Management Discussion & Analysis

I. Global Economic Environment

Economic activity was surprisingly resilient through the global disinflation of 2022–23. As global inflation descended from its mid-2022 peak, economic activity grew steadily, defying warnings of stagflation and global recession. Major emerging markets continue to show resilience. With central banks having tightened policy aggressively and early, inflation has eased markedly in many emerging markets, allowing some to start their cutting cycles. Central banks have made notable progress in steering economies to steady disinflation, aided by positive supply-side improvements. Investors accordingly anticipate that major advanced economy central banks will pivot from monetary tightening to easing. The transmission of monetary policy may have been more muted this time around in countries such as the United States, where an increased share of fixed-rate mortgages and lower household debt levels since the global financial crisis may have limited the drag on aggregate demand up to now. In the euro area, growth will pick up this year, but from very low levels, as the trailing effects of tight monetary policy and past energy costs, as well as planned fiscal consolidation, weigh on activity. In **emerging market and developing economies**, growth is expected to be stable at 4.2% in 2024 and 2025, with a moderation in emerging and developing Asia offset mainly by rising growth for economies in the Middle East and Central Asia and for sub-Saharan Africa.

Global growth, estimated at 3.2% in 2023, is projected to continue at the same pace in 2024 and 2025. The forecast for 2024 is revised up by 0.1% point from the January 2024 World Economic Outlook (WEO) Update. As per Organisation for Economic Cooperation and Development (OECD) Economic Outlook May 2023, global growth in 2023 continued at an annual rate above 3%, despite the drag exerted by tighter financial conditions and other adverse factors, including Russia's war of aggression against Ukraine and the evolving conflict in the Middle East. Global GDP growth is projected at 3.1% in 2024 and 3.2% in 2025, little changed from the 3.1% in 2023.

Many countries are expected to elect their national governments in 2024 - a "Great Election Year". In this context, policymakers may postpone fiscal adjustment or commit to new expansionary measures.

Prices of fuel commodities are projected to fall in 2024 by, on an average, 9.7%, with oil prices falling by about 2.5%. The decreases reflect abundant spare capacity and strong non-OPEC+ (Organization of the Petroleum Exporting Countries plus selected non-member countries, including Russia) supply growth. Coal and natural gas prices are expected to continue declining from their earlier peaks, by 25.1% for coal and 32.6% for natural gas in 2024, with the gas market becoming increasingly balanced on account of new supply, dampened demand and high storage.

Global headline inflation is expected to fall from an annual average of 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025. A more front-loaded decline is expected for advanced economies, with inflation by 2.0% points in 2024, while it declines in 2025 only in emerging market and developed economies. Advanced economies are also expected to return to sooner to rates near their pre-pandemic (2017-2019) average, with inflation averaging 2% in 2025.

(Source: IMF Word Economic Outlook April 2024)

Asia's life insurance sector has been a key driver of global industry growth. A recent slowdown and shifts in the market signal a need for strategic recalibration. Asian life insurance is at a tipping point: a perceptible deceleration in growth over the past half-decade has cast a new light on the sector's trajectory. At the same time, opportunities abound. The life insurance sector in Asia has long been a growth engine for the global insurance industry. As economies surge ahead, driven by rapid urbanisation and technological advancements, the demand for financial security and protection is intensifying.

II. Indian Economy Outlook

India's economy will not be immune to the global downturn. However, we remain optimistic for the longer term and expect India to be the fastest growing G20 economy over the next decade.

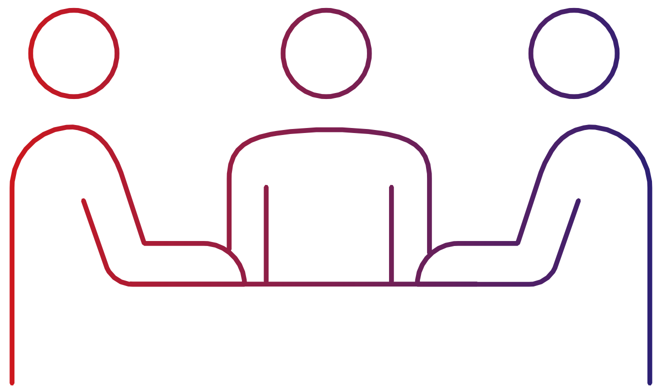
	Growth Projections (%)
India	**6.7**
Indonesia	5.0
China	4.3
Saudi Arabia	3.0
Australia	2.6
Turkey	2.4
Canada	2.0
Mexico	1.9
South Korea	1.8
South Africa	1.7

(Source: Swiss Re Institute)

Year 2023 was a landmark in India's status among the global comity of nations. By hosting a G20 Presidency that brought together member countries to agree on issues of key global concern, despite their ongoing differences on geopolitical matters, India marked its arrival as a key consensus builder on the global stage. This, along with an increasing share of India's GDP in global GDP, reflects the growing importance of the country in the global economic landscape. The government took targeted measures under the 'Make in India' initiative to bolster domestic manufacturing and promote self-reliance across various industries. At the forefront is the PLI scheme, covering 14 sectors, designed to incentivise manufacturers to increase production and exports. The government's economic policy focus was to restore India's growth potential by getting the financial sector back on track, facilitating economic activity by easing conditions for business, and massively augmenting physical and digital infrastructure to enhance India's connectivity and, thus, the competitiveness of its manufacturing sector.

With this vision to guide its policies, the government has undertaken diverse economic reforms to prepare the economy to grow at its potential by creating a business-friendly environment, improvising ease of living, and strengthening the governance systems and processes. A **New Public Sector Enterprise (PSE) Policy for Aatmanirbhar Bharat** has been introduced to minimise the presence of the government in the PSEs to only a few strategic sectors. The advent of Artificial Intelligence (AI) poses a big challenge to governments around the world due to the questions it poses to employment particularly in services sectors. By all estimates, India's growth is expected to remain strong, supported by macroeconomic and financial stability. Presently, the official estimate for growth in FY2024 stands at 7.3% and the headline inflation is expected to gradually decline to the target. Also, India has built up a healthy foreign exchange reserve over the past decade (nearly US$ 545 billion as on 16 September 2022), which should be able to offset some near-term downward growth pressures.

The contribution to growth is due, in no small measure, to those sectors in which the government has taken specific measures. The share of manufacturing in total Gross Value Added (GVA), in volume terms, increased from 17.2% in FY 2014 to 18.4% in FY 2018 under the impact of the Make in India mission of the government. Based on the advance estimates released recently, the share has stayed robust at 17.7% in FY 2024 on the back of the Production Linked Incentive (PLI) schemes rolled out by the government.



India's equity markets have outperformed major global markets. The Indian benchmark equity indices the BSE Sensex and the Nifty 50 delivered a CAGR of about 13.5% in the period January 2014 to December 2023. Volatility in 2023, as measured by the standard deviation of the weekly returns of the benchmark BSE Sensex, has also come down to levels last observed in 2019. These developments were aided by solid corporate fundamentals resulting from the balance sheet clean-up and deleveraging (debt reduction) undertaken in the last decade. Additionally, the ease of access to financial markets for retail investors rose as digital technology adoption increased. The growth in demat accounts over ten years has been remarkable. The number of demat accounts in India increased to 13.9 crore at the end of December 2023 marking a 536% growth from the total number of accounts as at the end of March 2014. The number of retail investors participating in the cash market segment of the equity markets on the NSE rose by 3.8 times between FY 2018 and FY 2022.

(Source: The Indian Economy-A Review)

III. Life Insurance Industry Developments

India is Set to Become the Sixth Largest Insurance Market by 2032.

We estimate that total insurance premiums (life and non-life) volumes will grow by an average 14% per annum in nominal local currency terms over the next decade, making India the sixth largest insurance market in the world, up from 10th largest in 2021.

Country	2021	2032
US	40.4%(2.72)	37.9%(4.52)
China	10.4%(0.70)	13.0%(1.55)
UK	5.8%(0.39)	4.8%(0.57)
Japan	5.3%(0.36)	4.4%(0.52)
France	4.8%(0.32)	3.6%(0.43)
India	1.9%(0.13)	3.5%(0.42)
Germany	4.0%(0.27)	3.2%(0.39)
Italy	2.6%(0.17)	1.7%(0.20)
Canada	2.4%(0.16)	2.4%(0.28)
South Korea	2.4%(0.16)	2.0%(0.24)

(Source: Swiss Re Institute)

The biggest challenge for the industry is defending its relevance against an ever more intrusive state. Triggered by the COVID-19 pandemic and the Russia's invasion of Ukraine, the clout of the state is on the rise as it is pressured to ensure external and internal security during the great transformation (geopolitics, climate, demography, technology). Nonetheless, increasing polarisation and inequality threaten to undermine the social fabric. How to navigate these challenges, maintaining its social relevance as a force for equality and inclusivity, is the central task of the insurance industry in the coming years.

As risks are rising worldwide, the limits of insurability are increasingly coming into focus. Preventive measures, new technologies and smart partnerships can shift the limits of insurability but they cannot remove risks entirely. Uninsurability should be respected as the pretence of insurability – by artificially low and not risk-adequate prices – leads to excessive risk exposure and ever higher loss amounts. The trade-offs between affordability and insurability – or more generally between our current and sustainable lifestyles – can still be solved, but the necessary compromises won't be pain-free or cost-free.

Global economic growth is expected to remain more or less the same, reaching +2.7% in 2024-25 after +2.8% in 2023. But the weights are shifting: The divergence in growth performance between the US and Europe is expected to narrow. Moreover, the unwinding of supply-chain disruptions, lower energy prices and less tight labour market should push inflation back or close to targets. The life insurance market has increasingly embraced and invested in technology, progressing its use from operational systems, to supplying enhanced insight, enabling sounder decisions and an entire range of more advanced tools that support underwriting, claims and beyond.

The Insurance Regulatory and Development Authority India (IRDAI) is vigilant and progressive and is determined to achieve its mission of 'Insurance for all by 2047', with aggressive plans to address the industry's challenges. Insurance firms continue to face a complicated and evolving regulatory agenda. Regulators expect firms to follow new rules and regulations in key areas such ESG, operational resilience and consumer outcomes, whilst sectoral supervisory priorities are simultaneously focussing on how firms are dealing with the fast-changing risk landscape.

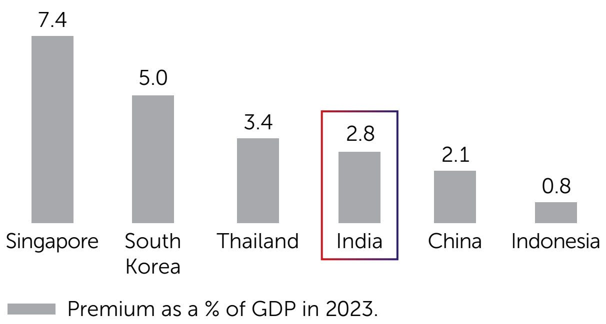
As one of the many steps taken to translate this vision into a reality, the IRDAI, in a recent amendment, increased the maximum number of insurer tie-ups by three times for corporate agents and international monetary funds. The objective is to make insurance accessible by solving inadequate distribution reach using bancassurance channels. While the outreach in this sector may have increased from 3.69% in 2018 to 4.57% in 2022, there is still considerable ground to cover to transform insurance from a precautionary tool to a tool of empowerment and preparedness.

