July 22, 2026

Ref. No: HDFC Life/CA/2026-27/31

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No C/1, Block G,
Bandra-Kurla Complex,
Bandra (East),
Mumbai- 400 051

Listing Department
BSE Limited
Sir PJ Towers,
Dalal Street,
Fort,
Mumbai – 400 001

NSE Symbol: HDFCLIFE

BSE Security Code: 540777

Dear Sir/ Madam,

Sub: Transcript of Earnings Conference Call - Q1 FY27

We wish to inform you that pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call with analysts and investors held on July 15, 2026 to discuss the financial performance of the Company for the quarter ended June 30, 2026.

The said transcript has been hosted on the Company's website at https://www.hdfclife.com/aboutus/investor-relations.

This is for your information and appropriate dissemination.

Thanking you,

For HDFC Life Insurance Company Limited

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Digitally signed by NAGESH PAI
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Date: 2026.07.22 17:36:28 +05'30'

Nagesh Pai
Company Secretary & Compliance Officer

Encl.: As above

HDFC Life Insurance Company Limited Q1 FY27 Earnings Conference Call

July 15, 2026

Vibha Padalkar: Good evening, everyone, and thank you for joining our earnings conference call for the quarter ended June 30th, 2026. Our results, along with the investor presentation, press release and regulatory disclosures are available on our website and with the stock exchanges. Joining me on today's call are Niraj Shah, Executive Director and CFO; Vineet Arora, Executive Director and Chief Business Officer; Eshwari Murugan, Appointed Actuary and Chief Actuary; and Kunal Jain, Head IR, Business Planning and Strategy.

Moving on to the macroeconomic front. Let me begin with the broader macroeconomic context. FY27 opened on a firm footing than we anticipated a quarter ago. The RBI's financial stability report reaffirms that the banking and corporate sectors remain healthy, providing a stronger cushion against external shocks than in past episodes of stress. That said, the environment is not without its watch points. Geopolitical escalations and risks can resurface quickly and we are watching this closely, given bearing on oil prices and broader market sentiment.

El Nino also remains a factor we are tracking, though we do not see this as a broad-based risk at this stage. We believe this improving macro backdrop is constructive for long-term savings and protection businesses like ours, and we remain watchful for any material shifts as we go through the year.

Moving on to our business performance. We commenced FY27 with Q1 individual APE and WRP growing by 7% and 8%, respectively, while overall APE growth was stronger at 9%, supported by robust growth in credit life and group business. On a 2-year CAGR basis, individual APE growth was 10%, and our retail private market share stood at 16.3%.

Growth during the quarter was underpinned by strong customer acquisition with the number of policies growing in double digits and ahead of industry. Retail Protection continued to outperform the company average growing by 42% and retail sum assured should also continue to outpace the industry, which is a reflection of the quality of our business mix and our sustained focus on long-term protection outcomes.

Importantly, this growth was broad-based. Channels other than HDFC Bank collectively grew at 17% in Q1 FY27, led by a strong performance by our agency channel and healthy momentum across non-bank alliances, demonstrating that the underlying engine of our business remains well set up. Business through the HDFC Bank channel remains subdued this quarter, reflecting softer volumes at the overall bank level.

We have worked closely with the parent and encouragingly accounted share within the bank improved through the quarter and is now trending closer to where it stood at the same time last year. And this is on a run rate basis. While it is early days, we see growth pick up as a matter of time rather than anything structural, and we expect the channel to progressively contribute to growth as the year progresses.

Our agency channel grew ahead of the company average at 21%, with particularly healthy traction in protection and annuity, a continuing payoff from our investments over the past few years, in distribution reach, frontline capability and branch productivity.

Our non-bank alliances also delivered a strong quarter with retail protection growing by 60% year-on-year and market share across partners remaining largely stable. For FY27, we continue to hold ourselves to two clear markers, growing in line with or faster than the industry over the course of the year and delivering VNB growth broadly in line with APE growth as we prioritize profitable market share gains this year.

We remain disciplined in our approach anchored in customer acquisition, product competitiveness and quality of business and confident that the machinery we have built is positioned to deliver on both.

Moving on to product mix. Our product mix remains well diversified. Unit-linked products contributed 44% of individual APE, non-par savings 22%; participating products 15%, retail protection 8% and annuities 11%. Non-par savings crossed mid-20s on a run rate basis by the end of the quarter, aided by calibrated rate actioning across select cohorts supported by a favorable yield environment.

We also saw some benefit from competitive repositioning in the category alongside a gradual shift in customer preference towards guaranteed return products, a trend we will continue to watch as the year progresses.

Protection continues to be a standout, growing over 40% year-on-year as we carried forward the momentum from the second half of FY26. Retail protection's share of our business rose from around 6% to 8% and to nearly 11%, including riders. Credit Protect also delivered healthy growth of 19%, supported by a recovery in the MFI segment.

Annuity saw strong momentum on the back of our variable annuity proposition launched in Q4 FY26 and which now accounts for just under half of our annuity mix and has opened new conversations with both distributors and customers. We believe continued innovation in this category will expand our addressable market over time.

Unit-linked demand remained resilient despite market volatility. Looking ahead, we expect our product portfolio to remain balanced. We do not anticipate ULIP mix increasing meaningfully from current levels and expect the share of non-par savings products to improve gradually as customers rebalance their asset allocation towards long-term guaranteed solutions amidst evolving market conditions. We also expect protection to remain a key growth driver, although growth rates may moderate in the second half as the impact of recent tailwind normalizes.

