

# SBI Life Insurance

Estimate change 

TP change 

Rating change 

**CMP: INR1,381 TP: INR1,700 (+23%)**

**BUY**

## VNB above estimates; margins contract 40bp YoY

### Guides for 18% growth and 28% VNB margin

- SBILIFE reported decent performance in 3QFY24. APE grew 13% YoY (22% beat), while VNB grew 11% YoY as margins contracted 40bp YoY to 27.4%. PAT grew 6% YoY to INR3.2b (vs. our estimate of INR 4.0b, registering 20% miss).
- In terms of NBP, Group Savings and ULIPs witnessed a healthy YoY growth of 54% and 16%, respectively, while Par savings declined 17% YoY in 3QFY24. The protection business was flat YoY.
- We expect SBILIFE to deliver 18% CAGR in APE over FY23-26E, thus enabling a 16.4% VNB CAGR. RoEV is expected to stay at around ~20%. We reiterate our BUY rating on the stock with a TP of INR1,700 (2.3x Sep'26E EV).

### Share of ULIPs and Protection improves

- SBILIFE reported a 16% YoY growth in gross premium (14% above our estimates), led by 21%/17% growth in single/renewal premium. Shareholders' PAT grew 6% YoY to INR3.2b (vs. our estimate of INR 4.0b, registering a 20% miss).
- Total APE grew 13% YoY (22% above our estimates), within which, group savings grew 56% YoY. The Protection business was flat YoY, led by 11.5% decline in individual protection. On a YoY basis, the ULIP segment grew 18% YoY, whereas the Par segment declined 25% YoY.
- For 9MFY24, the share of ULIPs & Protection business in APE (led by group segment) increased to 61% & 11%, respectively. The share of non-par savings declined to 17% vs. 22% in 9MFY23.
- Absolute VNB grew 11% YoY to INR16.8b (16% above our estimates), while VNB margins contracted 40bp YoY to 27.4% (vs. estimate of 28.8%).
- On the distribution front, the share of the banca and agency channel in total APE was stable at 65% and 24%, respectively, for 9MFY24.
- On a YoY basis, except for 37M (which declined 270bp YoY to 78% in 9MFY24), persistency improved across all cohorts.

### Highlights from the management commentary

- SBI Life last week launched two ROP products with higher Sum Assured – 'SBI Life - Saral Swadhan Supreme' and 'SBI Life - Smart Swadhan Supreme'. This product is competitive in nature and is margin accretive.
- The company expects higher growth in individual protection in the coming quarters. Currently, the group term business is witnessing strong growth. Going ahead, the company would focus on the non-par segment – both savings and protection.
- The decline in margin is primarily on account of change in product mix. Product-level margins have seen marginal improvement on the back of rising share of longer-term products.

Bloomberg	SBILIFE IN
Equity Shares (m)	1000
M.Cap.(INRb)/(USD\$)	1382.6 / 16.6
52-Week Range (INR)	1495 / 1039
1, 6, 12 Rel. Per (%)	-1/-2/-10
12M Avg Val (INR M)	1544

### Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Net Premiums	786.8	911.5	1,066.7
Surplus / Deficit	33.6	39.4	45.8
Sh. PAT	18.4	21.7	24.6
NBP gr- unwt'd (%)	18.0	18.0	18.0
NBP gr- APE (%)	15.4	20.9	18.0
Premium gr (%)	17.9	15.9	17.0
VNB margin (%)	28.3	28.7	29.2
RoEV (%)	21.6	20.6	20.2
Total AUMs (INRt)	3.6	4.2	5.0
VNB	54.3	66.7	80.0
EV per share	560	675	812

### Valuations

P/EV (x)	2.5	2.0	1.7
P/EVOP (x)	14.3	12.0	10.0

\*VNB, VNB margins based on ETR

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	55.4	55.4	55.5
DII	14.6	14.3	14.9
FII	25.9	26.2	25.1
Others	4.0	4.2	4.5

FII Includes depository receipts

**Valuation and view**

SBILIFE reported decent performance during the quarter, with APE and VNB surpassing estimates (VNB margins contracted 40bp YoY to 27.4% in 3QFY24). SBI channel productivity has been improving and the company is working on improving its efficiency in the agency channel. SBI Life continues to maintain its cost leadership. We expect SBILIFE to deliver 18% CAGR in APE over FY23-26, thus enabling a 16.4% VNB CAGR. RoEV is expected to stay at around ~20%. We reiterate our BUY rating on the stock with a TP of INR1,700 (2.3x Sep'26E EV).

