Canara HSBC LIFE INSURANCE

Date: 27th January 2026

To, National Stock Exchange of India Limited **("NSE")** Listing Department, Exchange Plaza, C-1 Block G, Bandra Kurla Complex Bandra [East], Mumbai – 400051	To, BSE Limited **("BSE")** Listing Department, Corporate Relationship Department, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001
NSE Scrip Symbol: CANHLIFE	BSE Scrip Code: 544583
ISIN: INE01TY01017	ISIN: INE01TY01017

Subject: Disclosure under Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript

Dear Sir/Ma'am,

As per Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, transcript of the discussion on the Unaudited Financial Results of the Company for the quarter and nine months ended 31st December 2025, at the analyst meet held on 21st January 2026 is available on the website of the Company at i.e. www.canarahsbclife.com.

The analyst meet, conducted through Audio means concluded at 7.30 p.m. (IST) on 21st January 2026.

This is for your information and records.

For **Canara HSBC Life Insurance Company Limited**

VATSALA SAMEER Digitally signed by VATSALA SAMEER Date: 2026.01.27 17:57:24 +05'30'

Vatsala Sameer
Company Secretary and Compliance Officer
Membership No: A14813

Encl.: As above

"Canara HSBC Life Insurance Company Limited Q3 & 9-Month FY-26 Earnings Conference Call"

January 21, 2026

MANAGEMENT:	**MR. ANUJ MATHUR – MANAGING DIRECTOR AND 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. AMIT JAIN – HEAD (INVESTOR RELATIONS), CANARA HSBC LIFE INSURANCE COMPANY LIMITED**
MODERATORS:	**MR. PRAYESH JAIN – MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

Moderator: Good day, and welcome to Canara HSBC Life Insurance for 9-monthly FY '26 Results Conference Call, hosted by Motilal Oswal Financial Services Securities Limited.

As a reminder, all participants' 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 *' then '0' on your touchtone phone.

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

Prayesh Jain: Thank you, Danish.

Good evening, everyone. It is a privilege to host the Senior Management of Canara HSBC Life Insurance Limited. From the Management, we have Mr. Anuj Mathur – MD and CEO; Mr. Tarun Rustagi – CFO; Mr. Nitin Agarwal – Appointed Actuary; and Mr. Amit Jain – Head, IR.

I now hand over the call to Mr. Anuj Mathur, MD and CEO. Over to you, sir.

Anuj Mathur: Thanks, Prayesh. Good evening to everyone. Anuj here. First of all, thanks a lot for joining in for this call slightly late in the day. But thank you very much. And our results are now updated on the website of the Company as well as both the stock exchanges. So, that's already there.

We have also circulated our investor presentation containing key business highlights, and happy to share further insights during this call.

So, first of all, I would like to talk about some of the key developments in the Insurance sector, and then I will touch upon the Company performance.

So, if you look at this quarter, when I say this quarter, I am talking of October to December period. Actually, we have witnessed good reforms with the passage of Sabka Bima Sabki Suraksha, this amendment of insurance laws, Bill 2045.

The legislation is expected to accelerate India's journey towards universal insurance coverage by 2047, while unlocking significant opportunities for investors. A key development here is the increase in FDI limit from 74% to 100%, which is likely to attract long term capital into the business and deeper participation in the sector.

Alongside measures such as enhanced policyholder protection, simplified business processes, stronger regulatory framework, I think all these factors together provide a very compelling growth story over a period of time for the Insurance sector.

If I talk about the macroeconomic front, India's GDP growth remains robust, underpinned by structural reforms implemented over the last few years. Reflecting this momentum, several institutions, including the Reserve Bank of India, have revised the growth forecast for the country to 7.3%, which reinforces the confidence which is there in the country's long-term trajectory.

So, while the global environment continues to be marked by volatility and geopolitical tension, India's strong fundamentals and reform driven resilience position, I think India is a very attractive investment destination and within that, insurance is well poised for the growth. Some of the things which we saw towards end of September in terms of GST changes, all that are resulting into positive tailwinds for the industry.

So, friends, now I would like to discuss about the Company's business performance for this 9-month period which ended on 31st of December 2025. Talking about our overall growth, I am very happy and delighted to share that as far as our Company is concerned, we have seen our individual weighted premium income, which we call as WPI, has grown at a healthy pace of 20% year-on-year for the 9-month period which ended 31st of December.

And if I talk about year-on-year, Q3 of last year versus Q3 of this year, we have seen growth of 29%. And this is led by sustained demand in the Unit Linked business along with focused strategy on increasing protection and annuity. And I will cover this aspect in little bit of detail during the conversation.

We continue to outperform both private players, which grew by 13% year-on-year and the industry which grew at 10% year-on-year during this period. So, we have actually outperformed the industry and also the private players during this period.