Moving on to financial and operating metrics. Our value of new business grew 9% to INR 879 crores during the quarter, aided by improvement in new business margins by 100 basis points sequentially versus Q4. On a 2-year CAGR basis, VNB growth was 11%. New business margins stood at 25%, aided by better product profile, which helped absorb scale-related pressure and a GST impact of approximately 60 basis points.

Residual GST impact now stands at 60 basis points, and we remain on track to fully neutralize it over the coming quarters. Going forward, while margins should improve with scale and product mix, as stated at the beginning of this year, we will continue to prioritize growth over margin expansion. And hence, we expect new business margins to remain range bound at current levels.

Renewal collections registered a healthy growth of 19%. Our 13-month persistency moderated by around 200 basis points to 84% broadly in line with our expectations and driven largely by specific cohorts and softer collections in unit-linked products. We view this as within our anticipated range, and we are working across customer engagement, collections and attention to drive improvement through the year. 61st month persistency improved by over 150 basis points to 65%.

We also crossed an important milestone this quarter with our assets under management exceeding INR 4 trillion. Following the successful completion of the preferential capital issuance by HDFC Bank, our solvency ratio improved to 185%, giving us a strong capital position to support growth ahead.

Profit after tax for the quarter was INR 611 crores and registering a YoY growth of 12%. Excluding impact of GST, this would have been 17% growth. Embedded value stood at INR 65,860 crores. We would highlight that our 5-year absolute EV accretion has compounded at 18%, which we believe is a more meaningful measure of sustained value creation, particularly as the business scales.

On the regulatory front, IFRS implementation remains on track, and we look forward to further clarity on the time line for implementation of the risk-based solvency framework. Separately, the RBI regulations on third-party product distribution finalized last month and effective January 1st, provide a framework around best-selling practices for distributors and we are working closely with our partners to implement these seamlessly.

We also await the discussion paper on distribution remuneration from IRDAI and are hopeful that ensuing regulations would help in achieving their long-term vision of insurance for all by 2047.

Moving on to our subsidiaries. Our wholly owned subsidiary, HDFC Pension Fund Management continues to strengthen its leadership position with a market share of 43%, with assets under management of approximately INR 1.75 lakh crores, delivering 33% growth YoY. Our reinsurance subsidiary, HDFC International Re continues to deliver steady performance with encouraging traction in GIFT City operations.

To conclude, as I outlined at the start of this call, the broader environment has been constructive, and we believe the machinery we have built, namely a diversified distribution franchise, a well-balanced product mix and a disciplined approach to pricing and capital is working as intended.

For FY27, our aspiration remains unchanged, to grow in line with or faster than the industry and to deliver VNB growth broadly in line with APE growth. With GST transition largely behind us and encouraging trends emerging within our bank channels, we remain confident in our ability to deliver profitable growth over the course of the year.

For a more detailed discussion on our performance and outlook, please refer to the investor presentation. We will be happy to take your questions now.

Moderator: Our first question comes from the line of Avinash with Emkay Global.

Avinash: A couple of questions. The first one would be more on the longer horizon. If we were to look back over a longer horizon post your listing, one thing that we have seen the peer margin improving materially because post listing you had this non-par saving products boost coming and the margin expansion has been very, very material.

Whereas in your case, you had one of the best margins when you had listed, as against some other peers, the margin has kind of gone up in between. But today, if I look at last year full year margin or now, the improvement over the last 7-8 years is relatively limited – even with product mix turning favorable, operating scale kind of going up. What has put this kind of constraint that your margin improvement has been relatively limited.

Second question would be, looking forward, broadly, you are maintaining the guidance of an industry in line growth and VNB and APE growth to be in line, basically flat margins. I presume that this is for individual APE, that has been kind of relatively slower. Now going forward, if you were to look, what is giving you the confidence? Is it any sort of a specific channel issue that particularly you have a solution in sight for or you expect that the weakness in HDFC Bank channel to be compensated by maybe agency growing faster? So, what is giving us the confidence that it will improve from here onwards?

Vibha Padalkar: Yes, so on the margins, actually, fundamentally, our margins would have grown. I don't want it to say relative to peers because -- some are in open architecture, some closed architecture, some are at intensely competitive market commercial, some are at favorable commercial and so on. If you look at our own numbers, you will see that margin expansion was clearly on the cards, and this is what you see on Slide 5, specially in context of every dip or volatility that you see.

If you were to look at FY16 onwards, there has been a steady FY16, FY18, every 2 years, FY20 till FY22, there was almost linear growth in margins, almost between 100 to 150 basis points increase in margins exactly to your point. And this happened as recently as FY22.

Thereafter, there were three very significant either regulatory or government-related impact on the sector, which we have called out to say first one between FY22 to FY24. There was a 90 basis point decline in our margins and thereafter because of the withdrawal of 80C or the INR 500,000 lakhs and above would be taxed, very significant impact also because some of our customers were perhaps the more affluent segment and so we were operating at a higher ticket size. So, like we articulated at that time, we changed our strategy to move away from those cohort of customers to a more broad-based, Tier 2 and 3 markets.

