


HDFC Life Insurance

Estimate change 

TP change 

Rating change 

CMP: INR532

TP: INR610 (+14%)

Neutral

Growth outlook remains healthy; VNB margin improves

Persistency ratios inch up

Bloomberg	HDFCLIFE IN
Equity Shares (m)	2152
M.Cap.(INRb)/(USDb)	1143.3 / 14
52-Week Range (INR)	621 / 458
1, 6, 12 Rel. Per (%)	3/-1/-7
12M Avg Val (INR M)	2341

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Net Premiums	567.6	682.4	826.2
Surplus / Deficit	13.6	13.6	16.4
Sh. PAT	13.6	16.2	19.1
NBP gr- unwt'd (%)	20.4	14.0	20.0
NBP gr - APE (%)	38.0	11.0	21.2
Premium gr (%)	25.2	19.8	21.1
VNB margin (%)	27.6	28.5	29.4
RoEV (%)	19.9	19.5	19.1
Total AUMs (INRt)	2.4	2.9	3.4
VNB (INRb)	36.7	42.2	52.7
EV per share	184	219	261

Valuations

P/EV (x)	2.9	2.4	2.0
P/EVOP (x)	17.6	15.0	12.4

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	50.3	50.3	51.5
DII	6.6	6.2	7.8
FII	29.9	30.2	26.3
Others	13.2	13.3	14.3

FII Includes depository receipts

- HDFC Life Insurance (HDFCLIFE) posted a healthy 4QFY23 performance with a strong beat in both APE and VNB. Premium growth was healthy driven by both renewal premium (+26% YoY) and new business premium (+47% YoY).
- APE rose 69% YoY to INR51.6b (26% beat) in 4QFY23 propelled by Non-PAR, PAR and Group businesses. Demand for ULIP was soft due to volatile capital markets while trend in protection improved QoQ.
- VNB too rose 69% YoY (26% beat) with margin expanding 240bp QoQ to 29.3%. Embedded Value (EV) grew 5% QoQ to INR395b during the quarter.
- We estimate HDFCLIFE to deliver ~20% VNB CAGR over FY23-25 and margin would improve to ~29% by FY25. **Reiterate Neutral with a TP of INR610 (premised on 2.4x Sep'24E EV).**

Protection trends improving; operating RoEV at 19.7% in FY23E

- HDFCLIFE's total premium rose 36% YoY to INR196b (8% beat) within which new business premium grew 47% YoY while renewal premium rose 26% YoY, aided by higher persistency across cohorts. PAT was flat YoY at INR3.6b (12% miss) in 4QFY23. The FY23 PAT was up 13% YoY to INR13.6b.
- Total APE grew 69% YoY to INR51.6b (26% beat) in 4QFY23 with individual APE rising 75% YoY. Within total APE, Non-PAR spiked 157% YoY in 4QFY23 (driven by higher demand due to budgetary changes) while Group/PAR segment rose 104%/34% YoY. Protection was up 19% YoY and is witnessing healthy sequential trends. ULIP segment declined 1% YoY in 4QFY23.
- VNB grew 69% YoY to INR15.1b (26% beat) with FY23 VNB at INR36.7b (+37% YoY). VNB margin improved ~240bp QoQ to 29.3%, driven by an optimal business mix. VNB margin stood at 27.6% over FY23.
- On the distribution front, the share of banca moderated to 51% while agency channel constituted 23% share. This increase was at the cost of direct channel as it continues to face headwind in the form of heightened competition; its share moderated to 10% in 4QFY23 from 19% in 4QFY22.
- Operating return on EV came in at 19.7%. Total EV grew 5% QoQ to INR395b. Total AUM increased 17% YoY to INR2.4t while solvency ratio stood at 203% (600bp QoQ decline).

Highlights from the management commentary

- Protection and annuity to be the key growth drivers that will see a healthy trend in FY24E on adjusted base (INR10b due to a bump up in Mar'23).
- Counter share at HDFC Bank should start inching up going ahead (70%). It expects to see a sequential growth on a sustained basis for the same.
- For FY24E, management is confident of VNB growth to be in line with APE growth leading to stable VNB margin. While over the longer term, there will be margin expansion.

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Valuation and view

HDFCLIFE remains focused on maintaining a balanced product mix, with an emphasis on product innovation and superior customer service. Non-PAR/ Annuity are likely to witness a steady growth while retail protection is reporting a gradual recovery that will aid the overall APE growth. Credit life will continue to witness healthy traction as the momentum in disbursements across lending institutions remains strong. Persistency trend improved across all cohorts that will keep the renewal premium growth healthy. We estimate HDFCLIFE to deliver ~20% VNB CAGR over FY23-25 and margin to improve to ~29% by FY25. **Reiterate Neutral with a TP of INR610 (premised on 2.4x Sep'24E EV).**

