

HDFC Life Insurance

Estimate change

TP change

Rating change



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Bloomberg	HDFCLIFE IN
Equity Shares (m)	2,021
M.Cap.(INRb)/(USDb)	1132.3 / 14.2
52-Week Range (INR)	776 / 497
1, 6, 12 Rel. Per (%)	-9/-9/-25
12M Avg Val (INR M)	2302

Financials & Valuations (INR b)

Y/E MARCH	FY22	FY23E	FY24E
Net Premiums	454.0	555.6	673.7
Surplus / Deficit	9.6	9.2	11.8
Sh. PAT	12.1	14.2	16.2
NBP gr- unwttd (%)	20.1	25.0	20.0
NBP gr - APE (%)	18.1	28.8	18.7
Premium gr (%)	19.1	22.2	21.3
VNB margin (%)	27.4	27.7	28.8
RoEV (%)	23.8	17.6	18.2
Total AUMs (INRt)	2.0	2.3	2.7
VNB (INRb)	26.7	34.5	42.5
EV per share	155.7	183.0	216.3
Valuations			
P/EV (x)	3.4	2.9	2.5
P/EVOP (x)	25.8	18.1	14.9

Shareholding pattern (%)

As On	Jun-22	Mar-22	Dec-21
Promoter	51.5	51.5	53.8
DII	6.8	7.8	6.1
FII	26.3	26.3	30.5
Others	15.4	14.4	9.6
FII Includes depository receipts			

CMP: INR536
TP: INR600 (+12%)
Neutral

Retail Protection muted; Non-par savings growing well

VNB/APE misses estimates

- HDFCLIFE reported a 23% YoY growth in net premium, led by 27%/19% growth in new business/renewal premium. This was aided by an improving persistency ratio across key cohorts.
- VNB growth stood at 25% YoY (~9% miss), with VNB margin expanding to 26.8% (up 60bp QoQ). Operating RoEV grew 210bp to 16.5% in 1QFY23.
- APE grew 22% YoY to INR19b (8% miss) in 1QFY23. Growth was broad-based across all products. However, demand for ULIP and Retail Term Insurance was soft due to a volatile capital market and declining fear of the COVID-19 pandemic.
- We marginally cut our estimates and expect HDFCLIFE to deliver ~26% VNB CAGR over FY22-24. We estimate margin to remain ~29% by FY24. **We maintain our Neutral rating.**

Net premium grows 23% YoY; APE/VNB misses our estimate by 8%/9%

- The Renewal business grew 19% YoY (in line), aided by improving persistency ratio across cohorts. PAT grew 21% YoY to INR3.7b (8% beat).
- Individual/Group APE grew ~19%/~40% YoY, leading to total new business APE growth of ~22%. Within total APE, Annuity grew 42% YoY, while Non-PAR/PAR segment grew 27%/22%. Protection growth of 30% YoY was led by Credit Life as Retail Term Insurance remained under pressure.
- VNB growth stood at 25% YoY (~9% miss), with VNB margin expanding by 60bp to 26.8%.
- On the distribution front, the share of banca moderated to 56% in the mix. The share of agency channel increased marginally to 16% as the focus remains on improving productivity of the same. Direct/online channel is facing headwinds in the form of heightened competition.
- Embedded Value:** EVOP grew 14% YoY in 1QFY23, with an operating return on EV at 16.5%. However, Embedded Value (EV) declined by 1% QoQ to INR297b due to negative economic variance and payment of dividend.
- Others:** a) Total AUM declined by 2% QoQ to INR2t due to adverse market movement, b) Solvency ratio increased marginally to 178% as the company raised sub-debt of INR3.5b, partially offset by a payment of dividend.

Highlights from the management commentary

- Due to inflation, there is a lag in demand for Individual Protection. However, the willingness and intention of consumers to buy Insurance aren't an issue. As inflation moderates in 2HFY23, it expects demand to return in Retail Term Insurance.
- Strong momentum witnessed in sales from non-HDFCB banca partners: YES, IDFCB, and BANDHAN.
- The decline in EV is due to a payment of dividend and adverse economic variance.