And around this time, we rolled out our Tier 2 and 3 strategy. Happy to share that now close to 70% to 75% of our new business comes from Tier 2 and 3 when you look at number of policies. So that has worked very well. Thereafter, when you fast forward margins, so we have reached 26.3% in FY24. From 26.3% in FY24 to 25.6% in FY25, we had surrender charges and we had called out that there was a 100 basis points impact on our margins due to surrender charges.

And again, in terms of surrender charges, as you know, we were the architects of non-par product Sanchay Plus, which has now become ubiquitous in the sector. Again, it took us time to recalibrate and look at how we are able to change our business model, economics with distributors, some of it sharing with distributors, and that is what took us sometime between FY24 and FY25.

Thereafter, once surrender charges was done and dusted, we had the GST between FY25 and FY26. And what we have shown last year is that GST came in the second half of the year, excluding the impact of GST, we actually had a margin expansion. So inherently, margins have gone up and not down. And net of GST, we had that impact. So really, the only reason I would attribute is these three very material shifts and impact on business model.

Hopefully, that's answered your question in terms of the 100 basis points downward shift in margins. And when you look at this quarter, actually, our margins have expanded. If you back out the impact of GST, our margins are actually ending up at 25.6%, versus opening of 25.1%. So again, a margin expansion.

And like we have articulated, the 300 basis point impact of GST, we ended last year having digested everything, with about 110 basis points or thereabouts remaining. 50 basis points has been digested in Q1 and we have about 60 basis points left yet to go ahead, which we are reasonably confident for us to get over that as well.

Vineet Arora: I think on the growth, the way I think Vibha also covered in our opening, our growth in this quarter, if we keep HDFC Bank aside for a minute, has been very broad-based across all the channels. This has been led by our agency channel and our own proprietary channels, which has led this by growing faster than 20%. All the channels combined, excluding HDFC bank, grew by about 17%, and our proprietary channels grew in excess of 20% in this quarter. So, the growth has been fairly broad-based.

Now coming to HDFC Bank, within HDFC Bank, like we have been talking about this in the maybe last 2 quarters also that how certain competitive pressures which we were not comfortable participating in, we have let some share go in that segment -- in the 4-6 months of the last financial year.

In this quarter, a lot of that has evened out. Most of the competition is now completely benign on those products, which were obviously not profitable for them as well. And hence, we have seen the market share coming back. Overall, HDFC Bank has not grown this quarter because of a large base. But given that factor, our market share within HDFC Bank has now come back.

Now as the bank continues to grow and we continue the momentum of our market share increase going forward as well, we are very confident of getting good growth from HDFC bank as well.

Moderator: Our next question comes from the line of Shreya Shivani with Nomura.

Shreya Shivani: I wanted to understand how the product-wise growth shall pan out for the remaining three quarters of the year. So, protection clearly will have a high base coming in from third quarter. But on the non-par segment, it's good to hear that the competitive intensity within the HDFC Bank channel has come down.

Is there any other pressure or other competition from FD or any other products that may create a problem for us in that product going ahead and within that channel specifically? So yes, a product-wise outlook on what can pan out in the coming three quarters? And to that extent will our margins remain at these elevated levels or should we see a little bit more compression coming in if ULIP growth kicks in from second quarter?

Niraj Shah: At a broad level product mix, there are a couple of shifts that are very noticeable are in protection, uptick by 2 percentage points from 6% to 8% over the same period last year. And also, as we had indicated over the last few months, the non-par savings bucket has started moving in the right direction. We closed at about 18%-odd last year, and for the current period, it's 22% now, on a run rate basis it's close to 25%.

The third bit, which is again within the non-par savings category, but falls in the annuity bucket has more than doubled from 5% mix last year to about 11-odd percent. This is on the back of a new product launch that we had done in Q4 of last year on the variable annuity front. We have a couple of product structures there, which have been received extremely well by customers and our distribution partnerships. So that is something that has also added to the richness of the product profile.

Unit-linked, as anticipated, the same period last year has gone up by about 6 percentage points, but as such on a full year basis is at very similar levels, not having moved too much. So, our outlook for the rest of the year on the product mix is going to be not very different from what you see now. Protection as a percentage is likely to stay there or thereabouts.

We expect a higher level of growth in the next nine months. So lower ticket size protection products may not be able to match in terms of the mix percentage. So that's something that you could see.

Annuity as a segment, we expect that to continue, which will be significantly higher than last year. Non-par also meaningfully higher than last year. We don't know where it kind of settles. But mid-20s looks like a fairly good base from where we would like to build. Unit-linked again, not very different from last year. We don't expect any meaningful elevation from here neither do we expect a very significant downward movement from here on.

In terms of mix, this is where we are. To your question in terms of where do we see margins settle as a consequence of this, very similar to current levels at about 25%-odd. So, we basically have mentioned about wanting to recoup some of our loss on account of the GST large part of it has been done. We endeavor to mitigate the rest of the impact over the next few months, anyway from H2 it will be in the base.

So, we expect to hold our margins at levels similar to where we see today and focusing on VNB growth in line with APE as the rest of the year shapes up. So, no big movement in the levels of margin from where you are seeing it today. So definitely looking for a higher level than what we delivered last year. But similar to where we are at this time.

Vibha Padalkar: So just to add, I think inherent margins hopefully should go up a little bit, but we want to reinvest it back into business for growth.

Shreya Shivani: And just a follow-up question is on the agency channel and the kind of growth momentum over there. Is it fair to say this is the portion where your majority of Tier 3, 4 market expansion story is playing out? That will be a fair assessment, right? And then your agency channel is expanding more into the Bharat market, etc.?