Quarterly performance

Policy holder's A/c (INR b)	FY22				FY23				FY22	FY23	FY23E 4Q	(INR b) V/s est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
First year premium	12.9	20.8	21.2	25.7	17.1	24.2	27.2	44.7	80.5	113.2	37.0	20.8
<i>Growth (%)</i>	25.8%	24.0%	19.4%	7.8%	32.9%	16.6%	28.8%	73.5%	17.4%	40.6%	43.7%	
Renewal premium	38.9	50.3	55.4	73.4	51.0	69.1	71.9	92.5	218.1	284.5	90.3	2.5
<i>Growth (%)</i>	20.1%	16.8%	21.1%	15.6%	31.1%	37.2%	29.7%	26.1%	18.0%	30.4%	22.9%	
Single premium	24.8	45.2	46.0	45.1	32.4	39.5	46.6	59.0	161.0	177.6	53.7	10.0
<i>Growth (%)</i>	54.9%	7.7%	40.2%	8.0%	30.6%	-12.5%	1.5%	31.1%	21.5%	10.3%	19.1%	
Gross premium income	76.6	116.3	122.5	144.2	100.5	132.8	145.8	196.3	459.6	575.3	180.9	8.5
<i>Growth (%)</i>	30.6%	14.2%	27.3%	11.7%	31.3%	14.2%	18.9%	36.1%	19.1%	25.2%	25.4%	
PAT	3.0	2.7	2.7	3.6	3.6	3.3	3.2	3.6	12.1	13.6	4.1	-11.7
<i>Growth (%)</i>	-33.0%	-15.9%	3.3%	12.4%	19.1%	19.0%	15.2%	0.3%	-11.2%	12.6%	13.6%	
Key metrics (INR b)												
New business APE	15.6	25.5	26.0	30.5	19.0	30.1	32.6	51.6	96.6	133.4	41.0	25.8
<i>Growth (%)</i>	30.3	19.4	20.4	5.8	22.0	18.0	25.5	69.3	18.1	38.0	34.6	
VNB	4.1	6.8	6.9	9.0	5.1	7.8	8.8	15.1	26.7	36.7	12.0	25.8
<i>Growth (%)</i>	40.2	23.9	21.8	15.2	25.0	14.7	26.1	68.8	22.4	37.4	34.2	
AUM (INR b)	1,813	1,912	1,947	2,042	2,001	2,249	2,338	2,388	2,042	2,388	2,506	-4.7
<i>Growth (%)</i>	29.5	27.0	17.6	17.4	10.4	17.6	20.1	17.0	17.4	17.0	22.7	
Key Ratios (%)												
VNB Margins (%)	26.2	26.6	26.7	29.4	26.8	25.8	26.8	29.3	27.4	27.6	29.3	1
Solvency ratio (%)	203.0	190.0	190.0	176.0	178.0	210.0	209.0	203.0	175.6	203.3	205.7	-271

