

Estimate change

TP change

Rating change



**CMP: INR1,716 TP: INR2,100 (+22%)**

**BUY**

## VNB margins contract due to shift in product mix

### Focus on protection and non-par to improve margins in FY25E

Bloomberg	SBILIFE IN
Equity Shares (m)	1002
M.Cap.(INRb)/(USD\$)	1719.3 / 20.4
52-Week Range (INR)	1936 / 1291
1, 6, 12 Rel. Per (%)	-5/8/1
12M Avg Val (INR M)	2144

### Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Premiums	884.8	1,030.0	1,199.6
Surplus / Deficit	35.5	39.5	45.5
Sh. PAT	23.9	24.8	27.7
NBP gr- APE (%)	14.4	17.2	17.2
Premium gr (%)	9.7	16.4	16.5
VNB margin (%)	26.5	27.5	27.5
RoEV (%)	21.3	20.0	19.1
Total AUMs (INRt)	4.6	5.4	6.4
VNB	59.8	72.7	85.2
EV per share	707	848	1,010

### Valuations

P/EV (x)	2.4	2.0	1.7
P/EVOP (x)	15.2	12.6	10.7

\*VNB, VNB margins based on ETR

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	55.4	55.4	55.4
DII	15.3	15.9	14.3
FII	25.2	24.7	26.2
Others	4.1	4.0	4.1

FII Includes depository receipts

- SBI Life Insurance (SBILIFE) reported a weak performance in 2QFY25. APE grew 3% YoY to INR53.9b (11% miss). For 1HFY25, it grew 9% YoY to INR90.3b.
- Absolute VNB declined 3% YoY to INR14.5b (14% miss). For 1HFY25, it grew 3% YoY to INR24.2b. The management expects VNB growth to remain in the range 12-15% in FY25.
- VNB margins came in at 26.9% vs. 28.5% in 2QFY24 and 26.8% in 1QFY25 (est. 28%).
- However, the management expects margins to remain in the range of 26-27% in FY25 on the back of new product launches in the protection segment and a minimal impact of surrender charges.
- In 2QFY25, shareholder PAT grew 39% YoY to INR5.3b (in line). For 1HFY25, it grew 38% YoY to INR10.5b.
- We expect SBILIFE to deliver an 18% CAGR each in APE and VNB over FY24-27E, while RoEV is likely to remain at ~20% over FY27. Due to strong growth in ULIPs and a blip in protection sales, we have cut our APE/VNB estimates for FY25. **We reiterate our BUY rating on the stock with a TP of INR2,100 (premised on 2.3x Sept'26E EV).**

### ULIP share in total APE increases to 65% in 2QFY25

- SBILIFE reported a decline of 13% YoY in NBP to INR 87b. For 1HFY25, it declined 3% YoY to INR157.3b. Gross premium grew 1% YoY to INR204.1b (8% miss). Renewal premium grew 16% YoY (5% beat).
- VNB margins contracted 160bp YoY to 26.9% (est. 28%) on account of a shift in the product mix toward ULIPs and a delay in product launches of protection business. However, sequentially, the margin improvement was driven by repricing of non-par products. The company expects non-par margins to further improve in 3QFY25.
- The total cost ratio was 9.7% vs. 8.4% in 2QFY24. The commission ratio was 4.1% vs. 3.9% in 2QFY24. The operating expense ratio was 5.6% vs. 4.4% in 2QFY24. Costs remained high owing to an increase in agent count and enhancing digital initiatives.
- On the product front, ULIP grew 16% YoY, contributing 65% of total APE, aided by positive movement in equity markets and consumer preferences. The protection business declined 29% YoY due to delayed product launch. It has recently launched a new product on the YONO platform, which will improve the contribution going forward.
- The credit life segment witnessed flat growth as penetration levels in the bank were lower than expected. The management expects 9-10% growth in credit life for FY25, backed by an ease in the underwriting process with ticket size for housing loans increasing.

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- On the distribution front, SBILIFE will continue to invest in growing the agency channel and expects 30%+ growth in 2HFY25. Slower growth was seen in the banca channel as the company is prioritizing the digital platform and the usage of data analytics, which will help in scaling the channel and improving customer engagement in the long run. The management guides for 9% growth in the banca channel in 2HFY25.
- Investing in building the online business channel has led to 73% YoY growth in IRNB for the digital channel.
- On a YoY basis, except for the 49<sup>th</sup> month (flat YoY), persistency improved across all cohorts. AUM grew 27% YoY to INR4.4t in 2QFY25 (in line).
- For 2HFY25, APE/VNB/PAT are expected to grow 14%/11%/21% YoY to INR130.5b/INR35.6b/INR13.7b.

