

**HOLD**

TP: Rs 700 | ▲ 12%

**HDFC LIFE**

| Insurance

| 13 October 2023

**Mixed quarter; maintain HOLD**

- Q2 slightly short of our estimates; management expects a stronger H2 on new launches, growth in tier-2&3 markets and in bancassurance
- Protection and ULIP share improved in the APE mix in H1FY24 vs. FY23; non-par continues to struggle
- TP maintained at Rs 700 on an unchanged 2.8x FY25E P/EV multiple; retain HOLD

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**Mixed quarter:** HDFC Life's individual and overall APE both grew 9% YoY as at end-H1FY24. Total APE of Rs 30.4bn at end-Q2FY24 missed our estimate of Rs 31.5bn, as did NBP at Rs 71bn. Further, NBP market share slipped from 20.8% in FY23 to 19.1%, though the company retained its #2 rank among private peers. On the positive side, HDFC Life indicated that it rolled out new products, saw strong growth in tier-2/3 cities (mostly <Rs 0.5mn premium paying customers), registered a higher HDFC Bank share (62% at end-H1 vs. 56.5% in Q1), and maintained stable average ticket size despite a decline in large policies. Backed by these factors, management is confident that H2 will outshine H1.

**Protection business gains traction; non-par moderates:** Non-par APE fell from a high of 38% of total APE at end-FY23 to 24% in H1FY24 (27% in Q1). Non-par products have been repriced twice in the current cycle. The share of protection plans improved from 13% in FY23 to 17% in H1, with two new products launched. ULIPs grew from 16% of APE at end-FY23 to 24% in H1FY24.

**H1 VNB margin flat:** The company generated VNB of Rs 14.1bn (+10% YoY) with a flat margin of 26.2% at end-H1FY24 and continues to expect the merged entity to be margin-neutral by FY24-end. We retain our VNB margin forecast of 26.5% for both FY24 and FY25 along with a 7% VNB CAGR over FY23-FY25 to Rs 42bn. The company reiterated that VNB growth would come from higher APE and not margin expansion. We continue to model for a 10% APE CAGR over FY23-FY25 to Rs 160bn and a 16% CAGR in EV to Rs 536bn.

**Retain HOLD:** HDFC Life is trading at 2.5x FY25E P/EV. We continue to value the stock at 2.8x FY25E P/EV— a 30% discount to the long-term mean – for an unchanged TP of Rs 700. Our multiple bakes in positives from higher market share in the HDFC Bank channel, stable ticket size and pickup in demand from tier-2 and tier-3 markets. We also factor in the negatives of a weak VNB margin, market share contraction and high expense ratios, which explains our steep discount to the mean multiple. Considering that our TP offers just 12% upside, we retain HOLD.

**Key changes**

Target	Rating
◀ ▶	◀ ▶

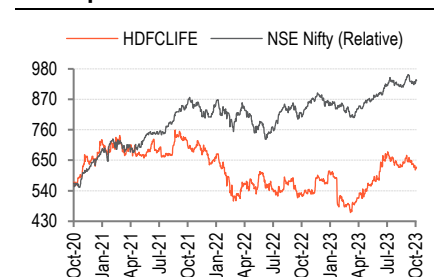
Ticker/Price	HDFCLIFE IN/Rs 625
Market cap	US\$ 16.2bn
Free float	48%
3M ADV	US\$ 24.3mn
52wk high/low	Rs 691/Rs 458
Promoter/FPI/DII	52%/26%/8%

Source: NSE | Price as of 13 Oct 2023

**Key financials**

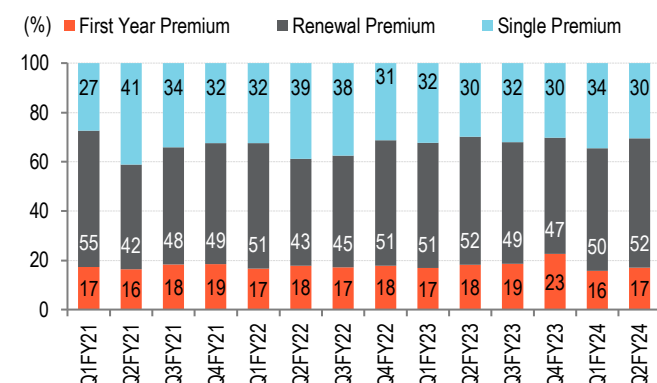
Y/E 31 Mar	FY23A	FY24E	FY25E
NBP (Rs mn)	290,851	338,082	374,392
APE (Rs mn)	133,400	138,132	160,231
VNB (Rs mn)	36,818	36,605	42,461
Embedded Value (Rs mn)	394,988	459,855	535,768
VNB margin (%)	27.6	26.5	26.5
EVPS (Rs)	185.0	215.4	251.0
EPS (Rs)	6.4	7.2	7.8
Consensus EPS (Rs)	6.4	7.7	8.9
P/EV (x)	3.4	2.9	2.5

