1 December 2021

Update | Sector: Insurance

Max Financial Services

BSE SENSEX	S&P CNX
57,685	17,167

CMP: INR968 TP: INR1,250 (+29%) Buy

Growth to pick up over FY21-26; margin trajectory stable

Protection and Retirement to be the key focus areas; to grow the proprietary channels

We hosted an investor day for Max Life Insurance. The company was represented by MD and CEO Mr. Prashant Tripathy, CFO Mr. Amrit Singh, and other members of the senior management team. The management highlighted the progress that it has made over the past years and how it is positioned to capitalize on the exciting opportunities that lie in this space. The areas of discussion ranged around: a) future outlook and strategic roadmap, b) innovation in customer segments and building distribution for the future, c) pervasive intelligence and automation across the enterprise, and d) strategic risk management. Below are the key takeaways.

Growth to pick up (by more than 20% over FY21-26); margin trajectory broadly stable

The past few years have been challenging for Max Life, with the management's focus on simplifying the organization structure. Going forward, its primary focus would be on delivering superior growth (more than 20% over FY21-26E), with margin remaining range bound. It expects RoEV to remain similar to FY21 levels (18.5%). Growth would be led by a key focus on:

- **Leader in online acquisition:** It is looking to increase sales by 7-9x over the next five years.
- **Fastest growing and profitable proprietary distribution:** The management's focus is on ramping up its own proprietary channel, with an aim to improve profitability and productivity. It is looking to increase sales by 2.5x over the next five years and be among the top three.
- **Leader in Protection and health and wellness:** Its focus will be on providing Health Insurance as a rider. It is looking to increase sales by 3-4x over the next five years and to be among the top three.
- **Leader in Retirement:** It recently received approval for NPS management and is looking to scale up the business and strengthen its presence. It is looking to increase sales by 8-9x over the next five years and be among the top three.
- **Inorganic expansion:** The management is open to strategic inorganic opportunities, which would strengthen its existing franchise. It is looking at least one-to-two such opportunities over the next five years.

Protection and Retirement to be the key focus areas

The management aims to cater to the savings, mortality and morbidity, and the longevity needs of customers, thus cover the entire customer lifecycle. Long term structural opportunities exist, with a primary focus on the Protection and Retirement segment as the Protection gap remains large (Protection policies constitute 35% v/s 10% five years back, with the online channel forming over 40%). On the Retirement side, the need for pension products is likely to increase (total opportunity to increase to INR118t from INR28t by CY50) due to changes in demographics, emergence of nuclear families, and advancement of Healthcare facilities, thus providing robust growth opportunities.

Stock Info

Bloomberg	MAXF IN
Equity Shares (m)	345
M.Cap.(INRb)/(USDb)	334.2 / 4.5
52-Week Range (INR)	1148 / 622
1, 6, 12 Rel. Per (%)	2/-8/22
12M Avg Val (INR M)	1150
Free float (%)	85.3

Financials Snapshot (INR b)

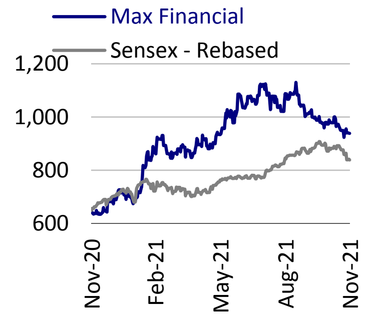
Y/E March	FY22E	FY23E	FY24E
Net Premiums	224.9	270.6	329.8
Sh. PAT	5.4	7.8	9.5
NBP gr – unwtd	20.0	23.0	25.0
NBP gr – APE	17.8	23.3	23.4
Premium gr	18.3	20.3	21.9
VNB margin	25.4	25.9	26.5
Op. RoEV (%)	19.4	22.3	22.5
AUMs (INRb)	1,121	1,226	1,419
VNB(INRb)	15.0	18.9	24.0
EV per Share	323.1	389.0	470.1
Valuations			
P/EV (x)	3.6	3.0	2.5
P/EVOP (x)	21.9	16.2	13.3

Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	14.7	14.7	22.3
DII	49.4	50.7	30.4
FII	27.7	26.3	32.4
Others	8.2	8.2	14.9

FII Includes depository receipts

Stock performance (one-year)



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Aims to scale up the proprietary online and offline channels for future generations

Max Life has been at the forefront of driving product innovation by launching various firsts in the industry. Going forward, it would continue to work on building a strong distribution channel on three fronts namely:

- **Proprietary online**: With an aim to be a leader in the Savings and Protection business. In FY21, ~16% of the customers were acquired online.
- **Proprietary offline:** With an aim to be the fastest growing profitable proprietary channel. It grew at 17% CAGR over the past five years.
- **Partnerships:** Strategic partnership with deeper integration to deliver superior growth.

