MOTILAL OSWAL

27 October 2021
2QFY22 Results Update | Sector: Financials

SBI Life Insurance

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	SBILIFE IN
Equity Shares (m)	1,000
M.Cap.(INRb)/(USDb)	1184.2 / 15.8
52-Week Range (INR)	1273 / 756
1, 6, 12 Rel. Per (%)	-5/3/2
12M Avg Val (INR M)	2672

Financials & Valuations (INR b)

Y/E MARCH	FY21	FY22E	FY23E
Net Premiums	497.7	595.0	715.8
Surplus / Deficit	18.1	15.3	19.3
Sh.PAT	14.6	12.5	15.0
NBP gr- unwtd (%)	24.3	22.0	21.0
NBP gr- APE (%)	8.2	25.1	21.6
Premium gr (%)	23.7	19.5	20.3
VNB margin (%)	23.2	25.8	26.0
RoE (%)	15.2	11.5	12.6
RoEV (%)	27.0	17.5	17.8
Total AUMs (INRt)	2.2	2.6	2.9
VNB	26.6	36.8	45.1
EV per share	364.0	427.8	503.9
Valuations			
P/EV (x)	3.3	2.8	2.3
P/EVOP (x)	23.6	19.7	16.5

***VNB, VNB margins based on ETR**

Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	55.7	55.7	60.7
DII	12.1	9.6	7.1
FII	24.5	27.2	25.8
Others	7.8	7.4	6.5

FII Includes depository receipts

CMP: INR1,184 TP: INR1,500 (+27%) BUY

Robust VNB growth; NBP growth/margin steady

Agency channel witnessing strong momentum

- SBILIFE reported a strong 2QFY22, with APE growth of 46% YoY (5% beat) and VNB growth at a stellar 91% YoY (10% beat). VNB margin improved to 25.9% (up ~560bp YoY). However, shareholders' PAT declined by ~18% YoY on account of higher claims settled in 2QFY22.
- Among segments, ULIP saw a strong rebound, up 67% YoY. Non-PAR/Protection grew better than its peers, up 68%/21% YoY. Persistency has improved across cohorts, with 13th month persistency improving by ~180bp YoY to 87.7% and steady trends in the 61st month at 60.7%.
- We estimate 23% CAGR in APE over FY21-24E. VNB margin is estimated to reach 26.2% by FY24E, thus enabling 28% VNB CAGR and ~18% EV CAGR over FY21-24E. **We maintain our Buy rating.**

Robust growth in APE and VNB; persistency trends improve

- SBILIFE posted a 14% YoY growth in net premium, dragged by sluggish growth in renewal premium at 9% YoY. Shareholders' PAT declined by ~18% YoY on account of higher claims settled in 2QFY22.
- Total APE growth was robust ~46% YoY (5% beat) in 2QFY22. Among segments, Non-PAR growth stood strong at 68% YoY. There was a strong bounce back in ULIP (67% YoY). Growth in Protection stood at 21% YoY, which was better v/s other peers. The share of Non-PAR increased to 10.6% (v/s 9.3% in FY21) while ULIP stood ~68%. The share of Protection stood at 10.3% (v/s 10.5% in FY21).
- **COVID-19 update:** SBILIFE reported a 1.49x QoQ increase in the number of claims. Total COVID-19 claims settled in 2Q stood at 13,650 (v/s 8,956 in 1QFY22). It settled COVID-19 claims net of reinsurance of INR7.7b (v/s INR5.7b in 1QFY22). It also holds additional COVID-19 reserves of ~INR2.7b (v/s INR4.4b in 1QFY22) for potential future claims.
- Absolute VNB growth was robust (up 71% YoY) ~INR8.8b, with VNB margin improving to 22.1% (v/s 18.9%/21.2% in 2QFY21/1QFY22). **On an effective tax rate (ETR) basis, absolute VNB grew by ~91% YoY to INR10.3b (10% beat),** with margin improving to 25.9% (v/s 20.3%/24.1% in 2QFY21/1QFY22). Margin improvement was aided by higher business volume, product mix change towards high margin segments, and re-pricing of Protection and Non-PAR products.
- Persistency has improved across cohorts on a YoY basis, with 13th/49th month persistency improving by ~180bp/300bp YoY to 87.7%/69.3% and steady trends in the 61st month to 60.7%.

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- On the distribution front, the share of banca/agency channel in total APE stood ~62%/~27% (up ~55bp/~345bp YoY) in 1HFY22. The share of other channels (including tie-ups with other partners) stood ~11%.
- SBILIFE continues to maintain its cost leadership, with a total expense ratio of 9.5% (v/s 8.6% in 1HFY22).

