9 October 2026
2QFY27 Results Update | Sector: Financials

Canara HSBC Life Insurance

Estimate change	⇔
TP change	⇔
Rating change	⇔

Bloomberg	CANHLIFE IN
Equity Shares (m)	950
M.Cap.(INRb)/(USDb)	131.8 / 1.4
52-Week Range (INR)	167 / 106
1, 6, 12 Rel. Per (%)	-3/0/-
12M Avg Val (INR M)	301

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Net Premiums	98.4	115.1	135.4
Sh.PAT	1.3	1.5	1.6
APE	28.0	32.6	38.7
APE growth (%)	19.8	16.4	18.7
VNB	6.3	7.5	9.1
VNB margin (%)	22.4	23.0	23.5
RoE (%)	8.1	8.8	9.2
RoEV (%)	20.7	18.6	18.8
AUM	461.0	532.8	597.6
EV per share	76	90	106
Valuations			
P/EV (x)	1.9	1.6	1.4
P/EVOP (x)	10.8	10.2	8.5

Shareholding pattern (%)

As On	Jun-26	Mar-26
Promoter	62.0	62.0
DII	29.7	29.8
FII	5.9	5.9
Others	2.5	2.3

FII includes depository receipts

CMP: INR139 **TP: INR180 (+30%)** **Buy**

Performance largely in line

- In 2QFY27, Canara HSBC's APE grew 11% YoY to INR6.6b (in line). For 1HFY27, APE grew 14% YoY.
- VNB at INR1.4b (in line) rose 20% YoY, resulting in VNB margin of 21.4% (19.7% in 2QFY26) vs. our est. of 21%. For 1HFY27, VNB grew 24% YoY with VNB margin of 21.3%.
- PAT grew 5% YoY to INR431m. EV at the end of 1HFY27 was INR76.2b, with an operating RoEV of 19.8%.
- Distribution paper is seen as net positive since CANHLIFE's current EoM gap is comfortable vs. proposed 15%, commissions are moderate, and renewal payouts may rise. Improved affordability could further accelerate volumes, with industry-leading growth momentum to continue, as per management.
- While regulations are yet to be finalized, CANHLIFE's current operations seem to be in line with the regulator's directions in the consultation paper. We believe the key monitorable items are the impact on credit life due to regulations, GST drag, sub-debt-led improvement in solvency, and sustainability of the traditional mix. We have largely maintained our estimates considering the in-line performance in 2QFY27. **We reiterate our BUY rating with a TP of INR180 (based on 1.7x FY28E EV).**

Favorable product mix contributes 2.6% to margin expansion

- In 2Q, gross premium grew 12% YoY to INR25.8b, driven by 16% YoY growth in renewal premium and 12% YoY growth in first-year premium.
- APE growth of 11% YoY in 2Q was driven by 40%/66%/25%/11% growth in the Protection/Non-Par/Par segments, while Annuity/ULIP dipped 8%/1% YoY. While demand for protection and guaranteed products was affordable, ULIP was impacted by weak equity markets.
- The 23% YoY growth in traditional APE led to a rise in contribution to 55% (49% in 2QFY26), with a continued increase in contribution from protection segment and strong growth in credit life segment. Favorable product mix contributed 2.6% to margin expansion in 1HFY27.
- Apart from the product mix, favorable yield curve movements resulted in 0.8% contribution to VNB margin expansion, offset by a 2% impact due to expenses, largely related to GST-exemption.
- The channel mix, based on 2Q individual APE, was 59% from Canara Bank, 21% from HSBC Bank, 6% from other banks, and 15% from alternate channels. The recently launched agency channel witnessed an APE of INR257m in 2Q.
- Persistency ratios declined YoY in 2Q across all cohorts, except 25M and 37M persistency, with 13M persistency at 80.8% (82.0% in 2QFY26) and 61M persistency at 52.2% (58.8% in 2QFY26).
- The total expense ratio stood at 20.3% vs. 18.6% in 2QFY26. The commission ratio was largely stable YoY. While the cost ratio is above the proposed EoM threshold of 15%, the gap can be reduced in two years, aided by operating leverage and continued efficiency initiatives.

