

SBI Life Insurance

Estimate change



TP change



Rating change



Bloomberg	SBILIFE IN
Equity Shares (m)	1,000
M.Cap.(INRb)/(USDb)	1238.1 / 16.6
52-Week Range (INR)	1293 / 838
1, 6, 12 Rel. Per (%)	4/9/22
12M Avg Val (INR M)	2685

Financials & Valuations (INR b)

Y/E MARCH	FY22E	FY23E	FY24E
Net Premiums	605.4	749.1	931.4
Surplus / Deficit	15.7	20.5	29.4
Sh.PAT	13.4	15.8	17.3
NBP gr- unwttd (%)	31.0	26.0	24.0
NBP gr- APE (%)	32.4	28.4	26.0
Premium gr (%)	21.4	23.9	24.3
VNB margin (%)	25.7	26.1	26.3
RoE (%)	12.3	13.2	13.1
RoEV (%)	17.8	18.7	19.2
Total AUMs (INRt)	2.7	3.2	3.8
VNB	38.8	50.5	64.3
EV per share	429.0	509.2	607.0

Valuations

P/EV (x)	2.9	2.4	2.0
P/EVOP (x)	20.2	16.4	13.5

*VNB, VNB margins based on ETR

Shareholding pattern (%)

As On	Dec-21	Sep-21	Dec-20
Promoter	55.7	55.7	60.7
DII	12.0	12.1	5.9
FII	24.5	24.5	27.0
Others	7.8	7.8	6.4

FII Includes depository receipts

CMP: INR1,238
TP: INR1,600 (+29%)
BUY

Steady quarter, APE/VNB beat our estimates

Agency channel witnessing strong momentum

- SBILIFE reported a strong 3QFY22, with APE growth of 31% YoY and stellar VNB growth of 54% (10% beat). VNB margin stood broadly stable QoQ at 25.6%. Shareholders' PAT grew 56% YoY to INR3.64b (20% beat).
- Among segments, ULIP saw an APE growth of 28% YoY. Non-PAR/Protection grew better than its peers at 67%/27% YoY. Persistency improved across cohorts, with 13th month persistency at 87.2% (up 103bp YoY).
- We raise our growth projections and expect SBILIFE to deliver 29% CAGR in APE over FY21-24E. VNB margin is estimated to touch 26.3% by FY24E, thus enabling 34% VNB CAGR, while RoEV sustain at ~19%. **SBILIFE remains our preferred pick in the Life Insurance space. We reiterate our Buy rating.**

Robust growth in premium; persistency trends improve

- SBILIFE posted a 31% YoY growth in net premium, led by a 105% YoY growth in the single premium business. Growth in renewal premium improved to 14.4% YoY v/s 9% YoY in 2QFY22. Shareholders' PAT grew 56% YoY aided by controlled expenses.
- Total APE grew ~31% YoY, led by a 28%/67% growth in the ULIP/Non-PAR segment. The Protection business grew 27% YoY on the back of a 55% growth in the Credit Protection business. The share of Non-PAR rose to 12% (v/s 9.5% in 1HFY22), while ULIP stood ~67%. Mix in the Protection segment moderated slightly to 9.2%.
- **COVID-19 update:** SBILIFE received 26,708 COVID claims in 9M (22,606 claims in 1HFY22). COVID-related claims net of reinsurance paid out stood at INR15.3b (INR13.4b in 1HFY22). It carries an additional reserve of INR2.7b towards COVID-19 claims.
- Absolute VNB growth was a robust 54% YoY (66% YoY in 9MFY22) at INR11.7b, while VNB margin moderated by 34bp QoQ to 25.6% on the basis of ETR (in line). Thirteen month persistency moderated 50bp QoQ to 87.2%. It improved slightly (20-60bp range) across other cohorts.
- On the distribution front, the share of banca/agency channel in total APE stood ~66%/~23%, with the banca channel gaining 252bp QoQ. 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 7.7% in 3Q (v/s 9.5% in 1HFY22). The solvency ratio stood at 209% v/s 212% in 2QFY22.

Highlights from the management commentary

- The Credit Life segment grew 31% YoY. Total Annuity and the Pension business grew 28% YoY in 9MFY22.
- SBILIFE is planning to launch a deferred Annuity plan within the Individual business. Overall, the target remains to grow higher than the market.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- The company didn't witness any hike in re-insurance rates.
- SBILIFE is likely to see a jump in renewal premium in 4QFY22, led by an improvement in persistency ratios.

