

SBI Life Insurance

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	SBILIFE IN
Equity Shares (m)	1000
M.Cap.(INRb)/(USDb)	1117.9 / 13.7
52-Week Range (INR)	1340 / 1035
1, 6, 12 Rel. Per (%)	-5/-12/-1
12M Avg Val (INR M)	1420

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Net Premiums	665.8	795.2	961.8
Surplus / Deficit	28.6	24.0	26.8
Sh. PAT	17.2	20.0	23.1
NBP gr- unwt'd (%)	16.2	19.0	21.0
NBP gr- APE (%)	18.4	18.6	21.4
Premium gr (%)	14.6	19.1	20.9
VNB margin (%)	30.1	29.5	30.0
RoEV (%)	16.2	22.6	21.6
Total AUMs (INRt)	3.1	3.6	4.3
VNB	50.7	58.7	72.6
EV per share	460	564	686

Valuations

P/EV (x)	2.4	2.0	1.6
P/EVOP (x)	12.3	11.1	9.2

*VNB, VNB margins based on ETR

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	55.5	55.5	55.5
DII	15.1	14.9	12.5
FII	25.1	25.1	24.2
Others	4.3	4.5	7.9

FII Includes depository receipts

CMP: INR1,117 TP: INR1,500 (+34%) BUY

Premium growth inline; VNB margin expands to 31.6%

Persistency improves across cohorts

- SBILIFE reported an inline 4QFY23. APE grew 10% YoY (inline), while VNB grew 23% YoY, as margins expanded 380bp QoQ to 31.6%, driven by higher growth in Non-PAR. PAT grew 16% YoY to INR7.8b (10% beat).
- Among segments, Annuity saw a healthy growth of 78% YoY, while Non-Par savings grew 65% YoY in 4QFY23. Growth in the Protection business was modest at 12% YoY, while the ULIP business saw a decline.
- We slightly lower our VNB margin estimates and expect VNB margins to remain at ~30% in FY25. We expect SBILIFE to deliver a 20% CAGR in APE over FY23-25, thus enabling a 20% VNB CAGR. RoEV is expected to hover around ~22-23%. We reiterate our BUY rating on the stock.

Robust trends in Non-PAR/Annuity continues

- SBILIFE reported 14% YoY growth in gross premium (in line), led by 10%/42% growth in renewal/single premium. Shareholders' PAT grew 16% YoY to INR7.8b (10% beat). For FY23, PAT grew 14% YoY to INR17.2b.
- Total APE grew 10% YoY (inline), within which, Non-Par savings and Annuity grew 65% and 78% YoY, respectively. The Protection business grew 12% YoY, led by 39% growth in group protection and a sequential pick-up in individual protection growth. Par products grew 36% YoY, while ULIP saw a decline of 9% YoY (down 33% QoQ).
- The share of ULIP declined to 52% (vs 65% in 3QFY23), while Non-par savings stood at 23% v/s 15% in 4QFY22. SBILIFE does not have any internal cap on the share of this segment and will continue to underwrite as long as it can effectively hedge the interest rate risk. Protection mix stood at ~12% v/s 8% in 3QFY23.
- Absolute VNB grew 23% YoY to INR14.4b (up 37% YoY in FY23). VNB margins expanded 380bp QoQ to 31.6%, driven by higher growth in Non-Par and Annuity. For FY23, VNB margin stood at 30.1%.
- On the distribution front, the banca channel increased 7% YoY, while the agency channel grew 15% YoY on APE basis.
- Persistency improved across cohorts, with 13M/61M persistency increasing by 100bp/200bp YoY at 85.5%/55.6%.

Highlights from the management commentary

- Growth outlook – As demand remains robust, growth momentum is expected to sustain at a rate of 20-25% in FY24.
- EOM regulation changes will lead to designing products creatively for customers as well as distributors
- Margins can increase only up to a certain point and it is expected that margins would remain in the range of 29-30%. The focus will be on growing VNB and EV.

Valuation and view

SBILIFE reported a steady quarter, with an inline APE and VNB margins expanding to 31.6%, driven by higher growth in Non-Par and Annuity. ULIPs saw a decline while the Protection business saw a healthy QoQ pick-up. All the distribution channels continued to see a rise in productivity, which resulted in a better cost ratio; SBI Life continues to maintain its cost leadership. Persistency too saw an improvement across all cohorts. We estimate a 20% CAGR in APE over FY32-25 and estimate VNB margin to remain at ~30% in FY25, thus enabling a 20% VNB CAGR. RoEV is expected to stay around ~22%. We reiterate our **BUY rating with a TP of INR1,500 (2.4x Sep'24E EV)**.