At present, ~65% of its customers are millennial (below 40 years), with 8% being Gen Z (below 25 years). Gen Z and millennials prefer the online mode, which is contributing the bulk of the sales. This customer segment offers a healthy proposition as acquiring customers at an early age allows the company to grow with them as they move upward in their lifecycle. Agent/recruiter productivity stands at over INR0.11m/INR0.2m.

Strong focus on cross-sell; aspires to be a leading digital first insurer

The company has developed and deployed analytics at every stage of the business: new business, purchase and issuance, and servicing, retention, and claims, with multiple partnerships with the InsurTech ecosystem to accelerate its digital journey. The management's focus is on using AI built technology to move 70% of its workload to the Cloud by FY24. Agency channels are enabled with digital assets to reduce the on boarding time for agents by 50%. Its focus remains on cross selling by building digital integration, which has improved to 31% in FY21 v/s 27% in FY20. Its overall goal is to be a leading digital first Life Insurer over the next 12-18 months.

High focus on risk management; governance remains strong

Max Life follows a three line defense model – management risk committee, risk Ethics and ALM committee, and Board of Directors – with independent and experienced functionaries to manage risks. It has further segregated its investment sub-offices to manage investment risk, and follows an active risk management framework to oversee the various aspects such as mortality and persistency risk, interest risk, etc. The presence of an actuary on the board, with a standalone board committee for reviewing actuarial matter, further strengthens governance, while following the principle of prudence to manage risks.

Valuation and view

It expects growth to pick up over the next five years, which is likely to be better than the past five years. Growth via the proprietary channel is likely to remain strong, while banca will continue to deliver healthy growth. Persistency trends have improved, while cost ratios should remain modest. We estimate 21% APE CAGR over FY21-24E, with VNB margin sustaining at 25-26%. This would enable 24% VNB CAGR over FY21-24E, while operating RoEV would sustain ~22%. We maintain our Buy rating with an unchanged TP of INR1,250 per share (3.6x Sep'23E EV with a 20% holding company discount).

Key takeaways from the sessions with the top management

Session #1: Future outlook – Strategic Roadmap by Mr. Prashant Tripathy, MD and CEO, and Mr. Amrit Singh, CFO

- Its focus is on keeping customers at the core, with a growth mindset.
- It has 358 branches, over 6k partners, ~54k agents, and 60 distribution partners.
- The management's focus is on maximizing the sum assured, growing Protection, and traditional policies.
- It expects RoEV to remain similar or slightly better than FY21 levels (18.5%) in the near to medium term.
- It is looking to cater to all the needs of savings, mortality and morbidity, and longevity to cover the entire customer lifecycle.
- Financialization of savings is likely to move towards financial assets, within which Insurance comprise a dominant share and would continue to do so.
- The Protection gap still remains large, providing a long term structural opportunity for the Protection business to grow multifold.
- Protection policies constitute 35% v/s 10% five-years back, within which the online channel constitutes more than 40%.
- Need for Pension products are increasing due to changes in demographics, emergence of nuclear families, and advancement of Healthcare facilities.
- Rising focus on the adoption of digitization, with consumers becoming transparent in sharing data. It expects personalization in services/products ahead.
- While the past few years have been challenging, as the focus was on simplifying the organization structure, growth and performance have remained healthy.
- **Going forward, the primary focus would be on delivering growth, which should be better than what was witnessed over the past five years.**
- **The key focus areas over the next five years (till FY26) would be:**
  - **Leader in online acquisition:** Already a leader in Protection and is looking to scale up other businesses as well. **It is looking to increase sales by 7-9x over the next five years.**
  - **Fastest growing profitable proprietary distribution:** The focus is on ramping up its own proprietary channels such as the direct, agency, etc. with an aim to improve profitability and productivity of these channels. **It is looking to increase sales by 2.5x over the next five years and be among the top three from fifth at present.**
  - **Leader in Protection and health and wellness:** The management's focus would be on providing health as a rider. **It is looking to increase sales by 3-4x over the next five years and be among the top three from fifth at present.**
  - **Leader in Retirement:** It has recently received approval for the management of NPS funds. It is looking to scale up this business and strengthen its presence further. **It is looking to increase sales by 8-9x over the next five years and be among the top three from fourth at present.**
  - **Inorganic expansion:** It is looking at strategic inorganic opportunities, which would strengthen the franchise. **It is looking at least one-to-two such opportunities in the next five years.**
- The above will be driven by digital and AI enablement, leveraging its partnership with Axis Bank, employee capability, and creating a sustainable business.

