

HDFC Life Insurance

Estimate change



TP change



Rating change



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Bloomberg	HDFCLIFE IN
Equity Shares (m)	2153
M.Cap.(INRb)/(USD\$b)	1391.4 / 17
52-Week Range (INR)	691 / 458
1, 6, 12 Rel. Per (%)	-4/0/3
12M Avg Val (INR M)	2676

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Net Premiums	567.6	658.8	788.1
Surplus / Deficit	13.6	7.3	6.7
Sh. PAT	13.6	11.6	11.6
NBP gr- unwt'd (%)	20.4	14.0	19.0
NBP gr - APE (%)	38.0	11.7	21.5
Premium gr (%)	25.2	18.9	19.6
VNB margin (%)	27.6	29.3	30.7
RoEV (%)	19.9	18.1	18.2
Total AUMs (INRt)	2.4	2.9	3.5
VNB (INRb)	36.7	40.2	51.1
EV per share	184	218	257
Valuations			
P/EV (x)	3.5	3.0	2.5
P/EVOP (x)	21.5	18.5	15.4

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

CMP: INR647

TP: INR700 (+8%)

Neutral

APE growth in line; VNB margin misses estimates

Growth outlook remains steady

- HDFC Life Insurance (HDFCLIFE) reported a mixed performance in 1QFY24. It posted a 6% miss on VNB and 160bp miss on VNB margins.
- APE rose 13% YoY to INR23.3b (in-line) driven by ULIP, Annuity and Term products. On a total APE basis, non-PAR too rose 9% YoY.
- VNB increased 18% YoY (6% miss) with margin expanding 110bp YoY to 26.2%. EV grew 6% QoQ to INR418b during the quarter.
- PAT at INR 4.2b was in line with our estimates and rose 15% YoY in 1QFY24.
- We estimate HDFCLIFE to deliver ~18% VNB CAGR over FY23-25 and its margin to improve to ~28.5% by FY25. **Reiterate Neutral with a TP of INR700 (premised on 2.7x Mar'25E EV).**

Protection trends improving; Annuity growth strong at 45% YoY

- HDFCLIFE's total premium rose 16% YoY to INR117b (4% miss) within which new business premium grew 19% YoY while renewal premium grew 14% YoY. The growth was aided by higher persistency across cohorts. PAT jumped 15% YoY to INR4.2b (in-line) in 1QFY24.
- Total APE grew 13% YoY to INR23.3b (in-line) in 1QFY24 with individual APE rising 12% YoY. Within total APE, Annuity spiked 45% YoY while ULIP/Term segments grew 18%/19% YoY. Non-par was up 9% YoY and is witnessing better-than-expected trends. The Group segment grew 13% YoY.
- VNB rose 18% YoY to INR6.1b (6% miss) in 1QFY24. Though VNB margin improved ~110bp YoY to 26.2%, it declined 310bp QoQ.
- On the distribution front, the share of banca improved to 61% based on individual APE while agency channel constituted 20% share. This rise was at the cost of direct channel as it continued to face heightened competition. Its share dipped to 12% in 1QFY24 from 22% in 1QFY23.
- Total EV grew 6% QoQ to INR418b. Total AUM increased 19% YoY to INR2.5t while solvency ratio stood at 200% (300bp QoQ decline).

Highlights from the management commentary

- As guided earlier, margin neutrality was achieved in FY23. Margins were hit in 1QFY24 owing to front-ending of the business in Mar'23. The company has guided for a flat VNB margin in FY24.
- Experience in the non-par segment was better than earlier envisaged and the company expects stronger growth in 2HFY24 in this segment.
- For HDFC Bank, there has been 50-100bp increase in wallet share during 1QFY24 and the company expects steady improvement going ahead.

