is very strong—in fact, the highest in the industry. That is because pure protection growth is much higher compared with return of premium growth, which used to be the company's forte in earlier years. Because of that, the [trails off]

Management: overall growth is looking a bit softer, but the sum assured growth is much stronger.

Sanket Godha – Avendus Spark: Got it, sir. Lastly, on credit life, I wanted to understand how we sell it. Do we bundle it along with the loan and the premium amount, or do we sell it as a separate product where the payout is made by the insurer? I wanted to understand this because the new distribution paper clearly states that it should be paid separately. Is it bundled, or is it collected separately from the borrower?

Management: First of all, there is a difference between these two things. I would not say that the product is bundled because it is optional for the customer. As I shared earlier, our attachment rate in the bank portfolio is around 50%, or less than 50%. It is optional for the customer to opt for this product. However, as of now, most customers are paying this premium by availing themselves of a loan from the bank. Going forward, as and when the guidelines change, we will adapt to the new guidelines according to the situation.

Sanket Godha – Avendus Spark: Understood, sir. Thank you. That is it from my side.

Operator: Thank you. The next question is from the line of Madhukar Ladha from JP Morgan. Please go ahead.

Madhukar Ladha – JP Morgan: Good evening. Congratulations on an excellent set of numbers. Just a couple of questions from me.

Can you break down the individual APE growth target that you have of about 14–15% for the year? Which channels will contribute how much to that? Banca has grown about 9% in the first half and agency about 12%. If you could split between banca, agency, and others, how much would each segment contribute to individual APE growth?

That is the first question. Second, the other channel is doing quite well. Can you provide some color on what is driving this? Have we added new partners, and for how long is this growth sustainable? If we have added new partners and they are ramping up, some color around that would be helpful.

Third, on margins, I know that you revise your assumptions at March-end every year and then carry those assumptions forward. I wanted to clarify whether you also keep the interest rate assumption constant as of March, or whether you keep revising the interest rate assumption as you see how the yield curve evolves during the year.

Regarding the strong margin performance and the margin of more than 29% that we are seeing in this quarter, how much of that is because of the higher yield curve? Have we fully hedged, and what portion is hedged? Some color around that would also be helpful. Thanks.

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Management: [line issue] [inaudible] the first question [inaudible]

Operator: I am sorry, sir, we are not able to hear you.

Management: Am I audible now?

Operator: No, sir. Can we just fix the microphone, please? Your voice is still breaking, sir.

Management: Is it better?

Operator: Better, sir.

Management: Okay. Your first question was regarding the IRP breakdown for the different channels. We do not divulge these details, and it depends on market conditions and the response of the channels to various products. However, what I will assure you is that we are going to adhere to the guidance of 14% to 15% for the overall company.

Regarding your observation of very high growth in other segments, which include other bank partners, corporate agents, and our direct channel and emerging business channel, the base there is quite low, and the growth rates are high because we are getting a good response on our direct channel as well. In addition, we keep adding partners, and in the last quarter also, we added a new bancassurance partner, J&K Bank, which has started selling our products. Going forward, [line issue] [inaudible] new contract. Margin and interest rate assumptions will be addressed by Mr. Prithesh Chaubey.

Prithesh Chaubey: Thank you, sir. On the margin, your question was that [line issue] [inaudible]

Operator: I am sorry to interrupt, sir. We are not able to hear you.

Prithesh Chaubey: [line issue] And on your question regarding interest rate assumptions, to clarify, we use the yield curve. The prevailing yield curve has been used for computing VNB as well as the VNB margin. Only the operating assumptions are changed in March; the economic assumptions keep changing. As far as the impact of the yield curve is concerned, it is difficult to quantify how much contributed to this quarter, [line issue] [inaudible]

Operator: I am really sorry, sir, we cannot hear you. Your voice is breaking a lot, sir.

Prithesh Chaubey: [inaudible] now?

Operator: No, sir. We are not able to hear you.

Prithesh Chaubey: Is it better now?

Operator: Still, sir, we are not able to hear you. Can we try doing this? I will connect you again if we can do that.

Prithesh Chaubey: Yes, that will be better.