Source: Company, Bloomberg, BOBCAPS Research

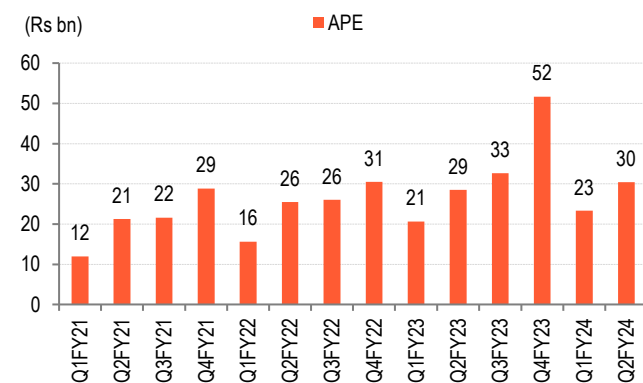
**Stock performance**

Source: NSE

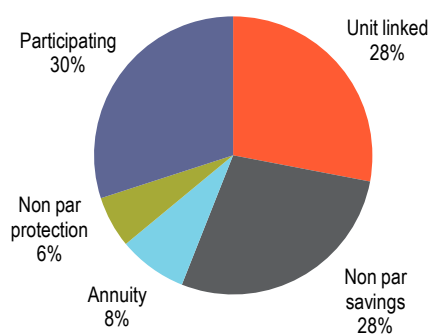


**Fig 1 – Single premium products largely stable YoY in Q2FY24**


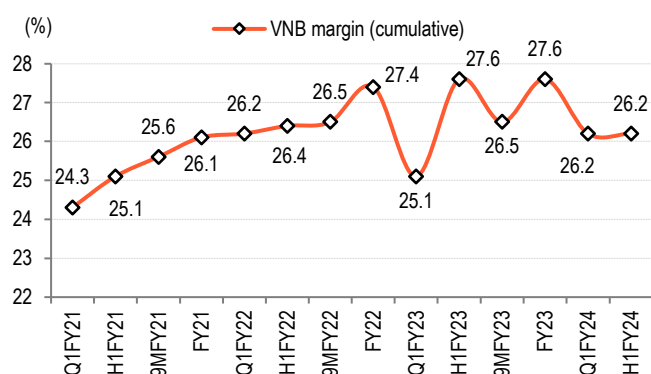
Source: Company, BOBCAPS Research

**Fig 2 – APE grew ~7% YoY in Q2**


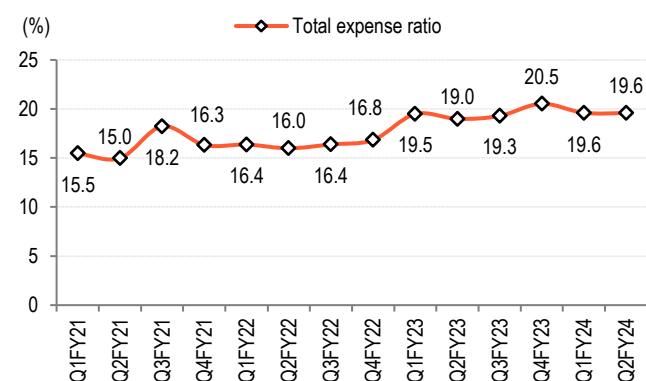
Source: Company, BOBCAPS Research

**Fig 3 – Product mix (individual APE-based) shows non-par savings at a relatively low 28% in H1FY24**


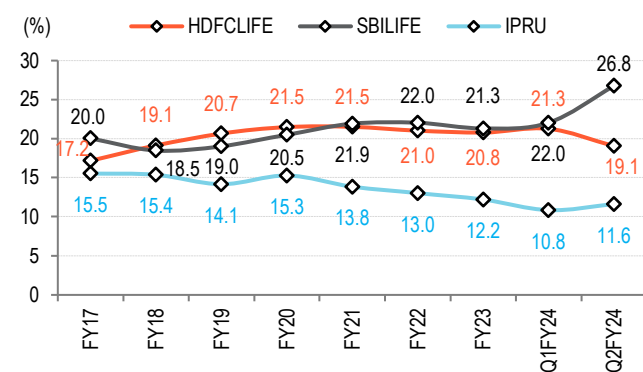
Source: Company, BOBCAPS Research

**Fig 4 – VNB margin stood at 26.2% at end H1**


Source: Company, BOBCAPS Research