Highlights from the management commentary

- SBILIFE has recently re-priced Annuity, Non-PAR and Protection products, which aided margin expansion. It expects margin to expand further in the near term.
- Persistency has improved, while lower NBP growth last year is impacting renewal growth in FY22.
- **Re-insurance price hike**: It does not expect any price hike in Protection products over the next one year.
- It continues to see strong traction in Non-PAR and the Protection segment.

Valuation and view

SBILIFE reported a strong quarter, with VNB growing at a robust pace, led by an improving product mix towards high margin segments and strong business volume, with growth bouncing back strongly across all key segments. The shift in product mix towards higher margin products such as Non-PAR and Protection would drive an improvement in VNB margin. SBILIFE continues to maintain its cost leadership, while persistency trends have improved on a YoY basis. We estimate APE growth at 23% CAGR over FY21-24E. VNB margin is estimated to reach 26.2% by FY24E, thus enabling 28% VNB CAGR and ~18% EV CAGR over FY21-24E. **We maintain our Buy rating with a revised TP of INR1,500/share (2.7x Sep'23E EV).**

Quarterly performance **(INR b)**

Policy holder's A/c	FY21				FY22E				FY21	FY22	FY22E	V/s est
(INRb)	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Net premium income	75.9	128.6	137.7	155.6	83.1	146.6	172.6	192.7	497.7	595.0	163.6	(10.4)
Growth (%)	*14%*	*27%*	*18%*	*31%*	*10%*	*14%*	*25%*	*24%*	*23%*	*20%*	*27%*	
Renewal income	45.8	71.5	84.4	94.6	50.3	77.8	101.2	119.7	**296.3**	**348.9**	87.3	(11.0)
Growth (%)	*30%*	*28%*	*24%*	*16%*	*10%*	*9%*	*20%*	*27%*	*23%*	*18%*	0.2	
PAT	**3.9**	**3.0**	**2.3**	**5.3**	**2.2**	**2.5**	**3.6**	**4.2**	**14.6**	**12.5**	3.4	(28.1)
Growth (%)	*5%*	*131%*	*-40%*	*0%*	*-43%*	*-18%*	*53%*	*-20%*	*2%*	*-14%*	14%	
Key metrics (INRb)												
New Business APE	12.7	27.1	35.0	39.7	16.2	39.7	41.2	45.6	113.7	142.2	37.7	5.2
Growth (%)	-31.7	-3.6	3.6	47.6	27.6	46.5	17.9	14.8	8.2	25.1	39.3	
VNB	2.6	5.4	7.6	11.0	3.9	10.3	10.6	12.0	26.6	36.8	9.4	9.7
Growth (%)	-21.2	3.8	22.6	103.7	50.0	90.7	38.9	9.4	19.8	38.3	73.8	
AUM	1,754	1,864	2,095	2,209	2,316	2,442	2,507	2,596	2,209	2,596	2,320.0	5.3
Growth (%)	19.3	20.4	27.6	37.7	32.1	31.0	19.6	17.5	37.7	17.5	24.5	
Key Ratios (%)												
VNB margins (%)	20.1	20.3	21.9	27.7	24.1	25.9	25.6	26.4	23.2	25.8	24.9	*(107)*
Solvency ratio (%)	239.0	245.0	234.0	215.0	215.0	212.0	207.0	207.9	214.7	207.9	210.0	*(200)*

