ICICI PRUDENTIAL
LIFE INSURANCE

October 24, 2018

General Manager
Listing Department
BSE Limited,
Phiroze Jeejeebhoy Tower,
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

This is in furtherance to our Letter dated October 17, 2018 on the captioned subject.

Please find enclosed the business presentation and opening remarks for the earnings call held on October 23, 2018 to discuss the performance of the Company for H1-FY2019.

The same has also been uploaded on the Company's website and can be accessed at https://www.iciciprulife.com/about-us/investor-relations.html

Thanking you.

Yours sincerely,

For ICICI Prudential Life Insurance Company Limited

VManek

Vyoma Manek
Company Secretary
ACS 20384

Encl.: As above

Performance update: H1-FY2019

October 23, 2018

Agenda

- Company strategy and performance
- Opportunity
- Industry overview

Agenda

- Company strategy and performance
- Opportunity
- Industry overview

Strategic elements

Customer centricity continues to be at the core

Strategic elements (1/4)

Premium growth

- Focus on retail for long term sustainability
- Diversification of distribution
- Customer centric products
- Unmatched on-boarding experience

- APE declined by 5.4% in H1-FY2019
  - Q2-FY2019 growth of 6.2%
- Market share of 11.4%

Strategic elements (2/4)

Protection focus

- Meeting the needs of both income replacement and liability cover
- Comprehensive suite of products
- New partnerships
- Leveraging technology for risk calibrated superior underwriting

H1-FY2019 update:

- Protection APE growth of 77.3%
- Growth across all segments of protection

Strategic elements (3/4)

Persistency

- Drive renewal premium with the same rigour as new business
- Offer convenience of multiple payment options
- The single most important indicator of business quality

H1-FY2019 update:

- Total premium growth of 14.9%
- Retail renewal premium growth of 23.1%
- Improvement across cohorts; 13th month persistency stable

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Strategic elements (4/4)

Productivity	
	• Leverage technology for process re-engineering and drive productivity • Tablet as a virtual office • Derive value from every rupee spent

H1-FY2019 update:

- Cost/TWRP (savings LOB) at 12.7% compared to 12.4% in H1-FY2018
- Ratio expected to improve with growth in premium through the year

VNB growth

₹ billion	FY2017	FY2018	H1-FY2018	H1-FY2019
Value of New Business (VNB)[1]	6.66	12.86	4.17	5.90
VNB margin	10.1%	16.5%	11.7%	17.5%
VNB growth	61.7%	93.1%	70.9%	41.5%

Key developments

Products New features added to our flagship term product

- Limited pay option
- Whole-life coverage option

Distribution Partnership tie-up with Saraswat Bank

- India's largest Co-operative bank
- Bancassurance agreement

Technology Initiatives across the product life cycle

- Natural Language Processing (NLP) aided customer service chatbot
- Decision making algorithms for underwriting and customer service

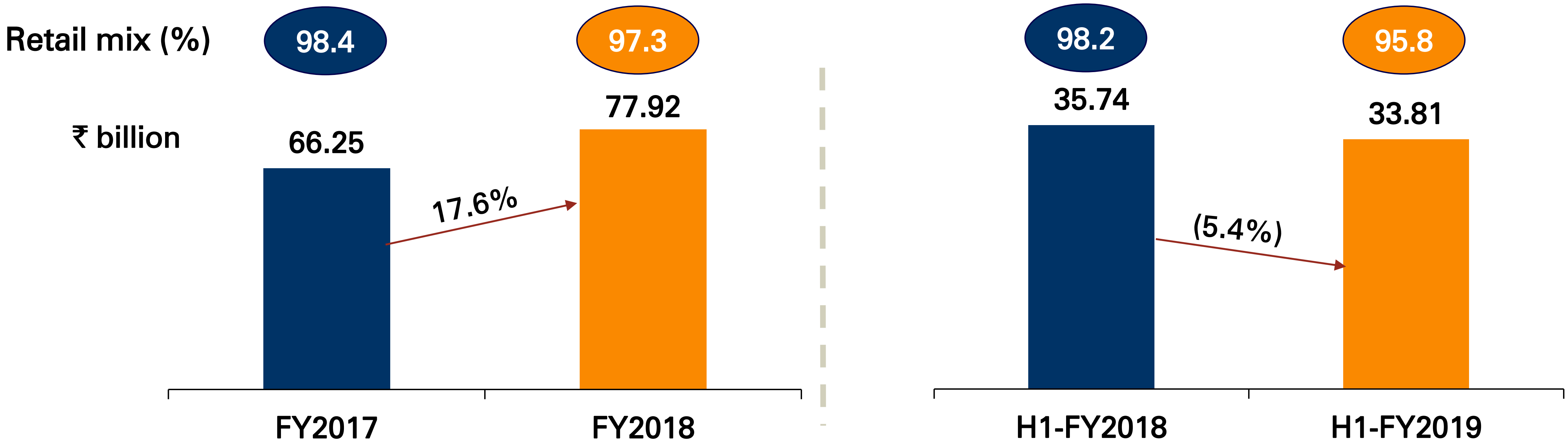
Outlook

Premium growth	- Strong growth potential for industry - Savings premium growth expected to be higher than nominal GDP growth
Protection	- Protection business can grow at a higher rate than savings
Persistency	- Continued improvement in persistency and quality parameters
Productivity	- Productivity improvement through digital initiatives

Strategic elements

Customer centricity continues to be at the core

Premium growth



Market share (RWRP)	FY2018	H1-FY2019
Total industry	11.8%	11.4%
Private sector	20.9%	20.2%

- APE growth of 6.2% for Q2-FY2019
- Retail AUM at 89.3% of total AUM

Customer centric products

₹ billion	FY2017	FY2018	H1-FY2018	H1-FY2019
Savings	63.64	73.45	34.23	31.14
ULIP	55.69	63.81	29.24	27.77
Par	6.38	8.46	4.38	2.71
Non par	0.72	0.40	0.15	0.26
Group	0.86	0.78	0.46	0.40
Protection[1]	2.60	4.46	1.50	2.66
Total APE	66.25	77.92	35.74	33.81

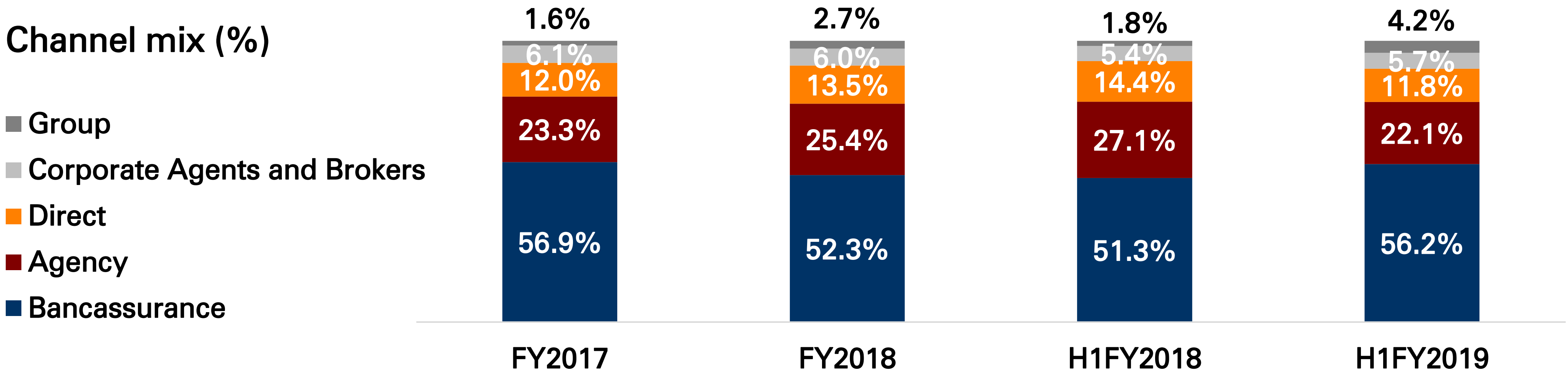
- ULIP APE grew by 13.7% in Q2-FY2019

1. Protection includes retail and group protection products

Components may not add up to the totals due to rounding off

Multi-channel distribution[1]

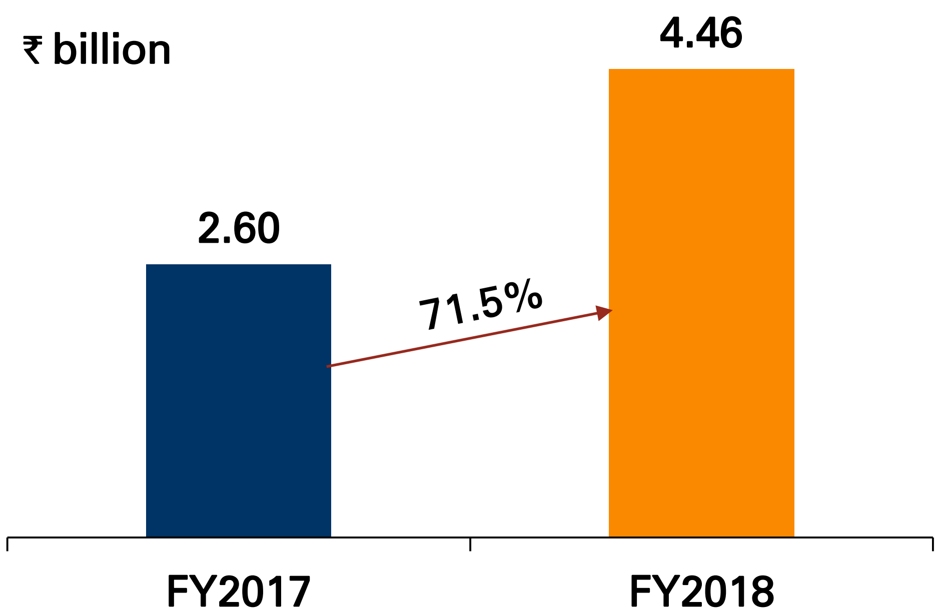
₹ billion	FY2017	FY2018	H1-FY2018	H1-FY2019
Bancassurance	37.72	40.75	18.32	19.01
Agency	15.41	19.79	9.69	7.46
Direct	7.98	10.54	5.14	4.00
Corporate agents and brokers	4.07	4.70	1.96	1.92
Group[2]	1.07	2.13	0.64	1.42