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Valuation and view

The management 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 and Annuity is likely to clock healthy growth, while Protection will witness a gradual recovery over FY23. Credit Life will lead growth in Protection as momentum in Retail Term Insurance remains soft. Demand for ULIP remains muted due to a volatile capital market. Persistency trends remain steady and continues to aid robust renewal trends. We estimate VNB margin of ~29%, enabling 26% VNB CAGR over FY22-24. We expect operating RoEV of ~20% in FY24. **We maintain our Neutral rating with a TP of INR600/share (2.8x FY24E EV).**

Quarterly performance**(INR m)**

Policy holder's A/c (INR b)	FY22				FY23				FY22	FY23E	FY23E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	1QE	(%)
First-year premium	12.9	20.8	21.2	25.7	15.6	26.2	27.8	35.3	80.5	104.8	17.4	-10.8
Growth (%)	25.8%	24.0%	19.4%	7.8%	21.0%	26.1%	31.2%	36.9%	17.4%	30.1%	35.6%	
Renewal premium	38.9	50.3	55.4	73.4	46.2	65.0	68.8	79.8	218.1	259.8	44.9	2.9
Growth (%)	20.1%	16.8%	21.1%	15.6%	18.8%	29.0%	24.2%	8.7%	18.0%	19.1%	15.4%	
Single premium	24.8	45.2	46.0	45.1	32.2	49.3	52.2	63.4	161.0	197.2	32.2	0.1
Growth (%)	54.9%	7.7%	40.2%	8.0%	29.8%	9.1%	13.7%	40.8%	21.5%	22.5%	29.6%	
Net premium inc.	75.4	114.4	121.2	142.9	92.7	138.9	147.2	176.7	454.0	555.6	92.6	0.1
Growth (%)	31.7%	13.9%	27.8%	11.0%	23.0%	21.4%	21.4%	23.7%	19.1%	22.4%	22.9%	
PAT	3.0	2.7	2.7	3.6	3.7	3.3	3.4	4.1	12.1	14.2	3.4	8.3
Growth (%)	-33.0%	-15.9%	3.3%	12.4%	20.8%	21.0%	22.5%	15.1%	-11.2%	17.7%	11.6%	
Key metrics (INR b)												
New business APE	15.6	25.5	26.0	30.5	19.0	31.1	33.0	41.3	96.6	124.5	20.6	-7.8
Growth (%)	30.3	19.4	20.4	5.8	22.0	22.0	27.0	35.6	18.1	28.8	32.3	
VNB	4.1	6.8	6.9	9.0	5.1	8.5	9.1	11.8	26.7	34.5	5.6	-8.5
Growth (%)	40.2	23.9	21.8	15.2	25.0	25.3	30.7	31.8	22.4	28.9	36.6	
AUM (INR b)	1,813	1,912	1,947	2,042	2,001	2,091	2,203	2,291	2,042	2,291	2,007	-0.3
Growth (%)	29.5	27.0	17.6	17.4	10.4	9.4	13.1	12.2	17.4	12.2	10.7	
Key Ratios (%)												
VNB Margin (%)	26.2	26.6	26.7	29.4	26.8	27.3	27.5	28.5	27.4	27.7	27.0	-20
Solvency ratio (%)	203.0	190.0	190.0	176.0	178.0	174.0	173.0	170.8	175.6	170.8	175.0	300