Valuation and view

SBILIFE reported a strong quarter, with VNB growing at a stellar pace, led by an improving product mix and strong business volume 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, with persistency trends showing an improvement across cohorts. We estimate 29% CAGR in APE over FY21-24E. VNB margin is estimated to touch 26.3% by FY24E, thus enabling 34% VNB CAGR and ~19% EV CAGR over FY21-24E. **We maintain our Buy rating with a revised TP of INR1,600/share (2.9x Sep'23E EV).**

Quarterly performance

Quarterly performance (INR b)												
Policyholders' a/c (INR b)	FY21				FY22				FY21	FY22E	FY22E 3QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
First year premium	10.9	23.2	32.8	36.6	14.0	36.1	40.7	46.4	103.4	137.3	37.6	8.4
Growth (%)	-34%	-9%	5%	45%	29%	56%	24%	27%	5%	33%	0.1	
Renewal premium	45.8	71.5	84.4	94.6	50.3	77.8	96.5	115.1	296.3	339.7	103.2	(6.5)
Growth (%)	30%	28%	24%	16%	10%	9%	14%	22%	23%	15%	0.2	
Single premium	19.7	36.2	21.6	28.1	21.6	37.0	49.2	39.9	102.9	132.9	43.8	12.4
Growth (%)	31%	71%	16%	119%	9%	2%	128%	42%	52%	29%	1.0	
Net premium income	75.9	128.6	137.7	155.6	83.1	146.6	180.3	195.5	497.7	605.4	173.7	3.8
Growth (%)	14%	27%	18%	31%	10%	14%	31%	26%	23%	22%	26%	
PAT	3.9	3.0	2.3	5.3	2.2	2.5	3.6	5.1	14.6	13.4	3.0	20.0
Growth (%)	5%	131%	-40%	0%	-43%	-18%	56%	-4%	2%	-8%	30%	
Key metrics (INR b)												
New Business APE	12.7	27.1	35.0	39.7	16.2	39.7	45.7	50.0	113.7	150.5	41.5	10.1
Growth (%)	-31.7	-3.6	3.6	47.6	27.6	46.5	30.6	25.8	8.2	32.4	18.6	
VNB	2.6	5.4	7.6	11.0	3.9	10.3	11.7	12.9	26.6	38.8	10.7	9.7
Growth (%)	-21.2	3.8	22.6	103.7	50.0	90.7	53.9	17.4	19.8	45.9	40.4	
AUM	1,754	1,864	2,095	2,209	2,316	2,442	2,569	2,704	2,209	2,704	2,507.3	2.4
Growth (%)	19.3	20.4	27.6	37.7	32.1	31.0	22.6	22.4	37.7	22.4	19.7	
Key ratios (%)												
VNB margin (%)	20.1	20.3	21.9	27.7	24.1	25.9	25.6	25.8	23.2	25.7	25.7	10
Solvency ratio (%)	239.0	245.0	234.0	215.0	215.0	212.0	209.0	205.3	214.7	205.3	207.0	(200)