Quarterly performance**(INR b)**

Policy holder's A/c (INR b)	FY22				FY23				FY22	FY23	FY23E 4QE	V/s est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
First year premium	14.0	36.1	40.7	38.5	25.7	34.8	50.6	40.9	129.4	152.0	43.1	(5.1)
Growth (%)	29%	56%	24%	5%	83%	-4%	24%	6%	25%	17%	12%	
Renewal premium	50.3	77.8	96.5	108.4	57.6	91.2	109.1	119.4	333.0	377.3	123.1	(3.1)
Growth (%)	10%	9%	14%	15%	14%	17%	13%	10%	12%	13%	14%	
Single premium	19.4	33.3	44.3	28.1	30.2	40.2	33.7	39.9	125.2	143.9	37.1	7.4
Growth (%)	-2%	-8%	105%	11%	56%	20%	-24%	42%	22%	15%	32%	
Gross premium	83.8	147.2	181.6	175.1	113.5	166.2	193.3	200.1	587.6	673.2	203.3	(1.6)
Growth (%)	10%	12%	31%	12%	35%	13%	6%	14%	17%	15%	16%	
PAT	2.2	2.5	3.6	6.7	2.6	3.8	3.0	7.8	15.1	17.2	7.1	9.7
Growth (%)	-43%	-18%	56%	26%	18%	53%	-16%	16%	3%	14%	5%	
Key metrics (INRb)												
New Business APE	16.2	39.7	45.7	41.3	29.0	39.3	54.3	45.5	141.9	168.1	45.7	(0.4)
Growth (%)	27.6	46.5	30.6	4.0	79.0	-1.0	18.8	10.2	24.9	18.4	10.6	
VNB	3.8	10.0	11.5	11.7	8.8	12.4	15.1	14.4	37.0	50.7	13.5	6.3
Growth (%)	46.2	85.2	51.3	6.4	131.6	24.0	31.3	23.1	39.1	37.0	15.8	
AUM	2,316	2,442	2,569	2,674	2,624	2,826	3,000	3,073	2,674	3,073	3,123	(1.6)
Growth (%)	32.1	31.0	22.6	21.1	13.3	15.7	16.8	14.9	21.1	14.9	16.8	
Key Ratios (%)												
VNB margins (%)	23.7	25.2	25.2	28.3	30.4	31.6	27.8	31.6	25.9	30.1	29.7	(198)
Solvency ratio (%)	215.0	212.0	209.0	205.0	221.0	219.0	225.0	215.0	204.8	215.0	221.1	613