Life Insurance Penetration

Insurance penetration and density are two metrics, among others, often used to assess the level of development of the insurance sector in a country. While insurance penetration is measured as the percentage of insurance premiums to GDP, insurance density is calculated as the ratio of premium to population (per capita premium).

Protection gap is higher in Asia, as compared to the other parts of the world.

Life Insurance Penetration (%)



(Source: Swiss Re, Sigma 3/2024)

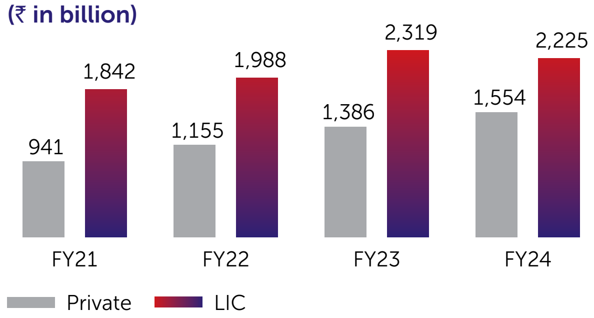
New Business Premium, Market Share, Product Mix and Distribution Mix

The life insurance industry in India grew by 2.0% in new business premium in FY 2024. While the private insurance companies grew by 12.1%, Life Insurance Corporation (LIC) grew by (4.0%). More than 29.2 million policies were sold in FY 2024 by all insurance players including LIC. LIC's market share stood at 58.9% of total new business premium and the private insurance companies took a share of 41.1% in FY 2024. In terms of individual rated premium, private players' market share increased to 67.8% in FY 2024 from 65.8% in FY 2023 and LIC's share decreased to 32.2% in FY 2024 from 34.2% in FY 2023.

The traditional products registered a growth of 14.8% in 2022-23, with gross written premium of ₹ 6.75 lakh crore as against ₹ 5.87 lakh crore in the previous year. On the other hand, Unit-linked products (ULIPs) registered a growth of 4.8% with increase in premium from ₹ 1.00 lakh crore in 2021-22 to ₹ 1.05 lakh crore in 2022-23.

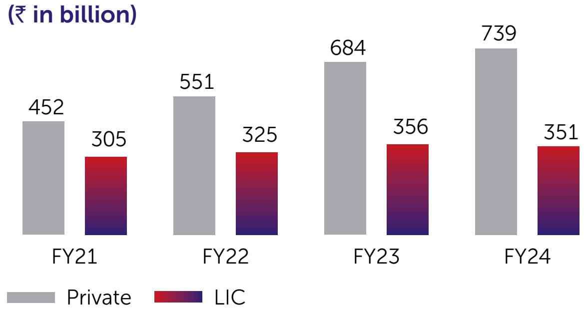
The number of individual agents as at March 31, 2023 was 26.28 lakhs as against 24.43 lakhs as at March 31, 2022. The life insurance industry showed a growth of 7.60% in number of agents over the previous year. While the private life insurers recorded a growth of 14.76%, the public life insurer recorded a growth of 1.58%. As at March 31, 2023, the number of agents with the public sector stood at 13.47 lakhs and the corresponding number for private sector insurers was 12.80 lakhs.

New Business Premium (₹ in billion)



(Source: Life Council data)

Individual Rated Premium (₹ in billion)



(Source: Life Council data)

IV. Opportunities, Risks and Way Forward

The impact of war across the world has provided a few jolts, however, India is expected to absorb the pressure and impact of the same. Positive policy making by the Government would also enable overall growth of all sectors. Further, considering the size and demography of our country, there is ample of scope for all insurers to provide insurance to the vast uninsured majority.

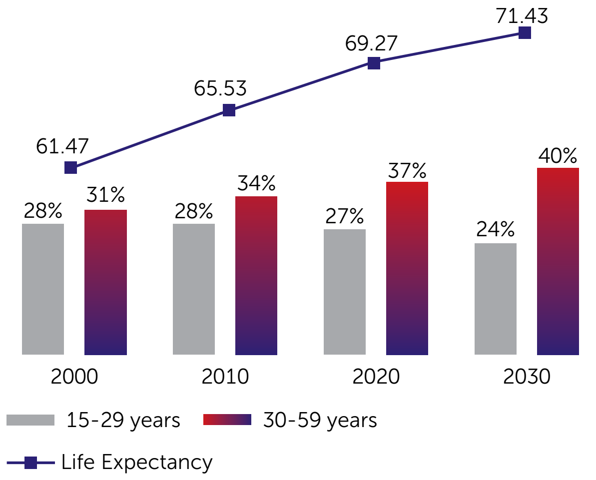
A. Opportunities and Strategy

The pandemic has created significant awareness amongst people about the need of securing their financial position. This provides a positive scope for insurers to tap this opportunity. The life insurance premiums are projected to grow by 9% annually (in real terms) by 2032. The Regulators have eased up few Regulations to enable insurers do business with ease.

Some of the factors which will provide growth opportunities are as below:

i. **Demographic Profile**
The huge population of India of 1.4 billion provides growth potential in all the areas including manufacture and service sector. This is further evident by the fact that a vast majority of this population of about 67%, is in the age group of 15 to 67 years with a median age of 28.7 years.

Increasing Share of Working Population and Life Expectancy



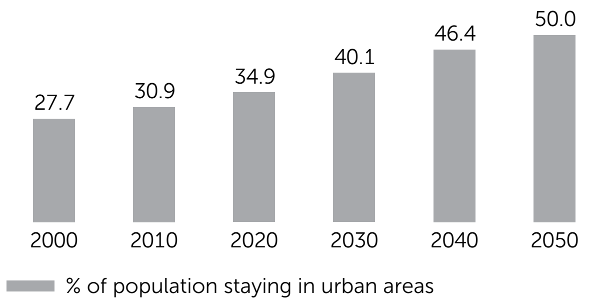
(Source: United Nations - World Population Prospects, 2019)

Strategy – Life Insurance provides financial risk mitigation by offering products which mobilise long term savings, provide life protection as well as annuity solutions for longevity risk. Younger working population proportion & rise in nuclear family structures has been largely driving insurance coverage. Also, with the Company's focus on insurance awareness and diverse product portfolio helps in capturing sizeable market share. This is further supported by a wide distribution network of 316,038 trained insurance personnel comprising of 246,078 Individual agents, 59,638 Certified Insurance Facilitators (CIFs) and 10,322 Specified persons(SP) on the ground.

ii. **Urbanisation**

Urbanisation, across the world has increased and similar, trend is observed in India. Currently, close to 35% of the population live in urban areas and this is estimated to increase to 50% by 2050 as per World Urbanisation Prospects 2018, Union Nations. Increase in urbanisation has led to improvement in the style of living and awareness to secure financial stability through savings and investments.

India's Growing Urban Population
(%)



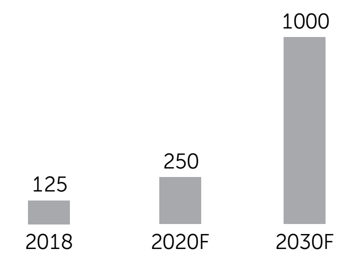
(Source: United Nations - World Urbanisation Prospects, 2018)

Strategy – Diverse product portfolio of the Company is well suited to provide increased coverage and catering to various customer needs in the Life, Health, Pension, Annuity & Micro-insurance segments. Per capita income levels have been increasing gradually, and also the increased levels of urbanisation has created increased investment in insurance.

iii. **Digitalisation**

The advent of Artificial Intelligence (AI) poses a big challenge to governments around the world due to the questions it poses to employment particularly in services sectors. This was recently highlighted in an IMF paper estimating that 40% of global employment is exposed to AI, with the benefits of complementarity operating beside the risks of displacement. Further, the paper suggests that developing economies must invest in infrastructure and a digitally skilled labour force to fully harness AI's potential. As announced in June 2023, Go Digit-Life Insurance was planning to invest ₹ 500-600 crore (US$ 60.3-72.4 million) in the initial 18 months to start as the country's 26th life Insurer.

India's Internet Economy
(US $ in billion)

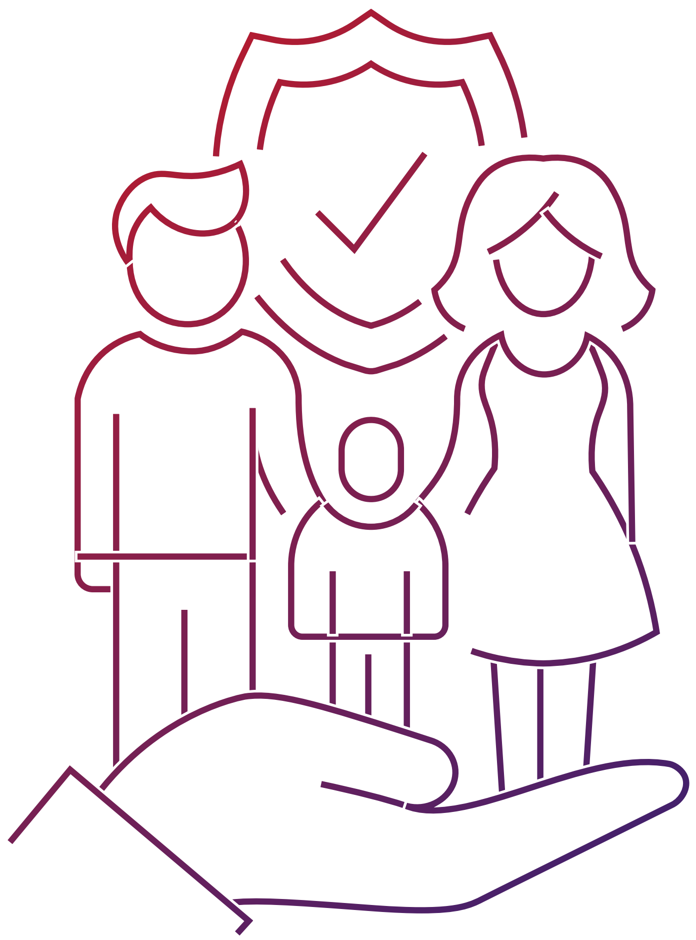


(Source: IBEF – E-commerce)

Strategy – The Company thrives to achieve its motive of Customer Satisfaction to Customer Delight by enhancing the digital experience for its customers. In view of this, various Digital Initiatives have been undertaken by the Company during the year. Over 96% of the premium collections were made through digital payment methods and 99% individual applications are submitted digitally. The Digital Personal Data Protection (DPDP) Act, 2023 will also be advantageous for the insurance industry as it will help insurance providers to enhance data protection in the insurance sector.

iv. **Insurance Penetration**

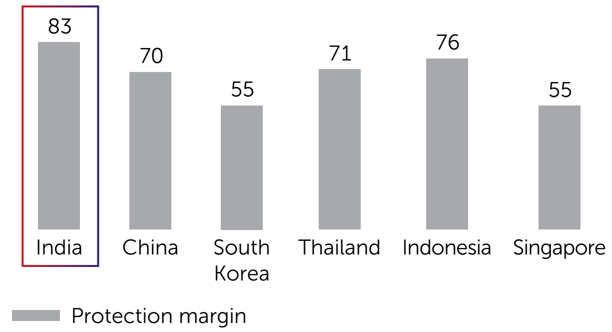
Total insurance premium in India increased 13.5% as compared to the global average of 9.0%. It is expected that premiums will grow by an average 9.0% p.a. (in real terms) over the next decade. The Life Insurance market in India has recorded a consistent premium growth over the years. During 2022-23, the Life insurance industry recorded premium income of ₹ 7.83 lakh crore with a growth of 13.0%. The private sector life



insurers have clocked a growth of 16.3% in premium, while the public sector life insurer recorded 10.9% growth in premium. The life insurance industry paid total benefits of ₹ 4.96 lakhs crore in 2022-23 which constitutes 64.1% of the net premium. The benefits paid on account of surrenders / withdrawals increased by 25.6% to ₹ 1.98 lakhs crore in 2022-23 of which public sector insurer accounted for 56.3%. During the current year, out of the total surrender benefits, benefits for ULIP policies accounted for 62.5% for private insurers and 1.6% for the public life insurer.