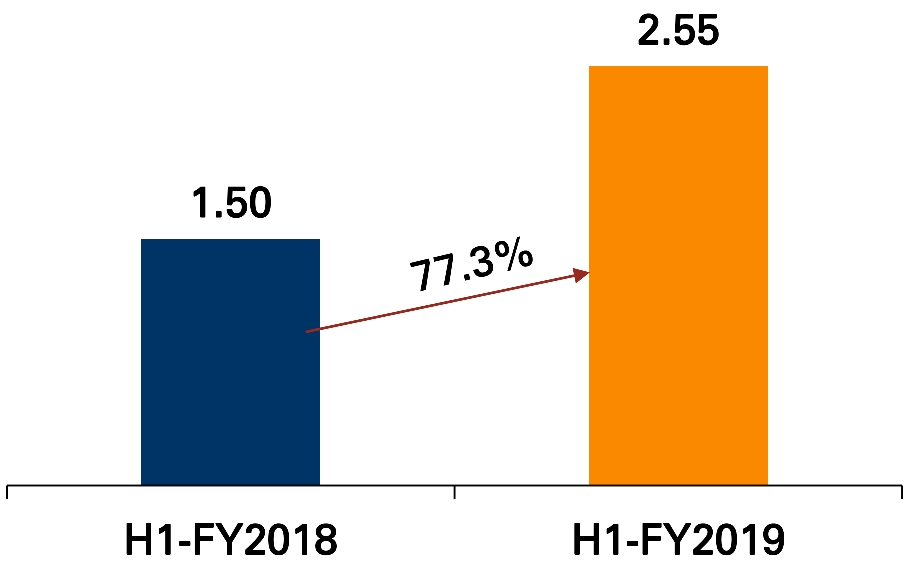


- Bancassurance APE grew by 12.0% in Q2-FY2019

1.Based on APE
2.Including group protection

Protection





- 45.3% of retail new business policies are protection
- New business sum assured grew by 39.9% to ₹ 1,826.31 billion

Persistency[1] (retail excluding single premium)

Month	FY2017	FY2018	H1-FY2018	5m-FY2019
13th month	84.7%	85.8%	85.7%	85.2%
25th month	73.0%	77.0%	73.6%	77.8%
37th month	65.5%	67.6%	66.3%	68.3%
49th month	58.3%	62.8%	59.8%	63.7%
61st month	53.8%	53.7%	54.4%	54.8%

₹ bn	FY2017	FY2018	H1-FY2018	H1-FY2019
Retail renewal premium	142.19	174.97	70.32	86.57
YOY growth	*18.5%*	*23.1%*	*23.4%*	*23.1%*
Retail surrender (linked)	105.35	116.86	56.94	41.73

- Linked surrenders reduced by 26.7%
- 63% of renewal premium receipted through electronic mediums[2]

1. As per IRDAI circular dated January 23, 2014
2. Transactions processed through online, direct debit and ECS

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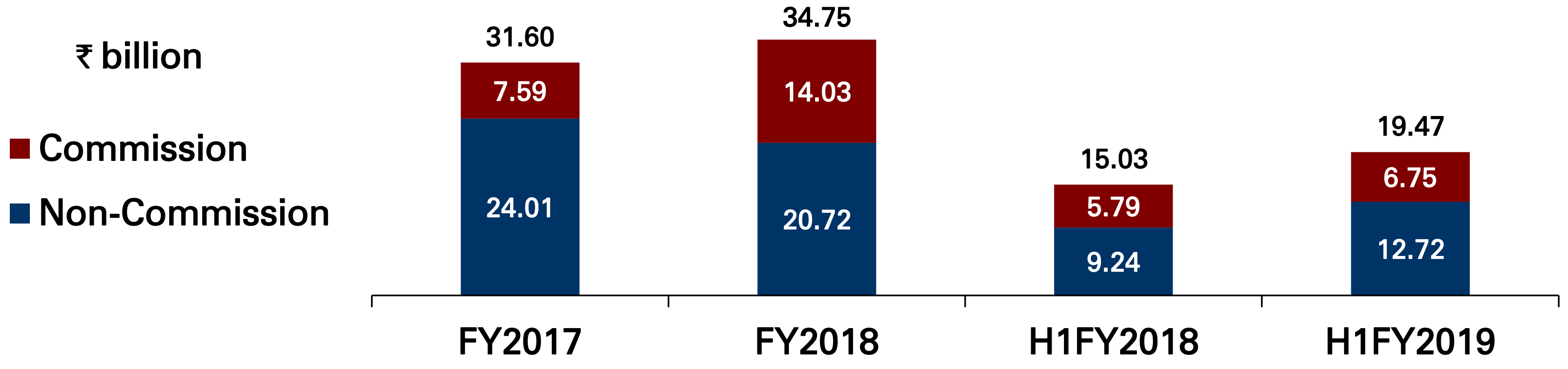
Productivity: Cost efficiency

	FY2017	FY2018	H1-FY2018	H1-FY2019
Expense ratio (excl. commission)[1]	11.4%	8.2%	8.7%	10.5%
Commission ratio[2]	3.6%	5.5%	5.4%	5.6%
Cost/TWRP[3]	15.1%	13.7%	14.1%	16.1%
Cost / Average AUM[4]	2.8%	2.6%	2.4%	2.7%
Cost/TWRP (Savings LOB)	13.3%	11.8%	12.4%	12.7%

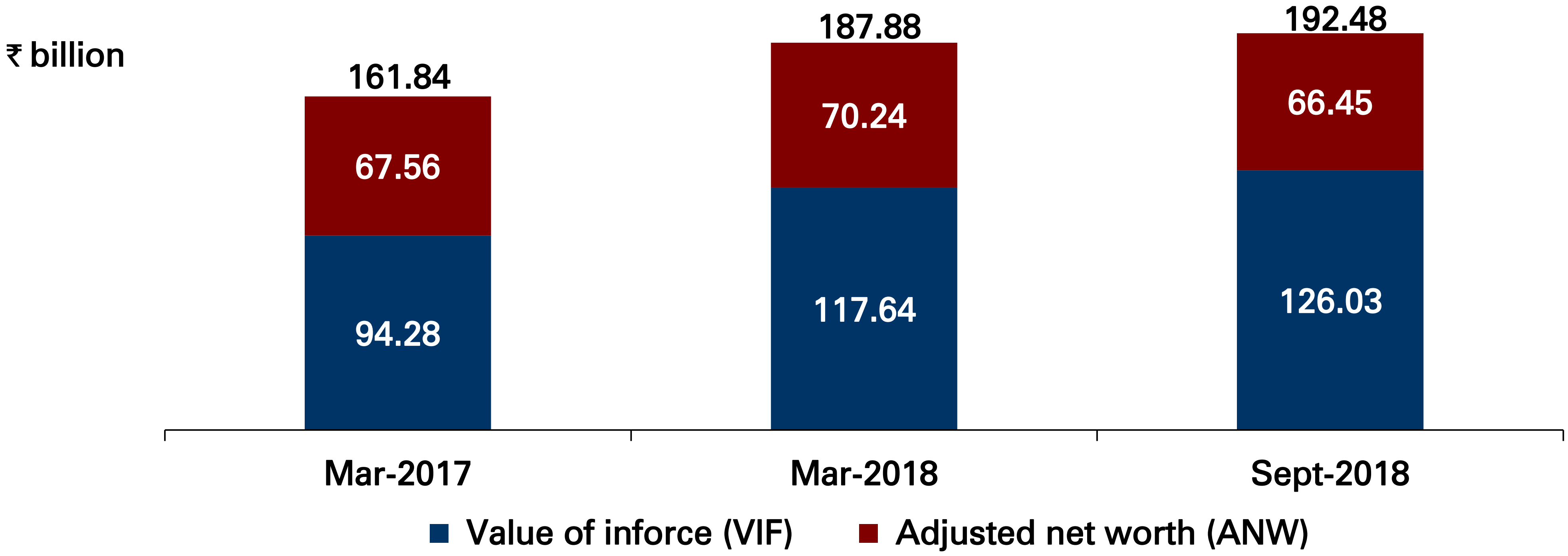


- 72% of new business policies issued within 2 days
- 93% of new business applications initiated via digital platform

1. Expense ratio: All insurance expenses (excl. commission) / (Total premium – 90% of single premium)
2. Commission ratio: Commission / (Total premium – 90% of single premium)
3. Cost / (Total premium – 90% of single premium)
4. Annualized Cost / Average assets under management during the period

Financial update

Embedded Value (EV)[1]



- VIF grew by 7.1% in H1-FY2019

1. As per Indian Embedded Value (IEV) method
Components may not add up to the totals due to rounding off

Financial metrics

₹ billion	FY2017	FY2018	H1-FY2018	H1-FY2019	Growth
Retail new business premium	70.66	84.02	38.16	36.03	(5.6%)
Retail renewal premium	142.19	174.97	70.32	86.59	23.1%
Group premium	10.69	11.70	6.36	9.38	47.5%
Total premium	223.54	270.69	114.84	131.98	14.9%

Value of New Business (VNB)[1]	6.66	12.86	4.17	5.90	41.5%
Profit after Tax	16.82	16.20	8.27	5.83	(29.6%)

Solvency ratio	281%	252%	275%	234%
Dividend declared[2]	10.55	9.62	4.88	2.30
AUM	1,229.19	1,395.32	1,305.91	1,461.29

1. For full year: based on actual cost; H1: based on management forecast of full year cost
2. Excluding DDT

Components may not add up to the totals due to rounding off

VNB growth levers update (4P's)