E:MOFSL Estimates

Quarterly snapshot

Policyholder A/C (INR b)	FY20				FY21				FY22		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	SoS
Net premium income	**66.6**	**101.1**	**116.9**	**118.6**	**75.9**	**128.6**	**137.7**	**155.6**	**83.1**	**146.6**	**14**	**76**
First year premium	16.4	25.5	31.1	25.2	10.9	23.2	32.8	36.6	14.0	36.1	56	157
Renewal premium	35.4	55.8	67.9	81.3	45.8	71.5	84.4	94.6	50.3	77.8	9	55
Single premium	15.1	21.1	18.6	12.8	19.7	36.2	21.6	25.3	19.4	33.3	-8	72
Investment Income	29.8	26.2	40.7	-66.8	85.8	55.9	127.8	45.1	74.1	107.3	92	45
Total income	**96.4**	**127.5**	**157.8**	**56.7**	**161.8**	**184.6**	**265.5**	**209.0**	**157.4**	**254.0**	**38**	**61**
Commission paid	2.5	4.1	4.6	4.5	2.3	4.1	5.2	5.9	2.6	5.3	28	103
Operating expenses	5.0	6.1	6.4	7.3	5.5	6.0	6.5	6.6	6.1	7.5	25	22
Total commission & Opex	**7.5**	**10.1**	**11.0**	**11.8**	**7.7**	**10.1**	**11.6**	**12.5**	**8.8**	**12.8**	**26**	**46**
PBT	**4.6**	**4.1**	**6.8**	**7.3**	**8.5**	**3.1**	**3.6**	**3.9**	**1.5**	**2.9**	**-7**	**94**
Surplus/(Deficit)	**2.8**	**3.5**	**6.1**	**6.6**	**6.1**	**3.9**	**3.0**	**5.1**	**1.1**	**2.6**	**-35**	**130**
Shareholder's A/C												
Trf from policyholder a/c	**2.2**	**0.6**	**2.7**	**9.2**	**2.8**	**1.1**	**0.7**	**12.2**	**-0.4**	**1.3**	**18**	**-426**
Investment income	1.7	1.4	1.7	-0.1	0.9	1.9	1.7	2.3	2.8	2.4	25	-15
Total income	**3.9**	**2.0**	**4.5**	**9.1**	**3.8**	**3.1**	**2.4**	**14.5**	**2.4**	**3.8**	**23**	**55**
PBT	**3.8**	**1.2**	**3.9**	**5.2**	**3.9**	**3.0**	**2.3**	**6.2**	**2.3**	**2.5**	**-16**	**8**
PAT	**3.7**	**1.3**	**3.9**	**5.3**	**3.9**	**3.0**	**2.3**	**5.3**	**2.2**	**2.5**	**-18**	**11**
APE Data												
Individual Savings	**15.6**	**24.8**	**30.2**	**23.3**	**9.4**	**21.1**	**30.7**	**33.4**	**12.5**	**33.4**	**58**	**167**
Par	2.7	3.0	3.4	2.6	1.1	2.4	3.0	3.2	1.2	2.1	-13	75
Non Par	0.5	3.2	1.9	1.8	2.2	2.5	3.6	2.4	1.1	4.2	68	282
ULIP	12.4	18.6	24.9	18.9	6.1	16.2	24.1	27.8	10.2	27.1	67	166
Group Savings Business	**1.0**	**1.3**	**1.1**	**0.6**	**1.2**	**3**	**1.1**	**2.6**	**0.9**	**1.5**	**-50**	**67**
Total Protection	**2.1**	**2.0**	**2.3**	**3.2**	**1.6**	**3.4**	**3.3**	**3.7**	**2.2**	**4.1**	**21**	**86**
Individual Protection	1.1	1.2	1.1	1.7	0.7	1.9	2.2	2.5	1.3	2.3	21	77
Group Protection	1.0	0.8	1.2	1.5	0.9	1.5	1.1	1.2	0.9	1.8	20	100
Total APE	**18.7**	**28**	**33.6**	**27.1**	**12.7**	**27.1**	**35.1**	**39.7**	**16.3**	**39.7**	**46**	**144**

Quarterly snapshot contd.

	FY20				FY21				FY22		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	SoS
APE (% of total)											**Change (bp)**	
Individual Savings	**83.4**	**88.6**	**89.9**	**86.0**	**74.0**	**77.9**	**87.5**	**84.1**	**76.7**	**84.1**	**627**	**744**
Par	14.4	10.7	10.1	9.6	8.7	8.9	8.5	8.1	7.4	5.3	-357	-207
Non Par	2.7	11.4	5.7	6.6	17.3	9.2	10.3	6.0	6.7	10.6	135	383
ULIP	66.3	66.4	74.1	69.7	48.0	59.8	68.7	70.0	62.6	68.3	848	569
Group Savings Business	**5.3**	**4.6**	**3.3**	**2.2**	**9.4**	**11.1**	**3.1**	**6.5**	**5.5**	**3.8**	**-729**	**-174**
Total Protection	**11.2**	**7.1**	**6.8**	**11.8**	**12.6**	**12.5**	**9.4**	**9.3**	**13.5**	**10.3**	**-222**	**-317**
Individual Protection	5.9	4.3	3.3	6.3	5.5	7.0	6.3	6.3	8.0	5.8	-122	-218
Group Protection	5.3	2.9	3.6	5.5	7.1	5.5	3.1	3.0	5.5	4.5	-100	-99
Distribution mix (%)											**Change (bp)**	
Banca	63.4	66.9	65.7	63.0	55.5	63.7	68.3	60.7	56.8	63.6	-14	678
Agency	28.0	26.3	27.8	28.9	26.6	22.6	24.6	30.7	29.0	26.6	404	-238
Others	8.6	6.8	6.5	8.1	18.0	13.7	7.1	8.6	14.2	9.8	-390	-440
Key Ratios (%)											**Change (bp)**	
Operating ratios												
Commission (Unwtd)	3.7	4.0	3.9	3.8	2.9	3.2	3.7	3.7	3.1	3.6	43	48
Opex (UnWtd)	7.4	5.9	5.5	6.1	7.1	4.6	4.7	4.2	7.3	5.1	52	-225
Total Cost (Unwtd)	11.2	9.9	9.3	9.9	10.1	7.7	8.4	8.0	10.5	8.9	115	-158
Solvency ratio	217.0	220.0	230.0	195.0	239.0	245.0	234.0	215.0	215.0	212.0	-3,300	-300
Operating ratios												
VNB margins	19.9	20.5	20.3	21.0	20.1	20.3	21.9	27.7	24.1	25.9	564	184
RoE	19.2	12.8	14.8	17.4	17.3	15.0	13.0	15.2	8.5	8.8	-620	30
Persistency ratios												
13th mth	84.5	85.8	85.7	86.1	81.6	85.9	86.2	87.9	84.5	87.7	178	320
25th mth	76.0	77.4	77.7	78.5	76.0	78.8	79.0	79.4	76.7	79.8	97	306
37th mth	70.6	71.0	71.1	71.6	68.9	72.1	72.9	74.1	73.1	75.0	288	193
49th mth	67.9	67.9	67.4	67.3	63.8	66.3	66.9	68.1	67.0	69.3	303	226
61st mth	56.3	57.5	58.5	59.9	63.1	60.9	61.7	61.6	60.9	60.7	-17	-18
Key Metrics (INRb)												
VNB	3.7	5.7	7.1	5.7	2.6	5.4	7.6	11.0	3.9	10.3	91	164
EV	NA	247.0	NA	262.9	NA	298.6	NA	333.9	NA	352.9	NA	NA
AUM	1470	1548	1642	1604	1754	1864	2095	2209	2316	2442	31	5
Equity Portion (%)	23.0	23.0	24.0	21.0	24.0	24.0	27.0	27.0	28.0	30.0	600	200