**Quarterly performance****(INR b)**

Policy holder's A/c (INRb)	FY23				FY24E				FY23	FY24E	FY24E 3QE	V/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
First year premium	25.7	34.8	50.6	40.9	26.4	46.3	56.8	45.1	152.0	174.6	46.7	21.5
Growth (%)	83%	-4%	24%	6%	3%	33%	12%	10%	17%	15%	-8%	
Renewal premium	57.6	91.2	109.1	119.4	73.5	101.2	127.2	142.7	377.3	444.6	117.0	8.8
Growth (%)	14%	17%	13%	10%	28%	11%	17%	20%	13%	18%	7%	
Single premium	30.2	40.2	33.7	39.9	35.7	54.2	40.6	44.0	143.9	174.6	33.7	20.5
Growth (%)	56%	20%	-24%	42%	18%	35%	21%	10%	15%	21%	0%	
<b>Gross premium income</b>	<b>113.5</b>	<b>166.2</b>	<b>193.3</b>	<b>200.1</b>	<b>135.6</b>	<b>201.8</b>	<b>224.6</b>	<b>231.8</b>	<b>673.2</b>	<b>793.7</b>	197.4	13.8
Growth (%)	35%	13%	6%	14%	19%	21%	16%	16%	15%	18%	2%	
<b>PAT</b>	<b>2.6</b>	<b>3.8</b>	<b>3.0</b>	<b>7.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.2</b>	<b>7.4</b>	<b>17.2</b>	<b>18.4</b>	4.0	(19.9)
Growth (%)	18%	53%	-16%	16%	45%	1%	6%	-4%	14%	7%	32%	
<b>Key metrics (INRb)</b>												
New Business APE	29.0	39.3	54.3	45.5	30.3	51.8	61.3	49.5	166.4	192.0	50.1	22.4
Growth (%)	79.0	-1.0	18.8	10.2	4.5	31.7	12.9	8.8	17.2	15.4	(7.7)	
VNB	8.8	12.4	15.1	14.4	8.7	14.9	16.8	13.9	50.7	54.3	14.4	16.4
Growth (%)	131.6	24.0	31.3	23.1	-1.1	20.2	11.3	-3.6	37.0	7.1	(4.4)	
AUM	2,624	2,826	3,000	3,073	3,283	3,452	3,714	3,621	3,073	3,621	3,579	3.8
Growth (%)	13.3	15.7	16.8	14.9	25.1	22.1	23.8	17.8	14.9	17.8	19.3	
<b>Key Ratios (%)</b>												
VNB margins (%)	30.4	31.6	27.8	31.6	28.7	28.5	27.4	28.0	30.1	28.3	28.8	139
Solvency ratio (%)	221.0	219.0	225.0	215.0	215.0	212.0	209.0	187.5	215.0	187.5	216.0	700