Quarterly snapshot

	FY21				FY22				FY23	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net premium income	57.2	100.5	94.9	128.7	75.4	114.4	121.2	142.9	92.7	23	-35
First-year premium	10.2	16.8	17.7	23.9	12.9	20.8	21.2	25.7	15.6	21	-40
Renewal premium	32.4	43.1	45.8	63.5	38.9	50.3	55.4	73.4	46.2	19	-37
Single premium	16.0	42.0	32.8	41.7	24.8	45.2	46.0	45.1	32.2	30	-29
Investment income	87.5	63.2	115.9	60.2	69.6	88.7	19.8	14.0	-34.9	-150	-350
Total income (A)	145.1	164.1	211.3	191.9	146.0	204.8	142.2	160.5	58.3	-60	-64
Commission paid	2.4	4.2	4.5	6.0	3.0	5.1	5.1	6.2	3.7	21	-41
Operating expense	6.7	11.0	13.1	15.1	9.5	13.5	15.0	18.1	14.0	47	-23
Total commission and OPEX	9.1	15.3	17.6	21.1	12.5	18.6	20.1	24.3	17.6	41	-28
Total Expenses (B)	142.0	161.7	207.7	185.7	146.6	202.5	139.4	152.5	54.5	-63	-64
PBT	2.8	1.6	3.2	6.2	0.6	1.8	2.0	7.1	2.7	366	-62
Tax	0.3	0.2	0.4	1.8	0.0	0.1	0.2	1.5	0.2	-1,217	-87
Surplus/(Deficit)	2.5	1.4	2.7	4.3	0.6	1.6	1.8	5.5	2.5	318	-55
Shareholder A/c											
Trf. from Policyholder a/c	3.5	2.2	1.4	2.9	1.2	2.0	1.8	5.0	2.6	109	-48
Investment Income	1.0	1.4	1.4	2.7	2.6	2.0	1.8	1.5	1.0	-61	-32
Total income	4.4	3.5	2.8	5.6	3.8	4.1	3.6	6.5	3.6	-6	-44
PBT	4.5	3.3	2.7	3.1	3.1	2.8	2.8	3.2	3.7	19	14
Tax	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.4	0.0	-77	-103
PAT	4.5	3.3	2.6	3.2	3.0	2.7	2.7	3.6	3.7	21	2
Individual APE											
ULIP	2.9	3.6	4.2	6.4	3.5	5.4	5.6	6.7	3.9	10	-43
PAR	3.2	6.1	7.0	7.9	3.8	6.5	6.5	7.8	4.6	23	-40
Term	1.2	1.4	0.7	1.7	1.0	1.4	0.9	1.6	0.8	-26	-50
Non-PAR savings	3.0	5.5	5.5	8.1	4.2	6.8	7.4	8.6	5.4	30	-37
Annuity	0.5	0.9	0.9	1.2	0.7	1.1	1.1	1.3	0.9	42	-28
Total Individual APE	10.7	17.6	18.3	24.6	13.1	21.2	21.5	25.9	15.5	19	-40
Total APE	12.0	21.4	21.6	28.8	15.6	25.5	26.0	30.5	19.0	22	-38
APE (% of total)											
ULIP	27.0	20.6	23.0	25.9	27.0	25.4	26.0	26.0	25.0	-200	-100
PAR	30.0	34.8	38.1	32.1	29.0	30.6	30.0	30.0	30.0	100	0
Term	11.0	7.8	3.9	7.0	8.0	6.4	4.4	6.0	5.0	-300	-100
Non-PAR savings	28.0	31.2	30.0	32.9	32.0	32.0	34.6	33.0	35.0	300	200
Distribution mix (%)											
Bancassurance	59.0	60.6	67.7	57.2	56.0	62.5	62.6	61.0	56.0	0	-500
Individual agents	12.0	13.6	10.4	14.9	15.0	11.8	15.6	14.0	16.0	100	200
Direct	24.0	19.2	15.9	19.0	23.0	19.8	15.8	19.0	22.0	-100	300
Broker	5.0	6.6	6.0	8.9	6.0	6.0	6.0	6.0	7.0	100	100
Key Ratios (%)											
Operating ratios											
Commission (unwtd.)	4.1	4.2	4.7	4.6	3.9	4.4	4.1	4.3	3.9	0	-40
OPEX (unwtd.)	11.5	10.9	13.7	11.8	12.5	11.7	12.4	12.6	14.9	240	230
Total Cost	15.5	15.0	18.2	16.3	16.4	16.0	16.4	16.8	18.8	240	200
Solvency ratio	190	203	202	201	203	190	190	176	176	-2,700	0
Profitability ratios											
VNB margin	24.3	25.6	26.4	27.0	26.2	26.6	26.7	29.4	26.8	60	-255
RoE	25.0	21.0	18.4	17.6	14.1	13.5	13.0	10.1	9.5	-460	-60
Op. RoEV	15.8	17.6	18.3	18.5	14.4	16.1	16.2	16.6	16.5	210	-10
Persistency ratios											
13th Month	87.0	88.0	89.0	90.0	90.0	91.0	92.0	92.0	93.0	300	100
25th Month	80.8	79.0	80.0	81.0	82.0	84.0	84.0	86.0	86.0	400	0
37th Month	69.5	69.0	69.0	71.0	73.0	76.0	77.0	79.0	80.0	700	100
49th Month	64.9	66.0	67.0	67.0	67.0	67.0	68.0	69.0	72.0	500	300
61st Month	54.4	53.0	53.0	53.0	53.0	56.0	57.0	58.0	58.0	500	0
Key metrics (INR b)											
VNB	2.9	5.5	5.7	7.8	4.1	6.8	6.9	9.0	5.1	25	-43
EV	225.8	233.3	250.5	266.2	273.3	287.0	295.4	300.5	297.1	9	-1
EVOP	7.7	9.8	10.3	10.5	10.3	13.2	12.9	14.2	11.7	14	-18
AUM	1,400	1,506	1,656	1,738	1,813	1,912	1,947	2,042	2,001	10	-2
Equity portion (%)	32	33	36	36	37	38	36	37	35	-200	-200