Quarterly snapshot

	FY21				FY22				FY23				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Net premium income	57.2	100.5	94.9	128.7	75.4	114.4	121.2	142.9	98.5	131.1	143.8	194.3	36	35
First year prem	10.2	16.8	17.7	23.9	12.9	20.8	21.2	25.7	17.1	24.2	27.2	44.7	73	64
Renewal prem	32.4	43.1	45.8	63.5	38.9	50.3	55.4	73.4	51.0	69.1	71.9	92.5	26	29
Single prem	16.0	42.0	32.8	41.7	24.8	45.2	46.0	45.1	32.4	39.5	46.6	59.0	31	27
Investment income	87.5	63.2	115.9	60.2	69.6	88.7	19.8	14.0	-33.0	97.8	49.3	11.9	-15	-76
Total income (A)	145.1	164.1	211.3	191.9	146.0	204.8	142.2	160.5	66.1	229.7	196.9	214.3	33	9
Commission paid	2.4	4.2	4.5	6.0	3.0	5.1	5.1	6.2	4.0	6.7	6.8	10.9	75	61
Operating expense	6.7	11.0	13.1	15.1	9.5	13.5	15.0	18.1	15.6	18.4	21.2	29.2	61	38
Total comm. & Opex	9.1	15.3	17.6	21.1	12.5	18.6	20.1	24.3	19.6	25.1	28.0	40.1	65	43
Total Expenses (B)	142.0	161.7	207.7	185.7	146.6	202.5	139.4	152.5	62.8	226.0	194.0	205.1	35	6
PBT	2.8	1.6	3.2	6.2	0.6	1.8	2.0	7.1	2.2	2.7	2.0	8.2	16	314
Tax	0.3	0.2	0.4	1.8	0.0	0.1	0.2	1.5	0.1	0.2	-1.3	2.5	62	-291
Surplus/(Deficit)	2.5	1.4	2.7	4.3	0.6	1.6	1.8	5.5	2.1	2.5	3.3	5.7	4	73
Shareholder A/c														
Trf from Policyholder	3.5	2.2	1.4	2.9	1.2	2.0	1.8	5.0	2.5	2.2	4.2	5.8	17	40
Investment Income	1.0	1.4	1.4	2.7	2.6	2.0	1.8	1.5	1.2	1.6	2.4	2.0	33	-20
Total income	4.4	3.5	2.8	5.6	3.8	4.1	3.6	6.5	3.7	3.8	6.6	8.4	30	28
PBT	4.5	3.3	2.7	3.1	3.1	2.8	2.8	3.2	3.6	3.3	3.1	2.7	-16	-14
Tax	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	-0.9	147	8,970
PAT	4.5	3.3	2.6	3.2	3.0	2.7	2.7	3.6	3.6	3.3	3.2	3.6	0	14
Individual APE														
ULIP	2.9	3.6	4.2	6.4	3.5	5.4	5.6	6.7	3.9	4.8	5.8	7.2	7	25
PAR	3.2	6.1	7.0	7.9	3.8	6.5	6.5	7.8	4.6	8.1	7.2	10.8	40	51
Term	1.2	1.4	0.7	1.7	1.0	1.4	0.9	1.6	0.8	0.9	1.1	1.8	16	64
Non Par savings	3.0	5.5	5.5	8.1	4.2	6.8	7.4	8.6	5.4	9.8	11.6	24.5	186	111
Annuity	0.5	0.9	0.9	1.2	0.7	1.1	1.1	1.3	0.9	1.5	1.7	1.6	22	-5
Total individual APE	10.7	17.6	18.3	24.6	13.1	21.2	21.5	25.9	15.5	25.6	27.6	45.3	75	64
Total APE	12.0	21.4	21.6	28.8	15.6	25.5	26.0	30.5	19.0	30.1	32.6	51.6	69	58
APE (% of total)														
ULIP	27.0	20.6	23.0	25.9	27.0	25.4	26.0	26.0	25.0	18.6	21.0	16.0	-1,004	-504
PAR	30.0	34.8	38.1	32.1	29.0	30.6	30.0	30.0	30.0	31.6	26.0	24.0	-604	-206
Term	11.0	7.8	3.9	7.0	8.0	6.4	4.4	6.0	5.0	3.4	4.0	4.0	-200	0
Non Par savings	28.0	31.2	30.0	32.9	32.0	32.0	34.6	33.0	35.0	38.2	42.0	54.1	2,111	1,213
Distribution mix (%)														
Bancassurance	59.0	60.6	67.7	57.2	56.0	62.5	62.6	61.0	56.0	57.6	62.0	51.4	-956	-1,053
Individual agents	12.0	13.6	10.4	14.9	15.0	11.8	15.6	14.0	16.0	19.2	18.0	23.0	904	504
Direct	24.0	19.2	15.9	19.0	23.0	19.8	15.8	19.0	22.0	14.0	12.0	10.0	-904	-206
Broker	5.0	6.6	6.0	8.9	6.0	6.0	6.0	6.0	7.0	8.6	10.5	14.0	804	355
Key Ratios (%)														
Operating ratios														
Commission (unwtd)	4.1	4.2	4.7	4.6	3.9	4.4	4.1	4.3	3.9	5.1	4.8	5.7	136	91
Opex (unwtd)	11.5	10.9	13.7	11.8	12.5	11.7	12.4	12.6	14.9	13.8	14.5	15.0	240	50
Total Cost	15.5	15.0	18.2	16.3	16.4	16.0	16.4	16.8	18.8	19.0	19.3	20.5	370	120
Solvency ratio	190	203	202	201	203	190	190	176	178	210	209	203	2,700	-600
Profitability ratios														
VNB margins	24.3	25.6	26.4	27.0	26.2	26.6	26.7	29.4	26.8	25.8	26.8	29.3	-8	243
ROE	25.0	21.0	18.4	17.6	14.1	13.5	13.0	10.1	9.5	12.4	11.9	11.9	180	0
Op. ROEV	15.8	17.6	18.3	18.5	14.4	16.1	16.2	16.6	16.5	17.7	17.5	19.7	310	220
Persistency ratios														
13th Month	87.0	88.0	89.0	90.0	90.0	86.0	87.0	87.5	93.0	87.0	87.0	87.5	0	50
25th Month	80.8	79.0	80.0	81.0	82.0	76.0	77.0	78.8	86.0	77.0	78.0	78.7	-10	70
37th Month	69.5	69.0	69.0	71.0	73.0	66.0	67.0	67.5	80.0	70.0	71.0	72.4	490	140
49th Month	64.9	66.0	67.0	67.0	67.0	63.0	63.0	63.2	72.0	63.0	64.0	64.0	80	0
61st Month	54.4	53.0	53.0	53.0	53.0	52.0	53.0	54.0	58.0	51.0	52.0	52.3	-170	30
Key Metrics (INR b)														
VNB	2.9	5.5	5.7	7.8	4.1	6.8	6.9	9.0	5.1	7.8	8.8	15.1	69	73
EV	225.8	233.3	250.5	266.2	273.3	287.0	295.4	329.6	297.1	360.2	377.0	395.3	20	5
EVOP	7.7	9.8	10.3	10.5	10.3	13.2	12.9	14.2	11.7	13.8	16.8	22.5	58	34
AUM	1,400	1,506	1,656	1,738	1,813	1,912	1,947	2,042	2,001	2,249	2,338	2,388	17	2
Equity portion (%)	32	33	36	36	37	38	36	37	35	32	32	30	-700	-200

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



Highlights from the management commentary

VNB

- For FY24E, management is confident of VNB growth to be in line with APE growth leading to stable VNB margin. While over the longer term, there will be margin expansion as the share of HDFC Bank increases and there exists a lot of optionality from new products that could come through under new regulation and also from the Gift City.
- VNB will be primarily driven by APE growth. Margin accretion will come from nuances of product changes, fructification of investments in partnerships with banks over the past few quarters, efficiencies from technology and human resource costs spent in the recent past and higher share of longer-term product sale with protection growth. These factors will be balanced by investments in technology and partners.
- Intense competition was seen in Mar'23 with extreme pricing in the Non-PAR products but HDFCLIFE did not participate in the same. No major change in product level margins was seen.

EV

- In spite of the increase in new business strain, EV saw strong growth as there was a 27% growth in back book surplus.
- Interest rate curve has been higher that will lead to better unwind rate in FY24.

