

HDFC Life Insurance

Estimate change



TP change



Rating change



CMP: INR637

TP: INR700 (+12%)

Neutral

VNB & APE miss estimates

Growth outlook remains steady

- HDFC Life Insurance (HDFCLIFE) in 3QFY24 reported lower-than-expected performance with total APE at INR31.9b (missed our estimates by 7.3%).
- Total APE declined marginally by 2% YoY to INR31.9b as Non-PAR/annuity/term products declined 35%/45%/16% YoY, offset by 74%/96% surge in ULIPs/group products.
- VNB margins, at 26.8%, fell 70bp below expectations (missing estimates by 9.6%). Nevertheless, EV grew 20% YoY to INR452b.
- 3QFY24 PAT at INR 3.6b was broadly in line with estimates and saw a 16% YoY growth.
- For 9MFY24, APE/VNB/PAT grew 5%/5%/16% to INR86b/22.6b/11.5b.
- We estimate HDFCLIFE to deliver ~15% VNB CAGR over FY23-26 and margin to improve to ~29.4% by FY26E. We **retain our Neutral stance on the stock with a TP of INR700 (premised on 2.6x Sep'25E EV)**.

Strong growth of 74% YoY in ULIPs

- HDFCLIFE's total premium rose 6% YoY to INR152b (7% miss), within which, new business premium declined 3.5% YoY, while renewal premium grew 16.8% YoY.
- Total APE declined marginally by 2% YoY to INR31.9b (7% miss) in 3QFY24 with individual APE at INR 27.9b (flat YoY). Within total APE, ULIPs/Group products spiked 74%/96% YoY, while Non-PAR/annuity/term products declined 35%/45%/16% YoY in 3QFY24.
- VNB declined 2% YoY (9.6% miss) with margins missing our estimates by 70bp at 26.8% (flat YoY).
- On the distribution front, the share of banca improved to 64% while agency channel constituted 18% share for 9MFY24 (based on individual APE). This increase was at the cost of direct and broker channel as it continues to face headwind in the form of heightened competition and its share moderated to 11% and 6% respectively for 9MFY24. EV grew 20% YoY to INR452b. Total AUM increased 20% YoY to INR2.8t, while solvency ratio stood at 190% (400bp QoQ decline).

Highlights from the management commentary

- Growth in the tier 2 and tier 3 towns has been 2x that of the company and has accounted for 65% of the overall topline.
- The company remains optimistic about its growth prospects, driven by 1) sustained growth in less than INR0.5m ticket size, 2) anticipated stability in the macro environment leading to increased allocation to insurance products, 3) the forthcoming full-year impact of counter share at HDFC Bank developments, 4) the expansion of new relationships (most relationships in the past HDFC Life have achieved a counter share of 30-35% within 15 months) and 5) the expected benefits for the agency channel through the addition of new branches.

Bloomberg	HDFCLIFE IN
Equity Shares (m)	2153
M.Cap.(INRb)/(USD\$)	1385 / 16.7
52-Week Range (INR)	711 / 458
1, 6, 12 Rel. Per (%)	-7/-16/-14
12M Avg Val (INR M)	2474

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Net Premiums	567.6	640.1	761.6
Surplus / Deficit	13.6	9.6	18.8
Sh. PAT	13.6	16.0	24.3
NBP gr- unwt'd (%)	20.4	0.0	20.0
NBP gr - APE (%)	35.5	-0.9	21.2
Premium gr (%)	25.2	12.8	19.0
VNB margin (%)	27.6	27.3	28.3
RoEV (%)	19.9	17.8	17.5
Total AUMs (INRt)	2.4	3.0	3.4
VNB (INRb)	36.7	35.5	44.6
EV per share	184	216	254

Valuations

P/EV (x)	3.5	2.9	2.5
P/EVOP (x)	21.1	19.7	16.4

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	50.4	50.3	50.3
DII	6.9	6.2	6.9
FII	30.6	30.9	28.8
Others	12.6	12.6	14.0

FII Includes depository receipts

Valuation and view

HDFCLIFE remains focused on maintaining a balanced product mix, with an emphasis on product innovation and superior customer service. While protection has picked up momentum, the growth in the Non-PAR segment is likely to be concentrated in the later part of the year. Growth in lower tier cities will be the key focus areas with expansion of HDFC Bank's branch network and deepening of HDFCLIFE's branch network. Persistency trend improved across all cohorts, keeping the renewal premium growth healthy. The final regulation on changes in surrender charges will continue to be an overhang. We have cut our VNB margins assumptions based on 9MFY24 performance and we now estimate HDFCLIFE to deliver ~15% VNB CAGR over FY23-26 and margin to improve to ~29.4% by FY26. We reiterate our **Neutral rating with a TP of INR700 (premised on 2.6x Sep'25E EV)**.