₹ billion	FY2017	FY2018	H1-FY2018	H1-FY2019	Growth
Premium growth (APE)[1]	66.25	77.92	35.74	33.81	(5.4%)
Protection APE	2.60	4.46	1.50	2.66	77.3%
Persistency[2] (13th month excluding single premium)	84.7%	85.8%	85.7%	85.2%	NA
Productivity (Cost/TWRP-Savings LOB)	13.3%	11.8%	12.4%	12.7%	NA
VNB[3]	6.66	12.86	4.17	5.90	41.5%
VNB Margin[3]	10.1%	16.5%	11.7%	17.5%	NA
Embedded Value (EV)	161.84	187.88	172.10	192.48	NA

1. Annualized premium equivalent
2. As per IRDA circular dated January 23, 2014; excluding group and single premium policies
3. For full year: based on actual cost; H1: based on management forecast of full year cost

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Agenda

Company strategy and performance

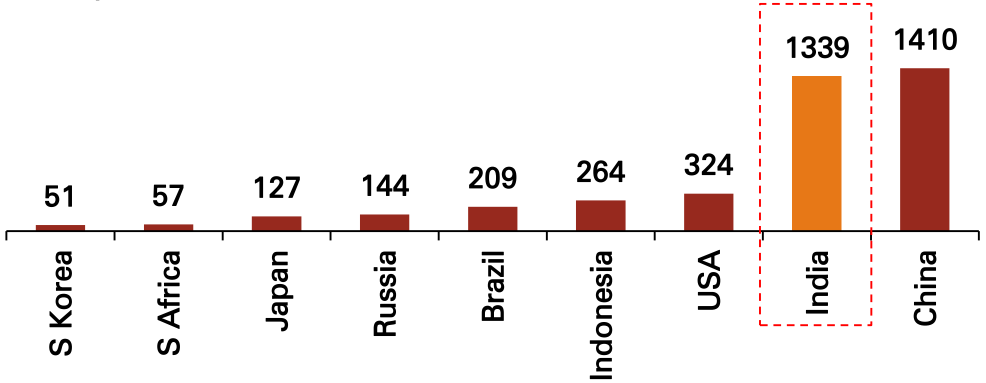
Opportunity

Industry overview

Favourable demography

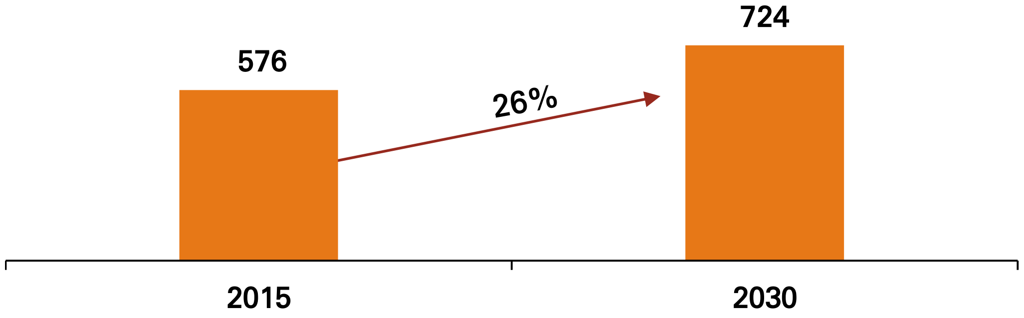
Large and Growing Population Base[1]

2017 Population (mn)



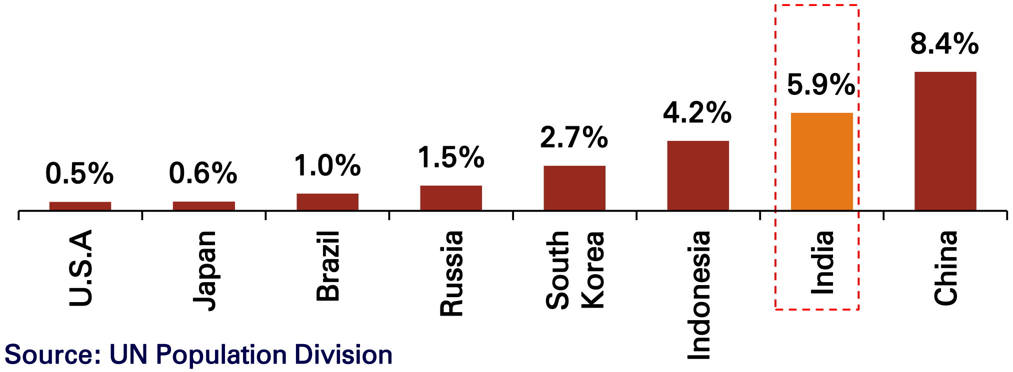
High Share of Working Population[1]

Population of age 25-59 years: India (mn)

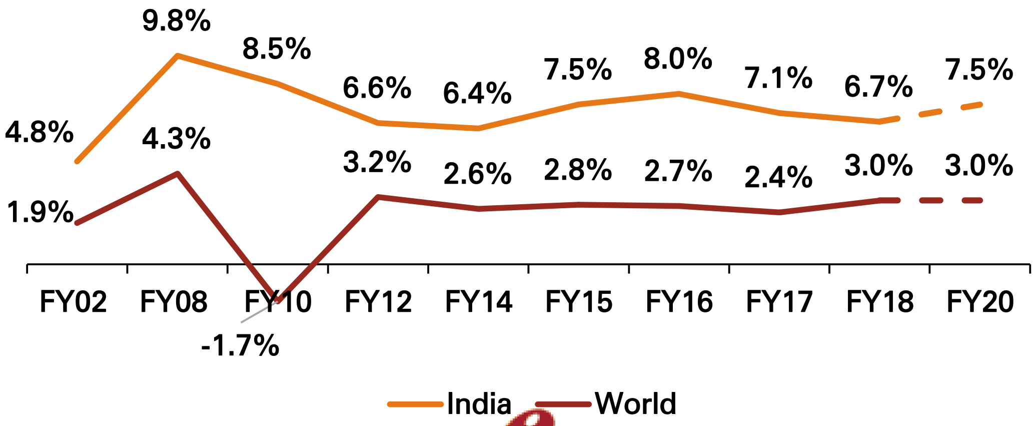


Rising Affluence[2]

GDP per capita CAGR
(FY2007-FY2017)



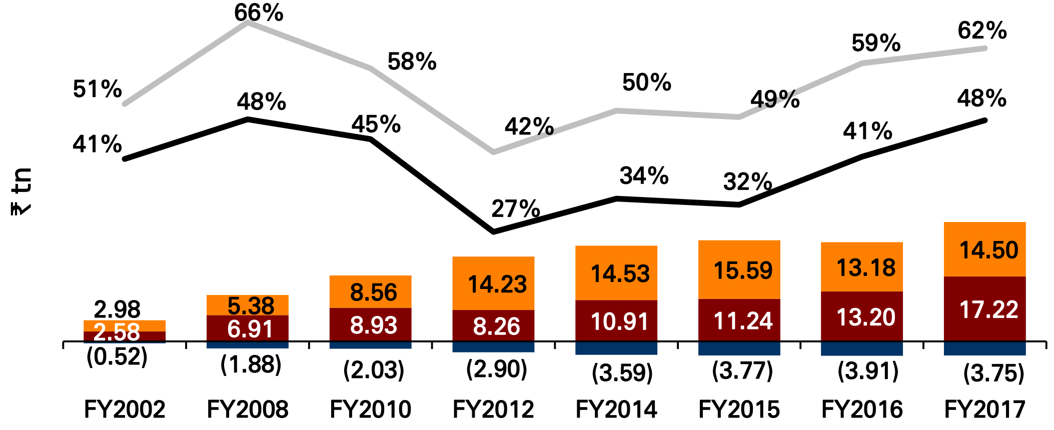
Driving GDP Growth [2]



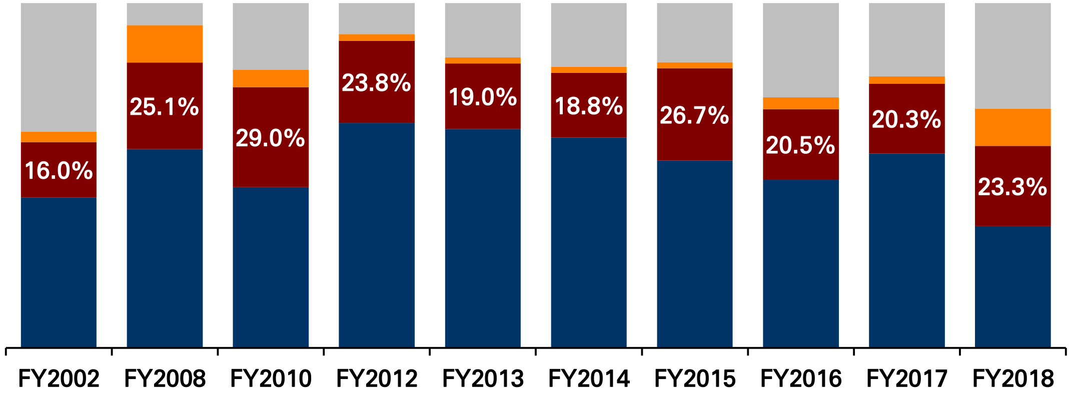
1. Source: UN Population Division
2. Source: World Bank

Financialisation of savings: Opportunity for insurance

Household savings (excl. currency)[1]



Distribution of financial savings (excl. currency)[2]