APE growth

- The proposition of long-term products continued to remain strong even on post-tax basis. In Mar'23, below INR0.5 policies grew 50%. Post-ULIP regulation, the share of ULIPs has gone up indicating decoupling between tax rate of products and APE growth of those products; for HNIs, tax has not been a driver.
- Protection and annuity will be key drivers going ahead and will see a strong growth in FY24E on an adjusted base of FY23 (INR10b adjustment for bump up in Mar'23).
- Yes Bank, Bandhan Bank and other partners have seen strong growth and management expects growth to sustain for these partners. HDFC Bank will provide an uptick, leading to a growth faster than the industry.
- The business was more granular 4-5 years ago. Hence, it is going to increase the number of policies.

Distribution

- Banca grew 25% based on Individual APE. Expect higher growth going ahead with HDFC Bank as well as other banks opening more and more branches.
- Agency channel has seen a five-year CAGR of 34% and will look to expand in new territories especially with the acquired entity.

Subsidiaries

- Pension subsidiary doubled its AUM in 1.5 years to INR340b.
- HDFC International received approval to set up a branch in Gift City; it will commence operations from 1QFY24.

Protection

- Total protection share has increased to 29% in FY23 from 24% in FY22, with a 20% growth driven by credit life (that was at 50% among 360+ partners). Going ahead, management expects retail protection to see strong growth.
- Growth in protection has been strong across all channels (most noteworthy being banca channel) and beyond the top 10 cities as well.
- The management was more enthused by growth opportunity for protection in HDFC Bank channel with products such as RoP.
- Credit protection was well spread with share of MFIs being at one-third and HDFC Bank being slightly less than one-third.
- Share of RoP rose to 20% with increase in business from tier 2 and tier 3 cities.
- Reinsurers are getting active and are looking to participate in the growth.

Annuity

- APE grew 59% in Annuity, which maintained its market share in the segment. Annuity rose 18% on NBP basis v/s 2% for the industry.
- There was a fairly frequent re-pricing in the market given the interest rate volatility. It will be able to maintain margins at a level higher than the company-level margins.
- Pension category will revive under the new EOM regulations that will act as a feeder for growth for the annuity business.

New regulations

- Management is enthused about new EOM regulation; higher allowances in renewal will help improve persistency. Regulator is looking to move towards longer-term products wherein HDFCLIFE has a large market share.
- Impact of regulation changes has been favorable for HDFCLIFE and in each of the past disruptions, with the company delivering 1.5x- 2x premium growth v/s the industry.
- Share of high ticket (INR0.5m+ premium) was at 12-14% for FY23, while in 4QFY23 it was at 35%. As compared to actual growth of 27%, normalized growth was at 16%. Large share of the jump came in the second week of Mar'23 and the delta was of INR10b.
- Composite license – Management is hopeful that the bill will get passed post which regulator will have to form regulations around it. HDFCLIFE does not want to redistribute the pie and will compare between life and health products with innovation.

HDFC Bank – HDFC Ltd merger

- Uncertainty removed, looking forward to collaborate with the parent especially with robust branch expansion.
- With a major expansion in tier 2 and tier 3 cities, different mortality assumptions will be needed for this cohort.
- Counter share at HDFC Bank should start inching up going ahead as per the communication with HDFC Bank. In various platforms both entities have mentioned about wallet share being increased to 70%. Expect to see sequential growth on a sustained basis for the same.

- No concrete discussions have been done yet on fresh issue v/s secondary, but probability of secondary transaction growth is better. Aberdeen has a last 1.6% stake and the sale should materialize over the next 1-2 months.

Costs

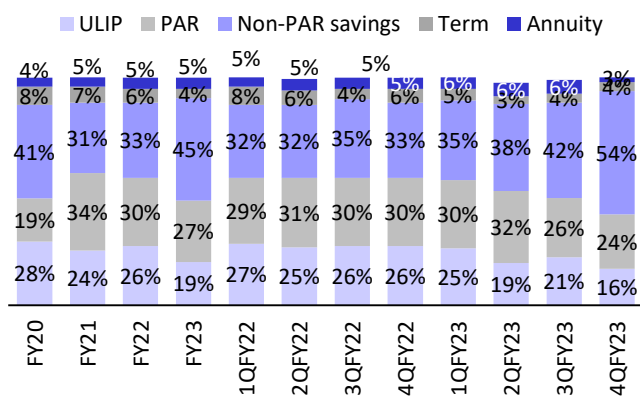
- Increased investment in technology will continue. INR1b each will be spent in FY24-25 for project Inspire; INR0.5b has been spent so far. These costs can be easily absorbed within the new EOM regulations.

Others

- Niraj Shah has been elevated to the Board as the ED and CFO.
- Persistency 61st month is lower because of the merger. Other cohorts continue to see strong growth and should be sustainable.