Quarterly performance**(INR m)**

Policy holder's A/c (INR b)	FY23				FY24E				FY23	FY24E	FY24E 2Q	V/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
First year premium	17.1	24.2	27.2	44.7	18.5	25.7	26.8	41.0	113.2	112.0	29.7	-9.7
Growth (%)	32.9%	16.6%	28.8%	73.5%	8.4%	5.9%	-1.7%	-8.2%	40.6%	-1.1%	8.9%	
Renewal premium	51.0	69.1	71.9	92.5	58.0	78.4	84.0	137.6	284.5	357.9	89.5	-6.2
Growth (%)	31.1%	37.2%	29.7%	26.1%	13.8%	13.5%	16.8%	48.6%	30.4%	25.8%	24.5%	
Single premium	32.4	39.5	46.6	59.0	40.2	45.4	44.5	48.8	177.6	178.9	47.4	-6.1
Growth (%)	30.6%	-12.5%	1.5%	31.1%	24.0%	14.7%	-4.6%	-17.3%	10.3%	0.7%	1.7%	
Gross premium inc.	100.5	132.8	145.8	196.3	116.7	149.4	155.3	227.4	575.3	648.8	166.6	-6.8
Growth (%)	31.3%	14.2%	18.9%	36.1%	16.2%	12.5%	6.5%	15.9%	25.2%	12.8%	14.3%	
PAT	3.6	3.3	3.2	3.6	4.2	3.8	3.7	4.4	13.6	16.0	3.5	4.2
Growth (%)	19.1%	19.0%	15.2%	0.3%	15.4%	15.5%	15.8%	22.5%	12.6%	17.7%	11.2%	
Key metrics (INRb)												
New business APE	20.6	28.5	32.6	51.6	23.3	30.5	31.9	45.9	131.0	129.9	34.4	-7.3
Growth (%)	32.2	11.7	25.5	69.3	12.8	6.8	-2.1	-11.1	35.5	-0.9	5.6	
VNB	5.2	7.7	8.8	15.1	6.1	8.0	8.6	12.8	36.7	35.5	9.5	-9.6
Growth (%)	27.0	13.6	26.1	68.8	17.8	4.0	-2.2	-15.1	37.4	-3.4	8.2	
AUM (INR b)	2,134	2,249	2,338	2,388	2,533	2,649	2,797	2,960	2,388	2,960	2,773	0.9
Growth (%)	17.7	17.6	20.1	17.0	18.7	17.8	19.6	23.9	17.0	23.9	18.6	
Key Ratios (%)												
VNB Margins (%)	25.1	27.0	26.8	29.3	26.2	26.2	26.8	28.0	27.6	27.3	27.5	-67
Solvency ratio (%)	183.0	210.0	209.0	203.0	200.0	194.0	190.0	195.5	203.3	195.5	198.0	-800