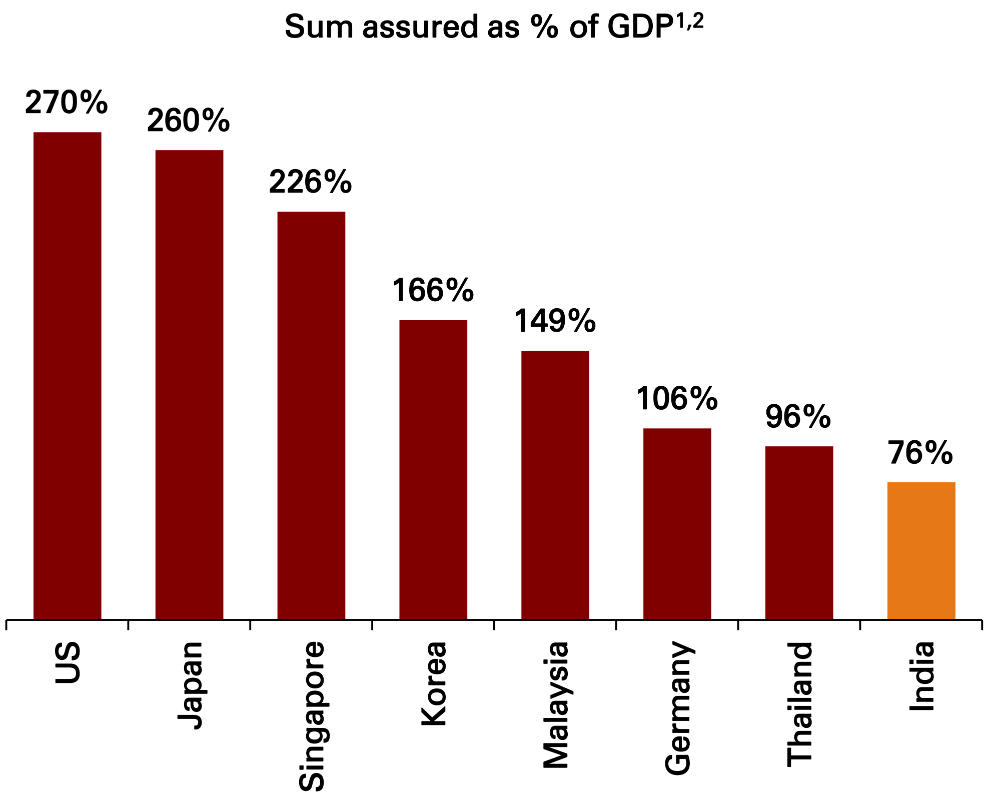


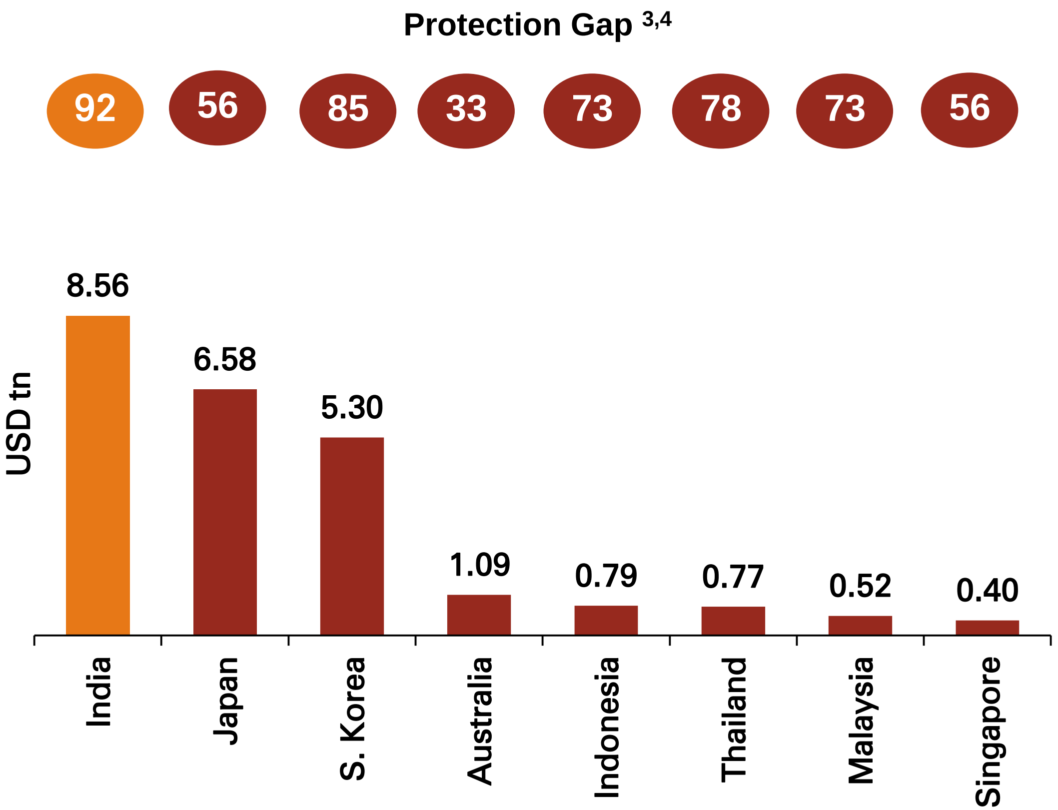
	FY2002	FY2008	FY2010	FY2012	FY2014	FY2015	FY2017	FY2018
Life insurance premium[3] as % of GDP	2.1%	4.0%	4.1%	3.3%	2.8%	2.6%	2.7%	2.7%

- Financialisation of savings aided by Direct Benefit Transfer, RERA and GST

1. Source: RBI and CSO
2. Source: RBI
3. Total life insurance industry premium including renewal; Source: IRDAI

Protection opportunity: Income replacement

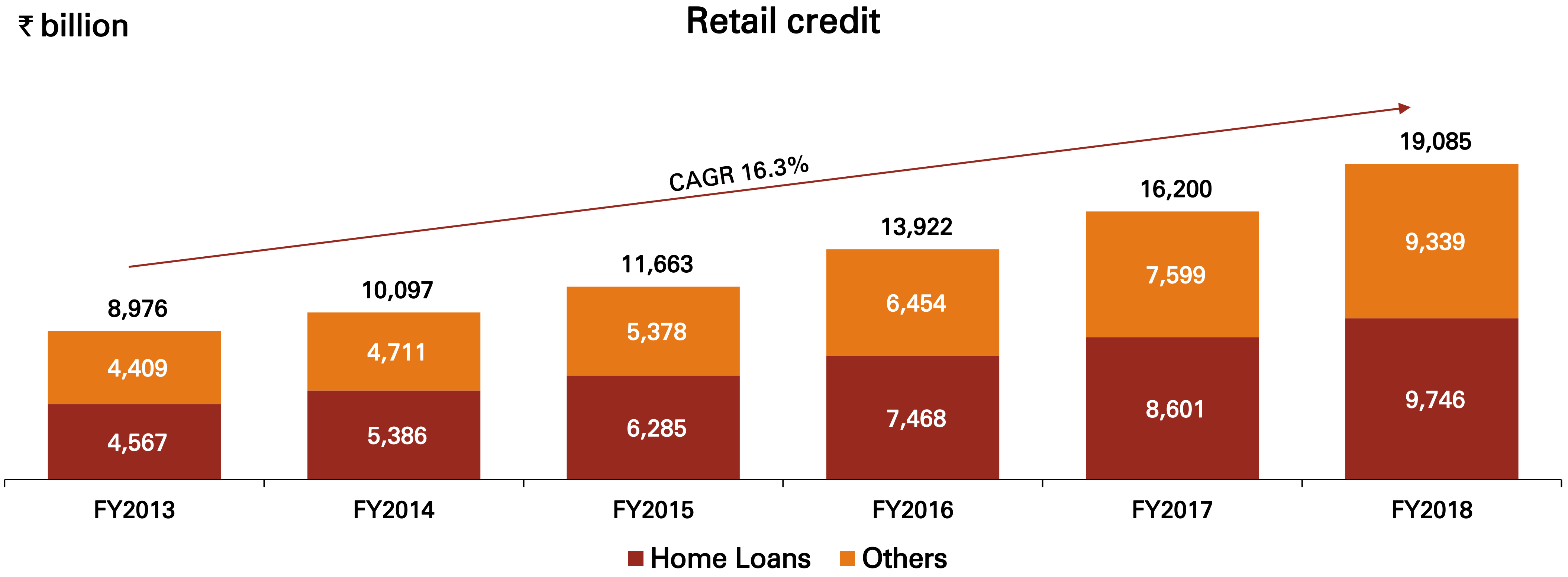




- Sum assured as % of GDP low compared to other countries
- Protection gap for India US $ 8.56 trillion

1. As of FY2018 for India and FY2015 for others
2. Source: McKinsey analysis 2015 , CIRC Annual report 2015, Life Insurance Council, CSO
3. Protection Gap (%): Ratio of protection lacking/protection needed
4. Source: Swiss Re, Economic Research and Consulting 2015

Protection opportunity: Liability cover



- Retail credit has been growing at a healthy pace
- Credit life is voluntary

Source: RBI

Components may not add up to the totals due to rounding off

Protection opportunity

Gross direct premium (₹ bn)	FY2008	FY2018	CAGR
Health	50.45	378.97	22.3%
Motor	130.63	593.14	16.3%
Motor Own Damage (OD)	84.19	263.59	12.1%
Motor Third Party (TP)	46.44	329.55	21.6%

- Protection premium ~ ₹ 100 billion for life insurance industry in FY2018

Source: General Insurance Council and company estimate

Agenda

Company strategy and performance

Opportunity

Industry overview

Evolution of life insurance industry in India

	FY2002		FY2010		FY2015		FY2018
New business premium[1] (₹ bn)	116	21.5%	550	-5.8%	408	15.9%	635
Total premium (₹ bn)	501	23.2%	2,654	4.3%	3,281	11.8%	4,583
Penetration (as a % to GDP)	2.1%		4.1%		2.6%		2.7%
Assets under management (₹ bn)	2,304	24.0%	12,899	12.6%	23,361	12.4%	33,130
In-force sum assured[2] (₹ bn)	11,812*	15.5%	37,505	15.8%	78,091	17.6%	126,989
In-force sum assured (as % to GDP)	50.1%		57.9%		62.7%		75.7%

