

# Canara HSBC Life Insurance

BSE SENSEX 75,315 S&P CNX 23,650



LIFE INSURANCE

Bloomberg	CANHLIFE IN
Equity Shares (m)	950
M.Cap.(INRb)/(USD)	128.7 / 1.3
52-Week Range (INR)	159 / 106
1, 6, 12 Rel. Per (%)	-5/-/-
12M Avg Val (INR m)	330

### Valuation summary

INRb	2026	2027E	2028E
Net Premiums	98.4	115.3	135.4
Surplus / Deficit	1.3	1.5	1.7
Sh.PAT	28.0	33.6	40.3
NBP gr- APE (%)	19.8	19.9	20.1
Premium gr (%)	6.3	7.6	9.3
VNB margin (%)	22.4	22.5	23.0
RoEV (%)	8.1	9.0	9.8
AUM (INRt)	20.7	18.6	19.1
VNB	461.0	532.8	597.6
EV per share	76	90	107

### Valuations

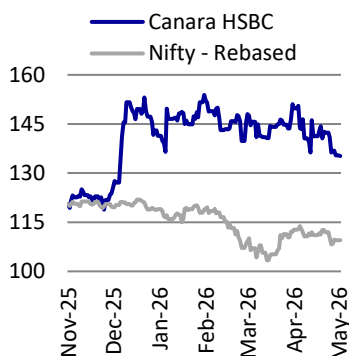
P/EV (x)	1.8	1.5	1.3
P/ EVOP (%)	10.2	9.5	7.9

### Shareholding Pattern (%)

As On	Mar-26	Dec-25
Promoter	62.0	62.0
DII	29.8	30.9
FII	5.9	4.8
Others	2.3	2.3

FII includes depository receipts

### Stock's performance (one-year)



CMP: INR135

TP: INR180 (+33%)

Buy

## Consistent outperformer with improving profitability

- We had **initiated coverage** on Canara HSBC Life Insurance (CANHLIFE) in Jan'26 as a multi-year compounding story, consistently outperforming industry growth over the past few years with an alpha of 700-800bp, resulting in a private market share of 2.6% in FY26 (vs. 2.2% in FY22).
- While near-term growth has moderated (Apr'26 APE growth of 11% YoY vs. 38% YoY growth for the industry) amid product mix recalibration and implementation of revised underwriting processes, we expect the insurer to maintain a 20% APE growth trajectory.
- The insurer benefits from the strong operational integration within the Canara Bank ecosystem (72% of APE in FY26) with multiple initiatives underway to improve the branch activation (54% in FY26) and harness the underpenetrated opportunity (<2% penetration within Canara Bank's ~85m customer base). Further, the exclusive relationship with the expanding HSBC network (14% of FY26 APE) and the gradual expansion of the agency provide a strong growth lever.
- The aggressive shift towards traditional products, robust operational efficiency, and rising rider attachments have led to a 320bp YoY expansion in FY26 VNB margin (to 22.4%), despite GST-related headwinds and investments toward agency scale-up. We expect the VNB margin to improve 10bp/50bp in FY27/ FY28, reaching 23% in FY28 with the impact from rising traditional contribution apart from agency channel scale-up.
- Given relatively disciplined payout structures (commission ratio of 6.4% in FY26 – second lowest in the industry) and strong operational positioning within banca ecosystems, the possible commission regulations could potentially improve competitive positioning and partnership accessibility over time rather than structurally impairing the franchise.
- With one of the most underpenetrated PSU-bank funnels and clear visibility on branch activation, product mix upgrades, and operating leverage, we expect the company to deliver high-teens operating RoEV going ahead despite near-term ITC and agency drag. We estimate a CAGR of 20%/22% in APE/VNB. Maintain BUY with a one-year TP of INR180 (based on 1.7x FY28E P/EV).

## Poised for an industry-leading growth momentum

- CANHLIFE has grown better than the industry with an FY22-26 APE CAGR of 16% compared to 11% for the industry, resulting in market share gain from 2.4% in FY22 to 2.6% in FY26 among private players. Individual APE continues to outperform the industry with a five-year CAGR of 20%.
- The GST exemption (implemented from 22 Sep'25) further boosted the growth momentum for the insurer with total APE growth of ~26% for 2HFY26 compared to industry growth of ~20%.
- However, the insurer experienced a slowdown in momentum in Mar'26/ Apr'26, with APE declining 4% YoY/rising 11% YoY vs. the industry growth of 20%/38%. The slowdown was largely because of a strategic transition towards traditional products over ULIPs, as the focus has increased on balancing growth with long-term sustainability, predictability, and quality of earnings.

