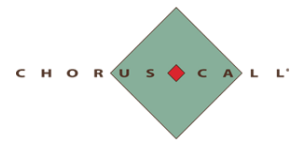




“Canara HSBC Life Insurance Company Limited
Q4 FY26 Earnings Conference Call”

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MANAGEMENT: **MR. ANUJ MATHUR – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER – CANARA HSBC LIFE INSURANCE COMPANY LIMITED**
MR. TARUN RUSTAGI – CHIEF FINANCIAL OFFICER – CANARA HSBC LIFE INSURANCE COMPANY LIMITED
MR. NITIN AGARWAL – APPOINTED ACTUARY – CANARA HSBC LIFE INSURANCE COMPANY LIMITED
MR. RITESH RATHOD – CHIEF STRATEGY AND DATA OFFICER – CANARA HSBC LIFE INSURANCE COMPANY LIMITED
MR. DINESH TAK – CHIEF AGENCY OFFICER – CANARA HSBC LIFE INSURANCE COMPANY LIMITED
MR. AMIT JAIN – HEAD OF INVESTOR RELATIONS – CANARA HSBC LIFE INSURANCE COMPANY LIMITED

MODERATOR: **MR. PRAYESH JAIN – MOTILAL OSWAL**

Moderator: Ladies and gentlemen, good day and welcome to the Canara HSBC Life Insurance Company Limited Q4 FY26 Earnings Conference Call, hosted by Motilal Oswal. 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 conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prayesh Jain from Motilal Oswal. Thank you, and over to you, sir.

Prayesh Jain: Thank you, Sagar. Good evening, everyone. It is a privilege to host the senior management of Canara HSBC Life Insurance Company Limited for their Q4 FY26 earnings conference call. From the management, we have Mr. Anuj Mathur, MD & CEO; Mr. Tarun Rustagi, the CFO; Mr. Nitin Agarwal, the Appointed Actuary; Mr. Ritesh Rathod, Chief Strategy and Data Officer; and Mr. Amit Jain, the Head of IR. I now hand over the call to Mr. Anuj Mathur, MD & CEO. Over to you, sir.

Anuj Mathur: Yes, thanks Prayesh, and good evening to everyone. And a very warm welcome to our earnings call. In fact, this is the first time after our listing that we are kind of announcing our full-year performance, so a very warm welcome to all of you. In fact, we sincerely appreciate your time and thank you for joining us today. Your continued engagement and insights are deeply valued. The financial results along with the investor presentation is available on our website as well as on the websites of both the exchanges.

So friends, I'll start my discussion with some key macro developments which impacted the quarter. The global operating environment continues to remain uncertain with ongoing geopolitical developments leading to supply-side disruptions across multiple sectors. However, despite these headwinds, the Indian economy has demonstrated resilience and we believe its long-term growth fundamentals remain firmly in tact.

The insurance sector has seen some temporary moderation, though our long-term outlook remains unchanged, supported by structural drivers such as increasing protection, under-penetration, and steady growth in household savings.

From a regulatory perspective, we welcome the transition to Ind AS, which will align our financial reporting with global best practices and over time bring increased consistency and transparency to business performance metrics. However, given that it is too short a time period, we have taken a prudent approach and obtained board approval to take three or four forbearance for a period of one year, which is in line with the IRDAI guidelines. So we will be writing to the regulator for that forbearance shortly.

Friends, now let me discuss the highlights of the business performance for FY26. Financial year 2025-2026 witnessed significant milestones in terms of our listing, our IPO, launch of agency business, and superior business performance, which I am going to touch upon now. So on growth parameters, we delivered healthy individual WPI growth of 19% year-on-year, 20% in APE terms in FY26, which is in line with the guidance that we provided last year.

We continue to outperform both the industry and private players by a big margin. In fact, our growth rate was highest amongst the top 10 players in WPI terms in the industry, which demonstrates the strength of our business.

In Q4 FY26, we grew at 15% year-on-year and we saw a very decent shift in our product mix towards traditional and protection business. I am also going to touch upon our Value of New Business, VNB, and VNB margin when I come to financial metrics. Key highlights during the quarter was shift in product mix towards traditional segment, which led to the share of traditional mix rising to 81% in Q4 FY26 compared to 39% which was till December 2025.

Consequently, for FY26, the overall mix between linked and non-linked stood at 51%, and that is with the guidance which we gave last time that we would like our product mix to be more balanced, and this is what is there in the actual numbers. This reflects our strategy to pivot towards a balanced product mix and demonstrates our ability to proactively recalibrate our product portfolio to optimize value.

Given the healthy growth that we have witnessed, our rank amongst the private players has improved to 9th in FY26 compared to 10th in FY25. This is on WPI basis. Within traditional, growth was broad-based and led by new product launches in both par and non-par segments, which grew at a steady pace of 15% year-on-year for FY26 with a share in total APE at 28%. I would now like to talk about the protection business.