As I mentioned, the green shoots of GST-led demand are now visible with our retail protection business growing almost 3 times quarter-on-quarter, while Credit Life business continues to see healthy growth of 50% during the quarter. So, this is again a very positive development where we have seen good growth in our Credit Life business as well. We believe there is a structural uptick in this segment and hence expect that demand will continue to rise.

Talking about our annuity business, our annuity AP continued to grow at healthy pace of 34% year-on-year for the 9-month period. Within annuity, we continue to focus on deferred annuity which offers a more holistic solution to customers and profitable segment. So, this is something which we covered in the past also in terms of retirement as a segment and we are quite bullish on it, and we have seen very good growth in this quarter in our case.

Talking about customer preference, we have seen that customer preference has been towards linked products, which has led to steady growth of 23% year-on-year for the 9-month period.

Our ULIP products are not only ensuring wealth creation but as we started offering riders along with the ULIP products, also providing policyholders to have enhanced protection cover through various options. So, this rider attachment is also helping us in enhancing our margins on ULIP products and this is something which we have mentioned in the past also that riders, and I am going to talk about the overall protection strategy also in next few minutes is actually helping us in terms of our margins.

Talking about renewable premiums, we have maintained strong momentum, recording a 34% year-on-year growth for the 9-months period, and 43% year-on-year for Q3. So, this translates into further improvement in our persistency across all key cohorts. Happy to share our 13-month persistency has risen to 85.6% from 82.5% in FY '25. So, there is a very healthy increase here.

Similarly, if I talk about 61st month persistency, it has improved to 59.5% compared to 57.7% in FY '25. So, these consistent improvements underscore the strength of our customer retention, the quality of sales, the sales practices and the long-term sustainability of our growth trajectory.

Also, I would like to mention that we launched our agency business in October '25 and it is actually building up. We are very happy with the initial success. There is early momentum which is encouraging. As planned, we will scale up the agency branch infrastructure in a phased manner. So, we are on track, and this is something which we launched about 3 months back.

Now let me take you through some of the key financial metrics. Our value of new business for 9 months, so this is absolute VNB stood at Rs. 413 crores. It has grown 37% year-on-year.

Despite the GST impact, we have been able to increase our new business margin, which stood at 19.7% for the 9-month period which ended on 31st of December, reflecting an almost 200 basis points improvement year-on-year.

So, some of the key factors which have resulted into this healthy margin, I am going to talk about:

1. We have seen good growth in our individual protection business, and this is something where we are seeing benefits coming from GST. So, clearly positive tailwinds coming into play, which is helping us to expand our individual protection business. And we have also seen sustained growth in Credit Life, something which I touched upon earlier also that we have seen good growth in our Credit Life business, which is a profitable segment.
2. Higher rider attachments in the ULIP. So, we have been able to kind of grow our ULIP business, but at the same time, we have been able to attach riders, protection riders with it, which has helped us in terms of our margins. And Company will continue with this strategy going forward also in terms of rider attachments.
3. Higher volumes which aided in higher fixed cost absorption. So, costs are, if I look at the insurance industry as such, majority of costs are fixed in nature. So, if you are able

to scale up the business, you see an impact, positive impact on VNB, and which is what we have seen that because of higher volumes, this has aided in us in a VNB margin optimization.

4. Longer premium payment term under ULIP business. So, that's also we have seen that we are able to sell longer premium payment policies, which helps in margin enhancement.
5. The favorable movement from the yield curve. So, that is something which entire industry has witnessed and that is again a very positive thing.

So, these were the key reasons for VNB optimization.

Now I would like to also touch upon the expenses side in terms of how we have done on our operating expenses. So, we continue to rationalize our expenses, which is leading to a structural improvement in our expense ratio.

Our total expense ratio for 9 months as of 31st of December 2025 has improved to 18.7%. This is an improvement of 130 basis points over the same period last year. So, that's on the cost front that we have been able to improve our cost ratio.

Talking about our embedded value, EV:

Indian embedded value, that has grown by 17% year-on-year, reaching INR 6,868 crores with operating ROEV of 18.2% on rolling 12-months basis.

Moving on to other financial metrics:

If I talk about profit after tax for 9 months ended on 31st of December, it stood at INR 92 crores, which is an increase of 8% year on year. This is after factoring in the GST impact as well as the impact on account of new labor code.

So, we have seen in this period, we have actually provided for the additional ask, which was there on account of new labor code of about INR 9 crores. So, that has been factored in, and accordingly we have calculated our margins. So, if we exclude our one-off impact from new labor code, our PAT stood at INR 101 crores, which is an increase of 19% over last year.

Our solvency ratio currently stands at 191% and we have also taken approval from our board to raise subordinate debt of INR 250 crores, which will help us to further boost our solvency.