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- AUM at the end of 2QFY27 stood at INR502b. Solvency was 180% in 2QFY27 vs. 198% in 2QFY26 owing to the adverse equity market movements during the quarter, along with rising contribution of protection segment.

Highlights from the management commentary

- RBC and IFRS implementations are being seen as tailwinds, with the expectation of solvency getting more headroom and capital intensity improving.
- Credit life, which witnessed 35% YoY growth in APE, is a key monitorable with the backdrop of distribution paper. However, the bank distributor is also the shareholder, and credit life protects its loan book, which keeps the selling motivation intact despite potential commission changes.
- Solvency at 180% was dented by equity market correction. Sub-debt will be taken if needed but no equity raise.

Valuation and view

- CANHLIFE continued to deliver robust growth in 2QFY27, along with VNB margin expansion, supported by a pickup in traditional segment's contribution, a supportive interest rate environment, and operational leverage.
- The insurer's under-penetrated PSU bank engine, rising contribution from premiumized HSBC flows, and disciplined agency expansion serve as key growth levers. Backed by rising branch activation, product mix upgrades, and operating leverage, we expect the company to deliver 19% operating RoEV going forward.
- While the regulations are yet to be finalized, CANHLIFE's current operations seem to be in line with the regulator's directions in the consultation paper. Impact on credit life due to regulations, GST drag, sub-debt to improve solvency and sustainability of the traditional mix are key monitorables.
- We have largely maintained our estimates considering the in-line performance in 2QFY27. **We reiterate our BUY rating with a TP of INR180 (based on 1.7x FY28E EV).**

Quarterly Performance **in INRm**

Policy holder's A/c	FY26				FY27				FY26	FY27E	FY27E	V/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
First year premium	3,979	5,751	9,380	6,739	4,661	6,419	10,956	8,063	25,848	30,098	6,697.3	(4.2)
Growth (%)	15%	13%	28%	15%	17%	12%	17%	20%	19%	16%	16%	
Renewal premium	9,137	14,198	16,684	21,268	11,174	16,409	19,095	25,380	61,287	72,058	16,406.9	0.0
Growth (%)	35%	25%	43%	10%	22%	16%	14%	19%	25%	18%	16%	
Single premium	4,356	3,000	2,829	3,136	5,776	2,984	2,834	3,724	13,321	15,319	3,260.5	(8.5)
Growth (%)	19%	48%	118%	27%	33%	-1%	0%	19%	41%	15%	9%	
Gross premium income	**17,472**	**22,949**	**28,893**	**31,142**	**21,611**	**25,813**	**32,885**	**37,167**	**1,00,456**	**1,17,475**	26,364.7	(2.1)
Growth (%)	26%	24%	42%	13%	24%	12%	14%	19%	25%	17%	15%	
PAT	**234**	**408**	**277**	**347**	**281**	**431**	350	**396**	**1,266**	**1,458**	360.4	19.5
Growth (%)	25%	11%	-6%	8%	20%	5%	27%	14%	8%	15%	-12%	
Key metrics												
New Business APE	4,928	5,995	10,027	7,037	5,853	6,644	11,399	8,673	27,987	32,569	6,928.3	(4.1)
Growth (%)	4%	17%	37%	12%	19%	11%	14%	23%	20%	16%	16%	
VNB	960	1,183	1,986	2,144	1,236	1,422	2,450	2,383	6,273	7,491	1,451.8	(2.1)
Growth (%)			60%	49%	29%	20%	23%	11%	41%	19%	23%	
AUM (INRb)	436	441	469	461	497	502	527	533	461	533	512	(1.9)
Growth (%)	15%	11%	17%	12%	14%	14%	12%	16%	12%	16%	16%	
Key Ratios (%)												
VNB margin (%)	19.5	19.7	19.8	30.5	21.1	21.4	21.5	27.5	22.4	23.0	21.0	45