## Quarterly snapshot

Policyholder A/C (INR b)	FY22		FY23				FY24			Change (%)	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
<b>Net premium income</b>	<b>180.3</b>	<b>174.3</b>	<b>110.4</b>	<b>164.8</b>	<b>191.7</b>	<b>199.0</b>	<b>131.0</b>	<b>200.5</b>	<b>223.2</b>	<b>16</b>	<b>11</b>
First year premium	40.7	38.5	25.7	34.8	50.6	40.9	26.4	46.3	56.8	12	23
Renewal premium	96.5	108.4	57.6	91.2	109.1	119.4	73.5	101.2	127.2	17	26
Single premium	44.3	28.1	30.2	40.2	33.7	39.9	35.7	54.2	40.6	21	-25
Investment Income	24.2	30.0	-64.1	110.4	74.4	11.9	145.8	85.1	164.7	121	94
<b>Total income</b>	<b>204.6</b>	<b>214.3</b>	<b>46.4</b>	<b>275.3</b>	<b>266.3</b>	<b>228.1</b>	<b>276.9</b>	<b>285.7</b>	<b>388.0</b>	<b>46</b>	<b>36</b>
Commission paid	6.1	6.8	5.1	7.1	8.5	8.7	5.2	8.0	9.4	11	18
Operating expenses	7.9	9.0	7.7	8.5	9.1	10.0	9.2	9.0	10.6	16	18
<b>Total commission &amp; Opex</b>	<b>14.0</b>	<b>15.8</b>	<b>12.7</b>	<b>15.7</b>	<b>17.6</b>	<b>18.7</b>	<b>14.4</b>	<b>16.9</b>	<b>20.0</b>	<b>13</b>	<b>18</b>
Benefits paid	64.7	73.7	51.7	76.4	83.6	91.2	71.0	101.3	112.6	35	11
<b>Change in actuarial liability</b>	<b>121.2</b>	<b>108.9</b>	<b>-22.7</b>	<b>177.3</b>	<b>159.4</b>	<b>96.0</b>	<b>185.2</b>	<b>159.7</b>	<b>248.6</b>	<b>56</b>	<b>56</b>
<b>Total Expenses</b>	<b>199.9</b>	<b>198.4</b>	<b>41.7</b>	<b>269.4</b>	<b>260.5</b>	<b>206.0</b>	<b>270.6</b>	<b>277.9</b>	<b>381.1</b>	<b>46</b>	<b>37</b>
<b>PBT</b>	<b>2.6</b>	<b>13.1</b>	<b>3.1</b>	<b>3.9</b>	<b>3.3</b>	<b>19.8</b>	<b>4.5</b>	<b>5.4</b>	<b>4.5</b>	<b>36</b>	<b>-16</b>
Tax	0.3	0.3	0.3	0.5	0.4	0.3	0.4	0.4	0.4	15	10
<b>Surplus/(Deficit)</b>	<b>2.4</b>	<b>12.8</b>	<b>2.7</b>	<b>3.4</b>	<b>3.0</b>	<b>19.5</b>	<b>4.0</b>	<b>5.0</b>	<b>4.1</b>	<b>38</b>	<b>-18</b>
<b>Shareholder's A/C</b>											
<b>Trf from policyholder a/c</b>	<b>1.7</b>	<b>14.7</b>	<b>1.0</b>	<b>1.9</b>	<b>1.1</b>	<b>23.0</b>	<b>1.9</b>	<b>1.7</b>	<b>0.8</b>	<b>-25</b>	<b>-49</b>
Investment income	2.2	2.4	1.8	2.0	2.0	2.1	2.1	2.5	2.5	22	0
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-100	-100
<b>Total income</b>	<b>3.9</b>	<b>17.1</b>	<b>2.8</b>	<b>3.9</b>	<b>3.2</b>	<b>25.2</b>	<b>4.0</b>	<b>4.1</b>	<b>3.3</b>	<b>5</b>	<b>-20</b>
<b>PBT</b>	<b>3.8</b>	<b>6.9</b>	<b>2.7</b>	<b>3.9</b>	<b>3.1</b>	<b>7.9</b>	<b>3.9</b>	<b>3.9</b>	<b>3.3</b>	<b>6</b>	<b>-15</b>