As I mentioned, our focus is on protection, so for that, whatever is required in terms of raising subordinate debt, improving solvency margin, all of that is being done to support growth in new business and overall channel expansion.

So, just to conclude, we have remained firmly optimistic about the long-term growth prospects of the Indian Life Insurance sector, underpinned by our robust growth trajectory and strengthening financial position. We expect protection to continue its upward trend. While bank assurance remains a key driver of our success, we are strategically investing in alternate distribution channels to ensure sustainable and diversified growth.

So, I am going to stop here, and me and my colleagues, we are all here to take questions. So, over to you.

Operator, we can open the floor for Q&A.

Moderator: Yes. Thank you so much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Our first question comes from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D. Patil, you may please proceed ahead with your question. As there is no response from D. Patil, we will move forward to the next participant.

Our next question comes from the line of Swarnabh Mukherjee from B&K Securities. Please go ahead.

Swarnabh Mukherjee: Hi, sir. Thank you for the opportunity, and congrats on a good set of numbers.

Anuj Mathur: Thank you.

Swarnabh Mukherjee: Two-three questions from my side, sir. So, first of all, I think I just wanted to understand the math behind VNB, because I think the roll forward that you have provided this quarter in terms of VNB between last year and between 9 months and 9 months last year. So, there, broadly the impact of labor code and GST is coming to around INR 40 odd crores, right. So, I just wanted to understand, largely this would be pertaining to this.

I think around INR 5-6 odd crores was there last quarter. Apart from that, around INR 35 odd crores would be pertaining to this quarter. So, in that case, if I were to kind of add this back, say INR 35 odd crores to this quarter's VNB number, which is essentially I think close to INR 200 odd crores, then would the core VNB be somewhere around this INR 235 odd crores? Would that be the right number to look at, sir?

Anuj Mathur: So, if you have any further questions, maybe first you can share the questions, and then I will request my colleague, our Appointed Actuary – Nitin to kind of respond to this VNB question.

Swarnabh Mukherjee: Sure, sure. So, that was one question. And in essence, I think that kind of highlights that maybe our core margin is closer to 23%. Just wanted to understand if my thought process is correct in this.

Second is, in terms of the GST cost impact, so whatever we have accounted for in here, so how do we see this getting mitigated subsequently? And what are you doing to do that, if there are negotiations with distributors? How are we positioned in that process? If you could give some color on that?

Second is, in case of your savings products, so I think I could not find in the presentation a break-up between PAR and non-PAR. So, if you could highlight on that.

And plus, I think the product mix that you have given in 9 months FY '26 ULIP is around 60%. While I think in 1H, what you had reported the ULIP mix was for 1H 50% odd. So, am I missing something or if you could highlight why this delta is so significant?

And last question would be in terms of persistency. So, this improvement that we are seeing, is this an outcome of a change in product mix or would this be a function of, you are seeing even within product categories also persistency improving?

So, these are my four questions.

Anuj Mathur: So, maybe Nitin, you can first answer the VNB question.

Nitin Agarwal: Yes. Hi, so the math on the VNB is that, so effectively from labor code plus GST on VNB absolute is about an impact of INR 40 crores. And so that is what when you add it back to your current reported margin of 19.7%, it roughly adds up to about 2%. So, which is what the margin, so this margin of 19.7% would actually become somewhere around 21.7%. So, that is how the margin would look like, if you were to add back these 2 impacts.

Swarnabh Mukherjee: Sir, if I may interject once. So, this impact out of that INR 40 crores, INR 35 crores is this quarter, right? Last quarter you had reported around I think INR 5 crores to INR 6 crores in terms of GST impact.

Anuj Mathur: This is YTD impact. This is not a quarter impact, because we are not doing a quarter-on-quarter walk here. This is a total impact, so far till December 2025, what we have recorded. So, this is the overall impact. This is not a quarterly impact.

Swarnabh Mukherjee: Okay, so just to understand this is driving not only for the new business, but also some changes that you might have taken to account of the back book written this year.

Nitin Agarwal: That's right. That is part of the management action where we have taken some management action for the back book. Only the renewal commission would have been impacted. The initial commission would only have been impacted in this particular quarter.

And on the renewal side, we have actually taken management action and able to absorb most of it through discussion with the distributors. So, to that extent, the impact primarily even now and future will come from the initial commission itself.

Tarun Rustagi: And I just want to add on your question. So, 21.7% is the resultant number or adjusted VNB. But GST impact is the next quarter, which is JFM. We are expecting more impact on that, because some of the actions which we have taken will take a full-blown impact or effect will come next year.

So, therefore, and this is a permanent impact. Just trying to make you understand that once this impact is there, it is resetting the baseline. So, this is right now, until unless there is a product change, complete change in the product construct, it is not possible to come back and get this margin back in the product.