Industry is back to growth trajectory

1. Retail weighted received premium (RWRP)
2. Individual and Group in-force sum assured

Source: IRDAI, CSO, Life Insurance Council

* Company estimate

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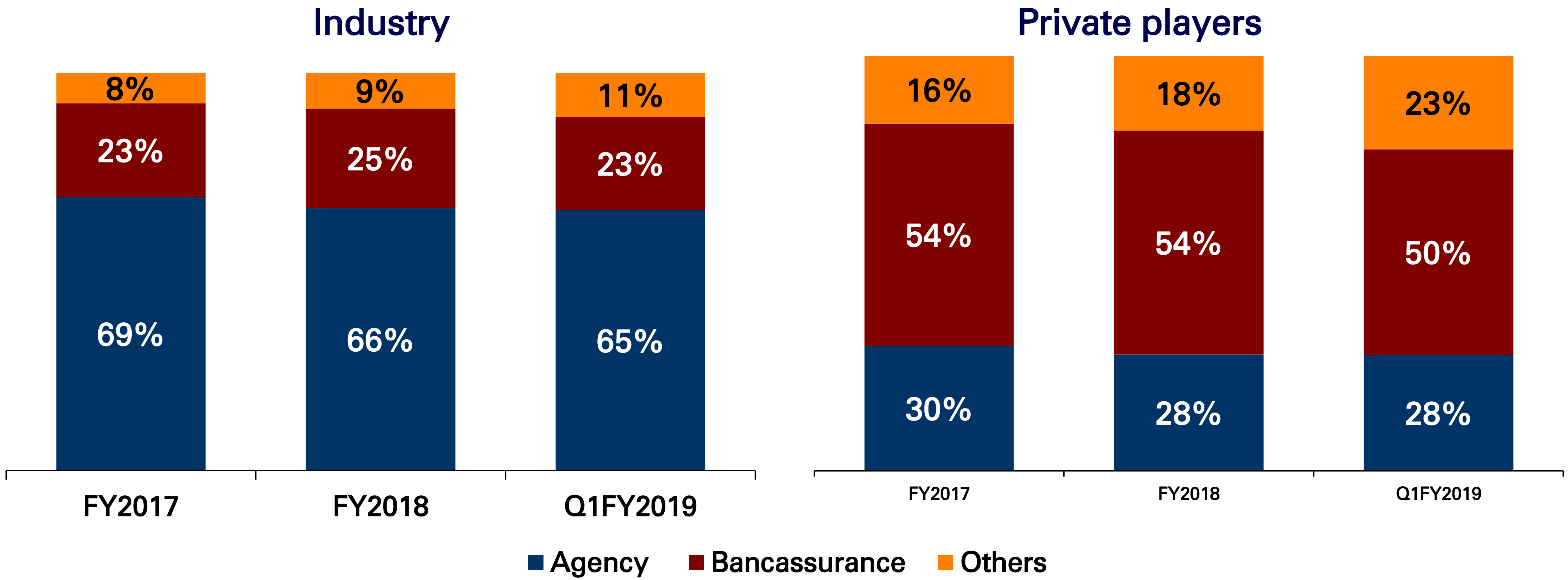
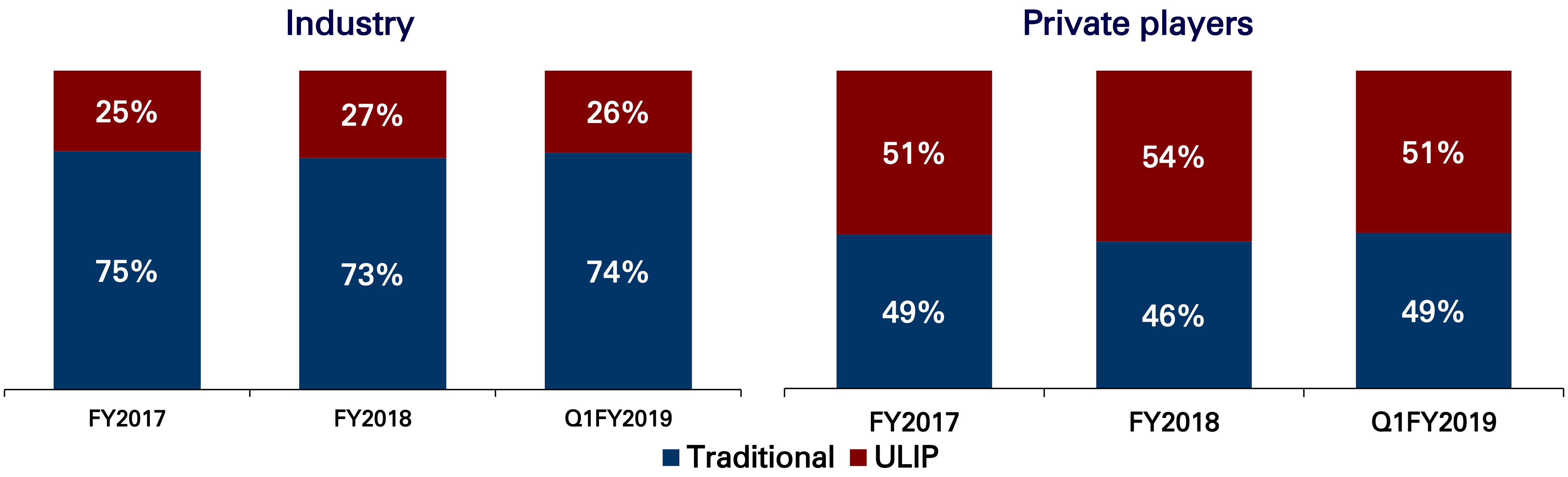
Channel mix[1]



- Given a well developed banking sector, bancassurance continues to be the largest channel for private players

1. Individual new business premium basis
   Source: Life Insurance Council

Product mix[1]



- Strong customer value proposition of ULIPs
  - Transparent and low charges
  - Lower discontinuance charges compared to other savings products
  - Choice and flexibility of asset allocation

1. New business weighted premium basis; Source: IRDAI, Life insurance council

Annexures

Categories of products

Savings	
Linked	• Transparent • Choice of asset class • Low charges and minimal lapse risk for customers
Par	• Return upside through segment surplus[1] i.e. income net expense/reserve • High lapse risk for customers
Non-Par savings	• Guaranteed returns • High lapse risk for customers

Life cover ten times annual premium similar across savings products

Protection	
Individual life/health	Pure mortality/morbidity risk cover
Credit cover	Pure mortality/morbidity cover to borrowers
Group life	Pure mortality cover for formal/informal groups

1. 90% of segment surplus belongs to customers

Average APE by product categories

Average retail APE per policy (₹)	FY2015	FY2016	FY2017	FY2018
ULIP	129,087	149,777	169,701	180,746
Par	38,430	44,533	56,325	62,379
Non par	25,233	23,656	39,153	54,187
Protection	4,408	10,284	9,815	9,123
Total	73,047	87,194	92,735	90,620

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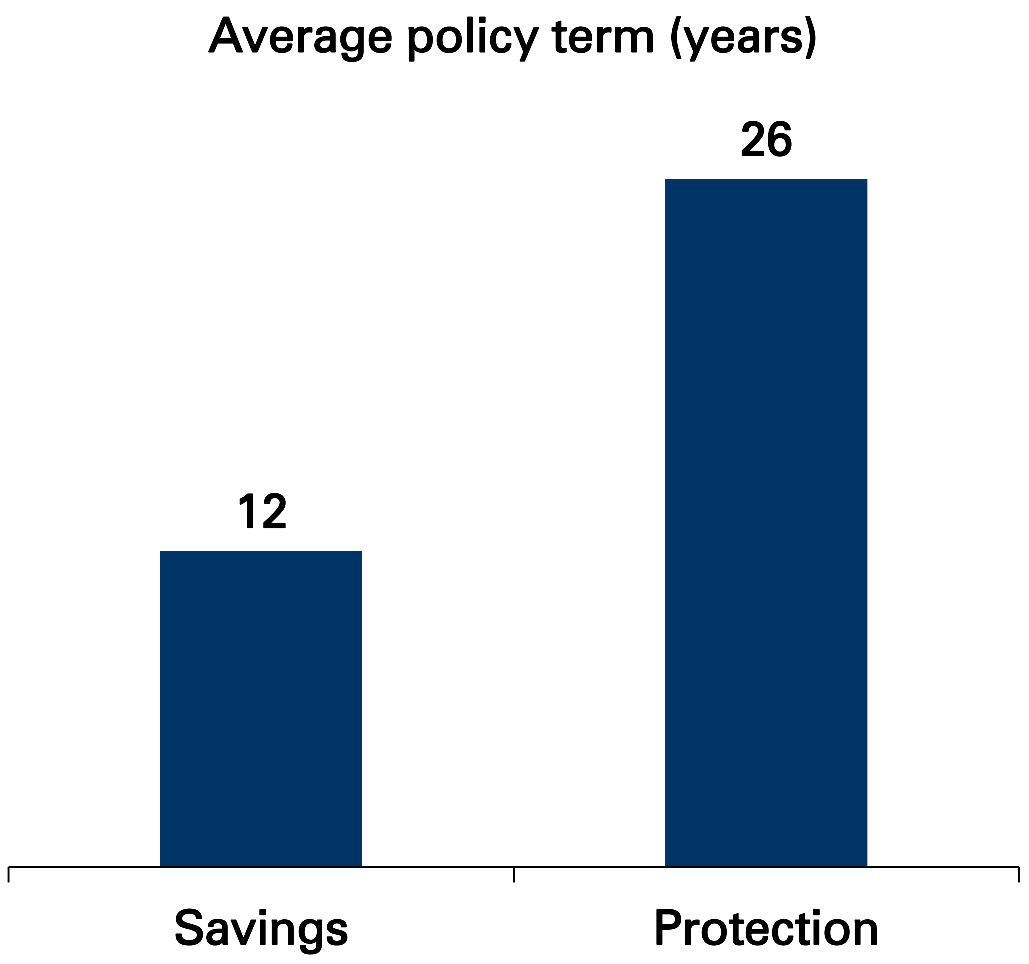
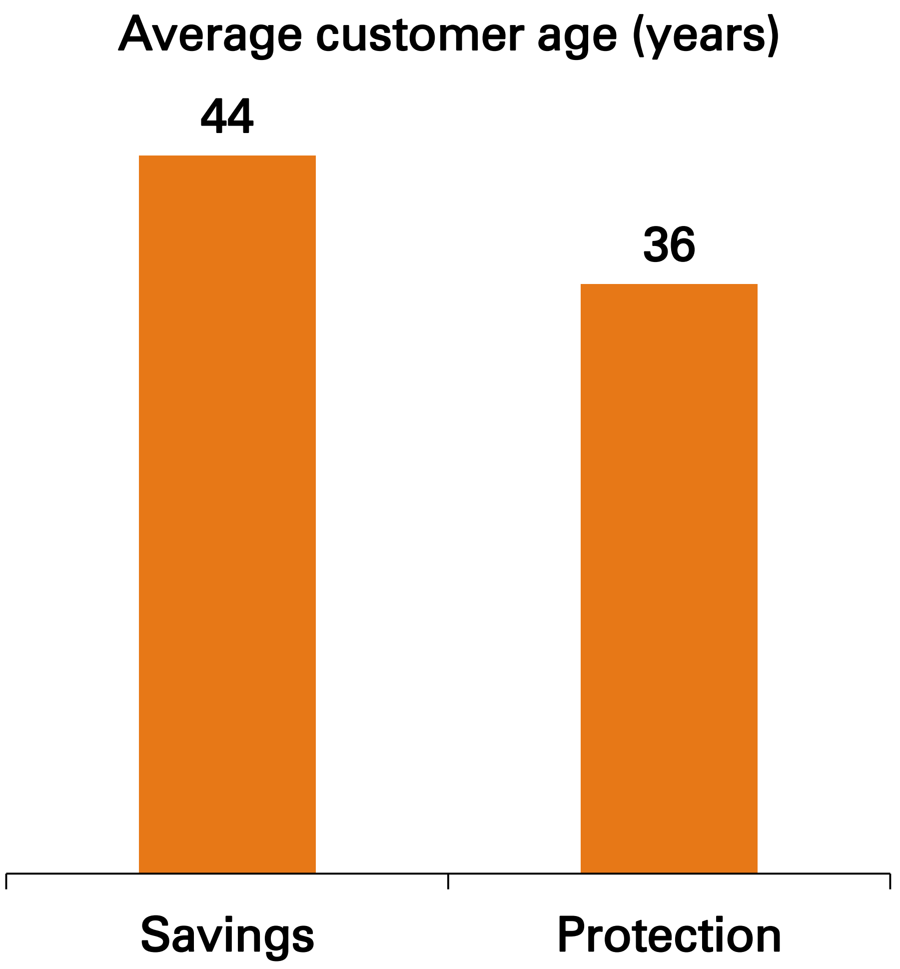
Policy term and customer age[1]