<b>PAT</b>	<b>3.6</b>	<b>6.7</b>	<b>2.6</b>	<b>3.8</b>	<b>3.0</b>	<b>7.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.2</b>	<b>6</b>	<b>-15</b>
<b>APE Data</b>											
<b>Individual Savings</b>	<b>38.3</b>	<b>34.5</b>	<b>23.5</b>	<b>31.8</b>	<b>47.5</b>	<b>37.1</b>	<b>23.7</b>	<b>41.1</b>	<b>53.8</b>	<b>13</b>	<b>31</b>
Par	2.0	2.2	1.7	2.4	2.4	3.0	2.0	2.3	1.8	-25	-22
Non Par	5.5	6.3	8.2	9.3	9.6	10.4	5.8	8.6	10.1	5	17
ULIP	30.8	26.0	13.6	20.1	35.5	23.7	15.9	30.2	41.9	18	39
<b>Group Savings Business</b>	<b>2.1</b>	<b>1</b>	<b>1.6</b>	<b>1.6</b>	<b>0.9</b>	<b>1.5</b>	<b>1.5</b>	<b>2.7</b>	<b>1.4</b>	<b>56</b>	<b>-48</b>
<b>Annuity</b>	<b>1.2</b>	<b>0.9</b>	<b>0.7</b>	<b>1.3</b>	<b>1.4</b>	<b>1.6</b>	<b>1.3</b>	<b>1.6</b>	<b>1.6</b>	<b>14</b>	<b>0</b>
<b>Total Protection</b>	<b>4.2</b>	<b>4.9</b>	<b>3.2</b>	<b>4.5</b>	<b>4.6</b>	<b>5.5</b>	<b>3.7</b>	<b>7.0</b>	<b>4.5</b>	<b>-2</b>	<b>-36</b>
Individual Protection	2.5	3.1	2.0	2.2	2.6	3.0	2.1	2.1	2.3	-12	10
Group Protection	1.7	1.8	1.2	2.3	2.0	2.5	1.6	4.9	2.2	10	-55
<b>Total APE</b>	<b>45.7</b>	<b>41.4</b>	<b>29</b>	<b>39.3</b>	<b>54.3</b>	<b>45.5</b>	<b>30.3</b>	<b>52.3</b>	<b>61.3</b>	<b>13</b>	<b>17</b>
<b>Distribution mix (%)</b>										<b>Change (bp)</b>	
Banca	66.1	61.7	62.5	63.5	69.9	59.7	65.3	57.6	70.7	76	1313
Agency	22.8	27.6	26.5	24.5	23.6	28.7	24.8	26.6	21.5	-212	-508
Others	11.2	10.7	11.0	12.0	6.5	11.6	9.9	15.9	7.8	136	-805
<b>Key Ratios (%)</b>										<b>Change (bp)</b>	
<b>Operating ratios</b>											
Commission (Unwtd)	3.4	3.9	4.5	4.3	4.4	4.4	3.8	3.9	4.2	-20	23
Opex (UnWtd)	4.3	5.1	6.7	5.1	4.7	5.0	6.8	4.4	4.7	-1	28
Total Cost (Unwtd)	7.7	9.0	11.2	9.4	9.1	9.4	10.6	8.4	8.9	-22	50
Solvency ratio	209.0	205.0	221.0	219.0	225.0	215.0	215.0	212.0	209.0	-1,600	-300
<b>Operating ratios</b>											
VNB margins	25.2	28.3	30.4	31.6	27.8	31.6	28.7	28.5	27.4	-40	-108
<b>Persistency ratios</b>											
13th mth	83.9	85.2	85.6	85.2	80.5	85.5	81.5	83.3	82.1	156	-123
25th mth	76.4	78.1	78.7	77.5	71.5	75.6	75.1	75.2	74.1	254	-113
37th mth	71.9	72.2	72.2	72.9	70.7	74.5	69.2	68.3	68.0	-270	-26
49th mth	68.3	69.9	70.3	70.3	66.8	70.3	68.8	71.6	69.9	309	-173
61st mth	48.7	49.5	50.3	52.5	53.3	55.6	56.6	56.1	55.9	257	-24
<b>Key Metrics (INRb)</b>											
VNB	11.5	11.7	8.8	12.4	15.1	14.4	8.7	14.9	16.8	11	13
AUM	2569	2674	2624	2826	3000	3073	3283	3452	3714	24	8
Equity Portion (%)	29.0	29.0	27.0	29.0	29.0	29.0	31.0	29.0	35.0	600	600