Operator: Ladies and gentlemen, please stay connected while we get management back online. Thank you.

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Operator: Ladies and gentlemen, management is connected now. Over to you, sir.

Prithesh Chaubey: Thank you. Madhukar, on your question about the yield curve and interest rate assumptions, I want to clarify that we use the current yield curve on a month-on-month basis when the business has been done. We change only the operating assumptions at year-end.

Your second question was to quantify how much was contributed by the yield curve in this quarter. That is difficult because we keep repricing, and some products have been repriced. However, if you look at our walk comparing H1 last year with this year, we have quantified that a 70 basis point margin uplift is coming from the movement in the yield curve. I think this clarifies your question.

There was another question that you asked about hedging. We hedge 80% of the premium as per the policy. Through that, we try to optimize our hedging ratio, and at the current point in time, 80% is the optimal value as far as hedging is concerned.

Madhukar Ladha – JP Morgan: Right, sir. Got it. Thanks a lot for the response, and all the best.

Operator: Thank you. The next question is from the line of Dipanjan Ghosh from Goldman Sachs. Please go ahead.

Dipanjan Ghosh – Goldman Sachs: Hi. Good evening, everyone. I have a few questions.

First, regarding the non-par and annuity growth that you are seeing, I wanted to get some color on the underlying customer and product type. Is this more towards one-time lump-sum payout, endowment-based products, or is it more towards long-term regular payout products? How has that mix been changing, perhaps over the last 6 to 12 months? On the customer side, are these people who are 50-plus, or are you also seeing younger customers opting for this particular asset class? Some color on the product and customer type would be useful.

My second question is on the non-agency channel and institutional alliances. We have seen very strong growth in the non-par category in that particular segment for some quarters now. I wanted to understand two things. First, what would be the contribution of banks within this portion, specifically non-SBI banks? Second, what would the margin profile be for each product category in this channel, without quoting the numbers, relative to the agency or SBI channels?

I also have one or two data-keeping questions. First, if you can break down the operating variance for the first half into the various categories. Second, if you can give the credit life APE for the first half.

Management: As far as your question about non-par annuity products is concerned, all options are open to the customer, and it is the customer's choice, based on their current financial condition and financial goals, that is used to decide the product portfolio. However, let me tell you that most of the growth is coming from our regular-premium business, and the single-premium contribution is very low in the non-par and annuity growth that is coming in.

Management: Institutional alliances growth is mostly coming from public-sector banks and some private-sector banks as well. We are seeing very good growth of more than 30% in this other-bank channel segment.

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The growth in this segment is particularly coming from the non-par segment. Regarding the margins you were asking about, we pay uniform commission to all our distributors, whether they are from the agency channel, bancassurance channel, or other-bank channels. Since the commission rates are uniform, the margin from all the channels is also uniform.

Regarding operating variance, I will ask Mr. Chaubey to address it.

Prithesh Chaubey: We do not disclose the bifurcation of the operating variance. I will just confirm that the key operating variances are mortality, persistency, and expenses. We have parity variance. There is nothing that has dented the operating variance.

Dipanjan Ghosh – Goldman Sachs: Second, if you can give the credit life APE for the first half?

Management: Credit life is almost flat as far as H1 is concerned. Overall, from group protection, we have done approximately 140 crores of credit life in this half year.

Prithesh Chaubey: APE.

Management: APE, basically.

Dipanjan Ghosh – Goldman Sachs: Got it. Thank you, and all the best.

Operator: Thank you. The next question is from the line of Shobhit Sharma from Elara Securities. Please go ahead.

Shobhit Sharma – Elara Securities: Hi, sir. Thank you for the opportunity, and congratulations on a great set of numbers. I have a couple of questions.

First, on the product mix, if I look at H2, the product mix is very strong on the non-par side. Usually, because of seasonality in H2, we see the ULIP mix start to increase. Should we expect that trend to continue going forward?

Looking from a long-term perspective, if I look at the non-par savings mix, which is at 25% for H1 and even higher for the second quarter, how much non-par mix are we comfortable operating at? If we want to look at what our ULIP-to-traditional mix should be going forward, say, 3 years down the line, is there any such guidance that you can provide?