Policyholder A/C (INR b)	FY26				FY27			
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Net premium income	**16.5**	**22.6**	**28.7**	**30.6**	**20.5**	**25.5**	**13**	**25**
First year premium	4.0	5.8	9.4	6.7	4.7	6.4	12	38
Renewal premium	9.1	14.2	16.7	21.3	11.2	16.4	16	47
Single premium	4.4	3.0	2.8	3.1	5.8	3.0	-1	-48
Investment Income	19.5	0.6	13.0	-17.2	22.7	-0.3	NA	NA
Total income	**36.1**	**23.3**	**42.7**	**12.7**	**43.5**	**25.1**	**8**	**-42**
Commission paid	1.0	1.5	1.8	2.0	1.2	1.7	11	41
Operating expenses	2.5	2.8	3.4	3.8	3.3	3.6	30	9
Total commission & Opex	**3.4**	**4.3**	**5.3**	**5.8**	**4.5**	**5.3**	**23**	**18**
Benefits paid	11.0	12.6	9.9	12.6	8.3	12.0	-5	44
Change in actuarial liability	**21.5**	**5.3**	**26.6**	**-4.7**	**30.0**	**8.0**	**51**	**-73**
Total Expenses	**36.0**	**22.3**	**41.8**	**13.7**	**42.8**	**25.3**	**14**	**-41**
PBT	**-0.1**	**0.8**	**0.9**	**-1.0**	**0.6**	**-0.2**	**-122**	**-128**
Tax	0.0	0.0	0.0	0.0	0.0	0.0		
Surplus/(Deficit)	**0.0**	**1.2**	**1.1**	**0.3**	**0.7**	**-0.1**	**-104**	**-107**
Shareholder's A/C								
Trf from policyholder a/c	**0.2**	**0.4**	**1.0**	**-0.7**	**0.3**	**0.0**	**-91**	**-86**
Investment income	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.4**	25	2
Total income	**0.4**	**0.7**	**1.3**	**-0.4**	**0.6**	**0.4**	**-47**	**-40**
PBT	**0.3**	**0.5**	**0.3**	**0.4**	**0.3**	**0.5**	**7**	**53**
PAT	**0.2**	**0.4**	**0.3**	**0.3**	**0.3**	**0.4**	**5**	**53**
APE Data								
Par	0.3	0.5	0.2	1.2	0.6	0.7	25	14
Non Par	0.9	1.0	0.9	2.6	1.5	1.6	66	5
ULIP	2.4	3.0	7.3	1.5	2.1	3.0	-1	43
Group Savings Business	0.0	0.1	0.3	-0.1	0.1	-0.1	-157	-200
Annuity	0.7	1.0	0.8	1.4	0.8	0.9	-8	14
Protection	0.5	0.3	0.6	0.5	0.8	0.5	40	-36
Total APE	**4.9**	**6.0**	**10.0**	**7.0**	**5.9**	**6.6**	**11**	**14**
APE (% of total)							**Change (bp)**	
Par	7.0	8.8	1.7	16.9	10.0	10.0	115	0
Non Par	18.1	16.1	8.6	36.9	26.0	24.1	798	-188
ULIP	49.2	50.6	73.0	21.2	36.0	45.4	-523	940
Group Savings Business	0.1	1.7	3.1	-2.0	1.0	-0.9	-259	-188
Annuity	15.0	16.8	7.6	20.0	14.0	14.0	-285	0
Protection	10.6	5.8	5.9	7.0	13.0	7.4	153	-564
Distribution mix (%)							**Change (bp)**	
Banca				89.2	86.0	86.0	8600	0
Others				10.8	14.0	14.0	1400	0
Key Ratios (%)							**Change (bp)**	
Operating ratios								
Commission (Unwtd)	5.5	6.5	6.3	6.3	5.4	6.4	-7	97
Opex (UnWtd)	14.1	12.1	11.9	12.3	15.3	14.0	185	-129
Total Cost (Unwtd)	19.6	18.6	18.3	18.6	20.7	20.3	173	-36
Solvency ratio	200.0	198.0	191.0	190.0	198.0	180.0	-1,800	-1,800
Operating ratios								
VNB margins	19.5	19.7	19.8	30.5	21.1	21.4	167	29
Persistency ratios								
13th mth	82.5	82.0	84.7	82.1	81.8	80.8	-120	-100
25th mth	75.2	71.4	66.7	70.1	72.1	72.2	80	10
37th mth	64.4	63.5	61.9	62.8	70.4	66.0	250	-440
49th mth	58.6	60.5	59.3	58.9	61.4	60.3	-20	-110
61st mth	60.1	58.8	53.9	51.1	52.7	52.2	-660	-50
Key Metrics (INRb)								
VNB	1.0	1.2	2.0	2.1	1.2	1.4	20	15
AUM	436	441	469	461	497	502	14	1



