"Life Insurance Corporation of India Q1 FY27 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good evening, and welcome to the LIC's Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

We have the senior management of LIC led by Mr. R. Doraiswamy, CEO and MD on this call. I now hand the conference over to Mr. R. Doraiswamy. Thank you, and over to you, sir.

R. Doraiswamy: Thank you. Good evening, everyone. I'm R. Doraiswamy, Chief Executive Officer and Managing Director, LIC of India. I would like to welcome all of you to the results and performance update call for the quarter ended 30th June 2026. The results declared today have been uploaded along with the press release and investor presentation on our website as well as the websites of both the exchanges, BSE and NSE.

Along with me on this call are three Managing Directors, Mr. Dinesh Pant, Mr. Ratnakar Patnaik and Mr. R. Chander. Senior officials of the corporation present on this call are Mr. A.K. Srivastava, Appointed Actuary and Executive Director Actuarial from the actuarial team; Mr. Shatmanyu Shrivastava, Chief Financial Officer from the finance team.

Mr. Arindam Das Gupta, Chief Investment Officer and Executive Director, Investment Front Office; Mr. S.K. Srivastava, Executive Director, Investment Back Office from the investment team. From the marketing team, we have Mr. Uthup Joseph, Executive Director, Marketing and Product Development; Mr. Hemant Buch, Executive Director, Marketing in charge of Bancassurance and Alternate Channels; and Mr. Sesha Giridhar, Executive Director, Pension and Group Schemes.

Also, we have Ms. Vandana Sinha, Executive Director, CRM Claims; Ms. Shobha Sulochana, Executive Director, CRM Policy Servicing; and Mr. Sanjay Bajaj, Head, Investor Relations on this call.

Let me now present the key business, operational and financial highlights for the quarter ended 30th June 2026. Market share. Our market share by first year premium income for three months ending 30th June '26 is 60.10% as per IRDAI as compared to 63.51% for the similar period ended 30th June 2025. We continue to maintain our leadership in the Indian life insurance market across both individual and group business segments.

Now if we bifurcate this overall market share of 60.10% into segment-wise share of individual and group business, we would have a market share of 38.89% in individual business and 70.90% in the group business for the current quarter ending 30th June '26.

On a comparable basis for the three months ending June 30, 2025, the respective market share for individual and group business were 38.76% and 76.54%, respectively.

For the quarter ended 30th June 2026, we have recorded a total premium income of 127,250 crore rupees as compared to total premium income of 119,200 crore rupees for the quarter ended 30th June 2025, registering a growth of 6.75% on a year-on-year basis.

The individual new business premium income for quarter ended 30 June '26 was 14,351 crore rupees as compared to 12,536 crore rupees for the corresponding period last year, thereby registering a growth of 14.48% on a year-on-year basis. Further, the renewal premium income (Individual Business) for the quarter ended 30 June '26 was 61,065 crore rupees as compared to 58,938 crore rupees for the previous year first quarter, thereby registering a growth of 3.61% on a year-on-year basis.

Therefore, for the quarter ended 30th June '26, our total premium income -- total individual premium income, including renewals, was 75,416 crore rupees as compared to 71,474 crore rupees for the quarter ended 30th June '25, registering a growth of 5.52% on a year-on-year basis. The group business total premium income for the quarter ended 30th June '26 was 51,834 crore rupees, comprising a new business premium of 51,229 crore rupees.

In comparison, for the quarter ended 30th June '25, the group business total premium income was 47,726 crore rupees and comprised new business premium of 46,907 crore rupees Therefore, for this quarter ended 30th June '26, the total group premium has increased by 8.61% as compared to the similar period of previous year.

Total annualized premium equivalent for the quarter ended 30th June '26 is 13,692 crore rupees, which comprised individual APE of 7,532 crore rupees and group APE of 6,160 crore rupees. Therefore, on an APE basis, the individual business accounts for 55.01% and group business accounts for 44.99%.

Further, of the individual APE, the par business accounts for 5,085 crore rupees and non-par amounts to 2,447 crore rupees. Therefore, our non-par share of individual APE is 32.49% and par is 67.51% for the quarter ended 30th June '26. As you may recall, for the quarter ended 30th June 2025, our non-par share of total individual business based on APE stood at 30.34%.

The profit after tax for the quarter ended 30th June '26 was 13,492 crore rupees as compared to 10,986 crore rupees for the quarter ended 30th June '25, registering a growth of 22.81% on a year-on-year basis.

The net VNB margin has improved by 750 basis points on a year-on-year basis from 15.4% for the quarter ended 30 June '25 to 22.9% for the first quarter of the current year.

Further, the net VNB has registered a growth of 61.32% on a year-on-year basis from 1,944 crore rupees for the quarter ended 30th June '25 to 3,136 crore rupees for the quarter ended 30th June '26. The solvency ratio as on 30th June '26 improved to 2.42 as against 2.17 on 30th June 2025.

