

HDFC Life Insurance

Estimate change



TP change



Rating change


CMP: INR550
TP: INR650 (+18%)
Neutral

In line result; VNB margin stood robust

Persistency trends steady

- HDFCLIFE reported a 11% YoY growth in premium, led by a 16% growth in renewal premium and an 8% growth each in single/first-year premium. Persistency trends remain steady, with 13th/61st month persistency improving 200bp/500bp YoY to 92%/58%. Shareholder's PAT grew 12% YoY to INR3.6b (in line).
- VNB growth stood at 15% YoY (~8% beat), with VNB margin expanding to 29.4% (+263bp QoQ). EVOP grew 19% YoY in FY22 (16.6% growth after considering an excess mortality reserve of INR6.5b).
- On the APE front, the Individual Protection business stood flat YoY v/s a 1% YoY growth in FY22, while strong trends continued in Annuity and the Non-PAR Savings business. The ULIP business saw a healthy 24% YoY growth.
- We expect HDFCLIFE to deliver ~29% VNB CAGR over FY22-24 and estimate margin to remain ~29% by FY24. **We maintain our Neutral rating.**

Net premium grows 11% YoY; VNB beats our estimate

- HDFCLIFE reported an 11% YoY growth in net premium income (in line). The renewal business grew 16% YoY (in line), which reflects steady trends in persistency across cohorts. Shareholder's PAT grew 12% YoY and 31% QoQ to INR3.6b (inline).
- Individual/Group APE grew by ~5%/~9% YoY, leading to total new business APE growth of ~6%. Within total APE, ULIP grew 16% YoY, while Non-PAR Savings grew 15%. Growth in Protection stood stable and the segment's share in Individual/total APE stood at 6.3%/13.2%, while the ULIP mix in Individual APE stood at 26%.
- VNB growth stood at 15% YoY (~8% beat), with VNB margin expanding sharply to 29.4% (+263bp QoQ). VNB grew 22% YoY in FY22, with VNB margin at 27.4% v/s 26.1% in FY21. Total operating expenses (including commissions) grew 15% YoY. Total expense ratio rose 40bp QoQ to 16.8%.
- On the distribution front, the share of banca/agency channel in Individual APE moderated by 160bp QoQ each to 61%/14%, while the share of the direct channel improved by 320bp QoQ to 19%.
- **Embedded value:** EVOP grew 19% YoY in FY22 (a growth of 16.6% post the impact of excess mortality reserve of INR6.5b). Overall, embedded value grew 13% YoY to INR300.5b (INR329.6b including Exide Life).
- **Others:** a) Total AUM grew 17% YoY to INR2.04t, b) The company has unutilized reserves of INR0.55b as of 4QFY22 towards potential COVID-19 claims, and, c) Solvency ratio fell to 176% v/s 190% in 3QFY22 as the company paid INR7.26b in cash towards the acquisition of Exide Life.

	HDFCLIFE IN
Bloomberg Equity Shares (m)	2,021
M.Cap.(INRb)/(USDb)	1160.9 / 15.2
52-Week Range (INR)	776 / 497
1, 6, 12 Rel. Per (%)	6/-14/-41
12M Avg Val (INR M)	2766

Financials & Valuations (INR b)

Y/E MARCH	FY22	FY23E	FY24E
Net Premiums	454.0	567.5	694.7
Surplus / Deficit	9.6	11.0	15.6
Sh. PAT	12.1	15.8	18.0
NBP gr- unwt'd (%)	20.1	30.0	21.0
NBP gr - APE (%)	18.1	34.0	19.7
Premium gr (%)	19.1	24.8	22.4
VNB margin (%)	27.4	27.5	28.8
RoEV (%)	23.8	17.9	18.7
Total AUMs (INRt)	2.0	2.5	2.9
VNB (INRb)	26.8	35.7	44.6
EV per share	163.0	192.3	228.2

Valuations

P/EV (x)	3.4	2.9	2.4
P/EVOP (x)	25.2	17.4	14.2

Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	51.5	53.8	58.9
DII	7.8	6.1	6.3
FII	26.3	30.5	25.7
Others	14.3	9.7	9.2

FII Includes depository receipts

Highlights from the management commentary

- With the merger with Exide Life, the management aims to remain margin neutral. However, scope exists to touch 30% over the next two-years, assuming no change in regulations and no loss in market share.
- It launched several products to meet diverse customer needs – Sanchay FMP in Non-PAR savings, a regular pay deferred Annuity plan, and a Term variant with riders covering the 3Ds of death, disease, and disability.
- The management aims to grow Individual Protection in double-digits in FY23. For this, HDFCLIFE is developing tools for automated underwriting, video medical checks, and tech to measure BMI, heart rate, and other vitals.