Note: (a) Persistency ratios are on a cumulative basis for 1H, 9M and 12M

CONFERENCE CALL

Highlights from management commentary

Business mix related

- 7.6 lacs+ policies issued with 2.2 lacs+ individual protection policies sold digitally during 1HFY22.
- Non-PAR seen strong traction during 2QFY22. Further expects Non-PAR to contribute to 12%-13% in the total mix during FY22.
- Group Annuity has de-grown while strong trends continue in the individual Annuity segment. The decline in Group Annuity is mainly due to 1 lumpy account.

Operating metrics related

- **Re-insurance price hike**: It does not expect any price hike in the protection product over next one year.
- **VNB margin expansion**: Aided by a) business volumes increased sharply; b) product mix change towards high margin segments such as Protection and Non-PAR c) re-priced existing products.
- It has re-priced Annuity, Non-PAR and Protection products which helped in the margin expansion

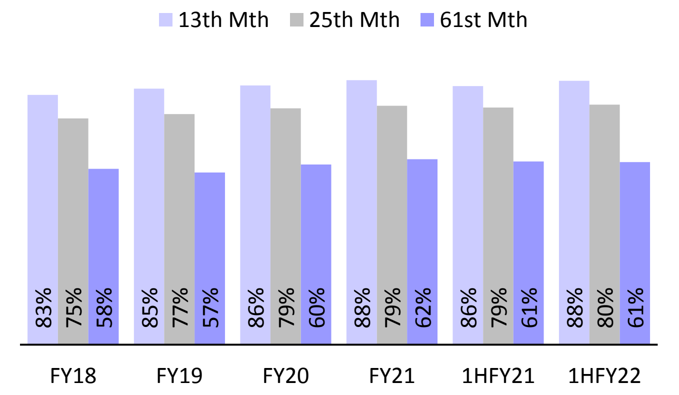
- It will continue to focus higher in the protection segment. Also, platina product (Non-linked, Non-participating savings product) with dynamic re-pricing helped in the margin expansion. Overall, expect margins will continue to expand in the near term.
- Lowest cost ratio helps in better margins across product v/s competitors.
- **Group Protection**: In 2QFY22, Credit life grew at 33% YoY both in APE/NBP while 41% YoY over 1HFY22; Group Term: In 2QFY22, grew at 13% YoY.
- Persistency has improved while lower NBP growth last year impacted renewal growth in the current year.
- The IRR in the guaranteed products ranges between 4%-5.5%.

Distribution related

- 20k new agents added during 1HFY22. Agent productivity has also improved.
- Web aggregators also showed robust traction.
- Indian Bank, South Indian Bank Yes Bank, UCO has showed robust growth in the New business premium (NBP).

