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High Conviction Idea

HDFC Life Insurance Company Ltd.

Initiating Coverage | Sector: Life Insurance

March 17, 2025

HDFC LIFE INSURANCE

Strengthening Leadership Amid Market Shifts

High Conviction Idea | Sector: Life Insurance

BUY

CMP	620
Target Price	870
Upside	40.3%
Sensex	73,829
Nifty	22,383

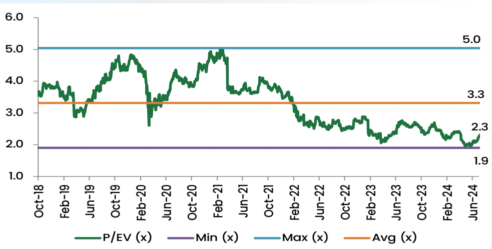
Kay Stock Data

BSE Code	540777
NSE Code	HDFCLIFE
Bloomberg	HDFCLIFE:IN
Shares O/S (Cr)	215.1
M.Cap (Rs.Cr)	1,33,359
3M Avg Vol	31,46,333

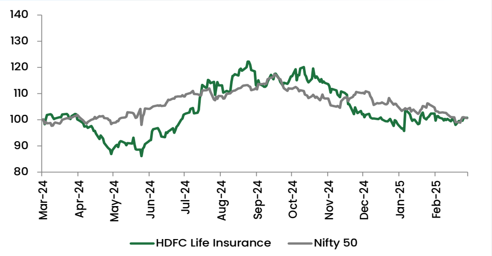
Shareholding Pattern

	Jun-24	Sep-24	Dec-24
Promotor	50.4	50.3	50.3
FII	26.6	25.6	25.1
DII	11.2	13.3	13.7
Public	11.7	10.8	10.8

1-yr forward P/EV (x)



1 year relative price chart



HDFC Life Insurance, initially a joint venture between HDFC and Standard Life Abrdn, is now majority-owned by HDFC Bank following Abrdn's exit. The company offers a broad spectrum of insurance products through its subsidiaries, HDFC Pension and HDFC International, supported by a robust multi-channel distribution network. With 600 branches and 2.4 lakh agents, it has strengthened its presence, particularly in Tier 2/3 markets, where growth has exceeded overall company performance. As the second-largest private life insurer, HDFC Life boasts industry leading Value of New Business (VNB) margins, a diversified product portfolio, high persistency ratios, and a strong commitment to digital transformation and strategic expansion.

Consistent track record over business cycles: It has consistently outperformed the industry, growing at twice the average pace over the last decade while maintaining strong profitability. Driven by a well-diversified portfolio, bancassurance alliances, Tier 2/3 markets expansion, and digitalization, it achieved impressive CAGR growth across key segments, including 30.67% in protection and 43.59% in annuities. With persistency ratios rising from 79% in FY16 to 87% in FY24, HDFC Life's focus on customer retention, innovation, and strategic expansion positions it as a market leader.

Strengthening growth amid market shifts: Company is reinforcing its leadership in the non-par segment with innovative guaranteed-return products, despite near-term pressures from new tax regulations and rising ULIP demand. The company is recalibrating its product mix, targeting a ULIP share below 30%, while redesigning non-par offerings to stay competitive. Simultaneously, its strategic expansion in Tier 2/3 markets, contributing 65% to Annualized Premium Equivalent (APE) and three-fourths to New Business Operating Profit (NOP), is driving longterm growth. With deeper micro-market penetration, a strengthened distribution network, and rising persistency ratios, HDFC Life remains well-positioned for sustained profitability.

Protection to lead growth with margin resilience: Company continues to drive strong growth in its retail protection segment, with a 27% YoY increase and a 36% two-year CAGR in H1 FY25, while protection and annuities contribute 44% to new business premiums. Despite near-term margin pressure from a shift in product mix and rising ULIP sales, the company remains focused on long term profitability through strategic channel expansion and innovation. While FY25E margins may see slight contraction, improvements are expected from FY26E as non-par savings regain traction and commission costs stabilize. HDFC Life remains committed to sustainable growth, even if it involves a short-term margin trade-off.

Potential re-rating on sustained industry leadership: It has historically traded at a premium, faced valuation derating post-COVID due to regulatory changes. However, with most uncertainties now priced in and strong growth driven by a diversified portfolio, bancassurance, and digital expansion, downside risks appear limited. A potential re-rating remains possible as the company sustains its industry-leading performance.

Valuation and Outlook: HDFC Life's strong brand, differentiated products, and solid execution have driven premium valuations and industry-leading profitability. While near-term non-par challenges persist, margin improvement is expected from FY26. Expansion in Tier 2/3 markets, protection growth, and strong bancassurance partnerships remain key drivers. We expect a 17.3% Embedded value (EV) CAGR projected over FY24-27E and see limited downside risks, hence we initiate coverage with a Buy rating, valuing HDFC Life at 2.**6x FY27E EV** with a target price of **Rs. 870**.

Financial Summary - Consolidated

Particulars (crs)	FY24	FY25E	FY26E	FY27E
Net premiums	62,112	72,248	81,944	92,979
Total Income	1,00,941	1,02,535	1,18,860	1,37,994
Commission	5,262	7,416	7,564	7,413
Surplus/(deficit) before tax	783	3,037	2,463	7,432
Surplus/(Deficit) for the period	701	2,719	2,205	6,653
Embedded value (EV)	44,592	50,786	60,440	71,939
EV per share (Rs)	207.5	236.3	281.2	334.7
P/EV (x)	2.9	2.6	2.2	1.8

Source : RBL Research

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Industry Overview

The Indian life insurance industry grew at a 14% CAGR in new business premiums over FY2015-24, though FY2024 faced tax and cost challenges. With regulatory clarity, the sector is set to grow at a 7.1% CAGR, driven by economic reforms and digital advancements.