Vineet Arora: It's not just from the Agency channel. Even the bank channels have a big reach in the Bharat and the Tier 3 towns, etc. So, it's a very fair mix in these towns. Channel expansion is also happening in Tier 1 and Tier 2. So, we did expand branches, and we are also deepening in existing market where we had lower share of agent channel. So, when we expanded brand, we expanded across markets to increase our reach and second, to increase our depth.

Vibha Padalkar: And happy to share the branches that we opened in our agency channel, in the past 24 months, it contributes almost 16% to our agency APE.

Shreya Shivani: And most of these branches were in deeper pockets or that's again fairly diversified across geographies?

Niraj Shah: The new branches were in the Tier 2, Tier 3 markets, but the growth is more broad-based across Tier 1, 2 and 3. But yes, the more recent branches are in the smaller markets.

Vineet Arora: So the expansion that we took over in the last 2 years, the Phase 1 and 2 of those expansions were more to cover the geographies. The Tier 3 expansion is more in terms of deepening - so there is a portion of the expansion also, which is for them.

Moderator: Our next question comes from the line of Sanketh Godha with Avendus Spark.

Sanketh Godha: Just on the Banca thing, you said that market share is coming back in HDFC Bank. So maybe last year, we alluded that we were at early 60s and we used to be in mid-60s. So, when we say that market share is back, are we back to mid-60s or we still have a scope to go back to mid-60s in HDFC Bank?

Vibha Padalkar: We are very selective in which segment we want our market share to go up. I think that is important. The headline number is not something that necessarily is how we look at things. So obviously, in some of the segments that we talked about just now non-par especially as well as in protection and even in par, that's where probably our focus is a lot more than in unit-linked. So, we are very granular in terms of what are we tracking.

But suffice to say that we are on track in terms of level playing field, we are also competitive on our product architecture. We talked about that earlier. And a few other things that are well positioned to pick up any demand. We are also looking at this in a very granular fashion of which are the laggard branches and so on and having a very bespoke strategy to fix it. The intention certainly of the bank will aid some of what I'm saying.

Sanketh Godha: Is it fair to say that compared to last year in current year or at least for first 3-4 months, you are operating in a relatively better environment in HDFC Bank compared to what you witnessed in FY26. So probably, if the bank comes back with the growth, you will invariably do very well in the particular channel?

Vibha Padalkar: Yes. I think you more or less captured it.

Sanketh Godha: And second question which I had was that this par meaningful slow down what you see is predominantly because of our conscious focus to degrow the immediate cash back plans, which we launched in par or in general migration of business to variable annuity or non-par? Just wanted to understand the color of slowdown in par business?

Vibha Padalkar: Yes. So, it's a combination. Our focus has been on non-par and you will agree that we have shown a fair bit of traction on non-par from the late teens to moving -- exit rate, like we said, around 25%. So, some of that has happened.

But also, I think the overall operating environment, there are preferences of customers where there is a lot more of market volatility, there is some level of relooking at guaranteed products, that is for some part of people's portfolio as they should, plus aided by a favorable yield curve environment. So, the combination of all of those.

Sanketh Godha: The reason why I'm asking is that in the previous results call, the articulation was a little different that non-par business is still not conducive. But in the commentary, what you are giving seems to be a little different. So just it is bit confusing to make a clear conclusion whether the demand has come back to really non-par, either because you're offering or industry is offering better deals because of the yield curve benefit or it's just some ULIP demand or some other product demand is migrating towards non-par?

Niraj Shah: No it's a combination, I'll just start with non-par. Non-par we had we've been having a product mix in the 30s for the last few years, ever since we launched the category of products. And last year, we saw a significant downward shift at about 18%-odd. The reason for that was twofold. We had mentioned that largely the customer mindset moved towards unit linked products in a fairly big way. So that was one.

And second, we did see a significant amount of competitive intensity in this space, which like Vineet mentioned, we stepped back to be focused on business which we thought was viable from a medium- to long-term perspective. These were the two reasons why the non-par mix went down.

And also, as we mentioned, the environment is a little more, let's just say, benign on the ground now because of which ability to kind of compete on sensible terms is higher at this point in time. Alongside that, yes, the interest rate environment does help because the headline rates available now are better than what they were maybe same time last year.

So, it's more in terms of some of these things, which have increased our ability to get to a non-par share to this level. It's not necessarily dependent only on, let's say, the interest rate environment or any one single factor. The customer thought process on asset allocation will in our minds always be a very significant guiding factor on product mix. So, we just want to ensure that we are well positioned across each of these categories and competing on sensible terms. That's what we would like to maintain.

Sanketh Godha: And lastly one small point whether variable annuity product margins will be better than the company average? As in general I just wanted to understand the color if the product seems attractive. And lastly, in the VNB walk you have an assumption change negative impact of 40 bps outside the 60 bps negative impact due to GST. So just wanted to understand this 40 bps assumption change is related to what line item?

Niraj Shah: On the second one, assumption change is largely linked to what we had spoken about last year on the persistency variance that we had. So, this is something that we have corrected for and taken a hit upfront. On your variable annuity question, yes, the margins will be higher than company average.