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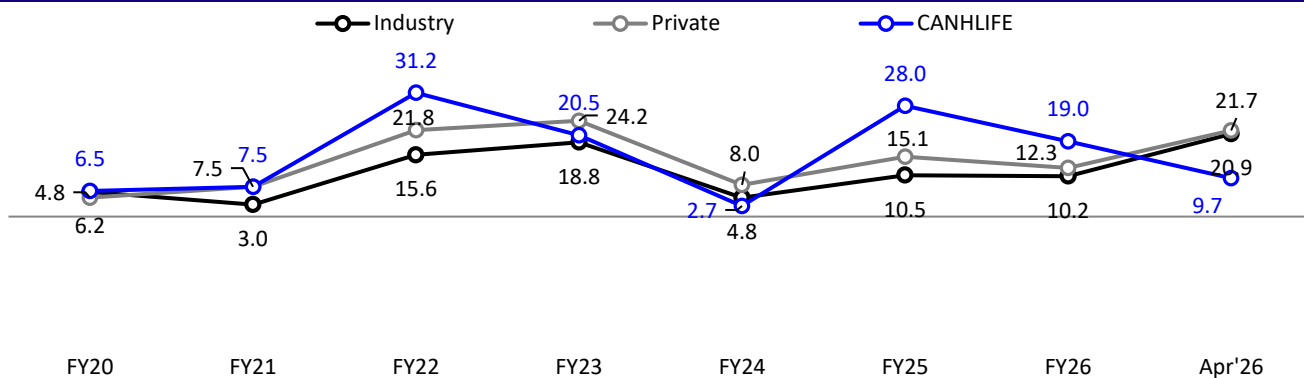
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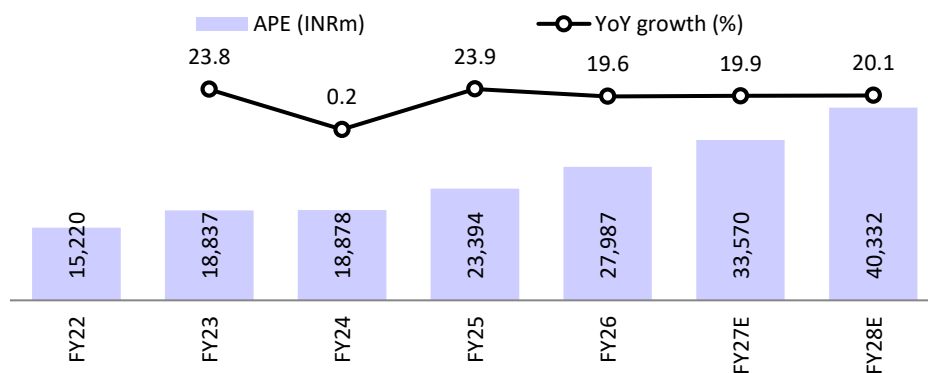
- Additionally, CANHLIFE implemented underwriting-related operational guidelines required by IRDAI from Apr'26, which possibly led to temporary policy issuance delays and business deferral.
- With customer preference robust for linked products through most of FY26, the focus on non-par, protection, and annuity products impacted near-term growth for the company. **We expect the moderation to subside and APE to grow at a FY26-28 CAGR of 20%, likely outperforming the industry by 400-500bp.**

**Exhibit 1: CANHLIFE's growth trajectory outperforms the industry; strategic slowdown in Apr'26**



Source: LI council, Company, MOFSL

**Exhibit 2: CANHLIFE's APE expected to maintain ~20% YoY growth trajectory**



Source: Company, MOFSL

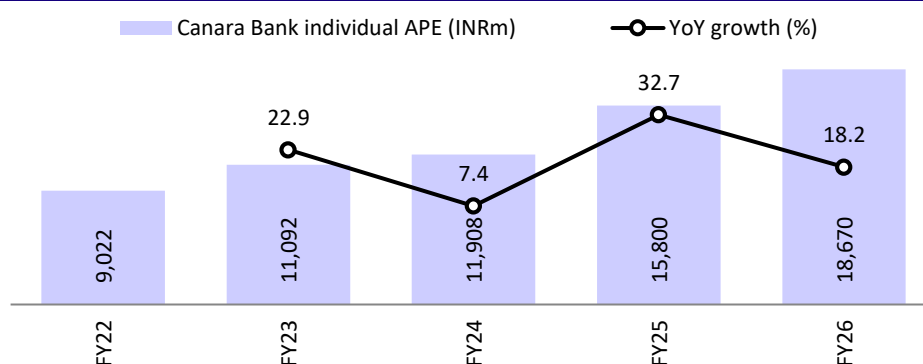
**Playing on channel diversification and existing bancassurance strength**

- CANHLIFE's distribution architecture remains one of the most important pillars supporting the company's long-term growth outlook. The insurer continues to increase penetration in existing channels and expand business opportunities through new distribution avenues.
- **Canara Bank channel** (72% of FY26 individual APE) serves as a distribution backbone with 9,800 branches, an addressable customer base of 80m, and a current penetration level of <2%, reflecting notable headroom for growth. Branch activation (defined as ≥10 policies sold with ~INR50,000 ticket size) stands at ~54% in FY26, improving from ~50% last year.
- The Canara Bank channel functions through extensive integration of the insurer from field sales to branch to zone levels, ensuring continuity despite any changes in bank senior management. While bancassurance concentration

remains a risk, this showcases the depth and resilience of the relationship with the bank.