So our protection business saw significant growth with credit life growing at 40% year-on-year for the quarter, while individual protection continued to grow from a low base. Share of total protection rose to 7% in FY26 from 4% in the prior year FY25, and we'll continue to focus on this to increase our protection mix further. Coming to annuity, in APE terms, we saw healthy growth of 24% year-on-year for FY26 with share largely steady at around 14%. We continue to focus on deferred annuity, which provides long-term customer value and earnings visibility.

I will now talk about our persistency. So friends, our 13th month persistency also saw significant traction and I am happy to share that renewal premiums maintained very steady momentum, recording a 25% year-on-year growth for FY26. We continue to see improvements in persistency across cohorts. Our 13th month persistency has risen to 86.3% from 84.4% in FY25, so it's a 1.9% jump in 13th month persistency.

Our 61st month persistency has also shown steady improvement and currently stands at around 55.5%. These consistent improvements underscore the strength of our customer retention, the quality of sales practice. And the long-term sustainability of our growth trajectory. Along with the premium growth, our number of policies also grew at 7% year-on-year, which shows gradual movement towards increase in penetration.

Friends, while early days, I am happy to share that our recently launched agency channel is performing in line with the company's plan. We have onboarded about 500 distributors. And we collected a premium of INR14 crores in APE terms in this channel in less than six months of our launch. We will continue to scale up this channel in a phased manner and remain confident of further growth in FY27. Our alternate channels have also grown by 29% over previous year and

currently it contributes to roughly 9% of our WPI. We are on this journey to increase share of alternate business to 15% over next three years.

Now let me take you through some of the key financial metrics. So our value of new business, VNB, for FY26 stood at INR627 crores, registering a growth of 41% year-on-year. Despite GST headwind, we reported a healthy VNB margin of 22.4% for FY26, up from 19.1% in FY25. The margin improvement was led by a favourable product mix shift towards protection and improvement in product level margins. Without GST impact, our margin would have been around 24.6%, which is closer to the market consistent margin.

Coming to profit after tax for FY26, it stood at INR127 crores, an increase of 8% year-on-year. On the expenses side, we continue to work on optimizing our expenses on the back of increase in volumes and continuous technology initiatives, various AI initiatives. Consequently, our total expense ratio was stable at 18.7% in FY26. Excluding GST and Labour Code impact, it is at 17.5%. Our Embedded Value grew at 18% year-on-year, reaching INR7,233 crores with an operating RoEV of 20.7%. Our solvency ratio remains comfortable at 190%.

Coming to customer centricity, that's a focus area for the company. We continue to see improvement across key metrics which measure customer centricity. I earlier touched upon improvement in our persistency across cohorts. I am happy to share that we continue to excel on customer services front and have witnessed a significant improvement in our NPS score, net promoter score, which is a testimony of the customer experience.

Our net promoter score, NPS, has improved from 76 in FY25 to 80 in FY26. Our claim settlement ratio has also improved from 99.4% in FY25 to 99.6% in FY26. Another important achievement for us, which is on the people front, we participated in the Great Places to Work survey. We've been doing that for last five years and our ranking has improved there also. So we used to be in top 50 in BFSI space.

I am happy to share that our company now features in top 25 companies in the BFSI space as per this latest GPTW survey. Just to close now to conclude, we would like to re-emphasize our strategy of maintaining above-industry profitable growth, balanced product mix, consistent growth in VNB, and a phased growth of our agency channel. So thank you everyone, and with this we are now happy to take any questions that you guys may have. So over to you.

Moderator: Our first question comes from the line of Mohit Mangal from Centrum.

Mohit Mangal: My first question is on the economic variance in the EV walk. So it's about INR820 million negative. So could you just spell out the reasons for the same?

Anuj Mathur: Yeah, good evening Mohit, and I'll ask my Appointed Actuary, Nitin Agarwal, to answer this.

Nitin Agarwal: So the main reason for this is actually the equity reduction, so the fall in equity markets. So that has resulted in the UL, because you know the good proportion of UL is invested in equity. So the future charges, particularly the fund management charges, the impact of that on VIF is the main reason for the economic variance being negative in for this particular year.