It basically depends on the kind of structure that the customer chooses in terms of how many premiums they decide to pay. So, it would be anywhere between an annuity product that you saw the traditional annuity product and non-par product, depending on the structure, but higher than company average.

Moderator: Our next question comes from the line of Swarnabh Mukherjee with 360 One Capital.

Swarnabh Mukherjee: Two questions. First of all, in terms of the growth, just wanted to have your view on how should we see it panning out over this year. Because if I look at, say, the numbers from April to June, we had a stronger print in April and then the print kind of tapered.

And if I were to calculate a 2-year CAGR kind of a number, it is broadly around early teens for each of these months. So just wanted to understand that when we think about the remaining part of the year, should we expect a similar kind of a 2-year CAGR or should we think that now with a broader portfolio of products seeing pickup in growth, we should be able to have the growth trend at a higher level.

And second, in terms of the variable annuity product, just wanted to understand like the customer base, which we are targeting on this, what is the opportunity size as per you? Of course, this is an innovation, but would we expect there could be a competitive intensity picking up in this segment. I think if you could share your thoughts on this.

And thirdly, in terms of the solvency margin, I understand that it has improved after the preferential issuance, but just wanted to understand that with the retail protection run rate, we are seeing what kind of runway do we have before we need to go for a fund raise.

Vineet Arora: Like we have articulated, our endeavor is to grow in line with the market, both on VNB as well as on the top line. And that has been maintained for the rest of the year. So, whatever we have seen in the last three months makes us fairly confident that we should be able to deliver them.

Niraj Shah: To your question on variable annuity, yes, it's a very exciting space. We started out by offering a product and have now expanded to two product categories within variable annuities and we expect over the next few years, as the regulator engages with us, to develop this category further. We believe there's a lot more scope for innovation and more options from a customer perspective.

The customer segments that we're focusing on, at least to start with was somewhat a little more nuance and discerning in terms of ability to live with the variability in the product because traditional annuity product was a guaranteed product with no upside or downside potential. But this product allows the customer an opportunity over a 15-20 year period to get meaningful upside and that can be illustrated at the time of engaging with the customer.

So that is something that we started off with. As we expanded our product portfolio, we have seen that customers are willing to commit for a longer period of time from an investment perspective. They are typically slightly younger in age than folks taking a single premium product. So, there we are able to widen the customer segment and offer ticket sizes, which are slightly lower than what we would do for single premium products as well.

As we understand the customer behavior in our engagement, we will look at how we can expand the customer segments, but we have been fairly watchful to ensure that the customers understand what this offering is because it is different from what the traditional guaranteed product that everyone understood.

On solvency, yes, so as of now at about 185%-odd after the preferential allotment of INR 1,000 crores , we have additional sub-debt capacity as well, amounting to INR 500 crores, giving us potential of additional 4% solvency upside. The run rate that we are at this point in time, we're comfortable with a 15-18-odd months runway with the current capital that we have along with the sub-debt capacity.

And we would expect the transition to RBC to happen at this point in time. With the current run rate on protection and non-par or any of the product categories, we believe we should be okay as far as capital is concerned and we definitely look forward to the implementation of the risk based capital framework.

Moderator: The next question is from the line of Nischint with Kotak.

Nischint: Could you comment a bit on growth in the Banca channel beyond HDFC Bank?

Vineet Arora: Last year we spoke about competitive intensity in all the bank channel, including the other banks beyond HDFC Bank. And we have seen that also mellow down to a large extent. And our growth in those bank channels have also for this quarter been about 15%, in Banca beyond HDFC Bank.

Nischint: And in that sense, the HDFC Bank is probably a decline is what we are seeing right now?

Vineet Arora: Marginally lower, but let's say flattish.

Vibha Padalkar: If you see on a 2-year CAGR basis, HDFC Bank is very similar to other banks, but they had a higher base effect because of very good growth last year.

Nischint: And typically HDFC Bank exhibits kind of mid-teens sort of a growth trajectory, which you believe should catch up for the entire year, is that a fair reading?

Vibha Padalkar: I think 10% to 12%, because all these regulatory changes also spooks distribution. So, I think a 10% to 12% kind of growth of late. And that's what even other banks have largely grown, if I look at a 2-year CAGR basis. I think 2 years CAGR they are about 10%, yes.

Nischint: And agency is kind of trending quite well at around 21%. Do you see this kind of continuing because I'm just trying to kind of connect the dots to the overall guidance.

Vibha Padalkar: We are quite confident. The agency is a channel is a very bottoms-up funnel. We already have that funnel of new agents.

They have been trained and we look at different buckets of 0 to 12 months, 12 to 24 months in terms of productivity, products, our presence in all the 250-plus branches that we have added that are now contributing 16% to our agency business and it was probably in high single digits last year. So, it's a very bottoms-up, brick-by-brick growth.

And we have some visibility, all things being equal on the regulatory front and so on, that gives us the confidence that our agency channel should continue to trend well. And not just that we are very happy that term and annuity together has been growing disproportionately high in our agency channel. So that also includes our profitability in the channel.

If you were look at Slide 15 of our investor presentation, term and annuity has gone up from 15% to 27%. So not just the growth is good, but also consequently aiding profitability. And other things like our active agent count and all of those, if we put it out. But that's what I mean by the underlying building blocks of this channel.

Nischint: And anything specific to read in the sharp increase in non-bank alliances?

