July 22, 2025

General Manager
Listing Department
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

Vice President
Listing Department
National Stock Exchange of India Limited
'Exchange Plaza',
Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051

Dear Sir/Madam,

Subject: Earnings Call Transcript for the quarter ended June 30, 2025

In continuation to our letter(s) dated July 10, 2025, and July 15, 2025, the Company had hosted an earnings conference call with investors and analyst on Tuesday, July 15, 2025, at 2:45 p.m. IST, to discuss the performance of the Company for Q1-FY2026.

Pursuant to Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please be informed that the transcript of the 'earnings conference call' for Q1-FY2026 has been hosted on the website of the Company at www.iciciprulife.com

A copy of the transcript is enclosed herewith for immediate reference.

Please note that no unpublished price sensitive information was shared during the meeting.

Thanking you,

Yours sincerely,

For ICICI Prudential Life Insurance Company Limited

NAIR PRIYA SRIKUMAR
Digitally signed by NAIR PRIYA SRIKUMAR
Date: 2025.07.22 11:43:48 +05'30'

Priya Nair
Company Secretary
ACS 17769

Encl.: As above

ICICI Prudential Life Insurance Company Limited
Earnings conference call
Quarter ended June 30, 2025 (Q1-FY2026)
July 15, 2025

Anup Bagchi

Thank you. Good afternoon, and welcome to the results call of ICICI Prudential Life Insurance Company for the quarter ended June 30, 2025.

I have several of my senior colleagues with me on this call. Amit Palta – Chief Products and Distribution Officer; Dhiren Salian – CFO; Judhajit – Chief Human Resources and Operations; Deepak Kinger – Chief Risk and Governance Officer; Manish Kumar – Chief Investment Officer; Souvik Jash – Appointed Actuary; and Dhiraj Chugha – Chief Investor Relations Officer.

Let me take you through the key developments during the quarter.

We express our sincere gratitude to Mr. Dilip Karnik, who has retired from the position of independent director, effective May 9, 2025, having completed the maximum age of 75 years as prescribed by the IRDAI regulations. We also held our 25th AGM through our video conference on June 27, 2025. All the items specified in the AGM notice were approved by the Shareholders of the company.

Now let me provide the business overview.

The Indian economy has gone through uncertain times over the last couple of quarters with challenges in micro finance sector, tariff wars and geopolitical events. This has led to volatility in equity markets and has impacted the market sentiment in general, specifically discretionary spending. The life insurance industry was also impacted and grew at a slower pace in Q1-FY2026, delivering 5% year-on-year growth in retail weighted received premium as compared to 20% growth in the previous year Q1.

ICICI Pru Life grew at a very high pace in Q1 last year, delivering a 47% RWRP growth, primarily led by strong linked business on account of buoyancy in the equity market and a unique product offering in the annuity segment. Thus, this year's Q1 was impacted by both external factor in the form of uncertain market environment, an internal factor being a very high base of last year.

On the other hand, we have witnessed a surge in the non-linked segment as customer preference started shifting towards guaranteed products, given the volatility in equity markets. Additionally, the retail protection segment continues to witness strong momentum as the product by its inherent nature, is not much dependent on the market environment. Amit will talk about the market movements in detail.

Now the key performance highlights for Q1-FY2026:

- APE declined 5% year-on-year to ₹ 18.64 billion, and retail APE declined by 9.2% year-on-year to ₹ 15.12 billion. The 2-Year CAGR for both stood at approximately 13%.
- Retail NOP grew by 2.6% and new business sum assured grew by 36.3% year-on-year, led by strong growth in protection businesses. Retail new business sum assured grew by 31.5% year-on-year.
- Total premium grew by 8.1% year-on-year to ₹ 89.54 billion.
- Our 13-month persistency stood at 86%, and 49-month persistency stood at 69.8%.
- We continue to deliver on our claim promise with leading claim settlement ratio of 99.6%, with an average turnaround time of 1.1 days for non-investigated individual claims.
- We remain focused on improving customer experience. 54% of our policies were issued on the same day for the savings line of business.
- Cost to premium improved by 280 basis points to 21.2% in Q1-FY2026.
- VNB for the period was ₹ 4.57 billion. With an APE of ₹ 18.64 billion, the margin stood at 24.5%.
- PAT grew by 34.2% year-on-year to ₹ 3.02 billion.
- AUM grew by 5.1% year-on-year to ₹ 3.2 trillion as on June 30, 2025.

Risk management is an integral part of our ecosystem with a focus on right selling, right sourcing and right onboarding. Our robust risk management architecture is exhibited in our strong and resilient balance sheet and our solvency ratio stood strong at 212.3%.

We have received recognition from various industry forums, affirming our customer-centric approach being embedded in every step of our business. The complete list of awards is provided on slide 49. With customer centricity at the core of everything we do, we will continue to work on our strength, that is product leadership, extensive distribution network, and business excellence, aided by building blocks of people, digitalisation and analytics.

On the cost front, we continue to work towards aligning the cost structure, which is commensurate with the product mix. All these initiatives together will help us achieve our core objective of increasing the absolute VNB, while delivering value to our customers.

Thank you. And I will now hand it over to Amit to take you through the business updates.

Amit Palta

Thank you, Anup. Good afternoon, everyone.

As mentioned by Anup, the uncertain external environment led to consumer preference moving towards guaranteed products from market-linked products as wealth preservation takes precedence over capital appreciation during such times. As a result, non-linked savings business grew by 20.8% year-on-year, while linked business declined by 13.6% year-on-year in Q1-FY2026.

Contribution from non-linked business increased to 21.5% and linked business mix declined to 46.8% of APE. In spite of this market volatility, 2-Year CAGR for our linked business still stood at robust 24.1%.

There continues to be a category of customers who still take a long-term view and demand linked products irrespective of short-term volatility. Therefore, to further enhance our linked portfolio, we have launched '**Smart Insurance Plan Plus**', which offers affordable wealth creation with a premium as low as ₹ 1,000 per month. We have also been increasing the proportion of linked products which are not only aimed at wealth creation, but also offer goal protection, high sum assured and comprehensive benefit for nominees.