Our assets under management has registered a growth of 4.1% on a year-on-year basis from 57,05,341.44 crore rupees as on 30th June '25 to 59,39,384.39 crore rupees as on 30th June 2026.

As on June 30, '26, we had a comprehensive suite of 59 products, excluding Pradhan Mantri Jeevan Jyoti Bima Yojana, available for new business, including 37 exclusive individual products, 13 exclusive group products and 1 common product for group and individual business, 7 individual riders and 1 group rider.

Since April 2026, two new products have been launched, namely LIC's New Jeevan Sathi single premium and LIC's New Jeevan Sathi limited premium and one product has been withdrawn, namely LIC's Nav Jeevan Shree single premium, which was a close-ended plan.

During the quarter ended 30th June 2026, we sold 31,02,281 new policies as compared to 30,39,709 new policies in the first quarter of the last year, registering an increase of 2.06% on a year-on-year basis.

As on June 30, 2026, the total number of agents was 14,45,692 as compared to 14,86,222 as on June 30, 2025, registering a decrease of 2.73% year-on-year basis.

The market share by the number of agents as on June 30, 2026, stands at 43.69% as against 47.11% for 30 June 2025. On a number of policies sold basis, the agency force sold 30,55,909 policies during the quarter ended 30th June '26 as compared to 29,99,433 policies during the corresponding period last year.

Further, 98.51% of our policies in the quarter ended 30th June 2026 were sold by our agency force. When seen on a premium basis, 93.07% of new business premium came from our agency channel in the quarter ended June 30, 2026.

Bancassurance and alternate channels, including micro insurance, collected new business premium income of 907.14 crore rupees for the quarter ended 30th June 2026 as compared to 861.92 crore rupees for the quarter ended June 30, 2025, registering a growth of 5.25% on a year-on-year basis.

The new business premium income collected through banks was 483.39 crore rupees for the quarter ended June 30, 2026. And for the corresponding period last year, it was 528.97 crore rupees, thereby registering a decrease of 8.62% on a year-on-year basis.

Further, the alternate channels collected new business premium of 423.75 crore rupees for the quarter ended 30th June 2026 as compared to 332.94 crore rupees for the quarter ended 30th June 2025, registering a significant growth of 27.27% on a year-on-year basis. Our bancassurance and alternate channels account for 6.34% of the individual new business premium for the quarter ended 30th June 2026 as compared to 6.89% for the same period last year.

For the quarter ended 30th June 2026, the overall expense ratio was 10.63% as compared to 10.47% for the same period last year. Therefore, an increase of 16 basis points in our overall expense ratio on a year-on-year basis.

On premium basis, the persistency for 13th, 25th, 37th, 49th and 61st month up to the quarter ended 30th June 2026 stands at 75.33%, 69.84%, 67.50%, 64.04% and 61.12%, respectively, as compared to 75.63%, 71.53%, 67.17%, 63.45% and 63.85%, respectively, up to the quarter ended June 30, 2025.

On a number of policies basis, the persistency for 13th, 25th, 37th, 49th and 61st month up to the quarter ended 30 June '26 stands at 66.45%, 58.07%, 56.14%, 51.27% and 48.74%, respectively, as compared to 64.35%, 60.15%, 54.23%, 50.79% and 51.12%, respectively, after the quarter ended 30th June 2025.

In our digital initiative through the agent assisted Ananda application, we have completed 436,925 policies during the quarter ended 30th June 2026 as compared to 347,958 policies for the period ended 30th June 2025, thereby registering a growth of 25.56% on a year-on-year basis.

There is a growth of 16.29% in the number of active agents in the application for three months ended 30th June '26 on a year-on-year basis.

The launch of MyLIC and Super Sales Saathi mobile applications in April 2026 marked a significant milestone in LIC's digital transformation journey. Introduced under LIC's digital innovation and value enhancement initiative, DIVE, these applications are designed to enhance customer experience, improve operational efficiency and strengthen digital accessibility.

The MyLIC app provides one-stop shop for all insurance and servicing needs of the customers and provides a comprehensive digital servicing experience. The Super Sales Saathi app empowers LIC's agents and intermediaries with a comprehensive digital workspace by offering real-time access to customer information, commission details, business performance, renewal tracking and intelligent sales insights.

Together, these applications reduce paperwork, streamline service delivery, promote transparency and enable faster technology-driven interactions between LIC, its customers and its sales force. This initiative reflects LIC's commitment to becoming a modern customer-centric and digitally enabled insurance organization while supporting India's broader vision of digital financial inclusion.

On the individual claims front, during the quarter ended 30th June '26, we have processed 37,27,812 number of claims, which includes 35,35,876 claims due to maturity and survival benefits. On an amount basis, during the first quarter ended 30th June '26, the total maturity claims were 57,099 crore rupees and the total death claims were 5,934 crore rupees.