1. For FY2018; protection excludes credit life

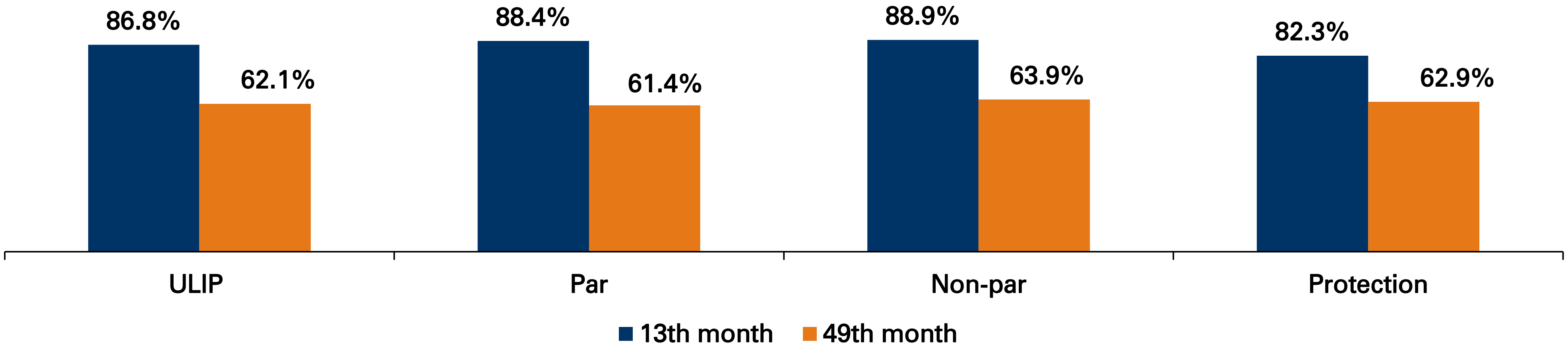
Channel wise product mix[1]

Channel Category	Product Category	FY2015	FY2016	FY2017	FY2018
Bancassurance	ULIP	88.4%	88.9%	92.1%	89.8%
	Par	10.0%	9.1%	5.3%	7.3%
	Non par	0.0%	0.0%	0.4%	0.1%
	Protection	1.5%	2.0%	2.2%	2.7%
	Total	100.0%	100.0%	100.0%	100.0%
Agency	ULIP	78.5%	76.4%	79.5%	81.8%
	Par	19.2%	19.6%	14.2%	13.5%
	Non par	1.0%	0.8%	2.0%	0.4%
	Protection	1.3%	3.2%	4.3%	4.3%
	Total	100.0%	100.0%	100.0%	100.0%
Direct	ULIP	90.5%	84.3%	85.3%	88.0%
	Par	2.8%	7.7%	5.0%	4.3%
	Non par	4.7%	3.6%	3.1%	2.4%
	Protection	2.0%	4.4%	6.5%	5.3%
	Total	100.0%	100.0%	100.0%	100.0%
Corporate Agents and Brokers	ULIP	62.0%	47.4%	46.5%	36.8%
	Par	34.4%	49.0%	44.1%	49.9%
	Non par	2.4%	0.5%	0.4%	0.5%
	Protection	1.2%	3.1%	9.0%	12.8%
	Total	100.0%	100.0%	100.0%	100.0%

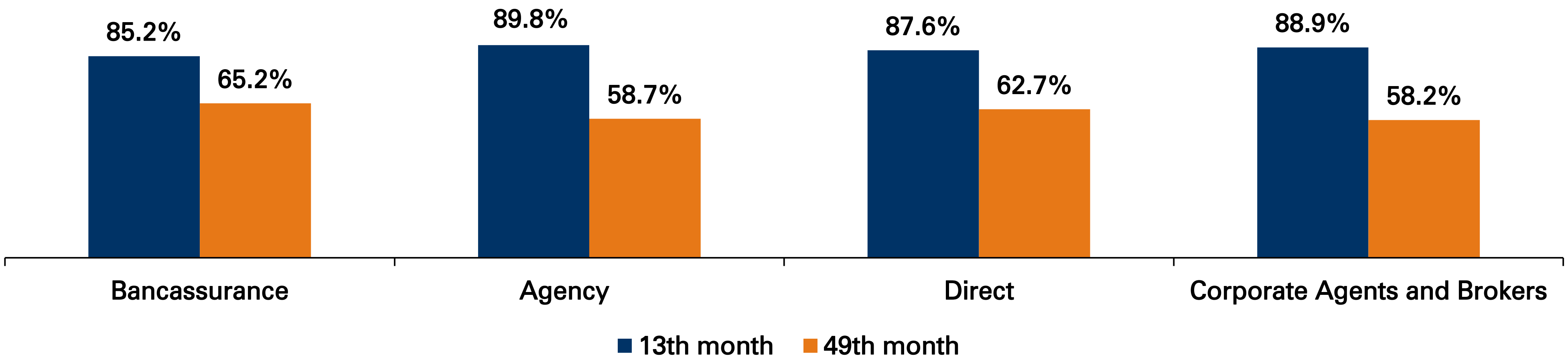
1. Retail Annualized Premium Equivalent (APE) basis

Retail persistency excluding single premium[1]

Persistency across Product Categories



Persistency across Channel Categories



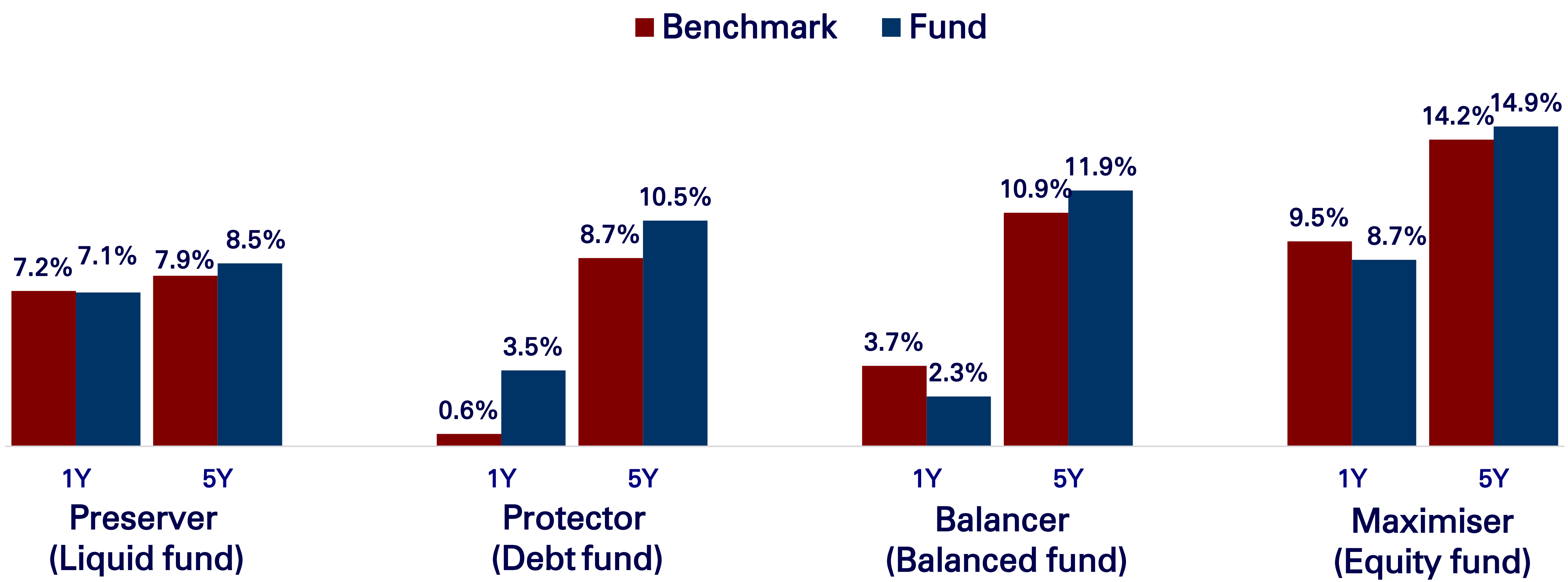
1. 11M-FY2018 persistency
As per IRDA circular dated January 23, 2014; excluding group and single premium policies