E: MOFSL estimates

Quarterly snapshot

Policyholders' a/c (INR b)	FY20				FY21				FY22			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Net premium income	66.6	101.1	116.9	118.6	75.9	128.6	137.7	155.6	83.1	146.6	180.3	31	23
First year premium	16.4	25.5	31.1	25.2	10.9	23.2	32.8	36.6	14.0	36.1	40.7	24	13
Renewal premium	35.4	55.8	67.9	81.3	45.8	71.5	84.4	94.6	50.3	77.8	96.5	14	24
Single premium	15.1	21.1	18.6	12.8	19.7	36.2	21.6	25.3	19.4	33.3	44.3	105	33
Investment income	29.8	26.2	40.7	-66.8	85.8	55.9	127.8	45.1	74.1	107.3	24.2	-81	-77
Total income	96.4	127.5	157.8	56.7	161.8	184.6	265.5	209.0	157.4	254.0	204.6	-23	-19
Commission paid	2.5	4.1	4.6	4.5	2.3	4.1	5.2	5.9	2.6	5.3	6.1	19	16
Operating expenses	5.0	6.1	6.4	7.3	5.5	6.0	6.5	6.6	6.1	7.5	7.9	22	5
Total commission and opex	7.5	10.1	11.0	11.8	7.7	10.1	11.6	12.5	8.8	12.8	14.0	21	10
Benefits paid	28.6	32.5	61.8	39.6	28.5	64.3	46.4	76.6	47.9	127.0	64.7	39	-49
Change in actuarial liability	54.5	79.0	76.6	-4.1	116.9	105.5	202.4	114.5	97.8	109.8	121.2	-40	10
Total expenses	90.6	121.7	149.3	47.3	153.2	179.9	260.5	203.6	154.4	249.6	199.9	-23	-20
PBT	4.6	4.1	6.8	7.3	8.5	3.1	3.6	3.9	1.5	2.9	2.6	-26	-8
Tax	1.8	0.6	0.7	0.7	2.4	-0.8	0.6	-1.2	0.4	0.3	0.3	-55	-7
Surplus/(deficit)	2.8	3.5	6.1	6.6	6.1	3.9	3.0	5.1	1.1	2.6	2.4	-20	-8
Shareholders' A/C													
Transfer from policyholders' a/c	2.2	0.6	2.7	9.2	2.8	1.1	0.7	12.2	-0.4	1.3	1.7	156	25
Investment income	1.7	1.4	1.7	-0.1	0.9	1.9	1.7	2.3	2.8	2.4	2.2	28	-8
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-52	-49
Total income	3.9	2.0	4.5	9.1	3.8	3.1	2.4	14.5	2.4	3.8	3.9	62	4
PBT	3.8	1.2	3.9	5.2	3.9	3.0	2.3	6.2	2.3	2.5	3.8	64	51
PAT	3.7	1.3	3.9	5.3	3.9	3.0	2.3	5.3	2.2	2.5	3.6	56	48
APE data													
Individual Savings	15.6	24.8	30.2	23.3	9.4	20.6	30.4	34.2	12.5	33.4	38.3	26	15
PAR	2.7	3.0	3.4	2.6	1.1	2.4	3.0	3.2	1.2	2.1	2.0	-33	-5
Non-PAR	0.5	3.2	1.9	1.8	2.2	2.0	3.3	3.2	1.1	4.2	5.5	67	31
ULIP	12.4	18.6	24.9	18.9	6.1	16.2	24.1	27.8	10.2	27.1	30.8	28	14
Group Savings business	1.0	1.3	1.1	0.6	1.2	1.9	0.8	1	0.9	1.5	2.1	163	40
Total Protection	2.1	2.0	2.3	3.2	1.6	3.4	3.3	3.7	2.2	4.1	4.2	27	2
Individual Protection	1.1	1.2	1.1	1.7	0.7	1.9	2.2	2.5	1.3	2.3	2.5	14	9
Group Protection	1.0	0.8	1.2	1.5	0.9	1.5	1.1	1.2	0.9	1.8	1.7	55	-6
Total APE	18.7	28	33.6	27.1	12.7	27	35.1	39.7	16.3	39.7	45.7	30	15
APE (as a percentage of total)												Change (bp)	
Individual Savings	83.4	88.6	89.9	86.0	74.0	76.3	86.6	86.1	76.7	84.1	83.8	-280	-32
PAR	14.4	10.7	10.1	9.6	8.7	8.9	8.5	8.1	7.4	5.3	4.4	-417	-91
Non-PAR	2.7	11.4	5.7	6.6	17.3	7.4	9.4	8.1	6.7	10.6	12.0	263	146
ULIP	66.3	66.4	74.1	69.7	48.0	60.0	68.7	70.0	62.6	68.3	67.4	-126	-87
Group Savings Business	5.3	4.6	3.3	2.2	9.4	7.0	2.3	2.5	5.5	3.8	4.6	232	82
Total Protection	11.2	7.1	6.8	11.8	12.6	12.6	9.4	9.3	13.5	10.3	9.2	-21	-114
Individual Protection	5.9	4.3	3.3	6.3	5.5	7.0	6.3	6.3	8.0	5.8	5.5	-80	-32
Group Protection	5.3	2.9	3.6	5.5	7.1	5.6	3.1	3.0	5.5	4.5	3.7	59	-81
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	66.1	-220	252
Agency	28.0	26.3	27.8	28.9	26.6	22.6	24.6	30.7	29.0	26.6	22.8	-181	-388
Others	8.6	6.8	6.5	8.1	18.0	13.7	7.1	8.6	14.2	9.8	11.2	402	136