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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. While protection has picked up momentum, Non-PAR growth is likely to be back ended. 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 ~18% VNB CAGR over FY23-25 and margin to improve to ~28.5% by FY25. **Maintain Neutral with a TP of INR700 (premised on 2.7x Mar'25E EV).**

Quarterly performance

Policy holder's A/c (INR b)	FY23				FY24E				FY23	FY24E	FY24E	V/s est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
First year premium	17.1	24.2	27.2	44.7	18.5	29.4	33.2	46.6	113.2	127.7	19.7	-5.8
Growth (%)	32.9	16.6	28.8	73.5	8.4	21.2	21.8	4.3	40.6	12.7	15.1	
Renewal premium	51.0	69.1	71.9	92.5	58.0	82.3	93.1	124.5	284.5	357.9	63.9	-9.2
Growth (%)	31.1	37.2	29.7	26.1	13.8	19.2	29.5	34.5	30.4	25.8	25.4	
Single premium	32.4	39.5	46.6	59.0	40.2	46.9	53.0	63.8	177.6	203.9	37.4	7.5
Growth (%)	30.6	-12.5	1.5	31.1	24.0	18.7	13.7	8.1	10.3	14.8	15.3	
Gross premium inc.	100.5	132.8	145.8	196.3	116.7	158.6	179.3	234.9	575.3	689.5	121.0	-3.5
Growth (%)	31.3	14.2	18.9	36.1	16.2	19.4	23.0	19.7	25.2	19.8	20.4	
PAT	3.6	3.3	3.2	3.6	4.2	3.9	3.9	4.3	13.6	16.2	4.1	1.5
Growth (%)	19.1	19.0	15.2	0.3	15.4	18.2	24.3	19.8	12.6	18.8	13.6	
Key metrics (INR b)												
New business APE	20.6	28.5	32.6	51.6	23.3	34.1	38.5	53.0	133.4	148.0	23.4	-0.5
Growth (%)	32.2	11.7	25.5	69.3	12.8	19.5	18.1	2.6	38.0	11.0	22.9	
VNB	5.2	7.7	8.8	15.1	6.1	9.5	10.8	15.8	36.7	42.2	6.5	-6.2
Growth (%)	27.0	13.6	26.1	68.8	17.8	23.8	23.6	4.3	37.4	14.9	27.5	
AUM (INR b)	2,134	2,249	2,338	2,388	2,533	2,652	2,747	2,867	2,388	2,867	2,532	0.1
Growth (%)	17.7	17.6	20.1	17.0	18.7	17.9	17.5	20.1	17.0	20.1	26.5	
Key Ratios (%)												
VNB Margins (%)	25.1	27.0	26.8	29.3	26.2	28.0	28.1	29.8	27.6	28.5	27.8	-160
Solvency ratio (%)	183.0	210.0	209.0	203.0	200.0	201.0	200.0	195.7	203.3	195.7	205.0	-500