- A dedicated team has been set up to implement productivity improvement programs in most of the 9,800+ branches of Canara Bank, with a focus on increasing branch activation as well as deepening presence in Tier-3 cities. The insurer is also making progress on lead-based sales by activating the call centers. Growth in branch activation, along with an increase in productivity, can lead to sustained growth momentum for the Canara Bank channel at 17-18%.
- Despite LIC's presence within the Canara Bank ecosystem, CANHLIFE aims to sustain and gradually expand its market share within the bank. Private insurers are unlikely to scale within PSU-bank ecosystems in the near term, and CANHLIFE's long-standing operational integration with Canara Bank remains a key competitive advantage.

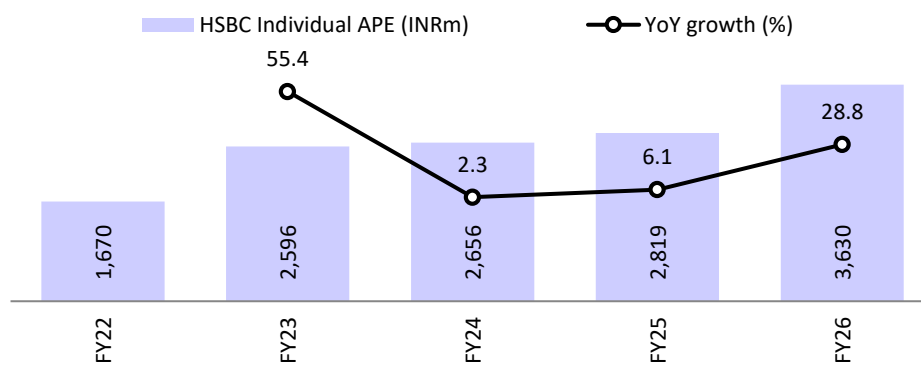
**Exhibit 3: Canara Bank channel expected to maintain high-teens growth momentum**



Source: Company, MOFSL

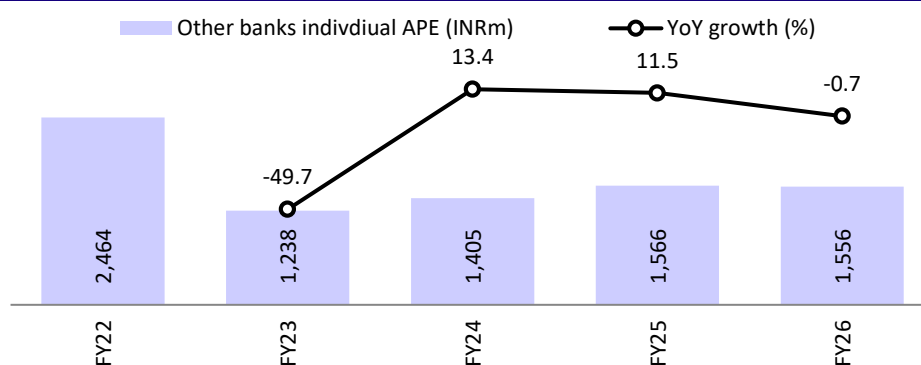
- Alongside the core banca franchise, an exclusive partnership with the **HSBC channel** (14% of FY26 individual APE) continues to deliver strong momentum, providing the insurer with access to affluent retail and NRI customers with needs of wealth-linked insurance, protection plans, and global mobility products.
- HSBC is expanding its network from its existing 26 branches to 40 potential branches, with eight new branches already opened. Apart from branch network expansion, the bank is also going aggressive on non-prime customers, initiating loans, credit cards, and private banking, which would help CANHLIFE to provide diversified offerings in this channel as well.
- The channel operates with a ULIP:traditional mix of 65:35 with higher sales of annuity and lower ULIP costs, resulting in better profitability compared to the Canara bank channel. Network expansion and new products like credit life, etc., will further provide a boost to margins in this channel.
- Activation of the additional HSBC branches, growing traction within affluent and UHNI segments, increasing mortgage-linked credit life opportunities, and the GIFT City initiative are expected to support future growth within the channel.
- **Other banks** (6% of FY26 individual APE) serve as a deeper penetration engine, with six regional rural banks enabling direct access to rural customers through 4,600+ branches. The focus through this channel is on first-time insurance buyers with the opportunity of bundled offerings and assisted sales.

**Exhibit 4: HSBC channel's growth trajectory is improving, backed by network expansion**



Source: Company, MOFSL

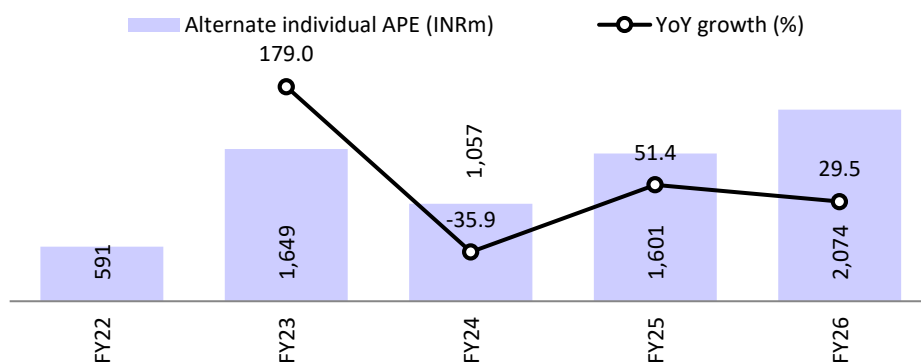
**Exhibit 5: Contribution from other banks stable**