Protection business grew by 15.2% year-on-year in Q1-FY2026 and contributed 21.9% to APE. The strong momentum in the retail protection business continued with 24% year-on-year growth. To further capitalise on this momentum, we recently launched '**iProtect Smart Plus**', a protection plan, which offers flexibility to customers by providing them a choice to opt for premium break, and convert regular premium policy to a limited pay policy. The product offers an immediate death benefit on claim registration, thereby catering to the family's liquidity needs in the time of distress.

In credit life business, we continue to witness a slowdown in the MFI segment in line with the challenges in the MFI industry. We expect a recovery in MFI space gradually over the coming quarters. Overall, credit life business, that is MFI and non-MFI together, is at a similar level as the previous year.

Group term business has grown year-on-year. As businesses continue to scale and the number of employees increase in the economy, this segment should also grow over the long term. Our strategy remains focused on selecting businesses which meet our defined risk-reward expectations.

Annuity business declined 53.3% year-on-year in Q1-FY2026 on a very high base. Annuity does continue to be a focus area. Annuity CAGR for the last 4 years stood at 15%. Specifically, in this quarter, we are starting to witness an increasing shift towards single premium annuity, partly driven by the drop in fixed deposit rates. Group funds business grew by 53.7% year-on-year and contributed 4.4% to APE. This business is typically lumpy in nature.

Moving on to the channel-wise growth and contribution.

Proprietary channel, which includes agency and direct, declined by 18.1% year-on-year in Q1, and contributed 38.5% to total APE and 47.4% to retail APE. The decline was primarily due to high annuity base of the previous year, and the shift in consumer preference away from ULIP products, which contributed heavily to the channel business. Over the last few months, these channels have been agile enough to pick up non-linked products. Historically, they have demonstrated the ability to shift product mix from ULIP, and non-linked savings business depending on the prevailing macro environment factors.

The 5-Year CAGR for our proprietary channel is 19% for Q1-FY2026. This demonstrates the channel's ability to deliver continuous growth across varied business cycles. Therefore, we believe the decline in Q1-FY2026 is transitionary, and we will continue to invest in our proprietary channels to sustainably grow the business.

Bancassurance business declined by 2.1% year-on-year and contributed 29.7% to APE in Q1-FY2026. 2-Year CAGR for bancassurance stood at 14.4%.

Partnership distribution business grew by 6.6% year-on-year and contributed 12.9% to APE mix in Q1-FY2026.

Group business grew by 18.9% and contributed the same 18.9% to APE mix in Q1-FY2026.

Our distribution mix is provided on slide 9. We strongly believe that well-diversified distribution is one of our biggest strengths. Today, we have more than 240,000 agents spread across geographies, 49 bank partnerships with access to more than 23,500 bank branches and 1,350 non-bank partnerships.

As we continue to deepen our channel distribution and penetrate further into micro markets to get more access to varied customer profiles, our ability to shift between product segments, depending on the prevailing economic environment should become even more seamless. We believe this will help us deliver sustainable growth, irrespective of the market environment over the long term.

I will now hand it over to Dhiren to talk to you through the financial updates.

Dhiren Salian

Thank you, Amit. Good afternoon, everyone.

Now let me take you through the financial metrics.

The Value of New Business (VNB) for Q1-FY2026 stood at ₹ 4.57 billion, and the VNB margin stood at 24.5%. The relevant comparison of Q1-FY2026 margin is with the full year 2025 margins, which were at 22.8%, as that captures the impact of all assumption changes done on March 31, 2025. The movement in margin is largely on account of the shift in product mix towards non-linked from the linked business as customer preferences shifted towards guaranteed products and a higher mix of protection business.

Coming to cost. Since last year, we have taken various cost optimisation initiatives to have a leaner cost structure, and at the same time, align it to the emerging product mix. We have already started witnessing the benefits of some of these initiatives as we have now seen improvement in our cost ratios.

Our total premium grew by 8.1%, while our expenses declined by 4.4% in the current quarter. This led to an improvement in Cost to premium ratio by 280 basis points year-on-year to 21.2%. The Cost to premium for savings line of business improved by 270 basis to 14.1%.

We also continue to work on improving product level profitability through increasing sum assured multiples, longer tenure policies and increasing rider attachments. We believe that as we see improvement in our APE growth, both our cost optimisation and profitability improvement initiatives should enable us to sustainably grow VNB over the long term.

Moving to other financial metrics.

The Company's profit after tax for current quarter stood at ₹ 3.02 billion, an increase of 34.2% year-on-year, primarily due to lower new business strain coupled with higher investment income from Shareholder investments. Our assets under management stood at ₹ 3.2 trillion, and our solvency ratio continues to be strong at 212.3% at June 30, 2025.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from Nischint Chawathe from Kotak. Please go ahead.

Nischint Chawathe: Yes. So, we are just trying to understand a little bit on the margins front. And if I just look at the increase in protection share between the last year and this year, and apply the 50% odd margin for this business, which was, I guess, reported towards the end of last year. Even then you should probably have had a much higher expansion in the overall margin. So, I was just trying to see if there's a way to reconcile these numbers.

Dhiren Salian: Nischint, Dhiren here. I think if you apply the full year product margins, you will get to what we are seeing at this point, by and large. There will be some minor movements that will be there such as some yield curve adjustments, etc., but you will get to this number.

Nischint Chawathe: But if I look at just the protection level margin, there's almost like a 400 basis point rise in protection, right? And if I just look at the protection level margin, you should have got the Y-o-Y expansion in margins. So, I was just wondering whether I am missing anything.

Dhiren Salian: Yes. But it's beyond just the protection, right? You have linked, you have non-linked also. So, you have to take that into account, Nischint.

Nischint Chawathe: Again, and arguably, the linked business margins would be lower than non-linked, right, so...

Dhiren Salian: That's true. Yes. But you still get there. We have a group funds also that comes along the way. So, when you do the multiple, you will find that it broadly comes to this level. There will be some minor differences, which roughly will be about yield curve movements.

Nischint Chawathe: Sure. And what explains the sharp decline in the agency business?

Amit Palta: See agency business was really supported with the market buoyancy last year, and they had grown in excess of ~70% last year in first quarter. And that was supported, of course, through unit-linked product as well as a new annuity product that we had launched last year, and both these products did fairly well in the agency channels.