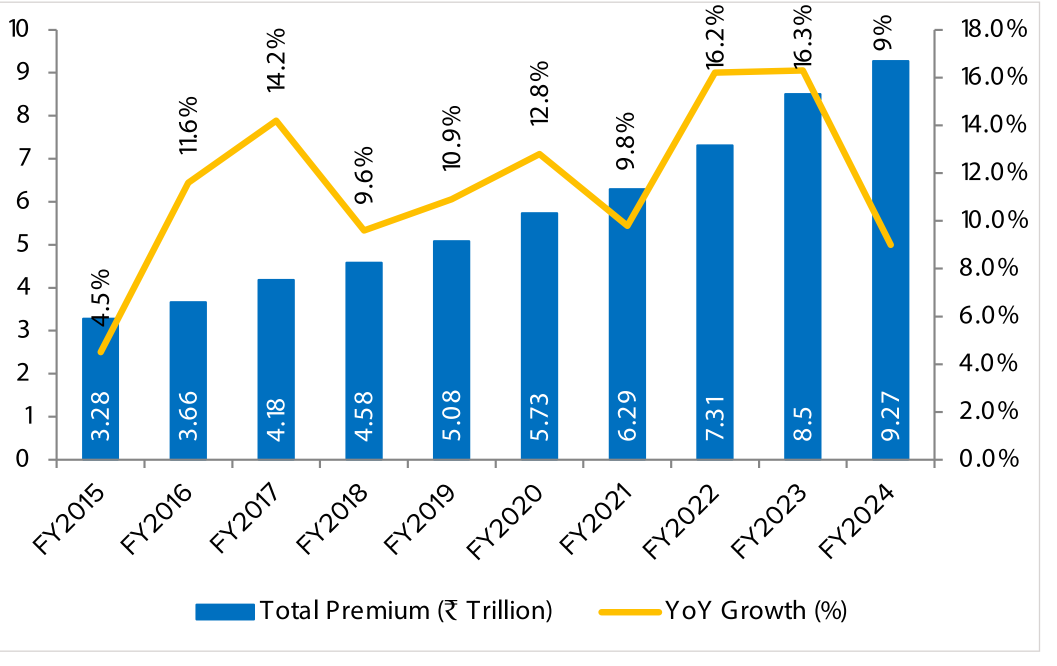
The life insurance market is sustaining growth amid ongoing transformations

The Indian life insurance industry has experienced significant growth over the last decades, seeing a 14% CAGR growth over FY2015 to FY2024 in new business premiums (NBP). However, FY2024 growth was impacted by changes in the tax structure affecting non-participating and high premium products, increased commission costs, and a rise in market-linked product sales due to higher returns and proposed tax benefits.

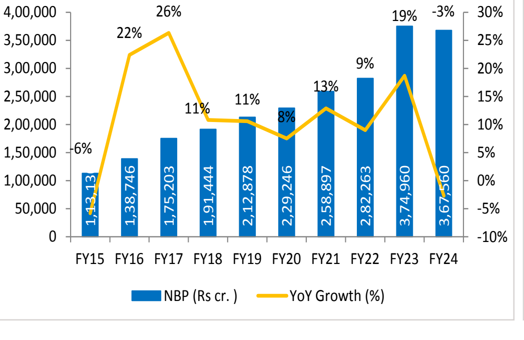
Looking ahead, regulatory uncertainty is largely behind the industry, paving the way for future growth. Swiss Re, a global reinsurer projects a 7.1% CAGR in real terms over the next five years, outperforming emerging market averages. By 2025 to 2029, life insurance is expected to grow at an average annual rate of 6.9%. The industry's growth will be driven by strong domestic consumption, economic reforms, and digital advancements.

From FY15 to FY24, total premium/APE/NBP has grown at 12.2%/11.8%/14% CAGR.

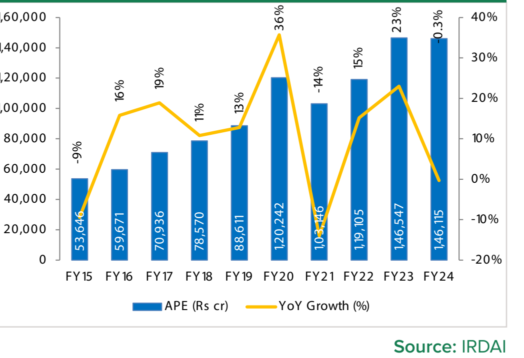
Industry has seen consistent premium growth over last decade



NBP grew by 14% CAGR over FY15 to FY24



APE grew by 11.8% CAGR over FY15 to FY24



Source: IRDAI

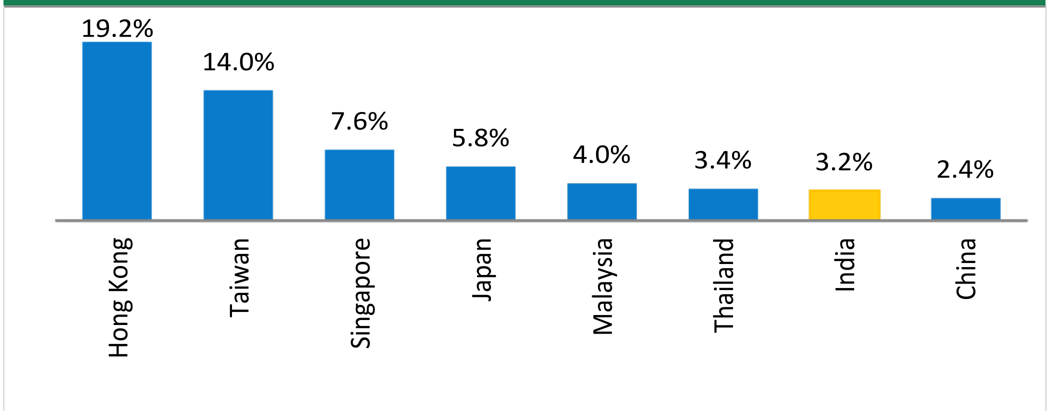
Key factors to drive future growth of life insurance industry

Low insurance penetration

Life insurance penetration, measured as a percentage of GDP, has grown from 2.1% in FY2002-24 to 3.0% in FY2023-25. However, with an insurance density (premium per capita) of USD 70 in FY2023, India still lags significantly behind the global average of USD 354. The sector's growth is expected to be fueled by strong macroeconomic drivers, including rising GDP, increasing per capita income, a young and expanding workforce, higher financial savings as a share of GDP, rapid urbanization, accelerating digitalization, and progressive regulatory developments. These factors collectively position India's life insurance industry for sustained expansion in the years ahead.