On a comparable basis for quarter ended 30th June '25, the maturity claims were 50,584 crore rupees and death claims were 5,877 crore rupees. Therefore, the maturity claims are higher by 12.88% and the death claims are higher by 0.97% on a year-on-year basis. On a number of claims basis, the maturity claims have decreased by 10.94% and the death claims have decreased by 3.09% on a year-on-year basis.

As of June 30, 2026, a total of 2.87 lakh women have been designated as Bima Sakhis, successfully selling 4.52 lakh insurance policies and generating a new business premium income of 656.91 crore rupees. Our objective is to appoint at least one Bima Sakhi in every gram panchayat, and we would like to inform that out of 244,876 gram panchayat in India, we have covered 62% gram panchayat by recruiting Bima Sakhis in 151,620 gram panchayat up to 30th June 2026.

Before concluding, I would like to highlight significant achievements during the first quarter of 2026-'27. New business premium income of individual business has grown by 14.48% year-on-year basis to 14,351 crore rupees for the quarter ended June 30, 2026. The profit after tax has grown by 22.81% to 13,492 crore rupees on a year-on-year basis.

VNB has increased by 61.32% on a year-on-year basis for the quarter ended 30th June 2026. VNB margin has increased by 750 basis points to 22.9% for the quarter ended 30th June 2026.

AUM has increased to 59,39,384.39 crores rupees, registering a growth of 4.10% on a year-on-year basis.

The total APE has grown by 8.22% to 13,692 crore rupees on a year-on-year basis. Our non-par share of individual APE has grown to 32.49% for the quarter ended 30th June '26 as compared to 30.34% in the same period for the previous year. The bancassurance and alternate channels registered a growth of 5.25% on a year-on-year basis to 907.14 crore rupees. Our solvency has increased from 2.17% last year at the end of first quarter to 2.42% for the quarter ended 30th June '26.

Before I close, I would like to mention that recently, the Government of India has sold 6.5% stake in LIC via an offer-for-sale, which has been well received by the market. With this 6.5% OFS, our public float rises to 10%, and we are now compliant with the currently applicable minimum public shareholding norms.

I want to welcome the new shareholders through the OFS into LIC's shareholder family and also thank the existing shareholders who have participated in the OFS for their continued faith in LIC. This year, on the 1st of September 2026, LIC shall complete 70 years of existence, and we hope to bring many occasions of joy to our customers through innovative product launches and other initiatives. We sincerely thank all our stakeholders for their continued confidence in our strategy and its execution.

I now hand over the call to the moderator to begin the question-and-answer session. Thank you so much.

Moderator: Sure. Thank you very much. We'll now begin the question-and-answer session. The first question is from Swarnabha Mukherjee from 360 ONE Capital.

Swarnabha Mukherjee: Congratulations on a great set of numbers. So sir, three questions from my side. First of all, if you could highlight what are the assumption changes in the VNB walk that you have provided? What are those assumption changes? And also the cost impact, is this GST exclusion led or anything else to read into that? That is one question.

Second is our ULIP reduced basically year-on-year basis, our ULIP premium. Is this a deliberate decision? Or was it a function of the markets and we should see some recovery back in ULIP in 2Q? Or if you could highlight the trends of ULIP sales in 2Q so far, that would be helpful.

Thirdly, sir, also wanted to understand that what is the reason for the difference between the RWRP data in the IRDAI monthly release and the individual APE that we have disclosed. If you could give some colour on that so that we can understand and estimate better from the coming quarters. And so these are my three primary questions.

One another small thing I wanted to -- I just noticed that our number of agents at the urban geographies, the absolute number has come off slightly. So is this a conscious choice of basically focusing primarily on the rural side? Yes, these will be my questions, sir.

R. Doraiswamy: Thank you, Swarnabha. I'll come to the assumption changes. I'll ask Appointed Actuary to explain it further after I reply to others. Yes, there has been an impact of the GST exemption on the individual lines of life insurance business. While the GST has gone on the individual lines and the premium, the nonavailability of input tax credit has had an impact on the overall expense ratio.

And this comparison with the corresponding first quarter of last year when we had the ITC available is something which has resulted in a 16 basis points increase in the overall expense ratio. That's one of the reasons, as you mentioned.

ULIP premium reduction is naturally a function of the market scenario when confidence in the market gets affected due to the high volatility in the market functioning. And naturally, that's also one. I'll put it the other way that we have been focusing on the margin-accretive business lines, and we have shown a good growth, as you would have seen, in both non-par savings as well as non-par protection. Yes, ULIP, we do expect to come back when the market situation normalizes.

And then the difference in RWRP and APE, yes, they have two different components. APE does not take into account the actual first year premium received subsequent to the new business completion, whereas it takes into account the new business premium received where the premium is multiplied by the frequency to arrive at the annual premium equivalent.