Quarterly snapshot

Policyholder A/C (INR b)	FY21				FY22				FY23				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Net premium income	75.9	128.6	137.7	155.6	83.1	146.6	180.3	174.3	110.4	164.8	191.7	199.0	14	4
First year prem	10.9	23.2	32.8	36.6	14.0	36.1	40.7	38.5	25.7	34.8	50.6	40.9	6	-19
Renewal prem	45.8	71.5	84.4	94.6	50.3	77.8	96.5	108.4	57.6	91.2	109.1	119.4	10	9
Single premium	19.7	36.2	21.6	25.3	19.4	33.3	44.3	28.1	30.2	40.2	33.7	39.9	42	18
Investment Income	85.8	55.9	127.8	45.1	74.1	107.3	24.2	30.0	-64.1	110.4	74.4	11.9	-60	-84
Total income	161.8	184.6	265.5	209.0	157.4	254.0	204.6	214.3	46.4	275.3	266.3	228.1	6	-14
Commission paid	2.3	4.1	5.2	5.9	2.6	5.3	6.1	6.8	5.1	7.1	8.5	8.7	29	3
Operating expenses	5.5	6.0	6.5	6.6	6.1	7.5	7.9	9.0	7.7	8.5	9.1	10.0	11	10
Total comm. & Opex	7.7	10.1	11.6	12.5	8.8	12.8	14.0	15.8	12.7	15.7	17.6	18.7	19	6
Benefits paid	28.5	64.3	46.4	76.6	47.9	127.0	64.7	73.7	51.7	76.4	83.6	91.2	24	9
Change in act. Liab	116.9	105.5	202.4	114.5	97.8	109.8	121.2	108.9	-22.7	177.3	159.4	96.0	-12	-40
Total Expenses	153.2	179.9	260.5	203.6	154.4	249.6	199.9	198.4	41.7	269.4	260.5	206.0	4	-21
PBT	8.5	3.1	3.6	3.9	1.5	2.9	2.6	13.1	3.1	3.9	3.3	19.7	50	492
Surplus/(Deficit)	6.1	3.9	3.0	5.1	1.1	2.6	2.4	12.8	2.7	3.4	3.0	19.4	52	554
Shareholder's A/C														
Trf frm policyholder	2.8	1.1	0.7	12.2	-0.4	1.3	1.7	14.7	1.0	1.9	1.1	23.0	57	1,924
Investment income	0.9	1.9	1.7	2.3	2.8	2.4	2.2	2.4	1.8	2.0	2.0	2.1	-11	5
Total income	3.8	3.1	2.4	14.5	2.4	3.8	3.9	17.1	2.8	3.9	3.2	25.2	47	694
PBT	3.9	3.0	2.3	6.2	2.3	2.5	3.8	6.9	2.7	3.9	3.1	7.9	14	155
PAT	3.9	3.0	2.3	5.3	2.2	2.5	3.6	6.7	2.6	3.8	3.0	7.8	16	155
APE Data														
Individual Savings	9.4	20.6	30.4	34.2	12.5	33.4	38.3	34.5	23.5	31.8	47.5	37.1	8	-22
Par	1.1	2.4	3.0	3.2	1.2	2.1	2.0	2.2	1.7	2.4	2.4	3.0	36	25
Non Par	2.2	2.0	3.3	3.2	1.1	4.2	5.5	6.3	8.2	9.3	9.6	10.4	65	8
ULIP	6.1	16.2	24.1	27.8	10.2	27.1	30.8	26.0	13.6	20.1	35.5	23.7	-9	-33
Group Savings	1.2	1.9	0.8	1	0.9	1.5	2.1	1	1.6	1.6	0.9	1.5	50	67
Annuity	0.5	1.1	0.6	0.8	0.7	0.7	1.2	0.9	0.7	1.3	1.4	1.6	78	14
Total Protection	1.6	3.4	3.3	3.7	2.2	4.1	4.2	4.9	3.2	4.5	4.6	5.5	12	20
Retail Protection	0.7	1.9	2.2	2.5	1.3	2.3	2.5	3.1	2.0	2.2	2.6	3.0	-3	15
Group Protection	0.9	1.5	1.1	1.2	0.9	1.8	1.7	1.8	1.2	2.3	2.0	2.5	39	25
Total APE	12.7	27	35.1	39.7	16.3	39.7	45.7	41.4	29.0	39.3	54.3	45.5	10	-16
APE (% of total)													Change (bp)	
Individual Savings	74.0	76.3	86.6	86.1	76.7	84.1	83.8	83.3	81.0	80.9	87.5	81.5	-179	-594
Par	8.7	8.9	8.5	8.1	7.4	5.3	4.4	5.3	5.9	6.1	4.4	6.6	128	217
Non Par	17.3	7.4	9.4	8.1	6.7	10.6	12.0	15.2	28.3	23.7	17.7	22.9	764	518
ULIP	48.0	60.0	68.7	70.0	62.6	68.3	67.4	62.8	46.9	51.1	65.4	52.1	-1071	-1329
Group Savings	9.4	7.0	2.3	2.5	5.5	3.8	4.6	2.4	5.5	4.1	1.7	3.3	88	164
Annuity	3.9	4.1	1.7	2.0	4.3	1.8	2.6	2.2	2.4	3.3	2.6	3.5	134	94
Total Protection	12.6	12.6	9.4	9.3	13.5	10.3	9.2	11.8	11.0	11.5	8.5	12.1	25	362
Retail Protection	5.5	7.0	6.3	6.3	8.0	5.8	5.5	7.5	6.9	5.6	4.8	6.6	-89	181
Group Protection	7.1	5.6	3.1	3.0	5.5	4.5	3.7	4.3	4.1	5.9	3.7	5.5	115	181
Distribution mix (%)													Change (bp)	
Banca	55.5	63.7	68.3	60.7	56.8	63.6	66.1	61.7	62.5	63.5	69.9	59.7	-201	-1019
Agency	26.6	22.6	24.6	30.7	29.0	26.6	22.8	27.6	26.5	24.5	23.6	28.7	106	505
Others	18.0	13.7	7.1	8.6	14.2	9.8	11.2	10.7	11.0	12.0	6.5	11.6	94	514
Key Ratios (%)													Change (bp)	
Operating ratios														
Commission	2.9	3.2	3.7	3.7	3.1	3.6	3.4	3.9	4.5	4.3	4.4	4.4	48	-2
Opex	7.1	4.6	4.7	4.2	7.3	5.1	4.3	5.1	6.7	5.1	4.7	5.0	-13	28
Total Cost	10.1	7.7	8.4	8.0	10.5	8.9	7.7	9.0	11.2	9.4	9.1	9.4	35	25
Solvency ratio	239.0	245.0	234.0	215.0	215.0	212.0	209.0	205.0	221.0	219.0	225.0	215.0	1,000	-1,000