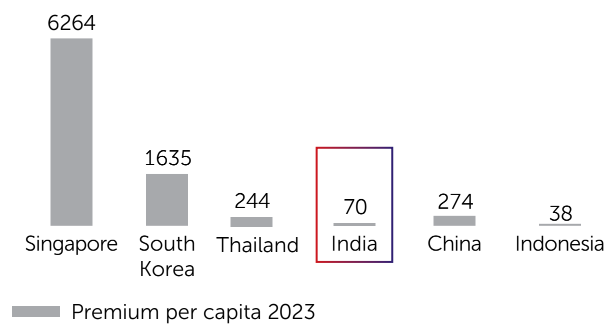
Considering the demographic and geographic diversity of India, the challenge of low protection gap cannot be viewed in isolation. The problem stems from challenges such as low awareness, limited understanding of products, complex processes, low affordability of products, lack of trust, delay in claim settlements and inadequate distribution channels. As per Swiss Re Institute estimates, the mortality protection gap in India stood at US$ 40.4 billion (in premium equivalent terms) in 2021. This translated into an average mortality protection gap of 91%, meaning that the financial resources available to support the livelihood of surviving family members and pay outstanding debts in the event of premature death of the household breadwinner, were less than 9% of the total protection need. A 2019 survey by Swiss Re Institute found that 44% of households have a mortality protection gap in excess of 90% of their protection needs, one of the highest in Asia. Life insurance penetration in India was 3.2% in 2021, almost twice the emerging market and slightly above the global average. Total mortality sums assured as a percentage of GDP in India has also increased considerably over the past two decades, from around 50% in 2001 to more than 100% in 2020, in line with other emerging as well as advanced markets. However, most life products sold in India are savings-linked and have just a small protection component. Insurance penetration in India has been steadily increasing, with life insurance penetration being above the emerging markets and global averages. A few regulatory developments have been introduced by the Regulators to improve insurance penetration. Further, technology is in place and is being constantly innovated and updated to meet the ever increasing needs of consumers.

Protection Margin Highest Amongst Peers
(%)



(Source: Swiss Re, "Closing Asia's Mortality Protection Gap 2020")

Life Insurance Density
(in US$)



(Source: Swiss Re Sigma 03/2024)

Strategy – Based on survey conducted by SBI Life in association with Nielsen, Indians remains underinsured as the life cover to personal annual income ratio is only 3.8 times, which is way below the recommended 10x to 25x of annual income. To plug in the protection gap, the Company has a diverse range of individual and group protection products along with assured life cover. Apart from this, Company also has credit life protection (loan coverage) and term micro insurance products. During the year, the Company has launched Smart Swadhan Supreme and Saral Swadhan Supreme which are non-linked, non-participating, pure risk product to widen the cover to more sections of the society.

v. **Financialisation of Savings**

In consonance with the global trend, India had experienced a spike in household financial saving (net) to 11.6% of GNDI during 2020-21, as pandemic-induced restrictions on mobility and spending curtailed consumption of contact-intensive services. Majority of Indian households invest their savings in physical assets, however, this trend is changing slowly as the households now begin to invest the savings in financial assets as well.

Gross domestic saving as per cent to gross national disposable income (GNDI) moderated to 29.7% in 2022-23 from 30.8% in the preceding year, due to drop in household financial saving (net) to 5.2% of GNDI in 2022-23 from 7.2% in the previous year as households drew down excess saving accumulated during the pandemic to fund consumption and investment.

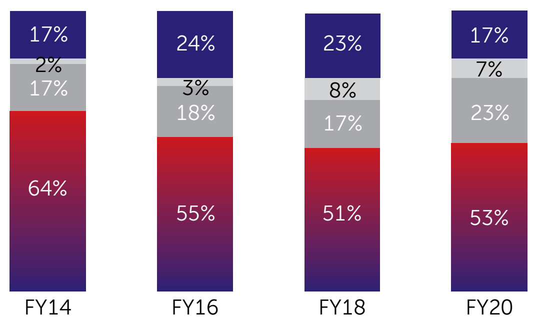
With the increasing financialisation of the economy, banks have started aggressively selling a number of financial products to their customers as mutual funds (MFs) and insurance policies.

(% of GNDI)

Particulars	2021-22	2022-23
A. Gross Financial Savings	10.9	10.9
1. Currency	1.1	0.9
2. Deposits	3.5	4.0
3. Shares and Debentures	0.9	0.8
4. Claims on Government	1.1	0.9
5. Insurance Funds	**2.0**	**2.0**
6. Provident and Pension Funds	2.3	2.3
B. Financial Liabilities	3.8	5.7
C. Net Financial Saving (A)-(B)	**7.2**	**5.2**

(Source: National Statistical Office (NSO))

Share of Life Insurance in Financial Savings (%)



Currency & Deposits
Life Insurance Fund
Shares/Debentures/MFs
Provident/Pension Fund/Claims of Govt

(Source: RBI)

Strategy – The Company offers 45 different products to meet different end-goals (ranging from long-term investment to pure protection under individual as well group platform) depending on the risk profile of the customer through a strong distribution network of 316,038 trained insurance professionals and 1,040 offices. Company's diverse product portfolio meets the twin goals of savings and protection. This makes an insurance an attractive proposition to channelise household savings. Traditional & digital distribution network of the Company provides direct touch points for customer and an end to end smooth customer journey. Company is also highly focussed on increasing insurance awareness.

vi. **Pension and Annuities**

With a median age of 28.7 as of 2022, India is among the youngest major economies. India's share of population above the age of 60 years is expected to rise to 13% by 2030 and 19% by 2050 from the current level of 10%. An expected improvement in life expectancy and a decline in fertility rates could combine to shore up the share of the population that needs support in old age significantly, driving a huge potential demand for annuity and pension type products.

Strategy - The Company offers individual immediate annuity product, group immediate annuity product, a unit linked pension product and a participating pension product. NPS scheme of the government also offers a huge opportunity as at the time of vesting of the corpus 40% has to be annuitised. Due to continuous focus, share of pension & annuities in individual NBP has increased along with growth of 22% in Individual Annuity. AUM of pension and annuity products account for 19% of the total AUM. SBI Life is also one of the insurance companies authorised as Annuity Service Providers under NPS scheme by PFRDA.

B. Risks and Concerns

Insurance penetration and density of insurance has been at low levels in India. With the steady growth in economy and increase in per capita income of the population, increased penetration can be expected. Further, rural uninsured population is also available to increase insurance penetration.

The Company has instituted an enterprise risk management framework which details the governance and management of all aspects of risks that we face. Company's risks and the approach towards managing them has been highlighted in the Enterprise Risk Management section of the Annual Report.

C. Future Outlook

- The global economy is expected to remain more or less expected to maintain the growth rate in the range of 2.7% to 3.0%. The divergence in growth performance between the US and Europe is expected to narrow
- The Indian economy is poised to grow at a pace higher than the global growth rate

India has one of the fastest growing insurance markets in the world. We estimate that total insurance premiums (life and non-life) will grow by an average 14% per annum in nominal local currency terms (9% per annum in real) over the next decade. Rapid economic development and income growth, and higher risk awareness in large part due to the experience of the COVID-19 pandemic are expected to be among the main drivers of industry growth.

V. Regulatory Updates and Developments

The key highlights on recent regulatory changes impacting the Indian life insurance sector are as follows:

a) Amendment to IRDAI (Payment of Commission) Regulations, 2023

IRDAI has issued IRDAI (Expense of Management, including Commission, of Insurers) Regulations, 2024 - where Provisions of the existing Expenses of Management Regulations & Payment of Commission Regulations have been consolidated, combined and subsumed into one Regulations.

b) Modification to the Master Circular: Unclaimed Amounts of Policyholders dated November 17, 2020

IRDAI has re-defined classification of various claims as unclaimed. It has also increased the number of days for movement to unclaimed funds from 6 months to 12 months. IRDAI had prescribed host of measures that Insurers need to undertake for reduction of existing unclaimed amounts and to contain future accumulation of unclaimed amounts and had modified the manner in which the unclaimed amount shall be classified.

c) IRDAI (Protection of Policyholders Interests, Operations and Allied Matters of Insurers) Regulations, 2024

- Regulation on matters pertaining to manner of receipt of premium, places of business, fees for registering cancellation or change of nomination, assignment, issuance of e-insurance policies, outsourcing, protection of policyholder's interest, Insurance advertisement stands repealed and are subsumed and consolidated by this Regulation
- Board approved Policy on Protection of Policyholder's Interests to include inclusivity and accessibility to persons with disability, process efficiencies through technological changes, expeditious settlement of claims, etc.
- Customer information sheet to be provided along with Policy document in the manner to be specified by IRDAI
- Insurance policies to be issued only in the electronic form
- Insurance policies shall provide a free look period of 30 days beginning from the date of receipt of policy document
- Prior approval of IRDAI is not required for opening new offices, subject to the conditions specified
- Closure of place of business shall be pre-approved by Board appointed Policyholders' Protection, Grievance Redressal & Claims Monitoring Committee

d) IRDAI (Bima Vahak) Guidelines, 2023

Insurer can appoint Corporate Bima Vahaks or Individual Bima Vahaks for sell and service of Bima Vistaar product, who shall work with only 1 Life Insurer, 1 General Insurer and 1 Health Insurer.