#### Highlights from the management commentary

- The management expects protection premiums to report strong growth due to the recent launch of two new products, which will boost margins. Guidance for VNB growth is expected to be in the range of 12-15% and VNB margin to be in the range of 26-27% for FY25.
- SBILIFE has introduced another high-ticket protection product recently with a minimum sum assured of INR20m, which is highly competitive compared to protection plans offered by other peers, and the profitability will be similar to other retail protection products.
- Regarding the product mix, the management has guided for Non-par, Protection and Par products to constitute ~40% and ULIP to constitute ~60% of the overall product mix.
- There has been no change in the commission structure due to a minimal impact of new surrender guidelines as the product mix is skewed toward ULIP.

#### Valuation and view

SBILIFE reported a weak performance during the quarter, with APE and VNB reporting 11%/14% below our estimates. VNB margin contracted 160bp YoY to 26.9% in 2QFY25. New product launches are likely to kick-start the recovery in the protection segment. Continued investments in agency channel and digital enhancements will boost overall growth. Further, the impact of surrender charges is likely to be minimal. We expect SBILIFE to deliver an 18% CAGR each in APE/VNB over FY24-27E, while RoEV is projected to remain ~20% over FY27. **We reiterate our BUY rating on the stock with a TP of INR2,100 (premised on 2.3x Sept'26E EV).**

## Quarterly performance

(INR b)

Policy holder's A/c (INRb)	FY24				FY25				FY24	FY25E	FY25E 2QE	V/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
First year premium	26.4	46.3	56.8	45.3	31.5	49.2	69.4	54.3	174.8	204.1	50.2	(2.0)
Growth (%)	3%	33%	12%	11%	19%	6%	22%	20%	15%	17%	8%	
Renewal premium	73.5	101.2	127.2	130.0	85.4	117.2	143.4	151.9	431.9	494.4	112.0	4.6
Growth (%)	28%	11%	17%	9%	16%	16%	13%	17%	14%	14%	11%	
Single premium	35.7	54.2	40.6	77.1	38.9	37.8	42.9	62.5	207.6	194.9	59.3	(36.3)
Growth (%)	18%	35%	21%	93%	9%	-30%	6%	-19%	44%	-6%	9%	
<b>Gross premium income</b>	<b>135.6</b>	<b>201.8</b>	<b>224.6</b>	<b>252.4</b>	<b>155.7</b>	<b>204.1</b>	<b>255.7</b>	<b>268.7</b>	<b>814.3</b>	<b>893.4</b>	221.5	(7.9)
Growth (%)	19%	21%	16%	26%	15%	1%	14%	6%	21%	10%	10%	
<b>PAT</b>	<b>3.8</b>	<b>3.8</b>	<b>3.2</b>	<b>8.1</b>	<b>5.2</b>	<b>5.3</b>	<b>4.8</b>	<b>8.9</b>	<b>18.9</b>	<b>23.9</b>	5.1	2.9
Growth (%)	45%	1%	6%	4%	36%	39%	48%	10%	10%	26%	35%	
<b>Key metrics (INRb)</b>												0.7
New Business APE	30.3	52.3	61.3	53.3	36.4	53.9	67.7	62.8	197.5	225.5	60.3	(10.6)
Growth (%)	4%	33%	13%	17%	20%	3%	10%	18%	17%	14%	15%	
VNB	8.7	14.9	16.8	15.1	9.7	14.5	18.6	17.0	55.5	59.8	16.9	(14.1)
Growth (%)	-1%	20%	11%	5%	11%	-3%	11%	12%	9%	8%	13%	
AUM	3,283	3,452	3,714	3,889	4,148	4,390	4,565	4,603	3,889	4,603	4,314	1.8
Growth (%)	25%	22%	24%	27%	26%	27%	23%	18%	27%	18%	25%	
<b>Key Ratios (%)</b>												
VNB margins (%)	28.8	28.5	27.4	28.3	26.8	26.9	27.5	27.0	28.1	26.5	28.0	(110)