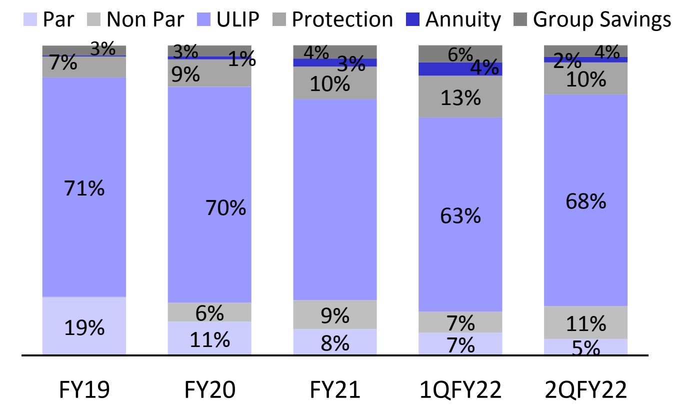
Key exhibits

Exhibit 1: Persistency trends across cohorts



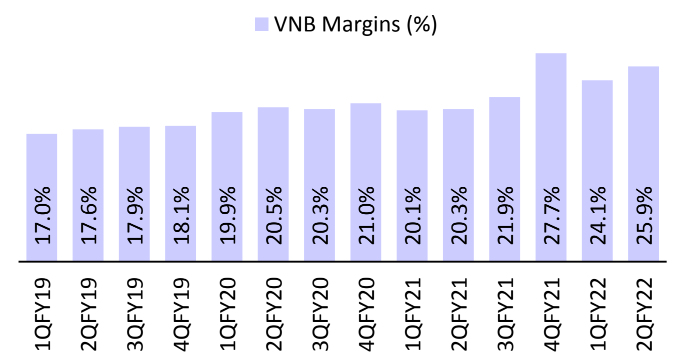
Source: MOFSL, Company

Exhibit 2: ULIP share at 63%, while Protection share up 13%



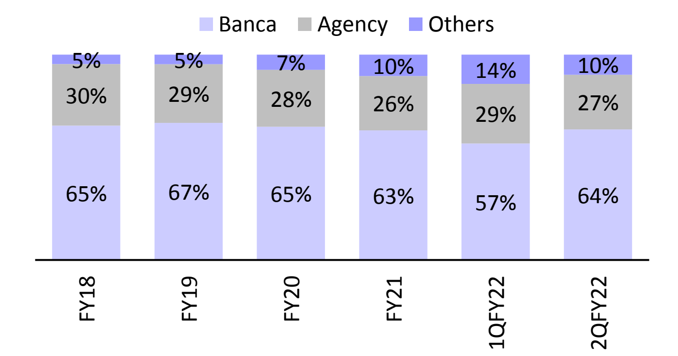
Source: MOFSL, Company

Exhibit 3: VNB margin improved to 25.9%



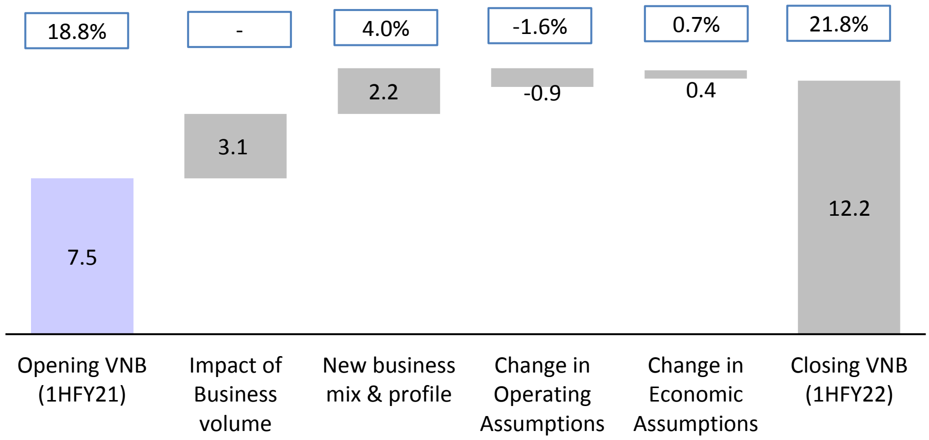
Source: MOFSL, Company; Margins based on Effective tax rate

Exhibit 4: Share of distribution mix across channels



Source: MOFSL, Company; Distribution mix based on APE

Exhibit 5: VNB movement – VNB margin improvement led by product mix change based actual tax rate as on 1HFY22