Those were the only two things because the underlying demand, while it saw a shift towards guaranteed products, the average ticket size, as you know, is relatively higher that you experience when it comes to unit-linked products. So, that is the change, which is the underlying demand environment. Otherwise, the core fundamentals of agency still remain the way it has been for last so many years.

So, we are focusing mostly on licensing new advisors, adding on width, getting more advisors to participate, and ring-fencing our value contributors who have been part and parcel of our agency business for a very long time.

So, Nischint, fundamentally, you acquire new agents, you license them, you build in capability, you ring-fence, create programs, do a digitisation, take the administrative work away from advisors, and power them with applications like '**iPru Edge**' that we did exclusively for them, do differentiated propositions. All that work has continued even in Q1. Nothing has taken a backseat. It's just that the underlying demand environment was different in comparison to what it was last year. So, nothing fundamentally wrong, it is just that we have seen agency transitioning from one kind of environment, selling a category of product to a different category very well over the years. And this is just one of the transitionary period.

Nischint Chawathe: And on the bank side, where the business is more or less stable, I think there's a minor decline that there, the product mix remains the same? Or is there any change as well?

Amit Palta: Yes. So, bank also, as you know, that 50% of our bancassurance is ICICI bank, which is overall contributing to 15% of our overall business. And as you know, that ICICI Bank has made a choice of focusing on protection and annuity range of products, apart from unit-linked business, which is sold over the counter. So, unit-linked business because it has been generally impacted over the entire Q1 was expected to impact the ICICI Bank as well. So, that has contributed to a relatively flattish growth.

Nischint Chawathe: Yes. And just one final question is, if I look at the AUM growth, which was, I think, up around 5% year-on-year, probably could have been flattish year-on-year, but for the MTM gains on the equity book. So, I am just curious, in your view, when do you see the AUM growth kind of accelerating? Or do you see this as a concerning trend?

Dhiren Salian: So, not a concerning trend. See, market movements obviously not within our control. What we have been working at is to ensure that we get new business, and we continue the business that we have on our book as well. So, as long as that continues, the renewals continue to grow, you will have a natural increase in the AUM, and then the MTM adds on top of that.

Nischint Chawathe: Yes. Because there is a small decline in persistency as well for, I think, the first and the last bucket.

Dhiren Salian: Yes. So, minor decline in persistency in the first year 13-month bucket. Actually, if you look at it from the previous year, which is June 2023 numbers, it is broadly at the same levels. There are some product channel combinations that we have to work at, and work on these cohorts to improve the persistency.

Nischint Chawathe: And even the 61st level?

Dhiren Salian: Yes. 61st actually is a regulatory change. There is additional time that is now available for both linked and non-linked policies. There is no requirement to foreclose any of these policies. And that's what's impacted the metric marginally.

Specifically on the unit-linked, customers can now continue to keep the policy with us. Even as they don't pay premiums beyond the sixth year in cases that they have difficulties, and they continue to enjoy the cover. From our perspective, when the policy stays with us, we do enjoy the FMC. So, it's still value accretive to hold on to that.

Nischint Chawathe: Got it. Thank you very much. Those were my questions. All the best.

Moderator: Thank you. The next question is from Avinash Singh from Emkay Global. Please go ahead.

Avinash Singh: Good afternoon. Thanks for the opportunity. Two questions. The first one is on this persistency drop. Yes, if you look at June 2023, June 2025 are flat, but there is a kind of a decline versus last year. Is it that particular full capital return pension product that you had launched, is that, surrender or higher surrender in that product, particularly impacting this? And if that is the case, will there be a visible negative operating variance impact this year from that, higher surrenders in that? So, that's question one.

Second is on broadly on mortality trend. If you were to kind of exclude the Covid delta wave impact, do you see in a similar customer profile, the geographic and demographic profile, do you see any sort of change or deterioration in mortality trends in the last 6, 7 years. Of course, Covid delta wave quarter was a very, very exceptionally high sort of mortality. But in normal course of business, do you see for a similar economic and demographic strata, any sort of a change in mortality profile over the years? Thanks.

Dhiren Salian: So, Avinash, Dhiren here. Let me pick up the mortality trend question. See, outside of Covid, I don't think there has been too much of a shift in mortality. I think fundamentally, one has to understand that mortality does not shift very, very quickly. It's a slow-moving trend. And yes, while there will be commentators who will talk about improved longevity, improved health conditions, these do come about and impact mortality over a much longer tenure.

So, by and large, I think whatever we see on to our portfolio is a function of our processes and the way that we bring customers on-board. You may have noted in some of our slides, we have spoken about a lot of our models in place, which help us manage the onboarding process, which identify potentially poorer profiles in terms of mortality. And then we have a process by which we are able to understand what the customer profile and see if that's relevant for the product that we have offered.

So, this set of activities actually have resulted in some of our early claim numbers dropping to as much as 21% of overall claims, and you have seen that steady drop across the years. So, this is the kind of work that we have been doing to ensure that at least when you look at claims, whatever could potentially be a very loosely put, a fraudulent kind of the claim, those are being controlled right upfront. Whereas, of course, over the long term, the underlying profile itself will play out. That's on the question on mortality.

In terms of persistency, one other element that also does impact the 13th month is that if you recall back in March 2023, which was the last month when the tax regulations were changing. What we have seen is that particular month does actually have a heightened persistency. Now that would have played some part as the numbers have gone up to

June 2024 numbers that you see of 89%. And as that has washed off, you do have it reverting to a more normalised level from the past few years.

Outside of this, there are channel and product mixes that like I said earlier, that we have seen some challenges on, that we will work at improving in these cohorts.

Avinash Singh: Yes. So, you are not seeing kind of any unusual thing in the surrender that may have impact on operating variances at this point?

Dhiren Salian: No, from the end of FY2025 till now, I think it's a little too early. We'll wait and watch this as it goes by.

Avinash Singh: Okay. Thank you.

Moderator: Thank you. The next question is from Shreya Shivani from CLSA. Please go ahead.