Highlights from the management commentary

Regulations

- Moderate commission rates, an ~18% expense ratio vs. proposed 15%, and balanced product mix limit potential disruption and make it manageable.
- Management expects to adapt to the final guidelines, with any additional EoM headroom potentially accelerating investments and growth.
- Regulatory changes could make credit life more affordable, supporting faster growth. No bundling is practiced currently, and the final commission rate is expected to be revised upward.
- Bank partners are shareholders and credit life protects their loan book, keeping selling motivation intact.
- Commission-related changes are expected to be prospective, and there is no significant challenge in aligning costs with regulatory expectations.
- Proposed renewal commission is above current payouts, and hence there is a potential upside.
- Lower acquisition cost by 10% would lead to 2.9% VNB margin upside.
- IFRS and risk-based capital (RBC) implementations to improve financial reporting and provide greater capital flexibility, while final guidelines are waited.

VNB margin

- Margin expansion was driven by a favorable product mix, yield-curve movements and operating leverage, partly offset by GST-related expenses.
- VNB margins could improve further if reference rates continue to rise.

Product mix

- Individual protection continues to outpace overall company growth, while management expects APE growth to exceed the industry, supported by a higher traditional product mix.
- Credit life grew 35% YoY, supported by home and education loan growth, with attachment rates of ~45% and 72%, respectively. Improved affordability could further accelerate volumes.
- Non-par contribution increased YoY in 1HFY27, while annuity and par shares remained broadly stable.
- ULIP demand moderated amid market volatility and customer preferences, although demand remains intact in targeted segments.
- Improved affordability and more competitive IRRs could support non-par demand in Tier-3/4 markets. Around 75-80% of guaranteed products are hedged.

Distribution

- Added ~1,900 agents and generated ~INR400m APE from agency in 1HFY27.
- Scaling the agency channel in a phased manner and potential commission caps seen as supportive of lower acquisition costs.

Solvency

- Solvency stood at ~180%, partly impacted by equity-market corrections.

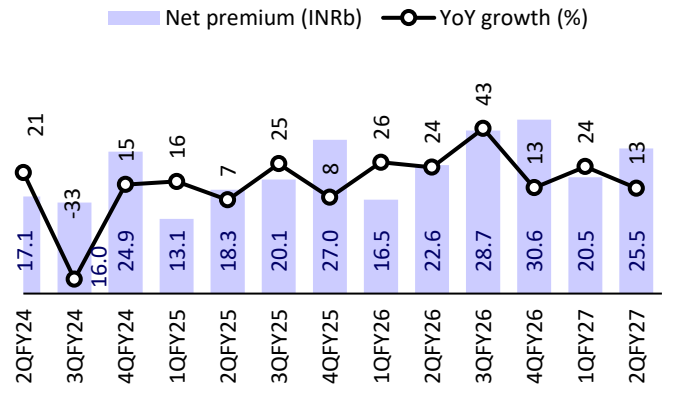
- Management plans to raise subordinated debt and expects a market recovery to provide additional support.