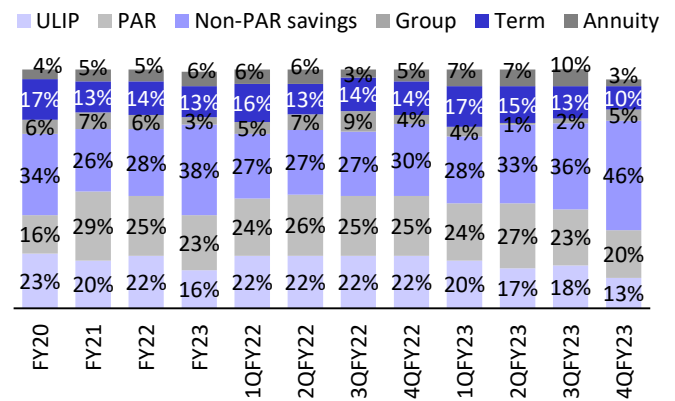
Key exhibits

Exhibit 1: Share of Non-PAR savings inched up to 54% of Individual APE but expected to normalize



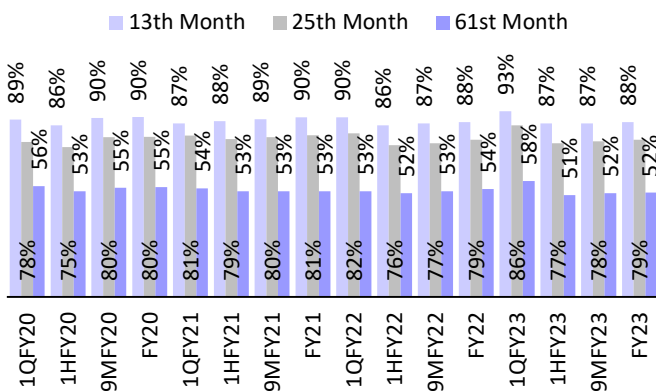
Source: MOFSL, Company

Exhibit 2: Share of Non-PAR Savings/Annuity/Protection at 46%/3%/10% of total APE, respectively