Quarterly snapshot

	FY22		FY23				FY24			Change (%)	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Net premium income	121.2	142.9	98.5	131.1	143.8	194.3	114.8	147.6	152.4	6	3
First year premium	21.2	25.7	17.1	24.2	27.2	44.7	18.5	25.7	26.8	-2	4
Renewal premium	55.4	73.4	51.0	69.1	71.9	92.5	58.0	78.4	84.0	17	7
Single premium	46.0	45.1	32.4	39.5	46.6	59.0	40.2	45.4	44.5	-5	-2
Investment income	19.8	14.0	-33.0	97.8	49.3	11.9	116.3	81.0	113.7	131	40
Total income (A)	142.2	160.5	66.1	229.7	196.9	214.3	232.1	229.7	266.9	36	16
Commission paid	5.1	6.2	4.0	6.7	6.8	10.9	6.6	11.8	12.4	83	5
Operating expense	15.0	18.1	15.6	18.4	21.2	29.2	16.3	17.4	17.7	-16	2
Total commission & Opex	20.1	24.3	19.6	25.1	28.0	40.1	22.9	29.2	30.1	8	3
Total Expenses (B)	139.4	152.5	62.8	226.0	194.0	205.1	229.2	232.8	265.7	37	14
PBT	2.0	7.1	2.2	2.7	2.0	8.2	2.3	-3.8	0.6	-70	-115
Surplus/(Deficit)	1.8	5.5	2.1	2.5	3.3	5.7	2.1	2.3	0.6	-81	-73
Shareholder A/c											
Trf from Policyholder a/c	1.8	5.0	2.5	2.2	4.2	5.8	2.3	1.4	1.3	-69	-5
Investment Income	1.8	1.5	1.2	1.6	2.4	2.0	2.3	2.4	2.8	15	19
Total income	3.6	6.5	3.7	3.8	6.6	8.4	4.6	3.8	4.1	-38	7
PBT	2.8	3.2	3.6	3.3	3.1	2.7	4.2	3.3	3.7	17	11
PAT	2.7	3.6	3.6	3.3	3.2	3.6	4.2	3.8	3.7	16	-3
Individual APE											
ULIP	5.6	6.7	3.9	4.8	5.8	7.2	4.7	7.8	10.7	85	37
PAR	6.5	7.8	5.6	7.2	7.2	10.8	4.9	7.6	7.8	9	2
Term	0.9	1.6	0.8	0.8	1.1	1.8	1.1	1.6	1.7	52	8
Non Par savings	7.4	8.6	5.7	9.5	11.6	24.5	6.2	7.2	6.9	-40	-4
Annuity	1.1	1.3	1.0	1.5	1.7	1.6	1.7	1.9	1.5	-9	-20
Total individual APE	21.5	25.9	16.9	24.3	27.6	45.3	18.8	26.0	27.9	1	8
Total APE	26.0	30.5	20.6	28.5	32.6	51.6	23.3	30.5	31.9	-2	5
APE (% of total)											
ULIP	26.0	26.0	23.0	19.6	21.0	16.0	25.0	30.2	38.4	1,741	824
PAR	30.0	30.0	33.0	29.6	26.0	24.0	26.0	29.4	28.0	198	-145
Term	4.4	6.0	5.0	3.3	4.0	4.0	6.0	6.0	6.0	200	0
Non Par savings	34.6	33.0	34.0	39.1	42.0	54.1	33.0	27.8	24.8	-1,718	-303
Distribution mix (%)											
Bancassurance	62.6	61.0	56.0	57.7	62.0	51.4	61.0	67.9	62.4	42	-550
Individual agents	15.6	14.0	16.0	19.4	18.0	23.0	20.0	16.6	18.0	0	145
Direct	15.8	19.0	22.0	13.5	12.0	10.0	12.0	10.3	11.0	-102	72
Broker	6.0	6.0	7.0	8.7	10.5	14.0	8.0	6.3	4.4	-609	-188
Key Ratios (%)											
Operating ratios											
Commission (unwtd)	4.1	4.3	3.9	5.1	4.8	5.7	5.7	7.9	8.0	327	8
Opex (unwtd)	12.4	12.6	19.6	13.8	14.5	15.0	19.8	11.6	11.4	-310	-25
Total Cost	16.4	16.8	19.5	19.0	19.3	20.5	19.6	19.6	19.4	10	-19
Solvency ratio	190	176	183	210	209	203	200	194	190	-1,900	-400
Profitability ratios											
VNB margins	26.7	29.4	25.1	27.0	26.8	29.3	26.2	26.2	26.8	-2	63
ROE	13.0	10.1	14.1	12.4	11.9	11.9	12.6	12.4	11.5	-40	-90
Op. ROEV	16.2	16.6	15.7	17.7	17.5	19.7	16.0	17.7	16.5	-100	-120
Persistency ratios											
13th Month	87.0	87.5	85.0	87.0	87.0	87.5	83.3	84.0	86.3	-70	230
25th Month	77.0	78.8	74.5	77.0	78.0	78.7	78.0	78.1	79.5	150	140
37th Month	67.0	67.5	68.4	70.0	71.0	72.4	69.8	71.5	72.7	170	120
49th Month	63.0	63.2	61.8	63.0	64.0	64.0	66.3	72.3	68.4	440	-390
61st Month	53.0	54.0	50.7	51.0	52.0	52.3	52.7	51.4	53.5	150	210
Key Metrics (INR b)											
VNB	6.9	9.0	5.2	7.7	8.8	15.1	6.1	8.0	8.6	-2	7
EV	295.4	329.6	324.7	360.2	377.0	395.3	418.4	429.1	451.7	20	5
AUM	1,947	2,042	2,134	2,249	2,338	2,388	2,533	2,649	2,797	20	6

Note: (a) Persistency ratios are on cumulative basis for 1H, 9M and 12M



Highlights from the management commentary

Business growth

- The quarter witnessed lower-than-expected growth because of weaker growth in the higher ticket size segment. The traction in below INR0.5m ticket size continues to be strong. Some of the cohorts under INR0.5m have seen 3x the company-level growth. Recently, there has been traction in the higher ticket segment, especially in the newly launched products.
- The shift in allocation toward equity and a slight delay in purchasing decisions, due to high interest rates, have collectively impacted the overall demand.
- The growth rate of the number of policies stood at 9% YoY, surpassing the industry average. It provided coverage for more than 50m lives so far through both individual and group products.
- Growth in the tier 2 and tier 3 towns has been 2x that of the company and has accounted for 65% YoY of the overall topline.
- Retail protection grew 36% YoY and credit protection grew 21% YoY. Overall and retail sum assured grew 38% and 54%, YoY respectively.
- The company launched the Click to Achieve product (non-par) in the latter part of 3QFY24, offering a lot of flexibility to customers. The product garnered INR1b in revenue within four weeks of its launch.
- The non-par share stood at 30% exit rate in Dec 2023 compared to 28% for the first nine months.
- The company remains optimistic about its growth prospects, driven by 1) sustained growth in less than INR0.5m ticket size, 2) anticipated stability in the macro environment leading to increased allocation to insurance products, 3) the forthcoming full-year impact of counter share at HDFC Bank developments, 4) the expansion of new relationships (most relationships in the past HDFC Life have achieved a counter share of 30-35% within 15 months) and 5) the expected benefits for the agency channel through the addition of new branches.
- The sequential decline in group protection is due to credit life rather than group term. HDFC life has been discerning in its approach to group-term products, given the intensifying competition in pricing. Additionally, post RBI regulations, there has been a slowdown in disbursements in the credit life segment.
- The low base of protection played out in 1HFY24 and will see a normalized growth going ahead. However, pricing discipline will be maintained.
- The share of premium with ticket size above INR0.5m has gone down from 12% last year to 6% in 9mFY24.
- Company is aiming for a double digit growth in 4Q excluding the INR10b premium garnered in Mar'23 due to the tax change.