EV walk

- Operating variance continued to be positive, while economic variance was marginally negative amid market movements, partly offset by favorable interest-rate movements.
- Despite relatively muted EV growth in 1HFY27, management expects stronger growth for the full year.

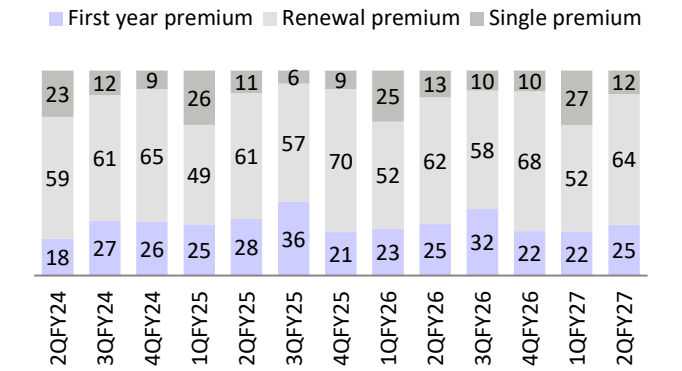
Key exhibits

Exhibit 1: Net premium grew 13% YoY



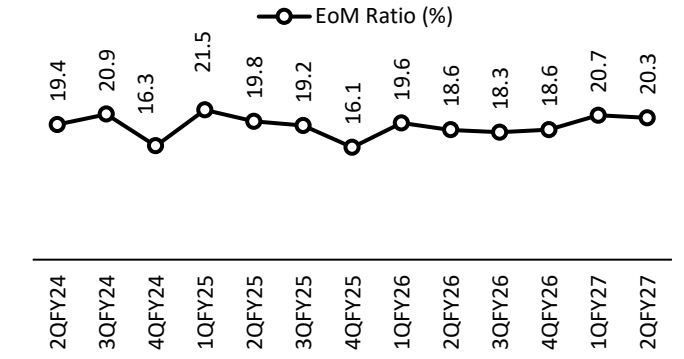
Source: MOFSL, Company

Exhibit 2: Proportion of premium trends



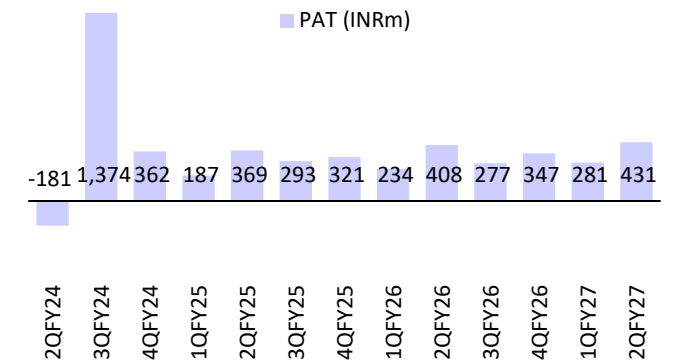
Source: MOFSL, Company

Exhibit 3: Expense ratio increased YoY



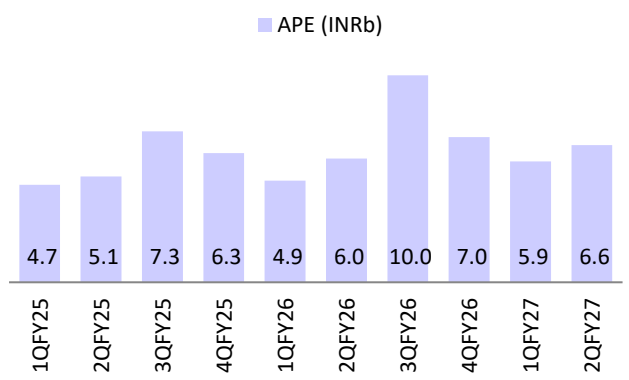
Source: MOFSL, Company

Exhibit 4: PAT trends



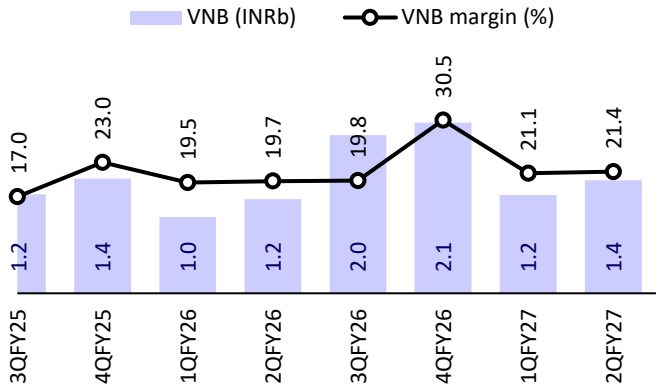
Source: MOFSL, Company

Exhibit 5: APE grew 11% YoY in 2QFY27



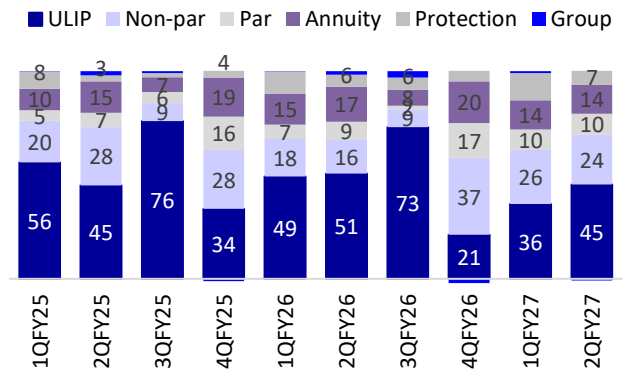
Source: MOFSL, Company

Exhibit 6: VNB margin improved YoY



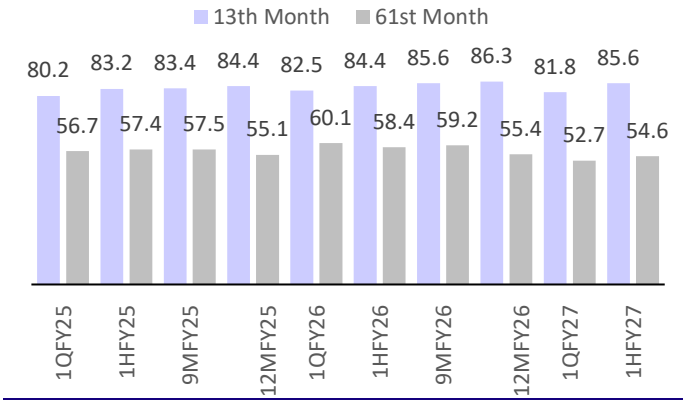
Source: MOFSL, Company

Exhibit 7: Product mix trends



Source: MOFSL, Company