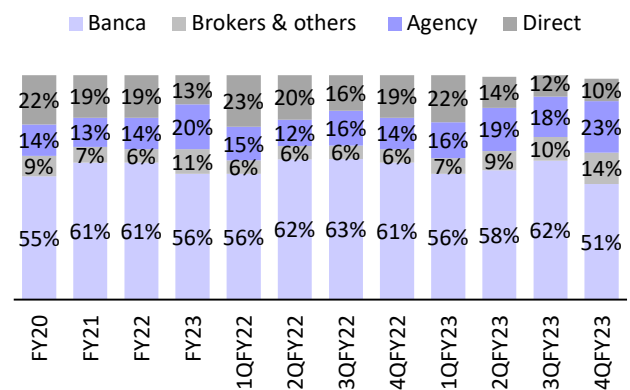
Source: MOFSL, Company

Exhibit 3: Persistency ratio remained healthy across cohorts



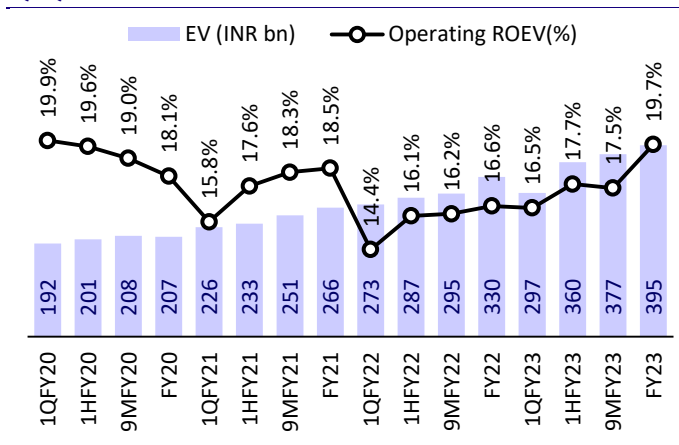
Source: MOFSL, Company

Exhibit 4: Share of banca moderated in 4QFY23



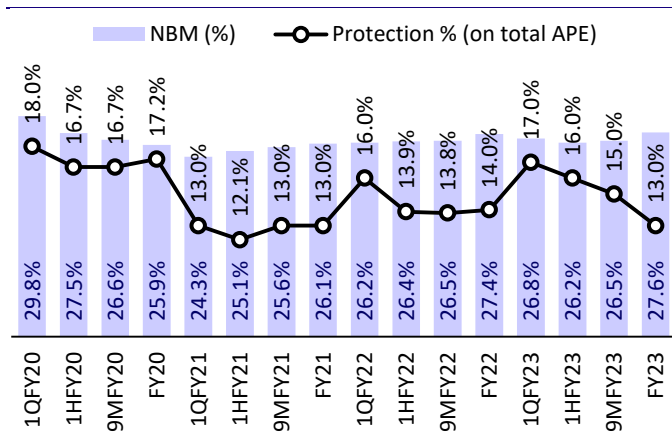
Source: MOFSL, Company

Exhibit 5: Operating RoEV healthy at 19.7% with EV up 5% QoQ



Source: MOFSL, Company

Exhibit 6: VNB margin improved to 29.3% in 4QFY23; stood at 27.6% over FY23



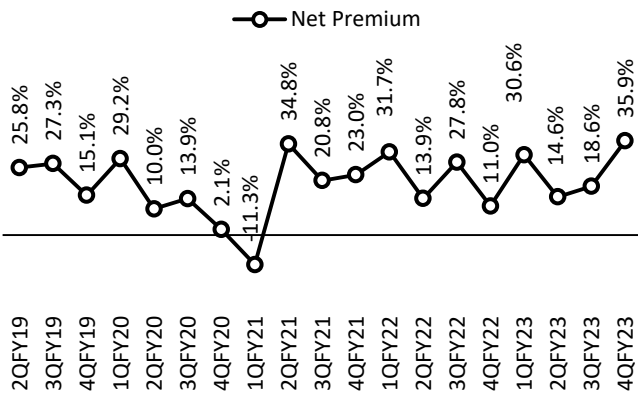
Source: MOFSL, Company

Valuation and view

- HDFCLIFE maintained market leadership as a top 3 life insurer in the industry with an individual APE-based market share of ~16.0% for FY23 among private insurers (v/s 8.0% in FY10).
- Product innovation has been a key differentiator and played a critical role in driving business growth. Several of the company’s savings products – such as Sanchay Plus and Sanchay-PAR Advantage – have seen strong traction.
- Non-PAR/Annuity businesses are 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 remain steady, driving a steady VNB margin. We expect VNB margin of ~29% by FY25.
- HDFCLIFE has delivered strong return ratios in the past few years, which should remain robust, driven by: a) healthy new business margin, b) a balanced product mix, c) quality underwriting, and d) robust persistency ratios.
- **Retain neutral with a TP of INR610:** HDFCLIFE remains focused on maintaining a balanced product mix, with an emphasis on product innovation and superior customer service. Non-PAR/ Annuity are likely to witness a steady growth while retail protection is reporting a gradual recovery that will aid the overall APE growth. Credit life will continue to witness healthy traction as the momentum in disbursements across lending institutions remains strong. Persistency trend improved across all cohorts that will keep the renewal premium growth healthy. We estimate HDFCLIFE to deliver ~20% VNB CAGR over FY23-25 and margin to improve to ~29% by FY25. **Reiterate Neutral with a TP of INR610 (premised on 2.4x Sep’24E EV).**

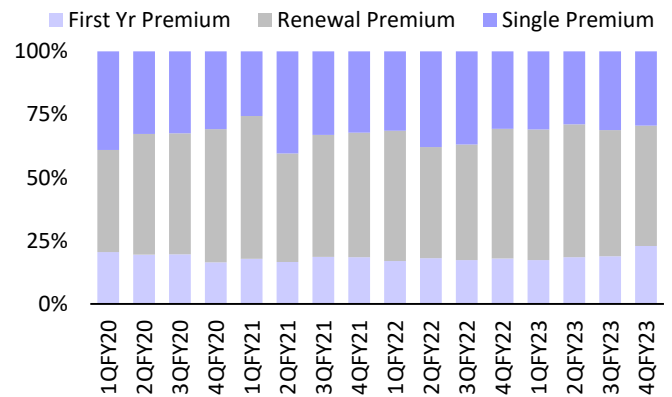
Story in charts

Exhibit 7: Net premium income grew ~37% YoY led by healthy growth in new business and renewal premium



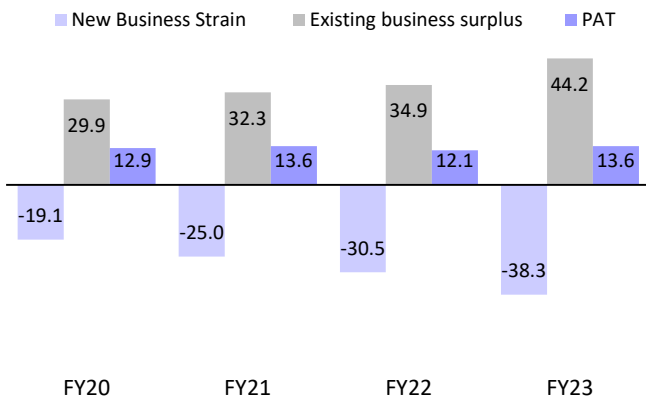
Source: MOFSL, Company

Exhibit 8: Proportion of premium trends among first year, single and renewal premiums