Quarterly snapshot continued

Policyholders' a/c (INR b)	FY20				FY21				FY22			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Key ratios (%)												Change (bp)	
Operating ratios													
Commission (unweighted)	3.7	4.0	3.9	3.8	2.9	3.2	3.7	3.7	3.1	3.6	3.4	-34	-22
Opex (unweighted)	7.4	5.9	5.5	6.1	7.1	4.6	4.7	4.2	7.3	5.1	4.3	-31	-74
Total cost (unweighted)	11.2	9.9	9.3	9.9	10.1	7.7	8.4	8.0	10.5	8.9	7.7	-65	-115
Solvency ratio	217.0	220.0	230.0	195.0	239.0	245.0	234.0	215.0	215.0	212.0	209.0	-2,500	-300
Operating ratios													
VNB margin	19.9	20.5	20.3	21.0	20.1	20.3	21.9	27.7	24.1	25.9	25.6	370	-34
RoE	19.2	12.8	14.8	17.4	17.3	15.0	13.0	15.2	8.5	8.8	10.3	-270	150
Persistency ratios													
13th month	84.5	85.8	85.7	86.1	81.6	85.9	86.2	87.9	84.5	87.7	87.2	103	-50
25th month	76.0	77.4	77.7	78.5	76.0	78.8	79.0	79.4	76.7	79.8	80.2	117	40
37th month	70.6	71.0	71.1	71.6	68.9	72.1	72.9	74.1	73.1	75.0	75.3	244	30
49th month	67.9	67.9	67.4	67.3	63.8	66.3	66.9	68.1	67.0	69.3	69.9	300	60
61st month	56.3	57.5	58.5	59.9	63.1	60.9	61.7	61.6	60.9	60.7	60.9	-79	20
Key metrics (INR b)													
VNB	3.7	5.7	7.1	5.7	2.6	5.4	7.6	11.0	3.9	10.3	11.7	54	14
EV	NA	247.0	NA	262.9	NA	298.6	NA	333.9	NA	352.9	NA	NA	NA
AUM	1470	1548	1642	1604	1754	1864	2095	2209	2316	2442	2569	23	5
Equity portion (%)	23.0	23.0	24.0	21.0	24.0	24.0	27.0	27.0	28.0	30.0	29.0	200	-100

Note: a) Persistency ratios are on a cumulative basis for six, nine, and 12 months



Highlights from the management commentary

Business mix related

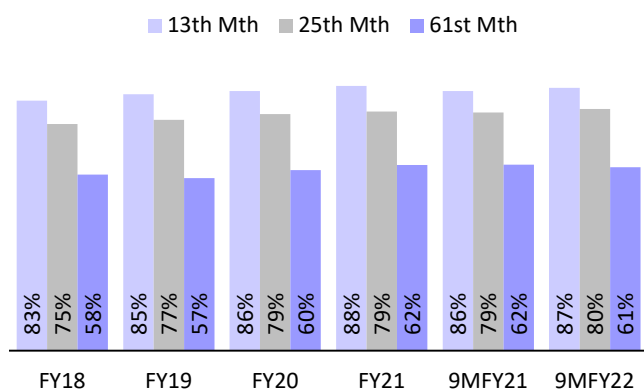
- Single premium comprises 26% of Individual new business premium.
- Sum assured grew 22% in 9MFY22 v/s 3% for private insurers.
- The Credit Life segment grew 31% YoY.
- Total Annuity and the Pension business grew 28% YoY in 9MFY22.
- Non-PAR Savings business to grow to 11-12% by Mar'22.
- It is planning to launch a deferred Annuity plan within the Individual business.
- Individual/Group Annuity constitutes INR12.01b/INR14.33b.
- Credit Life forms INR11.4b, while Group Term insurance constitutes INR2.8b.
- Since its goal remains to grow higher than the market, it will continue to gain market share.
- SBILIFE will continue to focus on growing its Protection business and it will remain a key growth driver.
- SBILIFE is likely to see a jump in renewal premium in 4QFY22, led by an improvement in persistency ratios.
- Within the ULIP business, the debt-to-equity mix would be 40:60.
- The company didn't witness any hike in re-insurance rates.