Session #2: Innovating for customer segments and building distribution for the future – Mr. V Viswanand, Deputy MD

- Max Life has been at the forefront of driving product innovation by creating a number of firsts in industry propositions such as introducing Whole Life plans, cash and premium to offset bonus options, PAR top-ups, a first index linked Non-PAR plan, a differentiated term plan, etc.
- Around 65% of customers are under 40 years. Of this, 8% are Gen Z (less than 25 years).
- Gen Z and millennials prefer the online mode, which contributes the bulk of the sales. They offer healthy propositions as it allows the company to capture these customers at an early age and grow with them as they move upward in their life cycle.
- **Proprietary online:** A leader among web aggregators and direct online platforms. It acquires 16% of its customers online.
- **Proprietary offline:** VNB grew by 34% over the past four years.
- **Partnerships:** It has a strategic partnership with the third largest private Bank.
- Agent/recruiter productivity stands at over INR0.11m/INR0.2m.

Session #3: Pervasive intelligence and automation across enterprise – Mr. Manu Lavanya, COO, and Mr. Suhail Ghai, Chief Digital & Information Officer

- **Key statistics:** 77% digital servicing, 90% e-renewals, 99% digital sales, 100% system engagement on Cloud, 16% sales via e-commerce, 67% automated underwriting (Retail), and 49% instant claim settlement.
- **Scale up the e-commerce business:** It is targeting a 30%/100% Protection/Savings growth in FY22.
- **Digital sales:** 50% lead conversion and 95% automated sales governance.
- **Onboarding/issuance:** 65% instant issuance, human less underwriting at 85%, and issuance cycle of 10 minutes.
- **Customer service:** Digital penetration/adoption at 72%/82%.
- **Enterprise:** Self-service at 90%.
- The focus is on pervasive intelligence and is looking to move 70% of its workload to the Cloud by FY24.
- Agency channel is enabled, with end-to-end digital assets across the value chain, reducing the onboarding time for agents by 50%.
- The focus remains on cross-selling by building digital integration. Thus, cross-selling improved to 31% in FY21 v/s 27% in FY20.
- Max Life has developed and deployed analytics at every stage, namely new business, purchase and issuance, and servicing, retention, and claims.
- Partnerships with the InsurTech ecosystem is accelerating its digital journey.
- Its goal is to be a leading digital first Life Insurer over the next 12-18 months.

Session #4: Strategic risk management – Mr. Jose John, Appointed Actuary, and Mr. Sachin Saxena, Chief Risk Officer

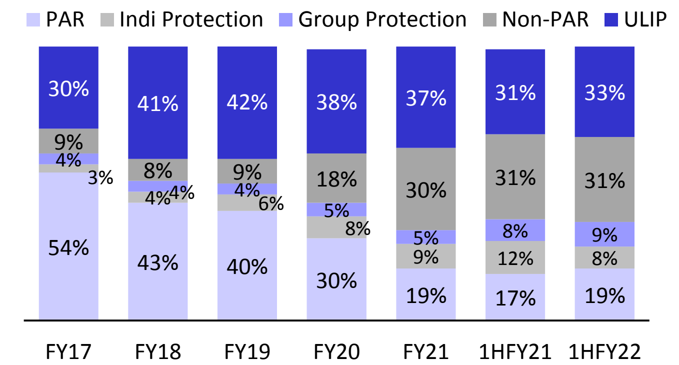
- Three lines of defense have been deployed to manage risks, with independent and experienced functionaries who have direct access to the board.
- **Three lines of the defense model:** Management risk committee >>> risk ethics and ALM committee >>> the Board of Directors.
- **Risk management framework:** Risk policy >>> risk appetite statement >>> risk management strategy >>> risk monitoring.
- Presence of an actuary on the board, with a standalone board committee for reviewing actuarial matter, strengthens the company's actuarial governance.
- Prudence is being deployed to manage risks such as holding global reserves and solvency targets over and above the regulatory requirement. Risk-based capital levels are being monitored frequently and follows a practice of external review of actuarial models.
- **Approach on mortality and persistency risk:** Customer profiling and selection >>> experience monitoring >>> profitability and risk management.
- **Approach on interest rate risk:** Robust ALM framework >>> focused product management >>> resilience and expert validation.
- The company has a segregated and independent investment sub-offices, which together manages all aspects of investment risk – front office led by a CIO, middle office led by a CRO, and a back office led by a CFO.