Note: 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 optimistic about the prospects of the Insurance sector and welcomes the initiatives taken by the regulator in this direction.
- The increase in expense was due to its investment in distribution. Most of these expenses are front-ended, with the benefit of higher sales accruing with a lag.
- The decline in EV is due to payment of dividend and adverse economic variance. As market volatility subsides, the management expects the economic variance to reverse.
- Adverse economic variance of INR11.7b comprises of a negative impact of INR4b/INR7b due to a fall in the equity market/rising interest rates.
- Short/long-term rates have risen by 130bp/50-60bp. Usually shareholder and excess assets sit on the short-term side, while Non-PAR assets sit at the longer end of the curve. Collectively, the impact due to a change in rates is INR7b, 2.3% of FY22 EV.
- The management expects unwind for FY23 at a little over 8%. It sees the RoEV band of 17-18% as achievable on a full-year basis, unless interest rates move dramatically.

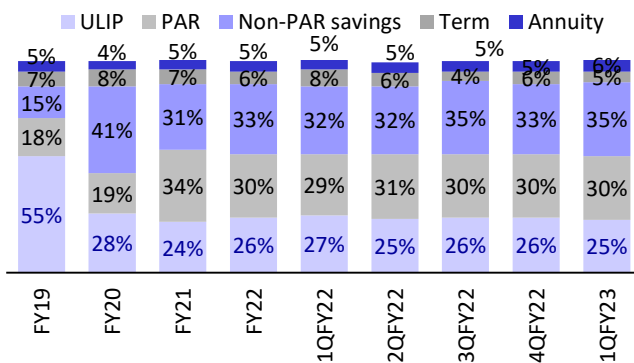
Business mix

- On Non-PAR products, competitive intensity is high from smaller, non-listed players. However, there is a preference for stronger brands from customers, even if it comes with lower returns.
- HDFCLIFE saw a gain in market share in Annuity as it grew the segment by 10% YoY as compared to a decline of 9% for the industry during the same period.
- The strong growth of 96% witnessed in the Credit Life business was led by a rise in disbursement momentum across lending players.
- Group Term plans have seen some normalcy in pricing. As it is a short term product, it remains a tactical business segment.
- Due to inflation, there is some lag in the demand for Individual Protection. However, the willingness and intention of consumers to buy Insurance aren't an issue, unlike a couple of years back. As inflation pares down in the 2HFY23, the management expects demand to return in Retail Term Insurance.

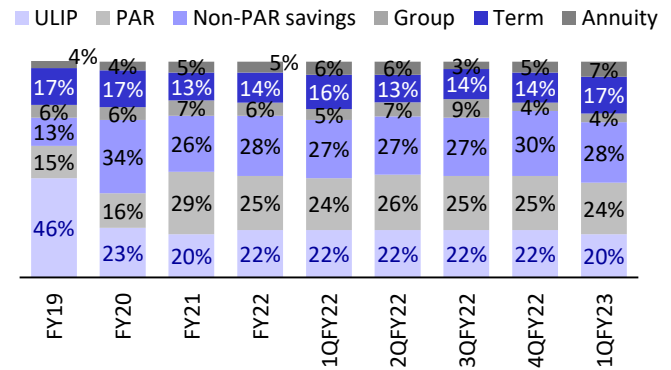
Distribution mix

- In an inflationary environment, it is easier for agents to sell a Savings product as compared to Protection from a return on effort metric.
- Sales from HDFCB remain steady, while a strong momentum is being witnessed in sales from YES, IDFCB, and BANDHAN.
- Around 15-20% of banca sales accrue from the non-HDFCB channel.
- Typically, two-third of HDFCB's business pertains to HDFC. With the merger, we expect this ratio to strengthen further.
- The online channel is seeing a higher competitive intensity. Multiple initiatives have been taken in the direct channel in order to make it robust and agile.