So, overall, since you have covered and just mentioned and touched upon the VNB, the annualized impact last time when we shared was 225 basis points, without management action. And what just Nitin mentioned that one of the critical actions which we have done and it is now effective is agreement on absorption of the GST cost on the renewal commission side. So, that has been agreed and it is effective now.

And therefore, we are able to reduce and along with that, some other actions like on the operating expense side, rationalization of expenses, vendor renegotiation. After doing all these things, we expect that this year we could see an impact of 185 basis point vis-a-vis 225, which we mentioned earlier. So, the overall impact will be around 185 basis points on the VNB margin this year, FY '26. So, this is on the VNB side.

And another question you were having is on the GST action we have taken. We have already covered and mentioned you major impact was benefit which we got was or we are able to counter the GST back through the renewal commission adjustment.

In terms of first-year commission, we mentioned last time also our product commissions are very reasonable with the distributors. So, we are not expecting any change in that. There will be some more impact which will be positive that will be coming from mainly on the expense rationalization rather than on the commission side.

You also asked about the saving product and the participating product mix. So, saving product mix is around 13% and participating is around 5% for this 9-month period. And in terms of persistency, we have seen the improvement in all LOBs not only one change in the product mix.

So, all the cohorts, all the line of business, which is participating, non-participating, unit linked we have seen improvement in persistency and that has resulted into the overall performance in all cohorts, improvement in all cohorts.

Anuj Mathur: And it is actually efforts which have been placed by this team in terms of persistency improvement which is showing in the numbers. So, it's part of our Company strategy which is helping us in terms of higher persistency outcome.

I hope we have answered all the questions or anything else you want to know?

Swarnabh Mukherjee: No, I think sir, broadly addressed and very clearly addressed, sir. Thank you so much. All the best.

Anuj Mathur: Next question please.

Moderator: Thank you. Our next question comes from the line of Nischint Chawathe from Kotak Institutional Equities. Please go ahead.

Nischint Chawathe: Thanks for taking my question. Actually, just taking forward from the previous participant, one of the questions that was asked was the APE mix. So, first half was around 50% of ULIP, and I think 9 months we have put in around 60%. So, I think the question was, is that the right reading? And was ULIP significantly stronger in this quarter?

Anuj Mathur: Yes, so as I mentioned, we saw good demand coming in for ULIP, and we saw that in terms of the volume surge which we had in this quarter.

But if you see our past also in terms of our mix, we actually within last year also we saw that in JFM period, January, February, and March, we had good traditional mix, which resulted in overall for the year number being at that number. So, this time again, following the same strategy, we expect our trad mix to improve from now onwards till 31st of March.

We are launching new products also during this period, which will help us to improve our trad mix. So, we expect that by the end of the year, the UL mix should come down to about 55% and traditional should move up to 45%. So, that is what we feel in terms of our product mix.

Nischint Chawathe: Okay, got it. And I think again on the margins front, mathematically if I try to calculate the impact of GST, for this quarter I know you called out a number of 2.25%, and I think now we are saying that we will probably end the year with 1.8%. But if I try to mathematically calculate the ratio for this quarter, it works out to around 2.8%. So, is it just a product mix change that is causing an impact or am I reading the numbers rightly?

I mean what I am simply doing is, I am looking at the GST impact of 9 months minus 1st half which works out to be the GST impact for 3rd Quarter, divided by the AP of 3rd Quarter.

Anuj Mathur: I think you probably, what you will need to do is because for the 3 months, the business volume that we have seen, that has also resulted in higher GST impact, because it is linked to the eventually commission and acquisition OPEX. So, that is where the number that you are seeing is looking at that.

But if you do the math, the math will be done on a FYTD basis. So, on an FYTD basis, whatever the impact that we have seen in this quarter will actually have to be divided by the premium APE that you have written for the full year. So, it is not just the numerator, it is the denominator changes.

So, I think probably what you are doing might not result, you can't just mathematically calculate that way I think. So, you know the half year number last year that was reported was based on a different basis, was based on a different APE calculation. Whereas this year obviously because the entire impact for this quarter has come in for the business that has been written this quarter, and because the volume itself that has been written as higher.

So, this is why the number that you are calculating is higher. But effectively for the full year, we do expect the number to be in the range of about 185 basis points after allowing for all the management actions that we are intending to do.

Nischint Chawathe: Sure. Sorry for this two-end flow but any specific reason why ULIP is so strong in the third quarter for you every year? I mean is it like you follow MDRT or you know any of that because of which ULIP is so strong for this quarter?

Tarun Rustagi: I think it was mainly coming from one is the market is performing and reasonably well performed. We saw that the demand for Unit Link continues and like we are maintaining that we are focusing on managing the balance product mix, not focusing on or pushing any particular product.