Distribution

- The company has recently tied up with Karnataka Bank, Karur Vysya Bank, and NKJSB Bank.
- The total agency count declined in 3QFY24 vs 2QFY24 due to the removal of agents not meeting specific business size criteria. Despite this, the company added more than 50k new agents during 9MFY24.

- The management aims to grow the banca channel with strengthened market share through its strategic partnership with HDFC Bank, branch expansions, and new tie-ups.
- The slow growth in the banca channel was a result of base effect, wherein large relationships had scaled up meaningfully in 3QFY23. During this period, banks were also focused on CASA. The impact was observed in the deceleration of growth in the INR0.5m and above segment.
- In the banca channel, the growth in up to INR0.5m ticket size in 3Q was 20%. NOP has grown in double digits in the channel. Market share in HDFC Bank was in mid-60s.
- Looking to grow in lower-tier cities through various channels. Banca partners (including HDFC bank) are expanding their branch presence, while the agency channel plans to add 75 new branches. HDFC Life has a strong brand recall akin to LIC and SBI. While the banca channel is expected to grow quickly, the agency channel is expected to mature over 15-18 months.
- Margins in lower-tier cities are similar to tier 1 cities. Products would be tailor made for lower tier cities.

Consultation paper on surrender charges

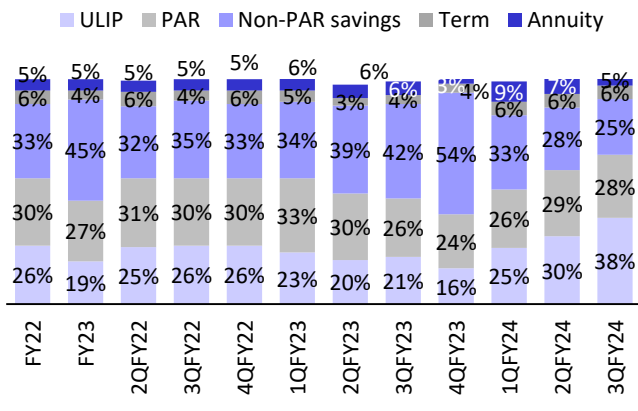
- Aligning with the regulator's philosophy, the company adheres to principles regarding payouts to policyholders. Some parts of the consultation paper include shorter tenured products and exemptions from GST for specific ticket sizes. To mitigate potential impacts, product constructs can be designed to provide customers with choices, such as opting between liquidity and IRR.
- If the new regulation on surrender charges come in the current form, it will take significant time to recalibrate the product construct.

Financials

- The company has seen improved profitability across product segments. Profitability of ULIPs is significantly higher than what was there two to three years ago.
- Margin improvement was positively influenced by several factors 1) the increase in sum assured associated with linked products, 2) improvement in persistency, 3) aligning pricing of non-linked products with profitability objectives, and 4) an increase in the share of protection products.
- Increase in costs is because of operating deleverage, as the company has built a capacity for a 15% growth, while the actual delivery is much lower.
- Commission payout conversations based on EOM regulations with partners have been completed and there have been no detrimental impact on customers.
- RoEV has declined because of lower contribution from VNB and the base effect resulting from capital infusion in the previous year.