## Quarterly snapshot

Policyholder A/C (INR b)	FY24				FY25		Change (bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
<b>Net premium income</b>	<b>131.0</b>	<b>200.5</b>	<b>223.2</b>	<b>251.2</b>	<b>151.1</b>	<b>202.7</b>	<b>1</b>	<b>34</b>
First year premium	26.4	46.3	56.8	45.3	31.5	49.2	6	56
Renewal premium	73.5	101.2	127.2	130.0	85.4	117.2	16	37
Single premium	35.7	54.2	40.6	77.1	38.9	37.8	-30	-3
Investment Income	145.8	85.1	164.7	108.1	192.8	197.5	132	2
<b>Total income</b>	<b>276.9</b>	<b>285.7</b>	<b>388.0</b>	<b>375.7</b>	<b>343.9</b>	<b>400.2</b>	<b>40</b>	<b>16</b>
Commission paid	5.2	8.0	9.4	8.5	5.7	8.4	5	47
Operating expenses	9.2	9.0	10.6	11.1	9.5	11.4	28	20
<b>Total commission &amp; Opex</b>	<b>14.4</b>	<b>16.9</b>	<b>20.0</b>	<b>19.6</b>	<b>15.2</b>	<b>19.8</b>	<b>17</b>	<b>30</b>
Benefits paid	71.0	100.4	111.4	148.2	98.3	140.1	39	43
<b>Change in actuarial liability</b>	<b>185.2</b>	<b>159.7</b>	<b>248.6</b>	<b>190.8</b>	<b>220.3</b>	<b>230.5</b>	<b>44</b>	<b>5</b>
<b>Total Expenses</b>	<b>270.6</b>	<b>277.9</b>	<b>381.1</b>	<b>360.1</b>	<b>333.8</b>	<b>390.4</b>	<b>40</b>	<b>17</b>
<b>PBT</b>	<b>4.5</b>	<b>5.4</b>	<b>4.5</b>	<b>12.9</b>	<b>8.0</b>	<b>7.0</b>	<b>30</b>	<b>-13</b>
Tax	0.4	0.4	0.4	0.1	0.6	0.5	47	-11
<b>Surplus/(Deficit)</b>	<b>4.0</b>	<b>3.6</b>	<b>4.1</b>	<b>12.8</b>	<b>7.4</b>	<b>6.4</b>	<b>77</b>	<b>-13</b>
<b>Shareholder's A/C</b>								
<b>Trf from policyholder a/c</b>	<b>1.9</b>	<b>1.7</b>	<b>0.8</b>	<b>21.6</b>	<b>2.8</b>	<b>2.5</b>	<b>53</b>	<b>-8</b>
Investment income	2.1	2.5	2.5	3.3	2.6	2.8	14	7
<b>Total income</b>	<b>4.0</b>	<b>4.1</b>	<b>3.3</b>	<b>24.8</b>	<b>5.4</b>	<b>5.4</b>	<b>30</b>	<b>-1</b>
<b>PBT</b>	<b>3.9</b>	<b>3.9</b>	<b>3.3</b>	<b>8.4</b>	<b>5.4</b>	<b>5.5</b>	<b>41</b>	<b>2</b>
<b>PAT</b>	<b>3.8</b>	<b>3.8</b>	<b>3.2</b>	<b>8.1</b>	<b>5.2</b>	<b>5.3</b>	<b>39</b>	<b>2</b>
<b>APE Data</b>								
<b>Individual Savings</b>	<b>23.7</b>	<b>41.1</b>	<b>53.8</b>	<b>40.9</b>	<b>30.6</b>	<b>46.6</b>	<b>13</b>	<b>52</b>
Par	2.0	2.3	1.8	1.7	1.4	3.2	39	129
Non Par	5.8	8.6	10.1	7.9	7.0	8.4	-2	20
ULIP	15.9	30.2	41.9	31.3	22.2	35.0	16	58
<b>Group Savings Business</b>	<b>1.5</b>	<b>2.7</b>	<b>1.4</b>	<b>5</b>	<b>1.6</b>	<b>3.1</b>	<b>15</b>	<b>94</b>
<b>Annuity</b>	<b>1.3</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.2</b>	<b>1.2</b>	<b>-25</b>	<b>0</b>
<b>Total Protection</b>	<b>3.7</b>	<b>7.0</b>	<b>4.5</b>	<b>5.8</b>	<b>3.0</b>	<b>5.0</b>	<b>-29</b>	<b>67</b>
Individual Protection	2.1	2.1	2.3	2.9	1.5	1.7	-19	13
Group Protection	1.6	4.9	2.2	2.9	1.5	3.3	-33	120

Policyholder A/C (INR b)	FY24				FY25		Change (bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
<b>Total APE</b>	<b>30.3</b>	<b>52.3</b>	<b>61.3</b>	<b>53.3</b>	<b>36.4</b>	<b>53.9</b>	<b>3</b>	<b>48</b>
<b>APE (% of total)</b>								
<b>Individual Savings</b>	<b>78.2</b>	<b>78.6</b>	<b>87.8</b>	<b>76.7</b>	<b>84.1</b>	<b>86.5</b>	<b>787</b>	<b>239</b>
Par	6.6	4.4	2.9	3.2	3.8	5.9	154	209
Non Par	19.1	16.4	16.5	14.8	19.2	15.6	-86	-365
ULIP	52.5	57.7	68.4	58.7	61.0	64.9	719	395
<b>Group Savings Business</b>	<b>5.0</b>	<b>5.2</b>	<b>2.3</b>	<b>9.4</b>	<b>4.4</b>	<b>5.8</b>	<b>59</b>	<b>136</b>
<b>Annuity</b>	<b>4.3</b>	<b>3.1</b>	<b>2.6</b>	<b>3.0</b>	<b>3.3</b>	<b>2.2</b>	<b>-83</b>	<b>-107</b>
<b>Total Protection</b>	<b>12.2</b>	<b>13.4</b>	<b>7.3</b>	<b>10.9</b>	<b>8.2</b>	<b>9.3</b>	<b>-411</b>	<b>103</b>
Individual Protection	6.9	4.0	3.8	5.4	4.1	3.2	-86	-97
Group Protection	5.3	9.4	3.6	5.4	4.1	6.1	-325	200
<b>Distribution mix (%)</b>								
Banca	65.3	57.6	70.7	53.8	59.3	57.7	15	-164
Agency	24.8	26.6	21.5	28.2	29.9	32.1	552	215
Others	9.9	15.9	7.8	18.0	10.7	10.2	-567	-51
<b>Key Ratios (%)</b>								
<b>Operating ratios</b>								
Commission (Unwtd)	3.8	3.9	4.2	3.4	3.7	4.1	16	45
Opex (UnWtd)	6.8	4.4	4.7	4.4	6.1	5.6	116	-52
Total Cost (Unwtd)	10.6	8.4	8.9	7.8	9.8	9.7	132	-7
Solvency ratio	215.0	212.0	209.0	196.0	201.0	204.0	-800	300
<b>Operating ratios</b>								
VNB margins	28.8	28.5	27.4	28.3	26.8	26.9	-159	10
<b>Persistency ratios</b>								
13th months	81.5	83.3	82.1	85.8	83.6	86.4	308	279
25th months	75.1	75.2	74.1	76.1	76.1	77.8	261	173
37th months	69.2	68.3	68.0	71.3	71.4	72.2	395	83
49th months	68.8	71.6	69.9	72.8	67.7	71.6	-1	389
61st months	56.6	56.1	55.9	58.9	59.3	61.9	580	258
<b>Key Metrics (INRb)</b>								
VNB	8.7	14.9	16.8	15.1	9.7	14.5	-3	49
AUM	3283	3452	3714	3889	4148	4390	27	6