**Fig 5 – Overall expense ratio stable**


Source: Company, BOBCAPS Research

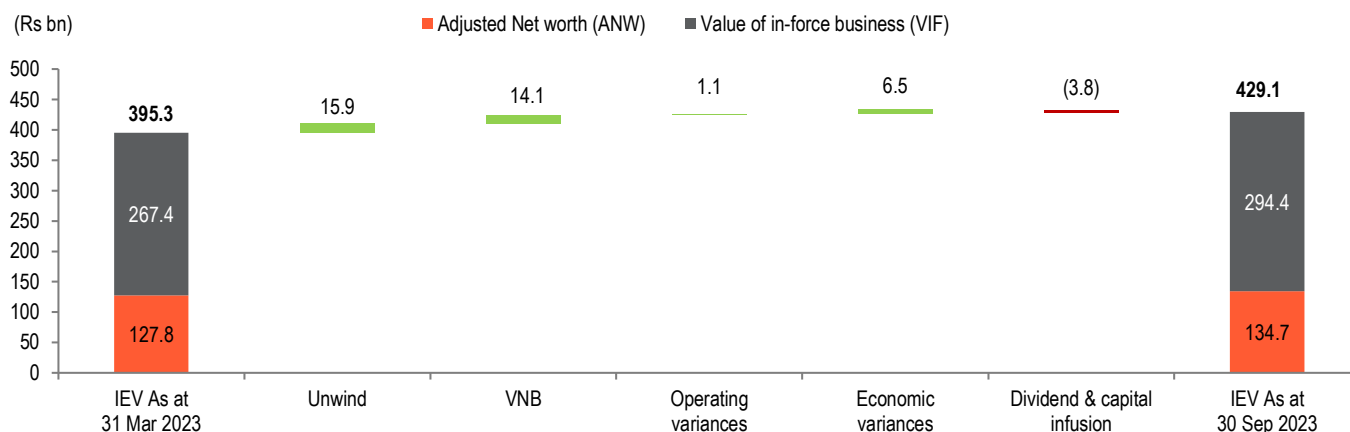
**Fig 6 – NBP market share has contracted**


Source: IRDA, BOBCAPS Research

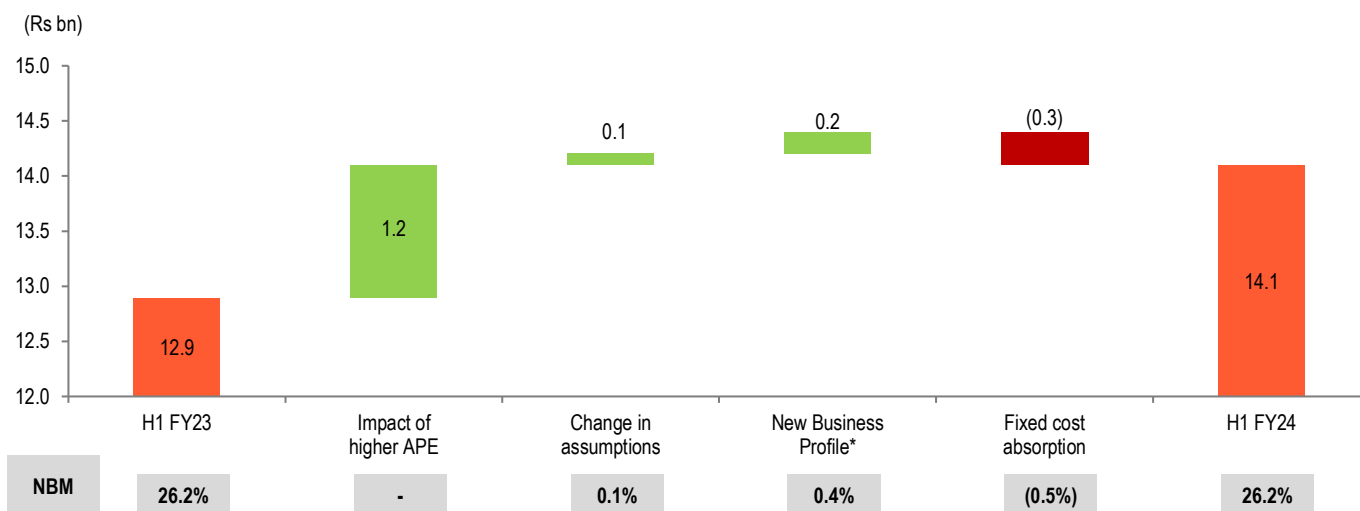
**Fig 7 – Distribution mix based on individual APE: Bancassurance gaining traction**

(%)	Q1FY21	H1FY21	9MFY21	FY21	Q1FY22	H1FY22	9MFY22	FY22	Q1FY23	H1FY23	9MFY23	FY23	Q1FY24	H1FY24
Bancassurance	59.0	60.0	63.0	61.0	56.0	60.0	61.0	60.0	56.0	61.0	59.0	56.0	61.0	65.0
Brokers and Others	5.0	6.0	6.0	7.0	6.0	6.0	6.0	6.0	7.0	7.0	9.0	11.0	8.0	7.0
Agency	12.0	13.0	12.0	13.0	15.0	13.0	14.0	14.0	16.0	15.0	18.0	20.0	20.0	18.0
Direct	24.0	21.0	19.0	19.0	23.0	21.0	19.0	19.0	22.0	17.0	15.0	13.0	12.0	11.0