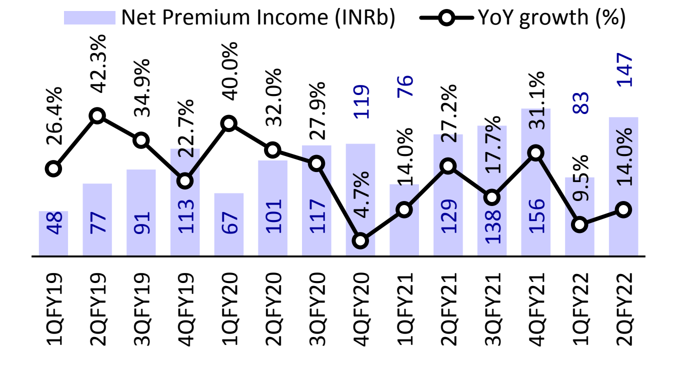
Source: MOSL, Company

Valuation and view

- With Individual APE market share of ~13.5% as of FY21 (14.7% as of 1HFY22), SBILIFE is the market leader among the private life insurers. SBILIFE has reported strong traction in new business growth, with APE growth of 46% over 2QFY22. In FY22 YTD, it has delivered APE growth of 41% YoY v/s industry growth at 10.5%.
- The share of ULIP has picked up in the current quarter and is showing improving trends. The company, however, has started focusing more on the Protection / Non-PAR segment. This would continue to aid VNB margin expansion.
- **Maintain BUY, with Target Price of INR1,500:** SBILIFE reported a strong quarter, with VNB growing at a robust pace, led by an improving product mix towards high margin segments and strong business volume with growth bouncing back strongly across all key segments. The shift in product mix towards higher margin products such as Non-PAR and Protection would drive improvement in VNB margin. SBILIFE continues to maintain its cost leadership, while persistency trends have improved on a YoY basis. We estimate APE growth at 23% CAGR over FY21-24E while VNB margins estimated to reach 26.2% by FY24 – thus enabling a 28% VNB CAGR and a ~18% EV CAGR over FY21–24E. **Maintain Buy, with a revised TP of INR1,500/share (2.7x Sep'23 EV).**