Valuation and view

HDFCLIFE remains focused on maintaining a balanced product mix across businesses, with an emphasis on product innovation and superior customer service. In the near term, Non-PAR/Annuity is likely to witness healthy growth, while Protection will witness a gradual recovery over FY23. Demand for ULIP remains healthy, but growth depends on how the capital market performs. Persistency trends remain steady and will continue to aid robust renewal trends. We estimate VNB margin ~29%, enabling 29% VNB CAGR over FY22-24. We expect operating RoEV of ~20% in FY24. **We maintain our Neutral rating with a TP of INR650/share, corresponding to 2.8x FY24E EV.**

Quarterly performance**(INR m)**

Policyholder's a/c (INR m)	FY21				FY22				FY21	FY22	FY22E 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
First-year premium	10,218	16,752	17,722	23,892	12,856	20,780	21,160	25,749	68,584	80,544	25,569	0.7
Growth (%)	-23.0%	15.3%	14.9%	38.7%	25.8%	24.0%	19.4%	7.8%	13.5%	17.4%	7.0%	
Renewal premium	32,391	43,104	45,770	63,504	38,893	50,345	55,430	73,412	184,769	218,080	74,482	-1.4
Growth (%)	24.1%	20.8%	21.5%	14.9%	20.1%	16.8%	21.1%	15.6%	19.4%	18.0%	17.3%	
Single premium	16,016	41,970	32,790	41,706	24,811	45,184	45,958	45,052	132,482	161,005	44,964	0.2
Growth (%)	-38.4%	65.5%	21.8%	23.9%	54.9%	7.7%	40.2%	8.0%	18.3%	21.5%	7.8%	
Net premium income	57,218	100,454	94,870	128,680	75,385	114,440	121,244	142,897	381,223	453,965	144,520	-1.1
Growth (%)	-11.3%	34.8%	20.8%	23.0%	31.7%	13.9%	27.8%	11.0%	18.3%	19.1%	12.3%	
PAT	4,511	3,261	2,650	3,179	3,024	2,742	2,737	3,575	13,601	12,077	3,551	0.7
Growth (%)	6.2%	5.6%	5.9%	2.0%	-33.0%	-15.9%	3.3%	12.4%	5.0%	-11.2%	11.7%	
Key metrics (INR b)												
New business APE	12.0	21.4	21.6	28.8	15.6	25.5	26.0	30.5	81.8	96.6	30.1	1.4
Growth (%)	-29.9	21.2	18.3	36.5	30.3	19.4	20.4	5.8	14.2	18.1	4.4	
VNB	2.9	5.5	5.7	7.8	4.1	6.8	6.9	9.0	21.9	26.8	8.3	8.3
Growth (%)	-42.8	22.1	26.7	51.8	40.2	23.9	21.8	15.2	13.9	22.4	6.4	
AUM (INR b)	1,400	1,506	1,656	1,738	1,813	1,912	1,947	2,042	1,738	2,042	1,981	3.1
Growth (%)	8.0	15.0	21.4	36.6	29.5	27.0	17.6	17.4	36.6	17.4	13.9	
Key ratios (%)												
VNB margin (%)	24.3	25.6	26.4	27.0	26.2	26.6	26.7	29.4	26.1	27.4	27.5	187
Solvency ratio (%)	190.0	203.0	202.0	201.0	203.0	190.0	190.0	176.0	201.0	175.7	191.8	-1579