Source: Company, BOBCAPS Research

**Fig 8 – Higher economic variance boosts embedded value**

Source: Company, BOBCAPS Research | Note: IEV – Indian Embedded Value

**Fig 9 – VNB grew ~10% YoY though margins stayed flat in H1FY24**

Source: Company, BOBCAPS Research | \*Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple, etc. | Note: VNB – Value of New Business; NBM – New Business Margin

**Fig 10 – Policyholders' account**

(Rs mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
<b>Gross premium income</b>	<b>149,403</b>	<b>132,826</b>	<b>12.5</b>	<b>116,728</b>	<b>28.0</b>	<b>266,131</b>	<b>233,323</b>	<b>14.1</b>
First Year Premium	25,656	24,231	5.9	18,514	38.6	44,170	41,318	6.9
Renewal Premium	78,389	69,066	13.5	58,041	35.1	136,430	120,071	13.6
Single Premium	45,358	39,528	14.7	40,173	12.9	85,531	71,934	18.9
Reinsurance	1,843	1,717	7.4	1,930	(4.5)	3,773	3,742	0.8
<b>Net premium income</b>	<b>147,560</b>	<b>131,109</b>	<b>12.5</b>	<b>114,798</b>	<b>28.5</b>	<b>262,358</b>	<b>229,581</b>	<b>14.3</b>
Income from investments (Net)	81,044	97,826	(17.2)	116,287	(30.3)	197,331	64,801	204.5
Other income	1,007	650	54.8	863	16.7	1,869	1,245	50.1
Contribution of funds from Shareholders' A/c	132	149	(11.3)	179	(26.0)	311	232	34.3
<b>Total</b>	<b>229,743</b>	<b>229,735</b>	<b>0.0</b>	<b>232,126</b>	<b>(1.0)</b>	<b>461,869</b>	<b>295,858</b>	<b>56.1</b>
<b>Commission on</b>								
First Year Premium	7,032	4,088	72.0	4,088	72.0	11,120	6,722	65.4
Renewal Premium	1,217	1,939	(37.2)	830	46.6	2,047	2,684	(23.7)
Single Premium	3,566	685	420.7	1,593	123.9	5,159	1,218	323.5
Rewards	54	109	(51.0)	106	(49.6)	160	202	(21.0)
<b>Net Commission</b>	<b>11,869</b>	<b>6,822</b>	<b>74.0</b>	<b>6,617</b>	<b>79.4</b>	<b>18,486</b>	<b>10,826</b>	<b>70.8</b>
Expenses of Management	29,270	25,215	16.1	22,881	27.9	52,151	44,797	16.4
Provision for taxes	(5,120)	1,164	(540.0)	1,125	(555.3)	(3,995)	2,185	(282.8)
Benefits Paid (Net)	93,371	117,308	(20.4)	80,728	15.7	174,099	190,049	(8.4)
Change in actuarial liability	110,161	83,507	31.9	125,636	(12.3)	235,797	53,952	337.0
<b>Surplus/Deficit</b>	<b>2,293</b>	<b>2,470</b>	<b>(7.2)</b>	<b>2,118</b>	<b>8.2</b>	<b>4,410</b>	<b>4,570</b>	<b>(3.5)</b>

Source: Company, BOBCAPS Research

**Fig 11 – Shareholders' account**

(Rs mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
Transfer from Policyholders' Account	1,354	2,182	(37.9)	2,317	(41.5)	3,671	4,690	(21.7)
Investment Income	2,368	1,599	48.1	2,317	2.2	4,685	2,800	67.3
Expenses other than those related to insurance business	247	370	(33.1)	354	(30.2)	602	614	(1.9)
Transfer of funds to Policyholders' Account	132	149	(11.3)	179	(26.0)	311	232	34.3
Provisions for diminution in value of investments <sup>6</sup>	135	(12)	(1,237.8)	(65)	(307.0)	70	(239)	(129.3)
Profit before tax	3,307	3,273	1.0	4,166	(20.6)	7,473	6,884	8.6
Provisions for tax	(461)	11	NA	13	NA	(448)	22	NA
<b>Profit after tax and before extraordinary items</b>	<b>3,768</b>	<b>3,262</b>	<b>15.5</b>	<b>4,153</b>	<b>(9.3)</b>	<b>7,921</b>	<b>6,863</b>	<b>15.4</b>