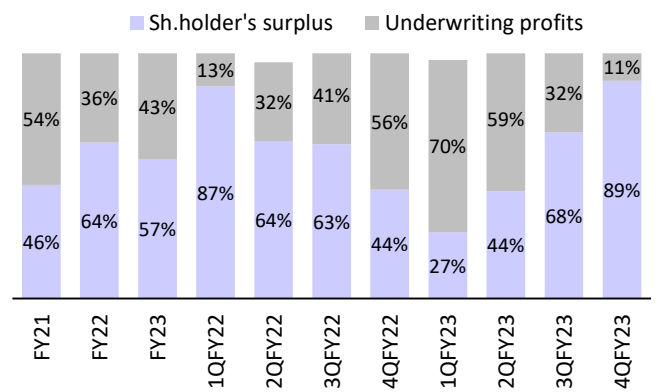
Source: MOFSL, Company

Exhibit 9: Trends in PAT, existing business surplus, and new business strain



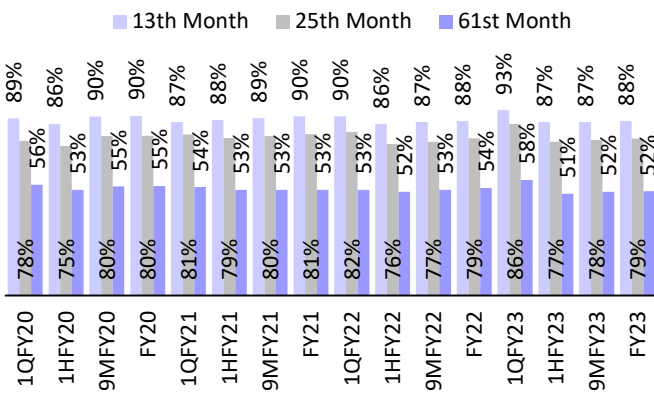
Source: MOFSL, Company

Exhibit 10: Trends in underwriting profit and shareholders' surplus



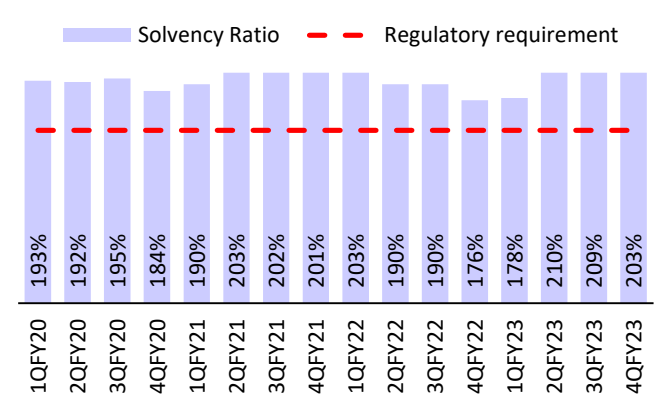
Source: MOFSL, Company

Exhibit 11: Persistency trends improved across cohorts



Source: MOFSL, Company

Exhibit 12: Solvency ratio stood at 203% in 4QFY23



Source: MOFSL, Company

Financials and valuations

Technical account (INR b)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Gross Premiums	291.9	327.1	385.8	459.6	575.3	689.5	834.9
Reinsurance Ceded	(2.6)	(4.8)	(4.6)	(5.7)	(7.7)	(7.2)	(8.7)
Net Premiums	289.2	322.2	381.2	454.0	567.6	682.4	826.2
Income from Investments	90.3	(33.1)	326.8	192.2	126.0	226.6	260.2
Other Income	4.8	3.5	4.4	7.5	13.4	9.4	10.7
Total income (A)	384.4	292.6	712.4	653.6	707.1	918.4	1,097.1
Commission	11.2	14.9	17.1	19.4	28.9	31.0	37.9
Operating expenses	38.1	42.7	45.9	56.1	84.4	77.9	93.4
Total commission and opex	49.3	57.6	63.0	75.5	113.2	108.9	131.2
Benefits Paid (Net)	139.9	190.2	225.7	318.6	388.7	407.0	489.2
Change in reserves	175.1	24.4	408.3	246.8	185.9	388.2	459.2
Total expenses (B)	365.2	277.9	695.1	638.4	688.1	900.3	1,074.8
(A) - (B)	19.2	14.7	17.3	15.1	18.9	18.0	22.3
Tax (Inc. GST)	5.7	5.0	6.3	5.5	5.3	4.4	5.9
Surplus / Deficit	13.5	9.7	11.0	9.6	13.6	13.6	16.4

Shareholder's a/c (INR b)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Transfer from technical a/c	12.1	11.9	9.9	10.1	14.7	15.0	17.8
Income From Investments	4.1	4.4	6.5	7.9	7.2	4.5	5.2
Total Income	16.4	16.5	16.4	18.0	22.5	20.1	23.6
Other expenses	0.3	0.3	0.6	0.8	1.2	1.4	1.5
Contribution to technical a/c	3.1	1.0	2.6	5.7	8.8	2.4	2.7
Total Expenses	3.5	3.4	2.8	6.2	9.8	3.7	4.2
PBT	12.9	13.1	13.5	11.8	12.7	16.4	19.4
Tax	(0.1)	(0.2)	0.1	0.3	0.9	(0.2)	(0.3)
PAT	12.8	13.0	13.6	12.1	13.6	16.2	19.1
Growth	15%	1%	5%	-11%	13%	19%	18%

Premium (INR b) & growth (%)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
NBP - unweighted	149.7	172.4	201.1	241.5	290.9	331.6	397.9
NBP - wrp	60.5	71.6	81.8	96.6	133.4	148.0	179.4
Renewal premium	142.1	154.7	184.8	218.1	284.5	357.9	437.0
Total premium - unweighted	291.9	327.1	385.8	459.6	575.3	689.5	834.9
NBP growth - unweighted	31.9%	15.1%	16.6%	20.1%	20.4%	14.0%	20.0%
NBP growth - wrp	12.0%	18.4%	14.2%	18.1%	38.0%	11.0%	21.2%
Renewal premium growth	16.4%	8.8%	19.4%	18.0%	30.4%	25.8%	22.1%
Tot. premium growth - unweighted	23.9%	12.1%	18.0%	19.1%	25.2%	19.8%	21.1%

Premium mix (%)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
New business - un weighted							
- Individual mix	51.1%	48.8%	49.9%	48.0%	65.0%	67.0%	66.0%
- Group mix	48.9%	51.2%	50.1%	52.0%	35.0%	33.0%	34.0%
New business mix - WRP							
- Participating	14.4%	15.9%	28.8%	25.2%	25.7%	25.6%	25.6%
- Non-participating	38.5%	59.5%	49.9%	51.7%	44.6%	43.9%	42.7%
- ULIPs	47.1%	24.5%	21.3%	23.1%	29.8%	30.5%	31.7%
Total premium mix - un weighted							
- Participating	20.0%	18.5%	19.8%	19.7%	40.0%	40.0%	40.0%
- Non-participating	41.2%	47.3%	51.0%	54.1%	12.8%	12.8%	12.8%
- ULIPs	38.8%	34.2%	29.1%	26.2%	47.2%	47.2%	47.2%