So, Unit Link demand continues in this particular quarter, similar to last year, and therefore the increase in AP on the Unit Link side is observed. But just to take care of the margin side and just to ensure that this particular increase in Unit Link demand is not impacting our margins, a couple of actions which Anuj mentioned has actually helped us and that will continue.

So, if you actually see the Protection business also has gone up this quarter. So, this quarter has seen improvement in the Protection business on Individual side, and Group. Along with that the rider attachment is almost touching 90%, as in 90% of the policies we are able to attach the riders.

And if you recall, in the last call we mentioned that right now we are only attaching one rider. So, as we are launching more riders, more variants also, we are expecting that the attachment of the riders will improve in terms of number of riders and profitability. And what we also need to see is this is also giving one more advantage to the policyholder also, that they can take a higher coverage by paying a small amount of premium. And it is a win-win situation for both policyholder and for also the Company in terms of improving the margin.

Anuj Mathur: And just to add to what Tarun just mentioned, you see I think our cost base is also very important. So, if you are able to manage your cost well, if your expense ratios are low, which you have seen in case of another insurance Company that if you are managing your business very, very efficiently, you can generate higher margins even if your ULIP component is higher.

So, I think we should not take it that ULIP is a bad sale. I think as long as Company can manage the margin, can meet the customer outcome, I think it is a good option to have. So, we believe that because of our cost signature, because of other efficiencies we have in our business, this is actually a good business along with focus on protection as Tarun mentioned riders, retail protection is actually helping us to grow our market share also and at the same time take care of the margin.

Nischint Chawathe: And just one again if you could give some flavor in terms of the momentum that we have seen in protection, how do you see that going ahead? Do you see this kind of moderates a bit? Do you see it fizzles out? What is the thought process for the fourth quarter? Will protection continue to show similar growth or how should one really think about it? The ratio of protection has gone up from 4% to 7%, so.

Anuj Mathur: Q3 versus Q2, obviously the base was lower, so we will see that momentum is continuing. And we are targeting similar kind of sale. Just to give direction but we are targeting to touch overall double-digit number in terms of overall protection, which includes group also.

So, over a period of time we are expecting that our Protection business will be double digit contribution in the overall sales, and that will be contributed equally from the Individual protection and the Group side of protection. So, it will help us in terms of enhancing the margin further on this area.

Nischint Chawathe: And if I can ask how does the current 7% break between Group and Individual?

Anuj Mathur: It is almost 50%-50%. Almost 4% there, which used to be significantly tilted towards group earlier. But this year, we have seen a momentum on individual protection along with significant growth on the group protection. So, therefore, absolute amount if you see in terms of percentage, if you see it's still 7%. But absolute amount is almost 3x of what we sold in last quarter. So, that absolute amount is helping us in terms of enhancing the margin.

Nischint Chawathe: Got it. And just finally, last one is on the hedging side, any change in the hedge coverage or any update versus the last quarter?

Nitin Agarwal: So, we have, as last time also we mentioned, so we are consciously working on the hedge ratio and we have increased the hedge ratio further from last time. And that is also helping us in our sensitivities, the interest rate sensitivity that we have been showing. So, that is moving in the right direction.

Participant: Sure. Thank you very much and all the best.

Nitin Agarwal: Thank you.

Moderator: Thank you. Our next question comes from the line of Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Thank you for the opportunity. Maybe it's kind of a similar question. There is kind of a seasonality in third quarter when it comes to growth because 1H growth was like 11% and 9-months is 22%, which means third quarter is 37%. I think it was a similar trend in 3Q last year. So, just wanted to understand why there is kind of a seasonality to third quarter, any specific reason. And it is kind of a thing which will continue forever, given the business is designed or distribution channels are designed in that way. If you can give a bit of color there, it will be useful.

Anuj Mathur: Sanketh, Anuj here. So, this is part of sales strategy that every quarter, every month, you will try to do something differently. So, actually we have been doing this that in certain periods, we actually focus in a particular segment, which is what has happened in Q3 that we came up with NFO and that actually helped us in terms of getting more business. So, that is there for the current period. For the next year, again, we create our seasonality. This is what we think is appropriate as for the market and as for the customer needs. So, yes, and we try to kind of spread it much more kind of, I will say, over the quarters rather than in a particular quarter. But as I mentioned, it's part of sales strategy that you decide, okay, in certain period, you will try to focus more on topline and then subsequently you like to focus more on the margins and traditional mix. So, this was part of the sales strategy. Every year, we will change our sales strategy as per market needs.