VI. Business Overview

SBI Life has once again, successfully completed the financial year keeping a focus on new business. A wide distribution network along with customer centric product mix has enabled the Company to emerge successfully and tapping the huge insurance market. The Company has always had its focus on digitalisation to provide the highest quality products to our customers.

Segment-wise Business Performance

The life insurance sector can be classified based on products into participating, non-linked and unit-linked products. Non-linked products are traditional products with a protection and savings element built in or only pure-protection products. Non-linked products are further classified into participating products and non-participating products. Participating products have variable returns, as it is linked to the performance of the insurance company. Linked products' returns, on the other hand, are tied to the performance of debt and equity markets.

New business performance of the Company can be analysed based on the following segments –

(₹ in billion)

Sr. No.	Segments	FY 2024	FY 2023	Product Mix (FY 2024)	Y-o-Y Growth	CAGR (FY 2019 – FY 2024)
1.	Participating Segment	7.96	9.46	2.1%	(15.9%)	(14.1%)
2.	Non Participating Segment					
	- Individual Savings	83.04	78.24	21.7%	6.1%	106.2%
	- Group Savings	111.11	60.06	29.1%	85.0%	31.3%
	- Individual Protection	9.51	9.96	2.5%	(4.5%)	20.7%
	- Group Protection	32.14	26.40	8.4%	21.7%	20.4%
3.	Linked Segment	138.62	111.77	36.2%	24.0%	13.6%
	Total NBP	382.38	295.89	100.0%	29.2%	22.6%

A brief description of the segments is given below:

1. Participating Segment

Participating life insurance products are products where the insured participates in the surplus from the segment during the term of the contract. These are savings cum protection products that provide a guaranteed sum assured and long term returns through participation in surplus, if any, generated from these policies. The policyholder is entitled to at least a 90% share of the surplus emerging in the participating fund and the remaining belongs to the shareholders. The Company offers participating insurance products that are designed to provide benefits over the entire life of the policyholders (whole life insurance), as well as products that provide benefits over defined periods (endowment life insurance).

New business premium from participating segment constitutes 2.1% of the total new business premium of FY 2024.

2. Non Participating Segment

The Non-Participating segment comprises of individual savings, group savings and protection segments. These products cover the insured for a specific period and the insured do not participate in the surplus of the underlying investment pool. Surplus arising in case of Non-Participating business is transferred to Shareholders' Account on recommendation of Appointed Actuary.

i) Individual Savings

The individual savings segment comprises of an endowment product, a variable insurance plan and an immediate annuity product.

An endowment product pays the sum assured to the beneficiary in case of any unfortunate event before the maturity date or pays the amount to the insured on completion of the specified term.

In a variable insurance plan, the benefits are partially or wholly dependent on the performance of an approved external index/benchmark which is linked to the product.

An immediate annuity product guarantees a defined income, commonly known as pension, for the lifetime of the policyholder thereby covering their longevity risk. These pay-outs begin immediately on purchasing the product.

New business premium of individual savings segment constitutes 21.7% of the total new business premium for FY 2024 and has increased from ₹ 78.24 billion in FY 2023 to ₹ 83.04 billion in FY 2024, registering a growth of 6.1%.

ii) Group Savings

Group savings segment consists of group fund management products and an immediate annuity product.

Fund based group insurance products cater to the needs of employers looking at financial solutions to fund their employees' benefit schemes including gratuity, superannuation and leave encashment.

Group immediate annuity product is primarily for corporate clients (employer-employee groups) and other informal groups, who wish to purchase an annuity to provide for their annuity liability.

New business premium from group savings segment increased from ₹ 60.06 billion in FY 2023 to ₹ 111.11 billion in FY 2024 showing a significant increase of 85.0%

iii) Protection

The protection segment includes both individual as well as group products.

Individual protection products offer benefits that are guaranteed in absolute terms on occurrence of a particular event during the policy term. They expire if the designated event does not occur. The risk covered in most cases covers death of the insured but may also include permanent disability or diagnosis of critical illness. This segment also includes health products which insure against expenses arising due to medical emergencies such as hospitalisation or critical illness.

Group protection segment includes credit life products which provide insurance to banks, financial institutions in relation to repayment of outstanding loan amount in event of death or disability of the insured members of the group.

Group protection segment also includes products which provide life insurance coverage to a group of individuals, where, upon the death of a member, the sum assured is paid to the member's nominee. These products are employee-employer schemes where the master policy holder is the employer and members are employees.

New business premium from protection segment has registered a growth of 14.5% in FY 2024 which constitutes 10.9% of the total New Business Premium.

3. Linked Segment

Linked products provide the benefit of investment as well as protection. They provide returns directly linked to the performance of the underlying funds and have a transparent charge structure which is explicitly stated at the outset. The investment risk on these products is borne by the policyholder. This segment also includes a fund based group gratuity, superannuation and leave encashment product for employers.

New business premium from linked segment constitutes 36.2% of the total new business premium of FY 2024, which stands at ₹ 138.62 billion in FY 2024 registering a growth of 24.0% over previous year.

VII. Analysis of Financial Statements

A. Revenue Account

The summary of Revenue Account of the Company for FY 2024 along with comparative and detailed analysis is given below:

(₹ in billion)

Particulars	FY 2024	FY 2023	% Growth
Income			
Gross written premium	814.31	673.16	21.0
Reinsurance ceded	(8.44)	(7.35)	14.8
Net earned premium	**805.87**	**665.81**	**21.0**
Income from investments[1]	503.88	132.48	280.3
Contribution from the Shareholders' Account	16.28	17.07	(4.7)
Other miscellaneous income	0.50	0.50	0.5
Total Income	**1,326.53**	**815.86**	**62.6**
Expenses			
Commissions[2]	32.55	30.63	6.3
Operating expenses relating to insurance business[3]	39.84	34.10	16.8
Provision for taxation	1.36	1.47	(8.0)
Goods and Service Tax	9.48	8.19	15.6
Benefits paid (net)[4]	431.07	302.87	42.3
Change in valuation of liability in respect of life policies	784.31	410.04	91.3
Total Expenses	**1,298.61**	**787.30**	**64.9**
Surplus/(Deficit)	**27.92**	**28.56**	**(2.3)**
Transfer to Shareholders' Account	25.98	27.07	(4.0)
Balance being Funds for Future Appropriations	1.94	1.49	30.0

1. *Net of Provision for diminution in the value of investment and provision for standard assets*
2. *Commission expense includes Rewards*
3. *Includes provision for doubtful debt (including write off)*
4. *Includes Interim and Terminal Bonus*

i. Premium Income

The summary of premium income is as follows:

(₹ in billion)

Particulars	FY 2024				FY 2023			
	Par	Non Par	Linked	Total	Par	Non Par	Linked	Total
New Business Premium	**7.96**	**235.80**	**138.62**	**382.38**	**9.46**	**174.66**	**111.77**	**295.89**
Individual	7.96	92.55	137.81	238.32	9.46	88.20	111.41	209.07
Group		143.25	0.81	144.06		86.46	0.36	86.82
Renewal premium	**63.16**	**101.11**	**267.66**	**431.93**	**65.13**	**63.37**	**248.77**	**377.27**
Gross Written Premium	**71.12**	**336.91**	**406.28**	**814.31**	**74.59**	**238.03**	**360.53**	**673.16**
Less: Reinsurance ceded	(0.01)	(8.21)	(0.22)	(8.44)	(0.01)	(7.10)	(0.24)	(7.35)
Net Premium	**71.11**	**328.70**	**406.06**	**805.87**	**74.58**	**230.93**	**360.29**	**665.81**

a. Gross written premium has increased by 21.0% from ₹ 673.16 billion in FY 2023 to ₹ 814.31 billion in FY 2024 mainly due to strong growth in renewal premium by 14.5% and increase in single premium by 44.0%.

b. Individual new business premium has increased by 14.0% from ₹ 209.07 billion in FY 2023 to ₹ 238.32 billion in FY 2024 due to increase in new business premium from Annuity and Linked Life segment.

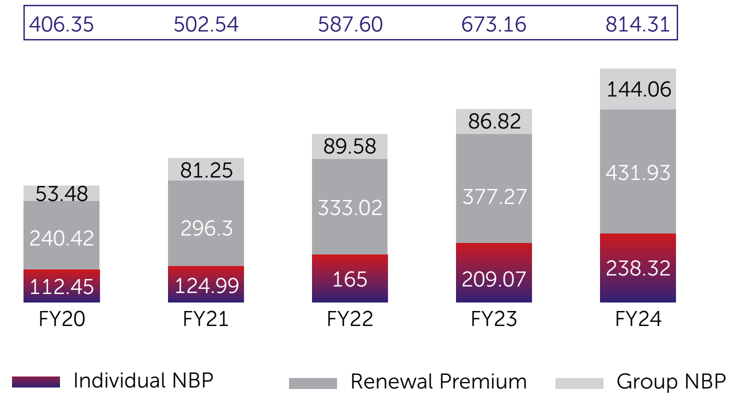
c. The renewal business has increased by 14.5% from ₹ 377.27 billion in FY 2023 to ₹ 431.93 billion in FY 2024 majorly due to increase in individual renewal business from Linked pension and Non-Par life segment.

d. The group new business premium increased by 65.9% from ₹ 86.82 billion in FY 2023 to ₹ 144.06 billion in FY 2024.

The following chart depicts the growth in Company's total premium over the years

Gross Written Premium

(₹ in billion)



ii. Investment Income

The summary of investment income is as follows:

(₹ in billion)

Particulars	FY 2024				FY 2023			
	Par	Non Par	Linked	Total	Par	Non Par	Linked	Total
Interest and Dividend[1]	34.32	65.22	70.85	170.39	31.24	51.00	57.61	139.84
Profit/ (Loss) on sale of investments	10.23	3.90	71.10	85.23	11.42	4.25	19.41	35.08
Change in fair value		(1.58)	249.63	248.05		(1.37)	(40.95)	(42.32)
Provision for dimunition and standard assets	0.27	(0.06)	-	0.21	(0.12)	-	-	(0.12)
Total	**44.82**	**67.49**	**391.57**	**503.88**	**42.54**	**53.88**	**36.06**	**132.48**

1. *Interest and Dividend includes net of Accretion of discount / (Amortization of premium)*

Total income from investment was ₹ 503.88 billion in FY 2024 comprised of ₹ 391.57 billion under unit-linked portfolio and ₹ 112.31 billion under traditional portfolio. Total investment income has increased by ₹ 371.40 billion from ₹ 132.48 billion in FY 2023 to ₹ 503.88 billion in FY 2024, mainly due to increase in change in fair value on account of valuation of equity portfolio under Unit Linked segment.

Traditional Portfolio (Par and Non-Par):

Total investment income under traditional portfolio has increased by ₹ 15.89 billion from ₹ 96.42 billion in FY 2023 to ₹ 112.31 billion in FY 2024 majorly due to following:

a. Interest income under traditional portfolio has increased by ₹ 13.17 billion from ₹ 77.31 billion in FY 2023 to ₹ 90.48 billion in FY 2024 due to increase in investment of debt securities by 19.0% under traditional portfolio.