Lastly, you mentioned that we currently do not have differential pricing or differential IRR across the distribution channels. Do you expect that we will have to review this approach because the distribution reform that has just been introduced has suggested that the benefit of the cost needs to be shared with the policyholder? Your thoughts on that would also be helpful.

Amit Jhingran: Regarding the product mix, as you already know, last financial year we closed with 66% of ULIP and 34% of non-ULIP products. This year, we had set a budget of reducing the ULIP contribution to around 63% by improving non-par, participating, and protection products, and our product launches have also been in that category to provide more solutions and more choices to the [cut off]

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Amit Jhingran: customer, and the market and our distributors have responded well to that. In the first half, we closed at around 62% of ULIP and 38% of non-ULIP products. As we move into the second half, we have that 1% cushion, and we expect that, broadly, we will be able to move in the direction that was set at the start of the financial year.

Shobhit Sharma – Elara Securities: Just a small follow-up on this. If I look at your participating and annuity mix, we still have some gaps and need to cover the mix on that side. How are we planning to cover that gap so that we can have a much more balanced product mix going forward?

Amit Jhingran: We look at the ULIP and non-ULIP segments broadly, and within those segments, we go more by customer choice and where customer preferences lie. We do not undertake too much micro-segmentation. We offer all kinds of product solutions to customers.

Shobhit Sharma – Elara Securities: Lastly, regarding the approach to differential IRR and differential pricing, could you share your comments on that?

Amit Jhingran: As I said earlier, SBI Life is best placed with respect to the new distribution norms that are proposed to come in. As and when they take effect, we will change our products and our OpEx or commission structure in line with the regulator's guidelines. Let me assure you that we are best positioned, and this may open up more opportunities for the company in the coming times.

Shobhit Sharma – Elara Securities: Okay, sir. Got it. Thank you, and all the best.

Amit Jhingran: Thank you.

Operator: Thank you. Ladies and gentlemen, we will take the last question from the line of Vinod Rajamani from Nirmal Bang Securities. Please go ahead.

Vinod Rajamani – Nirmal Bang Securities: Yes, thank you for taking my question. I had two questions. One is on the conservation ratio. Persistency has improved across most cohorts, but the conservation ratio has fallen to around 82% from 84% in Q2. The sharp fall is in linked pensions. I wanted to know what is driving this.

The second question is again on the forward-looking regulations. You said that SBI Life would be among the least affected and may gain some opportunities under the new commission guidelines. What share of your credit life currently comes from non-SBI lenders? Once the regulations take effect, for example, if the lender commission is capped at around 2% or 2.5%, do you expect to win mandates? These are the two questions I had.

Management: Regarding the conservation ratio you mentioned, there are two aspects. First, our 13th-month and 25th-month persistency is very good and is improving compared with previous quarters and previous periods. Renewal collections are also growing at the higher double-digit rate. Therefore, we expect the conservation ratio to continue to perform like this.

As far as credit life is concerned, we do not have much partnership with lenders other than SBI. At this moment, we do not see any challenge. Let us first see in what form this consultation paper becomes a regulation. Then we can decide. At this moment, it does not impact SBI Life.

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Vinod Rajamani – Nirmal Bang Securities: Just on the conservation ratio, it has fallen to 82% despite strong persistency. Is there any reason for that?

Management: No, the conservation ratio has not fallen.

Vinod Rajamani – Nirmal Bang Securities: No, from [cut off]

Management: It is at least flat now, because, as you can see, renewal collections are proceeding as we expected. We do not see a challenge with respect to the conservation ratio.

Vinod Rajamani – Nirmal Bang Securities: Okay. Sure. Thank you. Those were my questions.

Operator: Thank you. Ladies and gentlemen, that concludes our question-and-answer session. I now hand the conference over to Mr. Amit Jhingran for his closing comments. Over to you, sir.

Amit Jhingran: Thank you very much for your time and queries. You may get in touch with our investor relations team in case you have any follow-up questions. Thank you, and good night.

Operator: Thank you very much, sir. On behalf of SBI Life Insurance Company Limited, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.

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