- Mohit Mangal:** Okay. And if you can just split between equity and debt, that would be very helpful.
- Nitin Agarwal:** So the difference is coming actually, the reduction is mostly coming from the equity side. On the debt side, generally what's happened is on the VIF and net worth side they mostly cancel out. You know, there's an offsetting impact on the net worth of the VIF, whereas on because on the equity on the unit-linked side, mostly it's the VIF that comes through. So the bigger impact is coming from equity; the debt side is very marginal.
- Mohit Mangal:** Understood, that's helpful. My second question is on the GST. So I think, last time you said that about 185 basis point impact and I think we are in line with what you said, the impact on the VNB margin. Now going forward, how do you see, this kind of panning out say in financial year '27, '28? Do you see the VNB margin increasing and the impact of GST decreasing, or how should we look into that?
- Tarun Rustagi:** So hi, thanks for the question. So GST, so we have re-based the margin now, where we have already taken impact of six month of the GST impact. Plus, like we mentioned that on the renewal commission we have already taken calls which is actually helping us to reduce the GST impact in future also. So keeping that in mind, we don't see that it is going to further impact.
- Obviously there will be some annualized impact next year, but at the same time as our business is growing, the product mix is shifting, and also the protection mix is increasing, we expect that the margin is expected to grow from the current level what we have reported. So this is what we are targeting.
- Mohit Mangal:** Understood. But you're not giving any numerical guidance?
- Tarun Rustagi:** So in terms of the VNB guidance, it will be around -- so we'll improve over what we have reported this year. So it will be around the 22% between 22% to 23% range.
- Mohit Mangal:** Understood, that's very helpful. Also, now good start to the agency channel. Wanted to know a little bit as to what they are selling, how has been the response, if you could just throw some color on that?
- Anuj Mathur:** Sure, yeah. So actually we have done well in the first six months of our agency launch. I've got our Chief Agency Officer, Dinesh, with me. So maybe he'll talk about key matrices and the plans.
- Dinesh Tak:** So good evening, this is Dinesh. We've started on time as we wanted on 1st of October and we are in the initiation stage of agency build-up. The leadership is in place and this is the first step that we have taken. And coming forth, I think quarter-on-quarter we will now move on towards scaling up the business contribution coming from this channel.
- The product mix, the quantum of business is that we've done now is INR14 crores. So we are right now looking at more from a perspective of making a meaningful contribution in the overall business, and the product mix will be in line with what the organization is looking for.

- Anuj Mathur:** And overall we are looking at close to 5% contribution coming from agency over next three years. So I think that's a broad guidance I'd like to give.
- Mohit Mangal:** Understood, that's helpful. Last data-keeping question, if you can spell out the rider attachment rate.
- Anuj Mathur:** Okay. So it's about 70% on the UL base, unit-linked policies, roughly 70% policies we are able to attach protection riders in premium terms.
- Mohit Mangal:** Understood.
- Tarun Rustagi:** I'm sorry, actually it's on NOP base. So in terms of number of customers, so 70% of the eligible customers we are able to attach riders.
- Mohit Mangal:** Okay, but in premium terms what that would translate to?
- Tarun Rustagi:** That number, okay. In the premium term it's in terms of total overall ULIP, it is around 5% of the total premium which we have collected from unit-linked.
- Mohit Mangal:** Okay, so there's a big difference.
- Tarun Rustagi:** Yeah, yeah. So the ticket size of riders are very small, but it helps to enhance the margin of the unit-linked. So we are able to do that. So in terms of NOP it is around 70 plus, but in terms of premium size it is the 5% of the total.
- Mohit Mangal:** No, no, I got it, got it. Very helpful. Thanks and wish you all the best.
- Moderator:** Thank you. Your next question comes from the line of Ansh Mehta from Value Partners. Please go ahead.
- Ansh Mehta:** Hey hi Anuj, hi Tarun. Nice to touch base again. Just two questions from my side. First is we've seen some media reports on HSBC sort of increasing its stake,
- Moderator:** Sorry to interrupt, could you come close to the mic.
- Ansh Mehta:** Can you hear me now?
- Moderator:** Sir, you are sounding muffled if you're using any external Bluetooth headset or anything, I request you to use the headset mode please?
- Ansh Mehta:** Sure, can you hear me now?
- Management:** Yes it is better.
- Ansh Mehta:** So first question is with regards to, we have seen some media reports that HSBC might increase its stakes, in Canara HSBC life. Is this coming from PNB or Canara Bank? And how does that impact our product and channel mix? That is the first question in the near term.

And then the second question is with regards to the statement from the DFS Secretary with regards to open architecture. You know, already in Canara Bank we have sort of LIC policies being sold, but you know what will be the impact in terms of counter share? Do you think LIC counter share will increase in Canara Bank?

Moderator: Sorry to interrupt. I'm sorry, your volume is modulating.

Anuj Mathur: So if I just repeat your question, Ansh, first question was related to the media news with respect to HSBC and the second question what you are saying asking is the statement made by DFS with respect to Banca and you also mentioned that the LIC is already there as a one of the distributor in Canara Bank. So you want to understand our view, right?

Ansh Mehta: Correct, yeah.

Anuj Mathur: Yeah. So on the first question, I'll say it's a media speculation and as a company we would we don't comment on media speculation. So that's on your first question. On the second question, we have also read from media but we haven't got any kind of details further from the DFS or regulator.

So we will await regulatory guidance, but I would like to confirm that in our case, Canara already has one more option. So in addition to Canara HSBC, they have products from LIC also available on the counter. So that's there. So we don't see this as any kind of big risk for us because we are already in that mode.

In terms of counter share, LIC is there for some time and I think currently their share is minuscule and our focus will continue, we are going to grow our business. So we are fairly confident that we will be able to manage our growth in Canara Bank. Hope that answers your question.