Quarterly snapshot

	FY22				FY23				FY24E	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net premium income	75.4	114.4	121.2	142.9	98.5	131.1	143.8	194.3	114.8	17	-41
First year premium	12.9	20.8	21.2	25.7	17.1	24.2	27.2	44.7	18.5	8	-59
Renewal premium	38.9	50.3	55.4	73.4	51.0	69.1	71.9	92.5	58.0	14	-37
Single premium	24.8	45.2	46.0	45.1	32.4	39.5	46.6	59.0	40.2	24	-32
Investment income	69.6	88.7	19.8	14.0	-33.0	97.8	49.3	11.9	116.3	-452	878
Total income (A)	146.0	204.8	142.2	160.5	66.1	229.7	196.9	214.3	232.1	251	8
Commission paid	3.0	5.1	5.1	6.2	4.0	6.7	6.8	10.9	6.6	65	-39
Operating expense	9.5	13.5	15.0	18.1	15.6	18.4	21.2	29.2	16.3	4	-44
Total commission & Opex	12.5	18.6	20.1	24.3	19.6	25.1	28.0	40.1	22.9	17	-43
Total Expenses (B)	146.6	202.5	139.4	152.5	62.8	226.0	194.0	205.1	229.2	265	12
PBT	0.6	1.8	2.0	7.1	2.2	2.7	2.0	8.2	2.3	4	-72
Tax	0.0	0.1	0.2	1.5	0.1	0.2	-1.3	2.5	0.2	47	-91
Surplus/(Deficit)	0.6	1.6	1.8	5.5	2.1	2.5	3.3	5.7	2.1	1	-63
Shareholder A/c											
Trf from Policyholder a/c	1.2	2.0	1.8	5.0	2.5	2.2	4.2	5.8	2.3	-8	-60
Investment Income	2.6	2.0	1.8	1.5	1.2	1.6	2.4	2.0	2.3	93	18
Total income	3.8	4.1	3.6	6.5	3.7	3.8	6.6	8.4	4.6	25	-45
PBT	3.1	2.8	2.8	3.2	3.6	3.3	3.1	2.7	4.2	15	54
Tax	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	-0.9	0.0	17	-101
PAT	3.0	2.7	2.7	3.6	3.6	3.3	3.2	3.6	4.2	15	16
Individual APE											
ULIP	3.5	5.4	5.6	6.7	3.9	4.8	5.8	7.2	4.7	21	-35
PAR	3.8	6.5	6.5	7.8	5.6	7.2	7.2	10.8	4.9	-12	-55
Term	1.0	1.4	0.9	1.6	0.8	0.8	1.1	1.8	1.1	34	-38
Non Par savings	4.2	6.8	7.4	8.6	5.7	9.5	11.6	24.5	6.2	8	-75
Annuity	0.7	1.1	1.1	1.3	1.0	1.5	1.7	1.6	1.7	68	7
Total individual APE	13.1	21.2	21.5	25.9	16.9	24.3	27.6	45.3	18.8	12	-58
Total APE	15.6	25.5	26.0	30.5	20.6	28.5	32.6	51.6	23.3	13	-55
APE (% of total)											
ULIP	27.0	25.4	26.0	26.0	23.0	19.6	21.0	16.0	25.0	200	904
PAR	29.0	30.6	30.0	30.0	33.0	29.6	26.0	24.0	26.0	-700	204
Term	8.0	6.4	4.4	6.0	5.0	3.3	4.0	4.0	6.0	100	200
Non Par savings	32.0	32.0	34.6	33.0	34.0	39.1	42.0	54.1	33.0	-100	-2,111
Distribution mix (%)											
Bancassurance	56.0	62.5	62.6	61.0	56.0	57.7	62.0	51.4	61.0	500	956
Individual agents	15.0	11.8	15.6	14.0	16.0	19.4	18.0	23.0	20.0	400	-304
Direct	23.0	19.8	15.8	19.0	22.0	13.5	12.0	10.0	12.0	-1,000	204
Broker	6.0	6.0	6.0	6.0	7.0	8.7	10.5	14.0	8.0	100	-604
Key Ratios (%)											
Operating ratios											
Commission (unwtd)	3.9	4.4	4.1	4.3	3.9	5.1	4.8	5.7	0.0	-390	-566
Opex (unwtd)	12.5	11.7	12.4	12.6	19.6	13.8	14.5	15.0	19.8	20	480
Total Cost	16.4	16.0	16.4	16.8	19.5	19.0	19.3	20.5	19.6	10	-90
Solvency ratio	203	190	190	176	183	210	209	203	200	1,700	-300
Profitability ratios											
VNB margins	26.2	26.6	26.7	29.4	25.1	27.0	26.8	29.3	26.2	110	-307
ROE	14.1	13.5	13.0	10.1	14.1	12.4	11.9	11.9	12.6	-150	70
Op. ROEV	14.4	16.1	16.2	16.6	15.7	17.7	17.5	19.7	16.0	30	-370
Persistency ratios											
13th Month	90.0	86.0	87.0	87.5	85.0	87.0	87.0	87.5	83.3	-170	-420
25th Month	82.0	76.0	77.0	78.8	74.5	77.0	78.0	78.7	78.0	350	-70
37th Month	73.0	66.0	67.0	67.5	68.4	70.0	71.0	72.4	69.8	140	-260
49th Month	67.0	63.0	63.0	63.2	61.8	63.0	64.0	64.0	66.3	450	230
61st Month	53.0	52.0	53.0	54.0	50.7	51.0	52.0	52.3	52.7	200	40
Key Metrics (INR b)											
VNB	4.1	6.8	6.9	9.0	5.2	7.7	8.8	15.1	6.1	18	-60
EV	273.3	287.0	295.4	329.6	324.7	360.2	377.0	395.3	418.4	29	6
EVOP	10.3	13.2	12.9	14.2	11.7	13.8	16.8	22.5	15.0	28	-33
AUM	1,813	1,912	1,947	2,042	2,134	2,249	2,338	2,388	2,533	19	6
Equity portion (%)	37	38	36	37	35	32	32	30	32	-300	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