E: MOFSL estimates

Quarterly snapshot

	FY20				FY21				FY22				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Net premium income	64.5	74.5	78.5	104.6	57.2	100.5	94.9	128.7	75.4	114.4	121.2	142.9	11	18
First-year prem.	13.3	14.5	15.4	17.2	10.2	16.8	17.7	23.9	12.9	20.8	21.2	25.7	8	22
Renewal prem.	26.1	35.7	37.7	55.3	32.4	43.1	45.8	63.5	38.9	50.3	55.4	73.4	16	32
Single prem.	26.0	25.4	26.9	33.7	16.0	42.0	32.8	41.7	24.8	45.2	46.0	45.1	8	-2
Investment income	20.5	11.4	37.3	-102.3	87.5	63.2	115.9	60.2	69.6	88.7	19.8	14.0	-77	-29
Total income (A)	85.3	86.6	116.5	4.2	145.1	164.1	211.3	191.9	146.0	204.8	142.2	160.5	-16	13
Commission paid	3.2	3.7	3.5	4.3	2.4	4.2	4.5	6.0	3.0	5.0	5.0	6.1	2	21
Operating expense	8.8	11.0	10.6	12.5	6.7	11.0	13.1	15.1	9.5	13.5	15.0	18.1	20	20
Total comm. and OPEX	12.0	14.6	14.1	16.8	9.1	15.3	17.6	21.1	12.5	18.5	20.1	24.2	15	21
Total Expenses (B)	79.8	83.3	112.2	-3.1	142.0	161.7	207.7	185.7	146.6	202.5	139.4	152.5	-18	9
PBT	3.8	1.9	2.9	2.6	2.8	1.6	3.2	6.2	0.6	1.8	2.0	7.1	14	251
Tax	0.0	-0.2	0.5	1.2	0.3	0.2	0.4	1.8	0.0	0.1	0.2	1.5	-16	785
Surplus/(Deficit)	3.8	2.1	2.5	1.4	2.5	1.4	2.7	4.3	0.6	1.6	1.8	5.5	27	200
Shareholder A/c														
Trf. to policyholder a/c	3.5	2.2	1.7	4.5	3.5	2.2	1.4	2.9	1.2	2.0	1.8	5.0	74	174
Investment Income	1.0	1.4	1.1	0.9	1.0	1.4	1.4	2.7	2.6	2.0	1.8	1.5	-46	-18
Total income	4.5	3.6	2.8	5.6	4.4	3.5	2.8	5.6	3.8	4.1	3.6	6.5	16	79
PBT	4.4	3.3	2.6	2.8	4.5	3.3	2.7	3.1	3.1	2.8	2.8	3.2	4	17
Tax	0.1	0.2	0.1	-0.3	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.4	306	-1,698
PAT	4.2	3.1	2.5	3.1	4.5	3.3	2.6	3.2	3.0	2.7	2.7	3.6	12	31
Individual APE														
ULIP	3.6	3.9	4.9	4.9	2.9	3.6	4.2	6.4	3.5	5.4	5.6	6.7	6	21
PAR	0.8	1.8	3.1	6.0	3.2	6.1	7.0	7.9	3.8	6.5	6.5	7.8	-2	21
Term	0.7	1.3	1.1	1.8	1.2	1.4	0.7	1.7	1.0	1.4	0.9	1.6	-10	64
Non-PAR savings	8.0	7.5	5.6	4.1	3.0	5.5	5.5	8.1	4.2	6.8	7.4	8.6	6	15
Annuity	0.7	0.5	0.6	0.7	0.5	0.9	0.9	1.2	0.7	1.1	1.1	1.3	5	21
Total Individual APE	13.8	14.9	15.3	17.5	10.7	17.6	18.3	24.6	13.1	21.2	21.5	25.9	5	21
Total APE	17.1	17.6	18.2	21.1	12.0	21.4	21.6	28.8	15.6	25.5	26.0	30.5	6	17
APE (as a percentage of total)														
ULIP	26.0	26.0	31.7	28.0	27.0	20.6	23.0	25.9	27.0	25.4	26.0	26.0	11	0
PAR	6.0	11.8	20.5	34.1	30.0	34.8	38.1	32.1	29.0	30.6	30.0	30.0	-211	0
Term	5.0	8.9	7.0	10.5	11.0	7.8	3.9	7.0	8.0	6.4	4.4	6.0	-100	159
Non-PAR savings	58.0	50.3	36.8	23.4	28.0	31.2	30.0	32.9	32.0	32.0	34.6	33.0	11	-159
Distribution mix (%)														
Bancassurance	56.0	52.1	56.9	55.0	59.0	60.6	67.7	57.2	56.0	62.5	62.6	61.0	379	-159
Individual agents	15.0	15.0	12.1	14.0	12.0	13.6	10.4	14.9	15.0	11.8	15.6	14.0	-89	-159
Direct	20.0	21.9	21.0	24.5	24.0	19.2	15.9	19.0	23.0	19.8	15.8	19.0	0	319
Broker	9.0	10.9	7.1	9.0	5.0	6.6	6.0	8.9	6.0	6.0	6.0	6.0	-289	0
Key Ratios (%)														
Operating ratios														
Commission (unweighted)	4.9	4.8	4.4	4.0	4.1	4.2	4.7	4.6	3.9	4.4	4.1	4.3	-32	16
Opex (unweighted)	13.4	14.6	13.3	11.9	11.5	10.9	13.7	11.8	12.5	11.7	12.4	12.6	80	20
Total Cost	18.4	19.3	17.7	15.8	15.5	15.0	18.2	16.3	16.4	16.0	16.4	16.8	50	40
Solvency ratio	193	192	195	184	190	203	202	201	203	190	190	176	-2,500	-1,400
Profitability ratios														
VNB margin	29.8	25.4	24.7	24.3	24.3	25.6	26.4	27.0	26.2	26.6	26.7	29.4	238	263
Op. RoEV	19.9	19.6	19.0	18.1	15.8	17.6	18.3	18.5	16.5	16.1	16.2	16.6	-190	40
Persistency ratios														
13th Month	88.8	86.0	89.7	90.1	87.0	88.0	89.0	90.0	89.8	91.0	92.0	92.0	200	0
25th Month	77.6	75.0	80.0	80.2	80.8	79.0	80.0	81.0	84.8	84.0	84.0	86.0	500	200
37th Month	71.4	71.0	73.4	73.8	69.5	69.0	69.0	71.0	78.5	76.0	77.0	79.0	800	200
49th Month	67.3	67.0	67.7	67.2	64.9	66.0	67.0	67.0	68.4	67.0	68.0	69.0	200	100
61st Month	55.5	53.0	54.7	55.0	54.4	53.0	53.0	53.0	58.1	56.0	57.0	58.0	500	100

Quarterly snapshot continued

Key metrics (INR b)	FY20				FY21				FY22				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
VNB	5.1	4.5	4.5	5.1	2.9	5.5	5.7	7.8	4.1	6.8	6.9	9.0	15	29
EV	192.3	201.2	208.4	206.5	225.8	233.3	250.5	266.2	273.3	287.0	295.4	300.5	13	2
EVOP	8.5	8.6	8.4	7.7	7.7	9.8	10.3	10.5	10.3	13.2	12.9	14.2	35	10
AUM	1,296	1,310	1,365	1,272	1,400	1,506	1,656	1,738	1,813	1,912	1,947	2,042	17	5
Equity portion (%)	38	37	37	29	32	33	36	36	37	38	36	37	100	100

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



Highlights from the management commentary

Operating environment and business performance

- The management remains watchful given the sudden rise in COVID-19 cases in India. However, mortality claims have normalized.
- It feels the COVID-related reserves created during FY22 are more than adequate. It has carried into FY23 INR0.55b in reserves as a prudent measure.
- Renewal premium grew 18%, with 13/61-month persistency improving 200bp/500bp to 92%/58%.
- HDFCLIFE delivered a VNB growth of 22% due to margin expansion and a healthy growth in APE.
- It has doubled its EV in four years.