India's life insurance sector, with penetration rising to 3.2% of GDP but still lagging in density, is poised for strong growth driven by economic expansion, rising incomes, and digitalization.

Premium as % of GDP (FY2023)



Source: Swiss Re sigma No 3/2023

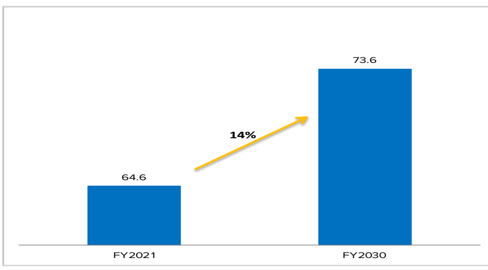
Penetration as measured by premiums as % of GDP, Swiss Re (Based on respective financial year of the countries)

Growing workforce and rapid urbanization to boost industry expansion

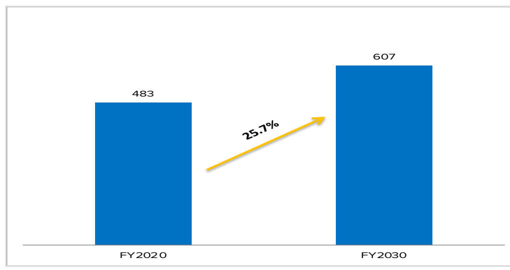
According to United Nations estimates, India's working population is expected to grow by 14% by 2030, while its urban population is projected to increase by 25.7% during the same period. With a median age of 28 years, India has a young and expanding workforce, which, combined with rapid urbanization, is likely to boost economic activity and improve living standards. Increased urbanization will also enhance access to financial products, including life insurance. These factors, along with rising awareness and disposable incomes, are expected to drive significant growth in the life insurance sector, making it a key player in India's financial ecosystem.

India's young workforce, rapid urbanization, and rising incomes are set to drive economic growth and expand life insurance adoption in the coming years.

Population of Age 25-59 Years (In Cr's)



Urban population in India (In Cr's)

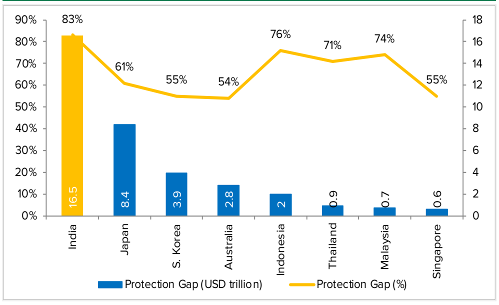


Source: United Nations population division estimates at July 2022

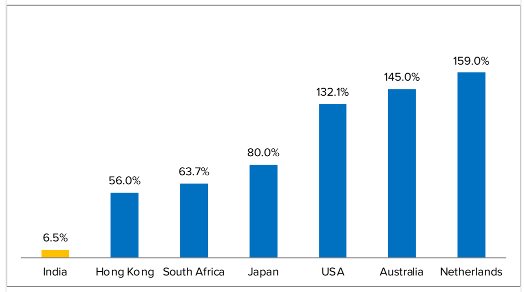
Huge protection gap and inadequate retirement planning: A growing opportunity for life insurers

India faces a significant mortality protection gap of USD 16.5 trillion, among the highest globally, with a low sum assured-to-GDP ratio. This presents a major opportunity for life insurers to expand their protection business. Additionally, retail credit has grown at a CAGR of 16.8% from FY2014 to FY2023, creating further prospects for credit life insurance. India's pension market remains underdeveloped, with pension assets at just 6.5% of GDP in FY2023. Life expectancy is rising, projected to reach 74 years by FY2040, while the elderly population is expected to grow 41% to 194 million by FY2031. However, only 23% are saving for retirement, leaving most dependent on their children. As nuclear families replace joint families, this dependency could lead to financial insecurity. Life insurers can address this gap through annuity products, which provide guaranteed lifetime income, making them a crucial component of retirement planning amid increasing life expectancy.

Protection Gap (%)



Pension Assets/GDP Ratio (%)



Source: Swiss Re, Closing Asia's mortality protection gap, July 2020; www.macrotrends.net/countries/IND/india/ life-expectancy

Regulatory evolution and strategic adaptation in india's life insurance sector

The Indian life insurance industry has demonstrated remarkable resilience in navigating a dynamic regulatory landscape, marked by transformative reforms since the early 2000s. The sector's ability to adapt—from embracing foreign competition to overhauling product design and governance frameworks—has positioned it as a cornerstone of India's financial security architecture. With regulatory uncertainty now largely resolved, insurers are leveraging these reforms to innovate, expand reach, and align with global standards while addressing persistent challenges such as low penetration and evolving consumer expectations.

Challenges

Taxation on non-par policies above Rs.5 lakh and revised surrender charge norms have impacted the industry, but insurers are adapting through product innovations, expanded distribution, and a focus on tax-exempt offerings.

Increased taxation on non-par products with premiums above Rs. 5 Lakhs

The taxation of high-premium policy proceeds has caused a short-term slowdown, but insurers like HDFC Life are swiftly adapting. Growth in lower-premium policies and rising demand from Tier-II and Tier-III cities are helping offset the impact. While challenges persist, companies are focusing on tax-exempt protection and annuity products, enhancing technology, and expanding their distribution networks. In the long run, these strategies will foster transparency, innovation, and balanced growth. Insurers that successfully navigate these changes will emerge stronger, ensuring sustainable expansion and resilience, ultimately benefiting both the industry and consumers.

Relaxation of surrender value rules to benefit policyholders

Recent changes in surrender value norms enhance policyholder benefits by offering higher refunds when surrendering life insurance policies. IRDAI's regulations mandate insurers to provide a special surrender value after just one year of premium payments. To mitigate the impact, companies like HDFC Life are actively discussing with distributors to align and redesign commission structures, including deferment and clawback of commissions, to reduce the overall effect on both parties. Additionally, they are re-designing products to meet current regulations while maintaining margins. These efforts aim to foster transparency and customer satisfaction, potentially leading to higher retention rates and broader financial inclusion.

