

### Industry Overview:

The insurance industry in India is expected to reach US\$ 280 billion by the end of 2020. Life insurance industry in the country is expected to grow 12-15% annually over the next three to five years. The market share of private sector companies in the non-life insurance market rose from 15% in FY04 to almost 56% in FY21 (till April 2020). In life insurance segment, private players had a market share of 31.3% in new businesses in FY20. Crop insurance segment contributed 20% to gross direct premiums of non-life insurance companies in FY20. Customers can now pay their health insurance premium in instalments. Earlier, health insurance companies used to collect the insurance premiums from customers on annual basis. Enrolments under the Pradhan Mantri Suraksha Bima Yojana (PMSBY) reached 154.7 million till December 2019 since the launch of this scheme. Strong growth in the automotive industry over the next decade will be a key driver of motor insurance.

### Advantages:

#### Robust Demand:

- Growing interest in insurance among people, innovative products and distribution channels are aiding growth.
- Growing use of internet has pushed the demand.

#### Attractive Opportunities:

- Insurance reach is still low in India. Overall insurance penetration (premiums as % of GDP) in India was 3.71% in FY19, providing a huge underserved market.
- IRADI set up a plan to develop a standard structure for title insurance for home buyers, which is mandatory for RERA projects.
- Life insurance in low-income urban areas.
- Strong growth potential for micro insurance, especially from rural areas.

#### Policy Support:

- Tax incentives on insurance products.
- Insurance Bill gives the Insurance Regulatory and Development Authority (IRDAI) full flexibility to frame regulations for the sector.
- Clarity on rules for insurance IPOs would infuse liquidity in the industry.
- Repeated attempts to make the sector more lucrative for foreign participants.

#### Increasing Investments:

- ☑ Reduction in Net Owned Fund requirement from Rs 5,000 crore (US\$ 720 million) to Rs 1,000 crore (US\$ 140 million) proposed to facilitate on-shoring of international transactions.
- As per Union Budget 2019-20, 100% foreign direct investment (FDI) was permitted for insurance intermediaries.

#### Trends:

- New distribution channels like bancassurance, online distribution and NBFCs have widened the reach and reduced costs.
- Firms have tied up with local NGOs to target lucrative rural markets.
- In life insurance segment, private players had a market share of 31.3% in new business in FY20.
- The market share of private sector companies in the non-life insurance market rose from 15% in FY04 to almost 56% in FY21.

- The life insurance sector has witnessed the launch of innovative products such as Unit Linked Insurance Plans (ULIPs).
- Other traditional products have also been customized to meet specific needs of Indian consumers.

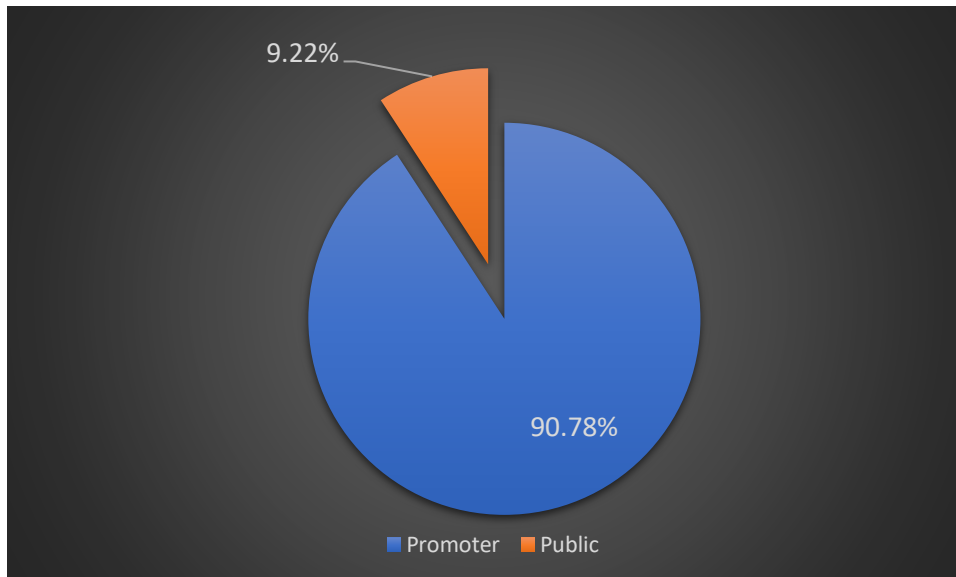
**Company Overview:**

Religare Health Insurance Company Limited is a specialist health insurer engaged in the distribution and servicing of health insurance products to employees of corporates, individual customers and for financial inclusion as well. Religare Health insurance is promoted by Religare Enterprises Limited, a leading diversified financial services group based out of India, its other shareholders are Union Bank of India and Corporation Bank. Care Health Insurance currently offers products in the retail segment for Health Insurance, Critical Illness, Personal Accident, Top-up Coverage, International Travel Insurance and Maternity along with Group Health Insurance and Group Personal Accident Insurance for corporates.