Margin

- Margin improved by 130bp to 27.4% in FY22.
- With the merger with Exide Life, the management aims to remain margin neutral.
- However, scope exists to touch 30% over the next two-years, assuming no change in regulations and no loss in market share.
- In the absence of regulatory relaxations, it should settle there and transform to a compounding story of 20%. The management remains very optimistic, given the new plans of IRDA with respect to the development of the sector.
- Post the second COVID wave, profit in 3Q and 4QFY22 has improved.
- The board has recommended a dividend of INR1.7 per share, translating to a payout of 30%.

Capital

- Solvency stood at 176%, post the cash payout of INR7.26b as part consideration for acquisition of Exide Life. Excluding this, solvency would have been 189%.
- HDFCLIFE plans to raise a sub-debt of INR3.5b. This will increase solvency by 6%.
- The management said it will look to raise capital through debt as well as equity, whenever required.
- The internal threshold for solvency ratio is to remain ~180%.

Merger with Exide Life

- The merger with Exide Life will result in an expansion as a large portion of its business accrues from South India.
- Branch rationalization and expansion in its geographic footprint will result in an upside in premium growth.

- It expects the deal to be completed in 2HFY23. It continues to work on the back-end till then.
- The management expects the deal to remain margin neutral in FY23.
- A new IRDAI Chairman was appointed in 4QFY22 and he unveiled his vision for the sector.
- It views the listing of LIC as a positive. However, it is not perturbed with respect to competition as the ticket size of both companies is different. It feels the low penetration of Insurance in India will ensure enough room for everyone to exist and grow.
- The management is not worried about growth in the future as the sector should grow at 2x India's GDP.
- HDFCLIFE's focus remains on ESG with a tie-up with the UN.
- HDFC Pension crossed the INR280b AUM mark, up 73% YoY. It was numero uno in terms of fund performance, with a market share of 37%.

Business mix

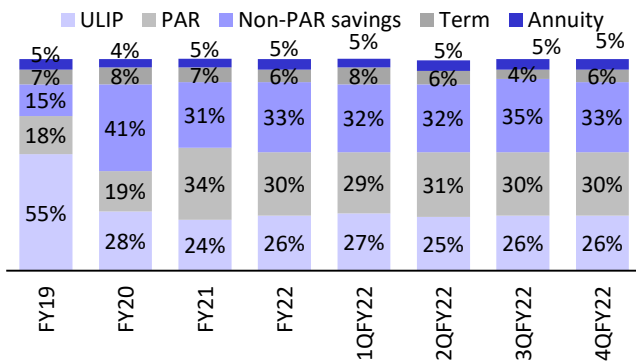
- The management's focus remains on maintaining a balanced product mix.
- It launched several products to meet diverse customer needs – Sanchay FMP in Non-PAR savings, a regular pay deferred Annuity plan, and a Term variant with riders covering the 3Ds of death, disease, and disability.
- HDFCLIFE has seen strong growth in Protection, with a 55% jump in Credit Life.
- Demand for Individual Protection products remains robust. However, HDFCLIFE is constrained due to underwriting challenges and lack of proper medical check-ups across the country.
- The management aims to grow Individual Protection in double-digits in FY23. For this, HDFCLIFE is developing tools for automated underwriting, video medical checks, and tech to measure BMI, heart rate, and other vitals.
- HDFCLIFE grew its Annuity business at 24% v/s 3% for the industry.
- Long tenured Non-PAR products will have a cap in terms of its contribution to total mix.
- Short tenured Non-PAR will have no cap as it is simpler to hedge. Typically, it is a single premium 10-year product.
- Share in the mix will depend on how much the company can sell.
- Its margin is better than Linked and PAR. Since its launch, it constitutes ~15% of the business mix.

Distribution mix

- All channels have reported healthy growth.
- Bancassurance grew 13%, while proprietary posted a growth of 18%.
- More than 40,000 agents were added in FY22 – the second highest among private players.
- Exide Life's agents are eager to sell HDFCLIFE's products as the latter has a much wider portfolio and a stronger brand and thus is easier to sell.
- There exist opportunities to cross-sell and upsell to its customer base with the help of analytics.
- Agent activation of Exide Life is in line with that of the industry.
- HDFCLIFE is trying to build a team of women financial consultants. It expects this team to be sticky and loyal, and with a right nudge lead to higher productivity.

