

HDFC Life Insurance

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	HDFCLIFE IN
Equity Shares (m)	2,014
M.Cap.(INRb)/(USD\$)	1152.4 / 15.5
52-Week Range (INR)	648 / 339
1, 6, 12 Rel. Per (%)	-7/-13/-9
12M Avg Val (INR M)	2702

Financials & Valuations (INR b)

Y/E MARCH	FY20	FY21E	FY22E
Net Premiums	322.2	359.6	421.3
Surplus / Deficit	9.7	11.9	15.7
Sh. PAT	13.0	14.5	17.1
NBP gr - unwttd (%)	15.1	11.0	20.0
NBP gr - APE (%)	18.4	11.1	21.3
Premium gr (%)	12.1	11.1	17.2
VNB margin (%)	25.9	25.6	26.2
RoE (%)	20.8	19.8	20.1
RoEV (%)	12.9	20.8	17.3
Total AUMs (INRt)	1.3	1.5	1.7
VNB (INRb)	19.2	20.4	25.3
EV per share	102.3	123.5	144.8

Valuations

P/EV (x)	5.6	4.6	3.9
P/EPS (x)	88.9	79.4	67.4

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	60.4	63.7	74.5
DII	7.3	6.1	4.9
FII	23.6	21.1	11.8
Others	8.7	9.1	8.8

FII Includes depository receipts

CMP: INR571
TP: INR625 (+10%)
Neutral

Premium growth steady; Persistency rates showing recovery

VNB margin improves; Protection and PAR drives business growth

- HDFC Life (HDFCLIFE) reported improvement in new business APE, led by Individual Protection/PAR and Group savings business while the trend in ULIPs remained weak in 2QFY21. VNB margins improved to 25.6% led by rise in retail Protection/Annuity business and cost control. Thus, Absolute VNB grew 22% YoY during 2QFY21. On the persistency front, better trends were witnessed in the PAR/Protection business, and thus, 13th/25th month persistency improved by 200bp/400bp. Overall, shareholders' PAT grew ~6% YoY to INR3.3b during 2QFY21.
- Overall, we expect HDFCLIFE to reflect 17% VNB growth over FY20-23E. By FY23E, we expect margins to improve to ~26.4% and operating RoEV to remain steady at ~18%. **Maintain Neutral.**

Individual Protection/PAR trends stay robust; VNB margins improve

- HDFCLIFE posted strong Net premium income growth of 35% YoY, led by single premium growth of 66% YoY. Also, first year/renewal premium growth came in at 15%/21% YoY. Thus, total new business premium grew 47% YoY over 2QFY21. Persistency trends in the 13th/25th month improved by 200bp/400bp, led by improvement in the PAR/Protection segment.
- In 2QFY21, Individual/Group APE grew 18.5%/35.5% YoY, leading to total new business APE growth of 21% YoY. The individual APE growth was mainly led by PAR (250% YoY) while retail Protection grew 28% YoY. On the other hand, the share of ULIPs in total individual APE declined to 21% v/s 27% in 1QFY21. Also, group Protection declined, led by credit life (down 32% YoY). The share of Protection in total APE declined to 11.6% (v/s 15.4% in 2QFY20).
- VNB margins improved to 25.6% in 2QFY21 (v/s 24.3% in 1QFY21 and 25.4% in 2QFY20), on the back of improvement in product mix and cost efficiency. Absolute VNB for 2QFY21 grew 22% YoY.
- Total operating expenses (incl. commissions)** grew 4.5% YoY, and thus, total expense ratio declined to 15.0% (430bp YoY improvement).
- The share of banca channel in individual APE increased to 60% (600bp YoY) while the share of agents declined 200bp YoY to 13% over 1HFY21.

Highlights from management commentary

- HDFCLIFE is reflecting better business trends in the retail protection and annuity segment. Also, Banca channel is posting strong trends in the Sanchay Par advantage. However, credit life remains under pressure.
- On the distribution front, HDFCLIFE has entered into a partnership with YES Bank during the quarter.
- On the cost front, as business volumes pick up, there would be an increase in variable cost.