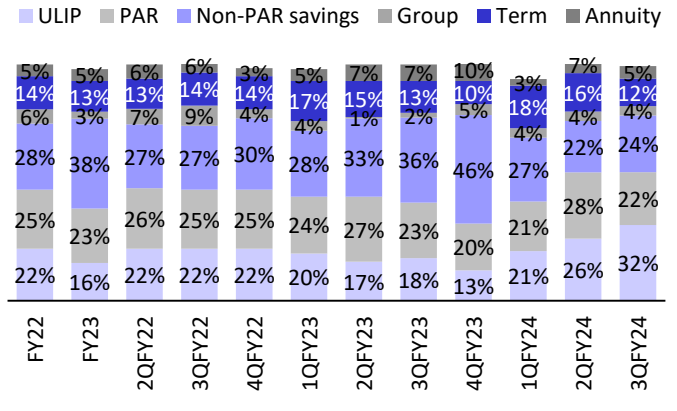
Key exhibits

Exhibit 1: Share of Non-PAR Savings declines to 25% of Individual APE



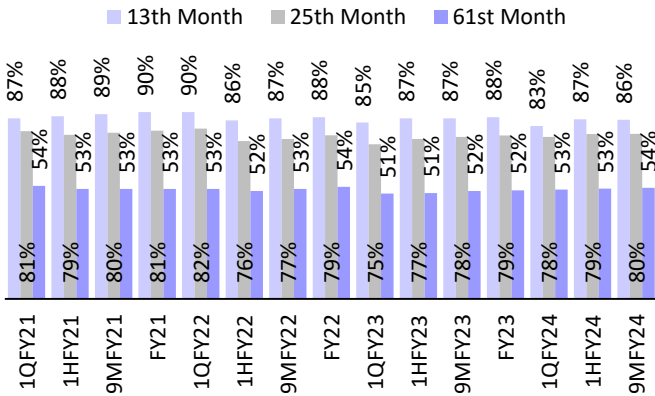
Source: MOFSL, Company

Exhibit 2: Share of Non-PAR Savings/Annuity/Term at 24%/5%/12% of total APE



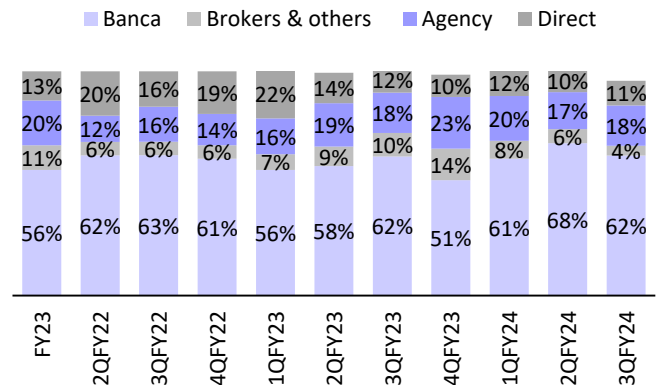
Source: MOFSL, Company

Exhibit 3: Persistency ratio for 61st month improves



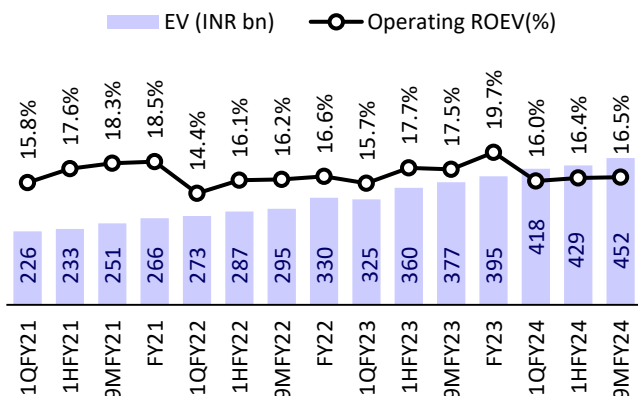
Source: MOFSL, Company

Exhibit 4: Share of banca is flat YoY



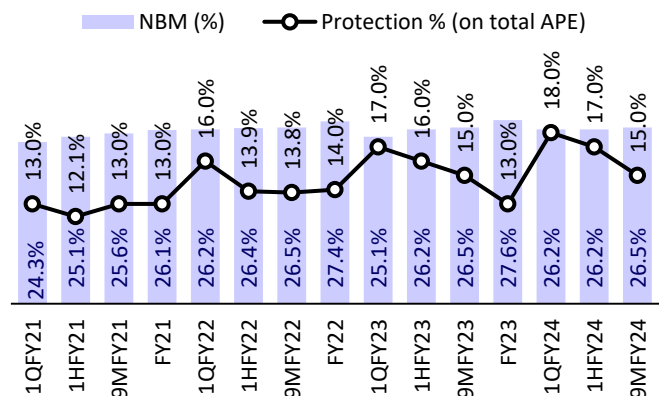
Source: MOFSL, Company

Exhibit 5: Operating RoEV healthy at 16.5% with EV up 20% YoY



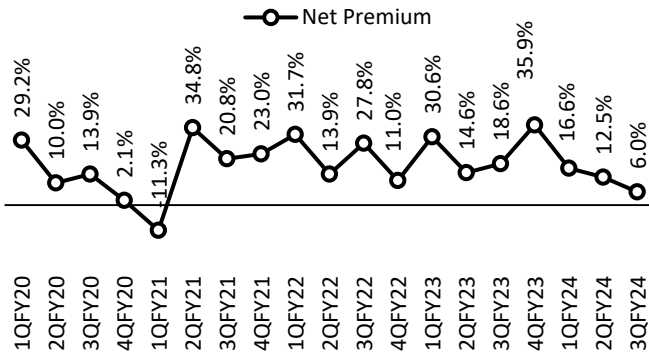
Source: MOFSL, Company

Exhibit 6: VNB margin steady at 26.5% in 9MFY24



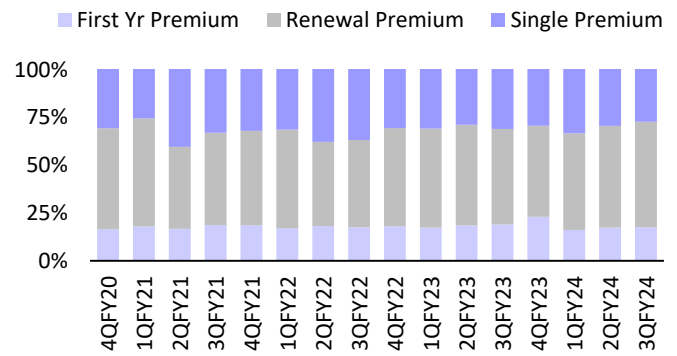
Source: MOFSL, Company

Exhibit 7: Net premium income grew ~6% YoY



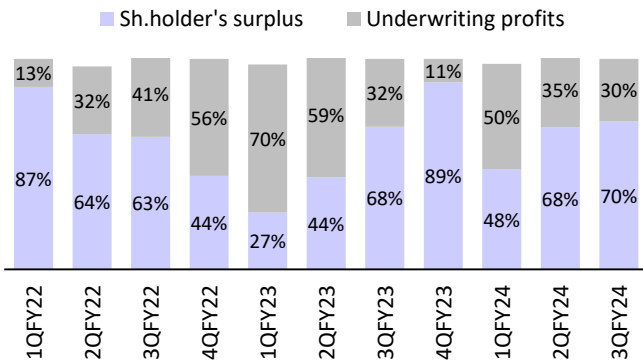
Source: MOFSL, Company

Exhibit 8: Trends among first-year, single and renewal premiums



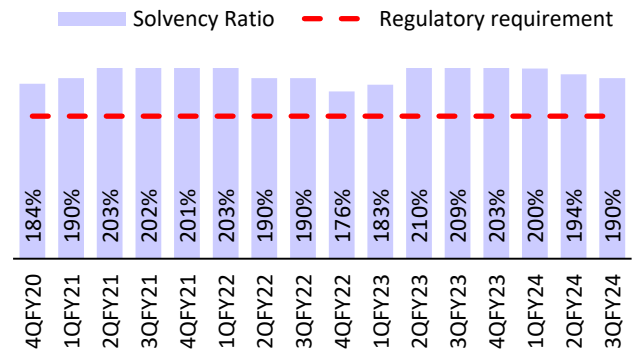
Source: MOFSL, Company

Exhibit 9: Trend in underwriting profit and shareholders' surplus



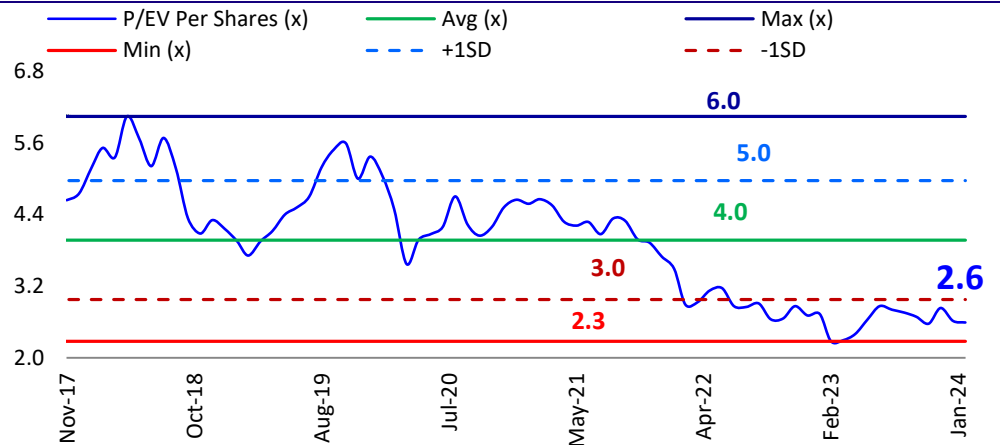
Source: MOFSL, Company

Exhibit 10: Solvency ratio stood at 190% in 3QFY24



Source: MOFSL, Company

Exhibit 11: One-year forward P/EV



Source: MOFSL, Company

Financials and valuations

Technical account (INR b)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Gross Premiums	291.9	327.1	385.8	459.6	575.3	648.8	772.0	915.0
Reinsurance Ceded	(2.6)	(4.8)	(4.6)	(5.7)	(7.7)	(8.7)	(10.3)	(12.2)