Retail persistency (including single premium)

Month	FY2016	FY2017	FY2018	5M-FY2019
13th month	82.4%	85.7%	86.8%	86.3%
25th month	71.2%	73.9%	78.3%	79.4%
37th month	61.6%	66.8%	68.8%	69.3%
49th month	62.2%	59.3%	64.2%	65.1%
61st month	46.0%	56.2%	54.5%	55.7%

As per IRDA circular dated January 23, 2014

Fund performance



85% of linked portfolio out performed benchmark indices since inception

At September 30, 2018

Embedded Value

Embedded Value growth

₹ bn	FY2015	FY2016	FY2017	FY2018
Value of In force (VIF)	82.88	84.25	94.28	117.64
Adjusted Net worth	54.33	55.14	67.56	70.24
Embedded Value[1]	137.21	139.39	161.84	187.88

Return on Embedded Value (ROEV)[2]	15.4%	16.2%	16.5%	22.7%
EV growth-pre dividend	24.8%	12.1%	20.6%	23.4%
EV growth-post dividend	16.5%	1.6%	16.1%	16.1%

VNB as % of opening EV[2]	2.3%	3.0%	4.8%	7.9%
Operating assumption changes and variance as % of opening EV[2]	3.2%	4.0%	2.9%	6.3%

1. As per Indian Embedded Value (IEV) method
2. Difference of FY2015 closing EV and FY2016 opening EV shown as operating assumption changes in FY2016

Components may not add up to the totals due to rounding off

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Analysis of movement in EV[1]

₹ bn	FY2015	FY2016	FY2017	FY2018
Opening EV	117.75	137.21[2]	139.39	161.84
Unwind	11.70	12.58	12.21	13.72
Value of New Business (VNB)	2.70	4.12	6.66	12.86
Operating assumption changes	1.60	1.04[2]	1.00	7.64
Persistency variance	2.12	2.01	0.99	1.53
Mortality and morbidity variance		0.79	0.98	0.78
Expense variance		0.59	0.35	0.27
Other variance		1.09	0.76	0.00
EVOP	18.12	22.23	22.95	36.80
Return on embedded value (ROEV)	15.4%	16.2%	16.5%	22.7%
Economic assumption change and investment variance	11.11	(5.64)	5.82	1.13
Net capital injection	(9.77)	(14.41)	(6.32)	(11.88)
Closing EV	137.21	139.39	161.84	187.88

1. As per Indian Embedded Value (IEV) method
2. Difference of FY2015 closing EV and FY2016 opening EV shown as operating assumption changes in FY2016

Components may not add up to the totals due to rounding off

EV methodology

- EV results prepared based on the Indian Embedded Value (IEV) methodology and principles as set out in Actuarial Practice Standard 10 (APS10) issued by the Institute of Actuaries of India (IAI)
- EV consists of Adjusted Net Worth (ANW) and Value of in-force covered business (VIF)
  - ANW is market value of assets attributable to shareholders, consisting of
    - Required Capital
    - Free Surplus
  - Value of in-force covered business (VIF) is
    - Present value of future profits; adjusted for
    - Time value of financial options and guarantees;
    - Frictional costs of required capital; and
    - Cost of residual non-hedgeable risks

Components of ANW

- Required capital (RC)
  - The level of required capital is set equal to the amount required to be held to meet supervisory requirements
  - It is net of the funds for future appropriation (FFAs)
- Free surplus (FS)
  - Market value of any assets allocated to, but not required to support, the in-force covered business

Components of VIF (1/2)

- Present value of future profits (PVFP)
  - Present value of projected distributable profits to shareholders arising from in-force covered business
  - Projection carried out using 'best estimate' non-economic assumptions and market consistent economic assumptions
  - Distributable profits are determined by reference to statutory liabilities
- Frictional Cost of required capital (FC)
  - FCs represent investment management expenses and taxation costs associated with holding the Required capital
  - Investment costs reflected as an explicit reduction to the gross investment return

Components of VIF (2/2)

- Time value of financial options and guarantees (TVFOG)
  - Represents additional cost to shareholders that may arise from the embedded financial options and guarantees
  - Stochastic approach is adopted with methods and assumptions consistent with the underlying embedded value
- Cost of residual non-hedgeable risk (CRNHR)
  - An allowance for risks to shareholder value to the extent not already allowed for in the TVFOG or the PVFP
  - Allowance for asymmetric risks of operational, catastrophe mortality / morbidity and mass lapsation risk
  - Determined using a cost-of-capital approach
  - Allowance for diversification benefits among the non-hedgeable risks, other than the operational risk
  - 4% annual charge applied to capital required

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Components of EV movement (1/2)

- Expected return on existing business (unwind)
  - Expected investment income at opening reference rate on VIF and ANW
  - Expected excess 'real world' investment return over the opening reference rate on VIF and ANW
- Operating assumption changes
  - Impact of the update of non-economic assumptions both on best estimate and statutory bases to those adopted in the closing EV
- Value of new business
  - Additional value to shareholders created through new business during the period

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Components of EV movement (2/2)

- Operating experience variance
  - Captures impact of any deviation of actual experience from assumed in the opening EV during the inter-valuation period
- Economic assumption changes and Investment variance
  - Impact of the update of the reference rate yield curve, inflation and valuation economic assumptions from opening EV to closing EV
  - Captures the difference between the actual investment return and the expected ‘real world’ assumed return
- Net capital injection
  - Reflects any capital injected less any dividends paid out

Key assumptions underlying EV (1/2)

- Discount rate and Fund earning rates
  - Set equal to reference rates which is proxy for risk free rates
  - Reference rates derived on the basis of zero coupon yield curve published by the Clearing Corporation of India Limited
- Expenses and commission
  - Based on the Company’s actual expenses during FY2018 with no anticipation for productivity gains or cost efficiencies
  - Commission rates are based on the actual commission payable to the distributors

Key assumptions underlying EV (2/2)

- Mortality and morbidity
  - Based on Company's experience with an allowance for future improvements in respect of annuities
- Persistency
  - Based on Company's experience
- Taxation
  - Taxation costs reflect the reduction in costs due to dividend income being tax exempt

Sensitivity analysis (FY2018)

Scenario	% change in EV	% change in VNB
Increase in 100 bps in the reference rates	(2.1)	(4.9)
Decrease in 100 bps in the reference rates	2.2	5.2
10% increase in the discontinuance rates	(1.3)	(8.6)
10% decrease in the discontinuance rates	1.4	9.1
10% increase in mortality/ morbidity rates	(1.0)	(5.4)
10% decrease in mortality/ morbidity rates	1.0	5.5
10% increase in acquisition expenses	Nil	(9.2)
10% decrease in acquisition expenses	Nil	9.2
10% increase in maintenance expenses	(1.0)	(3.5)
10% decrease in maintenance expenses	1.0	3.5
Tax rates increased to 25%	(4.6)	(7.9)

Economic assumptions underlying EV

Tenor (years)	Reference Rates		
	March 31, 2017	March 31, 2018	September 30, 2018
1	6.35%	6.57%	7.59%
5	7.78%	8.21%	8.62%
10	8.02%	8.31%	8.63%
15	8.03%	8.11%	8.52%
20	8.03%	7.97%	8.42%
25	8.03%	7.91%	8.35%
30	8.03%	7.88%	8.31%

Glossary

- **Annualized Premium Equivalent (APE) -** Annualized Premium Equivalent (APE) is the sum of annualized first year premiums on regular premium policies, and ten percent of single premiums, from both individual and group customers
- **Assets under management (AUM) -** AUM refers to the carrying value of investments managed by the company and includes loans against policies and net current assets pertaining to investments
- **Embedded Value (EV) -** Embedded Value (EV) represents the present value of shareholders' interests in the earnings distributable from the assets allocated to the business after sufficient allowance for the aggregate risks in the business
- **Embedded Value Operating Profit (EVOP) -** Embedded Value Operating Profit (EVOP) is a measure of the increase in the EV during any given period due to matters that can be influenced by management
- **Retail Weighted Received Premium (RWRP) -** Premiums actually received by the insurers under individual products and weighted at the rate of ten percent for single premiums
- **Total weighted received premium (TWRP) -** Measure of premiums received on both retail and group products and is the sum of first year and renewal premiums on regular premium policies and ten percent of single premiums received during any given period
- **Persistency Ratio -** Persistency ratio is the percentage of policies that have not lapsed and is expressed as 13th month, 49th month persistency etc. depicting the persistency level at 13th month (2nd year) and 49th month (5th year) respectively, after issuance of contract

Safe harbor

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', ‘indicating’, ‘expected to’ etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion in business, the impact of any acquisitions, technological implementation and changes, the actual growth in demand for insurance products and services, investment income, cash flow projections, our exposure to market risks, policies and actions of regulatory authorities; impact of competition; experience with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital, solvency or accounting standards, tax and other legislations and regulations in the jurisdictions as well as other risks detailed in the reports filed by ICICI Bank Limited, our holding company, with the United States Securities and Exchange Commission. ICICI Prudential Life Insurance undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Thank you

ICICI Prudential Life Insurance Company

Earnings Conference call – Quarter ended September 30, 2018

(H1-FY2019)

October 23, 2018

NS Kannan:

Good evening to all of you and welcome to the results call of ICICI Prudential Life Insurance Company for H1-FY2019.