Sanketh Godha: Okay, understood. And the second question, again, probably on the GST thing. So, the way I understood is that for the 8 or 9 days of the business in second quarter, the annualized impact was 225 basis points. And in the third quarter, which for 9 months looks like 160 basis point, that number is, means if I want to analyze only 3Q impact on the margin due to GST, it means if you can quantify that number, whether 160 will translate into what kind of a number and which you alluded that for the full year, it might be stopping at 185 compared to 225 you started at 9 days of 2Q business?

Anuj Mathur: No, actually, 225 was not for the 9 days business. Nine days business or September till September, the impact was 30 basis point because of GST

Sanketh Godha: No, annualized, I said, annualized that 9 days business. If you continue to do in that way, it would have been 225.

Anuj Mathur: Yes. And it was not the linear annualization because there was some product mix, seasonalization and also our renewal book and some of the action we had taken. So, we did not consider that. So, that's why it was not straightforward annualization of that. And so, that number when we calculated without management action, because that point in time, we were in the discussion with distributors and also with vendors and also working on how to rationalize cost. It was expected to impact our VNB margin for '26 by 225 basis point. But after doing the action and rationalization of expenses, operating expenses, renegotiation of some of the contracts with the vendors and also important thing which we are able to do is work on the renewal commission side, which has a longish impact because it is going to have a positive impact on the embedded value also. So, we are able to reduce this 225-basis annual impact to 185. So, we expect that by year end, we will have this impact. And obviously, there are some few more actions which are work-in-progress. So, we have not counted that. There is a possibility that it might be plus minus 5% here and there, 5 basis point or 10 basis points here and there. But this is what our current calculation says that, when we start a new year, which is FY'27, this impact would have been taken care. And then obviously, there will be a fresh start.

Sanketh Godha: Understood. So, unlike a few peers, which reported impact of GST only for the incremental business and the renewal impact for the business which was done from 1st April to September was directly adjusted in the EV, we did not do it in that way, right? We routed entirely through the VNB of the current year. That's a clear understanding?

Anuj Mathur: We did that. In the EV walk, if you saw, there was an impact of around 20 crore, which was mentioned. And that was actually taken care of for the in-force book till 30th September. So, we took that impact. And that impact is expected to maybe, 5 to 10 basis point additional impact can come because there is some renewal book with some of the distributors, which might be having some GST impact continuing. But we are not expecting that to go significantly. So, that impact had already been taken.

Sanketh Godha: So, sorry again. So, my understanding, I mean, the way you explained, it seems that that 160-basis point impact in the full year margin is only for the business done from last week of September to last week of December. That's the way I need to understand, right?

Anuj Mathur: Yes, absolutely.

Sanketh Godha: And that impact, which is 160 for the full year, it should stop at 185?

Anuj Mathur: Yes.

Sanketh Godha: Okay. Understood. And the next question I had was that, sorry, just to clarify on protection, when you said 4%, you mean to say out of the 7%, 4% is individual or group?

Anuj Mathur: So, 3.5 and 3.5 kind of a 50-50 mix is there between individual and group.

Sanketh Godha: Okay. And in credit life, just want to understand that it is predominantly sitting in Canara. And what is our attachment rates for the disbursements done in Canara Bank or HSBC Bank in that sense?

Anuj Mathur: So, yes, major is Canara. And we have seen our attachment rates actually going up, hovering in the range of about 45%-50% is what we have witnessed so far.

Sanketh Godha: Okay. And lastly, to Nitin, see, if hypothetically assume, if you fully hedge your book, say at some point in time, then given the hedging cost will naturally have impact on the margins. So, just wanted to understand, hypothetically assume by end of the year, if your intention is to fully hedge the book, what likely impact will it have on the margin?

Nitin Agarwal: Actually, the impact is quite immaterial. So, from the hedging cost perspective, we have seen that the cost, its impact is quite immaterial. And as I mentioned earlier, also that the hedging has also helped our interest rate sensitivity. And now we are heading towards, getting closer to zero.

Sanketh Godha: Okay, fine. I understood that point. And lastly, on Banca, can you do the mix, I mean, 93% of the total WPI you mentioned is Banca. Can you break down that 93% or 100% of the Banca into Canara, HSBC and other banks?

Tarun Rustagi: Yes. So, Canara is almost contributing 75% and HSBC another 12%. The RRB shares have gone down because of various structural changes happening in that particular channel. So, that is around 5%. So, that gives you a total Banca of 92%-93%.

Sanketh Godha: Understood. That's it from my side. Thanks for your answers.

Moderator: Thank you. Our next question comes from the line of Vinod from Nirmal Bang. Please go ahead.

Vinod: Thank you for taking my questions. Most of the questions I had were answered. I just wanted to know on this channel mix, what proportion of your business, which is coming from Canara Bank is, say, non-Tier-1, as in, say, Tier-2, Tier-3 and so on? This is specifically for business from Canara Bank. On HSBC, I assume most of it will be from Tier-1 cities. Is that understanding fair?