Source: Company, MOFSL

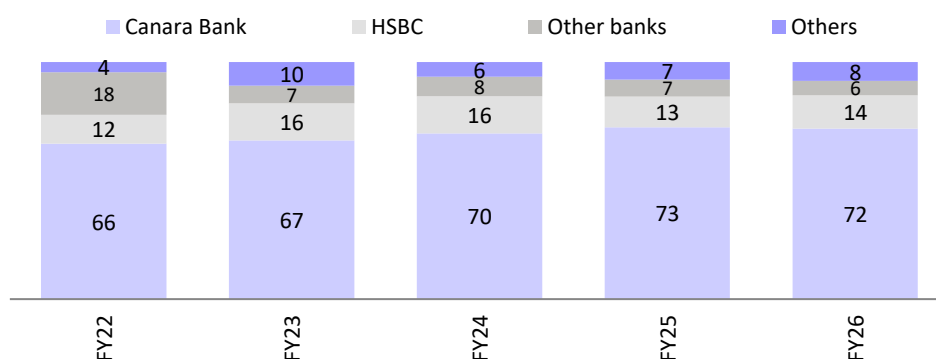
- The recently launched **agency** business represents another important strategic initiative with 500 distributors onboarded and APE of INR140m during Oct'25 to Mar'26. The hybrid agency model has been adopted by CANHLIFE, similar to prevalent models in the industry.
- The company targets an agency contribution of ~5% over the next three years through a Tier-1-led branch strategy utilizing the existing infrastructure. For new locations, phase-wise deployment is planned with hiring ongoing at various levels to scale the channel.
- The agency channel's growth trajectory is expected to be significant, owing to a low base, which insulates the company's target growth of 18-20%. On the profitability front, the contribution of traditional as well as rider attachment in ULIPs is expected to be higher, resulting in better margins.
- Apart from the agency channel, CANHLIFE is also operating through other **alternate channels** like direct, brokers, etc. (8% of FY26 individual APE). The insurer is one of the premier partners for the PolicyBazaar platform.
- Overall, while bancassurance continues to remain the dominant channel, CANHLIFE appears to be gradually building a more diversified and scalable distribution franchise. The combination of deep banca integration, improving branch productivity, rising alternate channel contribution, agency buildout, and accelerating HSBC momentum could progressively improve both growth visibility and franchise resilience over time.

**Exhibit 6: Contribution from alternates channel to improve with the launch of agency channel**



Source: Company, MOFSL

**Exhibit 7: CANHLIFE channel's mix dominated by banca**



Source: Company, MOFSL

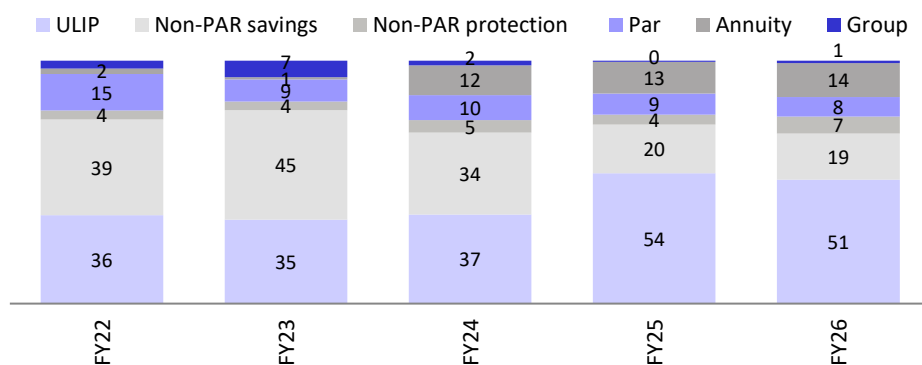
**Product mix rebalancing taking VNB margin near the industry average**

- CANHLIFE’s product mix appears to be transitioning towards a more balanced and predictable business model, with ULIP contribution declining from 54% in FY25 to 51% in FY26 and protection share rising from 4% in FY25 to 7% in FY26.
- However, on a quarterly basis, product mix has been quite volatile, with the share of traditional products reaching 80% in 4QFY26 compared to 27% in 3QFY26. While traditional products are currently being pushed aggressively, which may moderate top-line growth, the focus is to move towards a balanced product mix over the next 2-3 years, improving business quality and reducing volatility.
- The insurer recently launched new products in the par and non-par segments, which supported the rise in contribution from traditional products in 4QFY26. Within annuities, management remains focused on deferred annuity products, which offer superior long-term customer value, better persistency, and stronger earnings visibility.
- Protection continues to emerge as another important growth lever with healthy traction across both retail protection and group credit life products. The company is also witnessing improved rider attachment across ULIP products, which has helped support profitability even during periods of elevated linked product contribution.
- The product mix shift served as one of the key drivers for 330bp VNB margin expansion, with FY26 VNB margin at 22.4% despite the adverse impact from

GST-related changes and ongoing investments toward scaling newer distribution channels.