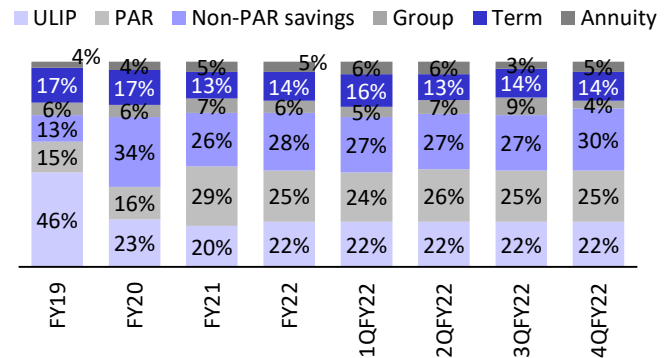
Key exhibits

Exhibit 1: Share of Non-PAR healthy at 33% of Individual APE



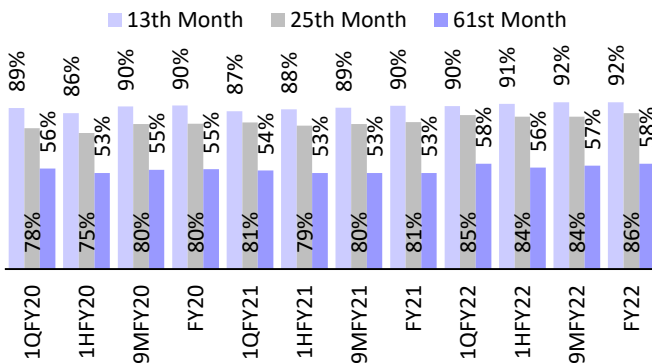
Source: MOFSL, Company

Exhibit 2: Share of Non-PAR Savings/Annuity/Protection at 30%/5%/~14% of total APE