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



## Highlights from the management commentary

### Business

- SBI life has maintained its leadership position in Individual Rated Premium of INR 127.9b, with 26.5% private market share in 9MFY24.
- New Business Premium grew 21%YoY to INR 260b in 9MFY24, aided by 35% YoY growth in individual annuity business.
- Protection New Business Premium has increased 17% YoY to INR 29.7b in 9MFY24 from INR 25.5b in 9MFY23 due to 25% YoY growth in group protection business to INR 23.1b in 9MFY24.
- Gross Written Premium grew 19% YoY to INR 561.9b in 9MFY24, mainly due to 25% YoY growth in Single Premium and 17% YoY growth in Renewal Premium in 9MFY24.
- Strong growth was observed in the 49<sup>th</sup>-month and 61<sup>st</sup>-month persistency in 9MFY24, with increases of 151 bp and 449 bp, respectively. This positive trend can be attributed to a dedicated focus on improving the quality of business and fostering customer retention.
- The company expects higher growth in individual protection in the coming quarters. Currently, the group term business is witnessing strong growth.
- Going ahead, the company would focus on the non-par segment – both savings and protection.
- There has been a minor tweak in commission ratio for the agency channel, and hence, there is no major change in cost ratio. On 9MFY24 basis, commission ratio increased on account of higher growth in long-term plans.
- The decline in margin is primarily on account of a change in product mix. Product-level margins have seen marginal improvement on the back of rising share of longer-term products.
- For FY25, SBI Life expects VNB margin to be in the range of 28% and APE growth of ~18%.
- SBI Life believes that there would not be any major impact of draft surrender value regulation, owing to lower mix of non-par products.
- The average ticket for non-par products is INR 90,000 and for ULIPs, it is above INR 0.1m.
- Re-pricing of non-par products is based on change in interest rates (already re-priced three times over the last nine months)

### Distribution

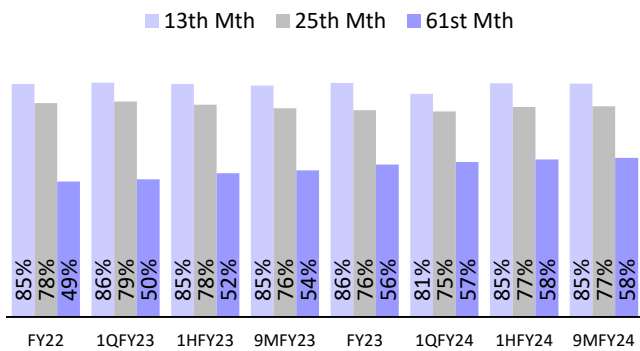
- The company has a strong distribution network of ~0.3m trained insurance professionals along with widespread operations with 1,028 offices.
- APE channel mix for 9MFY24 - bancassurance channel 65%, agency channel 24%, & other channels 11%.
- Agency channel has grown 15% in 9MFY24. The agency is one of the focus areas for increasing distribution reach.
- ~39% of the business comes from rural and semi-urban areas. SBI, with its extensive reach, shall help SBI Life penetrate deeper into tier 3-4 towns.
- While all branches of SBI are equipped to sell Life Insurance products, there is a need to enhance activation, and this will be the key focus area.