Opportunities

Potential GST reductions and the introduction of a composite license could enhance affordability and expand product offerings, while insurers adapt through innovation and strategic expansion for sustained growth.

Prospects for lower GST on life insurance products

Industry momentum is growing to reduce the current 18% GST on life insurance premiums, with proposals aiming to lower rates to 12% or even 5% for some policies, potentially reducing premium costs. Insurers warn that eliminating input tax credits could increase operational expenses, offsetting savings. Although the GST Council has not yet decided, further discussions and ministerial reports suggest a revision could significantly enhance accessibility in the life insurance market.

Composite license

The composite license potential future implementation could transform the market. If enacted, life insurers would be able to combine life protection with health coverage into a single, integrated policy, thereby offering customers a dual-benefit proposition. This seamless bundling of services could enhance overall product value and boost average ticket sizes. While such a move might intensify competition in the health insurance sector, it would also enable life insurers to leverage their extensive distribution networks and collaborate with non-life insurers, ultimately delivering comprehensive protection solutions.

India's life insurance sector has adeptly navigated regulatory shifts by leveraging innovation and strategic adaptations to drive sustainable growth. Despite challenges such as increased taxation on high-premium products and evolving surrender norms, targeted initiatives in technology and distribution are yielding positive results. With potential reforms like lower GST rates and the prospective adoption of a composite license on the horizon, the industry is well-positioned to enhance its market reach and deliver greater value to customers.

HDFC Life, India's second-largest private life insurer, offers a diverse product portfolio and operates through a strong distribution network, including 600 branches and 2.4 lakh agents. With a focus on digital transformation and strategic expansion, it maintains industry-leading margins and a strong market presence.

Company Overview

HDFC Life Insurance Company was founded as a joint venture between HDFC and Standard Life Abrdn. As of FY24, HDFC Bank holds approximately a 50% stake following Abrdn's exit. The company offers a comprehensive range of individual and group insurance products, including protection, savings, investment, annuity, and health solutions, often enhanced with optional riders. HDFC Life operates through two wholly owned subsidiaries: HDFC Pension and HDFC International. Its robust distribution network spans bancassurance, agency, digital, direct, online, and broker channels, supported by strategic partnerships with NBFCs, MFIs, and SFBs.

HDFC Life boasts a strong pan-India presence with around 600 branches and a network of approximately 2.4 lakh agents. In FY24, the company expanded its footprint through key partnerships and strengthened its presence in Tier 2 and Tier 3 markets, where growth outpaced company-level growth. As the second-largest private life insurer, HDFC Life holds significant market shares in new business premiums (NBP) and annual premium equivalent (APE). Its focused strategy on individual policies has bolstered margins and brand value. Valued at a premium over its peers due to its leading value of new business (VNB) margin, diversified product mix, and high persistency ratios, HDFC Life continues to invest in digital transformation and strategic expansion initiatives.

Year	Key Milestone
2000	HDFC Life was established as a joint venture between HDFC Ltd. and Standard Life Aberdeen.
2001	First private life insurer to launch operations in India.
2002	Achieved break-even within three years of commencement (first private insurer to do so).
2003	Formed a strategic tie-up with HDFC Bank.
2006	Introduced online premium payment facility and a dedicated customer service helpline.
2010	Total Assets Under Management (AUM) reached Rs. 200 billion.
2011	Further diversified distribution; product portfolio crossed Rs. 100 billion in total premium. Incorporated HDFC Pension as a subsidiary.
2013	Total coverage (sum assured) surpassed US$500 billion. Declared its first dividend.
2014	Incorporated its first international subsidiary, focusing on new geographies. AUM crossed Rs. 500 billion.
2016	Began leveraging digital aggregator channels to meet evolving consumer preferences.
2017	Listed on both BSE and NSE (November 17), marking a major milestone in the Company's journey. AUM crossed Rs. 900 billion.
2018	AUM crossed Rs. 1 trillion, underlining strong operational performance and market presence.
2019	Officially renamed from "HDFC Standard Life Insurance Company Limited" to "HDFC Life Insurance Company Limited."
2021	Announced first M&A in the Indian life insurance space, paving the way for the eventual acquisition of Exide Life.
2022	Completed the acquisition of Exide Life (October 2022), expanding distribution and strengthening presence in Tier 2/3 markets.
2024	HDFC Bank, as promoter, holds ~50% stake following Abrdn's exit. Accelerated distribution expansion in Tier 2/3 cities and invested in digital transformation initiatives (e.g., Project Inspire).

Source: Company, RBL Research

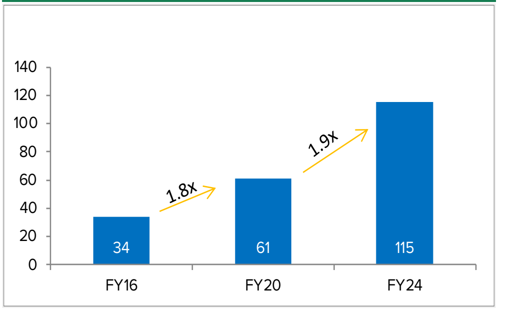
Consistent track record over business cycles

HDFC Life has consistently demonstrated a robust track record, driven by unwavering product innovation and a customer-centric approach. Over the last decade, the Company has outperformed the industry average, growing at twice the pace while preserving healthy profitability. Its success stems from a well-diversified product portfolio, strong bancassurance alliances, concentrated expansion into Tier 2/3 markets, and a relentless push toward digitalization. These strategies collectively yielded a notable 16.45%/16.56%/18.72% CAGR in Individual APE, renewal premium, and assets under management, respectively, between FY16 and FY24.