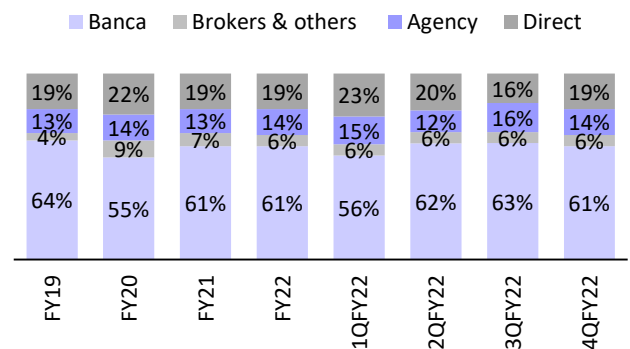
Source: MOFSL, Company

Exhibit 3: Persistency ratio across cohorts



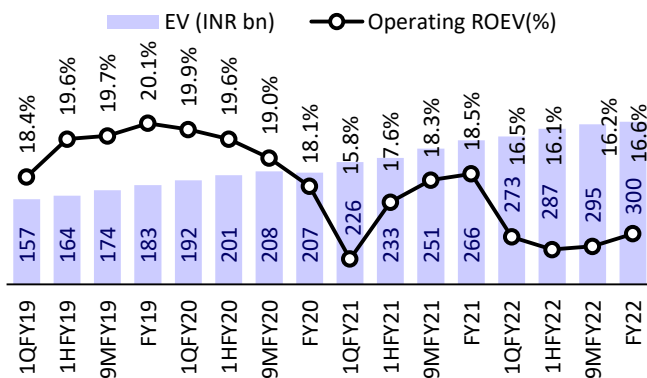
Source: MOFSL, Company

Exhibit 4: Share of banca moderates in 4QFY22



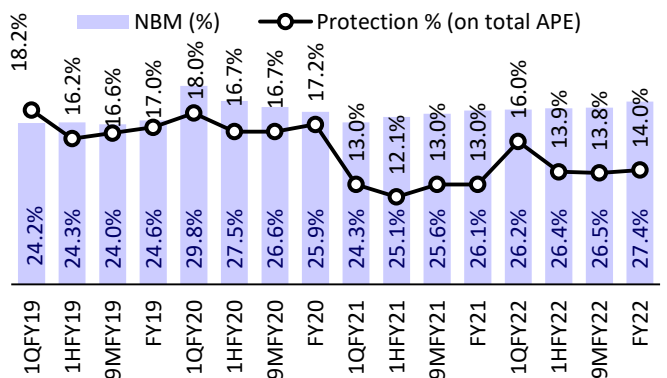
Source: MOFSL, Company

Exhibit 5: Operating RoEV at 16.6%



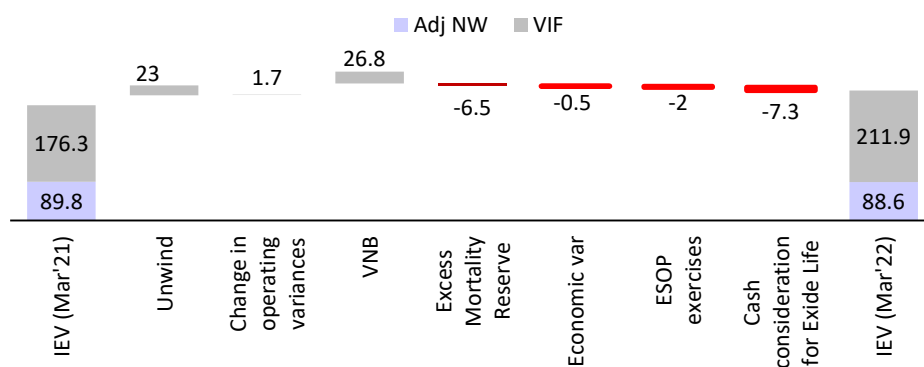
Source: MOFSL, Company

Exhibit 6: Margin improves to 29.4% in 4QFY22



Source: MOFSL, Company

Exhibit 7: IEV breakup for FY22



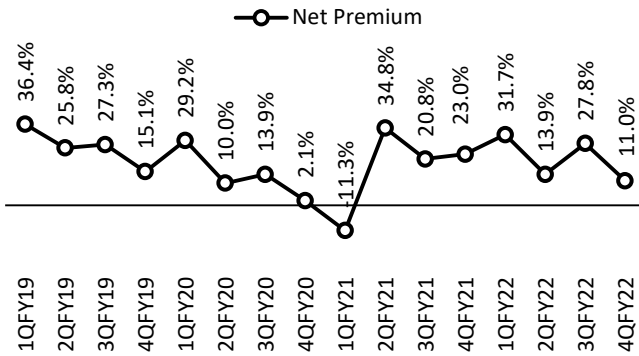
Source: MOSL, Company

Valuation and view

- HDFCLIFE strengthened its position in the industry, with an Individual APE-based market share of ~14.8% among private insurers in FY22 (v/s 8% in FY10).
- Product innovation has been a key differentiator and has played a critical role in driving business growth. Several of the company's savings products (such as Sanchay Plus and Sanchay-PAR Advantage) have seen strong traction. It launched another Non-Participating product – Sanchay Fixed Maturity Plan.
- Non-PAR/Annuity is likely to witness healthy trends. Protection remains a long-term structural story, and the management will continue to leverage this opportunity on a prudent basis.
- We expect the share of high-margin products (Annuity, Non-PAR, and Protection) to increase, driving a gradual expansion in margin. We expect VNB margin to improve to ~29% by FY24.
- HDFCLIFE has delivered strong return ratios in the past few years, which should remain robust, driven by: a) a healthy new business margin, b) a balanced product mix, c) quality underwriting, and d) robust persistency ratios.
- **Neutral with a TP of INR650/share:** HDFCLIFE remains focused on maintaining a balanced product mix across businesses, with an emphasis on product innovation and superior customer service. In the near term, Non-PAR/Annuity is likely to witness healthy growth, while Protection will witness a gradual recovery over FY23. Demand for ULIP remains healthy, but growth depends on how the capital market performs. Persistency trends remain steady and will continue to aid robust renewal trends. We estimate VNB margin ~29%, enabling 29% VNB CAGR over FY22-24. We expect operating RoEV of ~20% in FY24. **We maintain our Neutral rating with a TP of INR650/share, corresponding to 2.8x FY24E EV.**