Other key takeaways

- VNB growth is likely to be around or a tad higher than overall sales growth. Margin is likely to remain broadly similar or witness a marginal uptick.
- Sales growth over the next five years is likely to be higher than what was witnessed over the past five years.
- Competition is increasing in the agency channel by online InsurTech, but Max Life has always focused on building a sustainable agency model. It does not foresee any risk in sustaining strong growth from this channel.
- The focus remains on constant cost optimization to leverage the benefit of its digital technological capabilities.
- The instrument, with an ability to hedge the cash flow and duration risk, is available, which is allowing it to undertake Non-PAR business.
- A very large opportunity exists in the pension space, with a total opportunity to increase to INR118t by CY50 from INR28t at present.
- Mr. Amitabh Chaudhry and few other top officials of Axis Bank are actively involved in all strategic meetings of Max Life.
- A new product in the PAR segment has been launched recently, which offers a superior proposition. Looking to launch a Non-PAR product in Jan'22 and another ULIP product by Mar'22.
- Its focus would be on growing the Non-PAR segment, while growth in ULIP would be a tactical one. Growth in Retirement products would be robust, while over the medium to long term, growth in Protection would remain strong.

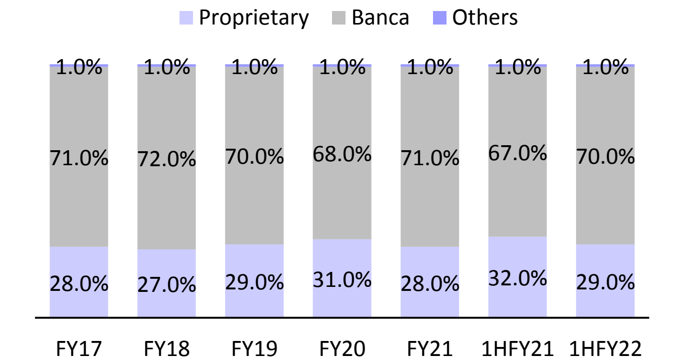
Story in charts

Exhibit 1: Share of Non-PAR Savings/Protection at 31%/16%



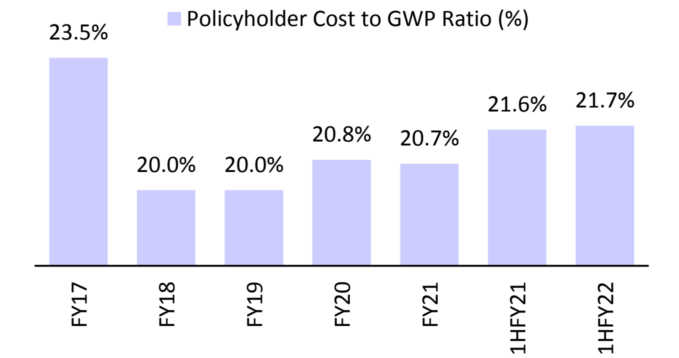
Source: MOFSL, Company

Exhibit 2: Distribution mix based on total APE (%)