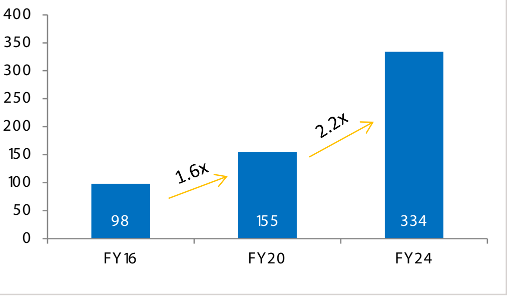
By tapping into the significant under-penetration of protection and annuity products, HDFC Life registered a remarkable 30.67% and 43.59% CAGR in these segments over the same period. Complementing these growth figures, the Company's 13 months persistency have also risen consistently, moving from 79% in FY16 to 87% in FY24, positioning it among the industry's top performers. This improvement underscores HDFC Life's robust focus on customer retention, which is further supported by superior service delivery and a continuous emphasis on meeting evolving consumer needs. Through sustained product innovation, strategic partnerships, and targeted market expansion, HDFC Life has established itself as a leading insurer poised for ongoing growth and success. The company's commitment to innovation ensures continued market leadership ahead.

It has consistently outpaced industry growth with strong product innovation, digital expansion, and a focus on Tier 2/3 markets. Its diversified portfolio, rising persistency ratios, and strategic partnerships position it as a leading insurer poised for sustained success.

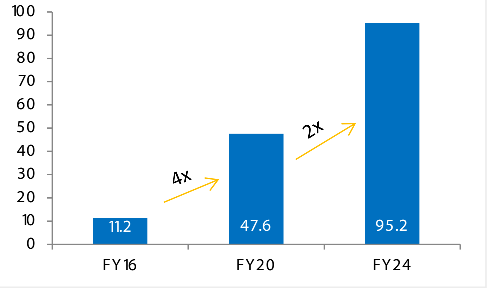
Individual APE (Rs. Bn)



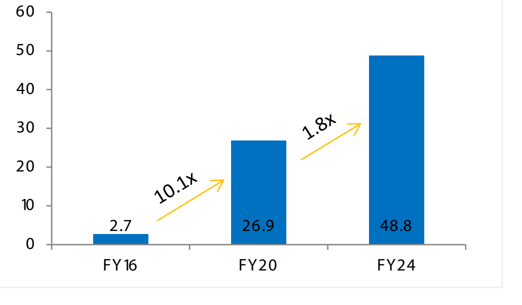
Renewal Premium (Rs. Bn)



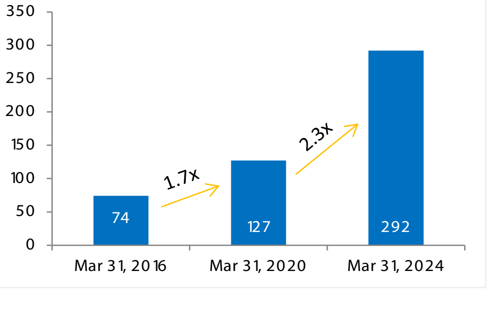
Protection New Business (Rs. Bn)



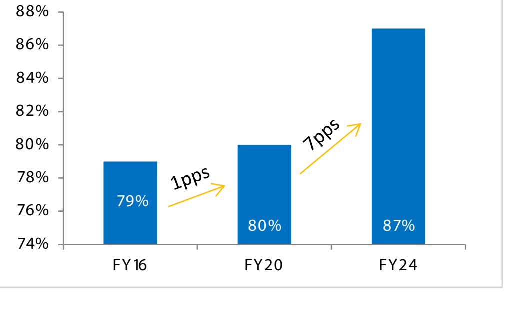
Annuity New Business (Rs. Bn)



Assets Under Management (Rs. Bn)



13M Persistency (Rs. Bn)



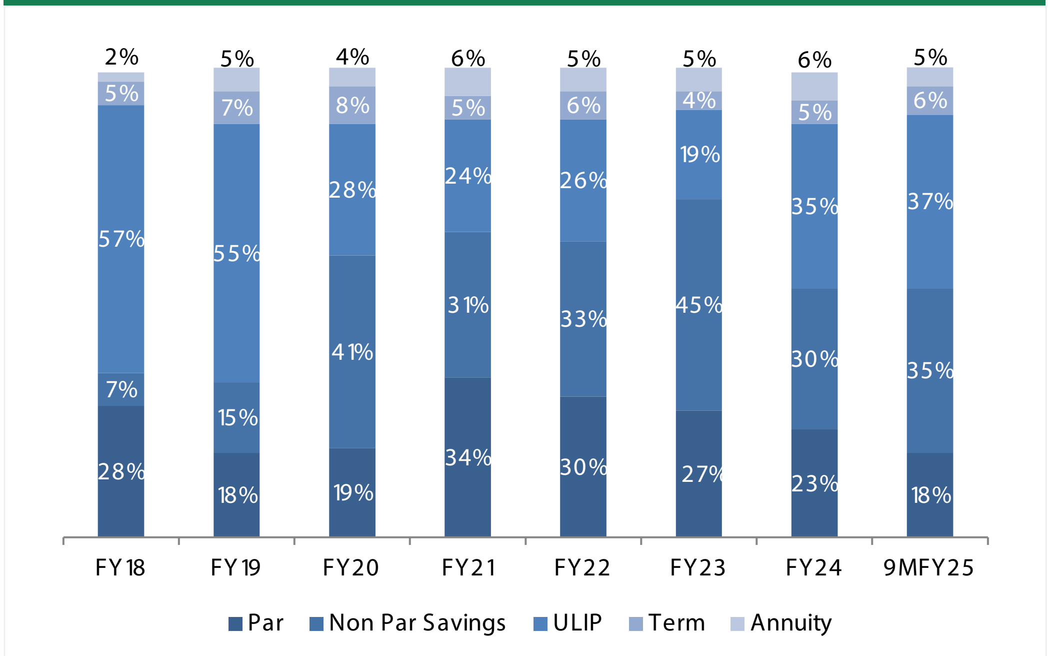
Source: Company, RBL Research

Near-term NPAR challenges factored in; growth outlook remains strong

HDFC Life continues to strengthen its position in the non-par (NPAR) segment with innovative guaranteed-return offerings. Backed by a first-mover advantage and over 260 distribution partners, the company quickly secured a strong foothold in this space. However, recent taxation on non-ULIP policies (above Rs. 5 lacs annual premiums) has tempered demand for high-ticket NPAR products, while robust equity markets have spurred demand for ULIPs—raising their share in HDFC Life's product mix from 19% in FY23 to 37% in 9MFY25.