Products

- HDFCLIFE saw 12% growth in Ind WRP which was at 1.5x of industry growth. It has steadily increased its market share to 16.5% currently from 12.5% in FY19 among the private sector players.
- Experience in the non-par segment was better than earlier envisaged and the company expects stronger growth in 2HFY24 in this segment.
- The company expects growth acceleration from 2QFY24 and also expects to see strong growth in 2HFY24 on an adjusted base (for elevated sales in Mar'23).
- During the quarter, the company launched new products in the pension and ULIP categories to address the demand from customers.
- The share of above INR0.5m premium products was at high single digit vs. a normalized level of 12% seen in FY23. In the INR0.2 to INR0.4m ticket size, HDFCLIFE posted a 30% YoY growth. Average ticket size in tier 1 was at INR130k, while the experience in Tier 2 and tier 3 was at INR85k, which was better than expectations.
- Protection growth has been driven by customer demand, which is sustainable and is reflected in the increase in name search (for HDFCLIFE) and product search on the web.
- There has been an increase in Return of premium (ROP) products in tier 2 and tier 3 cities. Even credit life has seen strong demand trends with rising disbursements. The strong growth is without any changes to pricing or underwriting practices.
- In the earlier period, HDFCLIFE was reluctant to underwrite in lower tier cities owing to reinsurance challenges and improper documentation. It has, however, learnt from NBFCs' financial underwriting practices.
- Persistency remained healthy across cohorts despite making in-roads into lower tier towns. There has been a YoY margin improvement to 91%/87%/84% in Tier 1/2/3 towns from 89%/83%/80%.

Distribution

- For HDFC Bank, there has been 50-100bp increase in wallet share during 1QFY24 and the company expects steady improvement going ahead. It has identified some branches that were lagging, where focus is likely to be increased. Also, focus will increase on selling protection products in the channel wherein a fair bit of in-roads have already been made.
- Merger of Exide Life was successful and with the arrangement between HDFC Bank and HDFC Ltd being completed, HDFCLIFE is now a subsidiary of HDFC Bank, which holds 50.4% stake.
- Retail protection saw 45% YoY growth and is expected to see sustainable growth going ahead.
- Individual APE from agency channel saw 1.5x company-level jump and during the quarter 15,000 agents were added.
- With regards to synergy with Exide Life, focus was on reducing costs wherein duplication of branches and corporate expenses were cut. Exide had a strong

presence in tier 2 and tier 3 towns in South India and the company is now taking those learnings to other parts of the country.

- HDFCLIFE has relooked its strategy on agency channel and is aiming to grow faster in lower tier cities for which it will add 75 branches. Further, data analytics and ML are being used to improve efficiency and activation of agents.

VNB

- As guided earlier, margin neutrality was achieved in FY23. Margins were hit in 1QFY24 owing to front-ending of the business in Mar'23. The company has guided for a flat VNB margin in FY24.
- Unwind rate is at 8%, which is similar to last year. Yields have changed across fixed income products tenure but there has been no major change in weighted average. High equity returns have been incorporated in the unwind rate but it has been offset by Exide's book that had a lower share of equities.
- Of the INR8.1b investment variance, INR5.0b was due to equity segment where 10% return was earned vs. expectation of 2.5%, while debt segment saw INR2.6b to INR2.7b change.

Others

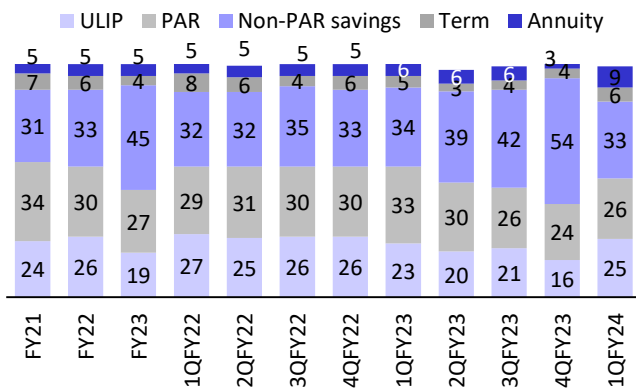
- HDFCLIFE will continue to invest in tech transformation project 'Inspire'. Diagnostics with respect to which projects it to be implemented has been done and the company is now searching for partners for the same. Overall, the project is expected to see INR2.5b outlay, of which INR0.5b was spent last year, and INR1b is expected to be spent in FY24 and FY25 each.
- Pension category will revive under the new EOM regulations that will act as a feeder for growth for the Annuity business.