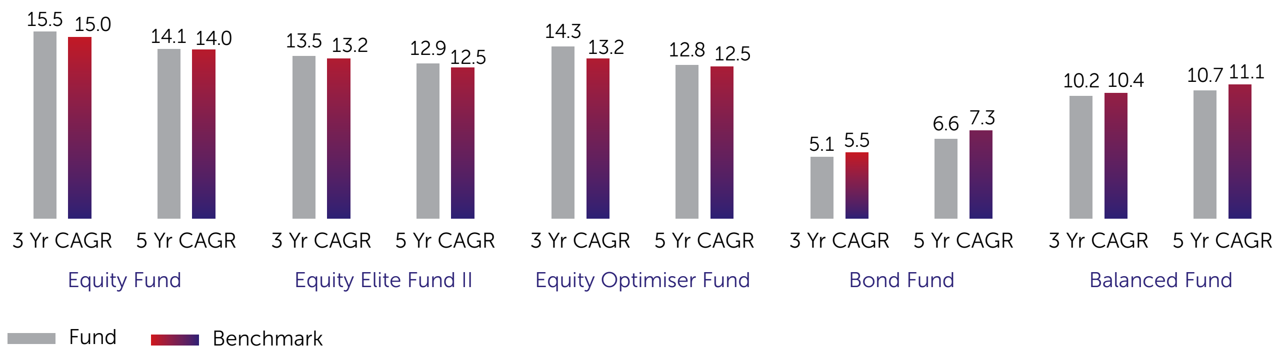
b. Dividend income has increased by ₹ 0.38 billion from ₹ 1.24 billion in FY 2023 to ₹ 1.62 billion in FY 2024.

Unit Linked Portfolio:

Total investment income under unit linked portfolio has increased by ₹ 355.51 billion from ₹ 36.06 billion in FY 2023 to ₹ 391.57 billion in FY 2024 mainly due to fair value change. Fair value change has increased by ₹ 290.58 billion from ₹ (40.95) billion in FY 2023 to ₹ 249.63 billion in FY 2024 primarily due to mark to market in the unit linked segment in FY 2024 as compared to previous year. During FY 2024, Nifty has increased by 28.6%.

The performance of the fund vis-a-vis the benchmark as on March 31, 2024 is given below:

Fund Performance
(%)



iii. **Other Miscellaneous Income**
Other miscellaneous income includes fees and charges, income on unclaimed fund, etc. Other miscellaneous income for FY 2024 stands at ₹ 0.50 billion.

iv. **Commission**
The summary of commission expenses is as follows: (₹ in billion)

Particulars	Individual		Group		Total	
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
Premium						
First year premiums	165.01	145.87	9.75	6.10	174.76	151.97
Renewal premiums	414.91	364.08	17.02	13.19	431.93	377.27
Single premiums	73.31	63.19	134.31	80.73	207.62	143.92
Total	**653.23**	**573.14**	**161.08**	**100.02**	**814.31**	**673.16**
Commission on						
First year premiums	18.30	18.02	0.17	0.04	18.47	18.06
Renewal premiums	10.34	9.19	0.07	0.06	10.41	9.25
Single premiums	1.00	1.00	1.17	1.05	2.17	2.04
Total	**29.64**	**28.21**	**1.41**	**1.15**	**31.05**	**29.36**
Commission % of Premium						
First year premiums	11.1%	12.4%	1.8%	0.7%	10.6%	11.9%
Renewal premiums	2.5%	2.5%	0.4%	0.5%	2.4%	2.5%
Single premiums	1.4%	1.6%	0.9%	1.3%	1.0%	1.4%
Total	**4.5%**	**4.9%**	**0.9%**	**1.2%**	**3.8%**	**4.4%**

Commission expense majorly pertains to individual business. The commission expense has increased by 5.76% from ₹ 29.36 billion in FY 2023 to ₹ 31.05 billion in FY 2024 mainly due to following:

a. First year commission for Individual Business has increased from ₹ 18.02 billion in FY 2023 to ₹ 18.30 billion in FY 2024

b. Renewal commission from Individual Business has increased by 12.5% from ₹ 9.19 billion in FY 2023 to ₹ 10.34 billion in FY 2024 on account of higher renewal premium collection

v. **Operating Expenses Related to Insurance Business**
The summary of operating expenses is as follows – (₹ in billion)

Particulars	FY 2024	FY 2023
Employees remuneration and welfare expenses	23.98	20.46
Travel, conveyance and vehicle running expenses	1.42	0.99
Advertisement, Publicity and marketing	1.31	0.96
Legal and Professional expenses	2.24	1.83
Others	10.87	9.85
Total Operating expenses	**39.82**	**34.09**

Operating expenses relating to insurance business has increased by 16.8% from ₹ 34.09 billion in FY 2023 to ₹ 39.82 billion in FY 2024. The Employees remuneration has increased by 17.2% from ₹ 20.46 billion in FY 2023 to ₹ 23.98 billion in FY 2024 due to annual increments and increase in number of employees to support the increase in the size of business operations. Advertisement, Publicity and marketing increased from ₹ 0.96 billion in FY 2023 to ₹ 1.31 billion in FY 2024 due to increased digital campaigns conducted by the Company.

vi. **Goods and Service Tax on Charges**
Goods and service tax on charges has increased by 15.6% from ₹ 8.19 billion in FY 2023 to ₹ 9.48 billion in FY 2024 due to increase in linked income charges namely fund management charges, premium allocation charges, etc.

vii. **Benefits Paid (net) and Interim and Terminal Bonus Paid**
The summary of benefits paid is as follows: (₹ in billion)

Particulars	FY 2024	FY 2023
Death claims	36.97	32.13
Maturity claims	99.35	71.69
Annuities/Pension payments	10.98	7.52
Survival benefits	14.71	12.56
Surrenders	137.60	90.67
Discontinuance/Lapsed termination	41.50	36.08
Withdrawals	90.69	51.83
Others	0.69	1.72
Total benefits	**432.49**	**304.21**
Less: Reinsurance on claims	(5.25)	(3.31)
Net benefits paid	**427.24**	**300.90**
Interim & terminal bonus	**3.83**	**1.97**

Net claims and benefits payout increased by 42.0% from ₹ 300.90 billion in FY 2023 to ₹ 427.24 billion in FY 2024 primarily on account of increased in surrenders by ₹ 46.93 billion and withdrawals by ₹ 38.85 billion in FY 2024.

viii. **Change in Actuarial Liability**
The summary of change in actuarial liability is as follows: (₹ in billion)

Particulars	FY 2024	FY 2023
Policy Liabilities (Non-unit/Mathematical reserves) (Gross)	258.45	207.10
Amount ceded in reinsurance	(0.23)	(2.04)
Fund Reserve	509.82	191.40
Funds for Discontinued policies	16.27	13.58
Change in Actuarial Liability	**784.31**	**410.04**

Change in Actuarial Liability has increased from ₹ 410.04 billion in FY 2023 to ₹ 784.31 billion in FY 2024.

a. Fund Reserve, which represents liability carried on account of units held by Unit-Linked policyholders, has increased subsequently from ₹ 191.40 billion in FY 2023 to ₹ 509.82 billion in FY 2024.

b. Traditional policyholders' liability (including non-unit liability) has increased from ₹ 207.10 billion in FY 2023 to ₹ 258.45 billion in FY 2024.

c. Funds for discontinued policies increased from ₹ 13.58 billion in FY 2023 to ₹ 16.27 billion in FY 2024 by 19.8%

ix. **Surplus (Revenue Account), Transfer to Shareholders' Account (Profit and Loss Account) and Funds for Future Appropriation (FFA)**

a. **Surplus (Revenue Account)**
As a result of the above changes in income and expenses, surplus has decreased from ₹ 28.56 billion in FY 2023 to ₹ 27.92 billion in FY 2024.

Segment wise breakup of Surplus is as under: (₹ in billion)

Particulars	FY 2024	FY 2023
Participating segment	4.41	3.62
Non-Participating segment	(4.33)	(4.84)
Unit-Linked segment	11.55	12.71
Surplus (net of Contribution from Shareholders)	11.64	11.49
Add: Contribution from Shareholders	16.28	17.07
Surplus	**27.92**	**28.56**

b. **Transfer to Shareholders' Account (Profit and Loss Account)**

The surplus generated in the Revenue Account after setting aside Funds for Future Appropriation is transferred to the Profit and Loss Account (Shareholders Account) based on the recommendation of the Appointed Actuary. Transfer to Shareholders' Account has decreased by 4.0% from ₹ 27.07 billion in FY 2023 to ₹ 25.98 billion in FY 2024. The remaining surplus of ₹ 1.94 billion was retained as Funds for Future Appropriation.

Participating segment: Profits from participating business depend on the total bonuses declared to policyholders on an annual basis. Currently an amount of one-ninth of the bonus declared to policyholders is transferred to shareholders. Bonus declared as per regulatory provisions has increased from ₹ 19.12 billion in FY 2023 to ₹ 22.26 billion in FY 2024. The amount transferred to shareholders increased to ₹ 2.47 billion in FY 2024 from ₹ 2.12 billion in FY 2023.

Non-Participating segment: In case of Non-participating business, profit arises primarily from premium and investment income net of expenses, claims and policyholder liabilities. Loss in non-participating segment has decreased from ₹ (4.84) billion in FY 2023 to ₹ (4.33) billion in FY 2024.

Unit-Linked (ULIP) segment: In case of unit-linked business, profit arises only from the charges (net of expenses) levied on policyholders. Under unit linked business, AUM has increased by 27.6% on account of better market performance and increase in total business by 12.6%.

c. **Funds for Future Appropriations (FFA)**

Funds for Future Appropriations represent surplus funds which have not been allocated either to policyholders or to shareholders as at the valuation date. During the year, a sum of ₹ 1.94 billion has been transferred to Funds for Future Appropriation.