Despite these short-term pressures, management remains optimistic about long-term prospects, supported by product innovations that provide diversification and avoid reinvestment risk, unlike ULIPs or fixed deposits. To adapt, HDFC Life aims to scale back ULIP share to below 30%—far from the industry norm of 50%—and is redesigning select non-par products to stay competitive under the new tax rules. This approach is expected to help the company navigate regulatory changes while maintaining its leadership in the NPAR category.

Gradually increasing non-par mix, FY24 impacted due to market related factors but mostly priced



Source: Company, RBL Research

Steadily closing the protection gap

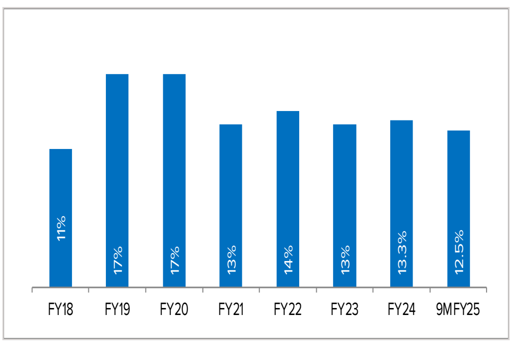
HDFC Life is committed to maintaining strong momentum in its retail protection business, which recorded a 27% YoY growth and a 36% two-year CAGR in H1 FY25. Protection, along with annuities, now contributes 44% to the new business premium, highlighting its critical role in the company's long-term strategy. By focusing on distribution expansion, product innovation, and digital enhancements, it aims to further strengthen its leadership in this segment.

The agency channel has been a key growth driver, expanding at more than twice the company's overall rate. This reflects its effectiveness in reaching a wider customer base and driving higher policy adoption. While the credit protect segment experienced some softness due to changes in disbursement patterns, it continues to adapt its approach to ensure steady performance and market relevance.

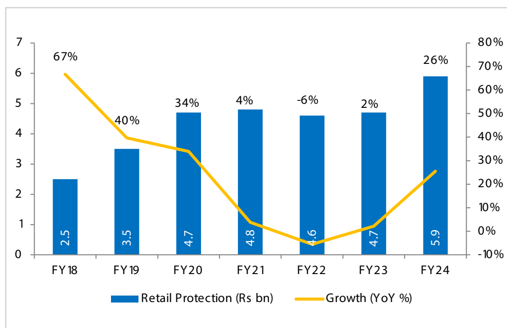
With a strong focus on innovation and strategic partnerships, it is enhancing accessibility and optimizing its sales channels. By continuously refining its product mix and leveraging new opportunities, the company remains well-positioned to sustain profitability and drive long-term expansion in the protection business.

It's retail protection business is growing strongly, driven by agency expansion, strategic partnerships, and a focus on long-term profitability.

Share of Protection Business (Based on Individual APE)



Retail protection will continue to drive growth

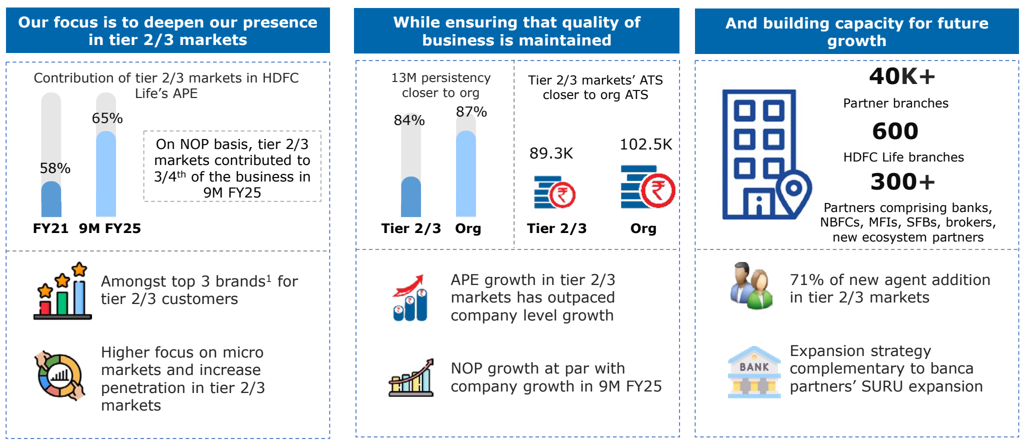


Source: Company, RBL Research

Tier 2/3 markets: A key driver for future growth

HDFC Life is strategically expanding its presence in Tier 2/3 markets, recognizing them as a key growth driver. These markets have seen an increase in their contribution to HDFC Life's Annualized Premium Equivalent (APE), rising from 58% in FY21 to 65% in 9M FY25. On a New Business Operating Profit (NOP) basis, these regions contribute to three-fourths of the business. This growth is supported by enhanced penetration in micro-markets and a strong brand presence among Tier 2/3 customers. Despite rapid expansion, the quality of business remains intact, with the 13-month persistency ratio in Tier 2/3 markets improving from 84% to 87%, nearing organizational levels. Additionally, the Average Ticket Size (ATS) is aligning with the company's overall performance. To support future growth, HDFC Life is strengthening its distribution network, with 40,000+ partner branches, 600 dedicated branches, and 300+ partnerships. With 71% of new agent additions from these markets, Tier 2/3 regions present a significant long-term opportunity.

HDFC Life is expanding in Tier 2/3 markets, with their APE contribution rising to 65% and NOP at 75% of the business. Strengthened distribution and improved persistency ratios position these regions as key long-term growth drivers.