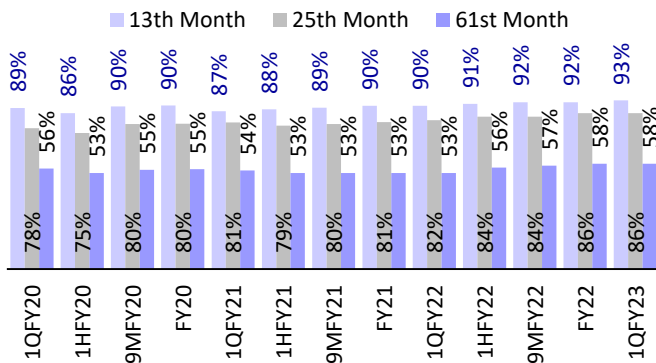
Key exhibits

Exhibit 1: Share of Non-PAR savings inches up to 35% of Individual APE

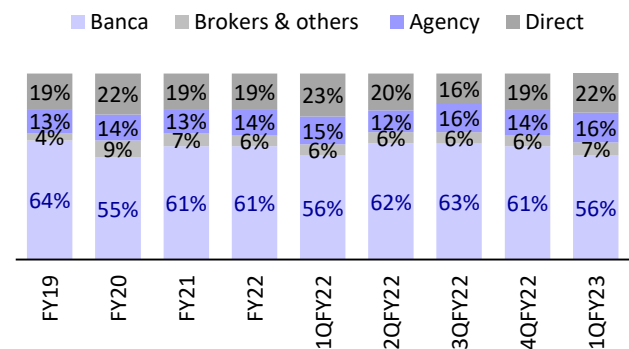
Source: MOFSL, Company

Exhibit 2: Share of Non-PAR Savings/Annuity/Protection at 28%/7%/17% of total APE

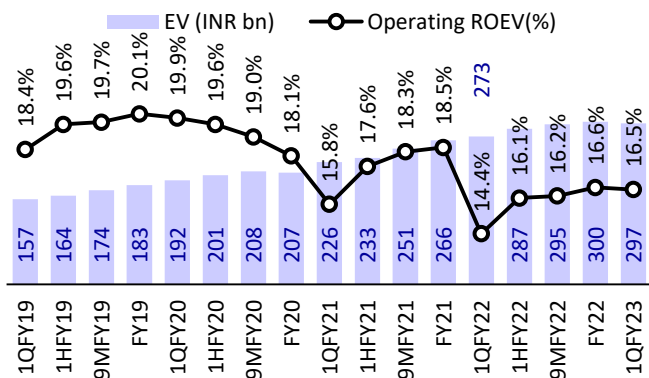
Source: MOFSL, Company

Exhibit 3: Persistency ratio across cohorts

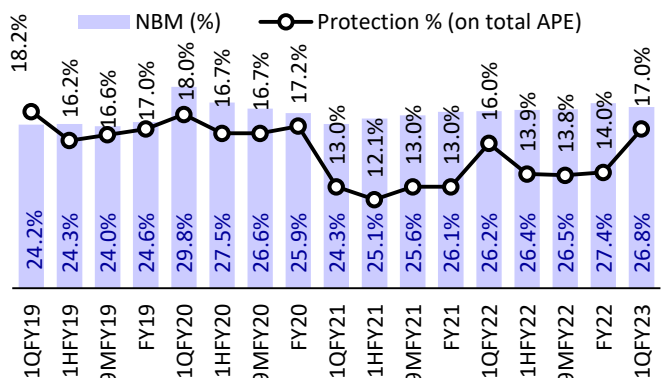
Source: MOFSL, Company

Exhibit 4: Share of banca moderates in 1QFY23

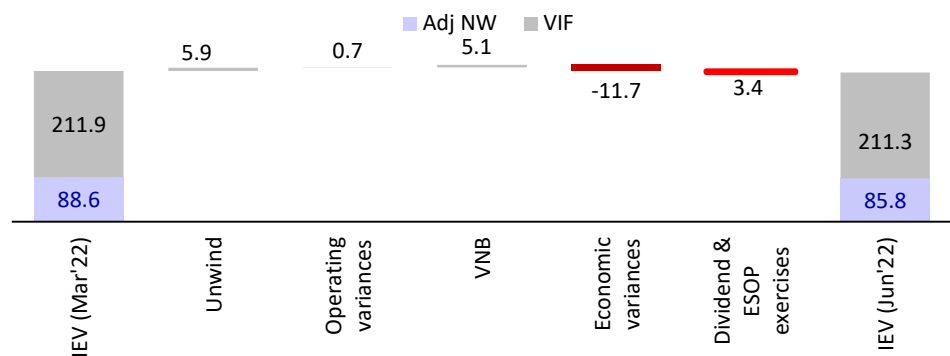
Source: MOFSL, Company

Exhibit 5: Operating RoEV steady at 16.5%

Source: MOFSL, Company

Exhibit 6: VNB margin stable at 26.8% in 1QFY23

Source: MOFSL, Company

Exhibit 7: EV walkthrough for 1QFY23; dip due to economic variance and dividend paid