B. Profit and Loss Account (Shareholders' Account)

(₹ in billion)

Particulars	FY 2024	FY 2023	% Growth
Amounts transferred from Policyholders' Account	25.98	27.07	(4.0)
Income from investments and other income[1]	10.23	7.96	28.6
Expenses other than those directly related to the insurance business	0.51	0.37	38.2
Contribution to Policyholders' Account	16.28	17.07	(4.7)
Profit before Tax	**19.42**	**17.59**	**10.4**
Provision for Taxation	0.48	0.38	27.6
Profit after Tax	**18.94**	**17.21**	**10.1**
Profit at the beginning of the year	118.65	103.94	14.1
Total profit available for appropriation	137.59	121.15	13.6
Interim dividend	2.70	2.50	8.1
Profit carried to the balance sheet	**134.89**	**118.65**	**13.7**

[1] *Net of provision for diminution*

i. **Income from Investments and Other Income**

Investment income and other income under shareholder portfolio has increased from ₹ 7.96 billion in FY 2023 to ₹ 10.23 billion in FY 2024 due to increase in dividend income and profit on sale of investments.

ii. **Expenses Other Than Those Directly Related to the Insurance Business**

Expenses other than those directly related to the insurance business have increased from ₹ 0.37 billion in FY 2023 to ₹ 0.51 billion in FY 2024.

iii. **Contribution to Policyholders' Account**

Contribution to Policyholders' Account represents amount transferred to Policyholders' Account for funding the deficits in business segments. During the current year, Non-Par Individual Life, Annuity, Health and Unit-Linked Group Life segments incurred loss of ₹ 16.28 billion.

iv. **Profit After Tax**

Profit before tax has increased from ₹ 17.59 billion in FY 2023 to ₹ 19.42 billion in FY 2024. Tax expense for shareholders has increased from ₹ 0.38 billion in FY 2023 to ₹ 0.48 billion in FY 2024. Profit after tax has increased by 10.1% from ₹ 17.21 billion in FY 2023 to ₹ 18.94 billion in FY 2024.

v. **Interim Dividend**

The Board of directors has declared an interim dividend of 27% (₹ 2.70 per equity share of face value of ₹ 10) at its meeting held on March 10, 2024. Profit carried to Balance Sheet stands at ₹ 134.89 billion in FY 2024.

C. Financial Position/ Balance Sheet

(₹ in billion)

Particulars	As at March 31, 2024	As at March 31, 2023
Sources of Funds:		
Equity Capital and Reserves (including change in fair value)	149.09	130.18
Policyholders' Funds/Policy Liabilities	3,765.38	2,954.26
Funds for Future Appropriations	13.37	11.43
Total	**3,927.84**	**3,095.87**
Application of Funds:		
Investments		
- Shareholders'	130.36	112.09
- Policyholders'	1,565.44	1,298.70
Assets held to cover Linked Liabilities	2,160.10	1,632.56
Loans	3.89	3.89
Fixed Assets	5.57	5.22
Current Assets and Advances (A)	117.63	93.54
Current Liabilities and Provisions (B)	55.15	50.13
Net Current Assets (A) – (B)	62.48	43.41
Total	**3,927.84**	**3,095.87**

Sources of Funds

i. **Equity Capital and Reserves/Shareholders' Fund**

The breakup of capital and reserves is as follows –

(₹ in billion)

Particulars	As at March 31, 2024	As at March 31, 2023
Share Capital	10.01	10.01
Share application money pending allotment	0.01	-
Reserves and Surplus	135.90	119.24
Credit/ (Debit) Fair Value Change Account	3.17	0.93
Equity Capital and Reserves/Shareholders' Fund	**149.09**	**130.18**

a. **Equity Share Capital**

Equity Share Capital of the Company comprises of 1,001,465,465 equity shares of face value of ₹ 10 each (1,000,894,759 equity shares as at March 31, 2023). Out of the total equity share capital, 555,000,000 (55.42%) equity shares are held by the State Bank of India (555,000,000 (55.45%) as at March 31, 2023).

The Equity Shares of the Company were listed on National Stock Exchange Limited ('NSE') and BSE Ltd ('BSE') on October 03, 2017.

b. **Reserves and Surplus**

Increase in Reserves and Surplus is on account of profit earned during the year and increase in securities premium as a result of issue of stock options.

c. **Fair Value Change Account**

Fair Value Change Account represents unrealised gains (net of unrealised losses) on equity and mutual fund holdings in shareholders' investments as on the respective Balance Sheet dates. The increase in fair value change is predominantly because of growth in equity market for current financial year compared to previous financial year.

ii. **Policyholders' Funds**

The summary of Policyholders' Funds is as follows –

(₹ in billion)

Particulars	As at March 31, 2024	As at March 31, 2023
Policyholders' Traditional Liabilities	**1,605.28**	**1,321.71**
Credit/(Debit) Fair Value Change Account	47.19	20.39
Policy Liabilities	**1,558.09**	**1,301.32**
Policyholders' Linked Liabilities	**2,160.10**	**1,632.55**
Linked Liabilities	1,667.41	1,407.21
Credit/(Debit) Fair Value Change Account	378.34	128.71
Funds for Discontinued Policies	114.35	96.63
Total Policyholders' Funds	**3,765.38**	**2,954.26**

Policyholders' Traditional Liabilities

Fair Value Change account represents: -

1. Unrealised gains (net of unrealised losses) on equity and mutual fund holdings in Non-Linked Policyholders' investments as on the respective Balance Sheet dates and

2. Effective portion of Fair Value Gain/Loss on the interest rate derivatives i.e. "Hedge Fluctuation Reserve" or HFR

   The movement in policy liabilities is a consequence of various factors such as receipt of premium (both new business and renewal), surrenders & other claims, various actuarial assumptions and other factors varying on a product to product basis.

   The reserves on traditional policies are estimated by using prospective gross premium valuation method. Mathematical reserves are calculated based on future assumptions having regard to current and future experience e.g. interest rates, inflation, mortality, morbidity and expense.

Policyholders' Linked Liabilities

The Policyholders' Linked Liabilities represents the unit liability in respect of Linked business and has been considered as the value of the units standing to the credit of the policy holders, using the Net Asset Value (NAV) as on the valuation date.

iii. Funds for Future Appropriation

Funds for Future Appropriation amounting to ₹ 13.37 billion is appearing in the participating segment. It represents funds, the allocation of which, either to Participating Policyholders' or to Shareholders', has not been determined as at the Balance Sheet date.

Application of Funds

i. Investments

The summary of investments as on Balance Sheet dates is as follows: (₹ in billion)

Particulars	As at March 31, 2024	As at March 31, 2023
Investments		
- Shareholders'	130.36	112.09
- Policyholders' (Non-Linked)	1,565.44	1,298.70
Assets held to cover Linked Liabilities	2,160.10	1,632.56
Total	3,855.90	3,043.35

Total investments grew by ₹ 812.56 billion from ₹ 3,043.35 billion as at March 31, 2023 to ₹ 3,855.90 billion as at March 31, 2024. Equity investment portfolio constitutes 36% and debt portfolio constitutes 64% of the total AUM as at March 31, 2024. For detailed category-wise breakup of investments, refer Schedule 8, 8A and 8B of the Financial statements.

Shareholder's portfolio grew by 16.3%, Non-Linked Policyholder's investment grew by 20.5% and Unit-Linked assets grew by 32.3% as compared to previous year ended March 31, 2023.

Increase in Policyholders' portfolio is attributable to increase in premium and investment income offset by net outgo due to operating expenses and claims.

Company's investment philosophy has always been to maximise returns at an optimal level of risk on a continuous long-term basis. This calls for investing in high quality securities, which are suitably matched to the duration of Company's liabilities. The Company invests strictly within the framework of rules and regulations prescribed by IRDAI. Further, the Company has implemented sound and robust investment risk management systems & processes.

ii. Loans

Loans comprises of Loan against policy and corporate loans. Loans have decreased marginally to ₹ 3.89 billion in FY 2024. Loans disclosed in balance sheet are net of provision for standard assets made in accordance with IRDAI investment regulations and Master circular on preparation of financial statements and filing of returns of life insurance business. The Company has no NPAs as on March 31, 2024.

iii. Fixed Assets

Fixed Assets (net of depreciation) have increased from ₹ 5.22 billion to ₹ 5.57 billion. There is no major capital expenditure incurred during the year.

iv. Net Current Assets

Net Current Assets have increased by 43.9% from ₹ 43.41 billion to ₹ 62.48 billion. Current assets have increased by 25.7% from ₹ 93.54 billion to ₹ 117.63 billion and Current liabilities have also increased by 10.0% from ₹ 50.13 billion to ₹ 55.16 billion.

Current Assets and Advances

The summary of Current Assets and Advances is as follows – (₹ in billion)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and bank balances	47.46	41.65
Advances		
- Prepayments	0.87	0.71
- Advance to suppliers and employees	0.24	0.20
Other Assets		
- Income accrued on investments	39.22	32.19
- Outstanding premiums	5.88	4.34
- Due from reinsurers	0.59	0.37
- Security deposit	3.16	3.20
- GST and Service tax advance and unutilised credit	2.03	1.73
- Assets held for unclaimed amounts (including income accrued)	2.03	3.02
- Other Receivables (incl. Agent balance)	16.15	6.13
Total Current Assets	117.63	93.54

Some of the key items impacting current assets and advances are explained below:

i. The cash and bank balances represent premium collected during last few days of the financial year including fixed deposits held with banks, cheques on hand and cheques deposited but not cleared.

ii. Income accrued on investments represents interest income accrued, however not due as at March 31, 2024. It is mainly on Government Securities, Debentures and Fixed Deposits.

iii. Outstanding premium represents the premium due but not received on traditional products as at March 31, 2024 and which are within the grace period.

iv. Due from reinsurers represents amounts to be received from reinsurers regarding claims admitted by the Company. This amount is net of premium ceded to reinsurers.

v. Security Deposits represent deposits placed for premises taken on lease for setting up branches as well as for leased accommodations for employees, electricity deposits, telephone, legal deposits and other utility deposits. It also includes margin money kept with Clearing Corporation of India Ltd (CCIL) and with stock exchanges for trading in Government securities, equities & derivative contracts respectively.

vi. GST and Service tax advance and unutilised credit represents CENVAT credit which will be utilised in the future for set off against payment of GST liabilities.

vii. Pursuant to IRDAI circular on "Handling of unclaimed amounts pertaining to policyholders", the Company has created a single segregated fund to manage all the unclaimed monies of policyholders with effect from April 1, 2016. Amount standing in the segregated fund for unclaimed amounts is ₹ 2.03 billion as at March 31, 2024.

viii. Other receivables represents the sales proceeds pending to be received (but not overdue) on sale of investment securities, dividend receivable and amount receivable from unit linked funds etc.