Policyholder A/C (INR b)	FY21				FY22				FY23				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Operating ratios														
VNB margins	20.1	20.3	21.9	27.7	23.7	25.2	25.2	28.3	30.4	31.6	27.8	31.6	339	384
RoE	17.3	15.0	13.0	15.2	8.5	8.8	10.3	13.7	0.0	0.0	10.4	14.0	30	360
Persistency ratios														
13th month	82.6	83.2	83.4	85.4	85.9	84.7	83.9	85.2	85.6	85.2	84.6	85.5	34	97
25th month	76.3	76.2	75.9	75.8	75.3	76.1	76.4	78.1	78.7	77.5	76.3	75.6	-251	-71
37th month	68.8	69.9	70.8	72.1	72.0	72.1	71.9	72.2	72.2	72.9	73.2	74.5	236	131
49th month	60.9	62.3	63.8	65.6	66.3	67.5	68.3	69.9	70.3	70.3	70.1	70.3	41	17
61st month	50.0	50.0	52.5	50.9	49.3	48.8	48.7	49.5	50.3	52.5	53.6	55.6	612	201
Key Metrics (INRb)														
VNB	2.6	5.4	7.6	11.0	3.8	10.0	11.5	11.7	8.8	12.4	15.1	14.4	23	-5
EV	NA	312.7	NA	364.0	NA	384.9	NA	396.3	NA	424.1	NA	460.4	NA	NA
AUM	1754	1864	2095	2209	2316	2442	2569	2674	2624	2826	3000	3073	15	2
Equity Mix (%)	24.0	24.0	27.0	27.0	28.0	30.0	29.0	29.0	27.0	29.0	29.0	29.0	0	0

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



Highlights from the management commentary

Overall business

- ~2.2m new policies were sold in FY23 (up 14%) and the company has a leadership position on an NOP basis. Sum assured grew 13% YoY v/s 12% YoY for the private industry.
- **Growth outlook** – As demand remains robust, growth momentum is expected to sustain at a rate of 20-25% in FY24. EOM regulation changes will lead to designing products creatively for customers as well as distributors
- **Commission payouts** – The company will review commission payouts to all distribution partners with the objective to grow each channels. NOP growth has been healthy for SBI Life, and much higher than the competition. Distributors that add value to the company will be eligible for higher payouts.
- **No deduction regime** – The seasonality of insurance business is declining, indicating a reduction in usage of 80c benefits for insurance purchases. Also, the range of products that qualify for 80c benefits has expanded over time. Hence, even in a no deduction regime, demand for insurance is expected to remain strong.

Products

- **Protection** – Retail protection growth weakened in 4Q due to the prevalent focus on taxation, resulting in a shift toward savings products. SBI Life will continue to maintain its focus on Protection. Credit Life was INR20b in FY23 v/s INR17b in FY22 (INR6.2b in 4QFY23 vs INR5.7b in 4QFY22)
- **ULIP business** – SBI Life has a wide choice of products for customers. For FY23, it has been flattish, as the year has been influenced by higher demand for long-term guaranteed return products. Management expects some growth in the ULIP business for FY24. ULIP mix has changed from 60:40 debt: equity in the past to 48:52. Equity story for ULIPs should sustain in the near future.
- Product mix will be influenced by the prevailing demand environment. The rise in Non-Par products was due to the introduction of a new product a year ago. ULIP will be based on the return, wherein SBI Life has delivered strong returns.

- There are no foreseeable difficulties in hedging the Non-PAR business and the majority of the business is in the premium paying term of 7-10 years.

VNB and EV

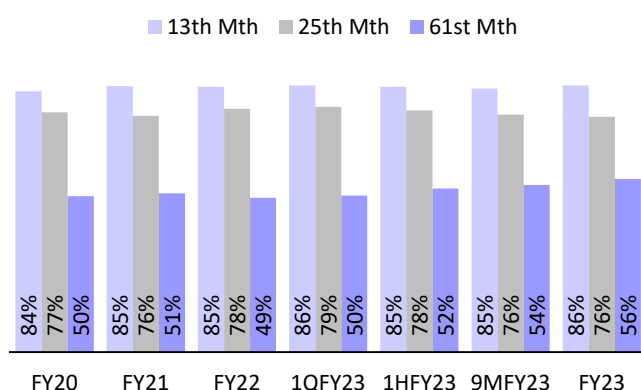
- Product mix drove VNB margins and the company maintains a healthy growth in VNB
- Margins can increase only up to a certain point and it is expected that margins would remain in the range of 29-30%. The primary emphasis of the company will be on expanding VNB and EV.
- SBI Life has not changed equity market return assumptions.
- The unwinding rate is dependent on the composition of portfolio and the shape of the yield curve. The portfolio has shifted toward Non-Par business, which has longer-term tenures and the yield curve has risen.
- EV has become more sensitive to interest rates because of long-term Non-Par products, which need higher reserving, leading to excess assets. Hedging also has played a role in the same. Excess net worth has no liabilities, and causes more volatility.
- Positive operating variance is a mix of expenses, persistency, and reinsurance.