Shreya Shivani: Hi. Thank you for the opportunity. One thing I wanted to check, in the non-linked savings growth that you have delivered, can you give us some colour on what was the growth between par, non-par, some indication of which segment has scaled up faster? That's my first question.

My second question is on the cost ratios now that your annual report and all public disclosures are out. I just wanted to check that does your non-par segments absolute cost of FY2025, was it in breach of the EOM guidelines? I know the EOM guidelines are not applicable in FY2025, but just wanted to check.

And an adjacent question to that is, when you talk about cost optimisation, can you help us understand what all initiatives are being taken on that front? Thank you.

Dhiren Salian: Hi, Shreya, so if the first question was in terms of the colour on non-linked savings, then roughly, at this point, we are looking at about 50-50 in terms of the par-non-par mix. Amit also pointed out that in these last couple of quarters, we have seen an improvement in growth for the non-par products, given obviously the environment that you have seen. So, that has actually done quite well in this particular quarter. So, now the whole non-linked savings portfolio looks like a 50-50 between par, non-par roughly.

In terms of our cost ratio that you spoke of the expense of management. I think we are well within the expense of management at an overall basis, both for non-par as well as the par lines of business.

What are we doing around cost optimisation. There is actually a variety of things that we have done. We continue to invest in manpower right now. Obviously, the idea is that where we need to have investments, we will continue those investments in terms of people. But by and large, what we have also tried to do is to understand what are the additional work that we do within our operations and look at cutting that out.

So, overall, when you look at the cost, you will find that it's actually has been steady and then declining as you look at this particular quarter.

Shreya Shivani: Right. But like if you are continuing to invest in and add manpower, I am not sure I understood where are we realigning.

Dhiren Salian: So, there will be realignment of manpower along the way. So, if you have channels where you do need to invest, you will continue to invest in those. Where we don't need to invest, we would move out of those.

Shreya Shivani: All right. Got it. And just one follow-up question. When you sell these products like the ULIP plus Protection product, which has done quite well for you, so how are the premiums reflected in our product mix table? Do you show that in ULIP. I don't understand that, bit of it is shown in protection, bit of it is shown in the ULIP line item. How do you show that premium?

Dhiren Salian: Rider attachments will be part of the base product. So, it will show up in specific line of business.

Shreya Shivani: So, it will show up in ULIP products, right, because protection is the rider, correct?

Dhiren Salian: So, if a ULIP product has been sold with the rider, then the entire premium of ULIP and the rider would be shown under ULIP component. What you see under protection and specifically retail protection are term plans. And if there are riders that are attached along with the term plan, they will show up over there.

Shreya Shivani: All right. All right. Understood. Thank you so much. This is it from me.

Amit Palta: We have attachments on non-linked products as well. So, that shows in the non-linked savings product.

Shreya Shivani: Got it. Understood. Thank you so much. Thank you.

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

Sanketh Godha: Thank you for the opportunity. I wanted to understand, again, this annuity piece a little better. So, if I add back the annuity premium what you did last year Q1 and to the current quarter number, assuming flat growth, your APE would have shown a marginal growth. So, which means that somewhere there has been a significant cut in the annuity business, which is clear from the numbers. Is it largely because you incrementally have reduced the exposure to the regular pay zero surrender charges product.

And I just want to understand the ₹ 100 crore business what you did in the current quarter is predominantly single premium, just to avoid maybe persistency risk with respect to the annuity business. That's my first question.

Dhiren Salian: So, Sanketh, year after year, the underlying business are slightly different between product lines. So, even when you look at ULIP, the underlying business itself does change a bit. Specifically on the annuity, what we have seen in the environment right now, and we discussed this in the opening comments, there has been a drop in the FD rates, that has made single premium a lot more attractive. The challenge last year or most of last year was that the sticker price when you walk into a bank for FDs was fairly high. And hence, there was no offtake for any single premium product, whether it be an annuity or otherwise.

What you have now started to see in this quarter, is that an uptick in terms of single premium, primarily because when you see the sticker price as the FDs come down, these products have now started to become a little more attractive. And that's the kind of growth that we are starting to see at this point.

Sanketh Godha: But, Dhiren, the regular pay and single pay, we can understand, but a regular pay should grow on its own, right, irrespective of what the interest rate environment would be. Single pay demand coming back is an addition to the growth. But regular pay, just significantly declining. Just wanted to understand whether there is a product issue or not in that sense.

Dhiren Salian: No product issue. All products are available on the shelf, Sanketh. But see what happens is that we also have a non-par product, which was introduced earlier in the year. So, for a customer who is probably at the 50, 55 age bracket, there is an ample choice between either locking money into a regular pay annuity, where you will have an annuity payment later when he moves into retirement phase, or he could look at a structured format that's there within the non-participating plan. So, for that kind of a customer who is in the 50 to 60 age bracket, these two products are available, and they are quite attractive in terms of IRRs for the customer. So, there can be a swing between these two.

Amit Palta: Yes, Sanketh, actually, the underlying benefits that customer looks for, we call it annuity or we may call it whatever is the regular income and consistency of income and guarantee of income. Now that gets fulfilled with various categories of products like what Dhiren mentioned. And since we launched this new guaranteed product only towards the end of financial year last year, so there was natural traction of a new product. So, there was a pick up there. And hence, we were very happy with the fact that we are addressing the benefit, and the need of the customer. Sometimes it gets fulfilled through regular premium annuity, sometimes through GIFT Select, but broad underlying benefit is guaranteed income.

Single premium you rightly mentioned, is an opportunity. We saw a large portion of ₹ 100 crores that you saw was single premium, because of the shift in interest rates in fixed deposits.

Sanketh Godha: Okay. So, lastly, if this regular pay annuity will slow down for subsequent quarters because of the dynamics change within the products, and also because of the single premium, is it fair to say that for the first 9 months or rather till December, because the base will be there, you might report a similar kind of growth, like 0% to 5% or 0% to minus 5% kind of a growth for the next 2 quarters, and then we can see uptick happening in the fourth quarter?

Dhiren Salian: Sanketh, a lot of it also depends on the way the single premium picks up. We have seen enough commentary in the market in terms of downward pressure on FD rates. When that happens, then suddenly will find that the single premium annuity is far, far attractive. So, let's see how the market would take this.