Operating metrics related

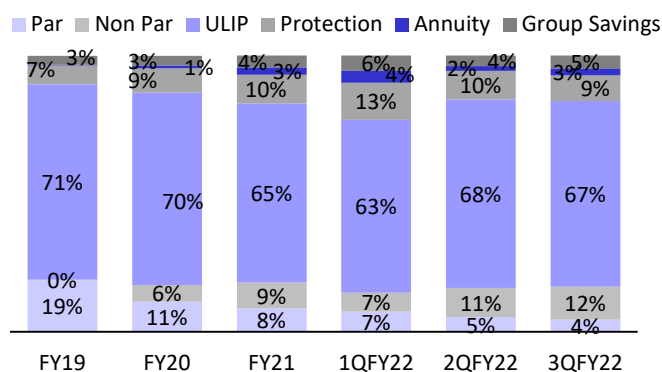
- 13th month persistency has improved. It is likely to see a gradual improvement.
- Margin is likely to improve gradually over the medium term.
- Cost ratios are likely to remain low and would continue to be among the best in the industry.

Distribution related

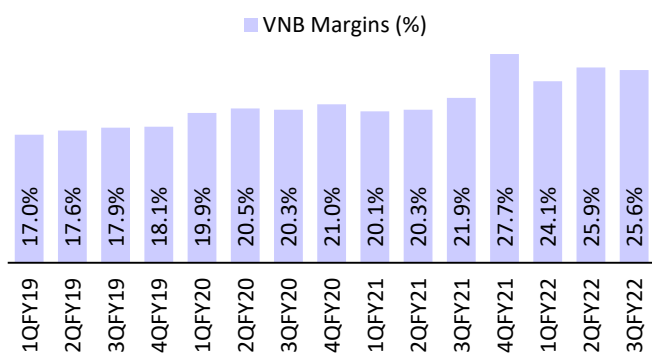
- All distribution channels are showing strong growth and supporting the overall business momentum.
- Banca grew 40% YoY in Individual NBP.
- YONO has covered ~0.18m lives. It undertook a total business of INR130m.
- New banca partnerships grew 48% and constitutes 3% of Individual APE. The same is likely to increase significantly in the coming quarters.

Key exhibits**Exhibit 1: Persistency trends across cohorts**

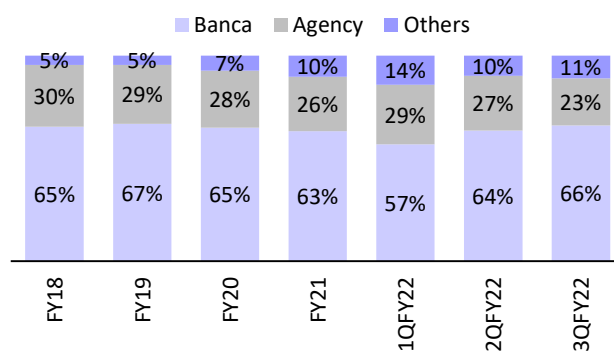
Source: MOFSL, Company

Exhibit 2: ULIP/Protection share at 67%/9%

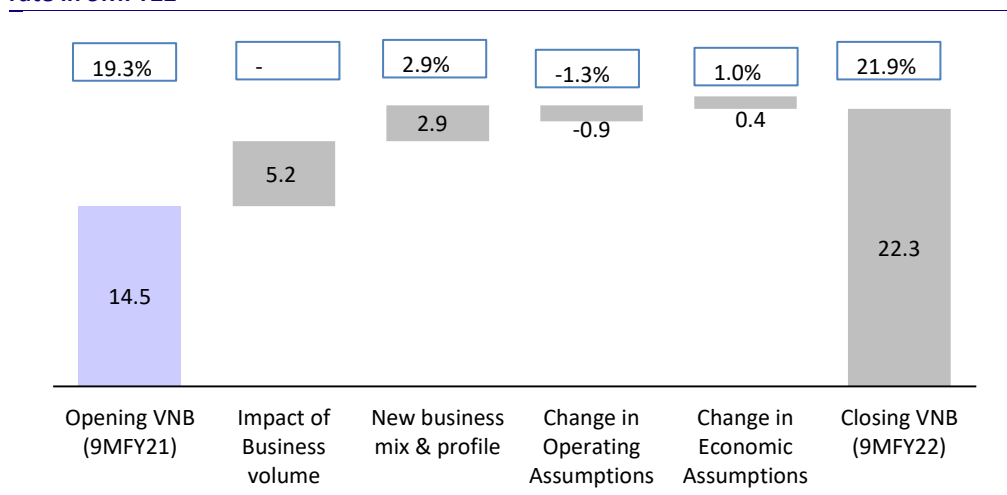
Source: MOFSL, Company

Exhibit 3: VNB margin stands at 25.6%

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: Improvement in VNB margin led by product mix, change based on the actual tax rate in 9MFY22