Anuj Mathur: HSBC operates primarily in Tier-1 cities. Canara, just give us a few minutes. We will just tell you the exact number in terms of how much business has come from Tier-1 and how much business has come from Tier-2 and Tier-3. We will provide that information offline also.

Moderator: Thank you. Our next question comes from the line of Sucrit D Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D. Patil: Good evening to the team. I have two questions. My first question is, with premium collections growing strongly and total income nearly double, what specific initiatives are being taken to sustain this momentum? Over the next 12 months to 18 months, how do you see Canara HSBC Life strengthening its distribution network and digital channels to capture a larger share of India's life insurance market? That's my first question. I will have my second question after this. Thank you.

Anuj Mathur: Okay. So, you see, persistency is an outcome of sales quality. And there's a lot of focus in our company on sales quality. So, persistency, honestly speaking, is a lag indicator of sales quality. And specifically, we have made extra efforts to kind of reach out to the customers, provide them additional options to pay premium, regular follow up with the customers, and also an outcome of good performance on the fund performance side. So, all these things have helped us to kind of improve our persistency. And I think some of these things are sustainable over a period of time. But yes, after touching the current persistency, which you have seen, which I have talked about, of close to about 86% on 13 months basis. So, I think there will be improvement. But yes, over a period of time, it will be more kind of gradual. So, we have moved from 83.4% previous year to 85.6%. But we are conscious of sales quality. And we feel that persistency should improve from here. But the percentage increase could be lower. So, that's on the persistency front. Anything else you want to know on persistency front? Otherwise, we will come to the digital part of it.

Sucrit D. Patil: No, you can proceed.

Anuj Mathur: Okay, fine. So, and in fact, if you look at our persistency across cohorts, it has improved. So, it is an outcome of efforts being made, and customers being happy with the product outcome and all that. Now, talking about, I think your question was, if I have understood correctly, is that how we are going to grow business using digital means, right? Am I correct?

Sucrit D. Patil: Correct.

Anuj Mathur: So, actually, for us, this is something which we clearly see as an opportunity, big opportunity to optimize the business. And in fact, in our IPO roadshows also, and also separately in the last investor call also, I remember we had mentioned about what we are doing using the bank's digital assets. So, we see a big opportunity there. Because Canara Bank is actually focusing a lot on digital assets. And we clearly see an opportunity in terms of reaching out to the customers who are otherwise not coming to the branches. So, internally, there is a clear strategy in terms of how we can use digital assets, how we can use analytics, data analytics to reach out to these customers who are otherwise not visiting the branches. So, we think that over a period of time, this is a big opportunity which is in front of us to leverage on digital assets, both to our website, as well as the digital assets of the bank. So, that's how we are going to focus upon. Separately, our digital business, which has policy bazaar, our direct website sale, there also we are seeing good traction. Our products are quite competitive. And we are seeing a good amount of protection business coming through that.

Sucrit D. Patil: Thank you. My second question is with regards to finance. With net profit slightly lower despite strong revenue growth, how are you approaching cost discipline and capital efficiency? Could you outline how the company plans to balance investment in technologies and distribution with maintaining profitability as premium inflows scale further? Thank you.

Anuj Mathur: So, see, insurance and insurance business, as you are aware that the profit, which is a statutory profit, depends on what kind of a product you are selling. And generally, there is a strain, new business strain, which is there. So, as the product mix will shift from one, let's say there is a product which we are able to sell, which is having a lesser strain, you'll see a higher profit emerging during that particular period. And also, as our renewal book is increasing and improving, there is a renewal profits which are coming now in the books. In terms of investment to technology, that we will continue to maintain it. The answer to continue to maintain and continue to focus on technology and other initiatives is to grow the business, generate more profit from that. There are some cost levers which we have pulled, which is helping us, you can call it up, some bit of a discretionary cost also. So, those levers we are able to pull. And therefore, we are able to maintain or reduce the cost. And that will be a long-term cost saving. Then again, the technology, what we invested a couple of years back, if you see our technology investment or spend, has been there for quite a few years. So, those were basically to automate some of the processes. And we have started seeing the benefit of those processes or those automation. That is bringing more efficiencies and better cost numbers for us or operating expense numbers for us. So, these are the few things which we are doing and we think these are the sustainable sales which we are generating. And we will continue to operate and invest in technology and some other initiatives, which might have some impact in a very short-term period. But a medium-to-long term period that is going to benefit us from the efficiency perspective.

Sucrit D. Patil: Thank you for the guidance and I wish the entire team best of luck for the next quarter.

Anuj Mathur: Thank you.

Moderator: Thank you. Our next question comes from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Good evening and congrats on a great set of numbers. Just on HSBC, they were allowed to open new branches. Where have they started opening those new branches? And what are the other layers on HSBC which are not available to us and can start coming to us down the road?