Sanketh Godha: Got it. And can you give cost ratios on TWRP which you usually used to disclose. This time we don't have it in PPT. If you can tell the numbers, it will be great.

Dhiren Salian: We can give you the numbers, Sanketh, it's computable also, but the point is if the market is now working on Cost to premium, so we said we would rather align to Cost to premium. We have held the cost to TWRP metric for quite a while, but quite clearly, the market wants to work on Cost to premium. So, we thought it is better to align and give you comparatives that are easier.

Sanketh Godha: Okay. Perfect. That’s it from my side. Thank you.

Dhiren Salian: But even otherwise, on the cost to TWRP, you will see a decline in the metric.

Sanketh Godha: No, actually I was more keen to understand the savings part. So, that's the reason, because that's a difficult number to calculate, that's why.

Dhiren Salian: No, we can have our conversation offline how to compute, that it’s possible.

Sanketh Godha: Okay. Okay. Sure. Thanks.

Moderator: Thank you. The next question is from Swarnabha Mukherjee from B&K Securities. Please go ahead.

Swarnabha Mukherjee: Yes. Hi sir, thank you for the opportunity. So, my first question is to understand the margin movement. Just if you could give some broad colour on how it has been between, say, the product mix led sales? Any impact of, say, cost absorption? And thirdly, any impact of any economic parameter movement that is there? If you could give a highlight of that, sir.

Dhiren Salian: Hi, Swarnabha. So, largely, when you look at the product mix that prevailed at the end of full year 2025 and the margins that were prevalent at full year 2025, and look at how the mix has evolved into the current quarter, you should be able to broadly explain the margin movement. There will be, of course, minor round-off issues that will come about from economic assumptions of yield curve, etc. But that is the smaller component of it. The larger component will anyway be explained by the product mix.

Swarnabha Mukherjee: Right, sir. So, wanted to understand that since this quarter, we saw degrowth in terms of the APE numbers, so what is the role of expense absorption in terms of the VNB going forward? Because product mix, we definitely understand that the mix has improved significantly in terms of high-margin products. But in terms of the expense absorption, were we anticipating this kind of outcome in premium, and hence we had in our initial estimate kind of baked in a lower number? And if that is so, then for the remaining part of the year, would we also kind of continue to see such a trend? So, that is what I wanted to understand.

And secondly, I think we see that in the presentation that the yield curve estimates have been changed for the reference rate at June 30th this year. So, just wanted to understand what is the impact on that? I think the sensitivity is there to the income movement. Some quantification or broader colour would have been very helpful.

Dhiren Salian: Yes. From a cost perspective, there will be a marginal impact within the margin, but by and large, what you have also seen is a variety of cost control measures that have actually resulted in cost being broadly in line with how the APE moved.

So, again, this is early part of the year. We, of course, didn't plan for a negative slide. We planned for growth, and our endeavor is to get back APE growth. So, at this point, we are not building any material downfall as such in the cost ratios.

In terms of the yield curve, yes, you have seen the shift, but I think more than a shift, there is a twist which is there. When you look at sensitivities, they are built on parallel shifts of the yield curve. So, you will have some perspective of how the sensitivities of yield can move, but because it's a twist, it's a little difficult to compute it from the outside.

Swarnabha Mukherjee: Okay. Sir, just a follow-up on this. So, when we calculate the eventual blended reference rate, what I see is that with that twist also, I mean, the delta between, say, Indian government bond yield curve and our numbers, the delta at different points, basically at the shorter end is smaller and at the longer end is fairly higher. So, just wanted to understand if you could give some contours on how we arrive at the reference rate at a broad level.

Dhiren Salian: Arriving at the ref rate is off the yield curve at 30th June 2025, and then bootstrap.

Swarnabha Mukherjee: Okay. And does the reference rate in any way also bake in any impact of equity expectations there, depending on the asset mix. This is only on the fixed income side, right?

Dhiren Salian: Yes. Correct.

Swarnabh Mukherjee: Okay, sir. Understood. Understood, sir. And just the last one on the direct channel, the degrowth is mainly because of ULIP?

Dhiren Salian: Yes, the direct channel has a large component of ULIP which is available in our annexure for the full year FY2025. Large component of the business actually is from the ULIP side. And you have seen the slowdown in ULIP over this quarter given the market volatility and that's impacted the direct business.

Swarnabha Mukherjee: Okay. Understood sir. Very helpful. Thank you so much, and all the best.

Moderator: Thank you. The next question is from Supratim from Ambit. Please go ahead.

Supratim Dutta: Thanks for the opportunity. My first question is on the guidance or the target that you have previously had of delivering an alpha over the private life insurance growth. Now is that a target that you hold for FY2026 end? And another part to that question is, if that's true, then going forward over the next 9 months, how do you see growth playing out, considering that ULIP demand may remain soft, and regular annuity premiums are unlikely to go back to the similar levels of FY2025. So, just wanted to understand what would result in the growth inflection here? And then potentially if we could see that growth inflection happening.

Two, from the cost point, Dhiren you mentioned that you are realigning costs, but you don't see a significant decline in the cost investments that are happening. So, in that case, is the cost assumptions that we have made for FY2026, building in APE growth for the next 9 months or is that not the case? If you could give us some colour, so that we understand how the cost will play out for the next 9 months, that would be very helpful.

And lastly, given all the noise around your annuity product and the persistency in that product, would it be possible for you to give us some comparison about how the 13-month persistence in the annuity product has played out this year versus last year? Those are my 3 questions. Thank you.

Dhiren Salian: Supratim, the endeavor on growth, obviously, is to keep building on it and try and deliver an alpha over this. Specifically, when you look at it from a very short-term perspective, let's say, a quarter, there will be base effects that come into play. And as Amit also articulated, we have seen a very high growth in Q1 last year, upwards of 35%. And now as you look at this year, when you look at the 2-year CAGR, it is broadly in line where the market has been. But having said that, the idea, of course, is to build on the top line, and that will help deliver VNB in a sustainable fashion. So, no, I am not looking at a decline for the next 9 months.

Having said that, therefore, I am also not looking at it from a cost ratio that will work with the decline. We are looking at building on growth, and that's the endeavour that we will continue to do along the way.