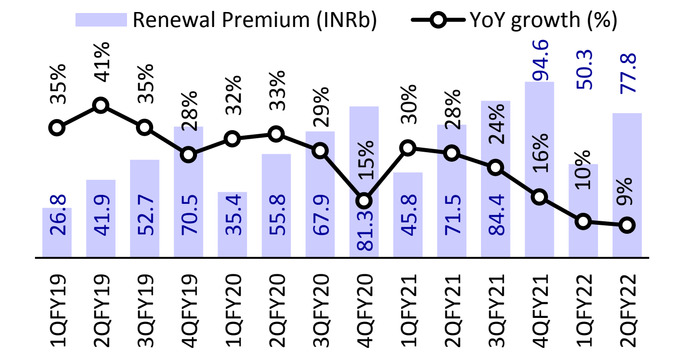
Story in charts

Exhibit 6: Net premium growth at 14% YoY



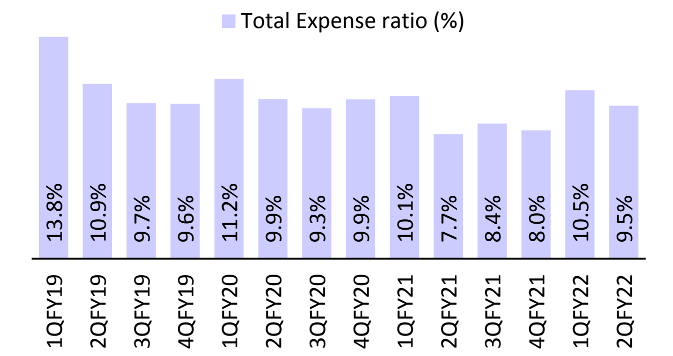
Source: MOFSL, Company

Exhibit 7: Renewal premium growth at 9% YoY



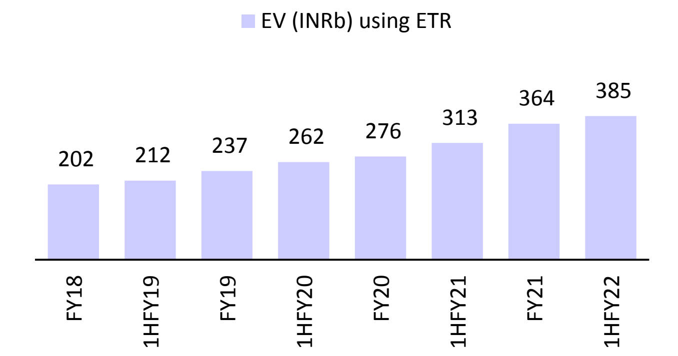
Source: MOFSL, Company

Exhibit 8: Total expense ratio at 9.5%



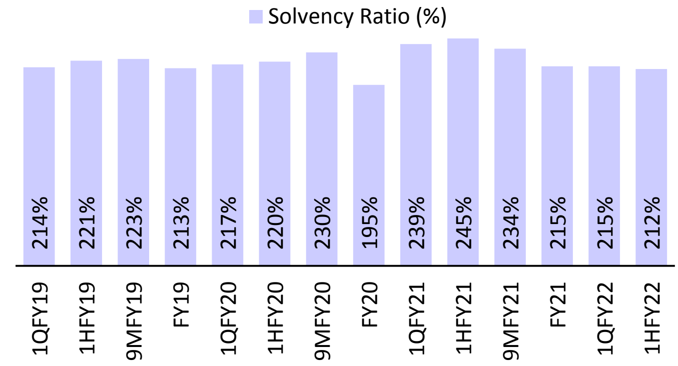
Source: MOFSL, Company

Exhibit 9: Embedded Value stands at INR385b



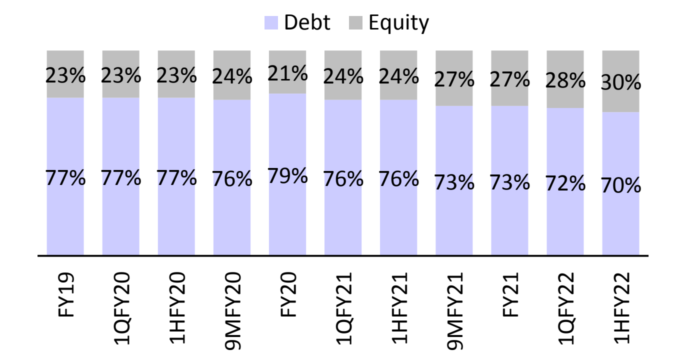
Source: MOFSL, Company

Exhibit 10: Solvency ratio healthy at 212% v/s regulatory requirement of 150%



Source: MOFSL, Company

Exhibit 11: Equity proportion in total AUM increases to 30%



Source: MOFSL, Company

Financials and valuation

Technical account (INR b)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Gross Premiums	253.5	329.9	406.3	502.5	600.5	722.6	868.6
Reinsurance Ceded	(1.9)	(1.0)	(3.1)	(4.9)	(5.5)	(6.9)	(8.3)
Net Premiums	251.7	328.9	403.2	497.7	595.0	715.8	860.4
Income from Investments	84.6	112.1	30.0	314.6	157.5	187.6	223.3
Other Income	1.4	1.6	5.2	8.6	10.8	13.4	16.8
Total income (A)	**337.7**	**442.6**	**438.4**	**820.8**	**763.3**	**916.8**	**1,100.5**
Commission	11.2	13.5	16.2	17.7	23.0	27.9	34.0
Operating expenses	17.2	21.2	24.1	24.1	33.4	39.8	48.6
Total commission and opex	**28.4**	**34.7**	**40.3**	**41.9**	**56.5**	**67.7**	**82.6**
Benefits Paid (Net)	117.1	152.9	162.5	215.8	214.6	258.4	310.6
Chg in reserves	176.0	235.9	206.0	539.3	467.4	558.6	660.7
Total expenses (B)	**325.1**	**429.0**	**415.7**	**801.8**	**746.5**	**894.4**	**1,065.5**
(A) - (B)	**12.6**	**13.6**	**22.8**	**19.1**	**16.8**	**22.3**	**35.0**
Surplus / Deficit (calculated)	**10.2**	**10.9**	**19.0**	**18.1**	**15.3**	**19.3**	**28.4**
	56%	6%	75%	-5%			

Shareholder's a/c (INR b)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Transfer from technical a/c	8.3	10.0	14.6	16.8	11.6	14.6	18.0
Income From Investments	4.6	5.2	4.8	6.9	6.8	7.9	9.3
Total Income	**12.9**	**15.2**	**19.5**	**23.7**	**18.4**	**22.5**	**27.2**
Total Expenses	1.1	1.4	5.3	8.3	5.8	7.3	9.2
PBT	**11.8**	**13.7**	**14.1**	**15.4**	**12.6**	**15.1**	**18.0**
Prov for Tax	0.3	0.5	(0.1)	0.9	0.1	0.2	0.2
PAT	**11.5**	**13.3**	**14.2**	**14.6**	**12.5**	**15.0**	**17.8**
Growth	20.5%	15.3%	7.2%	2.4%	-14.5%	20.2%	18.9%

Premium (INR b) & growth (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
New business prem - unwtd	110	138	166	206	252	304	365
New business prem - wrp	84	95	105	114	142	173	211
Renewal premium	144	192	240	296	349	418	503
Total premium - unwtd	254	330	406	503	601	723	869
New bus. growth - unwtd	8.1%	25.8%	20.3%	24.3%	22.0%	21.0%	20.0%
New business growth - wrp	27.6%	13.2%	10.2%	8.2%	25.1%	21.6%	21.9%
Renewal premium growth	32.3%	33.4%	25.2%	23.2%	17.8%	19.8%	20.4%
Total prem growth - unwtd	20.6%	30.1%	23.2%	23.7%	19.5%	20.3%	20.2%