Valuation and view

- HDFCLIFE maintained market leadership as the top 3 life insurer in the industry with an individual APE-based market share of ~16% 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.
- Protection momentum is picking up while Non-PAR/Annuity businesses are likely to witness healthy trends.
- We expect the share of high-margin products (Annuity and Protection) to remain steady, driving a steady VNB margin. We expect VNB margin of ~28.5% 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.
- **Neutral with a TP of INR700:** HDFCLIFE remains focused on maintaining a balanced product mix, with an emphasis on product innovation and superior customer service. While protection has picked up momentum, Non-PAR growth is likely to be back ended. 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 ~18% VNB CAGR over FY23-25 and margin to improve to ~28.5% by FY25. **Maintain Neutral with a TP of INR700 (premised on 2.7x Mar'25E EV).**

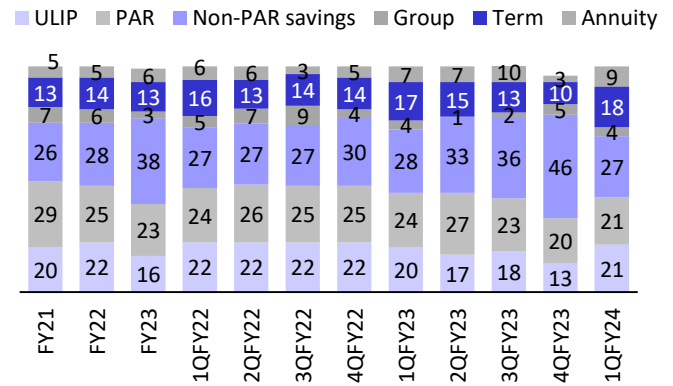
Key exhibits

Exhibit 1: Share of Non-PAR Savings declines to 33% of Individual APE (%)



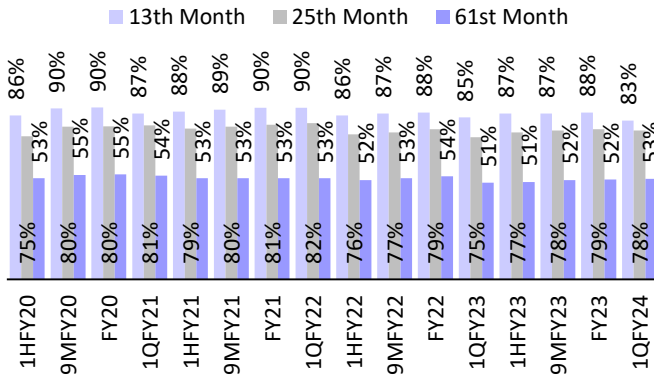
Source: MOFSL, Company

Exhibit 2: Share of Non-PAR Savings/Annuity/Protection at 27%/9%/18% of total APE (%)



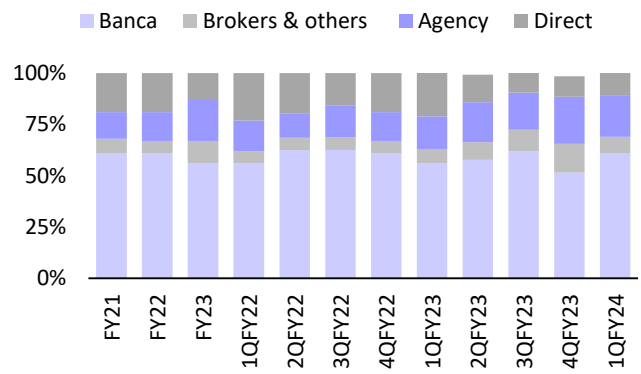
Source: MOFSL, Company

Exhibit 3: Persistency ratio for 13th month declines (%)



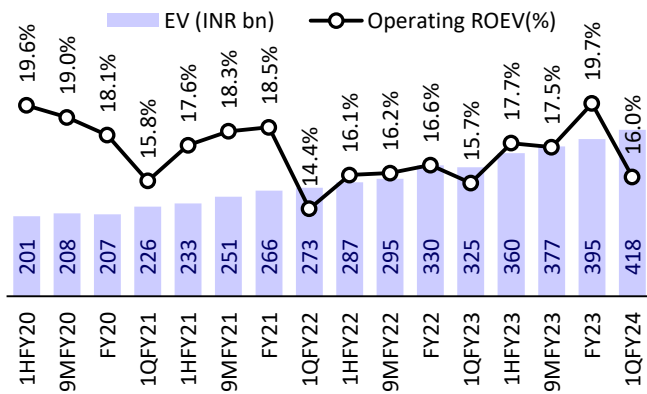
Source: MOFSL, Company

Exhibit 4: Share of banca improves in 1QFY24 (%)