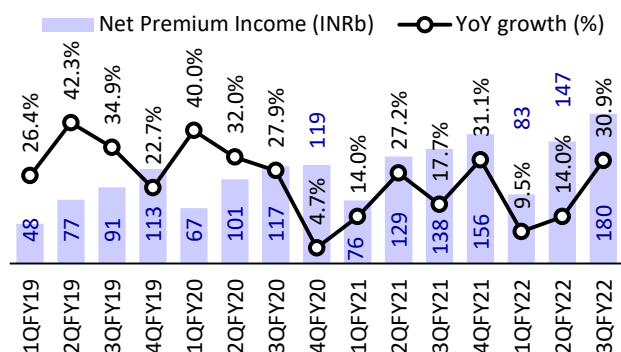
Source: MOSL, Company

Valuation and view

- With an Individual APE market share of ~13.5% in FY21 (15.8% in FY22 YTD), SBILIFE is the market leader among private life insurers. It reported strong traction in new business growth, with APE growth of 30% in 3QFY22. In FY22 YTD, it delivered APE growth of 36% YoY v/s 20% growth for the industry.
- The share of ULIP has picked up in 3QFY22 and is showing improving trends. The management, however, has started focusing more on the Protection/Non-PAR segment. This would continue to aid VNB margin expansion.
- **Maintain Buy, with a TP of INR1,600/share:** SBILIFE reported a strong quarter, with VNB growing at a stellar pace, led by an improving product mix and strong business volume 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, with persistency trends showing an improvement across cohorts. We estimate 29% CAGR in APE over FY21-24E. VNB margin is estimated to touch 26.3% by FY24E, thus enabling 34% VNB CAGR and ~19% EV CAGR over FY21-24E. **We maintain our Buy rating with a revised TP of INR1,600/share (2.9x Sep'23E EV).**