Current Liabilities and Provisions

The summary of Current Liabilities and Provisions is as follows –

(₹ in billion)

Particulars	As at March 31, 2024	As at March 31, 2023
Current Liabilities		
- Agents' balances	1.33	1.69
- Balance due to other insurance companies (including reinsurers)	0.24	0.22
- Premium received in advance	0.45	0.42
- Unallocated Premium and other deposits	3.41	3.75
- Sundry creditors	15.05	12.50
- Due to subsidiaries/holding companies	0.32	0.39
- Claims outstanding and annuities due	4.30	4.84
- Unclaimed amounts of policyholders	2.03	3.02
- Others	24.81	19.61
Provisions		
- Provision for tax	1.66	2.17
- Provision for employee benefits	1.54	1.51
Total Current Liabilities and Provisions	55.15	50.13

Some of the key items impacting Current Liabilities and Provisions are explained below:

i. Agents' balances represents amount payable to insurance advisors towards commission as on the Balance Sheet date. Amount outstanding is mainly attributable to business sourced during the last month of the financial year.

ii. Premium received in advance represents premium paid in advance by policyholders which will be recognised as premium income on the due date of the policy.

iii. Unallocated Premium and other deposits are primarily attributable to monies received from policyholders but pending to be allocated on issuance of insurance policy. It mainly includes amount received during the last few days where policy could not be issued due to underwriting requirements or pending documents.

iv. Sundry creditors represent amounts payable to various service providers towards goods and services availed by the Company along with the provision for the services availed or goods received but invoices are not received.

v. Policyholders' claims outstanding represents amounts payable to the policyholders for all claims viz. death, survival, surrenders, annuity, etc., that are intimated to the Company and are outstanding as on date due to pending investigation as a part of the normal claim process or are pending due to documents pending from policyholders.

vi. Other liabilities includes amount to be paid for securities purchased including brokerage, GST and TDS payable and amount payable to unit linked funds etc.

vii. Provision for tax is shown net of advance tax paid by the Company.

viii. Provision for employee benefits represents Company's liability towards gratuity, leave encashment, long term service award & COVID ex-gratia scheme computed as per the requirements of Accounting Standard 15 (Revised) on Employee Benefits.

ix. The Board of Directors at its meeting held on March 10, 2024 has declared an Interim Dividend of ₹ 2.7 per share amounting to ₹ 2,.70 billion for the year ended March 31, 2024 (previous year ended March 31, 2023: ₹ 2.5 per share amounting to ₹ 2.50 billion). Accordingly, the Company has made dividend payment of ₹ 2.70 billion during the year ended March 31, 2024 (previous year ended March 31, 2023: ₹ 2.50 billion).

D. Cash Flow Statement

The summary of Cash Flow Statement is given below –

(₹ in billion)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net cash generated from/(for) Operating activities	291.22	286.56
Net cash generated from/(for) Investing activities	(312.21)	(302.03)
Net cash generated from/(for) Financing activities	(2.27)	(4.15)

Cash Flows from Operating Activities

Net cash flows generated from Operating activities increased from ₹ 286.56 billion in FY 2023 to ₹ 291.22 billion in FY 2024. This increase was primarily due to an increase in premium collection which is partially off-set by increase in commission, vendor, employees and benefits pay outs.

Cash Flows from Investing Activities

Net cash flows used in Investing activities increased from ₹ 302.03 billion in FY 2023 to ₹ 312.21 billion in FY 2024. This increase was primarily due to an increase in investment in bonds, Government securities, Mutual Funds etc.

Cash Flows from Financing activities

Net cash flows for Financing activities decreased from ₹ (4.15) billion in FY 2023 to ₹ (2.27) billion in FY 2024.

VIII. Key Performance Indicators

Following are the key parameters on which performance of the Company is measured

i. Market Share, Product Mix and Distribution Mix

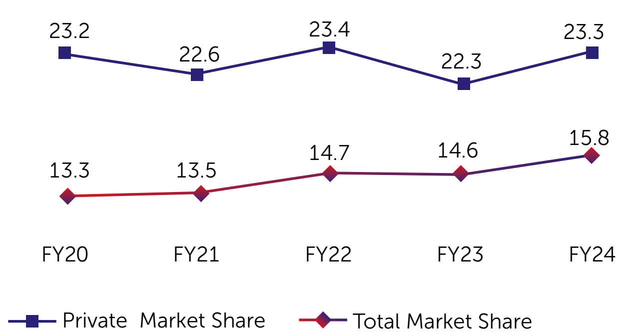
Market Share

The Company's Individual Rated Premium has increased from ₹ 152.19 billion in FY 2023 to ₹ 172.34 billion in FY 2024.

The Company's market share in Individual Rated Premium has increased over the years on account of growth in Individual Regular New Business Premium. Individual New Business Premium has increased by 14.0% from ₹ 209.07 billion in FY 2023 to ₹ 238.32 billion in FY 2024.

IRP Market Share

(%)



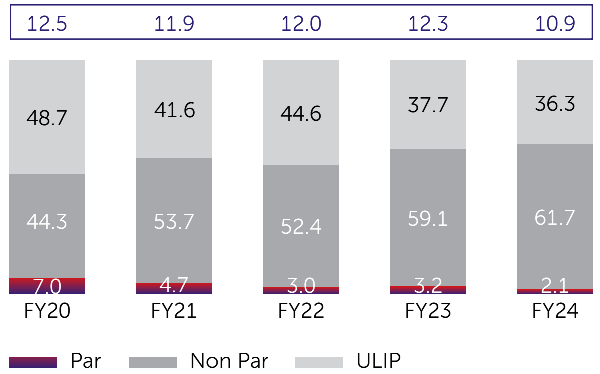
Product Mix

The Company has maintained a balanced product mix over the years.

NBP Product mix

(%)

Share of Protection (%)

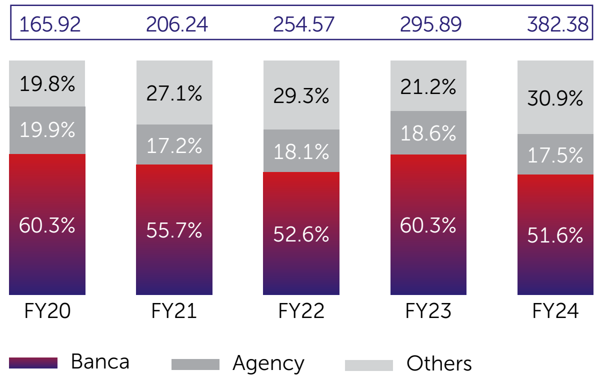


Distribution Mix

The Company continues to ensure diversification and strengthening of its distribution channels. All key distribution channels of the Company have demonstrated growth over the years. For FY 2024, the share of Banca channel is 51.6%. Apart from Agency and Bancassurance channel, others comprise of Company's Corporate Agents, Brokers, Micro Agents and Common Service Centre (CSC), Insurance Marketing Firm (IMF) and Direct Business.

NBP Channel Mix

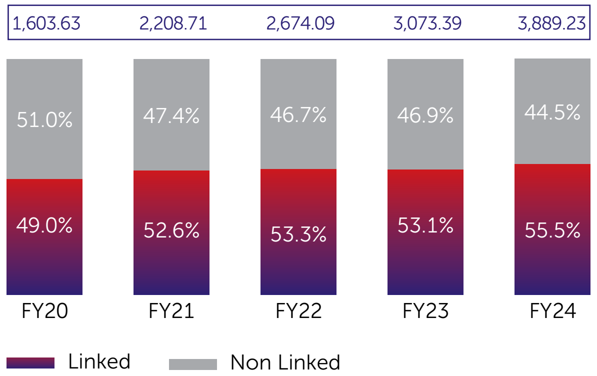
(₹ in billion)



ii. Assets Under Management

The Assets Under Management have significantly grown over the years due to increasing premium inflows. The Company has registered a growth of 26.5% from ₹ 3,073.39 billion in FY 2023 to ₹ 3,889.23 billion in FY 2024. The Company has a consistent Debt-Equity mix of 64:36 and over 95% of the debt investments are in AAA rated and sovereign instruments as on March 31, 2024.

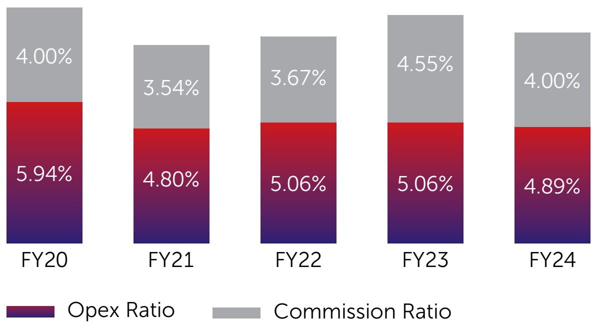
Assets Under Management
(₹ in billion)



iii. Cost Efficiency

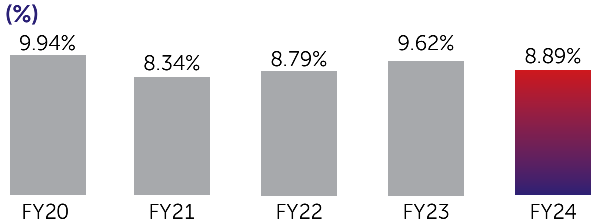
The Company is continuously focussing on cost containment activities to reduce operating expenses. The Company's 'Operating Expense to Gross written Premium (GWP) Ratio' is one of the lowest amongst private life insurance players on a consistent basis.

Opex and Commission Ratio
(%)



** Commission includes rewards*

Total Cost Ratio
(%)

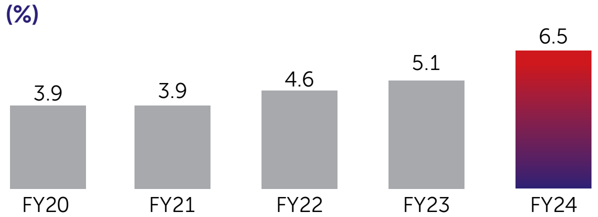


Total cost ratio = (Operating expenses+Commission+ Provision for Doubtful debts+Bad debts written off)/ Gross written premium)

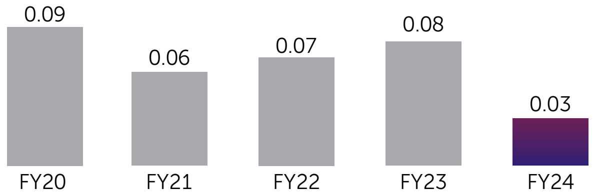
iv. Customer Satisfaction

The Company promotes ethical sales and aims to improve overall customer experience. Continuous customer engagement and awareness campaigns have reduced mis-selling complaints and surrender ratio.

Surrender Ratio
(%)



Unfair Business Practices
(%)

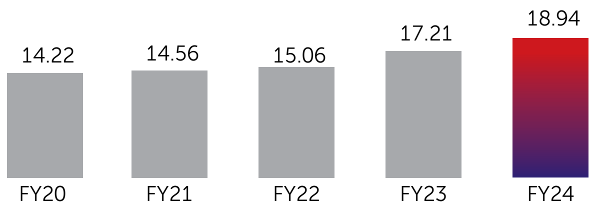


**Surrender ratio-individual linked products (Surrender/ average AUM).*

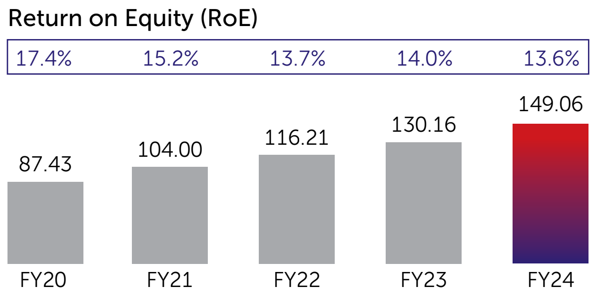
v. Profitability and Net worth

Profits have witnessed an increase of 10.1% from ₹ 17.21 billion in FY 2023 to ₹ 18.94 billion in FY 2024. Net-worth of the Company has also consistently increased from ₹ 87.43 billion in FY 2020 to ₹ 149.06 billion in FY 2024.