Ansh Mehta: Yeah, so that's very clear. And just on the, of course I understand you cannot comment on media speculation, but what will be the difference in terms of the product mix at HSBC branch versus a Canara Bank branch in terms of, more protection through HSBC if you can just comment on the product mix difference?

Anuj Mathur: So first of all, Ansh, I would request you to please de-link the two topics. So if you want to know the product mix in Canara and product mix in HSBC, I can share those numbers with you currently as they stand. So it has got no linkage first of all with the shareholding, so I just wanted to clarify on that front.

So in HSBC, because the kind of customer profile we have where the risk appetite is also higher, there our unit-linked proportion is around 60% or so. And in Canara Bank, our UL proportion again would be in the range of about 50%. So that's the broad kind of indication for the time being.

Ansh Mehta: Right, understood. Okay, okay, that is very clear. Thank you so much and all the best.

Anuj Mathur: Yeah, thanks Ansh.

- Moderator:** Thank you. Your next question comes from the line of Sanket Godha from Avendus Spark. Please go ahead.
- Sanket Godha:** Yeah, thank you for the opportunity. Sir, if I add back the GST impact and Labor code impact, honestly you are closer to 25% and you guided that the number will be more 22% to 23% for the full year next year. So is it not fair to say that the real number is more closer to 25% going ahead, or I am missing something when you said 22% to 23% kind of a number for the next year?
- Tarun Rustagi:** So Sanket, thanks for the question. So what -- so in this 22.4, there is also benefit which we have got from the, yield curve and which there is a possibility that it might not, repeat itself in the current year which is '26-'27. So if you look at the walk which we have presented, so that if I take away that, plus there is a full-blown impact of the agency growth which will be a negative strain.
- So that is also going to take away some bit of a margin. So this therefore what we are expecting that will continue to grow our margin and expected to reach around the range which we have provided. So that is going to be our guidance.
- Sanket Godha:** So which means that the yield curve benefit maybe largely will pass on to the end consumer in the current year probably, and therefore and therefore that benefit what you got 200 basis points in the current year might not be there and therefore more realistically you're looking at 22% to 23% kind of a number. That's the way I need to understand?
- Tarun Rustagi:** Yeah, so there is a possibility that we have to pass on that benefit to the customer and also it depends on the, market direction. So if let's say the yield curve is going to further improve, then obviously we'll get a continued to get the benefit, otherwise it has corrected from the last, it as it crossed 7% 10-year G-Sec rate if I say, but now it has come back again to 6.75% to 6.9%. So I think that is something which will be totally depending upon the market.
- Sanket Godha:** Sorry to ask again. I suppose the yield curve broadly remains at the current level for the last part of the next year. Then the only reason the margin should be 20 to 23 is that if you pass on the benefit to the end consumer. Assuming macro doesn't change?
- Nitin Agarwal:** Actually just one more thing, because the GST impact actually for last year was only half-year impact, whereas in the coming year it will be a full-blown impact of full year. So that will also have a negative impact, plus we obviously have agency also there with a full-blown, so that could also have a detrimental impact. So in spite of the yield curve, that is the reason why we are giving a direction similar to what we have reported.
- Sanket Godha:** Okay, understood. And this operating assumption change 50 basis point negative impact is largely because of the investments you made in agency channel?
- Nitin Agarwal:** No, the operating assumption change negative one is the is mostly on account of some of the demographic assumptions that we made. We've strengthened some of our persistency assumptions as we've seen improvement in our persistency assumptions. So this is more like a 1x, negative impact but over the future we will see positive impact coming out of that.

- Sanket Godha:** And that explains the same in the EV walk, right? That INR9 crores number probably?
- Nitin Agarwal:** That's right, that's right.
- Sanket Godha:** Okay, understood. And given our economic variance number -- sorry operating variance number seems to be meaningfully very big, around INR130 crores in the EV walk, just wanted to understand where it came from, assuming I am believing it should not be related to mortality given you said it's largely because of the opex?
- Nitin Agarwal:** Yes, that's correct. It's largely because of the opex, so opex efficiencies and obviously the number of policies and the volumes are increasing. So that is helping our unitized cost. So the per policy cost is improving and that is flowing into our EV. And this is the same direction or guidance which we provided, you know, throughout that we will continue to have an operating positive variance coming to us as we increase our base and also efficiently run the business on the expense side.
- Sanket Godha:** Understood. No, the reason I was asking also is that given we have seen improvement in the persistency, maybe if you have revised the assumptions based on that or if you had a variance or positive benefit because of the persistency improvement, that is also getting reflected in this INR130 crores or not?
- Nitin Agarwal:** So the persistency assumption is not getting reflected -- so it is indirectly getting reflected because of persistency, the number of policies are increasing. So for our maintenance cost, you know, the maintenance cost getting divided by the number of policies, that is helping our per policy cost. So that is right, so that is also helping. But indirectly, not in the demographic assumption column. Over there, it's a one-time negative impact. But over here, it's coming as a positive.
- Sanket Godha:** Understood. And another two questions. One is more on capital side. Suppose we are at 190% solvency and maybe I am not sure whether the sub-debt what you intend to raise is part of this 190 or not. If it is not, that might further improve it. But if you intend to grow more protection or more non-par or more annuity, which -- and even agency, which are capital strain or strain to your P&L, then whether it will trigger some kind of capital raise or anything on those lines, or you think this 190 is good enough to take care of this current growth rate of 20% plus what you're reporting for the full year?
- Tarun Rustagi:** Yeah, Sanket, 190 includes sub-debt which we raised, 250cr. There is a negative impact, MTM impact, which is actually impacted the solvency adversely because we have some equity in the non-unit linked fund also. And as per the solvency, you know, calculation, we have to take the MTM unrealized losses there, which has already recovered to the extent, you know, almost 50% to 60% now. So this is a short-term impact which we have seen.
- So our solvency is going to go back upward of, you know, 200% and that will be sufficient for us to write the additional protection business which we are targeting. And as and when we will be requiring more capital, we'll be again evaluating, you know, the timing and the quantum of that.