Source: Company, BOBCAPS Research

**Fig 12 – Key ratios and growth metrics**

(Rs mn)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
NBP	71,013	63,760	11.4	58,687	21.0	129,701	113,252	14.5
APE	30,430	28,500	6.8	23,300	30.6	53,730	49,100	9.4
Opex ratio (%)	11.6	13.8	(220bps)	13.9	(229bps)	12.6	14.6	(191bps)
Commission ratio (%)	7.9	5.1	281 bps	5.7	228bps	6.9	4.6	231bps
Expense ratio (%)	19.6	19.0	61 bps	19.6	(1bps)	19.6	19.2	40bps
VNB margin (%) - Cumulative	26.2	27.6	(140bps)	26.2	0bps	26.2	27.6	(140bps)
Solvency ratio (%)	194.0	210	(1600bps)	200.0	(600bps)	194.0	210.0	(1600bps)

Source: Company, BOBCAPS Research

**Fig 13 – Balance sheet**

(Rs mn)	Q2FY24	Q2FY23	YoY (%)
<b>SHAREHOLDERS' FUNDS:</b>			
Share Capital	21,501	21,491	0.0
Share application money received pending allotment of shares	8	1	1,233.3
Reserves and Surplus	112,286	101,329	10.8
Credit / (Debit) Fair Value Change Account	2,778	648	328.4
<b>Sub-Total</b>	<b>136,572</b>	<b>123,469</b>	<b>10.6</b>
Borrowings	9,500	9,500	-
<b>Policyholders Funds</b>			
Credit / (Debit) Fair Value Change Account	37,731	19,875	89.8
Policy Liabilities	1,580,046	1,277,425	23.7
Provision for Linked Liabilities	597,504	588,413	1.5
Add: Fair value change	245,888	185,171	32.8
Funds for discontinued policies			
(i) Discontinued on account of non-payment of premium	36,907	41,628	-11.3
(ii) Others	163	164	-0.9
Funds for Future Appropriations	13,094	13,335	-1.8
<b>TOTAL</b>	<b>2,657,404</b>	<b>2,258,979</b>	<b>17.6</b>
<b>APPLICATION OF FUNDS</b>			
<b>INVESTMENTS:</b>			
Shareholders'	151,284	124,753	21.3
Policyholders'	1,616,950	1,308,885	23.5
Asset held to cover Linked Liabilities	880,461	815,376	8.0
Loans	17,433	14,433	20.8
Fixed Assets	3,906	3,648	7.1
<b>NET CURRENT ASSETS (C) = (A - B)</b>	<b>(12,631)</b>	<b>(8,116)</b>	<b>55.6</b>
<b>TOTAL</b>	<b>2,657,404</b>	<b>2,258,979</b>	<b>17.6</b>

Source: Company, BOBCAPS Research

## Earnings call highlights

### Business highlights

- HDFC Life's NBP stood at Rs 71bn and renewal premium at Rs 78bn at end-Q2FY24 vs. Rs 64bn and Rs 69bn respectively in Q2FY23. At end-H1FY24, NBP grew 15% YoY to Rs 129.7bn whereas renewals grew 14% to Rs 136.4bn.
- Annuity and protection put together contributed to ~55% of NBP in H1FY24.
- APE was at Rs 30.4bn at end-Q2FY24, of which 85% or Rs 26bn comprised individual APE. At end-H1FY24, APE grew 9% YoY to Rs 53.7bn and individual APE grew 9% YoY to Rs 44.8bn.
- Policies with premium less than Rs 0.5mn saw 18-20% YoY growth in terms of overall APE in Q2, whereas those priced above Rs 0.5mn saw a ~20% decline.
- The company recorded an uptick of 10% in the number of individual policies sold at end H1, beating industry growth.
- The trend of high traction in tier-2 and tier-3 cities continues.
- About two-thirds of retail customers onboarded are new to HDFC Life and their growth prospects remain robust considering the company can add more business in the later stages of life. Half of these new customers are under 35 years of age.
- In Q2, HDFC Life launched two new products in the protection segment, viz. HDFC Life Sanchay Legacy and Click 2 Protect Elite. Per the company, Sanchay Legacy is an industry first, whole-life, return-of-premium protection plan with increasing life cover, and is designed to cater to a middle-age-and-above customer segment. The other term product, Click 2 Protect Elite, caters to a more affluent customer class. The company intends to launch more products in other segments during H2FY24.
- The solvency ratio stood at 194% as on Sep'23. The 13<sup>th</sup> and 61<sup>st</sup> month persistency ratios were healthy at 86% and 53% respectively in H1FY24 vs. 87% and 51% in H1FY23.

### Product mix

- HDFC Life continues to maintain a balanced product mix with non-par savings at 28% of individual APE, participating products at 30%, ULIPs at 28%, and annuity and protection plans at 8% and 6% respectively. While growth in non-par products has come under pressure after the new tax on policies with premium above Rs 0.5mn, this has been balanced by growth in protection products.
- Non-par products have been repriced twice in the current cycle.