Distribution

- Banca – Non-SBI partners are growing at a healthy pace and the momentum is likely to sustain. The company will look to add more partners going ahead.
- SBI, Agency, and other banks are the key channels for achieving growth.
- In FY23, the company added 62k agents, taking the total count to 208k. The agency channel is highly productive and one of the best among private players. Since the penetration of insurance among SBI customers is currently low, there is significant potential for growth opportunity remains large.

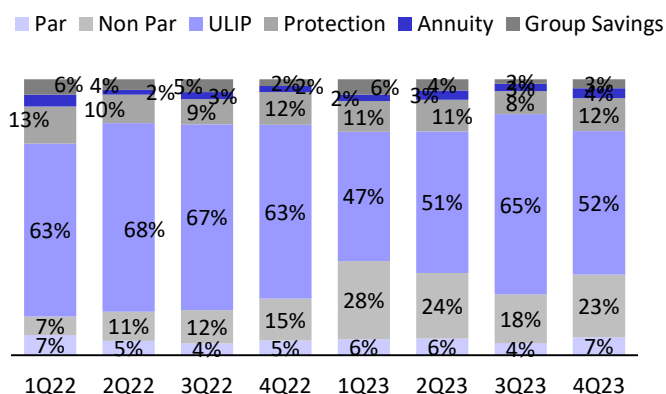
Key exhibits

Exhibit 1: Persistency ratios across cohorts



Source: MOFSL, Company

Exhibit 2: Share of ULIP moderated to 52% of total APE



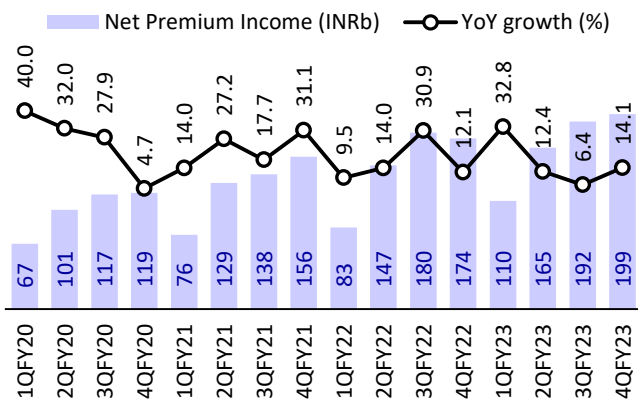
Source: MOFSL, Company

Valuation and view

- With an Individual-rated premium market share of ~22% in FY23 among private players, SBILIFE is the market leader. APE growth was healthy at 10% YoY in 4QFY23 (up 18% in FY23) and we expect a 20% CAGR in APE over FY23-25.
- In 4QFY23, the share of Non-PAR increased, driven by an increased demand due to budgetary changes; while ULIP posted a weak trend. Protection saw a healthy recovery, with the mix increasing on a sequential basis. VNB margin thus improved to 31.6%.
- **Reiterate Buy, with a TP of INR1,500:** SBILIFE reported a steady quarter, with an inline APE and VNB margins expanding to 31.6%, driven by higher growth in Non-Par and Annuity. ULIPs saw a decline, while the Protection business saw a healthy QoQ pick-up. All distribution channels continued to see a rise in productivity, resulting in a better cost ratio; SBI Life continues to maintain its cost leadership. Persistency too saw an improvement across all cohorts. We estimate a 20% CAGR in APE over FY32-25 and estimate VNB margin to remain at ~30% in FY25, thus enabling a 20% VNB CAGR. RoEV is expected to stay at around ~22%. **We reiterate our Buy rating with a TP of INR1,500 (2.4x Sep'24E EV).**