Anuj Mathur: So, they have already launched four new branches. They are operational. In fact, some businesses also started coming from these four new branches, which they have opened in the last month or so. They are also planning to open another 3 to 4 branches in the next 3 to 4 months. So, additional business will come from these places. So, that is in terms of new branches. So, they are on track in terms of launching new branches. So, that's there. Now, in terms of other business opportunities within HSBC, one is on the Gift City, where we have a branch now. We have a product which is there, available, operational. HSBC is just waiting for their distribution license to come from IFSCA. And once that starts, that's another revenue stream, which we feel in terms of, because HSBC has very good NR base so that is where we feel that that will also help us. Plus, the bank is also deploying additional relationship managers because in HSBC, it's a pure Banca model, wherein a bank is deploying their relationship managers to source business. So, there is good focus in terms of increasing penetration within the premier segment. And there are other sub-channels within HSBC, when I say sub-channels in terms of, they have this ultra-HNI segment, which is private bank. So, they are also, they are focusing and we expect business to come from that segment. Bank is also quite aggressive now in terms of new customer acquisition through EBS, Employee Banking Solution. So, we see that these are the few avenues through which we will be able to expand our business within HSBC.

Prayesh Jain: Sorry, thanks for the clarification. Just on the VNB margins, so, had this GST impact not been there, we would have been somewhere about 20%-21% margin. Is that a fair assumption?

Nitin Agarwal: Yes, that's correct.

Prayesh Jain: Right. And now to top on to it we have just started spending on agency, right? Is there any cost related to agency during this quarter because we had launched in October? And has that put in any pressure on margins in this quarter? And how do you expect the expense scale up from here on that channel to kind of put pressure on margins?

Tarun Rustagi: So, for this year perspective, this was very marginal. So, this hasn't really had any major impact on our margins for this quarter.

Prayesh Jain: Yes, but how do we see the scaling up from Q4 onwards and then flowing on into FY’27?

Tarun Rustagi: Yes. So, Prayesh, this agency business, like Anuj mentioned in the opening commentary, that we will be scaling up in a phased manner. And we are very, very carefully going to expand this channel. You are absolutely right. There will be some strain on the margin in the initial period. And that is being taken care of by a couple of things which we are working upon. And some of these things have started giving us results. One is on the increase in the protection business overall, which I mentioned that we are expected to touch double digits. So, that's going to help us further improve the margin, both on the individual side and on the group side. The second thing which is also helping us in terms of improve the margin is on the annuity side, which is also showing a reasonable growth and continue to have because there is a specified segment which we have identified within HSBC and Canara, where this product is suitable. The third thing is with the scaling up of the business and the volume, some of the operating efficiencies and the lever will kick in. And that will also help us in terms of improving the margin. And within Unit Linked versus this current year, next year also the rider’s strategy is going to continue. And that is also going to help us in terms of improving the margin. So, these three things along with managing the cost and improving the topline will help us to improve the margin from the current level, which is going to help us in terms of absorbing some of the strain which will come from the agency channel.

Prayesh Jain: The reason I asked that question was the fact that Tarun, when we were discussing these things at that time, we didn't have the GST thing coming in, right? And now there is an additional and you mentioned that it's a rebase of the VNB margin trajectory. So, does that anyway kind of alter your plans for agency channel scale up or the methodology in which you will scale that up?

Nitin Agarwal: Not exactly, because what we were earlier, when we were talking about these things, we were not expecting that individual protection is going to increase and help us in terms of improving it. Overall, protection business we mentioned, and that was mainly coming from the group trade life. Now, a similar and significant or equal contribution is also contributed by individual protection. And we have a very, very competitive product giving us good margin. And also, there is a good uptick, which we have seen in last three months period. So, that is expected to continue. That will give us a further uplift in the margin, which will help us in terms of absorbing some of the GST cost. So, at this point in time, yes, there is a rebase on the VNB margin. But if you look at from the medium to long term perspective, we are expected to continue on that trajectory, which we discussed earlier.

Prayesh Jain: Got that. That's it from my side. Thank you so much.

Moderator: Thank you. As there no further questions for the participant, I would like to hand the conference over to the management for the closing comments. Thank you and over to you, sir.

Anuj Mathur: Great. So, thank you very much for participation in this call. And if there are any further questions, then Amit from our investor relations is available to answer queries. So, thank you very much once again. Thank you.

Moderator: Thank you, sir. On behalf of Motilal Oswal Financial Service Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

Safe harbour: Please note that this transcript has been slightly edited for the purpose of clarity. Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', ‘indicating’, ‘expected to’ etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These statements by the Company and its management are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions and are not guarantees of future performance. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control, and actual results could differ materially from those presented in the forward-looking statements.