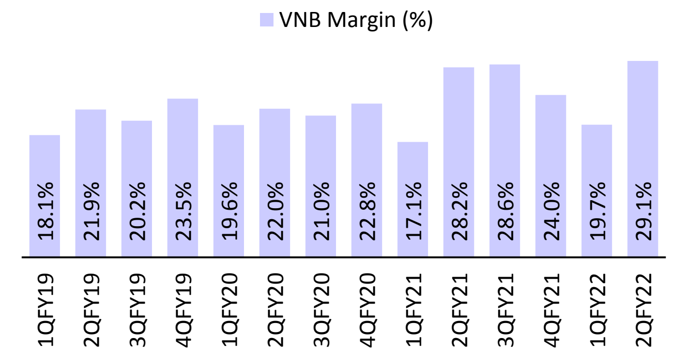
Source: MOFSL, Company

Exhibit 3: OPEX-to-GWP ratio at 21.7%



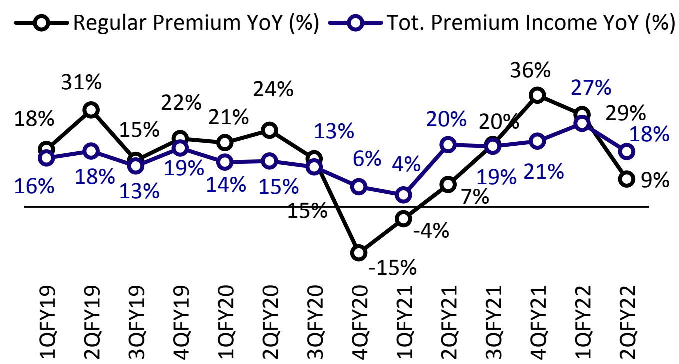
Source: MOFSL, Company

Exhibit 4: VNB margin expands sharply to 29.1%



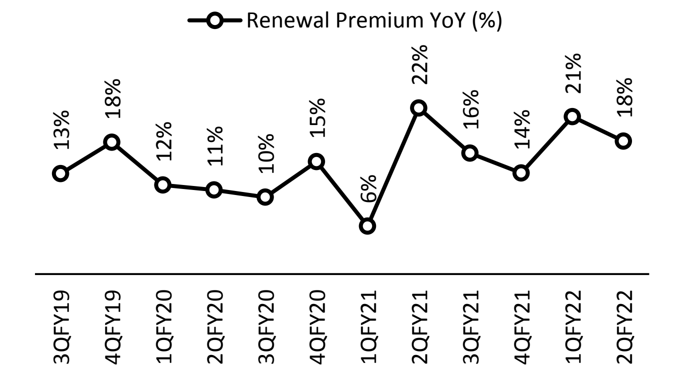
Source: MOFSL, Company

Exhibit 5: First-year premium up 9% YoY in 2QFY22. Total gross income premium up 18% YoY