Vineet Arora: Non-bank alliances, growth is largely on the protection business, mainly from the aggregators. And that's where you see a large traction on term coming in. There is also a base impact, which happened post GST. So obviously post GST, there will be some re-organization on this business, but that's the large contributor.

Vibha Padalkar: Yes. also, the exit rate in FY26, if you look at that, it is 19%. And if you further deconstruct that into H1 and H2, it might actually be a shade higher in FY26, second half. So more or less in the zone, and it should kind of trend there. We have also done many things on our product competitive proposition, and that has also helped.

Nischint: So the term tailwind essentially is outside bank and agency, I think if I have to read it this way.

Vibha Padalkar: No agency also. So here in this Slide 17, it might not look like agency as such, but if you were to look at that 12% underlying, there's a lot more happening in terms of exit rates in agency are trending well. The quality of the protection business is also getting reasonably better.

Our direct channel also has seen a fair bit of material uptick from about 8% last year to 12% this year and 8% exit rate last year versus that of 12%. So proprietary channel to move broadly in terms of agency plus direct is trending pretty well on protection, both protection and annuity.

Moderator: The next question comes from the line of Dipanjan Ghosh with Citi.

Dipanjan Ghosh: So Vibha, I think at the start of this call, you kind of alluded to the fact that you're looking at HDFC Bank for a more granular perspective both in terms of products and customers. And previously, you've also alluded to the VNB counter share at that channel.

So now if I have to look at, let's say, 1Q '27 and compare, how much of the incremental wallet in terms of term or annuity or non-par of HDFC Bank, in particular, you're able to garner. Is there any color or either VNB counter share, the kind of the trajectory on that or the product level counter share that you're having rather than the blended number. Some color on that would be useful. And also, the strategy.

Vibha Padalkar: It is higher. At the same time, you will appreciate that we are in an intense open architecture scenario. And so, some of that information is difficult for us to share given these are competitive dynamics. But it is noticeably higher.

Dipanjan Ghosh: The second question was in terms of the non-par business. Now if you compare your high-ticket business mix in non-par versus, let's say, pre-change in taxation levels and immediately post that, how would those ratios be tracking on a run rate basis?

Vibha Padalkar: All our ticket sizes are doing very well, whether it is lower ticket INR 50,000 to 1 lakh as well as the higher ticket sizes. Really, it's almost secular growth across ticket sizes.

Vibha Padalkar: I just want to pre-empt that our overall ticket size looks muted in terms of growth. The only reason there is that the proportion of our INR 50,000 and thereabouts ticket size, that proportion has gone up. So, it's a mix impact, but different cohorts of ticket sizes, there is INR 50,000 to 75,000, INR 1 lakh to 2.5 lakhs. All of those have largely shown growth, but it's a mix impact.

Vineet Arora: With higher protection business is going to go down, overall ticket size.

Dipanjan Ghosh: The last question, I think Niraj touched on the fact that over the next 2 years, the regulator and the companies might be more focused on co-developing differentiated products on the variable annuity part. I just wanted to get some contours or lines of discussion with the regulator or what incremental strategies or kind of variations can come in this particular category.

Niraj Shah: So, the introduction of the category itself was a fairly big step, because this product as understood, is a fairly sensitive segment at 60 and above, as such. But increasingly over the last few years, we had developed deferred annuity products as innovation, and we had started getting younger customers engaged to this category.

Over a period of time, single premium products got enhanced with regular premium products for customers who are willing to accumulate more regularly. And now with variable annuity, I think the level of risk that the customer is able to take, I think the product development is going to be more linked to that. And that is obviously going to be based on how comfortable the regulator is in terms of opening up this segment over a period of time.

What is also equally important is the development of the asset side of the market through direct instruments as well as through derivative participation because that is something that will help manage risk for the customer as well as provide upside. So, a lot of these things are linked. We are in constant engagement with the regulators.

We have seen on paper, which is in the draft stage at this point in time where life insurance companies will be allowed to participate in the repo market. That is a very big step in the direction to be able to manage risk in a more diversified way rather than being dependent only on counterparties. So, these are some of the things that the regulator will look at from time to time based on our engagement, and that will further develop this category over a period of time.

Moderator: The next question comes from the line of Nidhesh Jain with Investec.

Nidhesh Jain: Two questions. Firstly, on persistency. If we look at the trends in the traditional business, the persistency used to be 88- 89%. That has now come down to 83%. So, is it a reflection of surrender value regulations where the surrender value is high in the first year and that is leading to lower persistency?

And should we treat this persistency as now the steady-state persistency across our business? That is one. Second is what gives you confidence that HDFC Bank channel will start to revive soon? And what is exactly happening there? Because last year also growth was soft for us. And this year, again, Q1 is quite weak for HDFC Bank channel?

Eshwari Murugan : On the persistency, it's a combination of things. The 88% or 89% persistency was seen when the segment had a large proportion of high-ticket-sized cases. Post the withdrawal of the tax exemption for beyond INR 5 lakhs policies, the ticket size has been reducing. The persistency also has been lower.

One other thing that has happened in the last year, which we had alluded to in the previous calls, was that there was one product feature which was resulting in a lower persistency. We have taken actions to ensure that the feature is moderated, and also engaging the distribution channels, as well as the customers, to improve the persistency.

So that is one of the reasons why the persistency has fallen to84%. So 40-50 basis points change. The other thing is that, generally, in the first quarter of the financial year, because of the March pace, which is quite large and doesn't get enough time for collection, the persistency is slightly lower. So these are the reasons.