Valuation and view

HDFCLIFE remains focused on maintaining a balanced product mix across the Savings/Protection businesses, with emphasis on product innovation and superior customer service. However, in the near term, Individual Protection/PAR segments are likely to see healthy growth while trends in ULIPs should remain sluggish. VNB margins have been broadly stable over the past few quarters; however, as retail Protection and Annuity mix improves, we estimate margins to gradually improve to ~26.4% by FY23E. Overall, we expect operating RoEV to remain steady at ~18%. We have introduced FY23E estimates and roll forward our target price multiple to Sep'22 and value the stock at INR625, corresponding to 4.0x Sep'22E EV. **Maintain Neutral.**

Quarterly performance

(INR m)

Policy holder's A/c (INR m)	FY20				FY21E				FY20	FY21E	FY21E 2Q	V/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net premium inc.	64,512	74,537	78,543	104,645	57,218	100,454	99,973	101,971	322,236	359,617	98,895	1.6
Growth (%)	29.2%	10.0%	13.9%	2.1%	-11.3%	34.8%	27.3%	-2.6%	11.4%	11.6%	32.7%	209
PAT	4,246	3,087	2,502	3,117	4,511	3,261	3,355	3,419	12,953	14,546	3,546	-8.0
Growth (%)	11.7%	7.6%	1.9%	-14.4%	6.2%	5.6%	34.1%	9.7%	1.4%	12.3%	14.9%	-923
Key metrics (INRb)												
New business APE	17.1	17.6	18.2	18.7	12.0	21.4	22.1	24.7	71.6	79.6	21	0.7
VNB	5.1	4.5	4.5	5.1	2.9	5.5	5.8	6.3	19.2	20.4	5	1.1
AUM (INR b)	1,296	1,310	1,365	1,272	1,400	1,459	1,477	1,495	1,272	1,495	1,454	0.4
Key Ratios (%)												
VNB Margins (%)	29.8	25.4	24.7	27.4	24.3	25.6	26.0	25.3	25.9	25.6	25.5	11
Solvency ratio (%)	193.0	192.0	195.0	184.1	190.0	193.0	196.0	175.6	184.1	175.6	193	0

E:MOFSL Estimates

Quarterly snapshot

Policyholder A/c (INR b)	FY19				FY20				FY21		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Net premium income	49.9	67.8	69.0	102.5	64.5	74.5	78.5	104.6	57.2	100.5	35	76
First year premium	8.1	12.1	12.5	17.9	13.3	14.5	15.4	17.2	10.2	16.8	15	64
Renewal premium	23.8	32.3	33.1	52.9	26.1	35.7	37.7	55.3	32.4	43.1	21	33
Single premium	18.7	24.0	24.0	32.4	26.0	25.4	26.9	33.7	16.0	42.0	66	162
Investment income	18.0	10.9	23.8	37.6	20.5	11.4	37.3	-102.3	87.5	63.2	457	-28
Total income (A)	68.5	79.0	93.0	143.7	85.3	86.6	116.5	4.2	145.1	164.1	90	13
Commission paid	2.0	2.6	2.6	3.9	3.2	3.7	3.5	4.3	2.4	4.2	16	78
Operating expense	7.2	9.5	9.2	12.2	8.8	11.0	10.6	12.5	6.7	11.0	1	65
Total commission & Opex	9.2	12.1	11.9	16.1	12.0	14.6	14.1	16.8	9.1	15.3	4	69
Benefits paid	29.4	33.6	29.9	46.9	36.6	42.2	58.1	53.3	28.0	47.6	13	70
Total Expenses (B)	64.1	75.6	89.8	137.8	79.8	83.3	112.2	-3.1	142.0	161.7	94	14
PBT	3.6	1.9	2.4	4.8	3.8	1.9	2.9	2.6	2.8	1.6	-17	-45
Tax	0.2	0.0	0.2	1.9	0.0	-0.2	0.5	1.2	0.3	0.2	-173	-44
Surplus/(Deficit)	3.4	1.9	2.2	6.0	3.8	2.1	2.5	1.4	2.5	1.4	-35	-45
Shareholder A/c												
Trf from Policyholder a/c	3.2	2.3	1.8	4.8	3.5	2.2	1.7	4.5	3.5	2.2	-1	-37
Investment Income	0.8	0.7	0.8	1.7	1.0	1.4	1.1	0.9	1.0	1.4	-2	42
Total income	4.1	3.1	2.6	6.6	4.5	3.6	2.8	5.6	4.4	3.5	-2	-20
PBT	3.9	3.0	2.6	3.5	4.4	3.3	2.6	2.8	4.5	3.3	0	-28
PAT	3.8	2.9	2.5	3.6	4.2	3.1	2.5	3.1	4.5	3.3	6	-28
Individual APE												
ULIP	4.5	7.9	7.5	8.8	3.6	3.9	4.9	4.9	2.9	3.6	-6	25
PAR	2.4	2.5	1.9	2.6	0.8	1.8	3.1	6.0	3.2	6.1	250	91
Term	0.6	0.9	0.9	1.3	0.7	1.3	1.1	1.8	1.2	1.4	4	16
Non Par savings	0.5	0.8	1.8	4.8	8.0	7.5	5.6	4.1	3.0	5.5	-26	83
Annuity		NA		NA	0.7	0.5	0.6	0.7	0.5	0.9	93	64
Total individual APE	8.4	12.6	12.6	18.4	13.8	14.9	15.3	17.5	10.7	17.6	18	64
Total APE	10.3	14.8	15.4	22.1	17.1	17.6	18.2	21.1	12.0	21.4	21	78

Quarterly snapshot contd.