Net Premiums	289.2	322.2	381.2	454.0	567.6	640.1	761.6	902.8
Income from Investments	90.3	(33.1)	326.8	192.2	126.0	354.5	284.8	328.7
Other Income	4.8	3.5	4.4	7.5	13.4	7.0	7.7	8.5
Total income (A)	384.4	292.6	712.4	653.6	707.1	1,001.6	1,054.1	1,240.0
Commission	11.2	14.9	17.1	19.4	28.9	44.7	54.2	64.8
Operating expenses	38.1	42.7	45.9	56.1	84.4	77.6	91.5	108.8
Total commission and opex	49.3	57.6	63.0	75.5	113.2	122.4	145.7	173.6
Benefits Paid (Net)	139.9	190.2	225.7	318.6	388.7	430.5	459.4	555.6
Change in reserves	175.1	24.4	408.3	246.8	185.9	437.0	424.0	479.1
Prov for doubtful debts	0.9	5.7	(1.9)	(2.5)	0.3	0.3	0.3	0.4
Total expenses (B)	365.2	277.9	695.1	638.4	688.1	990.1	1,029.4	1,208.7
(A) - (B)	19.2	14.7	17.3	15.1	18.9	11.4	24.7	31.3
Tax (incl GST)	5.7	5.0	6.3	5.5	5.3	1.8	5.9	7.2
Surplus / Deficit	13.5	9.7	11.0	9.6	13.6	9.6	18.8	24.1
Shareholder's a/c (INR b)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Transfer from technical a/c	12.1	11.9	9.9	10.1	14.7	11.1	19.9	24.7
Income From Investments	4.1	4.4	6.5	7.9	7.2	8.7	8.7	10.4
Total Income	16.4	16.5	16.4	18.0	22.5	20.4	29.2	35.7
Other expenses	0.3	0.3	0.6	0.8	1.2	1.4	1.5	1.7
Contribution to technical a/c	3.1	1.0	2.6	5.7	8.8	2.8	3.1	3.4
Total Expenses	3.5	3.4	2.8	6.2	9.8	4.2	4.6	5.1
PBT	12.9	13.1	13.5	11.8	12.7	16.2	24.6	30.6
Tax	(0.1)	(0.2)	0.1	0.3	0.9	(0.2)	(0.4)	(0.5)
PAT	12.8	13.0	13.6	12.1	13.6	16.0	24.3	30.2
Growth	15%	1%	5%	-11%	13%	18%	52%	24%
Premium (INR b) & growth (%)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