## Highlights from the management commentary

### Outlook

- SBILIFE has witnessed 15% YoY growth on IRP basis in 1HFY25, with an industry-beating two-year CAGR of 16%. The management expects to maintain 15-17% growth on IRP basis in FY25, driven by product launches and distribution initiatives.
- The management expects protection premiums to report strong growth on the back of the recent launch of two new products, which will boost margins. VNB growth is expected to be in the range of 12-15% and VNB margin guidance is 26-27% for FY25.

### 1HFY25 performance

- Individual new business grew 13% YoY, with single premium contribution at 33%, reflecting private market share of 25.7% and overall industry market share of 15.7%.
- Group savings product witnessed headwinds due to unstable rates in the market and contributed 27% to new business premium.
- New business premium market share with respect to private industry was at 21.3% and at 8.3% for overall industry.
- SBILIFE issued ~1m new policies and lives covered were 11m during 1HFY25.
- Individual new business sum assured grew 20% YoY.
- Mis-selling ratio at 0.03% was the lowest in the industry.
- No change in assumptions in terms of EV walk. Positive variance witnessed in terms of expenses, mortality and persistency.

### VNB margins

- Decline in VNB margins was largely due to increase in ULIP share in the mix.
- Sequentially, margin improvement was driven by repricing of non-par products during 2QFY25. The company expects non-par margins to further improve in 3QFY25.
- VNB margins have not been affected by surrender guidelines and the company started relaunching products in mid-Sep'24.

### Product mix

- SBILIFE relaunched 15 existing products to align with the regulatory environment, current market trends and customer expectations. Nine new products were also introduced, including five ULIPs, two term insurance products, one annuity products and one endowment product, taking the total count to 24.
- ULIP grew by 19% YoY, contributing 61% of individual APE, aided by positive movement in equity markets and consumer preferences.
- Protection business growth was impacted by delayed product launch. After the launch of a new protection product in Sep'24, 30,000 policies have been sold on the YONO platform. Hence, protection contribution will improve, going forward.
- Another high-ticket protection product has been recently launched with a minimum sum assured of INR20m, which is highly competitive compared to

protection plans offered by other peers. Profitability of the product is similar to other retail protection products.

- Credit life witnessed flat growth as penetration levels in the bank were lower than expected. The management expects 9-10% growth in credit life for FY25, backed by an ease in the underwriting process with the ticket size for housing loans increasing.
- The management has guided of Non-par, protection and par products constituting 40% and ULIP constituting 60% of the product mix.

#### **Distribution channels**

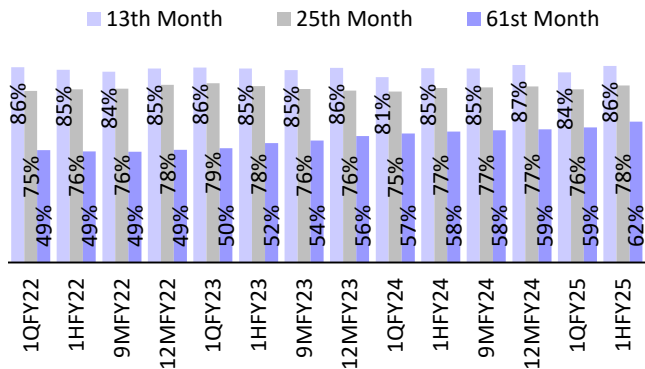
- SBILIFE is focusing on improving banca and agency productivity, onboarding new agents and enhancing digital initiatives.
- Slower growth in bancassurance was witnessed due to its current priority toward the digital platform and usage of data analytics, which will help in scaling the channel and improving customer engagement in the long run.
- Entire banca sales are being done by CIFs, who are provided regular training on all products, including newly launched products.
- SBI is developing YONO as a marketplace that will harness future opportunities and attract tech savvy clients.
- The new protection products are provided to pre-selected customers on YONO app based on data analytics. The role of bank branches is just to inform customers about the availability of products on the YONO app.
- Improvement in agent activation, productivity and onboarding has been seen with the launch of Agent 2.0 program, reflected by 33% YoY growth in 1HFY25.
- Investing in building online business channel; hence, IRNB grew 73% YoY for the digital channel.
- There has been no change in the commission structure due to the minimal impact of new surrender guidelines as the product mix is skewed toward ULIP.
- The management expects 30%+ growth in agency and 9% growth for banca channel in 2HFY25.