**New Launches**

■ SBI Life last week launched two ROP products with higher Sum Assured – ‘SBI Life - Saral Swadhan Supreme’ and ‘SBI Life - Smart Swadhan Supreme’. This product is competitive in nature and is margin accretive. The company is looking to launch some more savings product in the non-par segment in the next three to six months.

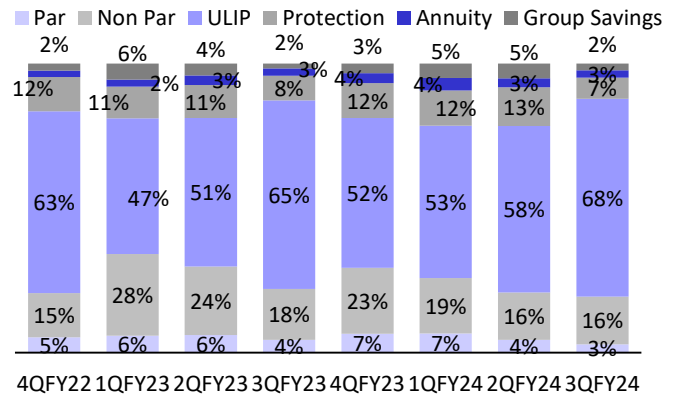
**Story in charts**

**Exhibit 1: Persistency ratios across cohorts**



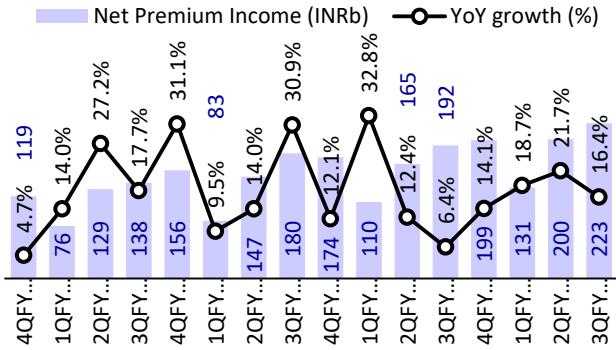
Source: MOFSL, Company

**Exhibit 2: The share of ULIP increased to 68% of total APE**



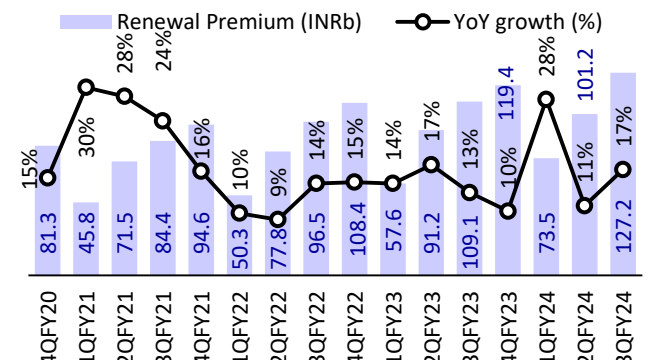
Source: MOFSL, Company

**Exhibit 3: Net premium up 16% YoY**



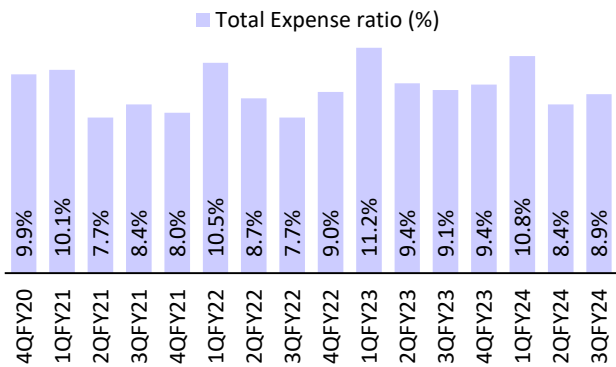
Source: MOFSL, Company

**Exhibit 4: Renewal premium grew 17% YoY**



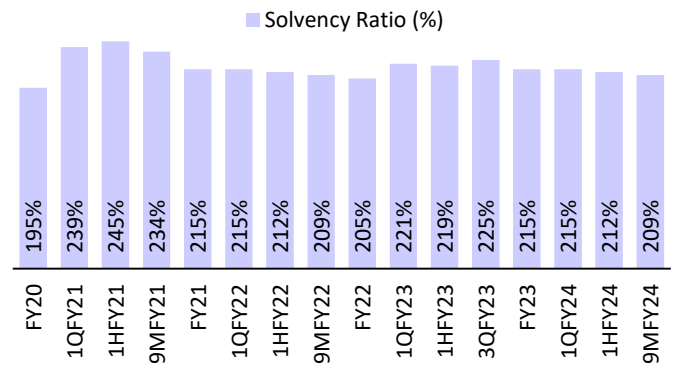
Source: MOFSL, Company

**Exhibit 5: Total expense ratio stood at 8.9%**



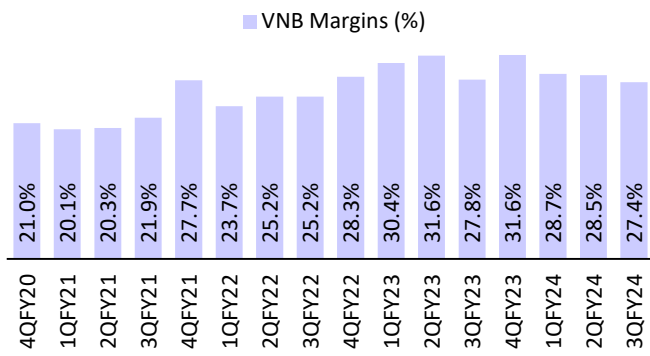
Source: MOFSL, Company

**Exhibit 6: Solvency ratio remains healthy at 209%**



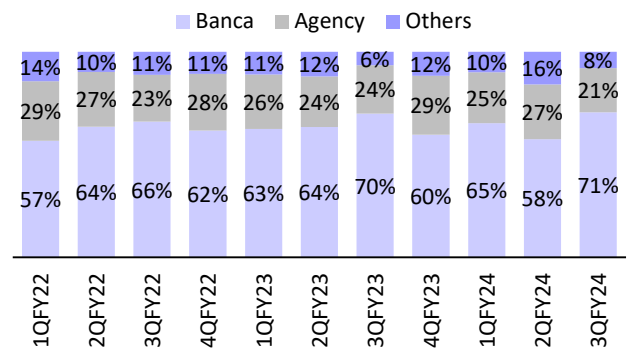
Source: MOFSL, Company

**Exhibit 7: VNB margin stood at 27.4%**



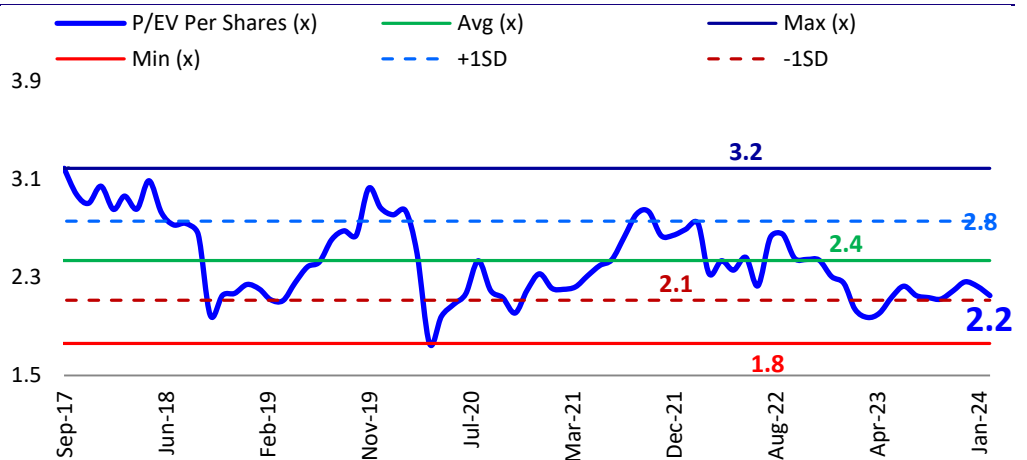
Source: MOFSL, Company; Margins based on Effective tax rate