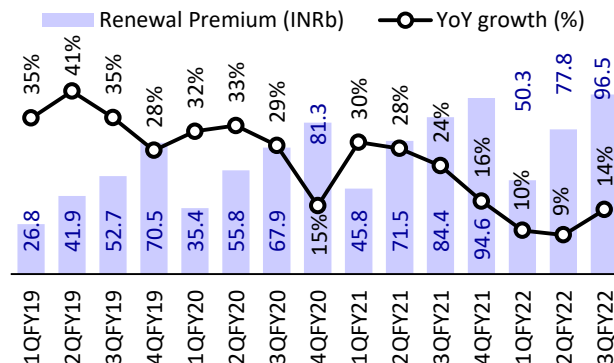
Story in charts

Exhibit 6: Net premium growth strong at 31% YoY



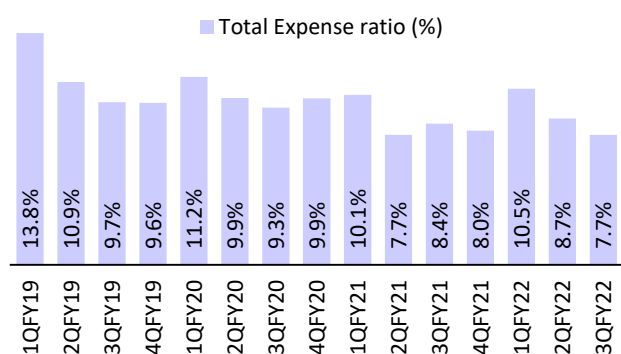
Source: MOFSL, Company

Exhibit 7: Renewal premium growth improves to 14% YoY



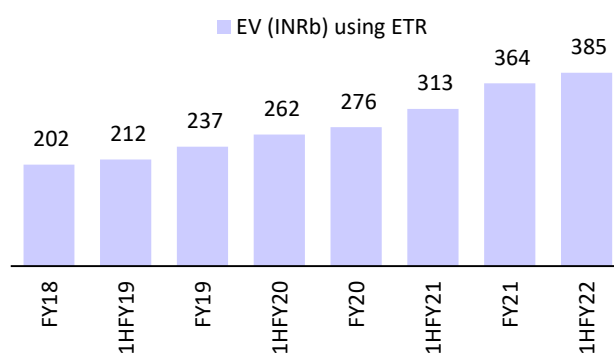
Source: MOFSL, Company

Exhibit 8: Total expense ratio stands at 8.7% in 9MFY22



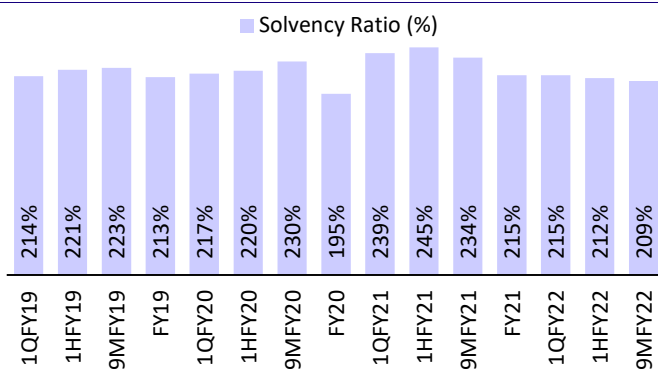
Source: MOFSL, Company

Exhibit 9: Embedded Value stands at INR385b



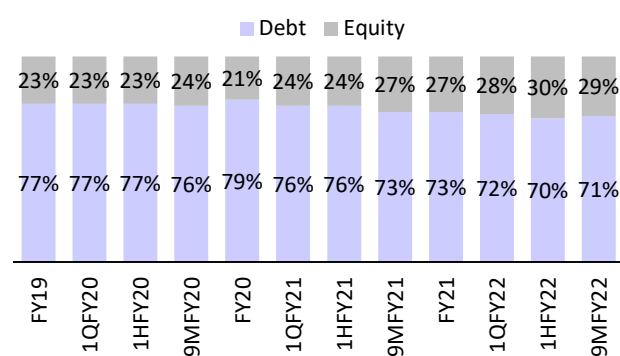
Source: MOFSL, Company

Exhibit 10: Solvency ratio healthy at 209% v/s the regulatory requirement of 150%



Source: MOFSL, Company

Exhibit 11: Equity proportion in total AUM stands at 29%



Source: MOFSL, Company

Financials and valuations

Technical account (INR b)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Gross Premiums	253.5	329.9	406.3	502.5	609.9	755.4	938.9
Reinsurance Ceded	(1.9)	(1.0)	(3.1)	(4.9)	(4.5)	(6.3)	(7.5)
Net Premiums	251.7	328.9	403.2	497.7	605.4	749.1	931.4
Income from Investments	84.6	112.1	30.0	314.6	157.7	188.3	225.5
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	773.9	950.8	1,173.7
Commission	11.2	13.5	16.2	17.7	23.5	29.5	37.1
Operating expenses	17.2	21.2	24.1	24.1	34.0	41.6	52.6
Total commission and opex	28.4	34.7	40.3	41.9	57.5	71.1	89.7
Benefits Paid (Net)	117.1	152.9	162.5	215.8	218.8	271.1	337.0
Change in reserves	176.0	235.9	206.0	539.3	472.3	574.7	697.4
Total expenses (B)	325.1	429.0	415.7	801.8	756.7	926.9	1,136.5
(A) - (B)	12.6	13.6	22.8	19.1	17.2	23.9	37.2
Prov. for Tax	2.4	2.7	3.8	1.0	1.5	3.4	7.7
Surplus/deficit (calculated)	10.2	10.9	19.0	18.1	15.7	20.5	29.4

Shareholders' a/c (INR b)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Transfer from technical a/c	8.3	10.0	14.6	16.8	12.5	15.4	17.5
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	19.3	23.3	26.7
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	13.5	16.0	17.5
PAT	11.5	13.3	14.2	14.6	13.4	15.8	17.3
<i>Growth</i>	20.5%	15.3%	7.2%	2.4%	-8.1%	18.1%	9.6%

Premium (INR b) and growth (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
New business premium – unweighted	110	138	166	206	270	340	422
New business premium – WRP	84	95	105	114	151	193	244
Renewal premium	144	192	240	296	340	415	517
Total premium – unweighted	254	330	406	503	610	755	939
New business growth – unweighted	8.1%	25.8%	20.3%	24.3%	31.0%	26.0%	24.0%
New business growth – WRP	27.6%	13.2%	10.2%	8.2%	32.4%	28.4%	26.0%
Renewal premium growth	32.3%	33.4%	25.2%	23.2%	14.7%	22.1%	24.5%
Total premium growth – unweighted	20.6%	30.1%	23.2%	23.7%	21.4%	23.9%	24.3%