Key Ratios (%)	FY19				FY20				FY21		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
APE (% of total)												
ULIP	54.0	62.3	59.0	47.7	26.0	26.0	31.7	28.0	27.0	20.6	-543	-643
PAR	28.0	19.7	15.0	14.3	6.0	11.8	20.5	34.1	30.0	34.8	2,305	483
Term	7.0	7.0	7.0	7.0	5.0	8.9	7.0	10.5	11.0	7.8	-107	-322
Non Par savings	6.0	6.0	14.0	26.0	58.0	50.3	36.8	23.4	28.0	31.2	-1,908	322
Distribution mix (%)												
Bancassurance	65.0	68.3	67.0	58.5	56.0	52.1	56.9	55.0	59.0	60.6	846	161
Individual agents	11.0	11.0	11.0	16.7	15.0	15.0	12.1	14.0	12.0	13.6	-139	161
Direct	19.0	15.7	17.0	22.7	20.0	21.9	21.0	24.5	24.0	19.2	-275	-483
Broker	5.0	3.3	4.0	4.0	9.0	10.9	7.1	9.0	5.0	6.6	-432	161
Key Ratios (%)												
Operating ratios												
Total Cost	18.2	17.7	17.0	15.6	18.4	19.3	17.7	15.8	15.5	15.0	-430	-50
Solvency ratio	197	193	191	188	193	192	195	184	190	193	100	300
Profitability ratios												
VNB margins	24.2	24.3	23.4	25.7	29.8	25.4	24.7	24.3	24.3	25.6	20	131
ROE	31.0	26.4	23.4	24.6	28.9	24.3	21.3	20.5	25.0	21.0	-330	-400
Op. ROEV	18.4	19.6	19.7	20.1	19.9	19.6	19.0	18.1	15.8	17.6	-200	180
Persistency ratios												
13th Month	85.0	86.6	86.4	87.2	88.8	86.0	89.7	90.1	87.0	88.0	200	100
25th Month	77.8	79.1	79.8	80.5	77.6	75.0	80.0	80.2	80.8	79.0	400	-180
37th Month	71.2	72.1	71.9	72.0	71.4	71.0	73.4	73.8	69.5	69.0	-200	-50
49th Month	63.6	64.2	65.7	67.7	67.3	67.0	67.7	67.2	64.9	66.0	-100	110
61st Month	49.5	50.3	50.1	52.3	55.5	53.0	54.7	55.0	54.4	53.0	0	-140
Key Metrics (INR b)												
VNB	2.5	6.1	9.7	15.4	5.1	9.6	14.1	19.2	2.9	5.5	-43	88
EV	156.9	163.8	174.0	183.0	192.3	201.2	208.4	206.5	225.8	233.3	16	3
AUM	1,096	1,132	1,177	1,256	1,296	1,310	1,365	1,272	1,400	1,459	11	4
Equity portion (%)	39	38	38	38	38	37	37	29	32	33	-11	3

Note: (a) Persistency ratios are on cumulative basis for 1H, 9M and 12M; (b) Profitability ratios also as on 1H, 9M and 12M



Highlights from management commentary

Business mix

- Total COVID claims raised include 418 claims in the individual business and 50 claims in the group segment.
- Credit life business continued to witness pressure. On the other hand, Annuity business is gaining traction. There is strong structural demand for the Annuity and retail Protection product
- Overall, the company has witnessed fair amount of recovery in ULIP persistency in comparison to pre-COVID levels.
- Among product segments, Sanchay Par is doing very well due to its unique features. The product is pushed strongly by the Banca partners currently.
- Limited Pay has higher interest rate sensitivity compared to Regular Pay products. Further, various hedging techniques are used to manage the sensitivity.
- Persistency in the non-PAR segment has also improved.

Operating metrics

- INR410m additional reserves have been built in, mainly from a perspective of exercising caution in the current COVID environment.