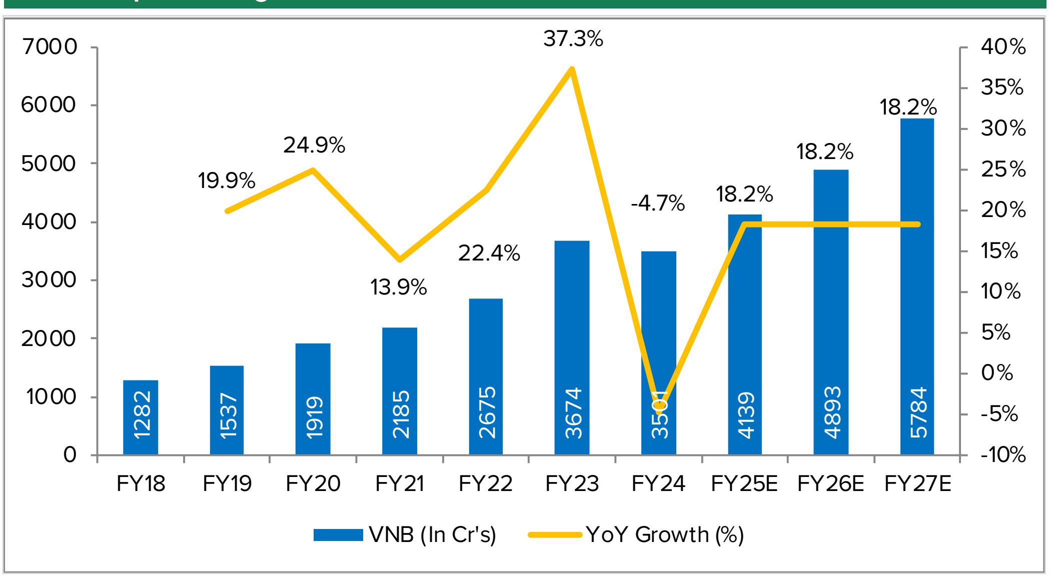
Source: Company, RBL Research

Profitability and Margin

HDFC Life has historically maintained a strong VNB margin, with VNB growing at an 18.22% CAGR over FY18-24. However, in FY24, the insurer faced margin and profitability pressure, as VNB declined by 5% YoY and margins contracted by 130bps YoY due to a reduction in high-ticket non-par savings policies and increased ULIP sales. In FY25E, margins are expected to see a slight decline, driven by higher ULIP sales and increased capacity-related expenses. However, from FY26E onward, margins should improve as the company focuses on expanding its non-par savings segment, while ULIP growth is expected to stabilize by FY25E. Additionally, commission costs rose in FY24 due to structural changes but are expected to remain moderate, aiding margin stability. Despite near-term fluctuations, HDFC Life remains focused on long-term market share expansion, even if it comes at a slight margin trade-off.

HDFC Life's VNB margins faced near-term pressure due to higher ULIP sales and cost increases but are expected to improve from FY26E with a focus on non-par savings expansion.

VNB is expected to grow at 18.2% CAGR over FY24-27E.



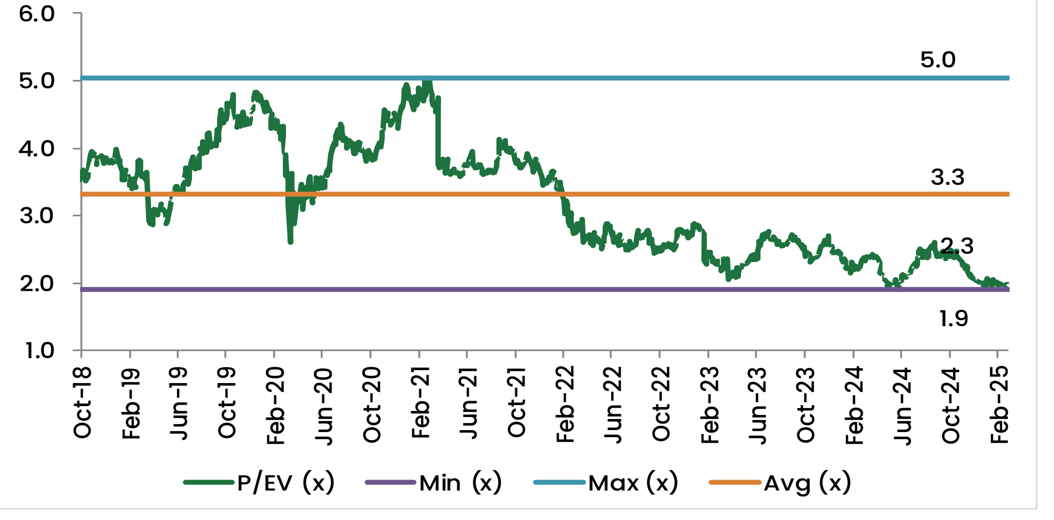
Source: Company, RBL Research

Its valuation has seen a derating due to regulatory changes, but with uncertainties largely behind, its strong growth could drive a re-rating.

Potential re-rating on sustained industry leadership

HDFC Life has historically traded at a significant premium compared to private insurers, driven by superior margins and industry-leading growth, particularly in individual premiums. However, since COVID-19, its valuation multiple (P/EV) has undergone a substantial derating due to regulatory uncertainties and sector-wide policy changes that were not entirely favorable. Despite these challenges, HDFC Life has successfully navigated the evolving regulatory landscape while maintaining robust growth ahead of the industry. This resilience is backed by a well-diversified product portfolio, strong bancassurance partnerships, strategic expansion into Tier 2/3 markets, and a continuous focus on digitalization. With most regulatory uncertainties now largely behind us and the impact of new norms already priced in, we believe the downside risk to its valuation multiple is limited. Moreover, as the company continues to deliver strong growth, the possibility of a re-rating cannot be ruled out.