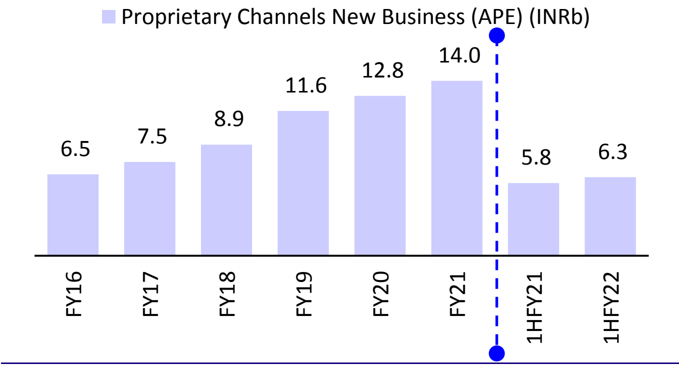
Source: MOFSL, Company

Exhibit 6: Renewal premium up 18% YoY in 2QFY22



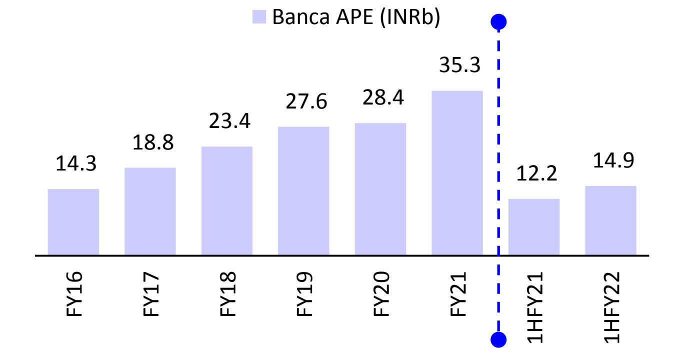
Source: MOFSL, Company

Exhibit 7: Proprietary channel APE up 10% YoY in 2QFY22



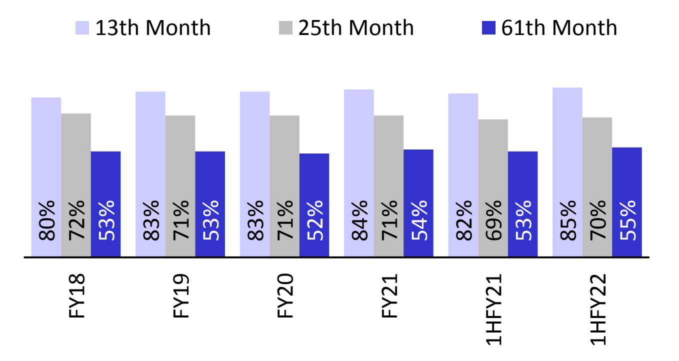
Source: MOFSL, Company

Exhibit 8: Banca APE grew 9% YoY over 2QFY22



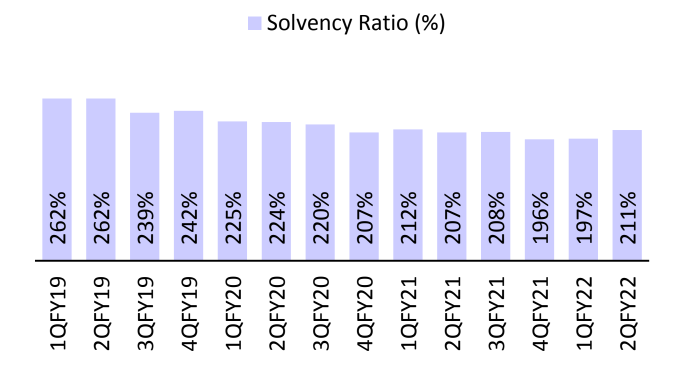
Source: MOFSL, Company

Exhibit 9: Persistency trends for MAXLIFE



Source: MOFSL, Company

Exhibit 10: Solvency ratio stands at 211%



Source: MOFSL, Company

Valuation and view

- MAXLIFE has increased its focus on the Non-PAR and Protection segments. It posted a 40%/58% CAGR in Protection/Non-PAR Savings over FY17-21. The share of these segments increased to ~50% in 2QFY22 (v/s ~16% in FY17). Over 1HFY22, while growth in Non-PAR was healthy, the Protection business stood sluggish, while ULIP/PAR saw a healthy recovery. Going forward, MAXFLIFE would increase the focus on Protection, which, along with healthy growth in other segments, would support the overall growth momentum.
- MAXF has one of the most productive agency channels, with higher agent productivity at INR250k in FY21 (v/s INR150k in FY17). The proprietary channel accounted for ~30% of the total APE, which, along with a strong Bancassurance channel, continues to aid premium growth. The management would continue to make significant investments in growing its proprietary channel.
- MAXLIFE expects growth to pick up and the same over the next five years to be better than what was witnessed over the past. Growth via the proprietary channel is likely to remain strong, while banca would continue to deliver healthy growth. Persistency trends have improved, while cost ratios should remain modest. We estimate 21% APE CAGR over FY21-24E, with VNB margin sustaining at 25-26%. This would enable 24% VNB CAGR over FY21-24E, while operating RoEV would sustain ~22%. **We maintain our Buy rating, with an unchanged TP of INR1,250 per share (3.6x Sep'23E EV with a 20% holding company discount).**

Exhibit 11: Value MAXLIFE at INR1,250 per share

Appraisal value method (INR b)	Sep'23E
Embedded value	185
New business profit	22.8
Appraisal value	**674**
MFS' stake post deal	80%
MFS' value	**539**
MFS' valuation per share (INR)	**1,563**
Appraisal value-to-embedded value (x)	3.6
Holding company discount	20%
Target price (INR)	**1,250**
Upside	**29%**