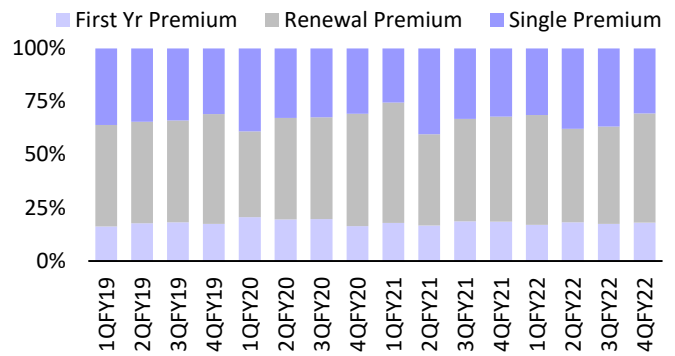
Story in charts

Exhibit 8: Net premium income grew by ~11% YoY



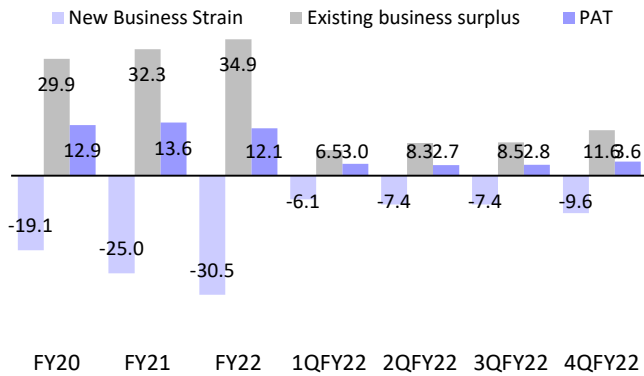
Source: MOFSL, Company

Exhibit 9: Proportion of premium trends



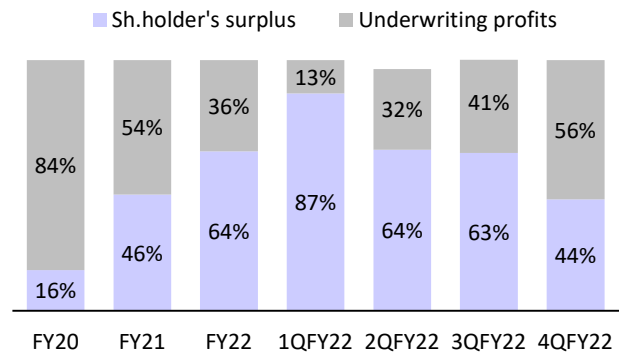
Source: MOFSL, Company

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



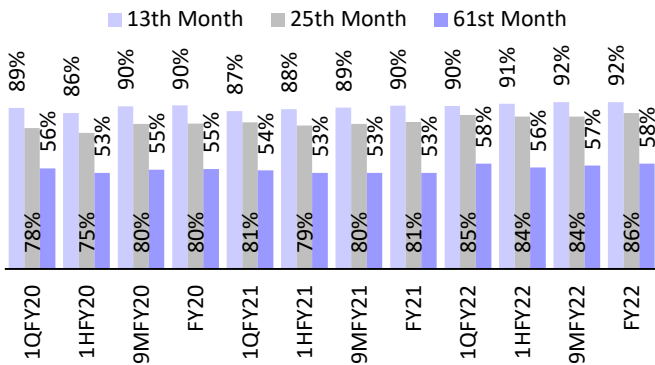
Source: MOFSL, Company

Exhibit 11: Trend in underwriting profit and shareholders' surplus



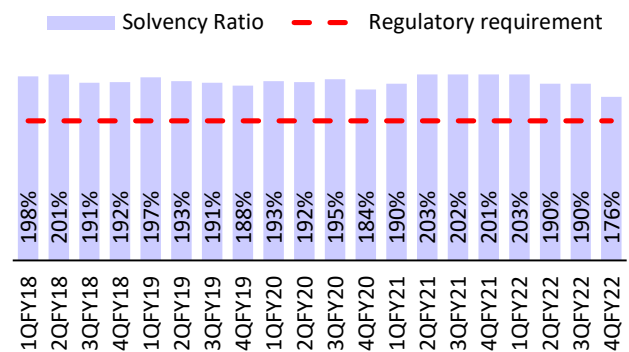
Source: MOFSL, Company

Exhibit 12: Persistency trends remain steady



Source: MOFSL, Company

Exhibit 13: Solvency ratio moderates to 176% in 4QFY22



Source: MOFSL, Company

Financials and valuations

Technical account (INR b)	FY19	FY20	FY21	FY22	FY23E	FY24E
Gross Premiums	291.9	327.1	385.8	459.6	573.8	702.6
Reinsurance Ceded	(2.6)	(4.8)	(4.6)	(5.7)	(6.3)	(7.9)
Net Premiums	289.2	322.2	381.2	454.0	567.5	694.7
Income from Investments	90.3	(33.1)	326.8	192.2	197.9	226.2
Other Income	4.8	3.5	4.4	7.5	5.3	5.9
Total income (A)	384.4	292.6	712.4	653.6	770.8	926.8
Commission	11.2	14.9	17.1	19.4	26.3	31.4
Operating expenses	38.1	42.7	45.9	56.1	65.7	79.8
Total commission and opex	49.3	57.6	63.0	75.5	92.0	111.2
Benefits Paid (Net)	139.9	190.2	225.7	318.6	327.2	394.4
Change in reserves	175.1	24.4	408.3	246.8	324.0	385.2
Total expenses (B)	365.2	277.9	695.1	638.4	753.8	903.6
(A) - (B)	19.2	14.7	17.3	15.1	16.9	23.2
Tax (incl. GST)	5.7	5.0	6.3	5.5	6.0	7.7
Surplus / Deficit	13.5	9.7	11.0	9.6	11.0	15.6

Shareholder's a/c (INR b)	FY19	FY20	FY21	FY22	FY23E	FY24E
Transfer from technical a/c	12.1	11.9	9.9	10.1	11.4	15.3
Income From Investments	4.1	4.4	6.5	7.9	5.5	4.0
Total Income	16.4	16.5	16.4	18.0	16.9	19.3
Other expenses	0.3	0.3	0.6	0.8	0.9	1.0
Contribution to technical a/c	3.1	1.0	2.6	5.7	-	-
Total Expenses	3.5	3.4	2.8	6.2	0.9	1.0
PBT	12.9	13.1	13.5	11.8	16.0	18.3
PAT	12.8	13.0	13.6	12.1	15.8	18.0
Growth	15%	1%	5%	-11%	31%	14%

Premium (INR b) and growth (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
NBP – unweighted	149.7	172.4	201.1	241.5	314.0	380.0
NBP – WRP	60.5	71.6	81.8	96.6	129.5	154.9
Renewal premium	142.1	154.7	184.8	218.1	259.8	322.7
Total premium – unweighted	291.9	327.1	385.8	459.6	573.8	702.6
NBP growth – unweighted	31.9%	15.1%	16.6%	20.1%	30.0%	21.0%
NBP growth – WRP	12.0%	18.4%	14.2%	18.1%	34.0%	19.7%
Renewal premium growth	16.4%	8.8%	19.4%	18.0%	19.1%	24.2%
Tot. premium growth – unweighted	23.9%	12.1%	18.0%	19.1%	24.8%	22.4%

