

# Canara HSBC Life Insurance Company Ltd

## Battling the Big Players

Canara HSBC Life Insurance holds a market share of 1.5% and 0.8% based on total APE and new business premiums as of YTD FY26. Within the 25-player life insurance industry, it ranks 11th by total APE. The company faces intense competition from both listed, established players such as HDFC Life Insurance (10.8%), SBI Life Insurance (13.4%), ICICI Prudential Life Insurance (5.5%), and Axis Max Life Insurance (5.5%), as well as unlisted entities such as Tata AIA Life Insurance (6.1%), Bajaj Allianz Life Insurance (4.7%), and Aditya Birla Sun Life Insurance (3.0%). Given the large scale, resources, expertise, financial strength, product portfolio, and brand equity of its peers, Canara HSBC Life Insurance has significant ground to cover to strengthen its position in the market.

## Bancassurance-Dominated Distribution Model

Unlike its peers, Canara HSBC Life Insurance relies heavily on bancassurance, which contributes 87% of its new business premiums and 89.5% of its individual weighted premium income (WPI). The remaining share comes from brokers and direct sales. Within bancassurance, Canara Bank and HSBC India contribute 68.49% and 17.45% of individual WPI, respectively. However, the company operates under non-exclusive agreements with these banks, which limits its competitive advantage. Furthermore, Canara HSBC Life Insurance currently lacks a dedicated agency channel. The company is currently working to develop this channel; however, it still lags behind other listed and larger unlisted peers in scale and reach.

## Price performance (%) \*

|                 | 1M  | 3M   | 12M  | 36M  |
|-----------------|-----|------|------|------|
| NIFTY 50        | 1.0 | -1.3 | 0.63 | 45.1 |
| NIFTY 500       | 1.0 | -1.6 | -1.7 | 54.1 |
| NIFTY Financial | 2.8 | 1.3  | 13.7 | NA   |

\*As on 8<sup>th</sup> Oct 2025; Source: Ace Equity, SMIFS Research

## IPO Issue Snapshot:

|                            |              |
|----------------------------|--------------|
| Issue Size (No. of Shares) | 23,75,00,000 |
| Fresh Issue (Rs mn)        | 0            |
| OFS Issue (Rs mn)          | 23,75,00,000 |

Source: RHP, SMIFS Research

## Capital Structure:

|                         |              |
|-------------------------|--------------|
| Shares Pre Issue        | 95,00,00,000 |
| Shares Post Issue       | 95,00,00,000 |
| Bid Lot (Rs)            | 140          |
| Maximum Bid amount (Rs) | 100          |
| Maximum Bid amount (Rs) | 106          |

Source: RHP, SMIFS Research

## Shareholding Pattern\*:

|                |      |
|----------------|------|
| Canara Bank    | 51.0 |
| HSBC Insurance | 26.0 |
| PNB            | 23.0 |

\*As on date of RHP; Source: DRHP, SMIFS Research

## Per Share Data:

|                 |      |
|-----------------|------|
| Face Value (Rs) | 10   |
| Book Value (Rs) | 15.9 |
| Adj. EPS (Rs)   | 1.2  |

Source: RHP, SMIFS Research, Note- BV and EPS of FY25

## Objects of the Issue:

- 1) Carry out the OFS of up to 237,500,000 Equity bearing face value of ₹10 each by the Selling Shareholders Shares
- 2) Achieve the benefits of listing the Equity Shares on the Stock Exchanges.

Source: RHP, SMIFS Research

**Fig 1: Lowest number of Agents among top Life Insurers**

| Company Name                                       | Net No. of Agents as on 31-Aug-2025 |
|--|-------------------------------------|
| Aditya Birla Sun Life Insurance Company Limited    | 65,909                              |
| Axis Max Life Insurance Limited                    | 143,416                             |
| Bajaj Allianz Life Insurance Company Limited       | 162,258                             |
| Bharti Axa Life Insurance Company Limited          | 51,206                              |
| Canara HSBC Life Insurance Company Limited         | 26                                  |
| Edelweiss Tokio Life Insurance Company Limited     | 73,217                              |
| HDFC Life Insurance Company Limited                | 254,694                             |
| ICICI Prudential Life Insurance Company Limited    | 249,775                             |
| IndiaFirst Life Insurance Company Limited          | 8,956                               |
| Kotak Mahindra Life Insurance Company Limited      | 124,168                             |
| PNB Metlife Life Insurance Company Limited         | 40,197                              |
| Pramerica Life Insurance Limited.                  | 19,235                              |
| Reliance Nippon Life Insurance Company Limited     | 70,315                              |
| SBI Life Insurance Company Limited                 | 263,412                             |
| Star Union Dai-Ichi Life Insurance Company Limited | 4,756                               |
| TATA AIA Life Insurance Company Limited            | 180,300                             |
| Life Insurance Corporation Of India                | 1,480,603                           |