Profit After Tax
(₹ in billion)



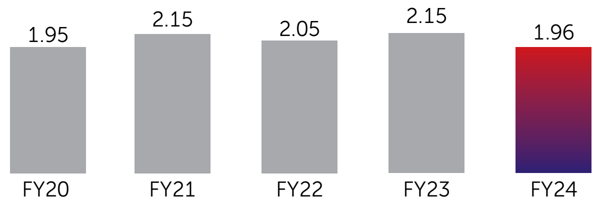
Networth
(₹ in billion)



vi. Solvency

Solvency is a regulatory measure of capital adequacy. It is expressed as a ratio of available capital and required capital. It is critical in determining our ability to meet future contingencies and fund growth plans. As at March 31, 2024, the Company has a solvency of 1.96 against the mandatory requirement of 1.50. There has been no capital infusion by the promoters in the Company after FY 2008.

Solvency Ratio

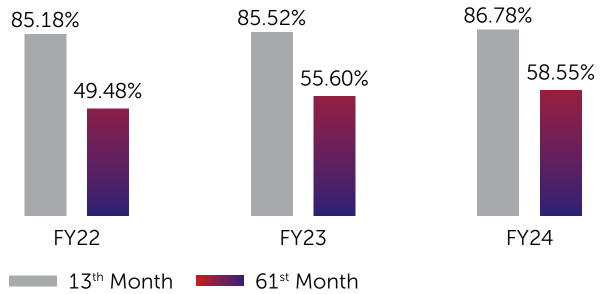


vii. Persistency

Persistency is a key parameter for insurance companies. It measures the proportion of policyholders who have continued with their policies. It indicates the ability of the Company to retain customers. Maintaining a high level of persistency is critical as it provides scope of regular revenues through renewal premiums. Persistency ratio based on Regular Premium/Limited Premium Payment under Individual category for 13th Month & 61st Month stands at 86.78% and 58.55% respectively for FY 2024.

13th month persistency for Agency channel has improved from 90.9% in FY 2023 to 91.0% in FY 2024 and for Bancassurance channel has increased from 86.5% in FY 2023 to 88.0% in FY 2024.

Persistency



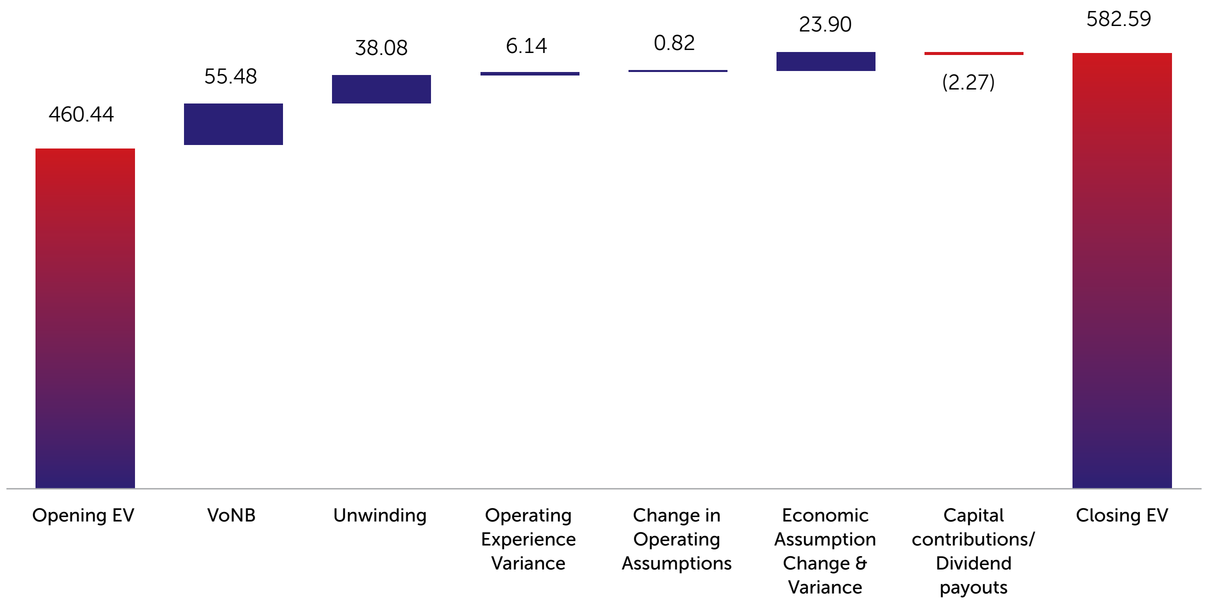
Note: The persistency ratios are calculated as per IRDAI circular no. IRDAI/F& A/CIR/ MISC/256/09/2021 dated September 30, 2021. Regular Premium and Limited Premium Paying Term policies of only Individual Segment are considered in above calculation. Persistency Ratios are calculated using policies issued between 1st March to 28th February period of the relevant years.

viii. Embedded Value and Value of New Business (VoNB) Margin analysis

- Embedded value (EV) of the Company as at March 31, 2024 has increased to ₹ 582.59 billion from ₹ 460.44 billion at March 31, 2023, showing a growth of 26.5%
- Value of New Business (VoNB) has increased from ₹ 50.67 billion in FY 2023 to ₹ 55.48 billion in FY 2024, registering a growth of 9.5%
- VoNB margin stands at 28.1% in FY 2024

Embedded Value has increased on account of value of new business added. Improvement in persistency has contributed to the increase in New Business Margin.

Analysis of Movement in IEV (₹ in billion)



Sensitivity Analysis

Scenario	Change in EV%	Change in VoNB%
Reference Rate +100 bps	(3.7%)	(0.8%)
Reference Rate -100 bps	3.4%	0.7%
Decrease in Equity Value 10%	(1.8%)	(0.2%)
Proportionate change in lapse rate +10%	(1.0%)	(3.6%)
Proportionate change in lapse rate -10%	1.1%	3.8%
Mortality / Morbidity +10%	(1.7%)	(4.9%)
Mortality / Morbidity -10%	1.7%	4.9%
Maintenance Expense +10%	(0.6%)	(1.8%)
Maintenance Expense -10%	0.6%	1.8%
Mass Lapse for ULIPs in the year after the surrender penalty period of 25% *	(2.3%)	(6.4%)
Mass Lapse for ULIPs in the year after the surrender penalty period of 50% *	(4.9%)	(14.0%)
Tax Rate Change to 25% on Normal tax rate basis	(5.2%)	(8.4%)

**Mass lapse sensitivity (of 25% or 50%) for ULIP business is applied at the end of surrender penalty period as defined by APS 10.*

IX. Internal Control Systems and Their Adequacy

The Company has aligned its internal financial control system with the requirements of the Companies Act 2013, on lines of globally accepted risk based framework as issued by Committee of Sponsoring Organizations (COSO). The internal control framework is intended to increase transparency and accountability in an organisation's process of designing and implementing a system of internal control. The framework requires the Company to identify and analyse risks and manage appropriate responses. The Company has successfully laid down the framework and ensured its effectiveness.

The Company's internal financial control framework is based on 'three lines of defence model'. The Company has laid down standard operation procedures and policies to guide the business operations and has a well-defined delegation of power with authority limits for approving revenue and capital expenditure. Statutory, Concurrent and Internal Auditors undertake testing of the control environment of the Company. The Company also has a Chief Audit Officer with a dedicated in-house internal audit team which is commensurate with the size, nature & complexity of operations of the Company. The internal audit plan covers Information System Audit, different process audit as well as transaction based audits at the Head office, Regional Offices and across various branches of the Company. The approach of the audit is to verify compliance with the regulatory, operational and system related controls.

X. Material Developments in Human Resources

At SBI Life, our employees are the cornerstone of our success. We foster a dynamic and supportive work environment where our employees can thrive, reach their full potential, and make a significant impact. We invest in our people's growth through targeted development opportunities and cultivate an inclusive environment where everyone feels valued and empowered. Additionally, we offer flexible work arrangement to promote work life balance and agility.

Attracting, engaging and retaining quality talent continues to be our top priority. We have implemented several initiatives that are designed to attract quality talent, develop their skills and support a culture of high performance.

Our compensation and benefits offerings are designed based on the principle of meritocracy and we are committed to uphold a culture of high performance by following fair and competitive rewards philosophy. Our compensation policies are formulated to encourage superior results and enabling our employees to aim for the highest benchmarks of performance. High Performance is recognised and rewarded based on performance against goals set for the year. LEAP (Leading through excellence & performance), our Performance management system encompasses a Balanced scorecard approach that links Individual and team performance with organisation goals. Also, in order to meet our employees' aspirations, we provide them with opportunities for cross functional exposure through Internal Job posting system.

We embrace diversity & inclusion by building a nurturing environment where each and every employee feels cherished, and where they have equal opportunities for growth and development without any prejudice. We have a comprehensive Diversity, Equity and Inclusion Policy that encourages and enables respectful communication and co-operation between all employees and supports work/life balance through flexible work practices to accommodate varying needs of our employees.

In our pursuit of promoting gender diversity in the workplace, initiatives such as "Project Shakti" and "Graduate Sales Trainee programme" were introduced to improve the influx of female workforce and young talent in the Company. These programmes have played a key role in improving our gender ratio during the year.

We believe that an engaged and motivated workforce are key drivers for determining an organisation's long-term success and sustainability. During this year, the Company has enhanced its initiatives for employee engagement and well-being. To promote healthy living and wellness of our employees, we have organised Health Awareness sessions with renowned medical practitioners, Yoga session on International Yoga day to promote healthy living and balanced lifestyle amongst our employees. To encourage collaboration and promote sense of camaraderie, we organise various employee engagement events like Off-site meet, Team dinner and Annual day event 'Sangam' where employees and their families come together and join in the celebrations.

Regular Townhalls were organised across Pan India locations to enable our employees to connect directly with the leadership and share their thoughts/concerns. It is designed to establish open line of communication between the management and employees & ensures proper and time bound action on the constructive feedback and grievances shared by the employees.

Our employee benefits are well aligned with our brand proposition, Apne liye, Apno ke liye wherein we are enabling our employees to fulfill their own needs along with securing the needs of their loved ones. As part of our Group Mediclaim policy, we extended flexibility to our employees to cover their dependents including Parents/ Parent-in-laws with various top up options of higher sum assured. In addition to this, free Annual Health Check-up facility was extended to our employees and was also offered to their family members at a discounted rate.

Our employees are well supported during their life-cycle events through progressive policies like Sabbatical leave, Work from home facility, Paternity leave etc., which provides them flexibility to balance career and personal life events effectively. With a view to promote a culture of continuous learning, we have enhanced the incentives for employees on acquiring Insurance specific certifications. We believe these are necessary step towards effectively upskilling and reskilling our employees while keeping them updated with Industry knowledge, regulations and latest technologies.

We have completed 23 years of our operations this year and are one of the most trusted private Life insurance brands. Our employee strength has increased from 20,787 as on March 31, 2023 to 23,893 as on March 31, 2024 with YoY growth of around 15%.