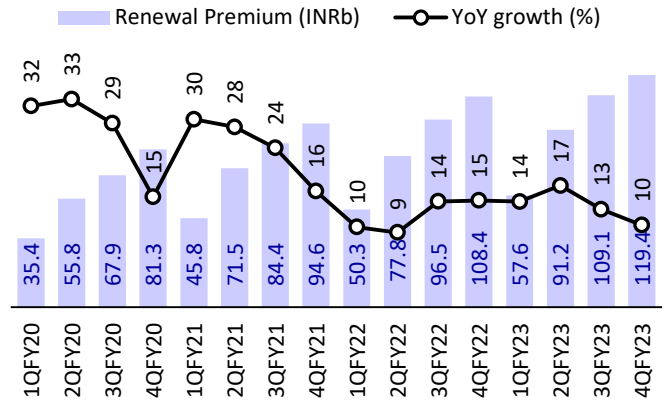
Story in charts

Exhibit 3: Net premium up 14% YoY



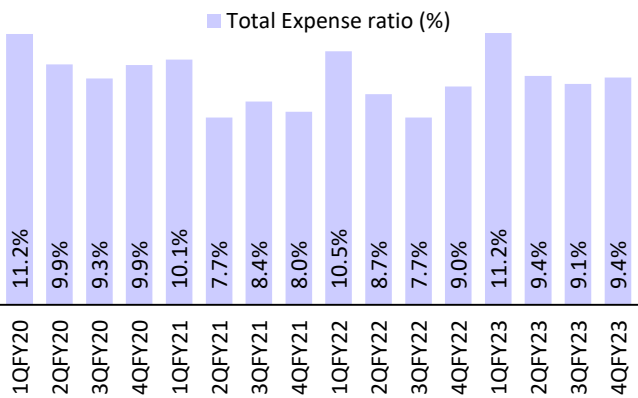
Source: MOFSL, Company

Exhibit 4: Renewal premium grew 10% YoY



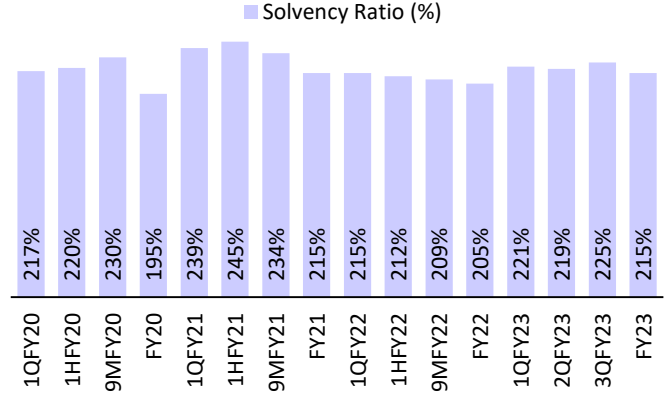
Source: MOFSL, Company

Exhibit 5: Total expense ratio increased slightly to 9.4%



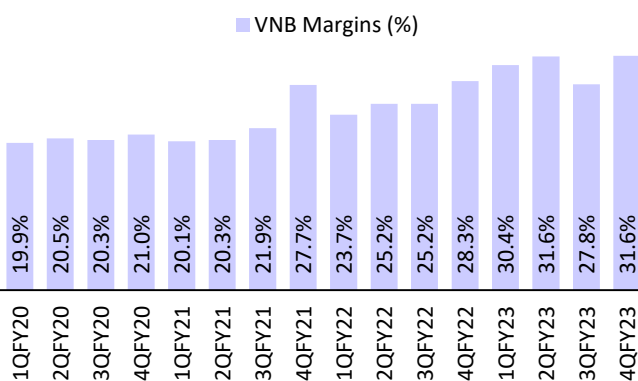
Source: MOFSL, Company

Exhibit 6: Solvency ratio remains healthy at 215%



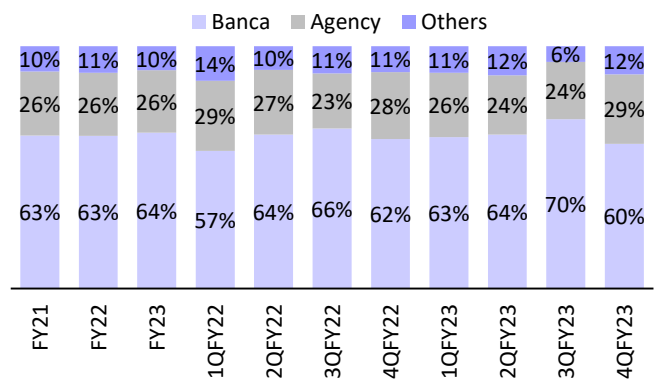
Source: MOFSL, Company

Exhibit 7: VNB margin expands ~380bp to 31.6%



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

Financials and valuations

Technical account (INR b)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Gross Premiums	253.5	329.9	406.3	502.5	587.6	673.2	802.0	969.8
Reinsurance Ceded	(1.9)	(1.0)	(3.1)	(4.9)	(3.3)	(7.3)	(6.7)	(7.9)
Net Premiums	251.7	328.9	403.2	497.7	584.3	665.8	795.2	961.8
Income from Investments	84.6	112.1	30.0	314.6	235.7	132.6	220.4	255.4
Other Income	1.4	1.6	5.2	8.6	10.3	17.6	16.8	20.1
Total income (A)	337.7	442.6	438.4	820.8	830.3	816.0	1,032.4	1,237.4
Commission	11.2	13.5	16.2	17.7	21.6	29.4	30.2	36.3
Operating expenses	17.2	21.2	24.1	24.1	29.7	35.4	45.2	54.5
Total commission and opex	28.4	34.7	40.3	41.9	51.3	64.7	75.4	90.8
Benefits Paid (Net)	117.1	152.9	162.5	215.8	313.4	302.9	290.4	352.7
Chg in reserves	176.0	235.9	206.0	539.3	437.6	410.0	630.4	752.9
Prov for doubtful debts	3.5	5.5	6.8	4.7	7.8	8.3	10.1	12.5
Total expenses (B)	325.1	429.0	415.7	801.8	810.2	785.9	1,006.2	1,208.9
(A) - (B)	12.6	13.6	22.8	19.1	20.1	30.0	26.2	28.5
Prov for Tax	2.4	2.7	3.8	1.0	1.3	1.5	2.2	1.7
Surplus / Deficit (calculated)	10.2	10.9	19.0	18.1	18.8	28.6	24.0	26.8