Source: Life Insurance Council

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The agency channel is a crucial distribution avenue for the life insurance sector, as it offers personalized guidance and advice to customers, particularly in Tier 2 and Tier 3 cities. Compared to bancassurance, agency channels tend to be more dedicated since selling insurance is their primary focus.

In contrast, private listed insurers benefit from a more diversified distribution mix. A multi-channel strategy enables them to reach a broader customer base, strengthen brand visibility, and reduce dependence on any single distribution network. Distribution mix of listed players

**Fig 2: Distribution mix of Life Insurers**

| Distribution Mix | HDFC Life      | SBI Life  | ICICI Prudential Life | Axis Max Life |
|------------------|----------------|-----------|-----------------------|---------------|
| Based on         | Individual APE | Total APE | Total APE             | Total APE     |
| Bancassurance    | 60%            | 58%       | 30%                   | 49%           |
| Direct           | 9%             | -         | 14%                   | 48%           |
| Agency           | 16%            | 27%       | 25%                   | -             |
| Broker & Others  | 15%            | 14%       | 32%                   | 3%            |

### Geographical Concentration of Premiums

New business premiums are heavily concentrated in five states: Karnataka, Maharashtra, Kerala, Uttar Pradesh, and Tamil Nadu. This accounts for 60.6% of total new business premiums. In the absence of a dedicated agency channel, geographic expansion would largely depend on opening new bank branches or forming additional tie-ups.

### ULIP-Dominated Portfolio with Relatively Low Margins

Canara HSBC Life Insurance has relatively high ULIP exposure, with ULIPs accounting for 49.23% of total APE as of June 2025, compared to peers such as HDFC Life Insurance (33%), SBI Life Insurance (58%), ICICI Prudential Life (46.8%), and Axis Max Life Insurance (32.5%). The ULIP share has improved from 53.68% in March 2025. Meanwhile, the protection segment has increased from 8.33% in June 2024 to 10.64% in June 2025, and the annuity segment has grown from 10.29% to 14.97% over the same period. The VNB margin stands at 19.48%, reflecting the higher ULIP proportion. VNB margin is lower than peers: HDFC Life Insurance (25.1%), SBI Life Insurance (27.5%), ICICI Prudential Life (24.5%), and Axis Max Life Insurance (20.1%).

### Upside Factors

Total APE has grown at a CAGR of 16.4% over the past three years, supported by strong persistency, indicating solid customer retention. As of June 30, 2025, the 13th-month persistency was 84.25% (up from 82.73% in the same quarter last year), while the 61st-month persistency stood at 58.20% (vs. 57.00% in June 2024). The company's solvency ratio has remained robust, above 200%, well above the regulatory requirement of 150%, though it has declined from 251.81% in FY23 to 200.42% in June 2025 due to higher new business volumes and changes in the product mix. The total cost ratio was 19.59% in June 2025, broadly in line with peers: HDFC Life Insurance (21.9%), ICICI Prudential Life (21.1%), and Axis Max Life Insurance (17.8%).

### Capital Base and Borrowing Ability

Few key points to note - the RBI restricts banks from holding large stakes in non-core businesses such as insurance to limit risk exposure. Under the "below 30% or above 50%" rule, banks can either hold a minority stake (under 30%) for investment/distribution or a majority stake (over 50%) for control. Given this, Canara Bank may eventually reduce its 36.5% post-IPO stake. Additionally, insurers can raise debt up to the lower of 50% of paid-up capital plus share premium or 50% of net worth. With around 35% of APE in long-tenure products, Canara HSBC Life Insurance may consider raising debt to support growth.