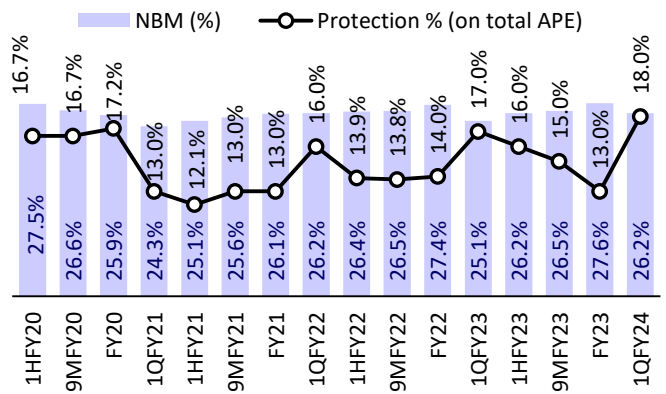
Source: MOFSL, Company

Exhibit 5: Operating RoEV healthy at 16% with EV up 6% QoQ (%)



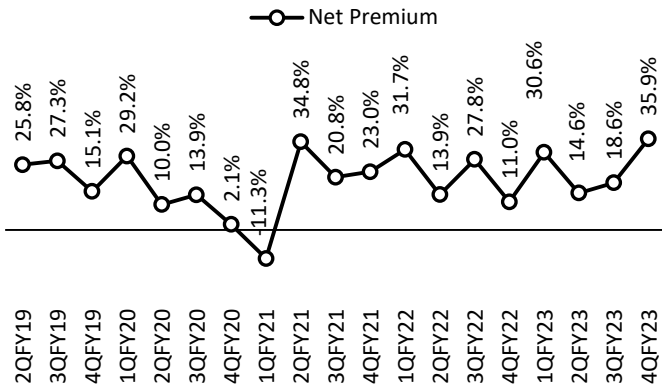
Source: MOFSL, Company

Exhibit 6: VNB margin declines to 26.2% in 1QFY24 (%)