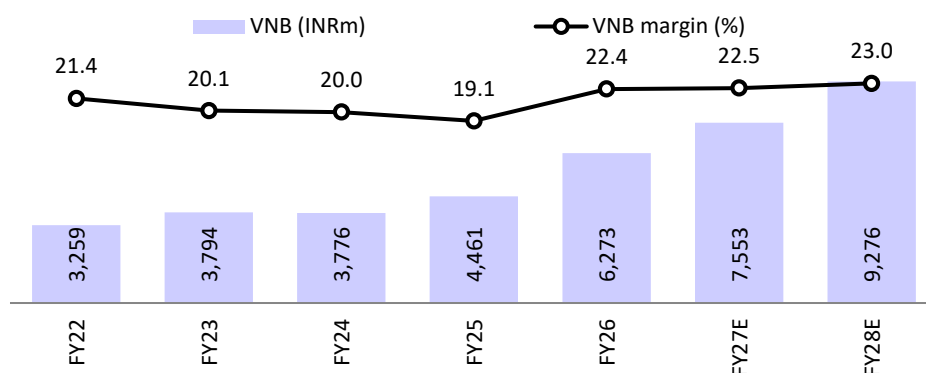
- On the cost front, CANHLIFE has accelerated investments in enhancing AI capabilities, which are expected to improve operational efficiency going forward. Digitization across the franchise has continued to improve meaningfully, with almost all new business sourcing now digital.
- Going forward, the margin is expected to benefit from 1) continued aggression towards traditional products, 2) better rider attachment, 3) launch of credit life/credit card-linked insurance in the HSBC channel, 4) term+ULIP product in the agency channel, and 5) continued operating leverage. However, this will be hit by agency ramp-up strain as well as the higher impact of GST exemption as the contribution of traditional products rises. **We expect the VNB margin to be largely stable at 22.5% in FY27 and then improve to 23% in FY28, resulting in an FY26-28 VNB CAGR of 22%, which is better than our expected APE CAGR of 20%.**

**Exhibit 8: CANHLIFE's product mix (%)**



Source: Company, MOFSL

**Exhibit 9: CANHLIFE's VNB margin to improve gradually**



Source: Company, MOFSL

### Maintaining high-teens operating RoEV

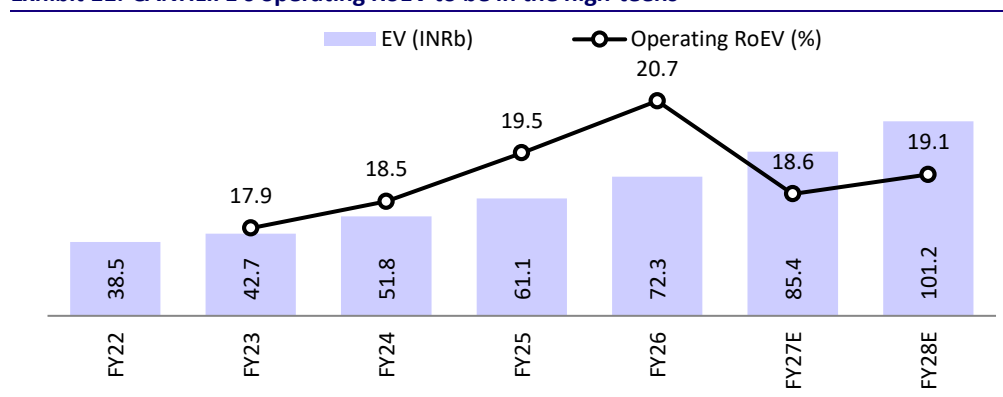
- CANHLIFE’s EV sensitivity has improved significantly recently owing to the expansion in hedging capacity. After the launch of non-par business in 2018, sensitivity was higher due to lower capacity of hedging, though the business has grown over the years, contributing 19% of APE in FY26.
- Generally, EV of life insurers is inversely related to the change in the reference rate. However, the high share of ULIP (~51% in FY26) for CANHLIFE has resulted in a positive relation with a change in the reference rate for the insurer.
- With better hedging and strong headroom for improvement in VNB margin, we expect the insurer to maintain operating RoEV in the range of 18-19%.