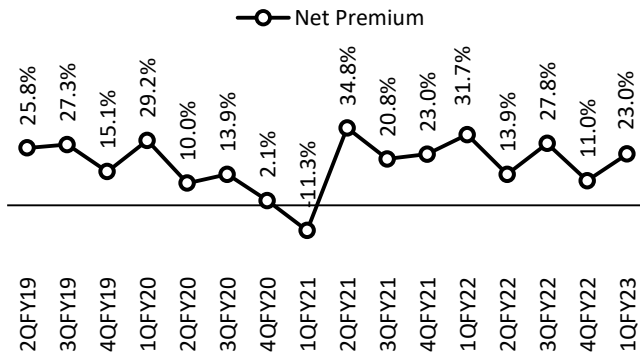
Source: MOSL, Company

Valuation and view

- HDFCLIFE strengthened its position in the industry, with an Individual APE-based market share of ~14.6% in 1QFY23 among private insurers (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.
- 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) healthy new business margin, b) a balanced product mix, c) quality underwriting, and d) robust persistency ratios.
- **Maintain our Neutral rating with a TP of INR600/share:** The management 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 and Annuity is likely to clock healthy growth, while Protection will witness a gradual recovery over FY23. Credit Life will lead growth in Protection as momentum in Retail Term Insurance remains soft. Demand for ULIP remains muted due to a volatile capital market. Persistency trends remain steady and continues to aid robust renewal trends. We estimate VNB margin of ~29%, enabling 26% VNB CAGR over FY22-24. We expect operating RoEV of ~20% in FY24. **We maintain our Neutral rating with a TP of INR600/share, corresponding to 2.8x FY24E EV.**