- Sanket Godha:** Understood. And lastly, if you can give that number of protection, which is INR205 crores, broken down into retail and credit life?
- Tarun Rustagi:** Almost 50-50.
- Sanket Godha:** Almost 50-50. Okay, understood. Yeah, that's largely my questions. If any, I will come back in the queue.
- Nitin Agarwal:** Thanks, Sanket.
- Moderator:** Thank you. Our next question comes from the line of Nischint Chawathe from Kotak. Please go ahead.
- Nischint Chawathe:** Hi, thanks for taking my question. Yeah, I was looking at your VNB walk and when I look at the business impacts of around 340 basis points positive, you know, this largely reflects the growth in protection business, right, or is there any other change in composition? Because the composition broadly suggests that it's similar.
- Nitin Agarwal:** So yeah, so I would attribute it to primarily three reasons. So one, as correctly pointed out by you is the increase in protection mix both on the individual and credit side. Second is the higher rider attachment as we already mentioned that about 70% rider attachment, which is again something which we'll continue to grow because right now we are still focusing on, you know, one or two riders, but in future we see a potential to increase our riders, number of riders as well, like CI and everything, something which we are not still exploring too much while it's there in the product suite.
- So that's something again which we expect to increase going forward. And the third one is coming from the credit life and the PT-PPT mix. So our business profiles have also, we've also been focusing this year on higher PT-PPT mix which has also both in the ULIP and Trad side, which has also helped grow our margins.
- Nischint Chawathe:** Got it. And just one small thing, have you given any guidance or shared any thoughts on the growth that you're looking at this year on the top line growth?
- Anuj Mathur:** See, on that basis, the current uncertainties which are there, the geopolitical uncertainties, we would not like to give any kind of guidance for the time being. One thing which I'll definitely like to mention and we are pretty confident about that is that our growth will be superior to the industry growth, which you would have seen in the past also, that we'll continue to outperform the industry.
- And once there is clarity on this geopolitical front, then we'll be happy to give guidance on the top line also starting from next quarter. But as I mentioned, we are fairly confident that our growth will be superior to the industry growth.
- Nischint Chawathe:** And fair to say that the forthcoming guidelines on whatever changes could be made on agency commission or deferment or whatever is in the work, don't affect you as much?

- Anuj Mathur:** See that in fact we have been -- we have shared in the past also that our commission rates are quite reasonable. So we don't have the exact numbers coming in the new regulation, so can't really comment on that, but I think we are pretty kind of well-positioned to take care of that. I don't think so it will be a challenge for us while we await final numbers or guidance coming from the regulator on that.
- Nischint Chawathe:** And just one last thing is IFRS readiness. Would you kind of wait for a year and do you kind of do IFRS for HSBC?
- Tarun Rustagi:** No, so we don't report IFRS number to HSBC and we were actually going as per the earlier schedule of 1st April 2027. And as mentioned in the opening comment by Anuj, we are going for a forbearance for 1-year and will be implementing from 1st April 2027.
- Nischint Chawathe:** Got it, got it. Thank you very much and all the best.
- Tarun Rustagi:** Thanks.
- Moderator:** Thank you. The next question comes from the line of Swarnabha Mukherjee from 360 ONE Capital. Please go ahead.
- Swarnabha Mukherjee:** Yeah hi sir, thank you for the opportunity. Couple of questions from my side. First sir, as you had mentioned that your expectation is to outperform the industry growth, I just wanted to understand from the product point of view, in which segments do you anticipate, will be the major driver of the growth?
- I understand the cyclical nature that might be there in categories based on the overall macro environment. But when I look at a quarterly level your mix etcetera, so normally I think Q3 kind of growth has been looks like gets driven a lot by ULIP and then in other quarters I think share of traditional products pick up.
- So maybe, if you could highlight, what would be your thought process regarding, say, product segment level growth, that would be helpful. And if you can also highlight maybe what -- is it just the factor of macros where we have in the last two third quarter numbers have seen a higher mix of ULIP or is there any channel level strategy that kind of leads to that? That is my first question.
- Second is I just wanted to also understand the sensitivity numbers that you have reported in terms of embedded value from FY25 vis-a-vis that in FY26 there has been quite a drop. So just wanted to understand how this is playing out in terms of the numbers.
- And thirdly, yeah, sorry sir, one last question again on the product mix side is that I think so this is -- and sorry I had joined in a little late, maybe you have mentioned in opening statement, but this is more like protection and I see that there is also traditional savings you were mentioned in the presentation. So is this like non-par product? Because par you have mentioned I think separately. So just wanted a clarification on this sir. Thank you.