**View:** Given the company's scale and the intense competition in the life insurance sector, we find the valuation at a P/EV of 1.6 (at the upper price band) to be slightly elevated. Hence, we advise investors to approach the IPO with caution.

## IPO meet KTAs:

### Company overview

- Canara HSBC Life is a bancassurance-led life insurer promoted by Canara Bank (majority 51%) and HSBC Insurance Asia Pacific (26%), with PNB (23%) as a minority shareholder.
- The company has a market share of ~1.5% based on Total APE YTD FY26. The company has an AUM of Rs 436.4 Bn as of Q1FY26.
- The company has delivered 13 consecutive years of profitability and maintained solvency of ~200%, comfortably above regulatory norms.
- For Q1FY26, the company reported Total APE of Rs 4927.54 Mn.

### Channel Mix

- Canara Bank contributes nearly 70% of total business, driven by a wide rural and semi-urban branch network (>9,800 branches).
- HSBC Bank channel remains small but serves high-net-worth and NRI clients, helping improve premium quality.
- Digital and direct channels are gaining traction through web-aggregators and in-house platforms.
- Management plans to diversify beyond bank tie-ups while deepening digital partnerships to reduce single-partner dependence.

### Product Mix

- Traditional savings and guaranteed plans remain the mainstay, contributing to the majority of APE; this provides stability and better persistency.
- Protection and annuity products are strategic growth areas; both are margin-accretive and supported by simplified digital underwriting.
- ULIPs witnessed a modest rise during FY24 due to market performance but are being consciously contained to avoid volatility.
- Management expects retirement and long-term protection segments to be key drivers of growth and profitability over the next few years.
- Product mix as of June 2025: ULIP – 49.23%; Non-par savings -18.05%; Protection – 10.64%; Par savings – 6.97%; Annuity – 14.97%; Group Savings – 0.14%.

### Profitability and Margins

- The company reported Value of New Business (VNB) margin of ~19.48%.
- Margin expansion was supported by an improved product mix (higher protection share) and disciplined cost control.
- Cost ratios are benefiting from low acquisition costs through the captive bank network.
- Management indicated margins are sustainable, aided by persistency and technology-driven efficiency.

### Persistency and Operational Metrics

- 13th month persistency at ~84.25% and 61st month at ~58.20% as of Q1FY26.
- These metrics reflect strong customer retention, high renewal collections, and quality underwriting.
- Persistency improvement has been achieved through early digital renewal reminders and predictive analytics for lapse management.

### EV and Valuation

- Embedded Value (June 2025): Rs.63.5 Bn.
- Claim settlement ratio: 99.4 %; Solvency ratio: ~200%, indicating prudent capital management.
- According to the upper price band of Rs.106, P/EV is 1.6x.

### Management and Governance

- Experienced management team with >10 years average tenure; strong representation from both promoter banks ensures oversight governance.
- Long-term distribution agreements with Canara Bank and HSBC ensure continuity of channel access.
- The insurer follows conservative actuarial assumptions and maintains a disciplined risk framework.

## Peer Comparison

| Peer Comparison | HDFC Life |           |           | SBI Life  |           |           | ICICI Prudential |           |           | Max Life  |           |           | Canara HSBC |         |         |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|-----------|-----------|-----------|-----------|-----------|-------------|---------|---------|
|                 | FY23      | FY24      | FY25      | FY23      | FY24      | FY25      | FY23             | FY24      | FY25      | FY23      | FY24      | FY25      | FY23        | FY24    | FY25    |
| Total APE       | 133,360   | 132,910   | 154,790   | 168,100   | 197,200   | 214,200   | 86,400           | 90,460    | 104,070   | 62,480    | 74,330    | 87,700    | 18,837      | 18,878  | 23,394  |
| VNB             | 36,740    | 35,010    | 39,620    | 50,670    | 55,480    | 59,500    | 27,650           | 22,270    | 23,700    | 19,490    | 19,730    | 21,070    | NA          | 3,776   | 4,461   |
| VNB Margin      | 27.6%     | 26.3%     | 25.6%     | 30.1%     | 28.1%     | 27.8%     | 32.0%            | 24.6%     | 22.8%     | 31.2%     | 26.5%     | 24.0%     | NA          | 20.0%   | 19.1%   |
| EV              | 395,270   | 474,680   | 554,230   | 460,440   | 582,590   | 702,500   | 356,340          | 423,370   | 479,510   | 162,630   | 194,940   | 251,920   | 42,719      | 51,799  | 61,107  |
| RoEV            | 19.7%     | 17.5%     | 16.7%     | 22.8%     | 21.8%     | 20.2%     | 17.4%            | 14.1%     | 13.1%     | 22.1%     | 20.2%     | 19.1%     | NA          | 18.5%   | 19.5%   |
| AUM             | 2,388,427 | 2,922,842 | 3,363,988 | 3,043,345 | 3,855,903 | 4,474,669 | 2,482,158        | 2,897,279 | 3,039,791 | 1,22,8570 | 1,50,8360 | 1,75,0720 | 302,044     | 373,804 | 411,664 |
| P/EV            | 2.7       | 2.9       | 2.7       | 2.4       | 2.6       | 2.2       | 1.8              | 2.1       | 1.7       | 2.7       | 3.5       | 3.1       | NA          | NA      | NA      |