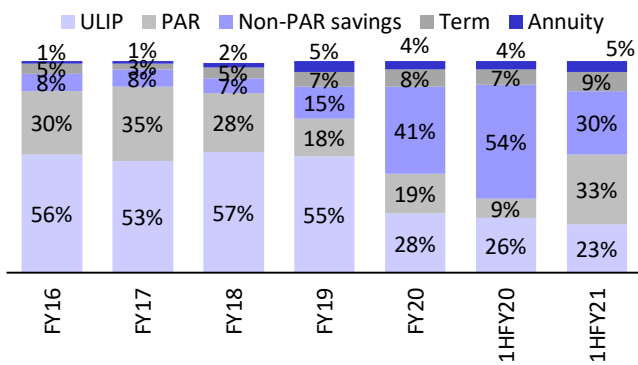
- The economic variance has declined during 1HFY21 (v/s 1QFY21), mainly because of the change in slope in the interest rate curve.
- ULIPs have been replaced by PAR currently in the product mix. Thus, overall it is not dilutive to margins.
- **VNB Margins:** PAR is replacing ULIPs, Annuity growth is picking up and share of retail Protection share is increasing. Thus, all these factors are contributing to margin improvement.
- The company much in the Protection business, thus, contributing higher to the new business strain. PAR has less new business strain.
- **Opex growth:** Overall, operating expenses have come down. As growth revives, operating expenses should reflect upward trend.

Distribution channel

- In terms of banca mix, currently 60-70% of the total Banca premium comes from HDFC Bank only.
- Entered into banca partnership with YES Bank. Bandhan is also another Banca partner.
- The rest of its banca partners (excluding HDFC Bank) are also showing improving trends.

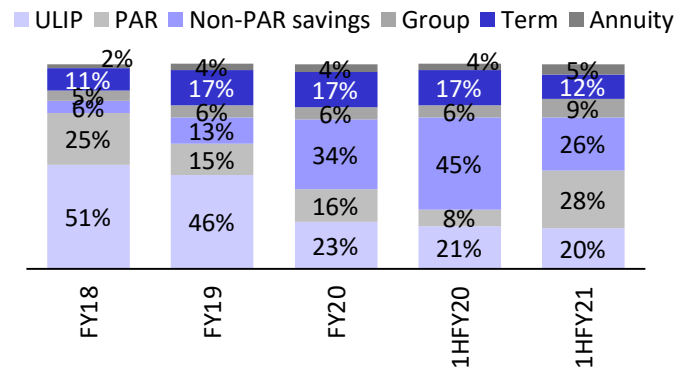
Key Exhibits

Exhibit 1: Share of Protection at ~9% in total individual APE



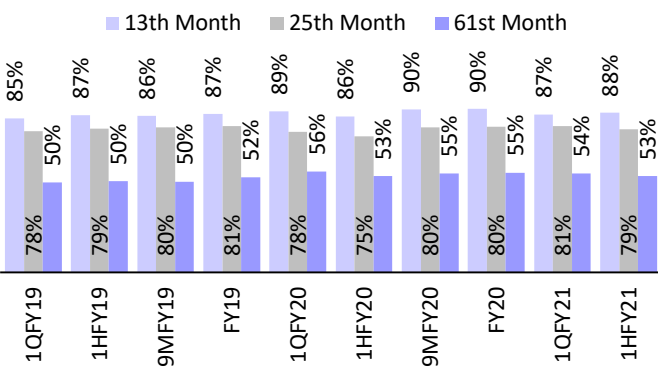
Source: MOFSL, Company

Exhibit 2: Share of Non-PAR savings and Annuity is 31% and Protection is 12% of the total APE