I think what's also important for you to also note that, as we have been speaking about this over the past few quarters, we have been adjusting our costs in line and coming closer to where the growth numbers actually are panning out. So, we are building a lot more control over where the costs have been, and we will continue on this endeavour into the coming future also. We have not called out any product-specific numbers, Supratim.

Supratim Dutta: Not a problem, Dhiren. Just one follow-up there. I do understand then that for the next 9 months, you are expecting growth to recover. What would result in that growth recovery, given the ULIP demand remains flat and potentially the regular premium annuity demand also remains flat to down. If you could help me understand that, that would be very helpful.

Amit Palta: Yes. Hi Amit, this side. See, first of all, on the unit-linked products, what we have witnessed over last 6 months or so is a bit of volatility and markets eventually after this volatility also did recover to a very reasonable level to the extent of being higher than where it was, say, in December, January. So, typically, what we have witnessed in the past is that when the markets recover, a lot of affluent customers don't rush back to unit-linked products immediately, because they virtually go through a relief phase, where just the state of happiness of having recovered from the market itself pushes them to take a pause, and take a conservative view on their investments for a short period of time.

So, with core fundamentals of the market being where it is for the country and India demographics still remaining young, I don't think this volatility and uncertainty on unit-linked products and these events are going to stay for very long. So, at some point in time, unit-linked products will become meaningful once again, and you will see that demand coming back.

At the same time, guaranteed products continue to remain very attractive at this point in time, near to medium term, while the ticket size, typically in a wealth conservation from the same customer you may not get to the extent of unit-linked products, but through width of our strategy by getting more people to contribute, more advisors to contribute, we will try to compensate average premium being lower in comparison from non-linked savings business. So, we want to compensate from there.

So, our growth, from a channel perspective, it will come from width. And from a product perspective, it will be quite balanced. I do believe that our outlook on unit-linked is not very conservative going forward. I think it is at some point in time towards the second half, you will see buoyancy coming back.

Supratim Dutta: Got it. Understood. That is very helpful. Thank you.

Moderator: Thank you. The next question is from Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Yes. Hi. Just a couple of questions. Firstly, does the cost in any way get influenced by the channel mix that we had in this quarter, and that as the agency kind of picks up, do you think that the cost could be kind of on the increasing trajectory in the remaining quarters?

And second question would be again on margin trajectory. Now that you have just mentioned that ULIPs could kind of pick up in the second half, do you think that we are at the peak of the VNB margins for this year? Or do you think that the margins can further expand from here in the remainder of the fiscal?

Amit Palta: On the margin thing, let me just talk about it since I mentioned about unit-linked, coming back at some point in time. See, Dhiren spoke about the fact that entire cost initiatives, as an answer to a separate question, where cost initiatives have been aligned to the kind of product mix that we anticipate getting delivered through our channels. So, if the demand is towards the category of products, we try to flex our cost in alignment with what that product category can afford.

So, if that is the approach, we really don't want to artificially tinker with the demand and impose our own requirements. So, we will follow the demand. We'll see where it goes, and allow ourselves to look at our current initiatives, flexing our costs to adjust to the demand that we witnessed from the customer. So, from that perspective, we will continue to focus on absolute VNB. And margin expand or shrink, actually, we have no comments to make, because it will all be driven by demand, and the demand leading to a category of products and then our ability to flex our cost in adjustment to the product, which is demanded in the scenario.

Dhiren Salian: So, Prayesh, we don't have a margin guidance, and our endeavor is to grow VNB in absolutes, and that's what we will endeavour to get done. In terms of your first question of whether agency will create an additional cost, I don't think so. That's not how we have structured the channel.

Prayesh Jain: Thank you.

Moderator: Thank you. The next question is from Aditi Joshi from JPMorgan. Please go ahead.

Aditi Joshi: Thank you for taking my question. Just one question from me. So, you have stated in your initial comment that some weakness was seen in the MFI channel. So, just if you can help us understand like how to quantify that impact. So, if you are able to highlight the share of the MFI channel in the distribution mix? And what is the product mix which usually typically comes through that channel? And if this channel picks up in, let's say, 1 or 2 quarters, then what improvement in the sales number should we be expecting? That's all. Thank you.

Dhiren Salian: So, Aditi, the MFI business is a credit life business. So, we have attachments on to loans that are disbursed by MFIs. And you are well aware of the stress that the MFI loan disbursements have been facing over the last 9 months to 1 year now. Since this is an add-on product from our perspective, whenever the market recovers on the MFI business, we should be able to take advantage of this wave. So, the only product that we sell to MFI is the credit life product.

Aditi Joshi: Yes. So, this is pure credit life, right? Nothing else in there?

Dhiren Salian: Yes.

Aditi Joshi: Okay. Got it. Understood. Thank you.

Moderator: Thank you. Next question is from Madhukar Ladha from Nuvama Wealth Management. Please go ahead.

Madhukar Ladha: Hi, everyone. So, would it be fair to say, obviously, product mix has improved a little bit towards protection, but the cost ratios have come down. Is a good part of the margin expansion, because of cost ratios coming down across product lines, because both for protection and savings lines of business, we are seeing cost ratios come down.

And if yes, then do we see this to be sustainable even at a larger scale, to giving some sense of how stable and sticky this margin is. Some comments around that, that would be helpful. Thanks.

Dhiren Salian: So, 2 points on the margin, Madhukar. One, we don't have a margin guidance. Our focus is on growing absolute VNB. That's one. You've heard us say this before also. The second part to that is in answer to another question earlier, where how has the margin come about, largely due to product mix. There are some elements at the of the margin computation, which would be attributed towards yield curve and some degree of how the expense ratios are.

Very clearly, the cost effort that we have been doing over the past many quarters is what has resulted into this kind of a outcome that you see. Fundamentally, we believe this is sustainable, and we will continue to work on this. The idea very clearly is that cost optimisation is fairly important, because a large portion of our business is still the savings business, and that's what will continue to give us an advantage into delivering on a higher profitability within that segment. So, that's the way we would like to work at that. The focus clearly is on absolute VNB.

Madhukar Ladha: Got it. That's helpful. Thanks.