#### **Persistency**

- Several initiatives have been taken to ensure continuous connect with customers and to address challenges, which will help to improve persistency.

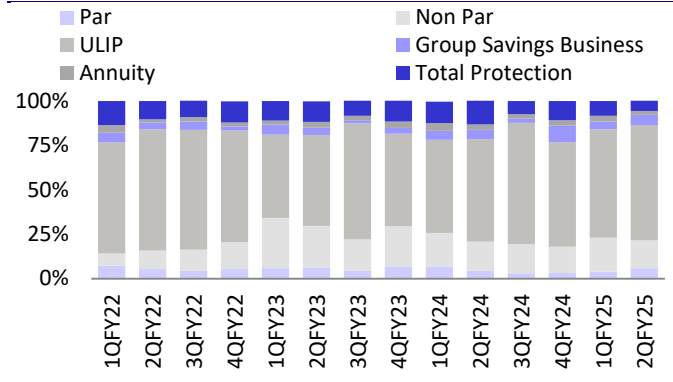
## Story in charts

**Exhibit 1: Persistency ratios across cohorts**



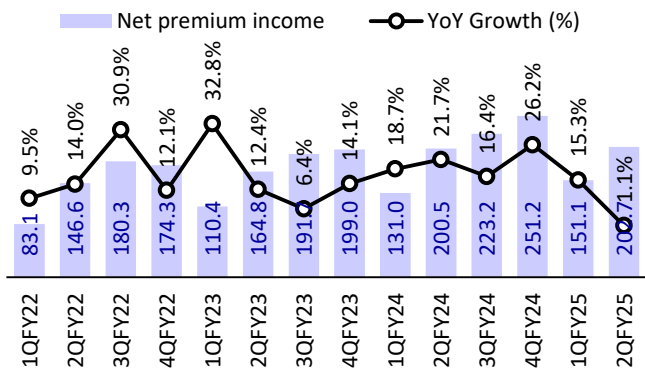
Source: MOFSL, Company

**Exhibit 2: Share of ULIP rose to 65% of total APE**



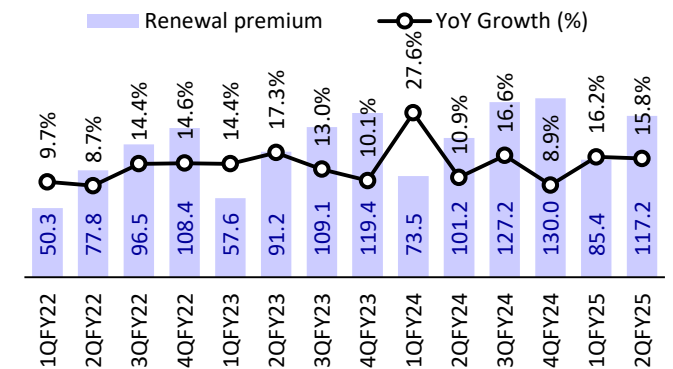
Source: MOFSL, Company

**Exhibit 3: Net premium up 1.1% YoY in 2QFY25**



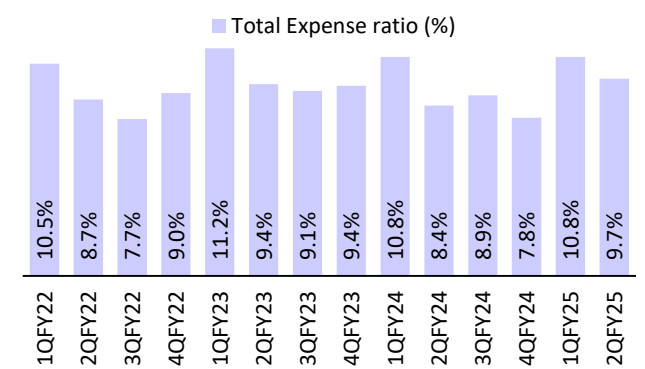