Shareholder's a/c (INR b)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Transfer from technical a/c	8.3	10.0	14.6	16.8	17.3	27.1	20.4	23.6
Income From Investments	4.6	5.2	4.8	6.9	9.9	7.9	8.7	10.5
Total Income	12.9	15.2	19.5	23.7	27.2	35.0	29.1	34.2
Other expenses	0.6	0.6	1.0	0.6	2.9	0.4	0.5	0.7
Contribution to technical a/c	0.8	1.0	4.8	8.2	9.8	17.1	8.4	10.1
Total Expenses	1.1	1.4	5.3	8.3	11.6	17.4	8.9	10.8
PBT	11.8	13.7	14.1	15.4	15.6	17.6	20.2	23.4
Prov for Tax	0.3	0.5	(0.1)	0.9	0.5	0.4	0.2	0.3
PAT	11.5	13.3	14.2	14.6	15.1	17.2	20.0	23.1
<i>Growth</i>	20.5%	15.3%	7.2%	2.4%	3.4%	14.3%	16.2%	15.6%

Premium (INR b) & growth (%)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
New business prem - unwtd	109.7	137.9	165.9	206.2	254.6	295.9	352.1	426.0
New business prem - wrp	84.2	95.3	105.1	113.7	141.9	168.1	199.4	242.0
Renewal premium	143.9	192.0	240.4	296.3	333.0	377.3	449.9	543.7
Total premium - unwtd	253.5	329.9	406.3	502.5	587.6	673.2	802.0	969.8
New bus. growth - unwtd	8.1%	25.8%	20.3%	24.3%	23.4%	16.2%	19.0%	21.0%
New business growth - wrp	27.6%	13.2%	10.2%	8.2%	24.9%	18.4%	18.6%	21.4%
Renewal premium growth	32.3%	33.4%	25.2%	23.2%	12.4%	13.3%	19.2%	20.9%
Total prem growth - unwtd	20.6%	30.1%	23.2%	23.7%	16.9%	14.6%	19.1%	20.9%

Premium mix (%)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
New business - unwtd								
- Individual mix	76.7%	69.9%	67.8%	60.6%	64.8%	70.7%	70.0%	70.0%
- Group mix	23.3%	30.1%	32.2%	39.4%	35.2%	29.3%	30.0%	30.0%
New business mix - WRP								
- Participating	24.0%	18.4%	10.9%	8.4%	5.3%	9.5%	9.4%	9.0%
- Non-participating	9.0%	10.3%	18.6%	26.6%	28.9%	44.7%	43.7%	43.8%
- ULIPs	67.0%	71.3%	70.5%	65.0%	65.8%	46.0%	46.9%	47.2%
Total premium mix - unwtd								
- Participating	24.8%	21.8%	18.3%	15.1%	12.9%	15.9%	15.5%	15.3%
- Non-participating	19.5%	20.8%	23.8%	28.2%	30.3%	35.0%	33.7%	32.8%
- ULIPs	55.7%	57.4%	57.9%	56.6%	56.8%	49.1%	50.9%	51.9%

Individual prem sourcing mix (%)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Individual agents	31.2%	29.6%	28.8%	27.7%	26.6%	27.7%	28.4%	28.1%
Corporate agents-Banks	67.4%	68.9%	67.5%	65.4%	64.9%	65.0%	63.4%	63.0%
Direct business	0.8%	0.7%	2.0%	4.1%	5.3%	5.3%	6.0%	6.5%
Others	0.5%	0.7%	1.8%	2.8%	3.1%	2.0%	2.2%	2.4%