**Exhibit 10: CANHLIFE’s EV sensitivity analysis; reducing sensitivity on the back of hedging exposure**

Key metric	Scenario	FY24		FY25		FY26	
		Change in VNB margin	Change in EV	Change in VNB margin	Change in EV	Change in VNB margin	Change in EV
Reference rate	Increase by 1%	2.7%	2.4%	1.3%	2.6%	1.7%	1.0%
	Decrease by 1%	-3.4%	-3.2%	-1.8%	-3.5%	-2.4%	-1.4%
Equity market movement	Increase by 10%	0.3%	0.9%	0.2%	1.0%	-0.2%	1.2%
	Decrease by 10%	-0.3%	-0.9%	-0.2%	-1.0%	0.2%	-1.2%
Persistency (Lapse rates)	Increase by 10%	-0.1%	0.0%	-0.7%	0.2%	-1.2%	-0.5%
	Decrease by 10%	0.0%	0.0%	0.7%	-0.2%	1.2%	0.6%
Maintenance expenses	Increase by 10%	-0.7%	-1.2%	-0.5%	-0.9%	-0.4%	-0.8%
	Decrease by 10%	0.7%	1.2%	0.5%	0.9%	0.4%	0.8%
Acquisition expenses	Increase by 10%	-3.1%	-	-2.7%	-	-2.9%	-
	Decrease by 10%	3.1%	-	2.7%	-	2.9%	-
Mortality/ morbidity	Increase by 5%	-1.1%	-1.1%	-0.9%	-1.1%	-1.0%	-1.1%
	Decrease by 5%	1.1%	1.1%	0.9%	1.1%	1.0%	1.1%
Tax rate change to 25%	Increase by 25%	2.9%	-7.2%	-1.9%	-7.5%	-2.3%	-8.3%

Source: Company, MOFSL

**Exhibit 11: CANHLIFE’s operating RoEV to be in the high-teens**



Source: Company, MOFSL

### Regulatory picture – commission changes and IFRS

- Recent investor concerns around potential commission-related regulatory changes have emerged as one of the key overhangs across the life insurance sector, particularly for bancassurance-led players.
- For CANHLIFE, existing commission structures are already relatively disciplined compared with certain industry peers, with a commission rate of 6-7% of gross premium (second only to SBILIFE). As a result, even under scenarios involving tighter commission regulations or partial rollbacks toward earlier payout structures, the impact should not be material.
- Tighter industry-wide commission structures could also improve accessibility to certain partnerships that may currently remain uneconomical due to irrational pricing by competitors. **Hence, while the downside of potential commission regulations is limited, there is a possibility of medium-term strategic upside from the same.**
- Transition toward IFRS 17 remains a complex exercise for both companies and investors. CANHLIFE has sought a one-year forbearance period for implementation and expects parallel reporting structures initially during the transition phase.
- Investor education around IFRS interpretation could become increasingly important as reporting frameworks shift from traditional premium-based metrics toward contribution-oriented profitability measures. While the transition could initially increase modeling complexity and reduce comparability across the sector, greater disclosure sophistication may improve transparency over time.

#### Exhibit 12: CANHLIFE has one of the lowest commission ratios

%	FY20	FY21	FY22	FY23	FY24	FY25	FY26
SBI Life	4.0	3.5	3.7	4.5	3.9	4.0	4.4
HDFC Life	4.6	4.4	4.2	5.0	8.3	11.0	11.5
IPRU Life	4.7	7.3	3.5	3.8	8.6	9.9	9.8
<b>Canara HSBC Life</b>		<b>5.7</b>	<b>6.1</b>	<b>5.7</b>	<b>5.8</b>	<b>6.3</b>	<b>6.2</b>
Axis Max Life	6.3	6.5	6.3	6.4	8.1	9.5	

Source: Companies, MOFSL

### Valuation and view

- CANHLIFE offers a rare multi-year compounding opportunity anchored in a structurally improving banca engine, rising contributions from premiumized HSBC flows, and disciplined agency expansion.
- CANHLIFE enters its listed journey at a point where both its distribution architecture and financial model are undergoing structural strengthening. The recent exemption of GST from life insurance has given a boost to the growth trajectory of the insurer. The differentiated dual-bank partnership with mass scale from Canara Bank and premium affluence from HSBC creates a distribution backbone that only a few private life insurers possess.
- The launch of the agency channel, while margin-dilutive in the near term, adds distribution resilience and long-term optionality.
- With one of the most underpenetrated PSU-bank funnels and clear visibility on branch activation, product mix upgrades, and operating leverage, we expect the company to deliver high-teens operating RoEV going ahead despite near-term ITC and agency drag. **We estimate a CAGR of 20%/22% in APE/VNB. Reiterate BUY with a one-year TP of INR180 (based on 1.7x FY28E P/EV).**

**Exhibit 13: Valuation comparison for life insurance companies**

		HDFC Life			SBI Life			Max Financial			IPRU Life			Canara HSBC Life		
Rating		Buy			Buy			Buy			Buy			Buy		
CMP	INR	605			1860			1602			515			135		
Market Cap	INRb	1306			1866			553			744			128		
TP	INR	760			2340			1980			650			180		
Upside	%	25.6			25.8			23.6			26.2			33.3		
Profitability		FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
VNB	INRb	40	47	56	67	77	90	26	32	37	26	31	36	6.3	7.6	9.3
VNB margin	%	24.2	24.5	25.5	27.5	28.0	28.5	25.2	25.5	25.5	24.7	25.0	25.5	22.4	22.5	23.0
EVOP	INRb	83	96	113	139	145	169	47	55	65	57	68	77	12.6	13.5	16.3
Operating RoEV	%	15.0	15.5	15.8	19.7	18.0	17.8	18.7	18.9	18.8	11.9	12.8	13.0	20.7	18.6	19.1
PAT	INRb	19	22	24	25	29	35	1	5	5	16	19	22	1.3	1.5	1.7
Key Parameters		FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
APE	INRb	166	191	219	243	276	314	105	124	146	106	123	140	28.0	33.6	40.3
EV	INRb	621	713	822	814	950	1,117	292	343	407	530	595	669	72.3	85.4	101.2
AUM	INRb	3,752	4,740	5,552	4,872	5,855	6,930	1,898	2,217	2,505	3,532	4,062	4,671	461	533	598
Current valuation		FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
P/EV	x	2.1	1.8	1.6	2.3	2.0	1.7	2.4	2.0	1.7	1.4	1.3	1.1	1.8	1.5	1.3
P/EVOP	x	15.7	13.5	11.6	13.5	12.8	11.0	14.6	12.6	10.7	13.1	11.0	9.6	10.2	9.5	7.9
P/VNB	x	32.4	27.9	23.3	28.0	24.1	20.8	26.1	21.9	18.6	28.3	24.2	20.9	20.4	17.0	13.8