So APE and WRP cannot be equal. We have a substantial growth in the first year renewal premium. The premium that comes out of the policies sold in the previous year is a component. So there will be that difference has to be accounted for.

On the agent front, yes, the number of agents reduction has been because of a good number of candidates who have taken up Bima Sakhi without fully understanding the requirement. So some of them who had taken up just thinking that it's going to be a stipendiary position without having a need to perform after having realized that they had to perform had quit. So we have a focus on weeding out non-serious candidates from the agency force, and that is something which will continue to happen.

On the rural front, yes, we are able to register a good growth. There, we have -- on the urban front, we are trying to get back to the number of agents and retain the numbers as efficiently as possible. Appointed Actuary can talk about the assumption changes.

Ajay Kumar Shrivastava: Good afternoon. I'm Ajay Kumar Srivastava, Appointed Actuary and Executive Director Actuarial. So VNB margin as at 30th June 2026 was 15.4%, which as at 30th June 2026 is 22.9%. The significant impact is of business mix where we have shown a significant growth in individual non-par savings, particularly to the extent of 59.24%.

And the protection business, the growth is around 43.59%. So this, along with if you recall in our earlier meetings that we had in the year 2024 come out with products with a higher ticket size. So those also have impacted the business mix and the business growth, which I have just told you. These two have contributed to 6.5% positively to the VNB growth.

As regards assumptions, we have shown 2.9% positive growth on this, which is the combined impact of RFR during the year and the experience on persistency on both individual and group has been aligned with the current experience. And also across the durations where we see that the variations and persistency differ. So those have been aligned.

And apart from that, there are other deductions such as CRNHR and TVOG, etc. So all these put together, they have contributed to 2.9% positively. If you look at the expense assumptions, expense assumptions, along with the impact of input tax credit, that has contributed to a negative of minus 1.9%. So if you add to all those things, that works out to be 22.9% as end of 30th June 2026. I hope I have answered it.

Swarnabha Mukherjee: Thank you sir for the detailed response. Detailed. If I may ask a couple of follow-ups. One was that, sir, this coming quarter, if ULIP has come back, should we expect that non-par run rate would continue in a similar step up like we have seen in 1Q or is there a possibility that ULIP can cannibalize some of the volume like which was absent this quarter?

And second is, sir, in this operating assumption changes and the GST impact, how much will continue over subsequent quarters and how much will be normalized? If you could give some sense, that would be helpful.

R. Doraiswamy: See, the ULIP coming back in Q2 is something which will depend on the market improvement also. That may not come cannibalize because see, we are focusing, see the growth in total APE itself was slightly muted because of ULIPs not having been showing the growth that we were showing in the previous quarter. So I don't think any cannibalization is going to happen. We would like to see that the non-par growth continues the way it has been growing from Q1 to Q4 over the previous years that will continue in the current year as well. Regarding assumptions?

Ajay Kumar Shrivastava: So the impact of expense, as I said, there are two things of it. One, the input tax credit loss, which is also taken as a part of the expense and the impact is inclusive of that. The second important thing is the increase in volume of business because of the removal of GST on premium itself. So we have seen the traction now taking for increase in the volumes. and the combined effect of the expense rationalization and this -- the GST input loss rate that has impacted minus 2% with regard to assumptions.

Swarnabha Mukherjee: Right, sir. So would we think that this minus 2% will continue for, say, next one, two quarters? Or would it come off or normalize?

R. Doraiswamy: Once the assumption change has been incorporated, I don't think it should have much of an impact in the subsequent quarters. Of course, when you compare quarter-to-quarter also, last year, quarter 3, this impact has already started having its -- the change has already started having its impact. So if at all, it's a comparison between current year and last year. Q1 and Q2 will be compared with no GST ITC for the current year vis-a-vis ITC available last year. That will be for Q1 and Q2. Q1 is already over.

Moderator: The next question is from Supratim, who's an Individual Investor.

Supratim: So my first question is again on the VNB walk that you have given. Just wanted to understand that the mix improvement and the impact from mix improvement that we are seeing is the individual or the products at the individual level also seeing an increase in margin because of the yield movement? Is there a positive impact from the product level margins because of that? That's one.

Secondly, on the 290 basis point assumption in positive impact that you called out, and you said that RFR and persistency has contributed to that. Just wanted to understand what proportion would be RFR and persistency and is persistency a positive impact? Just if you would clarify that. So that's the second bit.

Then moving to the unwind part, I just wanted to understand what is the equity return and the debt return that you are building in unwind this year -- for this year? And what proportion of the unwind typically relates to equity and debt, if you could clarify that as well, that would be helpful.

Lastly, on the IDBI stake, just wanted to understand where does this IDBI stake really sit? Does it sit in the policyholders' accounts or the shareholders account? Those are my four questions.