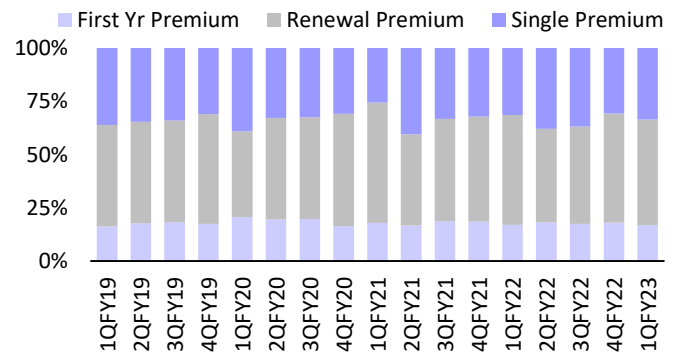
Story in charts

Exhibit 8: Net premium income grew by ~23% YoY



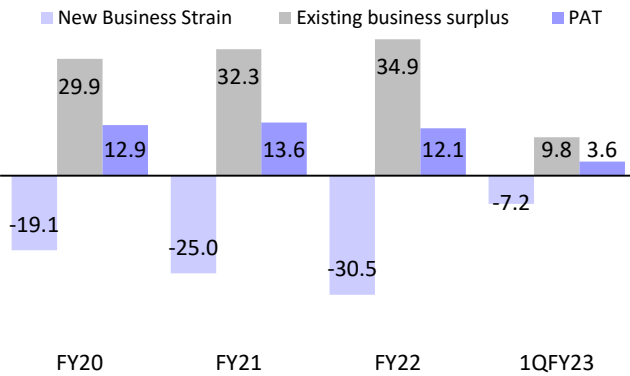
Source: MOFSL, Company

Exhibit 9: Proportion of premium trends



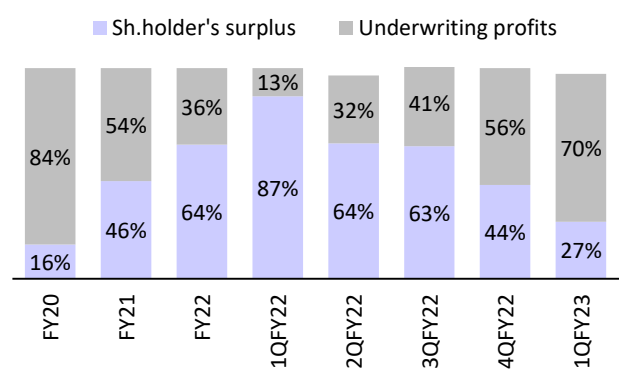
Source: MOFSL, Company

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



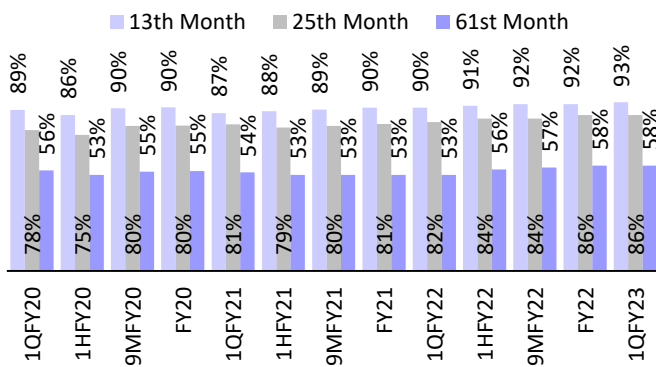
Source: MOFSL, Company

Exhibit 11: Trend in underwriting profit and shareholders' surplus



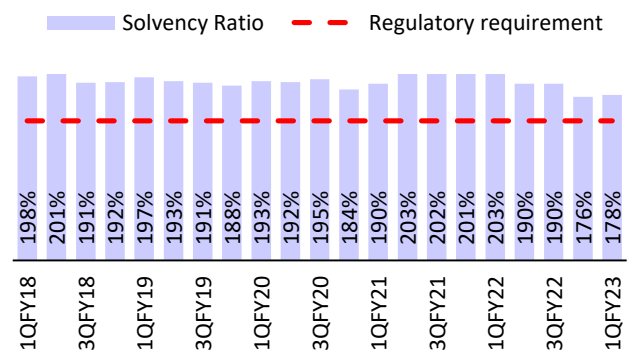
Source: MOFSL, Company

Exhibit 12: Persistency trends improves across key cohorts



Source: MOFSL, Company

Exhibit 13: Solvency ratio increases to 178% in 1QFY23



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	561.7	681.3
Reinsurance Ceded	(2.6)	(4.8)	(4.6)	(5.7)	(6.1)	(7.6)
Net Premiums	289.2	322.2	381.2	454.0	555.6	673.7
Income from Investments	90.3	(33.1)	326.8	192.2	197.9	227.0
Other Income	4.8	3.5	4.4	7.5	8.4	9.4
Total income (A)	384.4	292.6	712.4	653.6	761.9	910.1
Commission	11.2	14.9	17.1	19.4	25.5	30.2
Operating expenses	38.1	42.7	45.9	56.1	64.3	77.4
Total commission and OPEX	49.3	57.6	63.0	75.5	89.8	107.5
Benefits Paid (Net)	139.9	190.2	225.7	318.6	329.2	393.3
Change in reserves	175.1	24.4	408.3	246.8	331.9	395.5
Prov. for doubtful debts	0.9	5.7	(1.9)	(2.5)	(3.2)	(3.8)
Total expenses (B)	365.2	277.9	695.1	638.4	747.7	892.5
(A) - (B)	19.2	14.7	17.3	15.1	14.2	17.6
Tax (incl. GST)	5.7	5.0	6.3	5.5	5.0	5.8
Surplus/Deficit	13.5	9.7	11.0	9.6	9.2	11.8

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	11.0	13.6
Income From Investments	4.1	4.4	6.5	7.9	5.5	6.3
Total Income	16.4	16.5	16.4	18.0	16.6	19.8
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	1.3	2.4
Total Expenses	3.5	3.4	2.8	6.2	2.2	3.4
PBT	12.9	13.1	13.5	11.8	14.4	16.5
Tax	(0.1)	(0.2)	0.1	0.3	(0.2)	(0.2)
PAT	12.8	13.0	13.6	12.1	14.2	16.2
Growth	15%	1%	5%	-11%	18%	14%