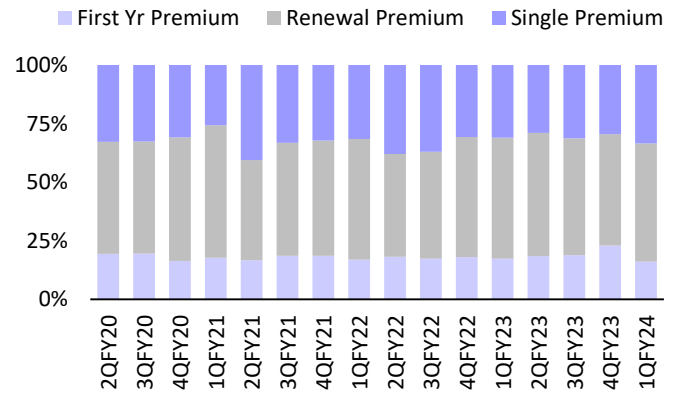
Source: MOFSL, Company

Exhibit 7: Net premium income rises ~16% YoY



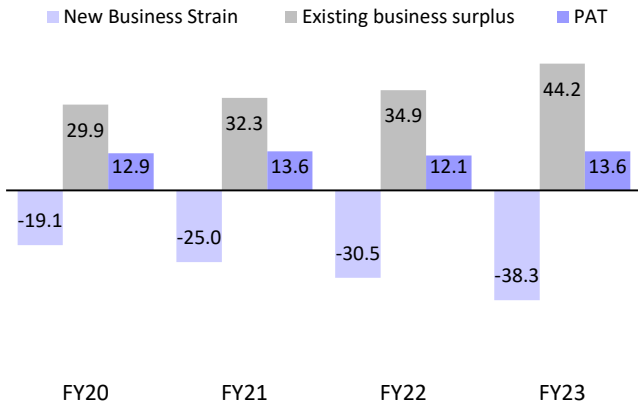
Source: MOFSL, Company

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



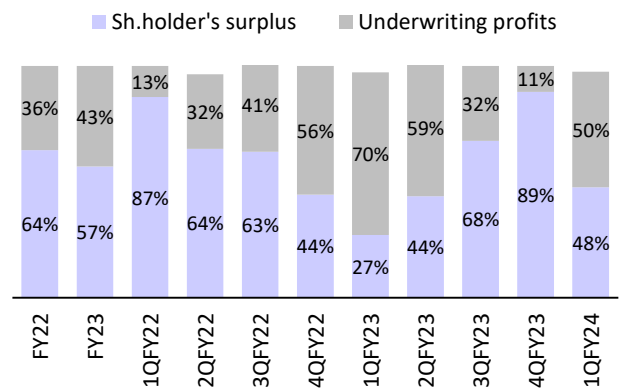
Source: MOFSL, Company

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



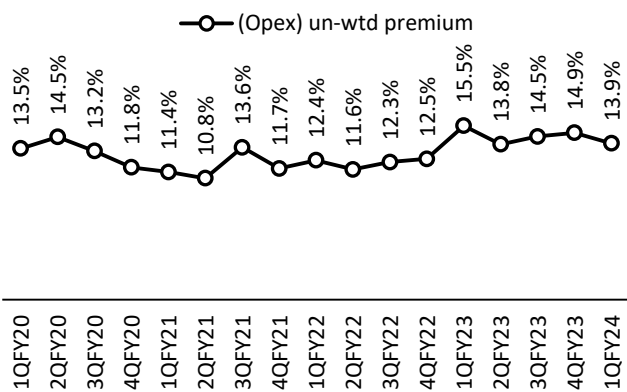
Source: MOFSL, Company

Exhibit 10: Trends in underwriting profit and shareholders' surplus



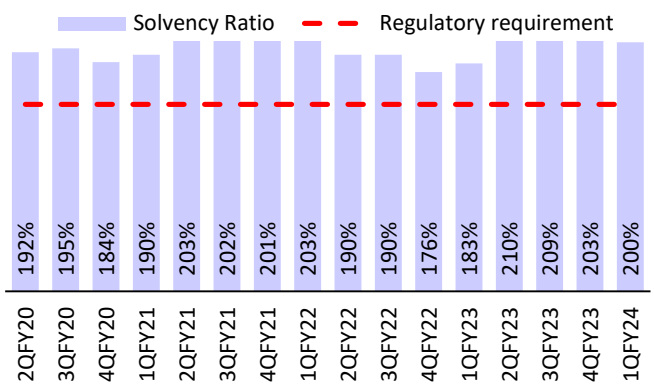
Source: MOFSL, Company

Exhibit 11: Opex ratio declines



Source: MOFSL, Company

Exhibit 12: Solvency ratio stands at 200% in 1QFY24



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
Prov for doubtful debts	0.9	5.7	(1.9)	(2.5)	0.3	(3.8)	(4.8)
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 (incl 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	1,634.5	2,008.5
Prov. for Linked Liab.	605.2	508.4	709.6	765.2	753.8	954.1	1,052.3
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	2,895.0	3,423.8
Application of Funds							
Shareholders' invt	50.5	58.6	85.4	152.4	131.3	157.6	189.1
Policyholders' invt	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
Loans	1.1	3.0	4.2	6.4	15.9	19.7	24.4
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	2,895.0	3,423.8
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%	196%	191%
Persistence 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%	27.6%	28.5%
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%	19.0%	19.2%
RoEV (%)	20.3%	12.9%	28.9%	23.8%	19.9%	19.2%	18.8%
Valuation & key data	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total AUMs (INRb)	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 (INRb)	15.40	19.18	21.85	26.74	36.74	40.9	51.2
Embedded Value (INRb)	182.7	206.3	266.2	329.4	395.1	471.0	559.7
EV per share (INR)	84.9	95.8	123.6	153.0	183.5	218.8	260.0
VIF as % of EV	68%	65%	66%	64%	68%	70%	73%
P/VIF (%)	11.2	10.3	7.9	6.6	5.2	4.2	3.4
P/AUM (%)	111%	109%	80%	68%	58%	49%	41%
P/EV (x)	7.6	6.8	5.2	4.2	3.5	3.0	2.5
P/EPs (x)	102.1	100.8	96.1	113.4	102.4	86.2	72.8
P/EVOP (x)	45.5	42.0	36.4	31.7	21.5	18.5	15.4
P/VNB (x)	90.4	72.6	63.7	52.1	37.9	34.0	27.2

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