R. Doraiswamy: Yes. I'll start on the IDBI stake. It has already been clarified quite a number of times that LIC had a unified fund before the IPO and IDBI investment was before that, and hence, it continues to be in policyholder funds for awaiting the stake sale. So that is as of things as it stands today. VNB walk, I think again, I request Appointed Actuary to take it further.

Ajay Kumar Shrivastava: Yes. So with regards to the margins, as you said, in par business and otherwise non-par business. So both have contributed positively. The contribution is more positive with regard to individual non-par business, particularly individual non-par savings and the term assurance. With regard to par also, it is positive, but lower than that. The group line of business also has contributed positively to the VNB margin. That's with regard to the lines of business.

On assumptions, RFR, the impact, if I can separately give it to you, is a positive contribution to the extent of 5% plus in case of withdrawal, because the withdrawal experience in different places have been corrected in the assumptions, the impact is negative to that extent. And there are interactions in assumptions which we take, the direction which we take. So a combined effect of all these things have been shown in one place, which is 2.9% positive.

Supratim: There was a question on the unwind as well if you could clarify that?

N. Kalpana: As of 30th June, we are not disclosing the EV value. However the unwind rate will be based on assumptions that we expect to have as on 31st March of the year. So, we disclose the EV on half yearly basis and while we do so, the analysis of movement however on annual basis.

Supratim: Okay. Okay. And sir, just one clarification sir...

N. Kalpana: I think we're at the same levels as last year.

Ajay Kumar Shrivastava: So if you look at March 2026 IEV, the unwind which was given at that time in the IEV walk was 7,748 crores. That's what it was provided at that time. Now because there is no separate calculation of IEV at the end of this quarter and therefore, no numbers have been provided at this stage.

Supratim: Okay. Okay. And sir, just one clarification. On the par, non-par and group, you said has contributed positively. So that should be taken as all of the products have seen an improvement in margins, right, at the product level. Just wanted to clarify that I get this correctly.

Ajay Kumar Shrivastava: Yes, that's correct.

Moderator: The next question is from Manas Agrawal from Sanford Bernstein.

Manas Agrawal: I actually had one request and one question. The request is this time, we've seen a big gap in terms of the weighted premium and the APE. Another insurer also has this and they report monthly APE whenever LI Council numbers come. I think this will give investors confidence in monthly trajectory. So that is the request.

The question is, essentially, see Q3, Q4 growth was good on a weak base. Q1 APE growth, and I'm restricting myself to APE, the VNB growth is good. The APE growth is soft in some shape or form, at least on a not so high base. Second half, your base also becomes unfavorable in both APE and margin expansion terms. So how should one think about, a, just cross cycle medium term, three years, let's say, what is the aspiration for growth on top line, bottom line new sales?

R. Doraiswamy: APE and WRP, as I explained, they take a slightly different component into place. APE does not take into account the renewal premium or the subsequent premiums after the policy gets completed during the first year, whereas the WRP takes actually what has been received. So if a monthly premium is taken at the beginning, only one month premium is taken into credit. And in APE, it gets multiplied by 12.

So last year, we had -- last few quarters, we have been slowly shifting our focus and a contribution from non-single premium or regular premium had increased in the last year. Thereby, the APE growth was -- in compared to the previous year was high. But this year, we are comparing with a similar situation last year.

So the current first quarter APE growth has not been that high. though WRP has been good because we have got a very good first year renewal premium also coming in. We expect that this will get more pronounced and this growth in APE will also increase over the subsequent quarters as our focus on new business also increases as the year passes on. I think that is something which we'll look at. Yes, your request, we'll get it examined and how best we can do that we'll see.

As I go forward, I think there should not be much of an impact on the profitability because we are focusing continuously on value-accreting policies in a bigger way, where you have seen a good growth in both non-par savings as well as non-par protection. And that focus will continue. So we expect the margins to improve. Of course, the component from the RFR is not in our hands. Other components will be continuously under our focus. We'll try to improve our efficiency in all the areas that we can do.

Moderator: The next question is from Gaurav Jain from ICICI Prudential Mutual Fund.

Gaurav Jain: Congratulations on a great set of numbers. Just one question on individual protection, sir. We are seeing good growth continuing. And this quarter, again, it is 40% plus kind of year-on-year growth that we are seeing. If you can help us understand what channels are majorly contributing it? And while it is on a small base, but what steps have we taken? And do we expect it to continue growing further? And something on that will be helpful, sir.

R. Doraiswamy: Thank you, Gaurav. Actually, we were a very strong savings player. our contribution from savings used to be very high, followed by annuities. And then we started improving our performance in ULIPs. The one bucket which we were not very strong was, as you said, the protection. So we wanted to have that also added. And so we are seeing a good growth in the first quarter this year over the corresponding period last year. The channel which is contributing, no doubt because in terms of number of policies, biggest contributors are individual agents. individual agents have contributed substantially in this.