And on the experience being reflected in the assumptions, all these factors which influence the experience, that is, your ticket size, channel, etcetera, is already captured. And that is why our variance is not anything big or material in terms of the EV walk that we have shown.

Nidhesh Jain: So going forward, the number should improve, right? Persistency can improve? For the traditional business also persistency should improve?

Eshwari Murugan: We expect it to be in 84%-85% range. It's difficult to say that it will go up to 87%, 88% as we have seen. With the ticket size, moderation has happened. But we expect it to get better from the current level.

Vineet Arora: On your question regarding HDFC bank, like you said, there was irrational competitive intensity in the counter, which led to our share dropping. In this quarter, we have seen that intensity going down and it has been more like a level playing field. And hence, our share has come back.

Bank growth this quarter is muted largely because of a large base of last year. And as bank inherently grows from here, we should continue to grow at erstwhile market share that we used to enjoy in the bank.

Moderator: Our next question comes from the line of Prayesh Jain from Motilal Oswal Financial Services Limited.

Prayesh Jain: The question is on your guidance. When you mentioned that will grow either in line with the industry or faster than the industry. What is the assumption of the industry growth that you have in mind? And adding to that, what is the kind of traction that you expect on a HDFC Bank channel, whether it is to be at par with the company level growth this year?

Or is it still agency-led and Banca and HDFC Bank would still be, say, in single digits kind of number. And when you say again on the guidance part, when you say that the VNB growth will be similar to APE growth, you are talking about probably a margin compression from here on because we ended the year last year at 24.2% and this quarter, we are at 25%. So how should we think about this?

Niraj Shah: So based on where the industry is at this point in time, the 15-17% kind of a number. If we continue with that base case, the requirement for us for the remaining nine months is to grow maybe a percentage higher than the industry for the full year basis. If the growth is lower then the delta required for us over the industry will be smaller.

But I think if the current growth momentum continues, then 15% industry growth can be a base case, and we'll probably have to grow at a little over 16% over the next nine months to get to industry-level growth.

To your question on VNB, what we have said is a couple of things. One, we definitely expect margin expansion over last year, which was at 24.2%, and we are at 25% right now. Where we end up, I think it's going to be a combination of what we see in terms of growth. We are fairly constructive in terms of where the growth numbers will be for the remaining nine months compared to where we are at an overall level today. We will toggle between the margin outcome and the growth opportunity.

But at an overall level, let's say, if the growth settles at industry levels, then we should be able to deliver VNB growth similar to topline. If the margins are higher than last year, then there could be an opportunity for VNB growth higher than APE. But at this point in time, the base case is in line. Given where we are on growth at this point in time, and we'll take it from here quarter-on-quarter.

Prayesh Jain: When you say in line, it's in line with last year, 24.2%?

Niraj Shah: Yes, current level is 25%. So, it depends on where our growth finally settles. If our growth is at about at industry levels, then the margin could be anywhere between last year and where we are today. If the growth is on the lower side, then the margin expansion basically will get us to the same outcome.

So, we want to basically retain that flexibility. At this point in time, we are fairly clear that growth is what we want to drive. Margin is going to be, in some sense, incidental. Some of it will be driven by product mix. H2 protection base was very, very high last year. So, some of the conversations we had earlier on the call.

So, a lot of it is going to be dependent on that. So, we're not really overthinking that too much. We'll focus on getting to growth in line with industry. The margin outcome will kind of be in a range, a fairly narrow range as we just discussed.

Prayesh Jain: And what have you pencilled for HDFC Bank growth?

Vibha Padalkar: We don't want to give you channel-wise growth outlook because, again, that's some of the competitive dynamics. But our philosophy is all channels have to grow and grow to their potential. Some will have a particular base effect, like I articulated with HDFC Bank.

And some will have further tailwind like our agency because all the investments that we have made. Each channel is on a different path, and we want all our channels to competitively rank, and we do track this very closely.

We look at our agency channel in terms of ranking amongst peers and so on and other channels as well. And that's how we track and run the business. So, each one will have to grow at least in line with the sector.

Moderator: The next question comes from the line of Vinod Rajamani with Nirmal Bang.

Vinod Rajamani: So, I have a few questions. So, one is on non-par. So, if I compare your non-par offerings versus peers. So, they are able to offer things like I mean, leave the IRR aside, but they are able to offer things like set up structures and bundled business covers and so on.

Whereas we seem to have a slightly more kind of rigid kind of framework in terms of rider dependent products and so on. So, are we likely to kind of refresh our Sanchay Plus offerings in terms of -- I'm not talking about IRRs per se, but just in terms of what features and benefits customers can get, so that it's more competitive in the marketplace. That is one.

Then on bancassurance, we are seeing shift away in bancassurance back to ULIP. So, the ULIP mix seems to have gone up whereas par has fallen to 14% from 36%. So, is this a deliberate pivot towards volume over value? And how should we think of that? So, these are the two questions.

Niraj Shah: So, on non-par, I don't know where you got this impression from. But if you look at our product suite, it started with Sanchay Plus and we've had a fair number of products thereafter, the latest among them being Click 2 Achieve, which is a do-it-yourself product with multiple optionalities for customers.