NBP - unweighted	149.7	172.4	201.1	241.5	290.9	290.9	349.0	411.8
NBP - wrp	60.5	71.6	81.8	96.6	131.0	129.9	157.4	185.7
Renewal premium	142.1	154.7	184.8	218.1	284.5	357.9	422.9	503.1
Total premium - unweighted	291.9	327.1	385.8	459.6	575.3	648.8	772.0	915.0
NBP growth - unweighted	31.9%	15.1%	16.6%	20.1%	20.4%	0.0%	20.0%	18.0%
NBP growth - wrp	12.0%	18.4%	14.2%	18.1%	35.5%	-0.9%	21.2%	18.0%
Renewal premium growth	16.4%	8.8%	19.4%	18.0%	30.4%	25.8%	18.2%	19.0%
Tot. premium growth - unweighted	23.9%	12.1%	18.0%	19.1%	25.2%	12.8%	19.0%	18.5%
Premium mix (%)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
New business - un weighted								
- Individual mix	51.1%	48.8%	49.9%	48.0%	50.3%	67.0%	66.0%	66.0%
- Group mix	48.9%	51.2%	50.1%	52.0%	49.7%	33.0%	34.0%	34.0%
New business mix - WRP								
- Participating	14.4%	15.9%	28.8%	25.2%	23.2%	26.3%	26.1%	26.1%
- Non-participating	38.5%	59.5%	49.9%	51.7%	59.9%	45.9%	44.9%	45.3%
- ULIPs	47.1%	24.5%	21.3%	23.1%	16.9%	27.8%	29.0%	28.6%
Total premium mix - un weighted								
- Participating	20.0%	18.5%	19.8%	19.7%	22.1%	36.0%	36.0%	36.0%
- Non-participating	41.2%	47.3%	51.0%	54.1%	56.4%	35.0%	35.0%	35.0%
- ULIPs	38.8%	34.2%	29.1%	26.2%	21.6%	29.0%	29.0%	29.0%
Indi premium sourcing mix (%)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Individual agents	13.8%	13.3%	12.3%	13.2%	16.5%	18.0%	19.0%	19.0%
Corporate agents-Banks	46.7%	41.8%	45.8%	44.5%	44.3%	46.5%	44.9%	44.9%
Direct business	31.8%	35.0%	32.9%	32.9%	26.0%	28.0%	28.5%	28.5%
Others	7.8%	9.9%	9.0%	9.4%	13.1%	7.5%	7.6%	7.6%