Whereas in bancassurance, the focus is much more on annuity sales and ULIPs. There, again, we will be trying to get something from the protection bucket as well. We can confidently hope to increase this increase in protection performance to continue for some more quarters, certainly because our focus is to increase protection also in the -- as part of our business line.

Moderator: The next question is from Prayesh Jain from Motilal Oswal Financial Services.

Prayesh Jain: Congrats on a great set of numbers. Just wanted to understand again on the impact of assumption changes, operating assumptions. In March '26 also, there was a negative hit. So it is still that impact that is going on or in 1Q FY27 also, there are some assumption changes which is impacting this?

Ajay Kumar Shrivastava: So, in the month of March, if you look at the impact of operating assumption and changes in GST was that was provided was minus 2.8%. Now we have shown it separately. The impact of assumption, which constitutes all three RFR withdrawals and other deductions like CRNHR, TVOG and frictional costs, etc. So they are put together, they are contributing 2.9%. But as I said, impact of expense that has come down to minus 1.9%, which includes the impact of loss of input tax credit.

Prayesh Jain: So, basically, this should kind of keep reducing with time and probably second half of FY27, this should not -- a bulk of it should not be there largely because of the GST input tax credit should not have any implication. And unless there is some more assumption changes that we do towards the end of FY27, this should kind of reduce going ahead?

Ajay Kumar Shrivastava: As I explained earlier, the impact is two ways. One, the input tax credit, which is taken as the expense. And there is again the positive impact of growth in the volume itself. So you would appreciate that once the volume grows and it exceeds the growth in the expenses put together, the other expenses and the cost of input tax credit -- so the per policy expenses, the way it goes into assumptions will definitely reduce once the volume also increases.

Prayesh Jain: Got it. Sir, and if I look at your P&L and large part of our profits or surplus comes from the non-par book in spite of the fact that we have such a relatively smaller non-par book versus the par book. Still the surplus comes from the non-par book, maximum of the surplus -- large part of the surplus. What explains that?

R. Doraiswamy: So see, the non-par business valuation happens on a quarter-to-quarter basis. whereas the surplus emanating from par business is done only once in a year when it comes to transferring it to the shareholders. Ultimately, 90-10 share has to happen. So that happens only when the valuation gets completed at the end of the year. So you will see the impact of par business surplus only in the quarter 4. First two, three quarters, we'll have only the non-par surplus coming in.

Prayesh Jain: But even in FY26, if you look at the numbers, a large part of the surplus was from non-par book?

R. Doraiswamy: See, as the nature of business itself, par 90% of the surplus goes to the policyholders. On ly 10% gets transferred. So the idea of a directional change in the proportion of business between par and non-par is started only after we started getting into -- we went into a public organization after the IPO. So this will contribute. And also, we have the funds earmarked for available solvency margin, which is ring-fenced and kept. The accretion from that also contributes to the improvement of the shareholders' profit.

Prayesh Jain: Okay. What would be that number today?

R. Doraiswamy: ASM funds is at 180,000 crores. .

Prayesh Jain: That is the INR180,000 crores will be the book value, right?

R. Doraiswamy: Yes, book value.

Ajay Kumar Shrivastava: This is the book value.

Prayesh Jain: Was it the market value of it?

Ajay Kumar Shrivastava: It varies. It fluctuates.

Prayesh Jain: Okay. Last question. For the full year, what would be your outlook for the VNB margin? We have given such a strong margin in this quarter. What should we think about the full year VNB margin for LIC?

R. Doraiswamy: We don't normally give a guidance, but we expect it to improve over the next few quarters as well, of course, keeping the one uncertain factor of the RFR. Otherwise, the margins should keep improving as we continue to focus on improved efficiency in terms of operations, which will result in overall expense ratio coming down and also the business coming out of value-accretive lines of business improving in the subsequent quarters.

Prayesh Jain: So from this Q1 base also, you expect the margins to improve further?

R. Doraiswamy: Yes. Yes, yes.

Moderator: The next question is from Harshal from AMSEC.

Harshal: Just had one question on the margins. So we have seen a 650 bps improvement due to product mix change. And that what we are doing is due to better product mix and improvement in product margins. So if you can just share how much is due to better product mix and how much is due to improvement product margin? That was one.

And secondly, we have seen a sharp improvement in non-par sales in the same category. So if you can highlight which are the products which are driving that growth? And which are the initiatives from our end, which are improving margins across the segments like ULIP, par enter in the non-par segment, par and group, which are the key initiatives which are driving margin improvement across the categories?

Ajay Kumar Shrivastava: We have -- if you see post IPO, we have focused and we have come out with the non-par products and particularly in all segments, we have increased and we have shown the growth. As we had informed you earlier that in -- we are very strong in par business, and we would like to continue to grow on par side. But we also want to outgrow on non-par side where the margins are higher than par itself.