**Exhibit 8: Share of distribution mix across channels**



Source: MOFSL, Company; Distribution mix based on APE

**Exhibit 9: One-year forward P/EV**



Source: MOFSL, Company

## Financials and valuations

Technical account (INR b)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Gross Premiums	502.5	587.6	673.2	793.7	919.7	1,076.4
Reinsurance Ceded	(4.9)	(3.3)	(7.3)	(6.9)	(8.2)	(9.8)
Net Premiums	497.7	584.3	665.8	786.8	911.5	1,066.7
Income from Investments	314.6	235.7	132.6	469.3	291.8	339.0
Other Income	8.6	10.3	17.6	22.0	26.4	31.6
<b>Total income (A)</b>	<b>820.8</b>	<b>830.3</b>	<b>816.0</b>	<b>1,278.0</b>	<b>1,229.6</b>	<b>1,437.3</b>
Commission	17.7	21.6	30.1	32.9	38.6	45.4
Operating expenses	24.1	29.7	34.6	40.3	46.9	55.1
<b>Total commission and opex</b>	<b>41.9</b>	<b>51.3</b>	<b>64.7</b>	<b>73.1</b>	<b>85.5</b>	<b>100.5</b>
Benefits Paid (Net)	215.8	313.4	302.9	383.9	446.4	523.0
Chg in reserves	539.3	437.6	410.0	774.4	643.0	750.5
Prov for doubtful debts	4.7	7.8	8.3	10.9	12.3	14.2
<b>Total expenses (B)</b>	<b>801.8</b>	<b>810.2</b>	<b>785.9</b>	<b>1,242.3</b>	<b>1,187.2</b>	<b>1,388.2</b>
<b>(A) - (B)</b>	<b>19.1</b>	<b>20.1</b>	<b>30.0</b>	<b>35.8</b>	<b>42.4</b>	<b>49.1</b>
Prov for Tax	1.0	1.3	1.5	2.1	3.0	3.3
<b>Surplus / Deficit (calculated)</b>	<b>18.1</b>	<b>18.8</b>	<b>28.6</b>	<b>33.6</b>	<b>39.4</b>	<b>45.8</b>
Shareholder's a/c (INR b)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Transfer from technical a/c	16.8	17.3	27.1	30.2	33.2	38.7
Income From Investments	6.9	9.9	7.9	8.7	10.5	12.4
<b>Total Income</b>	<b>23.7</b>	<b>27.2</b>	<b>35.0</b>	<b>38.9</b>	<b>43.7</b>	<b>51.2</b>
Other expenses	0.6	2.9	0.5	0.5	0.7	1.0
Contribution to technical a/c	8.2	9.8	17.1	19.8	21.1	25.3
Total Expenses	8.3	11.6	17.4	20.3	21.8	26.3
<b>PBT</b>	<b>15.4</b>	<b>15.6</b>	<b>17.6</b>	<b>18.6</b>	<b>21.9</b>	<b>24.8</b>
Prov for Tax	0.9	0.5	0.4	0.2	0.2	0.3
<b>PAT</b>	<b>14.6</b>	<b>15.1</b>	<b>17.2</b>	<b>18.4</b>	<b>21.7</b>	<b>24.6</b>
<i>Growth</i>	2.4%	3.4%	14.2%	7.0%	17.9%	13.3%
Premium (INR b) & growth (%)	FY21	FY22	FY23	FY24E	FY25E	FY26E
New business prem - unwtd	206.2	254.6	295.9	349.1	412.0	486.2
New business prem - wrp	113.7	141.9	166.4	192.0	232.2	273.9
Renewal premium	296.3	333.0	377.3	444.6	507.7	590.3
Total premium - unwtd	502.5	587.6	673.2	793.7	919.7	1,076.4
New bus. growth - unwtd	24.3%	23.4%	16.2%	18.0%	18.0%	18.0%
New business growth - wrp	8.2%	24.9%	17.2%	15.4%	20.9%	18.0%
Renewal premium growth	23.2%	12.4%	13.3%	17.8%	14.2%	16.3%
Total prem growth - unwtd	23.7%	16.9%	14.6%	17.9%	15.9%	17.0%
Premium mix (%)	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>New business - unwtd</b>						
- Individual mix	60.6%	64.8%	70.7%	70.0%	70.0%	70.0%
- Group mix	39.4%	35.2%	29.3%	30.0%	30.0%	30.0%
<b>New business mix - WRP</b>						
- Participating	8.4%	5.3%	5.5%	7.3%	8.9%	8.9%
- Non-participating	26.6%	28.9%	38.9%	44.7%	43.8%	44.0%
- ULIPs	65.0%	65.8%	55.6%	48.0%	47.3%	47.1%
<b>Total premium mix - unwtd</b>						
- Participating	15.1%	12.9%	11.1%	10.7%	11.1%	11.0%
- Non-participating	28.2%	30.3%	35.4%	35.2%	35.9%	36.5%
- ULIPs	56.6%	56.8%	53.6%	54.1%	53.0%	52.5%
Individual prem sourcing mix (%)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Individual agents	27.7%	26.6%	23.4%	28.4%	28.1%	28.1%
Corporate agents-Banks	65.4%	64.9%	67.0%	63.4%	63.0%	63.0%
Direct business	4.1%	5.3%	6.6%	6.0%	6.5%	6.5%
Others	2.8%	3.1%	3.1%	2.2%	2.4%	2.4%