Premium mix (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
New business - unwtd							
- Individual mix	76.7%	69.9%	67.8%	60.6%	68.0%	70.0%	70.0%
- Group mix	23.3%	30.1%	32.2%	39.4%	32.0%	30.0%	30.0%
New business mix - WRP							
- Participating	24.0%	18.4%	10.9%	8.4%	8.8%	9.7%	9.5%
- Non-participating	9.0%	10.3%	18.6%	26.6%	22.0%	23.5%	23.1%
- ULIPs	67.0%	71.3%	70.5%	65.0%	69.2%	66.8%	67.3%
Total premium mix - unwtd							
- Participating	24.8%	21.8%	18.3%	15.1%	16.0%	15.3%	15.3%
- Non-participating	19.5%	20.8%	23.8%	28.2%	29.4%	30.7%	30.6%
- ULIPs	55.7%	57.4%	57.9%	56.6%	54.5%	54.0%	54.0%

Financials and valuations

Balance sheet (INR b)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Sources of Fund							
Reserves And Surplus	53.7	64.6	78.8	90.9	100.4	111.9	125.7
Shareholders' Fund	**65.3**	**75.8**	**87.4**	**104.0**	**113.0**	**124.1**	**137.5**
Policy Liabilities	555.6	649.5	761.2	924.1	1,108.3	1,341.1	1,610.8
Prov. for Linked Liab.	495.6	605.9	763.0	965.5	1,132.4	1,332.2	1,572.4
Total	**1,217.1**	**1,467.3**	**1,655.8**	**2,268.3**	**2,691.2**	**3,216.8**	**3,847.3**
Application of Funds							
Shareholders' inv	50.1	57.2	68.3	86.0	101.5	119.8	141.4
Policyholders' inv	544.9	644.7	734.2	939.4	1,121.2	1,355.2	1,625.7
Assets to cover linked liab.	549.4	691.3	785.7	1,162.2	1,372.9	1,628.5	1,945.8
Current assets	65.2	66.4	58.2	71.5	85.3	101.9	121.9
Total	**1,217.1**	**1,467.3**	**1,655.8**	**2,268.3**	**2,691.2**	**3,216.8**	**3,847.3**

Operating ratios (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Investment yield	7.8%	8.4%	1.9%	15.1%	6.3%	6.3%	6.3%
Commissions / GWP	**4.4%**	**4.1%**	**4.0%**	**3.5%**	**3.8%**	**3.9%**	**3.9%**
Operating expenses / GWP	6.8%	6.4%	5.9%	4.8%	5.6%	5.5%	5.6%
Total expense ratio	**11.2%**	**10.5%**	**9.9%**	**8.3%**	**9.4%**	**9.4%**	**9.5%**
Solvency ratio	206%	213%	195%	215%	208%	200%	192%

Persistency ratios (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
13th Month	83.0%	85.1%	86.1%	87.9%	88.5%	88.9%	89.2%
25th Month	75.2%	76.7%	78.5%	79.4%	79.6%	79.8%	79.9%
37th Month	70.0%	71.4%	71.6%	74.1%	74.8%	75.2%	75.4%
49th Month	63.9%	66.4%	67.3%	68.1%	68.3%	68.4%	68.5%
61st Month	58.4%	57.2%	59.9%	61.6%	62.1%	62.5%	62.6%

Profitability ratios (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
VNB margin (%)	18.4%	19.8%	20.7%	23.2%	25.8%	26.0%	26.2%
Operating ROEV (%)	18.0%	17.3%	20.5%	19.1%	18.0%	18.3%	18.2%
RoEV (%)	15.3%	17.5%	17.4%	27.0%	17.5%	17.8%	17.8%

Valuation ratios	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Total AUMs	1,163	1,410	1,604	2,209	2,596	2,948	3,527
- of which equity AUMs (%)	23%	23%	21%	27%	28%	28%	29%
Dividend %	20%	20%	0%	25%	30%	35%	40%
Dividend payout ratio (%)	21%	18%	0%	17%	24%	23%	22%
EPS, Rs	11.5	13.3	14.2	14.6	12.5	15.0	17.8
VNB	15.7	19.2	22.2	26.6	36.8	45.1	55.3
- VNB growth (%)	36.1%	22.3%	15.6%	19.8%	38%	23%	23%
EV per share	201.7	237.3	276.4	364.0	427.8	503.9	593.5
P/EV (x)	5.9	5.0	4.3	3.3	2.8	2.3	2.0
P/EPS (x)	102.9	89.2	83.3	81.3	95.1	79.1	66.5
P/EVOP (x)	39.9	35.8	25.8	23.6	19.7	16.5	14.1
P/VNB (x)				50.8	36.0	29.2	24.1

***VNB, VNB margins and EV is based on ETR**

NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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