## Business Overview

Founded in **2007**, the company has grown into a leading **bank-led private life insurer** in India. It ranks **3rd among PSU-bank-promoted life insurers** in terms of lives covered and has delivered steady growth across key business metrics. Between FY22 and FY25, Canara HSBC recorded the **3rd highest growth in individual weighted premium income (WPI)** among bank-led insurers and the **2nd highest YoY growth in FY25** within its peer group. As of March 2025, it also had the **3rd highest AUM** among the public sector bank-led life insurers.

The company's **Total APE** grew at a **11.4% CAGR**, from Rs.18.8bn in FY23 to Rs.23.4bn in FY25. Its **Embedded Value** rose from Rs.42.7bn in FY23 to Rs.61.1bn in FY25. A **solvency ratio of 205.8%** in FY25 indicates strong financial health, comfortably above the IRDAI requirement of 150%. Canara HSBC is among the top sixth bank led life insurers in India based on the number of lives covered and third highest amongst public sector bank led life insurers for FY25.

Canara HSBC benefits significantly from its **bancassurance model**, leveraging promoter relationships:

- **Canara Bank** contributes the majority of business through its **9,849 branches** across India.
- **HSBC India**, with 26 existing and 20 upcoming branches, helps the company tap into premium and NRI segments.
- Additionally, the company accesses **7 regional rural banks (RRBs)** through distribution agreements.

Together, these partnerships provide access to a **network of over 15,700 branches** across Tier 1, 2, and 3 cities. Bancassurance contributes the majority of new business premiums — **92.3% in Q1FY26**, compared to 57.2% in FY23 — reflecting the growing efficiency and dominance of its bank-led distribution strategy.

## Distribution and Product Overview

Canara HSBC Life Insurance has diversified its distribution beyond bancassurance to strengthen customer reach and improve service delivery. In addition to its strong bank partnerships, the company actively engages customers through **digital channels, brokers, and corporate agents**, expanding accessibility and enhancing customer choice across India.

The insurer has also built a **direct sales model** supported by a trained on-ground sales team to ensure personalized service and closer customer engagement. Additionally, it operates a **dedicated defense channel**, offering customized insurance solutions for armed forces personnel and their families — a niche segment with long-term potential. These multi-channel strategies help the company broaden financial inclusion and stay responsive to evolving market dynamics.

**Fig 3: Strong Bancassurance Dominance Led by Canara Bank**

| Channel mix % (In Total Individual WPI terms) |      |      |      |
|---|------|------|------|
| YE March                                      | FY23 | FY24 | FY25 |
| Canara Bank                                   | 66.9 | 69.9 | 72.5 |
| HSBC India                                    | 15.7 | 15.6 | 12.9 |
| Regional rural bank                           | 7.0  | 7.3  | 6.3  |
| Other Bancassurance relationships             | 0.4  | 1.0  | 0.9  |
| Brokers and other corporate agents            | 3.4  | 0.8  | 3.7  |
| Direct sales                                  | 6.6  | 5.4  | 3.6  |

## Product Portfolio

Canara HSBC offers a comprehensive suite of **life insurance products** designed for both **individual and group customers**, addressing savings, protection, and retirement needs.