Source: MOFSL, Company

**Exhibit 4: Renewal premium grew 15.8% YoY in 2QFY25**



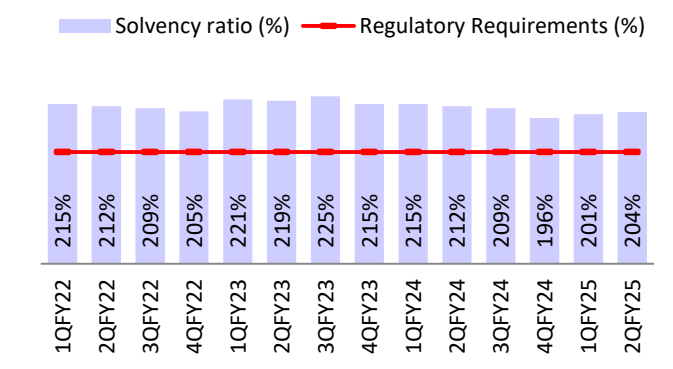
Source: MOFSL, Company

**Exhibit 5: Total expense ratio stood at 9.7%**



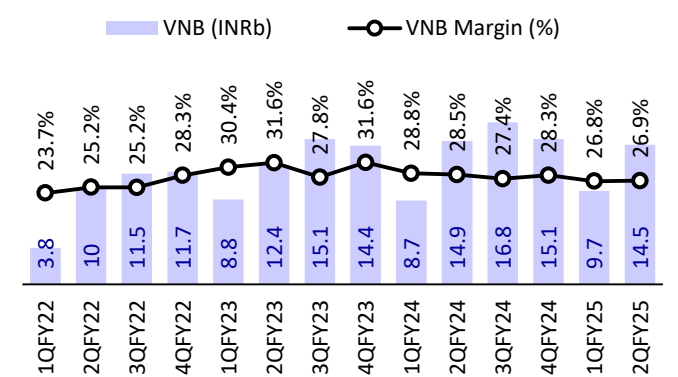
Source: MOFSL, Company

**Exhibit 6: Solvency ratio remained healthy at 204% well above the regulatory requirement of 150%**



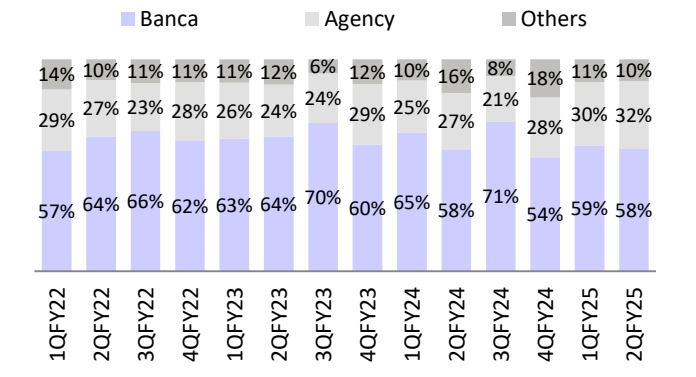
Source: MOFSL, Company

**Exhibit 7: VNB margin stood at 26.9%**



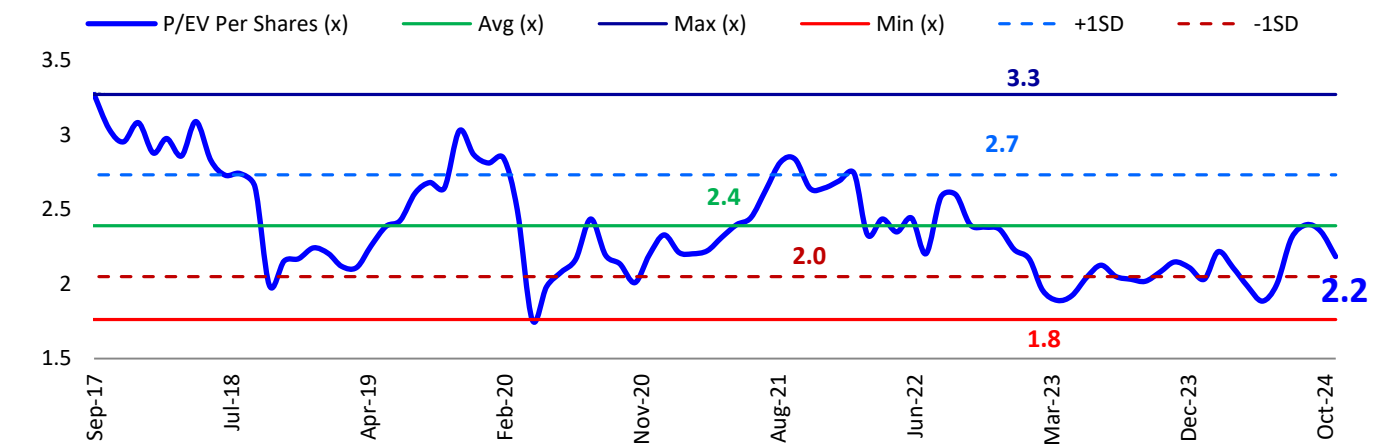
Source: MOFSL, Company; Margins based on Effective tax rate