So the product introduction, modification and withdrawal, etc, they are all the natural phenomena for any insurance company based on the needs of the customers. and the experience which the insurers have. So, the product, the mix will keep on changing based on the needs of the customers. And the way they are purchased and going forward, that will define how the margins they come up for the Corporation.

Harshal: Anything in terms of how much you should be able to and how much margins you break it up by 50 bps.

Ajay Kumar Shrivastava: See, what I can tell you broadly lines of business we were talking about. So if you look at the proportion of par business, which is 37.1%, which gives a VNB margin of 19.4%. The proportion of non-par individual is INR1,678 crores, which gives a margin of 49.3%. And the group business is the third group, which is 45% on APE, which gives VNB margin of 29.4%.

Harshal: Just missed on the last part, what was the group margin you said.

Ajay Kumar Shrivastava: 29.4%, for 45% APE. This is on the proportion. I'm talking about the proportion of APE and the proportion of VNB margin.

Moderator: The next question is from Nischint from Kotak.

Nischint: Sorry, just a clarification, the data points that you shared right now, 19.5% -- sorry, 19.4% for par, 49.3% for non-par and 29.4% for group. This is essentially the segmental VNB margin.

Ajay Kumar Shrivastava: So this is a proportion of VNB coming from different segments.

Nischint: Okay. Got it. Got it. Just curious, when you mentioned that RFR and persistency both kind of are reflected in the assumption change. Did we say that persistency impact is negative and RFR is higher to the extent of 5%?

Ajay Kuma Shrivastava: So that's what you said, this is based on the experience on both individual side and the group side. Group side, the persistency has contributed to negatively. And the individual side also for various durations, it is positive, for some duration, it is there. So put together, the persistency is marginally negative and the impact of RFR is positive, which is something which is not something which we fix as the assumption, but it is something which is already there to be used by everybody else.

Nischint: Got it. Got it. And just one last one is on the bancassurance side, there seems to be some weakness. If you could comment on that. I think you're doing quite well till maybe one or two quarters back.

R. Doraiswamy: We continue to do focus more on that. In the first quarter, we did not -- we had not finalized a few marketing plans of some of our bank partners. So naturally, the starting was a bit delayed. We expect it to be covered up in the subsequent quarters. We will be doing much better than what we did last year.

Moderator: The next question is from Srihari Venugopalan from Avendus Spark.

Srihari Venugopalan: Sir, just to understand the VNB walk, sorry for pushing on it again just so that it's clear in our hands. So you are saying that the impact of assumption is positive 290 bps, of which positive economic variance of positive RFR is 500 bps. The remaining negative portion is largely on persistency and mortality. And the impact of expenses is 190 bps negative as both GST, ITC as well as other expenses, the total expense ratio has slightly gone up. Is that the right way to understand it?

R. Doraiswamy: You understood right, but it's on the assumption change, the assumptions getting aligned to some experience of the last two quarters.

Srihari Venugopalan: Okay. So this is a permanent assumption is not an operating variance basically in that sense, negative operating -- the negative portion within that 90 bps?

Ajay Kumar Shrivastava: It's not something which -- see, if you are right, if you look at the IEV walk, then all those operating variances and the numbers would be given in details. But this is the VNB walk where what we have shown is the impact of changes in assumption.

Srihari Venugopalan: Got it, sir. And this impact of volume because GST obviously resulted in an improvement in volume, that is netted off in the impact of expenses?

Ajay Kumar Shrivastava: As I explained earlier that the loss of input tax credit, it forms an expense and it gets added to the operating expenses. And once the volume goes up, then that has a sort of impact on the policy expenses. But as long as the volume is likely to go up because of the positive impact of GST removal from premium, that's going to have impact on the policy expenses going forward.

Moderator: Next question is from Mohit Mangal from Centrum.

Mohit Mangal: My first question is towards the solvency ratio. So I think media have kind of maintained higher solvency margin -- solvency ratio basically. And so should we expect protection business to increase significantly? Or do you think that higher solvency ratio would be our strategy going forward?

R. Doraiswamy: It's not a strategy as such. One, this is pre-dividend distribution. The dividend, once it is paid, it will take away some part of the solvency. But of course, as we get additional profits getting added to the shareholders' funds, there can be a slightly higher rising also.

Now this will support increase in protection business or the increase in liability that we can underwrite. That's no doubt a factor that is kept in mind. But we'll be also looking at the regulatory changes before we finally take a call where we should have the solvency taken forward too. But as of now, this is 2.42%.

If you take away the amount of dividend that was paid subsequent to this quarter, it will come down to 2.32%. We would like to see how the changes make the capital requirement fit as well as the growth in protection and other business and that also can be supported. We'll take a call as we go forward.