Source:MOFSL

## Financials and valuations

Technical account (INR b)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Gross Premiums	51.2	58.9	72.0	71.3	80.3	100.5	117.7	138.2
Reinsurance Ceded	-0.9	-0.7	-1.7	-2.0	-1.8	(2.0)	(2.4)	(2.8)
Net Premiums	50.3	58.2	70.3	69.3	78.5	98.4	115.3	135.4
Income from Investments	41.1	25.8	13.1	48.1	27.6	16.0	40.9	47.3
Other Income	1.8	2.6	1.6	1.2	1.2	0.7	0.9	1.0
<b>Total income (A)</b>	<b>93.2</b>	<b>86.6</b>	<b>85.0</b>	<b>118.6</b>	<b>107.2</b>	<b>115.1</b>	<b>157.0</b>	<b>183.6</b>
Commission	2.9	3.6	4.1	4.1	5.1	6.2	7.6	9.0
Operating expenses	5.9	7.0	8.4	9.4	9.9	12.5	14.4	16.1
<b>Total commission and opex</b>	<b>8.8</b>	<b>10.6</b>	<b>12.5</b>	<b>13.5</b>	<b>15.0</b>	<b>18.8</b>	<b>22.0</b>	<b>25.2</b>
Benefits Paid (Net)	20.6	26.5	30.9	31.7	50.8	46.1	56.7	66.6
Chg in reserves	58.5	46.3	39.3	70.9	38.7	48.7	76.8	90.2
Prov for doubtful debts	-	-	-	-	-	-	-	-
<b>Total expenses (B)</b>	<b>88.5</b>	<b>84.1</b>	<b>83.4</b>	<b>116.8</b>	<b>105.5</b>	<b>114.0</b>	<b>156.1</b>	<b>182.5</b>
<b>(A) - (B)</b>	<b>4.7</b>	<b>2.5</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>	<b>1.2</b>	<b>0.9</b>	<b>1.1</b>
Prov for Tax	-	-	-	-	-	-	-	-
<b>Surplus / Deficit (calculated)</b>	<b>4.7</b>	<b>2.5</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>	<b>1.2</b>	<b>0.9</b>	<b>1.1</b>

Shareholder's a/c (INR b)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Transfer from technical a/c	1.7	1.8	1.7	1.4	1.3	0.9	0.7	0.8
Income From Investments	1.2	0.9	0.9	1.0	1.0	1.1	1.6	1.9
<b>Total Income</b>	<b>2.9</b>	<b>2.7</b>	<b>2.6</b>	<b>2.4</b>	<b>2.3</b>	<b>2.0</b>	<b>2.3</b>	<b>2.7</b>
Other expenses	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Contribution to technical a/c	1.8	2.5	1.5	1.1	1.0	0.5	0.6	0.7
Total Expenses	1.9	2.6	1.6	1.2	1.1	0.6	0.7	0.8
<b>PBT</b>	<b>1.0</b>	<b>0.1</b>	<b>1.0</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>	<b>1.6</b>	<b>1.9</b>
Prov for Tax	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.2
<b>PAT</b>	<b>0.9</b>	<b>0.1</b>	<b>0.9</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>	<b>1.5</b>	<b>1.7</b>
<i>Growth</i>		-88.9%	771.4%	24.2%	3.2%	8.2%	17.9%	17.2%

Balance sheet (INR b)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Sources of Fund</b>								
Share Capital	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Reserves And Surplus	3.3	3.4	4.0	4.7	5.7	6.6	7.6	8.9
<b>Shareholders' Fund</b>	<b>12.7</b>	<b>12.9</b>	<b>13.5</b>	<b>14.2</b>	<b>15.2</b>	<b>16.1</b>	<b>17.1</b>	<b>18.4</b>
Policy Liabilities	82.8	116.2	156.1	197.3	223.7	266.1	310.3	352.0
Prov. for Linked Liab.	110.5	123.9	122.3	151.2	163.0	165.9	185.5	207.3
Funds For Future App.	5.4	6.2	6.0	6.4	6.9	7.2	7.6	8.0
Current liabilities & prov.	7.7	6.7	7.6	9.3	10.6	12.3	12.7	13.1
<b>Total</b>	<b>225.9</b>	<b>272.1</b>	<b>313.1</b>	<b>387.5</b>	<b>429.1</b>	<b>480.6</b>	<b>539.6</b>	<b>605.8</b>
<b>Application of Funds</b>								
Shareholders' inv	12.1	12.6	13.7	15.7	13.7	19.0	22.1	25.6
Policyholders' inv	89.5	120.3	159.0	198.9	226.4	264.5	296.2	331.8
Assets to cover linked liab.	117.1	130.0	129.4	159.2	171.5	177.7	199.0	222.9
Loans	0.0	0.1	0.2	0.5	1.0	2.2	2.5	2.9
Fixed Assets	0.4	0.5	0.5	0.6	0.5	0.4	0.4	0.4
Current assets	6.7	8.7	10.3	12.7	16.0	16.8	19.3	22.2
<b>Total</b>	<b>225.9</b>	<b>272.1</b>	<b>313.1</b>	<b>387.5</b>	<b>429.1</b>	<b>480.6</b>	<b>539.6</b>	<b>605.8</b>