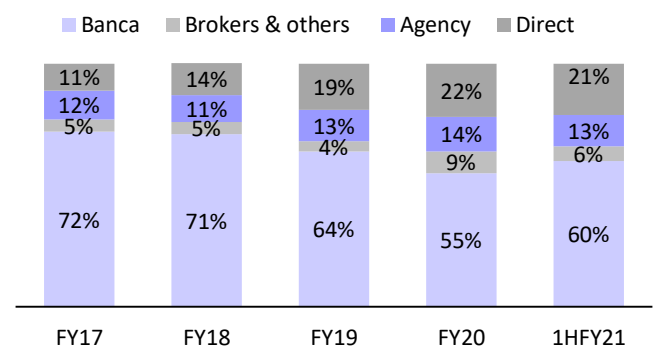
Source: MOFSL, Company

Exhibit 3: 13th/25th Month persistency improved by ~200/400bp YoY in 1HFY21



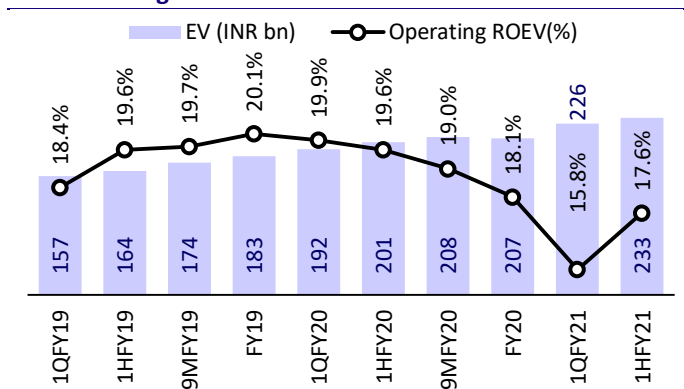
Source: MOFSL, Company

Exhibit 4: Share of direct channel at 21%



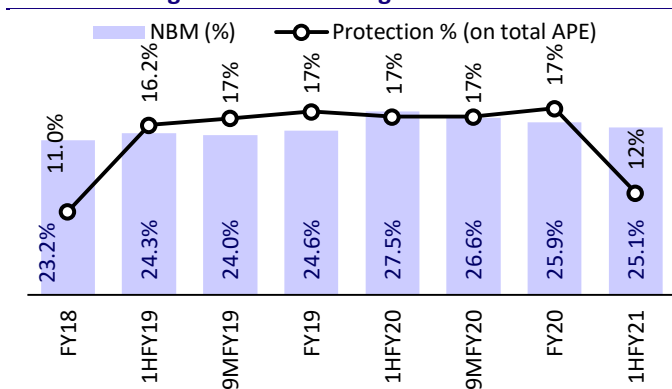
Source: MOFSL, Company

Exhibit 5: EV grew 16% YoY to INR233b



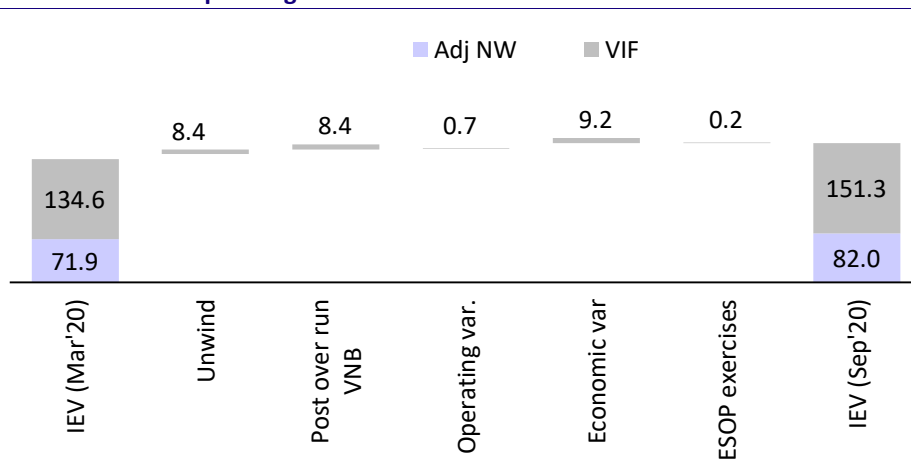
Source: MOFSL, Company

Exhibit 6: Margins at 25.1% during 1HFY21



Source: MOFSL, Company

Exhibit 7: IEV break-up during 1HFY21



Source: MOSL, Company

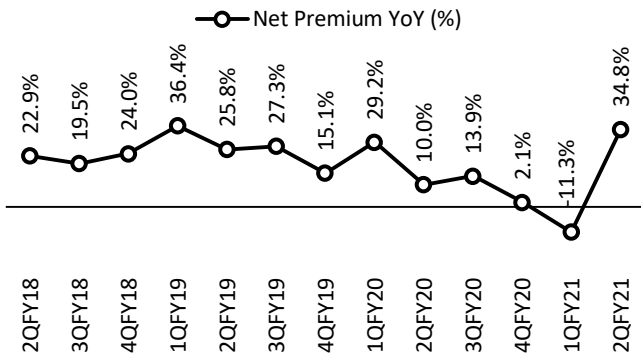
Valuation view

- Over FY15-20, the insurance industry reported 18% CAGR in new business APE with market share of the top-5 players within private insurers increasing 1,050bp to ~68%. We expect HDFCLIFE to continually gain market share owing to its strong brand, service quality and trust amongst customers.
- HDFCLIFE has strengthened its positioning in the industry with an individual APE-based market share of ~17.5% as on 1HFY21 amongst private insurers (v/s 8% in FY10).
- Product innovation has been a key differentiator and played a critical role in driving business growth. Several of the company's savings products like Sanchay Plus and Sanchay-PAR advantage have witnessed strong traction.
- Protection and Annuity are likely to do well as they are relatively simpler products and easy to transact through the Digital channel. Overall, we expect the share of Protection/Non-PAR to increase, driving margin expansion gradually. We expect VNB margins to improve to 26.4% by FY23E.
- HDFCLIFE has delivered strong return ratios over the past few years. It should remain robust, driven by healthy new business margins, balanced product mix, quality underwriting and robust persistency ratios.
- Neutral with target price of INR625:** HDFCLIFE remains focused on maintaining a balanced product mix across the Savings/Protection businesses, with emphasis on product innovation and superior customer service. However, in the near