Mohit Mangal: Right. That's clear. Sir, my second question is basically, I was just looking at your number of policies sold through bancassurance and alternate channels. So that increased by 16.3%. But if I look at individual NBP through this channel grew by only 5.3%. So should we kind of conclude that the growth is being driven by lower ticket size policies -- or are there any other factors affecting the premium growth?

R. Doraiswamy: The growth is not being impacted by the lower ticket policy. Yes, if you can say, the lack of availability of low ticket size policy because of a revision of the ticket size to meet the changes brought in by the master circular did affect because the minimum sum assured has been increased from INR1 lakh to INR2 lakh.

So the low ticket size policies have come down, no doubt. But this has helped in increasing the margins as well. But it will take a bit of time for the market to get adjusted and show and bring back the growth in number of policies.

Mohit Mangal: Right. No, sir, my doubt was that your policies have grown by a higher amount in these channels, but your individual NBP in these channels have grown by lower amount. So what's the disconnect over there?

Hemant Buch: This is Hemant Buch, Executive Director, Bancassurance. You see, out of the 2 lines of business which constructs the bancassurance, it is bank per se, which have, in fact, faced some sort of pressure in terms of delivery. This is precisely because of the West Asia conflict, which has affected the remittance side and the major contributor for us being annuity and ULIPs, both got impacted because of the remittance, the annuity side got affected and because of the market upheaval, the ULIP side also got affected, which precisely took over some shine out of, in fact, the bank-driven business.

But as CEO Sir has rightly pointed out, we are trying to bounce it. Things are in place. And going forward, I think you will see a balanced kind of growth and a very robust kind of performance, both in terms of number of sales as well as in terms of premium, and that will be couple.

Moderator: The next question is from Shobhit Sharma from Elara Securities.

Shobhit Sharma: Sir, I have two questions. Sir, firstly, is on the yield curve related impact, which you have classified. So since this is a meaningful one, which has actually bloated your margins and it's slightly unsustainable because the current yield curve is significantly very high. And since we will continue to grow our non-par guaranteed book faster than the overall APE, so what should be our sustainable VNB margins on an overall basis, if you want to think about it?

And secondly, sir, if we look at ULIP, if the growth picks up in that segment, so should we expect our APE growth to be back into double digits because your ULIP APE has a significant proportion coming in from the monthly mode. And sir, lastly, your renewal commission on a Y-o-Y basis has declined. Is there any particular reason for that?

R. Doraiswamy: No. Actually, if you look at the thing, ULIP coming back in a bigger numbers certainly can help in our APE growth. Even otherwise, we are looking at increasing our APE growth by the other product lines as well. That certainly happened.

The commission year-on-year growth has been a matter of the amount of premium collected and out of which how much is through agents and how much is through agents who are no longer in the books, not eligible to renew commission. It has nothing to do with any other thing. And in terms of VNB margin, we expect the margin to grow something more than where we currently are and settle something around the industry average.

Shobhit Sharma: Okay. So since last time you mentioned you are targeting mid-20s kind of VNB margin. So should we expect we are on track to achieve those kind of numbers by end of the year?

R. Doraiswamy: Yes, sir. Yes, we are working towards that.

Shobhit Sharma: Okay, sir. Sir, last question I have is on your average ticket size. We have seen significant jump on to that during the quarter. So we'll be able to sustain that? And is this primarily driven by the growth we have seen on the non-par side and the slowdown on the monthly business side?

R. Doraiswamy: No, no, no. Non-par is also on the monthly business side. It's both. The par or non-par does not make a difference in terms of the frequency of premium payment. It depends upon the product that gets sold. The annuities when we sell in big numbers, they come as a single premium. So that is one. Other two immediate annuities, we get immediate and the deferred annuity both we get on a single premium front. When the annuities grow, the ticket size will grow. That is one.

Two, on the regular premium side also because we have increased the minimum ticket of our major selling poly from INR1 lakh to INR2 lakh that has already resulted in uptick in the average ticket size. That will continue to be -- it is quite sustainable, not affordable.

Shobhit Sharma: Sir, this revision in the minimum sum assured we have done in this current financial year? Because lastly, we had done that during the -- post the surrender value guidelines?

R. Doraiswamy: October '24, yes. The proportion of policies sold at higher sum have increased, yes.

Moderator: Sir, that was the last question. I would now like to hand the conference over to Mr. Doraiswamy for closing comments.

R. Doraiswamy: Thanks, everyone, for joining our late evening conference call today. As we wrap up the review of our 3-month performance for Q1 FY27, I want to sincerely thank you for your continued trust and partnership with LIC of India.

Your questions and inputs reflect a strong understanding of our business and strategy. I hope we have been able to address them clearly. If you require any further assistance or wish to continue the dialogue, please feel free to reach out to our Investor Relations team any time. Wishing you all a pleasant evening, and thank you once again, and a good night.

Moderator: Thank you very much. On behalf of LIC, that concludes this conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.