Its offerings include:

- **Savings and Endowment Plans** – for guaranteed returns and long-term wealth creation.
- **Term Plans** – for pure protection and family security.
- **Retirement/Annuity Solutions** – providing post-retirement income streams.
- **Group Credit Life & Protection Plans** – catering to corporates and lending institutions.
- **Government Schemes** – participation in the *Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)*.

As of FY25, the product suite comprised **20 individual products, 7 group products, and 2 riders**, alongside PMJJBY policies. These products offer flexible features such as multiple payout options, guaranteed income benefits, market-linked investment choices, and limited pay annuity plans.

**Fig 4: Increasing ULIP and Annuity Share**

| Product mix % (In APE terms)      |      |      |      |
|-----------------------------------|------|------|------|
| YE March                          | FY23 | FY24 | FY25 |
| ULIP                              | 34.6 | 36.6 | 53.7 |
| Non-PAR savings                   | 45.0 | 33.8 | 20.0 |
| Non-PAR protection                | 3.6  | 5.1  | 4.1  |
| PAR                               | 9.1  | 10.3 | 8.7  |
| Annuity                           | 0.9  | 12.2 | 13.1 |
| Group savings/fund-based business | 6.8  | 1.9  | 0.4  |

This diversified mix ensures regulatory adaptability and minimizes concentration risk in any single product category.

## Technology and Digital Initiatives

Canara HSBC continues to invest in **digital transformation** to simplify customer journeys and improve efficiency. Key initiatives include:

- **Straight-Through Processing (STP):** Enables automated policy issuance without manual intervention — **67% of non-term applications** (excluding term and medical portfolio products) processed via STP in Q1FY26.
- **Fully Digital Processing:** Over **99.7%** of applications are processed digitally.
- **In-house Automated Underwriting Engine:** Enhances risk assessment speed and accuracy while reducing documentation.
- **Mobile Verification:** Secure, instant customer verification through mobile platforms.
- **Partnerships with Online Platforms:** Integration with **Policybazaar** and **Robinhood Insurance Brokers** to widen digital reach.

These initiatives improve turnaround time, reduce costs, and enhance customer satisfaction, while also boosting distributor productivity.

## Financial Performance and Profitability

Canara HSBC is among the **fastest life insurers to achieve profitability**, posting profits within **five years of inception** — a rare feat in the insurance sector. It also delivered **three consecutive years of profit** from its very first year of operation among its peer set, underscoring its disciplined business execution and strong bancassurance-led model.

In FY2025, the company reported an **Operating Return on Embedded Value (RoEV) of 19.5% in FY25**, reflecting consistent profitability, solid financial management, and operational efficiency.

## IPO Details:

Canara HSBC Life Insurance company Ltd. IPO is a book build issue of Rs.25,175mn. The issue is entirely an offer for sale of 237.5mn shares of Rs.25,175mn. Canara HSBC Life IPO opens for subscription on Oct 10, 2025 and closes on Oct 14, 2025. The allotment for the Canara HSBC Life IPO is expected to be finalized on Oct 15, 2025. Canara HSBC Life IPO will list on BSE, NSE with a tentative listing date fixed as Oct 17, 2025.

Canara HSBC Life IPO price band is set at Rs.100.00 to Rs.106.00 per share . The lot size for an application is 140. The minimum amount of investment required by an retail is Rs.14,840 (140 shares) (based on upper price). The lot size investment for small NII is 14 lots (1,960 shares), amounting to Rs.2,07,760, and for big NII, it is 68 lots (9,520 shares), amounting to Rs.10,09,120.

### Offer for sale:

Up to 23,75,00,000 Equity Shares bearing face value Re. 10 each.

The Selling Shareholders have confirmed and authorised their participation in the Offer for Sale, as stated below:

**Fig 5: Selling Shareholders, Offer for Sale and Weighted Average Cost of Acquisition**

| Selling Shareholders                           | Maximum no. of Offered Shares                                     | Type Of Selling Shareholder  | Weighted Avg. Cost of Acquisition per Equity Share (Rs) |
|--|---|------------------------------|---|
| Canara Bank                                    | Up to 137,750,000 Equity Shares bearing face value of Re. 10 each | Promoter Selling Shareholder | 10.0  |
| HSBC Insurance (Asia-Pacific) Holdings Limited | Up to 4,750,000 Equity Shares bearing face value of Re. 10 each   | Promoter Selling Shareholder | 15.0  |
| Punjab National Bank                           | Up to 95,000,000 Equity Shares bearing face value of Re. 10 each  | Investor Selling Shareholder | 10.0  |

Source: RHP, SMIFS Research

### Equity Shares outstanding prior to and after the Offer:

95,00,00,000 Equity Shares bearing face value Re. 10 each. About 25% of the company's capital will be offered to investors. Post-listing, Canara Bank's stake will reduce from 51% to 36.5%, Punjab National Bank's from 23% to 13%, and HSBC's from 26% to 25.5%.