Source: MOFSL

Financials and valuations

Technical account (INR m)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Gross Premiums	125,009	145,752	161,836	190,179	224,925	270,566	329,804
Reinsurance Ceded	1,213	1,569	2,049	2,788	3,662	4,466	5,366
Net Premiums	123,795	144,184	159,788	187,391	221,263	266,100	324,438
Income from Investments	37,574	48,643	21,589	121,656	59,822	66,135	72,992
Other Income	346	440	612	1,084	1,281	1,514	1,790
Total income (A)	**161,715**	**193,267**	**181,989**	**310,131**	**282,365**	**333,749**	**399,221**
Commission	8,929	9,896	10,244	12,270	15,703	18,980	23,078
Operating expenses	16,098	19,274	23,441	27,006	32,589	39,277	47,734
Total commission and opex	**25,027**	**29,170**	**33,685**	**39,276**	**48,291**	**58,257**	**70,812**
Benefits Paid (Net)	49,466	57,178	66,222	70,011	93,289	112,665	137,040
Change in reserves	79,043	97,365	66,394	196,223	131,525	150,404	176,302
Prov. for doubtful debts	19	17	19	40	21	26	31
Total expenses (B)	**153,555**	**183,730**	**166,321**	**305,549**	**273,126**	**321,351**	**384,184**
(A) - (B)	**8,160**	**9,536**	**15,668**	**4,581**	**9,239**	**12,398**	**15,036**
Prov. for Tax	1,077	1,299	2,752	1,861	2,153	2,648	3,246
Surplus/Deficit	**7,083**	**8,237**	**12,916**	**2,720**	**7,086**	**9,749**	**11,790**

Shareholder's a/c (INR m)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Transfer from technical a/c	3,992	4,402	4,690	3,862	4,289	6,388	7,656
Income From Investments	2,178	2,177	2,074	2,360	2,397	3,052	3,791
Total Income	**6,175**	**6,604**	**6,781**	**6,348**	**6,685**	**9,440**	**11,447**
Other expenses	(68)	257	292	567	641	724	818
Contribution to technical a/c	91	120	410	674	-	-	-
Total Expenses	**24**	**377**	**802**	**1,249**	**641**	**724**	**818**
PBT	**6,152**	**6,226**	**5,978**	**5,100**	**6,044**	**8,716**	**10,629**
Prov. for Tax	875	662	585	(131)	665	959	1,169
PAT	**5,276**	**5,564**	**5,394**	**5,231**	**5,380**	**7,757**	**9,460**
Growth	***-20%***	***5%***	***-3%***	***-3%***	***3%***	***44%***	***22%***

Premium (INR m) and growth (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
New business prem. – unwtd.	43,486	51,604	55,835	68,262	81,915	100,755	125,944
New business prem. – WRP	33,072	40,019	42,380	50,327	59,282	73,098	90,239
Renewal premium	81,523	94,148	106,002	121,917	143,010	169,811	203,860
Total premium – unwtd.	125,009	145,752	161,836	190,179	224,925	270,566	329,804
New bus. growth – unwtd.	18.6%	18.7%	8.2%	22.3%	20.0%	23.0%	25.0%
New business growth – WRP	20.3%	21.0%	5.9%	18.8%	17.8%	23.3%	23.4%
Renewal premium growth	14.6%	15.5%	12.6%	15.0%	17.3%	18.7%	20.1%
Total prem. growth – unwtd.	16.0%	16.6%	11.0%	17.5%	18.3%	20.3%	21.9%
Premium mix (%)							
New business – unwtd.							
– Individual mix	91.6%	92.0%	91.9%	91.2%	90.5%	90.0%	90.0%
– Group mix	8.4%	8.0%	8.1%	8.8%	9.5%	10.0%	10.0%
New business mix – WRP							
– Participating	44.7%	41.4%	32.2%	20.7%	33.7%	33.7%	33.6%
– Non-participating	13.9%	16.4%	29.6%	41.6%	29.8%	29.6%	29.8%
– ULIPs	41.4%	42.2%	38.2%	37.7%	36.5%	36.7%	36.6%
Total premium mix – unwtd.							
– Participating	57.3%	53.4%	49.0%	41.3%	44.2%	43.0%	43.3%
– Non-participating	14.2%	15.0%	19.8%	27.7%	23.9%	24.3%	23.9%
– ULIPs	28.5%	31.5%	31.2%	30.9%	31.9%	32.6%	32.8%
Individual prem. sourcing mix (%)							
Individual agents	23.6%	23.2%	22.2%	26.2%	27.2%	28.2%	29.2%
Corporate Agents – Banks	63.6%	63.1%	61.4%	63.5%	62.5%	63.0%	63.0%
Direct Business	10.0%	11.3%	14.5%	8.3%	8.3%	6.8%	5.8%
Others	2.8%	2.5%	1.8%	2.0%	2.0%	2.0%	2.0%