term, Individual Protection/PAR segments are likely to see healthy growth while trends in ULIP should remain sluggish. VNB margins have been broadly stable over the past few quarters; however, as retail Protection and Annuity mix improve, we estimate margins to also improve gradually. Overall, we expect operating RoEV to remain steady at ~18%. We have introduced FY23E estimates and have rolled forward the target price multiple to Sep'22. We value the stock at INR625 corresponding to 4.0x Sep'22E EV. **Maintain Neutral.**

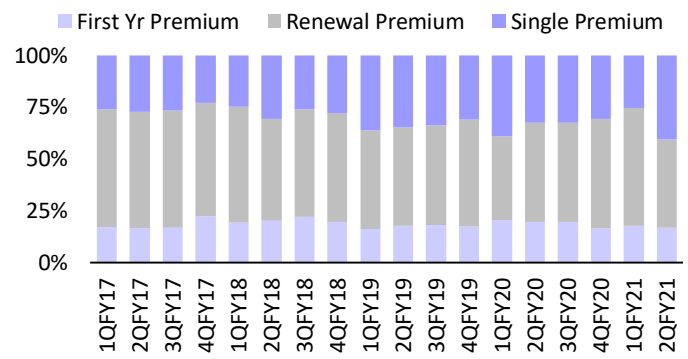
Story in Charts

Exhibit 8: Net premium growth improved to ~35% YoY



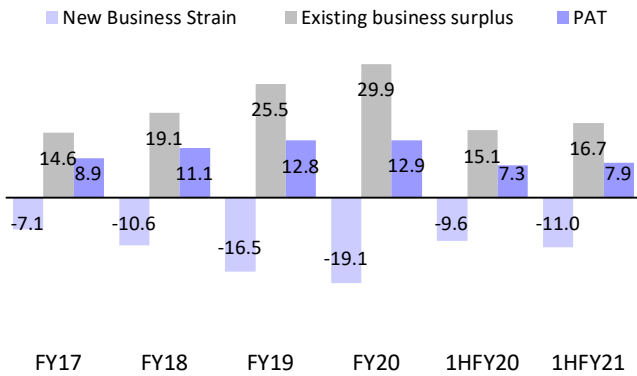
Source: MOFSL, Company

Exhibit 9: Proportion of single premium increased during the quarter



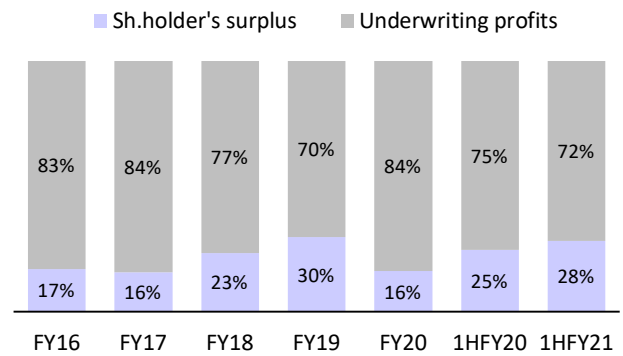
Source: MOFSL, Company

Exhibit 10: Trend in PAT, existing business surplus and new business strain



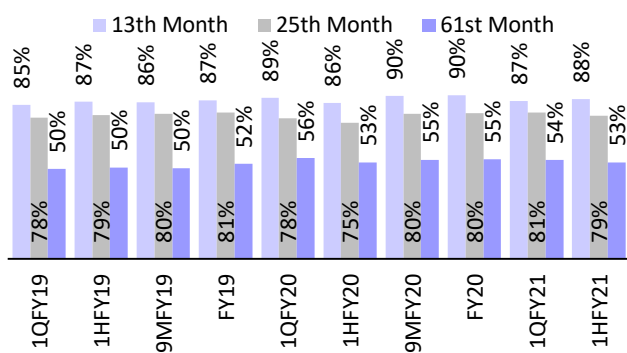
Source: MOFSL, Company

Exhibit 11: Underwriting profits witnessed decline



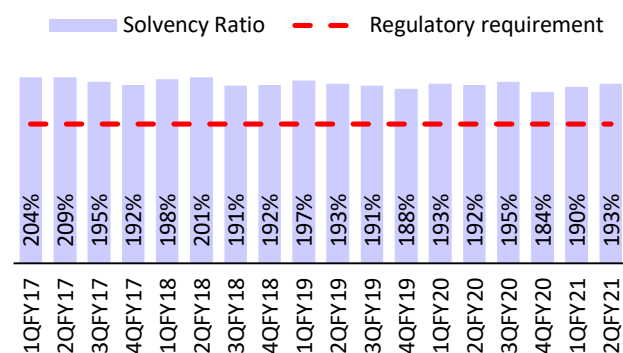
Source: MOFSL, Company

Exhibit 12: 13th/25th months persistency improved in 1HFY21



Source: MOFSL, Company

Exhibit 13: Solvency ratio higher than the requirement



Source: MOFSL, Company

Financials and Valuations

Technical account (INR b)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Gross Premiums	194.5	235.6	291.9	327.1	363.4	425.9	504.5
Net Premiums	192.7	233.7	289.2	322.2	359.6	421.3	499.0
Income from Investments	111.4	85.9	90.3	(33.1)	119.0	133.5	153.3
Other Income	1.4	2.7	4.8	3.5	3.8	4.1	4.5
Total income (A)	305.5	322.4	384.4	292.6	482.4	558.9	656.8
Commission	7.9	10.7	11.2	14.9	16.0	18.9	23.4
Operating expenses	23.9	31.6	38.1	42.7	44.4	50.7	57.8
Total commission and opex	31.8	42.3	49.3	57.6	60.5	69.7	81.2
Benefits Paid (Net)	100.0	131.1	139.9	190.2	214.4	258.8	296.3
Change in reserves	160.5	133.2	175.1	24.4	181.5	199.8	242.8