**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)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Gross Premiums	406.3	502.5	587.6	673.2	814.3	893.4	1,040.1	1,211.4
Reinsurance Ceded	-3.1	-4.9	-3.3	-7.3	-8.4	(8.6)	(10.1)	(11.7)
Net Premiums	403.2	497.7	584.3	665.8	805.9	884.8	1,030.0	1,199.6
Income from Investments	30.0	314.6	235.7	132.6	503.9	542.4	454.0	517.0
Other Income	5.2	8.6	10.3	17.6	16.6	19.9	23.9	28.7
<b>Total income (A)</b>	<b>438.4</b>	<b>820.8</b>	<b>830.3</b>	<b>816.0</b>	<b>1,326.3</b>	<b>1,447.1</b>	<b>1,507.9</b>	<b>1,745.3</b>
Commission	16.2	17.7	21.6	30.1	32.0	35.5	41.6	48.6
Operating expenses	24.1	24.1	29.7	34.6	40.3	45.2	50.6	56.7
<b>Total commission and opex</b>	<b>40.3</b>	<b>41.9</b>	<b>51.3</b>	<b>64.7</b>	<b>72.4</b>	<b>80.7</b>	<b>92.2</b>	<b>105.3</b>
Benefits Paid (Net)	162.5	215.8	313.4	302.9	431.1	463.6	537.3	623.2
Change in reserves	206.0	539.3	437.6	410.0	784.3	852.0	821.5	951.2
<b>Total expenses (B)</b>	<b>415.7</b>	<b>801.8</b>	<b>810.2</b>	<b>785.9</b>	<b>1,297.0</b>	<b>1,408.0</b>	<b>1,464.4</b>	<b>1,695.3</b>
<b>(A) - (B)</b>	<b>22.8</b>	<b>19.1</b>	<b>20.1</b>	<b>30.0</b>	<b>29.3</b>	<b>39.2</b>	<b>43.5</b>	<b>50.0</b>
Prov for Tax	3.8	1.0	1.3	1.5	1.4	3.7	4.0	4.6
<b>Surplus / Deficit (calculated)</b>	<b>19.0</b>	<b>18.1</b>	<b>18.8</b>	<b>28.6</b>	<b>27.9</b>	<b>35.5</b>	<b>39.5</b>	<b>45.5</b>

Shareholder's a/c (INR b)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Transfer from technical a/c	14.6	16.8	17.3	27.1	26.0	29.8	33.3	38.3
Income From Investments	4.8	6.9	9.8	7.9	10.3	11.4	12.2	14.4
<b>Total Income</b>	<b>19.5</b>	<b>23.7</b>	<b>27.2</b>	<b>35.0</b>	<b>36.3</b>	<b>41.1</b>	<b>45.5</b>	<b>52.7</b>
Other expenses	0.6	0.1	1.8	0.4	0.6	0.7	1.0	1.4
Contribution to technical a/c	4.8	8.2	9.8	17.1	16.3	15.9	19.1	22.9
Total Expenses	5.3	8.3	11.6	17.4	16.9	16.6	20.1	24.3
<b>PBT</b>	<b>14.1</b>	<b>15.4</b>	<b>15.6</b>	<b>17.6</b>	<b>19.4</b>	<b>24.5</b>	<b>25.4</b>	<b>28.4</b>
Prov for Tax	-0.1	0.9	0.5	0.4	0.5	0.6	0.6	0.7
<b>PAT</b>	<b>14.2</b>	<b>14.6</b>	<b>15.1</b>	<b>17.2</b>	<b>18.9</b>	<b>23.9</b>	<b>24.8</b>	<b>27.7</b>
<i>Growth</i>	7.2%	2.4%	3.4%	14.4%	9.9%	26.1%	3.8%	11.7%

Balance sheet (INR b)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Sources of Fund</b>								
Share Capital	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Reserves And Surplus	78.8	90.9	104.2	119.2	135.9	156.5	177.3	200.4
<b>Shareholders' Fund</b>	<b>87.4</b>	<b>104.0</b>	<b>116.2</b>	<b>130.2</b>	<b>149.1</b>	<b>169.2</b>	<b>189.6</b>	<b>212.4</b>
Policy Liabilities	761.2	924.1	1,097.6	1,301.3	1,558.1	1,839.6	2,190.7	2,608.8
Prov. for Linked Liab.	763.0	965.5	1,174.9	1,407.2	1,667.4	1,850.9	2,064.8	2,303.3
Funds For Future App.	7.1	8.4	9.9	11.4	13.4	15.8	18.6	22.0
Current liabilities & prov.	30.2	42.4	51.3	51.0	44.9	46.5	48.3	50.1
<b>Total</b>	<b>1,655.8</b>	<b>2,268.3</b>	<b>2,733.4</b>	<b>3,146.9</b>	<b>3,972.7</b>	<b>4,620.2</b>	<b>5,420.0</b>	<b>6,384.1</b>
<b>Application of Funds</b>								
Shareholders' Inv	68.3	86.0	100.8	112.1	130.4	153.8	181.5	214.2
Policyholders' Inv	734.2	939.4	1,121.3	1,298.7	1,565.4	1,871.6	2,223.7	2,642.1
Assets to cover linked liab.	785.7	1,162.2	1,426.3	1,632.6	2,160.1	2,499.3	2,940.5	3,469.7
Loans	3.6	3.6	3.6	3.9	3.9	4.5	5.1	5.9
Fixed Assets	5.8	5.7	5.3	5.2	5.6	6.0	6.5	7.0
Current assets	58.2	71.5	76.2	94.4	107.3	84.9	62.7	45.2
<b>Total</b>	<b>1,655.8</b>	<b>2,268.3</b>	<b>2,733.4</b>	<b>3,146.9</b>	<b>3,972.7</b>	<b>4,620.2</b>	<b>5,420.0</b>	<b>6,384.1</b>