Premium (INR b) and growth (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
NBP – unweighted	149.7	172.4	201.1	241.5	301.9	362.3
NBP – WRP	60.5	71.6	81.8	96.6	124.5	147.8
Renewal premium	142.1	154.7	184.8	218.1	259.8	319.0
Total premium – unweighted	291.9	327.1	385.8	459.6	561.7	681.3
NBP growth – unweighted	31.9%	15.1%	16.6%	20.1%	25.0%	20.0%
NBP growth – WRP	12.0%	18.4%	14.2%	18.1%	28.8%	18.7%
Renewal premium growth	16.4%	8.8%	19.4%	18.0%	19.1%	22.8%
Tot. premium growth – unweighted	23.9%	12.1%	18.0%	19.1%	22.2%	21.3%

Premium mix (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
New business – unweighted						
- Individual mix	51.1%	48.8%	49.9%	48.0%	65.0%	67.0%
- Group mix	48.9%	51.2%	50.1%	52.0%	35.0%	33.0%
New business mix – WRP						
- Participating	14.4%	15.9%	28.8%	25.2%	26.9%	24.8%
- Non-participating	38.5%	59.5%	49.9%	51.7%	40.7%	42.1%
- ULIPs	47.1%	24.5%	21.3%	23.1%	32.4%	33.1%
Total premium mix – unweighted						
- Participating	20.0%	18.5%	19.8%	19.7%	40.0%	40.0%
- Non-participating	41.2%	47.3%	51.0%	54.1%	12.8%	12.8%
- ULIPs	38.8%	34.2%	29.1%	26.2%	47.2%	47.2%

Individual premium sourcing mix (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
Individual agents	13.8%	13.3%	12.3%	13.2%	17.0%	18.0%
Corporate agents – Banks	46.7%	41.8%	45.8%	44.5%	46.6%	46.5%
Direct business	31.8%	35.0%	32.9%	32.9%	29.0%	28.0%
Others	7.8%	9.9%	9.0%	9.4%	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	142.8	153.8
Shareholders' Fund	56.6	68.0	86.4	154.9	164.8	175.8
Policy Liabilities	536.7	652.7	855.2	1,043.4	1,324.3	1,640.4
Prov. for Linked Liab.	605.2	508.4	709.6	765.2	858.9	956.0
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	2,488.4	2,947.6
Application of Funds						
Shareholders' invt.	50.5	58.6	85.4	152.4	182.9	219.4
Policyholders' invt.	571.2	671.9	905.4	1,083.1	1,345.4	1,665.3
Assets to cover linked liab.	633.8	541.8	747.6	806.2	882.8	966.7
Loans	1.1	3.0	4.2	6.4	8.0	9.9
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	2,488.4	2,947.6
Operating ratios (%)						
Investment yield	7.5%	-2.7%	19.8%	10.2%	8.9%	8.6%
Commissions/GWP	3.8%	4.6%	4.4%	4.2%	4.5%	4.4%
- first -year premiums	15.5%	17.9%	18.5%	17.0%	19.7%	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%	66.3%	55.4%	54.5%
Solvency ratio	188%	184%	201%	176%	171%	182%
Persistency ratios (%)						
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 (%)						
VNB margin (%)	24.6%	25.9%	26.1%	27.4%	27.7%	28.8%
RoE (%)	24.5%	20.8%	17.6%	10.0%	8.9%	9.5%
Operating ROEV	20.1%	18.2%	18.5%	16.5%	19.0%	19.6%
RoEV (%)	20.3%	12.9%	28.9%	23.8%	17.6%	18.2%
Valuation and key data						
Total AUMs (INR b)	1,256	1,272	1,738	2,042	2,291	2,737
- of which equity AUMs (%)	38%	29%	36%	37%	38%	39%
Dividend (%)	16%	0%	0%	17%	20%	25%
Dividend payout ratio (%)	31%	0%	0%	0%	30%	33%
EPS, INR	6.3	6.4	6.7	5.7	6.7	7.7
VNB (INR b)	15.40	19.18	21.85	26.74	34.5	42.5
Embedded Value (INR b)	182.7	206.3	266.2	329.4	387.3	457.7
EV per share (INR)	86.4	97.5	125.8	155.7	183.0	216.3
VIF as a percentage of EV	68%	65%	66%	64%	75%	76%
P/VIF (%)	9.1	8.4	6.4	5.3	3.9	3.3
P/AUM (%)	90%	89%	65%	55%	49%	41%
P/EV (x)	6.2	5.5	4.3	3.4	2.9	2.5
P/EPS (x)	84.5	83.4	79.6	93.8	79.7	69.8
P/EVOP (x)	37.0	34.1	29.6	25.8	18.1	14.9
P/VNB (x)	73.6	59.1	51.9	42.4	32.9	26.7

NOTES

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
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