Prov for doubtful debts	0.3	0.0	0.9	5.7	6.6	8.3	10.4
Total expenses (B)	292.7	306.7	365.2	277.9	463.1	536.6	630.7
(A) - (B)	12.9	15.7	19.2	14.7	19.3	22.3	26.1
Tax (incl GST)	3.4	4.7	5.7	5.0	7.4	6.6	7.0
Surplus / Deficit	9.5	10.9	13.5	9.7	11.9	15.7	19.1

Shareholder's a/c (INR b)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Transfer from technical a/c	7.9	10.0	12.1	11.9	11.6	15.3	18.6
Income From Investments	2.3	2.8	4.1	4.4	6.5	5.8	4.2
Total Income	10.1	13.0	16.4	16.5	18.3	21.3	23.0
Total Expenses	1.0	1.7	3.5	3.4	3.3	3.5	2.4
PBT	9.1	11.3	12.9	13.1	15.1	17.8	20.5
Tax	(0.2)	(0.2)	(0.1)	(0.2)	(0.5)	(0.6)	(1.1)
PAT	8.9	11.1	12.8	13.0	14.5	17.1	19.4
Growth	9%	24%	15%	1%	12%	18%	13%

Premium (INR b) & growth (%)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
NBP - unweighted	86.2	113.5	149.7	172.4	191.3	229.6	270.9
NBP - wrp	41.5	54.0	60.5	71.6	79.6	96.6	114.9
Renewal premium	108.2	122.1	142.1	154.7	172.1	196.2	233.5
Total premium - unweighted	194.5	235.6	291.9	327.1	363.4	425.9	504.5
NBP growth - unweighted	32.9%	31.7%	31.9%	15.1%	11.0%	20.0%	18.0%
NBP growth - wrp	14.9%	30.0%	12.0%	18.4%	11.1%	21.3%	18.9%
Renewal premium growth	10.2%	12.8%	16.4%	8.8%	11.3%	14.0%	19.0%
Tot. premium growth - unweighted	19.2%	21.2%	23.9%	12.1%	11.1%	17.2%	18.5%

Premium mix (%)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
New business - un weighted							
- Individual mix	48.7%	52.4%	51.1%	48.8%	60.0%	63.0%	65.0%
- Group mix	51.3%	47.6%	48.9%	51.2%	40.0%	37.0%	35.0%
New business mix - WRP							
- Participating	30.0%	24.8%	14.4%	15.9%	27.4%	27.1%	25.7%
- Non-participating	21.5%	22.7%	38.5%	59.5%	39.5%	39.1%	39.6%
- ULIPs	48.5%	52.5%	47.1%	24.5%	33.2%	33.9%	34.7%
Total premium mix - un weighted							
- Participating	25.9%	24.9%	20.0%	18.5%	40.0%	40.0%	40.0%
- Non-participating	27.4%	31.5%	41.2%	47.3%	12.8%	12.8%	12.8%
- ULIPs	46.7%	43.6%	38.8%	34.2%	47.2%	47.2%	47.2%