### VNB margin

- VNB margin was flat at 26.2% in H1FY24, with VNB up 10% YoY to Rs 14.1bn.
- Guidance of margin neutrality by the end of FY24 has been retained. The company expects APE growth to be better in H2FY24, aiding a return to FY23 VNB margins by the end of this fiscal. Management expects VNB expansion in FY24 to be supported by APE growth and not margin gains.

### Protection business

- Individual protection business growth has been strong at ~49% YoY in H1FY24 on APE basis.
- The Credit Protect product grew by 28% YoY in H1 owing to strong credit growth in the financial system. Moreover, a lot of businesses have shifted from regular premium to single premium, resulting in strong numbers.
- The share of return of premium (ROP) products in the protection business has risen to ~30% during H1vs. 20% YoY. These products have a similar margin profile to pure term products.
- The company does not expect any reinsurance hikes in the near-and-medium term based on its recent meeting with reinsurers.

### Embedded value (EV)

- The embedded value (EV) was Rs 429bn as on Sep'23, with an operating return on EV of 16.4%.
- EV had a positive economic variance of Rs 6.5bn at end-H1FY24, broken down between the first two quarters as follows.
  - In Q1, the company had a positive economic variance of Rs 8.1bn which was broadly split between equity and debt, with both having positive impacts. In equity, stock markets rallied ~10% during the quarter vs. 2-2.5% expected by the company, leading to an upside of ~Rs 5bn. On the debt side, the short-end curve flattened compared to Mar'23, raising the value by ~Rs 3bn.
  - In Q2, equity markets performed slightly better than the company expected, rising ~3%, translating to another Rs 500mn increase in positive variance due to equity. However, the interest rate cycle reversed, virtually nullifying the benefits from Q1. Thus, most of the variance of Rs 6.5bn came from equity.

### Distribution channel

- The bancassurance channel share in individual APE improved from 56% in FY23 to 65% at end-H1FY24.
- HDFC Life had 62% market share in the HDFC Bank channel at end-H1FY24 (70% in September) vs. 56.5% in Q1. The increase was on account of new products launched and better engaging with the bank teams at the strategic level.
- Brokers' share in individual APE fell from 11% in FY23 to 7% in H1FY24 and agency share fell from 20% to 18% as they typically sell high-ticket par and non-par products that have slowed down.
- HDFC Life announced a partnership with Airtel Payments Bank (150mn customers can be tapped). This apart, it added more than 37,000 agents to the channel in H1FY24.

## Valuation methodology

Following the Q2FY24 results, we continue to factor in VNB margins of 26.5% for both FY24 and FY25, a 7% VNB CAGR over FY23-FY25 to Rs 42bn and a 10% APE CAGR to Rs 160bn.

HDFC Life is trading at 2.5x FY25E P/EV. We continue to value the stock at 2.8x FY25E P/EV – a 30% discount to the long-term mean – for an unchanged TP of Rs 700. Our multiple bakes in positives from higher market share in the HDFC Bank channel, stable ticket size and pickup in demand from tier-2 and tier-3 markets. We also factor in the negatives of a weak VNB margin, market share contraction and high expense ratios, which explains our steep discount to the mean multiple. Considering that our TP offers just 12% upside, we retain HOLD.

**Fig 14 – Revised estimates**

(Rs bn)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Gross Premium	676	758	676	758	-	-
Net Premium	667	748	667	747	0.1	0.1
VNB	37	42	37	42	-	-
APE	138	160	138	160	-	-
Embedded Value (EV)	460	536	460	536	-	-
VNB Margin (%)	26.5	26.5	26.5	26.5	-	-

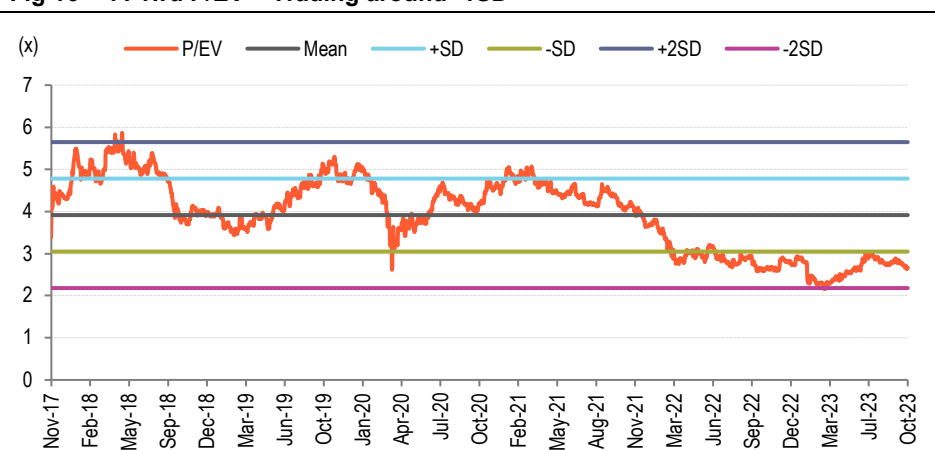
Source: BOBCAPS Research

**Fig 15 – Valuation summary**

Particulars	
Embedded Value (FY25E) (Rs bn)	536
PV of Future business (Rs bn)	1,024
<b>Total value (Rs bn)</b>	<b>1,559</b>
Current P/EV (FY25E) (x)	2.5
Implied P/EV (FY25E) (x)	2.8
<b>Implied Target Price (Rs)</b>	<b>700</b>
Current Price (Rs)	625
Upside (%)	11.9