Financials and valuations

Balance sheet (INR b)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sources of Fund								
Share Capital	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Reserves And Surplus	53.7	64.6	78.8	90.9	104.2	119.2	136.4	156.2
Shareholders' Fund	65.3	75.8	87.4	104.0	116.2	130.2	147.2	166.9
Policy Liabilities	555.6	649.5	761.2	924.1	1,097.6	1,301.3	1,602.8	1,935.6
Prov. for Linked Liab.	495.6	605.9	763.0	965.5	1,174.9	1,407.2	1,551.5	1,808.5
Funds For Future App.	-	2.8	7.1	8.4	9.9	11.4	13.5	15.9
Current liabilities & prov.	35.5	37.4	30.2	42.4	51.3	51.0	52.9	54.9
Total	1,217.1	1,467.3	1,655.8	2,268.3	2,733.4	3,146.9	3,674.6	4,368.1
Application of Funds								
Shareholders' inv	50.1	57.2	68.3	86.0	100.8	112.1	132.3	156.1
Policyholders' inv	544.9	644.7	734.2	939.4	1,121.3	1,298.7	1,647.4	1,988.1
Assets to cover linked liab.	549.4	691.3	785.7	1,162.2	1,426.3	1,632.6	1,772.6	2,079.1
Loans	1.7	1.7	3.6	3.6	3.6	3.9	4.5	5.1
Fixed Assets	5.8	6.0	5.8	5.7	5.3	5.2	5.6	6.1
Current assets	65.2	66.4	58.2	71.5	76.2	94.4	112.3	133.6
Total	1,217.1	1,467.3	1,655.8	2,268.3	2,733.4	3,146.9	3,674.6	4,368.1
Operating ratios (%)								
Investment yield	7.8%	8.4%	1.9%	15.0%	9.3%	4.4%	6.2%	6.1%
Commissions / GWP	4.4%	4.1%	4.0%	3.5%	3.7%	4.4%	3.8%	3.7%
- first year premiums	8.7%	8.3%	8.4%	8.4%	8.3%	11.9%	10.2%	10.2%
- renewal premiums	2.7%	2.7%	2.7%	2.6%	2.6%	2.5%	2.6%	2.6%
- single premiums	0.8%	1.5%	1.4%	1.1%	1.2%	1.4%	1.8%	1.8%
Operating expenses / GWP	6.8%	6.4%	5.9%	4.8%	5.1%	5.3%	5.6%	5.6%
Total expense ratio	11.2%	10.5%	9.9%	8.3%	8.7%	9.6%	9.4%	9.4%
Claims / NWP	46.4%	46.3%	40.1%	43.2%	53.5%	45.5%	36.3%	36.5%
Solvency ratio	206%	213%	195%	215%	205%	215%	212%	204%
Persistency ratios (%)								
13th Month	83.0%	85.1%	86.1%	85.4%	85.2%	85.5%	85.8%	86.0%
25th Month	75.2%	76.7%	78.5%	75.8%	78.1%	75.6%	74.0%	73.1%
37th Month	70.0%	71.4%	71.6%	72.1%	72.2%	74.5%	75.7%	76.3%
49th Month	63.9%	66.4%	67.3%	65.6%	69.9%	70.3%	70.5%	70.6%
61st Month	58.4%	57.2%	59.9%	50.9%	49.5%	55.6%	59.3%	61.5%
Profitability ratios (%)								
VNB margin (%)	18.4%	19.8%	20.7%	23.2%	25.9%	30.1%	29.5%	30.0%
RoE (%)	19.0%	18.8%	17.4%	15.2%	13.7%	14.0%	14.4%	14.7%
RoC (%)	19.4%	19.2%	17.4%	15.3%	14.0%	14.1%	14.5%	14.8%
Operating ROEV (%)	18.0%	17.3%	20.5%	19.1%	20.6%	22.9%	21.9%	21.5%
RoEV (%)	15.3%	17.5%	17.4%	27.0%	18.7%	16.2%	22.6%	21.6%
Valuation ratios								
Total AUMs	1,163	1,410	1,604	2,209	2,674	3,073	3,613	4,296
- of which equity AUMs (%)	23%	23%	21%	27%	29%	29%	31%	31%
Dividend %	20%	20%	0%	25%	20%	25%	28%	33%
Dividend payout ratio (%)	21%	18%	0%	17%	13%	15%	14%	14%
EPS, Rs	11.5	13.3	14.2	14.6	15.1	17.2	20.0	23.1
VNB	15.7	19.2	22.2	26.6	37.0	50.7	58.7	72.6
- VNB growth (%)	36.1%	22.3%	15.6%	19.8%	39.1%	37.0%	16%	24%
EV per share	201.7	237.3	276.4	364.0	396.3	460.4	564.5	686.1
VIF as % of EV	61%	62%	63%	63%	68%	70%	72%	74%
P/VIF	9.6	8.1	6.7	5.3	4.1	3.5	2.7	2.2
P/AUM (%)	96%	79%	70%	51%	42%	36%	31%	26%
P/EV (x)	5.5	4.7	4.0	3.1	2.8	2.4	2.0	1.6
P/EPs (x)	97.1	84.2	78.5	76.7	74.2	64.9	55.9	48.4
P/EVOP (x)	37.6	33.8	24.3	22.3	16.2	12.3	11.1	9.2
P/VNB (x)	71.1	58.2	50.3	42.0	30.2	22.0	19.0	15.4

*VNB, VNB margin, and EV is based on ETR

NOTES

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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI:

ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.