Indi premium sourcing mix (%)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Individual agents	15.5%	13.2%	13.8%	13.3%	22.4%	22.4%	22.4%
Corporate agents-Banks	61.1%	58.8%	46.7%	41.8%	52.6%	52.6%	52.6%
Direct business	14.9%	19.4%	31.8%	35.0%	17.5%	17.5%	17.5%
Others	8.6%	8.6%	7.8%	9.9%	7.5%	7.5%	7.5%

Financials and Valuations

Balance sheet (INR b)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Sources of Fund							
Share Capital	20.0	20.1	20.2	20.2	20.2	20.2	20.2
Shareholders' Fund	38.4	47.5	56.6	68.0	78.9	91.6	105.9
Policy Liabilities	327.8	423.2	536.7	652.7	790.8	946.1	1,132.0
Prov. for Linked Liab.	538.0	546.0	605.2	508.4	545.0	581.0	627.3
Funds For Future App.	8.7	35.5	39.5	42.2	46.5	55.2	65.8
Current liabilities & prov.	38.2	46.5	51.2	49.8	64.7	84.1	109.3
Total	951.1	1,104.8	1,300.3	1,321.6	1,526.3	1,758.9	2,042.3
Application of Funds							
Shareholders' invt	32.5	40.7	50.5	58.6	70.3	84.3	101.2
Policyholders' invt	346.9	453.5	571.2	671.9	801.9	958.7	
Assets to cover linked liab.	538.0	571.9	633.8	541.8	593.3	640.8	1,146.3
Current assets	29.7	35.2	40.4	43.1	53.8	67.3	84.1
Total	951.1	1,104.8	1,300.3	1,321.6	1,526.3	1,758.9	2,042.3

Operating ratios (%)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Investment yield	12.6%	8.4%	7.5%	-2.7%	8.5%	8.3%	8.3%
Commissions / GWP	4.1%	4.6%	3.8%	4.6%	4.4%	4.4%	4.6%
- first year premiums	17.7%	18.4%	15.5%	17.9%	17.1%	16.6%	19.5%
- renewal premiums	1.3%	1.3%	1.5%	1.6%	1.9%	2.0%	1.5%
- single premiums	0.1%	0.8%	1.2%	1.3%	1.1%	1.0%	0.5%
Operating expenses / GWP	12.3%	13.4%	13.1%	13.0%	12.2%	11.9%	11.5%
Total expense ratio	16.3%	18.0%	16.9%	17.5%	16.6%	16.4%	16.1%
Claims / NWP	51.1%	55.2%	46.4%	56.4%	56.7%	58.4%	56.3%
Solvency ratio	192%	192%	188%	184%	176%	172%	163%

Persistency ratios (%)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
13th Month	81.0%	87.1%	87.2%	90.1%	88.8%	89.0%	89.4%
25th Month	73.0%	77.4%	80.5%	80.2%	79.6%	79.6%	80.1%
37th Month	64.0%	70.9%	72.0%	73.8%	71.9%	72.5%	72.8%
49th Month	58.0%	62.2%	67.7%	67.2%	66.8%	66.5%	67.1%
61st Month	57.0%	51.0%	52.3%	55.0%	53.4%	54.0%	54.2%

Profitability ratios (%)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
VNB margin (%)	22.0%	23.2%	24.6%	25.9%	25.6%	26.2%	26.4%
RoE (%)	25.5%	25.8%	24.5%	20.8%	19.8%	20.1%	19.6%
Operating ROEV	21.9%	21.6%	20.1%	18.2%	17.9%	18.1%	18.3%
RoEV (%)	22.0%	22.0%	20.3%	12.9%	20.8%	17.3%	17.2%

Valuation & key data	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Total AUMs (INRb)	917	1,066	1,256	1,272	1,495	1,717	1,988
- of which equity AUMs (%)	41%	39%	38%	29%	30%	32%	33%
Dividend %	11%	14%	16%	0%	15%	18%	21%
Dividend payout ratio (%)	30%	30%	31%	0%	25%	26%	26%
EPS, INR	4.5	5.5	6.3	6.4	7.2	8.5	9.6
VNB (INRb)	9.1	12.8	15.40	19.18	20.4	25.3	30.4
Embedded Value (INRb)	124.5	151.9	182.7	206.3	249.1	292.2	342.3
EV per share (INR)	61.7	75.3	90.6	102.3	123.5	144.8	169.7
VIF as % of EV	67%	68%	68%	65%	67%	67%	68%
P/VIF (%)	13.8	11.1	9.3	8.6	6.9	5.9	5.0
P/AUM (%)	125%	108%	92%	90%	77%	67%	58%
P/EV (x)	9.2	7.6	6.3	5.6	4.6	3.9	3.4
P/EPS (x)	127.7	103.2	90.0	88.9	79.4	67.4	59.5

NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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