Financials and valuations

Balance Sheet (INR m)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Sources of Fund							
Share Capital	19,188	19,188	19,188	19,188	19,188	19,188	19,188
Reserves And Surplus	7,702	8,478	6,806	10,589	11,054	12,991	16,048
Shareholders' Fund	**26,989**	**27,609**	**25,739**	**30,079**	**30,576**	**32,550**	**35,649**
Policy Liabilities	310,137	381,436	454,807	558,936	607,969	663,215	722,613
Prov. for Linked Liab.	163,050	186,738	174,210	254,703	264,089	327,301	406,903
Funds For Future App.	18,655	22,498	30,962	29,819	1,426	1,648	2,223
Current liabilities and prov.	17,841	23,398	20,276	29,514	32,465	35,711	39,283
Total	**549,628**	**659,270**	**717,724**	**941,742**	**983,538**	**1,117,691**	**1,276,584**
Application of Funds							
Shareholders' inv.	32,146	35,187	32,581	38,484	51,953	70,137	94,684
Policyholders' inv.	319,238	394,173	460,484	581,847	587,541	678,105	783,391
Assets to cover linked liab.	170,981	198,619	191,642	283,736	300,760	318,806	337,934
Loans	2,233	3,265	4,264	5,322	8,143	12,459	19,062
Fixed Assets	1,582	1,921	2,187	2,213	2,589	3,030	3,545
Current assets	23,448	26,105	26,566	30,140	32,551	35,155	37,968
Total	**549,628**	**659,270**	**717,724**	**941,742**	**983,538**	**1,117,691**	**1,276,584**

Operating ratios (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Investment yield	8.3%	9.0%	3.4%	16.5%	7.1%	7.0%	6.9%
Commissions/GWP	**7.1%**	**6.8%**	**6.3%**	**6.5%**	**7.0%**	**7.0%**	**7.0%**
– first-year premiums	20.2%	18.1%	17.2%	17.5%	20.5%	20.2%	20.0%
– renewal premiums	3.0%	2.7%	2.6%	2.7%	2.7%	2.7%	2.7%
– single premiums	0.1%	1.2%	1.1%	1.4%	1.0%	1.0%	1.0%
Operating expenses/GWP	12.9%	13.2%	14.5%	14.2%	14.5%	14.5%	14.5%
Total expense ratio	**20.0%**	**20.0%**	**20.8%**	**20.7%**	**21.5%**	**21.5%**	**21.5%**
Claims/NWP	39.9%	39.6%	41.4%	37.3%	42.2%	42.3%	42.2%
Solvency ratio	275%	242%	207%	202%	204%	197%	189%

Persistency ratios (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
13th Month	80.0%	83.0%	83.0%	84.0%	85.0%	86.0%	87.0%
25th Month	72.0%	71.0%	71.0%	71.0%	73.0%	74.0%	75.0%
37th Month	62.0%	64.0%	63.0%	63.0%	63.5%	64.0%	64.5%
49th Month	57.0%	58.0%	59.0%	58.0%	59.0%	59.5%	60.0%
61st Month	53.0%	53.0%	52.0%	54.0%	54.5%	55.0%	55.5%
Profitability ratios (%)							
New business margin (%)	20.2%	21.7%	21.6%	25.2%	25.4%	25.9%	26.5%
RoE (%)	20.3%	20.4%	20.2%	18.7%	17.7%	24.6%	27.7%
Operating RoEV	20.6%	21.9%	20.3%	18.5%	19.4%	22.3%	22.5%
RoEV (%)	13.9%	19.0%	11.6%	18.6%	17.7%	20.4%	20.8%
Valuation ratios							
Total AUM (INR b)	522	628	685	904	1,121	1,226	1,419
EPS (INR)	14.3	15.0	14.5	11.0	12.5	18.0	21.9
Value of new business (INR b)	6.6	8.6	9.0	12.5	15.0	18.9	24.0
Embedded Value (INR b)	75.1	89.4	99.8	118.4	139.3	167.7	202.7
EV per share (INR)	157.8	187.9	209.7	274.5	323.1	389.0	470.1
P/EV (x)	7.4	6.2	5.6	4.2	3.6	3.0	2.5
P/EPS (x)	81.4	77.9	80.4	106.1	93.5	64.8	53.2
P/EVOP (x)	37.0	30.6	27.7	27.2	21.9	16.2	13.3
P/VNB (x)	76.7	61.1	56.1	40.3	33.4	26.6	21.0

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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