Anuj Mathur: Sure, sure. So I'll try to first answer your first question and third question together and then I'll request our Appointed Actuary to talk about the sensitivity. So see, first of all, I'd like to mention that we should not be looking at month-on-month or quarter-on-quarter position. I think our overall strategy is very clear that we want a very balanced product mix, which would mean roughly 50% in ULIP and roughly 50% traditional. So that is number one in terms of our overall strategy on the product mix.

Number two, yes, the market conditions also impact to some extent in terms of market appetite for a particular category of product. So we have seen last particular last quarter, which was JFM quarter, obviously the markets were not very supportive. So obviously the customer preference also shifts accordingly. But I'll also like to mention that new product launches also play a very important role in this.

So in fact in the month of February and March, we had launched new traditional products, one was par, the other was non-par, and that had some kind of good customer outcome which resulted in our traditional mix actually going up in these 2 months. So I would say there are couple of factors which determines what kind of product mix for a particular period, but largely, and I think my request will be that we should look at it from long-term perspective.

When I say long-term, at least 1-year, that product mix will be balanced and within that as and when we launch products or depending upon the market conditions, percentages can go up and down. There can be minor variation, but on overall basis from long-term perspective our guidance is very clear and we stick to that. Now I'll request my colleague Nitin to talk about the sensitivity.

Nitin Agarwal: So on the interest rate sensitivity, I think this is something which we've been talking about the last few investor calls as well, that we've been working, it's been a tactful -- tactical call to increase our assets -- duration of our assets, which has helped in reducing the sensitivity. In addition to that, we've also been increasing our hedging ratio, so we've been increasing our investment in derivatives, which is also helping in reducing the interest rate sensitivity.

Swarnabha Mukherjee: Right sir. Okay, understood. Just couple of follow-ups. Maybe -- can you maybe sir highlight what proportion of your book would be hedged right now and instruments you are using for the same? And sir, Anuj sir, I mean just wanted your views on how do you see say over a cycle maybe not near-term, of course, because of the volatility in the market. But how do you see the overall industry level APE growth pan out in the life insurance industry over say maybe a 2-3 year point of view, assuming that it's a relatively normalized scenario? Yeah, thank you so much.

Anuj Mathur: Right. So in terms of business growth, top line growth, my expectation is that in this year, the current year, because of the geopolitical reasons, the industry may grow in the range of about 10% or so. And over longer term and considering that the regulatory environment continues to be favorable, which it is currently, and the markets also stabilize, I think we can expect growth in the industry to the tune of about 12% to 14%. That's my take in terms of the industry growth.

Swarnabha Mukherjee: Right, sir. Got it. And on the hedging part, sir?

- Nitin Agarwal:** And the hedging, so we are at about 70% hedging ratio right now and we mostly invest in FRAs, the forward rate agreements, as well as we've recently started investing in bond forwards as well.
- Swarnabha Mukherjee:** Okay, sir. Okay. This is very helpful. Thank you so much, sir, and all the best for FY27.
- Nitin Agarwal:** Thank you.
- Anuj Mathur:** Thanks.
- Moderator:** Thank you. Your next question comes from the line of Nidhesh Jain from Investec. Please go ahead.
- Nidhesh Jain:** Thanks for the opportunity, sir. My question is on channel mix and which channel drove growth in FY26 because we don't have FY25 data to compare. So which channels drove that mix and how do you see growth potential in Canara Bank, let's say, from a medium-term perspective? And how are you planning to drive that growth in Canara Bank?
- Anuj Mathur:** Right. So we witnessed growth across all channels, so whether it was Canara, whether it was HSBC, or other alternate channels, across channels we have seen decent growth. Coming to the split in terms of Canara contribution, that was about 72%. HSBC was 14%. Other banks close to about 6% and remaining 8% was alternate. So that that is the broad split: 72, 14, 6 and 8. This is in terms of channel-wise contribution as of now for last year.
- Nidhesh Jain:** And on the potential in Canara Bank, how do you see growth potential in Canara Bank and let's say in terms of branch penetration, how many branches we have penetrated, what is the potential, etcetera and how do you plan to drive growth there?
- Anuj Mathur:** No, I think we have really good potential in Canara Bank and this is something which we have shared over a period of time also since our listing, that the customer base is huge. It's about active customer base if I talk about in Canara, it's about INR8.5 crores customer base. Currently our penetration is less than 2%.
- So there is ample scope for increasing our penetration. Coming to branch activation, our definition of activation is that a policy which is more than INR50,000 ticket size, if minimum 10 policies have been sold in a particular branch, then we consider that as active. So that's the definition of our activation.
- And currently, going by this parameter, 54% of Canara Bank branches are activated. And if you ask me whether all the branches have sold some policies, then my answer would be yes, there would be branches who would have sold 1 policy, 5 policies, 10 policies, but our threshold is 10 policies with minimum ticket size of 50,000 and our activation has actually improved as I mentioned to 54%, it used to be 50% previous year.
- Nidhesh Jain:** Sure, sir. That's it from my side.
- Moderator:** Thank you. Your next question comes from the line of Vinod Rajamani from Nirmal Bang. Please go ahead.