Moderator: Thank you. The next question is from Muskan Agarwal from Svan Investments. Please go ahead.

Muskan Agarwal: Hi, everyone. My question was, as we can see the agency and the direct channel year-on-year growth has like decreased. So, is there any guidance like how do the management see that going forward? Like will the trend continue or it will improve? Or are there any efforts like that will be taken from your side to revive the same?

Amit Palta: Like we mentioned in the answer to an earlier question as well that the large base of last year, which was in excess of ~70% or so for agency has made the current number look what it is looking right now. So, we expect this base effect to start getting normalised as we go deep into the year. Otherwise, we are quite happy with all the investments that we have done in these channels.

And nothing has come in the way of us investing in these channels. They continue to be our priority channels. And we are focusing on width of our distribution, which is spreading ourselves across geographies, across advisors, across more and more employees to contribute to our business. And while we are tiding through this buoyant market environment, which has led to an adverse impact of ULIP business. So, ULIP was relatively a higher proportion of our business in these 2 channels last year, so which has been impacting the overall growth this year because of relative volatility.

Muskan Agarwal: Okay, okay. Understood. Thank you.

Moderator: Thank you. Next question is from Dipanjan Ghosh from Citi. Please go ahead.

Dipanjan Ghosh: Hi, good evening, sir. Just two questions from my side. One, in terms of the ULIP trajectory, if you can for the quarter or maybe incrementally for the initial half of July, how has been the direction? Let's say, June versus May or May versus April in terms of the ULIP trajectory, how things are shaping up? Or in terms of incremental ULIP queries, do you see kind of any sort of pickup out there?

Second, in terms of the non-linked savings business through non-ICICI Bank banca channels, any sort of colour? At those non-ICICI Bank banca partners, is counter share or wallet share of non-linked savings higher than your overall business? And how has been the growth in some of those channel partnerships?

Amit Palta: So, ULIP trajectory looks like it is very similar to what we have witnessed in the first quarter. So, let's see how it goes from here. It's very difficult to anticipate when, though the general outlook is that it should improve some time. But at this point in time, we have not seen demand picking up like the way it was last year.

On the second question on non-linked savings business through bank partners other than ICICI Bank. Yes, the products are being made available, and they are there at the counter. We don't publish any information pertaining to share of the shop. It's all about a product being made available at the partner shop on the terms which are a win-win for both us as well as the partner. So, at times you win, at times you lose, at times you get more, at times you get less, but it all gets levelled out.

We are fairly well placed with our partnerships. Now all the partnerships are very long ones. So, barring a few ups and downs in between, I think our job as a manufacturer is to make the product available. And there is no category of savings business, which is not available now with us. So, we have the ability to compete across categories of products. And depending upon the time and the environment and the call taken, the share will go up and down.

Dipanjan Ghosh: Got it. And just a follow-up on this. How is the product pipeline stacking up for the next 9 months?

Amit Palta: In the product pipeline savings, protection and annuity there's nothing that is beyond this. Within this, we have been continuously innovating, talking to our customers, understanding their needs, seeing needs evolving, and it is something which evolves. So, otherwise, rest of the details are something that's very difficult for me to divulge in the open call. So, that's something which is always a work in progress. We keep working on it. There is quite a bit of innovation we have done across 3 categories of products. And hopefully, we will keep coming out with newer propositions over a period of next 9 months. But it is difficult to really spell out as to what is there in the pipeline.

Dipanjan Ghosh: Sure. Thank you, and all the best.

Moderator: Thank you. The next question is from Mohit Mangal from Centrum. Please go ahead.

Mohit Mangal: Thanks for the opportunity. So, I have got 2 questions. The first is in terms of the retail protection. So, we saw a good amount of growth. So, assuming that the pricing has not changed. I was just trying to understand that have we sold more policies with similar sum assured or similar number of policies with higher sum assured?

Dhiren Salian: The former more policies, sum assured are broadly the same.

Mohit Mangal: Okay. Okay. Understood. And secondly, in terms of, we have done partnership with 49 banks. Just wanted to understand, is it more concentrated or is it like well diversified across? If you could just throw some colour on that?

Amit Palta: Yes, it is quite diversified. Actually, we have a very deep presence in semi-urban, rural locations also through some of our partners who have a very strong presence in these markets. So, by virtue of these 49 partnerships, we have been able to reach out to virtually every corner of the country.

And it's quite diverse. It's not concentrated at all when it comes to concentration of our business. It's just that we have to balance out both the growth as well as the quality of business, because as you go deep into markets, smaller markets, and get into mass customer segments, lower affluent customer segments, you tend to come across challenges on persistency kind of metric, which is more to do about the affordability that our customers may have in these smaller markets.

So, the challenges are different, but that's largely because the customers that you acquire and the geographies that you sell, have a profile of customers, which is very different. So, that's the other side of having these 49 partnerships. But otherwise, we are not concentrated. We welcome scale from these, but this scale comes with micromanagement or over-management of quality of business, quality of profiles that we onboard with us.

Mohit Mangal: Understood. Thanks, and wish you all the best.

Moderator: Thank you. Next question is from Parth from Millennium. Please go ahead.

Parth: Hi. Most of my questions were answered. One clarity on the 13th-month persistency issue. You mentioned that due to the tax changes, the customers who entered then are showing some leaving trend. So, can we consider this as transitionary in nature, and we can see improvement in these trends in the coming quarters? Thank you.

Dhiren Salian: Parth, we spoke about the March 2023 book. That does have elevated persistency. But outside of that, things have reverted back to what they were 2 years back. We will have to watch out how this pans out, specifically, like I said, there are some product channel cohorts that we are seeing some stress on, which we will work at correcting along the way.

Parth: Okay. Thank you.

Moderator: Thank you. Next question is from Nidhesh Jain from Investec. Please go ahead.

Nidhesh Jain: Hi, sir. Thanks for the opportunity. Just 2 data keeping questions. Can you share the data on ICICI Bank APE share for the quarter and credit life APE share in overall APE for the quarter?

Dhiren Salian: ICICI Bank is roughly about ₹ 100 crores per month, there's no material change to that. Credit life, we normally do at the end of the year, Nidhesh.

Nidhesh Jain: Okay. Sure. Thank you.