## Financials and valuations

Operating ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Investment yield	2.1	17.3	10.2	4.8	15.1	13.6	9.9	9.8
<b>Commissions / GWP</b>	<b>-4.0</b>	<b>-3.5</b>	<b>-3.7</b>	<b>-4.5</b>	<b>-3.9</b>	<b>-4.0</b>	<b>-4.0</b>	<b>-4.0</b>
- first year premiums	-8.4	-8.4	-8.3	-11.9	-10.6	-10.6	-10.6	-10.6
- renewal premiums	-2.7	-2.6	-2.6	-2.5	-2.4	-2.4	-2.4	-2.4
- single premiums	-1.4	-1.1	-1.2	-1.4	-1.0	-1.0	-1.0	-1.0
Operating expenses / GWP	7.3%	5.9%	5.9%	5.9%	6.0%	5.5%	5.7%	5.4%
<b>Total expense ratio</b>	<b>9.9%</b>	<b>8.3%</b>	<b>8.7%</b>	<b>9.6%</b>	<b>8.9%</b>	<b>9.0%</b>	<b>8.9%</b>	<b>8.7%</b>
Claims / NWP	40.3%	43.4%	53.6%	45.5%	53.5%	52.4%	52.2%	52.0%
Solvency ratio	195%	215%	205%	215%	196%	189%	181%	181%

Persistency ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
13th Month	86.1%	85.4%	85.2%	85.5%	86.8%	87.8%	88.6%	89.2%
25th Month	78.5%	75.8%	78.1%	75.6%	77.4%	78.5%	79.1%	79.5%
37th Month	71.6%	72.1%	72.2%	74.5%	71.3%	69.6%	68.8%	68.4%
49th Month	67.3%	65.6%	69.9%	70.3%	72.7%	73.9%	74.5%	74.8%
61st Month	59.9%	50.9%	49.5%	55.6%	58.6%	60.3%	61.4%	62.0%

Profitability ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
VNB margin (%)	20.7%	23.2%	25.9%	30.1%	28.1%	26.5%	27.5%	27.5%
RoE (%)	17.4%	15.2%	13.7%	14.0%	13.6%	15.0%	13.8%	13.8%
RoIC (%)	17.4%	15.3%	14.0%	14.2%	13.8%	15.3%	14.0%	13.9%
Operating ROEV (%)	20.5%	19.1%	20.6%	22.9%	21.8%	19.4%	19.4%	19.0%
RoEV (%)	17.4%	27.0%	18.7%	16.2%	26.5%	21.3%	20.0%	19.1%

Valuation ratios	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total AUMs	1,603.6	2,208.7	2,674.1	3,073.4	3,889.2	4,602.7	5,437.8	6,435.0
- of which equity AUMs (%)	21%	27%	29%	29%	34%	31%	31%	31%
Dividend %	0%	25%	20%	25%	27%	33%	33%	33%
Dividend payout ratio (%)	0%	17%	13%	15%	14%	14%	16%	16%
EPS, Rs	14.2	14.6	15.1	17.2	18.9	23.9	24.8	27.7
VNB	22.2	26.6	37.0	50.7	55.5	59.8	72.7	85.2
- VNB growth (%)	15.6%	19.8%	39.1%	37.0%	9.5%	8%	22%	17%
EV per share	276.4	364.0	396.3	460.4	582.6	706.8	848.2	1,010.0
VIF as % of EV	63%	63%	68%	70%	73%	75%	77%	78%
P/VIF	10.4	8.2	6.3	5.3	4.0	3.2	2.6	2.2
P/AUM (%)	107%	78%	64%	56%	44%	37%	32%	27%
P/EV (x)	6.5	5.1	4.3	3.7	2.9	2.4	2.0	1.7
P/EPS (x)	120.7	117.9	113.9	99.6	90.6	71.9	69.2	62.0
P/EVOP (x)	37.4	34.2	24.9	19.0	17.1	15.2	12.6	10.7
P/VNB (x)	77.4	64.6	46.4	33.9	30.9	28.7	23.6	20.2

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