Indi premium sourcing mix (%)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Individual agents	13.8%	13.3%	12.3%	13.2%	17.0%	18.0%	19.0%
Corporate agents-Banks	46.7%	41.8%	45.8%	44.5%	46.6%	46.5%	44.9%
Direct business	31.8%	35.0%	32.9%	32.9%	29.0%	28.0%	28.5%
Others	7.8%	9.9%	9.0%	9.4%	7.4%	7.5%	7.6%

Financials and valuations

Balance sheet (INR b)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sources of Fund							
Share Capital	20.2	20.2	20.2	21.2	21.5	21.5	21.5
Reserves And Surplus	36.4	49.7	64.1	132.9	108.1	119.4	132.9
Shareholders' Fund	56.6	68.0	86.4	154.9	129.9	141.1	154.6
Policy Liabilities	536.7	652.7	855.2	1,043.4	1,432.7	1,636.7	2,013.5
Prov. for Linked Liab.	605.2	508.4	709.6	765.2	753.8	940.9	1,054.7
Funds For Future App.	39.5	42.2	47.9	50.4	50.5	60.0	71.4
Current liabilities & prov.	51.2	49.8	65.2	62.3	81.1	105.4	137.0
Total	1,300.3	1,321.6	1,795.8	2,103.9	2,477.2	2,943.9	3,484.1
Application of Funds							
Shareholders' inv	50.5	58.6	85.4	152.4	131.3	157.6	189.1
Policyholders' inv	571.2	671.9	905.4	1,083.1	1,464.5	1,659.5	2,037.8
Assets to cover linked liab.	633.8	541.8	747.6	806.2	792.0	966.7	1,058.5
Current assets	40.4	43.1	49.8	52.3	69.8	87.2	109.0
Total	1,300.3	1,321.6	1,795.8	2,103.9	2,477.2	2,943.9	3,484.1
Operating ratios (%)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Investment yield	7.5%	-2.7%	19.8%	10.2%	5.6%	8.6%	8.4%
Commissions / GWP	3.8%	4.6%	4.4%	4.2%	5.0%	4.5%	4.5%
- first year premiums	15.5%	17.9%	18.5%	17.0%	17.9%	19.3%	19.4%
- renewal premiums	1.5%	1.6%	1.5%	1.5%	1.8%	1.5%	1.5%
- single premiums	1.2%	1.3%	1.0%	1.3%	1.6%	0.5%	0.5%
Operating expenses / GWP	13.1%	13.0%	11.9%	12.2%	14.7%	11.3%	11.2%
Total expense ratio	16.9%	17.6%	16.3%	16.4%	19.6%	15.8%	15.7%
Claims / NWP	46.4%	56.4%	57.1%	66.3%	68.5%	55.8%	55.4%
Solvency ratio	188%	184%	201%	176%	203%	266%	268%
Persistency ratios (%)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
13th Month	87.2%	90.1%	90.0%	87.5%	87.5%	87.5%	87.5%
25th Month	80.5%	80.2%	81.0%	78.8%	78.7%	78.7%	78.7%
37th Month	72.0%	73.8%	71.0%	67.5%	72.4%	72.4%	72.4%
49th Month	67.7%	67.2%	67.0%	63.2%	64.0%	67.7%	68.5%
61st Month	52.3%	55.0%	53.0%	54.0%	52.3%	53.2%	55.8%
Profitability ratios (%)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
VNB margin (%)	24.6%	25.9%	26.1%	27.4%	27.6%	28.5%	29.4%
RoE (%)	24.5%	20.8%	17.6%	10.0%	9.6%	11.9%	12.9%
Operating ROEV	20.1%	18.2%	18.5%	16.5%	19.7%	19.3%	19.5%
RoEV (%)	20.3%	12.9%	28.9%	23.8%	19.9%	19.5%	19.1%
Valuation & key data	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total AUMs (INR b)	1,256	1,272	1,738	2,042	2,388	2,867	3,384
- of which equity AUMs (%)	38%	29%	36%	37%	30%	39%	40%
Dividend %	16%	0%	0%	17%	19%	23%	26%
Dividend payout ratio (%)	31%	0%	0%	0%	-117%	31%	29%
EPS, INR	6.3	6.4	6.7	5.7	6.3	7.5	8.9
VNB (INR b)	15.40	19.18	21.85	26.74	36.74	42.2	52.7
Embedded Value (INR b)	182.7	206.3	266.2	329.4	395.1	472.3	562.6
EV per share (INR)	84.9	95.8	123.6	153.0	183.5	219.4	261.4
VIF as % of EV	68%	65%	66%	64%	68%	71%	73%
P/VIF (%)	9.2	8.5	6.5	5.4	4.3	3.4	2.8
P/AUM (%)	91%	90%	66%	56%	48%	40%	34%
P/EV (x)	6.3	5.5	4.3	3.5	2.9	2.4	2.0
P/EPs (x)	83.9	82.9	79.0	93.2	84.2	70.8	59.9
P/EVOP (x)	37.4	34.5	29.9	26.0	17.6	15.0	12.4
P/VNB (x)	74.3	59.7	52.4	42.8	31.2	27.1	21.7

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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