**Board of Directors**

- **Mr. Anuj Gulati, MD & CEO**
- **Mr. Daljit Singh, Non-executive Director**
- **Mr. Sham Lal, Independent directors**
- **Lt. Gen. (Retd.) Shamsher Singh Mehta, Independent directors**
- **Ms. Asha Nair, Independent directors**
- **Mr. Malay Kumar Sinha, Independent directors**

**Shareholding Pattern:**

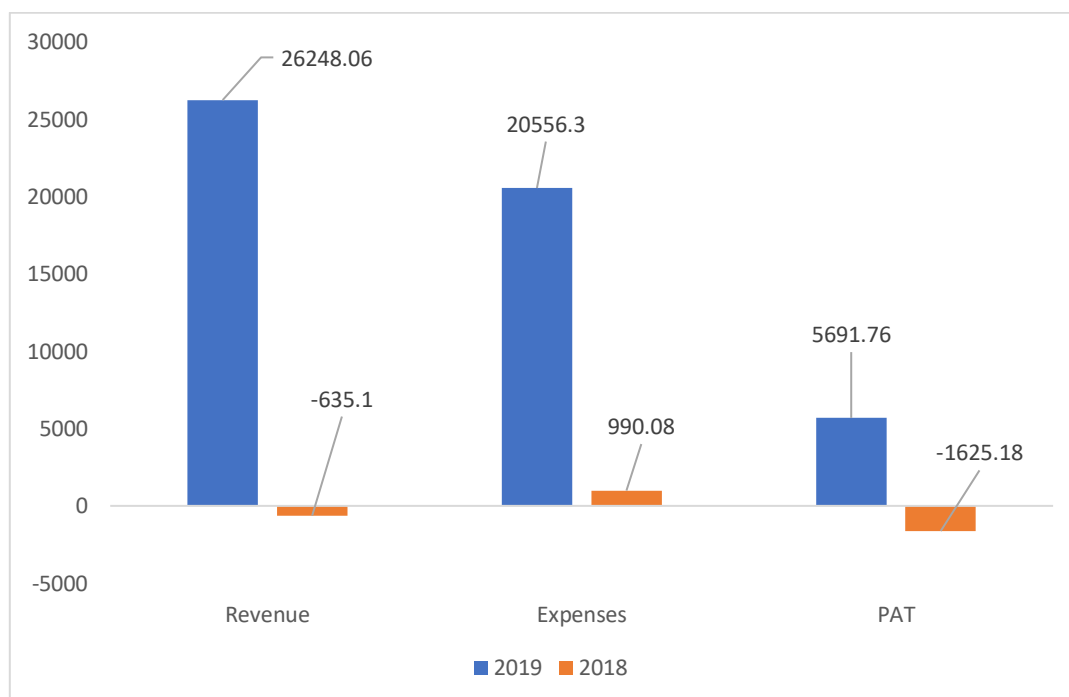


The promoter which is the Religare Enterprises Limited holds 90.78% in the company, which is a positive sign and also none of the shares of the promoter is pledged which gives confidence to the investors to invest in the company. The Public holding is 9.22% which consists of Banks/FI (8.64%), Individual Shareholders holding nominal share capital in excess of 1 lakh (0.58%).

**Financial Analysis:**

(In lakhs)

	2019	2018
<b>Revenue</b>	26248.06	-635.1
<b>Expenses</b>	20556.3	990.08
<b>PAT</b>	5691.76	-1625.18



The company incurred a heavy loss in 2018, a loss of Rs. 162518000 on account of high expenses in and low revenue figure in 2018. The year 2019 is when the company experienced rise in the revenue and the company made profit, there was rise in expenses too but the growth in the revenue was higher than the growth of the expenses.