Exhibit 8: Persistency trends



Source: MOFSL, Company

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	117.5	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	115.1	135.4
Income from Investments	41.1	25.8	13.1	48.1	27.6	16.0	39.9	46.1
Other Income	1.8	2.6	1.6	1.2	0.2	0.7	0.9	1.0
Total income (A)	**93.2**	**86.6**	**85.0**	**118.6**	**106.3**	**115.1**	**155.9**	**182.4**
Commission	2.9	3.6	4.1	4.1	5.1	6.2	7.5	8.9
Operating expenses	5.9	7.0	8.4	9.4	9.9	12.5	14.4	16.1
Total commission and opex	**8.8**	**10.6**	**12.5**	**13.5**	**15.0**	**18.8**	**21.9**	**25.0**
Benefits Paid (Net)	20.6	26.5	30.9	31.7	50.8	46.1	56.9	67.4
Chg in reserves	58.5	46.3	39.3	70.9	38.7	48.7	75.8	88.6
Prov for doubtful debts	-	-	-	-	-	-	-	-
Total expenses (B)	**88.5**	**84.1**	**83.4**	**116.8**	**105.5**	**114.0**	**155.0**	**181.5**
(A) - (B)	**4.7**	**2.5**	**1.7**	**1.8**	**0.8**	**1.2**	**0.9**	**0.9**
Prov for Tax	-	-	-	-	-	-	-	-
Surplus / Deficit (calculated)	**4.7**	**2.5**	**1.7**	**1.8**	**0.8**	**1.2**	**0.9**	**0.9**