Source: BOBCAPS Research

**Fig 16 – 1Y fwd P/EV – Trading around -1SD**



Source: Company, BOBCAPS Research



## Key risks

Key downside risks to our estimates are:

- **Change in regulatory framework:** Any unfavourable change in regulations can impact business growth. For example, currently ULIP proceeds are taxed to the extent the yearly premium exceeds Rs 0.25mn. Similarly, any change in income tax rate of insurance companies can adversely impact profitability.
- **Losses from capital and bond markets:** Prolonged weakness in capital markets could hamper the growth of ULIPs. Although insurance companies are opting for a balanced product mix, many of them have sizeable business coming from ULIPs.
- **Increasing interest rates:** The guaranteed return businesses can be affected by an increase in interest rates as other financial instruments (e.g. deposits) become more attractive. HDFC Life had ~38% non-par share in the total APE mix as of FY23.
- **Adverse economic events:** A significant economic decline may result in financial difficulties or defaults by issuers of bonds in the company's investment portfolios. The shareholders' equity and earnings and policyholders' funds may be affected by fair value revaluation of bonds held in investment portfolios.
- **High surrender of policies:** Life insurance companies face the risk of surrendered policies. In ULIPs, customers can withdraw policies after five years even if they have been taken for longer durations. Policies can also be surrendered in case of job loss and monetary requirements, among other factors, which lowers the persistency ratios.

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
HDFC Life	HDFCLIFE IN	16.2	625	700	HOLD
ICICI Prudential Life	IPRU IN	9.1	523	518	SELL
LIC	LICI IN	48.8	635	770	BUY
SBI Life	SBILIFE IN	16.0	1,316	1,500	BUY

Source: BOBCAPS Research, NSE | Price as of 13 Oct 2023

## Glossary

Glossary of Abbreviations			
<b>APE</b>	Average Premium Equivalent	<b>NBP</b>	New Business Premium
<b>EOM</b>	Expenses of Management	<b>ROEV</b>	Return on Embedded Value
<b>EV</b>	Embedded Value	<b>ROP</b>	Return of Premium
<b>EVOP</b>	Embedded Value Operating Profit	<b>RWRP</b>	Retail Weighted Received Premium
<b>HNI</b>	High Net Worth Individuals	<b>ULIP</b>	Unit Linked Insurance Plan
<b>IRDA</b>	Insurance Regulatory and Development Authority	<b>VNB</b>	Value of New Business

Source: BOBCAPS Research

## Financials

### Revenue Account (Technical)

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
<b>Gross premium income</b>	<b>385,835</b>	<b>459,628</b>	<b>575,334</b>	<b>676,146</b>	<b>757,927</b>
First year premium	68,584	80,544	113,239	113,154	133,232
Renewal premium	184,769	218,080	284,483	338,064	383,535
Single premium	132,482	161,005	177,612	224,928	241,159
<b>Net written premium</b>	<b>381,223</b>	<b>453,965</b>	<b>567,640</b>	<b>667,218</b>	<b>747,896</b>
Income from investments	326,776	192,159	125,975	300,813	327,144
Other Income	4,420	7,460	13,439	14,343	15,316
<b>Total income</b>	<b>712,418</b>	<b>653,584</b>	<b>707,054</b>	<b>982,374</b>	<b>1,090,356</b>
Commissions	17,104	19,403	28,868	35,533	39,912
Operating expenses	43,974	53,591	84,693	95,238	106,878
Benefits and bonuses paid	225,748	318,637	388,723	459,878	507,516
Change in liabilities (net)	408,296	246,815	185,862	367,255	408,624
Others	0	0	0	0	0
<b>Total expenses</b>	<b>695,122</b>	<b>638,446</b>	<b>688,146</b>	<b>957,904</b>	<b>1,062,929</b>
<b>Surplus before tax</b>	<b>17,296</b>	<b>15,137</b>	<b>18,908</b>	<b>24,469</b>	<b>27,427</b>
Provision for tax	6,311	5,541	5,319	9,495	10,375
<b>Surplus after tax</b>	<b>10,984</b>	<b>9,597</b>	<b>13,589</b>	<b>14,975</b>	<b>17,052</b>
Trf to shareholders' a/c	9,910	10,093	14,689	13,965	15,752
Balance being FFA	1,075	(497)	(1,101)	1,010	1,300