### Objects of the Offer:

The objects of the Offer are to (1) Carry out the Offer for Sale of up to 23,75,00,000 Equity Shares bearing face value of Re. 10 each by the Selling Shareholders aggregating up to Rs.25,175mn; and (2) Achieve the benefits of listing the Equity Shares on the Stock Exchanges.

**Use of proceeds of the Offer:** The company will not receive any portion of the proceeds from the Offer, and the Offer Proceeds will be received by the Selling Shareholders after deduction of Offer related expenses and relevant taxes thereon, to be borne by the Selling Shareholders.

## Financial Statements

| Income Statement                                     |               |                |                |
|--|---------------|----------------|----------------|
| YE March (Rs mn)                                     | FY23          | FY24           | FY25           |
| <b>Policyholder's Account</b>                        |               |                |                |
| <b>Gross Written Premium</b>                         | <b>71,974</b> | <b>71,287</b>  | <b>80,275</b>  |
| First year Premiums                                  | 16,375        | 16,939         | 21,737         |
| Renewal Premiums                                     | 34,807        | 42,276         | 49,059         |
| Single Premiums                                      | 20,792        | 12,072         | 9,478          |
| <b>Net Earned Premiums</b>                           | <b>70,297</b> | <b>69,326</b>  | <b>78,502</b>  |
| <b>Investment Income</b>                             | <b>13,134</b> | <b>48,124</b>  | <b>27,574</b>  |
| <b>Other Income</b>                                  | <b>49</b>     | <b>107</b>     | <b>164</b>     |
| <b>Transfer of funds from Shareholders A/c</b>       | <b>64</b>     | <b>0</b>       | <b>24</b>      |
| <b>Total Revenue</b>                                 | <b>83,545</b> | <b>117,557</b> | <b>106,264</b> |
| Commission Expense                                   | 4,135         | 4,111          | 5,071          |
| Operating Expenses                                   | 8,362         | 9,354          | 9,942          |
| Benefits Cost & Bonus Paid                           | 30,924        | 31,664         | 50,837         |
| Change in liabilities (net)                          | 39,310        | 70,948         | 38,715         |
| <b>Total Expenses</b>                                | <b>82,732</b> | <b>116,076</b> | <b>104,566</b> |
| Provisions - Doubtful debts & Other                  | 4             | 4              | -20            |
| Service tax/GST charge on linked charges             | 657           | 720            | 907            |
| <b>Surplus before Tax</b>                            | <b>153</b>    | <b>757</b>     | <b>812</b>     |
| Provision for Tax                                    | 0             | 0              | 0              |
| <b>Surplus after Tax</b>                             | <b>153</b>    | <b>757</b>     | <b>812</b>     |
| <b>Transfer to Shareholder's Account</b>             | <b>1,696</b>  | <b>1,444</b>   | <b>1,320</b>   |
| <b>Balance being Funds for Future Appropriations</b> | <b>-111</b>   | <b>375</b>     | <b>457</b>     |
| <b>Shareholder's Account</b>                         |               |                |                |
| Transfer from policyholders' account                 | 1,696         | 1,444          | 1,320          |
| Income from Investments                              | 919           | 965            | 1,020          |
| Other Income   | 1             | 0              | 0              |
| <b>Total Revenue</b>                                 | <b>2,616</b>  | <b>2,409</b>   | <b>2,340</b>   |
| Expenses - non-insurance business                    | 104           | 77             | 73             |
| Contribution to the policyholders' fund              | 1,525         | 1,097          | 990            |
| Provisions - Doubtful debts & Other                  | -12           | -3             | -5             |
| <b>Profit before Tax</b>                             | <b>998</b>    | <b>1,239</b>   | <b>1,281</b>   |
| Provision for Tax                                    | 86            | 106            | 112            |
| <b>Profit after Tax</b>                              | <b>912</b>    | <b>1,133</b>   | <b>1,170</b>   |