- Vinod Rajamani:** Yes, thank you for taking my question. Sir, one question on this adjusted networth which has declined from 18,504 million to INR15,600 odd million. So the question is based on this APE CAGR of above industry growth and this growth that we are seeing as well in protection as well as non-par and annuities, what is the capital requirement?
- I mean, if you have a 3-year plan, what will be the capital requirement and is it self-sustaining at current levels or do you think there will be further -- there could be further capital raises or subordinated debt in FY27 or in the next 3 years? I mean, I just want to walk this capital raise that you have done and what is built in terms of the growth expectations for different product categories. So that is question number one?
- The second question I have is on the agency channel. Now that we have started recruiting and so on and we are building out this agency channel, what is our expectation in terms of say in the next 2 years, 3 years what level do we want to scale it to and what targets do we have in mind? So these are the questions I have? Thank you.
- Tarun Rustagi:** Right. So I'll start with the first one. So like we mentioned that right now our capital is good enough to take a growth of protection business and various cohorts. And basis the projection which you are asking is, there is definitely if the capital need is there, we will be reaching market and raising the subordinate debt if that is required.
- But as our profit is building up, that will continue to provide the support for this capital need what we are looking for. So it is the growth and everything is well-planned and structured and all the parameters are considered for capital requirement and for various product mix and the growth which we are targeting.
- Management:** Yeah. On your agency question, I'll ask Dinesh, our Chief Agency Officer, to provide some details.
- Dinesh Tak:** Yeah, good evening. We actually want to invest in the channel from a long-term perspective and for diversification and it's a strategic priority for us. Our roadmap centers on Tier-1 led branch strategy and we want to make a meaningful contribution of around 5% in next 3 years' time. We have to also be clear that it has to be a sustainable growth and it has to be done in a phased manner. That's the current guideline that we have. And we are seeing some encouraging signals in the initial phase of first 6 months.
- Moderator:** Thank you. Our next question comes from the line of Mr. Prayesh Jain. Please go ahead.
- Prayesh Jain:** Yeah hi, thank you for the opportunity and congrats on a great set of numbers. First question is on while you alluded to the dynamics at Canara, could you also throw some light on HSBC as to what's the kind of penetration and I think if I remember correctly there are more number of branches that HSBC is opening up. So what's the status there and how are we scaling up there? That's my first question. I'll follow up with my second later?
- Anuj Mathur:** Sure, okay. So HSBC has actually delivered good growth of 29% last year and I think that trajectory will continue. As you rightly said, HSBC is in expansion mode. So 8 branches they have opened over and above 26 branches which were there already. So we are seeing very good

traction in HSBC and we are also looking forward to starting with the GIFT City business, which will also add to the business growth.

So we are very, very kind of optimistic about growth of business in HSBC coming from obviously the NR base which is there. And to answer your specific question on penetration, in the premier segment which they have where we primarily sell insurance, our penetration is close to 14%.

Prayesh Jain: Okay. So is there any other channel which is not available to us today to address like a credit card customer or any other category of customer at HSBC which we are not serving today and has a potential to be opened up for us?

Anuj Mathur: Yeah, so there are segments. So, for example, personal banking is one where we are expanding and also the credit card customers who may not be having bank account. So we have created propositions specifically to address that base. So we are very much aware of the potential which exists even in these categories and we are kind of getting products to suit those needs. In fact, credit life also is something which we sell in HSBC and as the bank is focusing on mortgages, our contribution from credit life will also increase.

Prayesh Jain: Right. And like when we compare such a Canara and a SBI or your other PSU large bank supported players, there's obviously a big gap between the branch productivity. Obviously you've worked over the last few years to kind of improve the momentum there. What are new initiatives that Canara would be taking to ensure that we continue to grow at a healthy pace and so I think yeah that was my second question?

Anuj Mathur: Right. So first of all we are focusing on the branch activation. We want to further increase it, currently it's about 54%. We want to increase the activation. Number two on the productivity, there also we have taken certain initiatives and we are using analytics to kind of figure out those particular cohorts where the potential is higher.

So that's one way of also getting into that customer base which may not be visiting branches but have the wealth or the kind of need for protection. So, so that's where we are focusing upon taking help from analytics, customer segmentation, all of it to improve both branch productivity as well as branch activation.