The rider penetration in non-par today is very, very limited. So, there is no as such dependence on putting this out to customers only on the basis of riders. That is something that we would like to do more of, but it's not yet part of the proposition. So clearly, the non-par category expansion or product mix increase is because of a variety of products that for various kinds of customers and preferences that they may have in terms of either taking lump sum benefits or taking benefits over a period of time.

Taking accelerated benefits or otherwise and also linked to various levels of protection that they can get within the base product itself so there is a fair bit of options that are available to customers. And like we have always maintained, we will try and be competitive to the extent possible, but we are not going to be competing only on price.

Vinod Rajamani: But say, for example, see wellness integration and so on, like, for example, peers like Tata AIA are also able to offer vitality and so on. So, wellness will become more relevant kind of proposition going forward and so on. So, are you thinking more holistically in terms of offering a better kind of suite of benefits and features to keep customers engaged? I mean, besides the IRR, IRR is one aspect, but leaving the IRR aside are you trying to entice customers to other ways?

Vineet Arora: See there are customers when they come to different product categories, they look at different needs. In non-par usually, it's a long-term saving and IRR becomes the most important criteria. Anything you add to it also starts to differentiate or erode the IRR away. So hence the penetration of rider even though it's available, it is less on non-par.

However, if you look at ULIP on the other hand, –we have seen a good penetration of riders and typically the likes of product that you mentioned about. We also have equivalent products available and those are in place with most of our ULIP sales right now. And that also is leading to an answer for your ULIP question. That the ULIP margin now are much more palatable because of the built-up protection and riders on the ULIP products.

Vinod Rajamani: Just a point on bancassurance is the shift towards ULIP, is that deliberate or how should we think of that?

Vineet Arora: So shift to ULIP is not like deliberate from our side, but there is a preference that we have seen in the banking channels for customers wanting to buy ULIP. We thought that this might peak out and might even go down. But given even the current market conditions, we are seeing that this demand is reasonably resilient.

So, what we have done structurally is that we have made sure that our ULIP proposition is profitable and it is giving us margins which are better than just plain ULIPs. So, a reasonable contribution of the ULIP business now comes with attached riders and hence with better profitability.

Moderator: Our next question is from the line of Madhukar Ladha with JP Morgan.

Madhukar Ladha: This discussion around HDFC Bank left me a little bit confused. So, I just wanted to understand what is our sort of counter share in the last quarter at HDFC Bank channel? Are we now at least in the early 60s so if you could give some number?

And what proportion of our individual APE is coming from the HDFC banks channel. And then finally, where do we see ourselves getting back to because in the foreseeable future, are we looking to get back to the late 60s, mid-60s, percentage sort of a number.

Vineet Arora: On our counter share within HDFC Bank, I stated this earlier, but let me just explain that we have seen some irrational pricing and increase in competitive intensity and hence we have taken a step back, which is now mellowing down and hence our market share now is back to what it used to be in the first quarter last year.

And going forward also, we believe as inherent growth in HDFC Bank channel comes back, we should see our growth also from that channel coming back. Just coming to the contribution of HDFC bank in the retail APE. In this quarter, it has been at 47%.

Moderator: The next question is from the line of Mohit Mangal with Centrum.

Mohit Mangal: I have two questions. My first question is on credit protect. I think you have mentioned right now we have 19% growth now given that conditions kind of remain stable? Should we kind of expect this growth to be sustained for the entire year? Question number two, I mean, we have been adding more and more branches in the last 2 years. So just wanted to know what is our strategy on adding more branches? And how much time does it take for a branch to break even?

Vineet Arora: So on the credit protect, I think as the credit environment has been good and disbursements are up, we have seen the growth continuing. And as we believe this environment seems to be continuing on the credit growth. So hence, I don't see a challenge on credit growth. Even within that, the MFI segment has started to come back and we have seen a faster growth in MFI.

Even though it has still not come up to the same level that it used to be about 1.5 years back. So, there could be some upside from the MFI business that continues to recover. Even though new lines of businesses have also come up, there's a gold loan business which is a newer segment for us, beyond MFI.

But as MFI starts to improve, there could be an upside. The other question was on branches. So, we did a significant expansion over the last 2 years. One branch typically takes about 18 months to break-even and start delivering margins and positive profits. And in about 2.5 years, it becomes more mature, that's a typical cycle for a branch.

We have already done a significant expansion and the Phase 1 and 2 were focused on widening our reach and Phase 3 of the branch expansion was focused on deepening our reach. Right now, we have slowed down the expansion only in selective cohorts, where we clearly feel that there is a gap and we need to do it, we are doing it in this year. And as these branches stabilise and become mature, we could see further deepening as required. I think from a widening angle we have reached 700-plus branches across maybe 600-plus cities, which is a significant reach.

Mohit Mangal: Is the breakeven in 18 months, that's true for Tier 2 and Tier 3 cities as well?

Niraj Shah: Yes. So, this number varies between larger markets and smaller markets, larger markets break-even faster. That would be anywhere between 12 to 18 months. But the smaller markets will take anywhere between 18 to 24 months or 30 months, depending on the size of the market and the kind of productivity we're able to drive. So, it's really dependent on the size of the market.

Vineet Arora: This is a portfolio number. So, it could vary across different markets.

Moderator: There are no further questions from the participants. I now hand the conference over to Ms. Vibha Padalkar for closing comments.

Vibha Padalkar: Thank you all for joining us today. Should you have any follow-up questions, please feel free to reach out to our Investor Relations team.