Premium mix (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
New business – unweighted							
– 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%	8.7%	9.7%	9.5%
– Non-Participating	9.0%	10.3%	18.6%	26.6%	22.3%	23.5%	23.1%
– ULIPs	67.0%	71.3%	70.5%	65.0%	69.0%	66.8%	67.3%
Total premium mix – unweighted							
– Participating	24.8%	21.8%	18.3%	15.1%	15.6%	14.8%	14.9%
– Non-Participating	19.5%	20.8%	23.8%	28.2%	30.5%	32.0%	32.0%
– ULIPs	55.7%	57.4%	57.9%	56.6%	53.9%	53.2%	53.2%

Individual premium sourcing mix (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Individual agents	31.2%	29.6%	28.8%	27.7%	26.7%	25.2%	25.2%
Corporate agents – Banks	67.4%	68.9%	67.5%	65.4%	67.0%	68.0%	68.0%
Direct business	0.8%	0.7%	2.0%	4.1%	4.5%	5.0%	5.0%
Others	0.5%	0.7%	1.8%	2.8%	1.8%	1.8%	1.8%

Financials and valuations

Balance Sheet (INR b)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Sources of Fund							
Share Capital	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Reserves and Surplus	53.7	64.6	78.8	90.9	101.3	113.6	126.9
Shareholders' Fund	65.3	75.8	87.4	104.0	113.9	125.8	138.8
Policy Liabilities	555.6	649.5	761.2	924.1	1,111.5	1,349.6	1,630.8
Prov. for Linked Liabilities	495.6	605.9	763.0	965.5	1,133.0	1,338.3	1,593.5
Total	1,217.1	1,467.3	1,655.8	2,268.3	2,695.9	3,233.1	3,889.7
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	1,124.4	1,363.5	1,645.4
Assets to cover linked liabilities	549.4	691.3	785.7	1,162.2	1,374.4	1,636.5	1,968.5
Total	1,217.1	1,467.3	1,655.8	2,268.3	2,695.9	3,233.1	3,889.7
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%	3.9%	3.9%	4.0%
– first year premiums	8.7%	8.3%	8.4%	8.4%	8.2%	8.6%	8.6%
– renewal premiums	2.7%	2.7%	2.7%	2.6%	2.7%	2.6%	2.6%
– single premiums	0.8%	1.5%	1.4%	1.1%	2.0%	1.8%	1.8%
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%	9.6%
Claims/NWP	46.4%	46.3%	40.1%	43.2%	36.0%	36.0%	36.0%
Solvency ratio	206%	213%	195%	215%	205%	197%	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%	25.7%	26.1%	26.3%
RoE (%)	19.0%	18.8%	17.4%	15.2%	12.3%	13.2%	13.1%
RoC (%)	19.4%	19.2%	17.4%	15.3%	12.6%	13.5%	13.3%
Operating RoEV (%)	18.0%	17.3%	20.5%	19.1%	18.3%	19.2%	19.6%
RoEV (%)	15.3%	17.5%	17.4%	27.0%	17.8%	18.7%	19.2%
Valuation ratios	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Total AUM	1,163	1,410	1,604	2,209	2,704	3,213	3,793
– of which equity AUM (%)	23%	23%	21%	27%	28%	28%	29%
EPS (INR)	11.5	13.3	14.2	14.6	13.4	15.8	17.3
VNB	15.7	19.2	22.2	26.6	38.8	50.5	64.3
– VNB growth (%)	36.1%	22.3%	15.6%	19.8%	46%	30%	27%
EV per share	201.7	237.3	276.4	364.0	429.0	509.2	607.0
VIF as a percentage of EV	61%	62%	63%	66%	69%	71%	73%
P/VIF	10.7	9.0	7.5	5.6	4.6	3.7	3.0
P/AUM (%)	106%	88%	77%	56%	46%	39%	33%
P/EV (x)	6.1	5.2	4.5	3.4	2.9	2.4	2.0
P/EPS (x)	107.6	93.3	87.0	85.0	92.5	78.3	71.5
P/EVOP (x)	41.7	37.4	27.0	24.7	20.2	16.4	13.5
P/VNB (x)	89.1	72.1	61.6	53.1	36.4	28.0	22.0

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

NOTES

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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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