### Income Statement (Non-technical)

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Trf from policyholders' a/c	9,909	10,093	14,689	13,965	15,752
Income from investments	6,476	7,894	7,197	11,451	11,660
Contr. to policyholders' fund	2,868	5,694	8,797	9,237	9,699
Others	19	(492)	(368)	(492)	(629)
<b>PBT</b>	<b>13,535</b>	<b>11,801</b>	<b>12,722</b>	<b>15,686</b>	<b>17,084</b>
Provision for taxation	(66)	(276)	(877)	392	427
<b>PAT</b>	<b>13,601</b>	<b>12,077</b>	<b>13,599</b>	<b>15,294</b>	<b>16,657</b>
Dividend+Interim div.+DDT	4,085	4,135	4,056	5,337	5,337

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Equity	86,377	154,859	129,868	139,597	150,916
Policyholders' funds	1,590,416	1,830,312	2,206,290	2,573,545	2,982,169
FFA	9,906	9,409	12,354	14,207	15,912
Others	109,119	109,313	128,737	138,757	152,056
<b>Total liabilities</b>	<b>1,795,817</b>	<b>2,103,892</b>	<b>2,477,249</b>	<b>2,866,106</b>	<b>3,301,054</b>
Shareholders' funds	85,421	152,379	131,319	154,957	178,200
Policyholders' funds	905,378	1,083,110	1,464,485	1,752,130	2,096,546
Assets to cover linked liab.	747,595	806,215	792,015	831,615	873,196
Others	57,423	62,188	89,430	127,404	153,111
<b>Total assets</b>	<b>1,795,817</b>	<b>2,103,892</b>	<b>2,477,249</b>	<b>2,866,106</b>	<b>3,301,054</b>

### Key Metrics

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
AUM (Rs mn)	1,738,390	2,041,704	2,400,000	2,748,057	3,158,601
NBP (Rs mn)	201,066	241,548	290,851	338,082	374,392
APE (Rs mn)	83,700	97,580	133,400	138,132	160,231
VNB (Rs mn)	21,846	26,737	36,818	36,605	42,461
VNB margin (%)	26.1	27.4	27.6	26.5	26.5
Embedded value (Rs mn)	266,200	300,470	394,988	459,855	535,768
ROEV (%)	18.5	16.6	19.6	17.8	17.7
ROE (%)	17.6	10.0	9.6	11.4	11.5
Opex ratio (%)	11.9	12.2	14.7	14.0	14.0
Cost ratio (%)	16.3	16.4	19.7	19.3	19.3
Solvency ratio (%)	201.1	175.7	203.2	199.7	200.9
EPS (Rs)	6.7	5.9	6.4	7.2	7.8
BVPS (Rs)	42.7	75.7	60.8	65.4	70.7
EVPS (Rs)	131.6	146.8	185.0	215.4	251.0

Source: Company, BOBCAPS Research

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**BUY** – Expected return >+15%

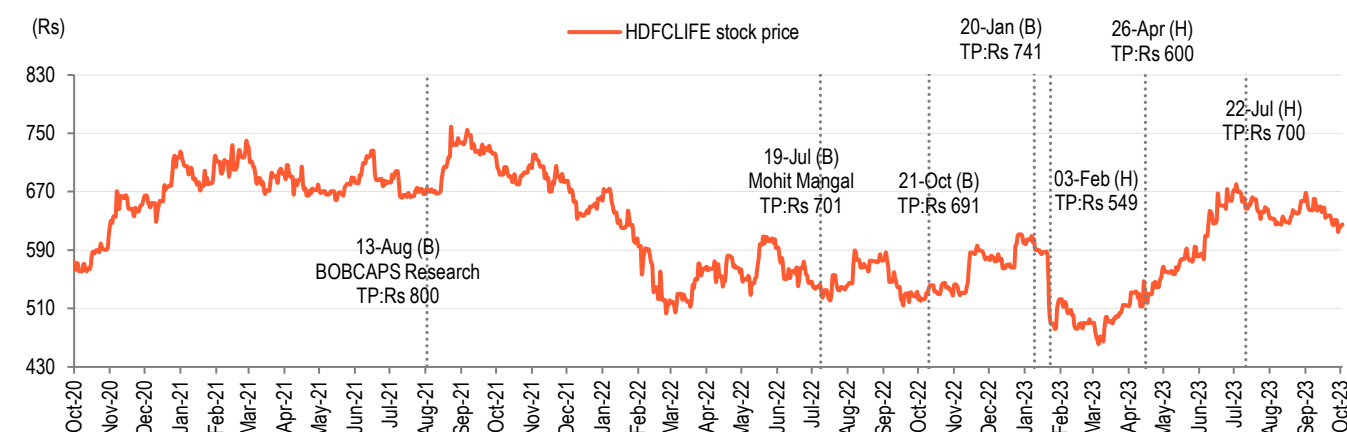
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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