Source: Company, SMIFS Research

| Key Metrics           |         |         |         |
|-----------------------|---------|---------|---------|
| YE March (Rs mn)      | FY23    | FY24    | FY25    |
| Total APE             | 18,837  | 18,878  | 23,394  |
| Individual WPI        | 16,576  | 17,026  | 21,787  |
| New Business Premium  | 18,433  | 17,863  | 22,279  |
| AUM                   | 302,044 | 373,804 | 411,664 |
| Value of New Business | NA      | 3,776   | 4,461   |
| Embedded Value        | 42,719  | 51,799  | 61,107  |

Source: Company, SMIFS Research

| Balance Sheet                                  |                |                |                |
|--|----------------|----------------|----------------|
| YE March (Rs mn)                               | FY23           | FY24           | FY25           |
| <b>Sources of funds</b>                        |                |                |                |
| <b>Shareholders' Funds</b>                     | <b>13,531</b>  | <b>14,189</b>  | <b>15,169</b>  |
| Share Capital                                  | 9,500          | 9,500          | 9,500          |
| Share Application Money                        | 0              | 0              | 0              |
| Reserves & Surplus                             | 4,031          | 4,689          | 5,669          |
| Credit/(Debit) Fair Value Change Account       | 0              | 0              | 0              |
| <b>Borrowings</b>                              | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Policyholders' Funds</b>                    | <b>156,515</b> | <b>198,369</b> | <b>224,989</b> |
| Credit/(Debit) Fair Value Change Account       | 422            | 1,110          | 1,321          |
| Policy liabilities                             | 156,093        | 197,259        | 223,668        |
| <b>Provision for Linked Liabilities</b>        | <b>129,395</b> | <b>159,176</b> | <b>171,482</b> |
| Funds for Discontinued policies                | 0              | 0              | 0              |
| <b>Funds for Future Appropriations</b>         | <b>6,049</b>   | <b>6,424</b>   | <b>6,881</b>   |
| <b>Total Sources of Funds</b>                  | <b>305,489</b> | <b>378,158</b> | <b>418,521</b> |
| <b>Application of Funds</b>                    |                |                |                |
| <b>Investments</b>                             | <b>172,650</b> | <b>214,628</b> | <b>240,182</b> |
| Shareholders' funds                            | 13,654         | 15,703         | 13,747         |
| Policyholders' funds                           | 158,996        | 198,925        | 226,435        |
| <b>Assets held to cover linked liabilities</b> | <b>129,395</b> | <b>159,176</b> | <b>171,482</b> |
| <b>Loans</b>                                   | <b>221</b>     | <b>490</b>     | <b>1,008</b>   |
| <b>Fixed Assets</b>                            | <b>527</b>     | <b>562</b>     | <b>463</b>     |
| <b>Net Current Assets</b>                      | <b>2,696</b>   | <b>3,301</b>   | <b>5,386</b>   |
| Cash and bank balances                         | 3,866          | 4,220          | 6,110          |
| Advances and other assets                      | 6,440          | 8,431          | 9,898          |
| Current Liabilities                            | 7,436          | 9,089          | 10,303         |
| <b>Provisions</b>                              | <b>175</b>     | <b>262</b>     | <b>319</b>     |
| <b>Total Application of Funds</b>              | <b>305,489</b> | <b>378,158</b> | <b>418,521</b> |

Source: Company, SMIFS Research

| Key Ratios              |        |        |        |
|-------------------------|--------|--------|--------|
| YE March (%)            | FY23   | FY24   | FY25   |
| Commission Ratio        | 5.7%   | 5.8%   | 6.3%   |
| Opex Ratio              | 11.6%  | 13.1%  | 12.4%  |
| VNB Margin              | NA     | 20.0%  | 19.1%  |
| RoEV                    | NA     | 18.5%  | 19.5%  |
| ROE                     | 6.9%   | 8.2%   | 7.7%   |
| Solvency Ratio          | 251.8% | 212.8% | 205.8% |
| Persistency Ratio - 13M | 75.3%  | 80.7%  | 82.5%  |
| Persistency Ratio - 61M | 52.0%  | 55.4%  | 57.7%  |

Source: Company, SMIFS Research Estimates

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