## Financials and valuations

Balance sheet (INR b)	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Sources of Fund</b>						
Share Capital	10.0	10.0	10.0	10.0	10.0	10.0
Reserves And Surplus	90.9	104.2	119.2	134.8	153.2	174.5
<b>Shareholders' Fund</b>	<b>104.0</b>	<b>116.2</b>	<b>130.2</b>	<b>145.6</b>	<b>163.9</b>	<b>185.1</b>
Policy Liabilities	924.1	1,097.6	1,301.3	1,566.9	1,888.8	2,270.5
Prov. for Linked Liab.	965.5	1,174.9	1,407.2	1,596.2	1,810.4	2,058.4
Funds For Future App.	8.4	9.9	11.4	13.5	15.9	18.8
Current liabilities & prov.	42.4	51.3	51.0	52.9	54.9	57.0
<b>Total</b>	<b>2,268.3</b>	<b>2,733.4</b>	<b>3,146.9</b>	<b>3,681.8</b>	<b>4,320.2</b>	<b>5,080.5</b>
<b>Application of Funds</b>						
Shareholders' inv	86.0	100.8	112.1	132.3	156.1	184.2
Policyholders' inv	939.4	1,121.3	1,298.7	1,607.7	1,935.1	2,323.0
Assets to cover linked liab.	1,162.2	1,426.3	1,632.6	1,819.5	2,084.2	2,401.6
Loans	3.6	3.6	3.9	4.5	5.1	5.9
Fixed Assets	5.7	5.3	5.2	5.6	6.1	6.6
Current assets	71.5	76.2	94.4	112.3	133.6	159.2
<b>Total</b>	<b>2,268.3</b>	<b>2,733.4</b>	<b>3,146.9</b>	<b>3,681.8</b>	<b>4,320.2</b>	<b>5,080.5</b>
<b>Operating ratios (%)</b>						
Investment yield	15.0%	9.3%	4.5%	13.6%	7.2%	7.2%
<b>Commissions / GWP</b>						
- first year premiums	8.4%	8.3%	11.9%	10.1%	10.2%	10.2%
- renewal premiums	2.6%	2.6%	2.5%	2.5%	2.5%	2.5%
- single premiums	1.1%	1.2%	1.4%	1.8%	1.8%	1.8%
Operating expenses / GWP	4.8%	5.1%	5.1%	5.1%	5.1%	5.1%
<b>Total expense ratio</b>	<b>8.3%</b>	<b>8.7%</b>	<b>9.6%</b>	<b>9.2%</b>	<b>9.3%</b>	<b>9.3%</b>
Claims / NWP	43.2%	53.5%	45.2%	48.5%	48.7%	48.7%
Solvency ratio	215%	205%	215%	187%	180%	173%
<b>Persistency ratios (%)</b>						
13th Month	85.4%	85.2%	85.5%	85.8%	86.0%	86.2%
25th Month	75.8%	78.1%	75.6%	74.0%	73.1%	72.6%
37th Month	72.1%	72.2%	74.5%	75.7%	76.3%	76.6%
49th Month	65.6%	69.9%	70.3%	70.5%	70.6%	70.6%
61st Month	50.9%	49.5%	55.6%	59.3%	61.5%	62.8%
<b>Profitability ratios (%)</b>						
VNB margin (%)	23.2%	25.9%	30.1%	28.3%	28.7%	29.2%
RoE (%)	15.2%	13.7%	14.0%	13.3%	14.0%	14.1%
RoIC (%)	15.3%	14.0%	14.1%	13.4%	14.1%	14.1%
Operating ROEV (%)	19.1%	20.6%	22.9%	20.9%	20.5%	20.4%
RoEV (%)	27.0%	18.7%	16.2%	21.6%	20.6%	20.2%
<b>Valuation ratios</b>						
Total AUMs	2,209	2,674	3,073	3,621	4,247	4,993
- of which equity AUMs (%)	27%	29%	29%	31%	31%	31%
Dividend %	25%	20%	25%	28%	33%	33%
Dividend payout ratio (%)	17%	13%	15%	15%	15%	13%
EPS, Rs	14.6	15.1	17.2	18.4	21.7	24.6
VNB	26.6	37.0	50.7	54.3	66.7	80.0
- VNB growth (%)	19.8%	39.1%	37.0%	7%	23%	20%
EV per share	364.0	396.3	460.4	560.0	675.4	812.1
VIF as % of EV	63%	68%	70%	72%	74%	76%
P/VIF	6.6	5.1	4.3	3.4	2.7	2.2
P/AUM (%)	62%	52%	45%	38%	32%	28%
P/EV (x)	3.8	3.5	3.0	2.5	2.0	1.7
P/EPS (x)	94.8	91.6	80.3	75.0	63.7	56.2
P/EVOP (x)	27.5	20.0	15.2	14.3	12.0	10.0
P/VNB (x)	51.9	37.3	27.2	25.4	20.7	17.3

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