I have with me here: Puneet Nanda, Deputy Managing Director and Satyan Jambunathan, CFO. We will walk you through the developments during the quarter as well as the presentation on the performance for H1-FY2019. We have put up the results presentation on our website. You can refer to it as we walk you through the performance.

At the outset, as you know, Ms. Chanda Kochhar and Mr. Sandeep Bakhshi have tendered their resignation as the Directors of the Company with effect from October 5, 2018. Consequent to their resignations, Mr. Anup Bagchi and Mr. Sandeep Batra have been appointed as non-executive directors of the Company with effect from October 8, 2018. Further, Board of Directors at their meeting held on October 22, 2018, have appointed Mr. Vinod Kumar Dhall, non-executive Independent Director, as the Chairman of the Company.

Moving on, I will briefly highlight the performance for H1-FY2019 along with key strategic imperatives. Thereafter, Satyan will discuss the performance in greater detail. At the end, Puneet, Satyan and I will be happy to take any questions you may have.

Strategy & performance

Our fundamental focus continues to be to grow the absolute Value of New Business (VNB) while ensuring that our customer is at the core of everything we do. During our Q1-FY2019 results call, we had highlighted the strategic elements in the form of 4P's, namely, premium growth, protection, persistency and productivity improvement to improve expense ratios; and we believe that these 4 P's are core to the path of delivering our objective of VNB growth.

The first "P" of "Premium growth"

If you recall our Q1-FY2019 numbers, we had new business APE declining by 18.1%. Our immediate focus was to reverse this year on year decline. For Q2-FY2019, we had an APE growth of ~6% and we will continue to focus on carrying this momentum forward. For H1-FY2019, APE declined by ~5%. For H1-FY2019 we had a market share of 11.4%.

The second "P" of "Protection focus"

In the protection business, while our strength has been our retail distribution, we have also extended our focus to building partnerships with lenders who can help us reach the customers. During the half year, our protection APE grew ~77% on the back of growth across all segments of protection.

The third "P" of "Persistency improvement"

We believe customer retention is probably the most effective indicator of the quality of sale and is a barometer of customer experience. During this half year, we continued our efforts in this direction which resulted in ~15% growth of total premium and ~23% growth of retail renewal premium on a year on year basis. 13th month persistency was stable at 85.2%. I want to specifically highlight that we saw persistency improvement in the other longer buckets.

The fourth "P" of "Productivity gains reflecting in reduced cost ratios"

Technology and process re-engineering have been at the centre of our efforts to improve expense ratios. For the half year, our expense ratio for the savings business was at 12.7%, an improvement over 13.7% for Q1-FY2019. We continue to monitor expenses closely and we expect the ratio to improve as the premium growth picks up further.

VNB growth: Outcome of strategic elements

The outcome of our focus on these 4 Ps has resulted in our Value of New Business for H1-FY2019 being at ₹ 5.90 billion at a margin of 17.5%, a growth of ~41% over the corresponding period last year. This growth has been aided by the 77% growth in the protection business which I talked about earlier.

I would now like to highlight a few key developments since our last results discussion. We re-launched our flagship retail term plan early this month with added product features namely, limited pay option and whole-life option. For distribution, we signed a bancassurance partnership with Saraswat Co-operative Bank which is India's largest Co-operative Bank with ~300 branches. On the technology front, multiple initiatives across the product life cycle are undertaken regularly and some of these initiatives namely Natural Language Processing (NLP) aided customer service chatbot, decision making algorithms for underwriting and customer service have been implemented during the quarter.

Moving on, the Board has approved an interim dividend of ₹ 1.60 per share which translates to ~40% of PAT (excluding DDT) for H1-FY2019. Given the growth opportunities, and more so for protection business, the Company has not declared special dividend for H1-FY2019.

I would like to conclude with my view of our prospects going forward.

India continues to be an underpenetrated insurance market based on parameters such as life insurance premium to GDP in the context of savings business or sum assured to GDP in respect of protection cover. Rise in the working population and per capita income coupled with financialisation of savings offer significant opportunities for both savings and protection businesses going forward. This opportunity, when coupled with customer centric products and diversified multi-channel reach, would lead to increased inflow for the industry. For FY2018, the life insurance industry had higher share of incremental flows from household financial savings excluding currency.

Given this, I am confident that the industry can grow ahead of nominal GDP growth in the future. I also believe that the protection business has the potential to grow well ahead of this. And particularly for H2-FY2019, we expect a continuation of the growth momentum for the industry, and we expect to be able to gain a larger share while maintaining the focus on quality of business.

Thank you for your attention and now I hand over to Satyan to discuss the results in greater detail.

Satyan Jambunathan: Thank you Kannan. Good evening. I will take the next few minutes to detail the Company's performance.

As mentioned earlier, our focus is to grow the absolute Value of New Business (VNB) while ensuring that our customer is at the core of everything we do. In doing so, we believe in a long term strategy focused on retail business through our multi-channel distribution, customer centric products and relentless effort to deliver superior business quality; with technology as a business enabler in each of these aspects.

Premium growth

We are a retail focused company as we expect this segment to be the bedrock of the long-term sustainability of the business. The retail segment contribution continues to be significant at ~ 96% of new business APE for the half year. For H1-FY2019, the APE decline was at ~5%. Our market share was 11.4% for H1-2019. As you would have observed, we had an APE growth of ~6% for Q2-FY2019 and we will focus on carrying this momentum forward.

The retail AUM of ₹ 1.31 trillion constitutes more than 89% of the total AUM and this share has continued to be strong during the half year.

Customer centric products

In the savings segment, Unit linked products offer transparency, lower cost and minimal persistency risk to the customer. They can compete effectively across the wider financial savings space in both offline and online environments. In protection products, benefits are paid only on mortality/morbidity events and typically there is no maturity or surrender value. For Q2-FY2019, our ULIP APE grew by ~14%. The protection APE growth was ~77% for H1-FY2019 as compared to ~48% in Q1-FY2019.

Multi-channel distribution

On the distribution front, we have invested across channels such as agency, bancassurance partnerships, proprietary sales force, corporate agents and brokers including web aggregators. For the half year, non-promoter channels have contributed ~49% of our APE, providing us with diversification in the distribution mix. During Q2-FY2019, bancassurance APE grew by 12% and group APE registered a substantial growth over 100% driven by group protection business. Also for the agency channel, APE decline was lower at ~2% for the quarter as compared to decline of over 41% during Q1-FY2019.

Protection

With growing affluence of the working population, the need to protect their dependents from losing their family income is on the rise. This need is further accentuated by the trend of nuclear families becoming the norm. Further, as retail customers borrow to create assets, the need to secure these liabilities through suitable insurance also comes to the fore. It is in this context that our approach of providing products and solutions to meet this need of the customer sharpens our focus on this business segment.

During the half year, our protection APE grew ~77%, with the mix of protection being 7.9% of APE. In terms of volume, ~45% of retail new business policies came from protection products for H1-FY2019. New business sum assured for H1-FY2019 grew by ~40% over the corresponding period last year. We continue to focus on the three segments of protection i.e. Individual life/health, Credit cover and Group life. All protection segments including retail protection has witnessed significant growth during H1-FY2019.

Persistency

While sales effort is normally directed towards acquisition of customers, it is the retention of these customers that delivers the full intended benefit to the customer and profitability to the Company.

Our persistency continues to improve this quarter. To reiterate, we continue to exclude group premium and single premium in the calculation of persistency. We have seen meaningful improvement in persistency across the buckets with 13th month persistency being stable at 85.2%. I would like to draw your attention to the 49th month persistency, which has improved to 63.7% from 59.8% in H1-FY2018. Beyond the premium payment term, containing surrenders are key and it is gratifying to note that our retail linked surrenders have reduced by 27% as compared to the corresponding period last year.

Our retail renewal premium grew by ~23%, with 63% of renewal premium received through electronic mediums.

Productivity

Improving productivity of all parts of the organisation from sales to service to support has resulted in our cost ratios coming down over the years. As we redouble our focus on protection, we are also conscious that we will have to invest in this segment resulting in some increase in cost ratios.

Our cost to TWRP ratio was 16.1% for the half year as compared to 14.1% for corresponding period last year. This is on account of investments made in growing the protection business. The cost ratio for protection products is significantly higher than saving products while it is margin accretive. Our cost to TWRP ratio for savings business was 12.7% for the half year as compared to 12.4% for corresponding period last year. This ratio was 13.7% for Q1-FY2019. Through the course of the year, we expect this cost ratio to improve. The commission ratio of 5.6% is stable on a sequential basis. While commission and distribution related expenses have been following the sales trends, other components of costs have been flattish on a sequential quarter basis.

Financial update

Our Embedded Value stood at ₹ 192.48 bn as at September 2018. During the half year, we saw a significant increase in interest rates. This has resulted in economic variances being negative for the half year. The VIF has grown ~7% during the half year, while the adjusted net worth, on a market value, has declined by ~5%. Excluding the impact of economic variances and dividend, EV has grown ~8% during the half year.

The profit after tax for H1-FY2019 was ₹ 5.83 billion as compared to ₹ 8.27 billion in H1-FY2018. The drop in PAT is primarily on account of increase in expenses due to investments made in the protection business. Expenses increased by 37.7% to ₹ 12.72 billion in H1-FY2019 as compared to ₹ 9.24 billion in H1-FY2018, primarily on account of increased advertisement & publicity expenses and employee cost. Advertisement & publicity expenses have been incurred to create an awareness on the protection cover needs. As I have highlighted, while the expenses are higher than the same period last year, on a sequential quarter basis, they have been flattish.

Looking at the segments, the drop in PAT is explained by a reduction of surplus in non-par life and annuity segment. Surplus of Non par life and annuity declined on account of higher new business strain resulting from strong growth in protection and annuity business respectively.

Solvency ratio continues to be strong at 234%.

To summarize, we monitor ourselves on the 4P framework of "Premium growth", "Protection business growth", "Persistency improvement" and "Productivity improvement to improve expense ratios". Our performance on these dimensions is what we expect to feed into our VNB growth over time. Value of New Business for the half year was ₹ 5.90 billion which was a growth of ~41% over the corresponding period last year.

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