Financials and valuations

Balance sheet (INR b)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Sources of Fund								
Share Capital	20.2	20.2	20.2	21.2	21.5	21.5	21.5	21.5
Reserves And Surplus	36.4	49.7	64.1	132.9	108.1	119.2	137.9	162.4
Shareholders' Fund	56.6	68.0	86.4	154.9	129.9	140.9	159.6	184.2
Policy Liabilities	536.7	652.7	855.2	1,043.4	1,432.7	1,791.7	2,137.2	2,530.4
Prov. for Linked Liab.	605.2	508.4	709.6	765.2	753.8	886.8	972.9	1,062.6
Funds For Future App.	39.5	42.2	47.9	50.4	50.5	60.0	71.4	85.2
Current liabilities & prov.	51.2	49.8	65.2	62.3	81.1	105.4	137.0	178.1
Total	1,300.3	1,321.6	1,795.8	2,103.9	2,477.2	2,984.7	3,478.1	4,040.5
Application of Funds								
Shareholders' invt	50.5	58.6	85.4	152.4	131.3	157.6	189.1	226.9
Policyholders' invt	571.2	671.9	905.4	1,083.1	1,464.5	1,848.7	2,200.9	2,601.4
Assets to cover linked liab.	633.8	541.8	747.6	806.2	792.0	867.3	949.6	1,039.9
Loans	1.1	3.0	4.2	6.4	15.9	19.7	24.4	30.2
Current assets	40.4	43.1	49.8	52.3	69.8	87.2	109.0	136.3
Total	1,300.3	1,321.6	1,795.8	2,103.9	2,477.2	2,984.7	3,478.1	4,040.5
Operating ratios (%)								
Investment yield	7.5%	-2.7%	19.8%	10.2%	5.6%	13.1%	9.0%	9.0%
Commissions / GWP	3.8%	4.6%	4.4%	4.2%	5.0%	6.9%	7.0%	7.1%
- first year premiums	15.5%	17.9%	18.5%	17.0%	17.9%	22.4%	22.7%	23.1%
- renewal premiums	1.5%	1.6%	1.5%	1.5%	1.8%	1.5%	1.5%	1.5%
- single premiums	1.2%	1.3%	1.0%	1.3%	1.6%	8.0%	8.0%	8.0%
Operating expenses / GWP	13.1%	13.0%	11.9%	12.2%	14.7%	12.0%	11.9%	11.9%
Total expense ratio	16.9%	17.6%	16.3%	16.4%	19.7%	18.9%	18.9%	19.0%
Claims / NWP	46.4%	56.4%	57.1%	66.3%	64.9%	63.4%	56.4%	57.6%
Solvency ratio	188%	184%	201%	176%	203%	195%	197%	216%
Persistency ratios (%)								
13th Month	87.2%	90.1%	90.0%	87.5%	87.5%	87.5%	87.5%	87.5%
25th Month	80.5%	80.2%	81.0%	78.8%	78.7%	78.7%	78.7%	78.7%
37th Month	72.0%	73.8%	71.0%	67.5%	72.4%	72.4%	72.4%	72.4%
49th Month	67.7%	67.2%	67.0%	63.2%	64.0%	67.7%	68.5%	69.3%
61st Month	52.3%	55.0%	53.0%	54.0%	52.3%	53.2%	55.8%	56.7%
Profitability ratios (%)								
VNB margin (%)	24.6%	25.9%	26.1%	27.4%	27.6%	27.3%	28.3%	29.4%
RoE (%)	24.5%	20.8%	17.6%	10.0%	9.6%	11.8%	16.2%	17.6%
Operating ROEV	20.1%	18.2%	18.5%	16.5%	19.7%	17.6%	17.9%	17.8%
RoEV (%)	20.3%	12.9%	28.9%	23.8%	19.9%	17.8%	17.5%	17.4%
Valuation & key data								
Total AUMs (INRb)	1,256	1,272	1,738	2,042	2,388	2,960	3,440	3,984
- of which equity AUMs (%)	38%	29%	36%	37%	30%	39%	40%	40%
Dividend %	16%	0%	0%	17%	19%	23%	26%	26%
Dividend payout ratio (%)	31%	0%	0%	0%	0%	31%	23%	19%
EPS, INR	6.3	6.4	6.7	5.7	6.3	7.4	11.3	14.0
VNB (INRb)	15.40	19.18	21.85	26.74	36.74	35.5	44.6	54.5
Embedded Value (INRb)	182.7	206.3	266.2	329.4	395.1	465.6	547.3	642.8
EV per share (INR)	84.9	95.8	123.6	153.0	183.5	216.3	254.2	298.6
VIF as % of EV	68%	65%	66%	64%	68%	70%	71%	72%
P/VIF (%)	11.0	10.2	7.8	6.5	5.1	4.2	3.5	3.0
P/AUM (%)	109%	108%	79%	67%	57%	46%	40%	34%
P/EV (x)	7.5	6.6	5.2	4.2	3.5	2.9	2.5	2.1
P/EPS (x)	100.5	99.2	94.7	111.6	100.8	85.7	56.5	45.5
P/EVOP (x)	44.8	41.3	35.8	31.2	21.1	19.7	16.4	14.1
P/VNB (x)	89.0	71.5	62.8	51.3	37.3	38.6	30.8	25.1

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NOTES

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