## Financials and valuations

Premium (INR b) & growth (%)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
New business prem - unwtd	23.0	28.0	37.2	29.0	31.2	39.2	47.0	56.4
New business prem - wrp	11.4	14.8	18.5	18.1	22.7	27.2	32.6	39.2
Renewal premium	28.1	30.9	34.8	42.3	49.1	61.3	70.7	81.8
Total premium - unwtd	51.2	58.9	72.0	71.3	80.3	100.5	117.7	138.2
New bus. growth - unwtd		21.5%	32.9%	-21.9%	7.6%	25.5%	19.9%	20.1%
New business growth - wrp		30.4%	24.5%	-1.7%	25.0%	19.8%	19.9%	20.1%
Renewal premium growth		9.9%	12.5%	21.5%	16.0%	24.9%	15.4%	15.6%
Total prem growth - unwtd		15.1%	22.2%	-1.0%	12.6%	25.1%	17.2%	17.4%

Operating ratios (%)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Investment yield		11.3	4.9	14.9	7.3	3.7	8.2	8.2
<b>Commissions / GWP</b>	<b>-5.7</b>	<b>-6.1</b>	<b>-5.7</b>	<b>-5.8</b>	<b>-6.3</b>	<b>-6.2</b>	<b>-6.5</b>	<b>-6.5</b>
- first year premiums	-20.1	-18.3	-17.0	-15.4	-15.1	-15.1	-15.1	-15.1
- renewal premiums	-2.8	-3.1	-3.2	-3.1	-3.0	-3.0	-3.0	-3.0
- single premiums	-1.0	-1.3	-0.9	-1.5	-3.4	-3.4	-3.4	-3.4
Operating expenses / GWP	11.5%	11.8%	11.6%	13.1%	12.4%	12.5%	12.2%	11.7%
<b>Total expense ratio</b>	<b>17.2%</b>	<b>17.9%</b>	<b>17.3%</b>	<b>18.9%</b>	<b>18.7%</b>	<b>18.7%</b>	<b>18.7%</b>	<b>18.2%</b>
Claims / NWP	40.9%	45.5%	44.0%	45.7%	64.8%	46.9%	49.2%	49.2%
Solvency ratio	327%	282%	252%	213%	206%	190%	203%	201%

Persistency ratios (%)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
13th Month		74.5%	75.3%	80.7%	84.4%	86.3%	86.8%	87.3%
25th Month		69.8%	66.0%	68.5%	71.7%	73.7%	74.2%	74.7%
37th Month		64.7%	65.1%	63.0%	64.7%	65.3%	65.8%	66.3%
49th Month		63.2%	63.3%	64.2%	62.8%	60.7%	61.2%	61.7%
61st Month		47.3%	52.0%	55.4%	57.7%	55.4%	55.9%	56.4%

Profitability ratios (%)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
VNB margin (%)		21.4%	20.1%	20.0%	19.1%	22.4%	22.5%	23.0%
RoE (%)		0.8%	6.9%	8.2%	8.0%	8.1%	9.0%	9.8%
Operating ROEV (%)			17.9%	18.5%	19.5%	20.7%	18.6%	19.1%

Valuation data points	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
AUM		262.9	302.0	373.8	411.7	461.0	532.8	597.6
DPS			0.3	0.5	0.2	0.4	0.4	0.5
Dividend payout ratio (%)			31%	42%	16%	30%	28%	26%
EPS, Rs	1.0	0.1	1.0	1.2	1.2	1.3	1.6	1.8
VNB (INRb)		3.3	3.8	3.8	4.5	6.3	7.6	9.3
Embedded Value (INRb)		38.5	42.7	51.8	61.1	72.3	85.4	101.2
EV per share		40.5	45.0	54.5	64.3	76.1	89.9	106.5
P/AUM (%)		0.5	0.4	0.3	0.3	0.3	0.2	0.2
P/EV (x)		3.3	3.0	2.5	2.1	1.8	1.5	1.3
P/EPS (x)	135.5	1,223.9	140.5	113.1	109.6	101.3	85.9	73.3
P/EVOP (x)				15.8	12.7	10.2	9.5	7.9
P/VNB (x)		39.4	33.8	34.0	28.8	20.4	17.0	13.8

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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