Premium mix (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
New business – unweighted						
- Individual mix	51.1%	48.8%	49.9%	63.0%	65.0%	67.0%
- Group mix	48.9%	51.2%	50.1%	37.0%	35.0%	33.0%
New business mix – WRP						
- Participating	14.4%	15.9%	28.8%	27.7%	26.9%	24.8%
- Non-Participating	38.5%	59.5%	49.9%	40.7%	40.7%	42.1%
- ULIPs	47.1%	24.5%	21.3%	30.6%	32.4%	33.1%
Total premium mix – unweighted						
- Participating	20.0%	18.5%	19.8%	40.0%	40.0%	40.0%
- Non-Participating	41.2%	47.3%	51.0%	12.8%	12.8%	12.8%
- ULIPs	38.8%	34.2%	29.1%	47.2%	47.2%	47.2%

Indi premium sourcing mix (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
Individual agents	13.8%	13.3%	12.3%	15.0%	17.0%	18.0%
Corporate agents – Banks	46.7%	41.8%	45.8%	49.5%	46.6%	46.5%
Direct business	31.8%	35.0%	33.4%	28.0%	29.0%	28.0%
Others	7.8%	9.9%	8.5%	7.5%	7.4%	7.5%

Financials and valuations

Balance Sheet (INR b)	FY19	FY20	FY21	FY22	FY23E	FY24E
Sources of Fund						
Share Capital	20.2	20.2	20.2	21.2	21.2	21.2
Reserves And Surplus	36.4	49.7	64.1	132.9	144.4	157.1
Shareholders' Fund	56.6	68.0	86.4	154.9	166.4	179.1
Policy Liabilities	536.7	652.7	855.2	1,043.4	1,426.1	1,729.8
Prov. for Linked Liab.	605.2	508.4	709.6	765.2	861.7	957.7
Funds For Future App.	39.5	42.2	47.9	50.4	59.4	70.2
Current liabilities and prov.	51.2	49.8	65.2	62.3	81.0	105.3
Total	1,300.3	1,321.6	1,795.8	2,103.9	2,594.6	3,042.0
Application of Funds						
Shareholders' inv.	50.5	58.6	85.4	152.4	182.9	219.4
Policyholders' inv.	571.2	671.9	905.4	1,083.1	1,450.3	1,758.3
Assets to cover linked liabilities	633.8	541.8	747.6	806.2	884.1	968.1
Current assets	40.4	43.1	49.8	52.3	65.4	81.8
Total	1,300.3	1,321.6	1,795.8	2,103.9	2,594.6	3,042.0
Operating ratios (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
Investment yield	7.5%	-2.7%	19.8%	10.2%	8.5%	8.3%
Commissions/GWP	3.8%	4.6%	4.4%	4.2%	4.6%	4.5%
- first-year premiums	15.5%	17.9%	18.5%	17.0%	19.6%	19.5%
- renewal premiums	1.5%	1.6%	1.5%	1.5%	1.5%	1.5%
- single premiums	1.2%	1.3%	1.0%	1.3%	0.5%	0.5%
Operating expenses/GWP	13.1%	13.0%	11.9%	12.2%	11.5%	11.4%
Total expense ratio	16.9%	17.6%	16.3%	16.4%	16.0%	15.8%
Claims/NWP	46.4%	56.4%	57.1%	70.2%	55.2%	54.3%
Solvency ratio	188%	184%	201%	176%	174%	186%
Persistency ratios (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
13th Month	87.2%	90.1%	90.0%	92.0%	92.8%	93.1%
25th Month	80.5%	80.2%	81.0%	86.0%	87.2%	87.7%
37th Month	72.0%	73.8%	71.0%	79.0%	80.5%	80.9%
49th Month	67.7%	67.2%	67.0%	69.0%	74.6%	76.3%
61st Month	52.3%	55.0%	53.0%	58.0%	59.2%	62.6%
Profitability ratios (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
VNB margin (%)	24.6%	25.9%	26.1%	27.4%	27.5%	28.8%
Operating RoEV	20.1%	18.2%	18.5%	16.6%	19.3%	20.1%
RoEV (%)	20.3%	12.9%	28.9%	23.8%	17.9%	18.7%
Valuation and key data	FY19	FY20	FY21	FY22	FY23E	FY24E
Total AUM (INR b)	1,256	1,272	1,738	2,042	2,492	2,946
- of which equity AUM (%)	38%	29%	36%	36%	38%	39%
Dividend (%)	16%	0%	0%	17%	20%	25%
Dividend payout ratio (%)	31%	0%	0%	0%	27%	29%
EPS (INR)	6.3	6.4	6.7	5.7	7.5	8.5
VNB (INR b)	15.40	19.18	21.85	26.75	35.7	44.6
Embedded Value (INR b)	182.7	206.3	266.2	329.5	388.6	461.3
EV per share (INR)	90.4	102.1	131.7	163.0	192.3	228.2
VIF as a percentage of EV	68%	65%	66%	69%	71%	73%
P/VIF (%)	8.9	8.3	6.3	4.9	4.0	3.3
P/AUM (%)	88%	87%	64%	54%	45%	38%
P/EV (x)	6.1	5.4	4.2	3.4	2.9	2.4
P/EPS (x)	86.7	85.6	81.6	96.3	73.8	64.5
P/EVOP (x)	36.3	33.5	29.0	25.2	17.4	14.2
P/VNB (x)	72.1	57.9	50.8	41.5	31.1	24.9

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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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* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.