Dhiren Salian: If you still want a rough thumb rule, it's broadly split 1/3rd between retail protection, 1/3rd in credit, and 1/3rd in GT, roughly speaking.

Nidhesh Jain: Okay. For the quarter, in APE terms, right?

Dhiren Salian: Yes.

Nidhesh Jain: Okay. Thanks. That's it from my side.

Moderator: Thank you. The next question is from Shobhit Sharma from HDFC Securities. Please go ahead.

Shobhit Sharma: Yes. Hi sir, thanks for the opportunity. Sir, my first question is on the regrouping, which has happened on the new business side for the Q1-FY2025. So, can you help us understand what has led to that revision? Because I can see overall new business revised downward by 5%. There is a downward revision in the single premium by 12-odd percentage, and the first year premium has been revised upward by 7%. So, that's my first question.

Secondly, on the rider protection side. So, you mentioned that premium is currently classified in the respective product category. So, can you help us understand what would be the retail protection number if, instead of that 7.5%, which you reported, what would be that number if that rider protection would have been classified in that segment?

And lastly, on the growth side, on the 12-month rolling basis, your IRNB growth has been very suboptimal. It has been 3-odd percentage versus the private life insurance growth of 11%. So, how should we think about it going forward?

Dhiren Salian: So, Shobhit, when you look at growth, specifically when you look at 2-year CAGR, I think that 13% odd is well in line with most of where competition is. Obviously, our endeavor is to be able to grow ahead of competition. This has been one quarter where we had a sufficiently large base impact coming through from the past quarter.

Coming to your second question in terms of rider, see, the rider premium actually is a smaller component of the share of the base premium. So, we don't call it out specifically what is the rider component out of it. But what we have done very clearly is put the rider premium as part of the base product itself. So, when you look at each line of business, you will see it as base plus rider within that.

Shobhit Sharma: Dhiren, just a follow-up on this. So, can you help us understand how much is the attachment ratio of these riders.

Dhiren Salian: We have not called out that number, Shobhit. No, we have not called out that number. Because in a lot of cases, when we also do sell a product, the product is also sold with that particular rider to be able to meet that specific need of the customer. So, it's not just an addition of the rider. It's a packaging of the overall proposition. And therefore, the rider forms an integral part of the proposition to the customer.

Shobhit Sharma: Okay. Okay. And on the regrouping side, sir?

Dhiren Salian: Yes. So, this was on the group OYRT business. The requirement was to split it into first year and renewal. That's what happened in the group business from last year. Last year, everything was packaged under the single premium. This time, we split it as new business and renewal, which is what's required, and that's what you see as the change in the financials.

Shobhit Sharma: Okay. Thank you. Thanks for this.

Moderator: Thank you. The next question is from Gaurav Jain from ICICI Prudential Mutual Fund. Please go ahead.

Gaurav Jain: Hi, just one question from my side. Group protection has seen some growth this quarter year-on-year. Can you help us understand, is it group credit backed or group term backed? And where are you seeing this recovery and how sustainable you think group protection can be for the entire year?

Dhiren Salian: So, Gaurav, yes, credit life is flattish. MFI is down. Non-MFI is up. And GT, of course, is up. I trust that clarifies, Gaurav.

Gaurav Jain: Yes. And GT tends to be what quarterly phenomena, deal based or...

Dhiren Salian: No, it's not a quarterly phenomenon, Gaurav. See, we are present in the group term space all through the year. If you compare year-to-year, you might see some lumpiness. It depends upon how competition is behaving at that point. In case they get too aggressive about pricing, we are fairly clear because we would not want to write it as a negative margin. We are fairly clear that knowing the underlying mortality in the relevant industry, we will take a call whether we are able to make money or not. And in such instances, we would walk out of that deal.

Amit Palta: So, Gaurav, it is the group fund business, which is lumpy and may see a bit of a volatility quarter-to-quarter. Group term is fairly granular. The only thing is group term is a 1-year auctionable product. So, in between a few quarters, you may experience some shift in growth patterns, because of some partner or some insurer being aggressive on pricing. But broadly, if you have distribution, if you are reaching out to the clients that we have done over a period of last so many years, and if we are present in every deal that is happening, it is fairly granular. And the number of deals involved in this top line has been quite a few. We don't report number of deals, but number of deals are quite many. You can virtually see them as retail deals in the corporate setup.

Gaurav Jain: Got it. Thank you.

Moderator: Thank you. The next question is from Samant Singh from Phillip Capital. Please go ahead.

Samant Singh: Yes. So, just on return on premium products, there is a sharp fall around more than 30% this quarter. So, do you see this as like consumer preference is shifting away from return of premium products? Or is it like a temporary thing and you plan to launch new products going ahead, and sort of bring it in line with the previous quarterly numbers that we did? So, any colour on that, the return on premium products?

Amit Palta: So, on this return of premium protection product, I guess, you are talking about. See, this is also part of an evolution journey in protection. At the time when all the insurance companies were investing in creating awareness, one of the insights picked was that protection products do not give anything in return. And to address this insight and to reach newer customer segments, return of premium product made a lot of sense.

So, I think there is nothing specific that we had done. The product is very much available on our shelf. But I think customers are learning about pure protection more and more, and they are seeing value. And from affordability perspective, since pure protection fits in well and customers can opt for a much higher cover for the same premium, we have seen a shift in demand towards pure protection. However, that product still remains on the shelf. It's not that product is not on the shelf.

Samant Singh: So, you are saying that the consumer preference is shifting away from return on premium towards more pure, okay.

Amit Palta: Yes. We have seen, because the options are available to virtually every customer. You can choose to go for return of premium, you can choose to go for pure protection. But as you know, the premiums required are much higher for the same sum assured. And hence, from affordability perspective, pure protection is understood well. And customers are willing to buy protection as a good expense than to worry about not getting anything in return. So, I think that is something, that is our sense that it's a good news that pure protection is evolving.

Samant Singh: Yes. Thanks, and all the best.

Moderator: Thank you very much. That was the last question in queue. I would now like to hand the conference back to Mr. Anup Bagchi for closing comments.

Anup Bagchi: Thank you very much for joining the call. Have a good day.