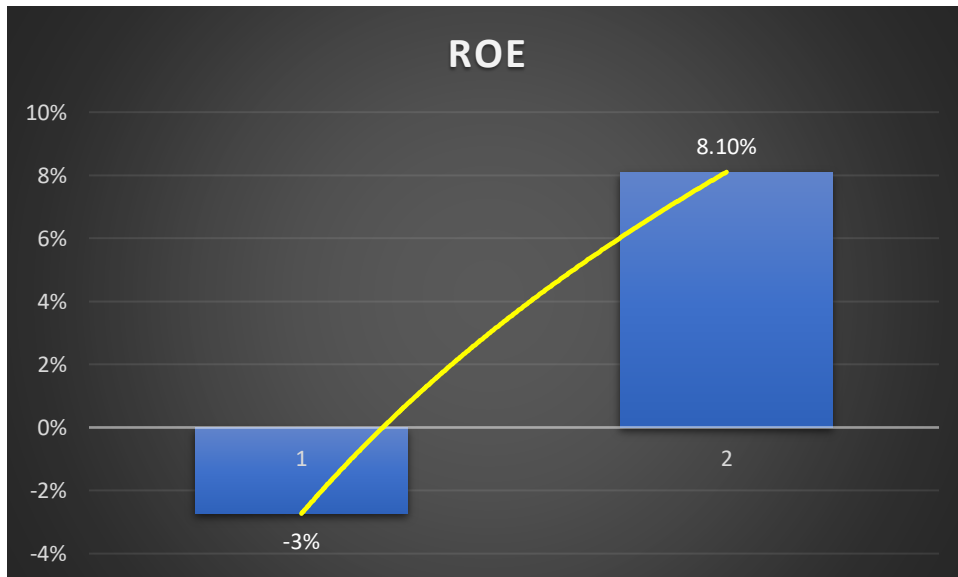
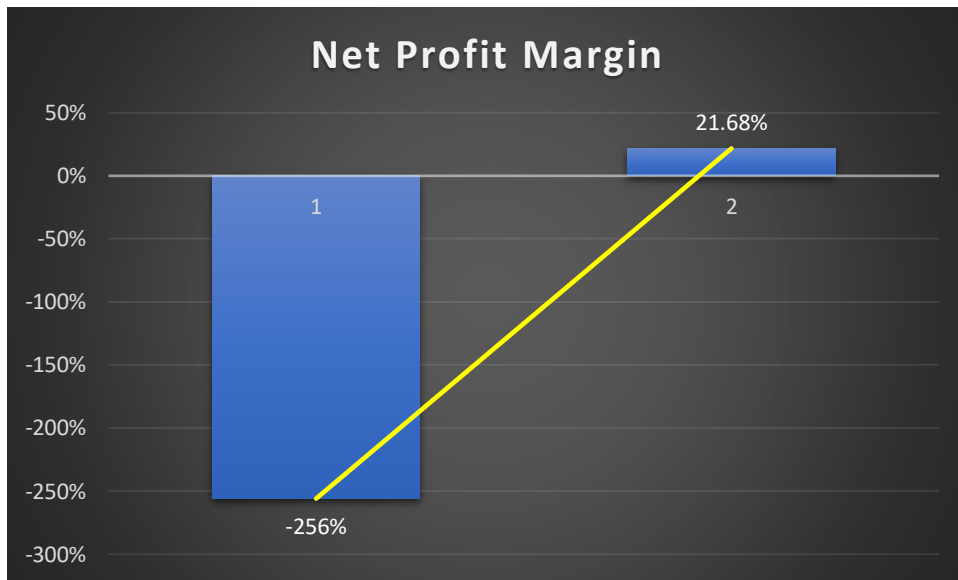
	2018	2019
<b>Net Profit Margin</b>	-255.89%	21.68%
<b>ROE</b>	-3%	8.10%
<b>D/E ratio</b>	0	0

The Net Profit Margin of the company has shown a great jump from negative PAT to positive figure PAT, which is a positive sign. The ROE of the company has shown improvement but is not up to the mark indicating decent management of equity funds to generate returns. The positive thing about the company is that the company is debt free thus the D/E ratio is 0, which develops confidence in the investors.

**Conclusion:**

The insurance sector in India is growing at a faster rate and is expected to reach US\$ 280 billion. Life insurance industry in the country is expected to grow 12-15% annually over the next three to five years. The market share of private sector companies in the non-life insurance market rose from 15% in FY04 to almost 56% in FY21 (till April 2020). The COVID has led to increase in the sale of insurance as people are more concerned towards the health.

The Company is at a growing stage with highest share held by the reputed global company which is the parent company thus increasing the trust among investors. The financial performance of the company is decent and the company is also debt free which gives it an edge in the market.



+91 83198 69295



74/II, "C" Cross Road,  
Opp Gate No 2, MIDC  
400 093, Seepz,  
Andheri East, Mumbai,  
Maharashtra 400069