And you are right, there is currently gap between SBI and other public sector banks, but if I, talk about the numbers, actually Canara productivity levels are just next to SBI and amongst the PSU banks after SBI, it's Canara Bank with the productivity and the activation numbers which are there. So we are focusing there on business and as I mentioned earlier also there is lot of potential and we are following segmented approach and help from the data analytics to kind of further penetrate. So that's what we are doing currently.

Prayesh Jain: And last question is on agency channel, you know obviously, we have a decent branch network and already you know some bit of infrastructure already in place right?

Anuj Mathur: Right.

Prayesh Jain: So you know so, from say you know somebody is setting up from ground up zero to someone like you, what kind of different share and what kind of momentum or do you think that the kind of profitability that you're delivering do you want to front end expenses, some bit of more color apart from what you've given so far?

Anuj Mathur: Right. So we are currently leveraging on the branches which we have. So we have about 105 branches of Canara HSBC. For agencies specifically we want to be active in at least 50 locations. So that will be mix of some specific new locations as well as using our current branch infrastructure.

So that's how we are going to optimize. And our backend is all in place for last 17, 18 years. So we are leveraging on that in terms of expansion. So basically it's the new branches plus the number of distributors we are going to engage and the manpower to support that.

So basically the investment is going to be primarily in the front end capabilities and we are going to leverage on our existing branch network.

Prayesh Jain: Got that thank you so much and wish you all the best.

Moderator: Thank you. Your next question comes from the line of Siddharth Rajpurohit from Systematix Group. Please go ahead.

Siddharth Rajpurohit: Good evening, thank you for the opportunity and congratulations on the good numbers. Hope I'm audible. Yeah, thank you. So first on on your new product, do you see any more gaps in your existing products segments where you think you would be launching more products there?

Anuj Mathur: See our product suite is complete. Actually we have products across various categories. So first of all I'll like to mention that there are no gaps in our current product suite, but you can always improvise and in fact there are new ideas which keep on coming up and that's what we have done. When I talked about two new traditional products which we launched in February and March, what we looked at was on customer need as well as offering some attractive proposition.

So it's an ongoing thing. So I'll not say there is a gap in the product suite, product suite is complete catering to all segments across age groups, but you, you always have the opportunity of designing new features, offering something innovative, and from the product development side we always keep kind of focusing on some of these initiatives which is helping us in kind of growing our business volumes.

So it's an kind of I'll say ongoing journey and we'll continue to innovate our products and offer features which are unique in the market.

Siddharth Rajpurohit: Okay. On the volatility in the mix which actually generally it is with other bank also, but we don't have the long period history of our, our insurers. So, so what generally how is the volatility, is it a Q4 being heavily means the Q3 being heavily focused on ULIP and then Q4 heavily moves away from ULIP? Is that the trend historic

- Anuj Mathur:** Yeah, see first of all I'd like to mention that, actually we don't look at month-on-month or quarter-on-quarter. The guidance which we have given is for the year and depending upon the market conditions, depending upon the needs, we may kind of make some tweaks. So the broader guidance is 50% kind of UL and 50% traditional, and month-on-month, quarter-on-quarter it may vary.
- So there is no fixed seasonality I'll say in terms of product mix, but depending upon the market conditions, customer ask, and new product launches, we may see spikes happening in certain months and we may see unit-linked selling in those months where the markets are kind of giving good returns and all that.
- So my, my request would be rather than monitoring product mix on a month-on-month or quarter-on-quarter basis, we should look at full year because that is what it matters. So that's how we kind of monitor internally and then we've got various sales enablers which we kind of keep on changing from time to time to create excitement.
- Siddharth Rajpurohit:** Okay. And the channel mix that you gave recently, I think it is exactly the same so, as what we have reported. So I was assuming it's for FY26. So can you give the channel mix for FY25 if possible?
- Anuj Mathur:** Yeah, it's almost similar. It's similar channel mix, so there is not much change between FY25 and FY26.
- Siddharth Rajpurohit:** Okay. And recently RBI came with a draft on the disburseable business and do you see any implications on ground, any change in terms of the bank's operations after the draft? Anything would be helpful.
- Anuj Mathur:** See first of all we welcome such changes, but right now they are drafts, so we are looking for final guidelines to be issued and we'll be very happy to implement. In fact our sales practices are well-governed and we'll go with whatever suggestions or the guidelines issued by either RBI or IRDAI.
- Siddharth Rajpurohit:** Okay. Can you give the breakup in terms of your retail protection between online and offline?
- Anuj Mathur:** This is generally offline. There is online what we use PolicyBazaar, retail we are able to do mostly offline this time.
- Siddharth Rajpurohit:** Thank you and all the best.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Anuj Mathur:** Yeah, thanks a lot to everyone for participating in this call. I know that it's slightly late in the evening. Thank you very much for all your support and looking forward to further engagements. So thanks a lot.
- Moderator:** Thank you. On behalf of Motilal Oswal, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

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