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	0.7
Income From Investments	1.2	0.9	0.9	1.0	1.0	1.1	1.6	1.9
Total Income	2.9	2.7	2.6	2.4	2.3	**2.0**	**2.3**	**2.6**
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
PBT	1.0	0.1	1.0	1.2	1.3	**1.4**	**1.6**	**1.8**
Prov for Tax	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.2
PAT	0.9	0.1	0.9	1.1	1.2	**1.3**	**1.5**	**1.6**
Growth		-88.9%	771.4%	24.2%	3.2%	8.2%	15.1%	11.2%

Balance sheet (INR b)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Sources of Fund								
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	8.8
Shareholders' Fund	12.7	12.9	13.5	14.2	15.2	16.1	17.1	18.3
Policy Liabilities	82.8	116.2	156.1	197.3	223.7	266.1	310.4	352.2
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
Total	**225.9**	**272.1**	**313.1**	**387.5**	**429.1**	**480.6**	**539.6**	**605.8**
Application of Funds								
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
Total	**225.9**	**272.1**	**313.1**	**387.5**	**429.1**	**480.6**	**539.6**	**605.8**

Financials and valuations

Operating ratios (%)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Investment yield		11.3	4.9	14.9	7.3	3.7	8.4	8.3
Commissions / GWP	**-5.7**	**-6.1**	**-5.7**	**-5.8**	**-6.3**	**-6.2**	**-6.4**	**-6.4**
- first year premiums	-20.1	-18.3	-17.0	-15.4	-15.1	-15.1	-15.0	-15.0
- renewal premiums	-2.8	-3.1	-3.2	-3.1	-3.0	-3.0	-2.5	-2.5
- single premiums	-1.0	-1.3	-0.9	-1.5	-3.4	-3.4	-4.0	-4.0
Operating expenses / GWP	11.5%	11.8%	11.6%	13.1%	12.4%	12.5%	12.3%	11.7%
Total expense ratio	**17.2%**	**17.9%**	**17.3%**	**18.9%**	**18.7%**	**18.7%**	**18.6%**	**18.1%**
Claims / NWP	40.9%	45.5%	44.0%	45.7%	64.8%	46.9%	49.4%	49.8%
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%	82.5%	86.3%	86.8%	87.3%
25th Month		69.8%	66.0%	68.5%	71.5%	73.7%	74.2%	74.7%
37th Month		64.7%	65.1%	63.0%	64.1%	65.3%	65.8%	66.3%
49th Month		63.2%	63.3%	64.2%	61.0%	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%	23.0%	23.5%
RoE (%)		0.8%	6.9%	8.2%	8.0%	8.1%	8.8%	9.2%
Operating ROEV (%)			17.9%	18.5%	19.5%	20.7%	18.6%	18.8%

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%	29%	28%
EPS, Rs		0.1	1.0	1.2	1.2	1.3	1.5	1.7
VNB (INRb)		3.3	3.8	3.8	4.5	6.3	7.5	9.1
Embedded Value (INRb)		38.5	42.7	51.8	61.1	72.3	85.3	101.0
EV per share		40.5	45.0	54.5	64.3	76.1	89.8	106.3
P/AUM (%)		0.5	0.5	0.4	0.3	0.3	0.3	0.2
P/EV (x)		3.6	3.2	2.6	2.2	1.9	1.6	1.4
P/EPS (x)		1,305.5	149.8	120.7	116.9	108.0	93.9	84.4
P/EVOP (x)				16.9	13.5	10.8	10.2	8.5
P/VNB (x)		42.0	36.1	36.2	30.7	21.8	18.3	15.1

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