HDFC Life lower valuations limits downside risk



Source: Company, RBL Research

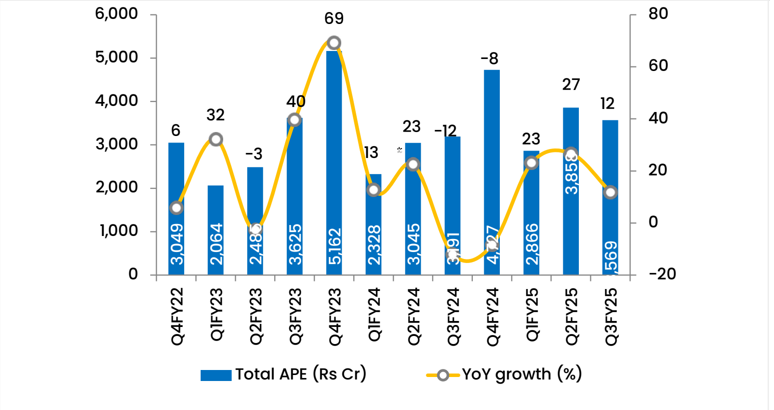
HDFC Life's strong growth outlook, margin recovery, and expansion into Tier 2/3 markets position it for a potential re-rating, with a target price of Rs. 870.

Valuation and Outlook

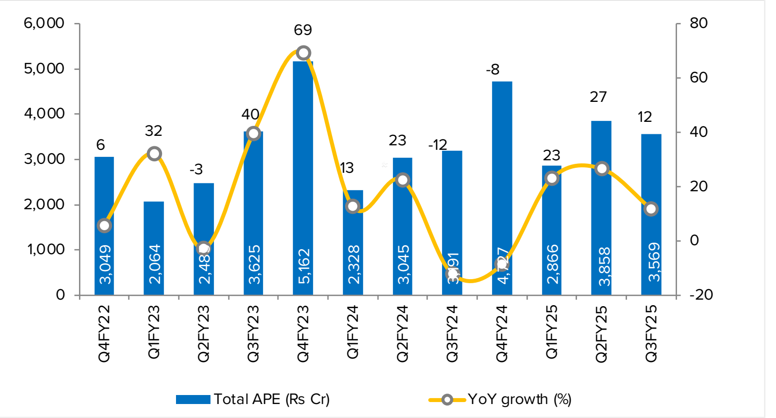
HDFC Life has consistently demonstrated strong performance, backed by a well-established brand, differentiated product offerings, and solid execution. It has historically traded at a premium to peers, driven by its industry-leading margins and profitability. While near-term challenges in non-par savings persist, they are largely priced in, with margin improvement expected from FY26. Expansion into Tier 2/3 markets and growth in protection products remain key growth levers, supported by robust bancassurance partnerships and a strong digital push. HDFC Life continues to bridge the protection gap while maintaining healthy persistency and a retail-focused product strategy. We anticipate a **17.3% EV CAGR over FY24-27E**, with **APE/VNB growth of 15.5%/18.2%** during the same period. With most regulatory uncertainties behind and limited downside risk to valuation multiples, a re-rating remains a possibility. We initiate coverage with a **Buy rating**, valuing HDFC Life at **2.6x FY27E EV, with a target price of Rs.870**.

Story in Charts

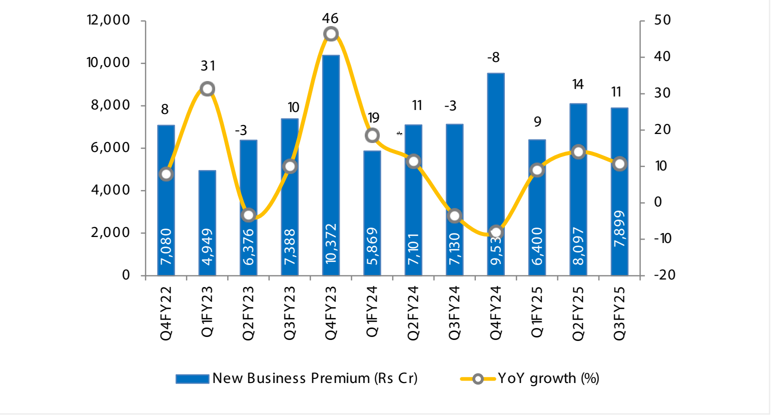
Individual APE grew by 12 % YoY



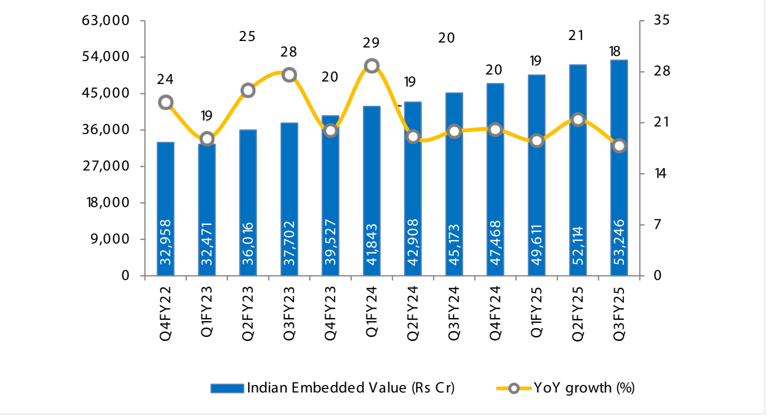
Total APE grew by 12% YoY



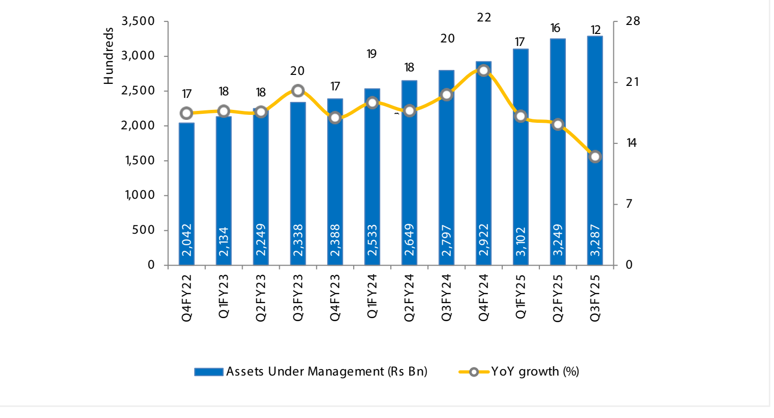
New business premium grew by 11% YoY



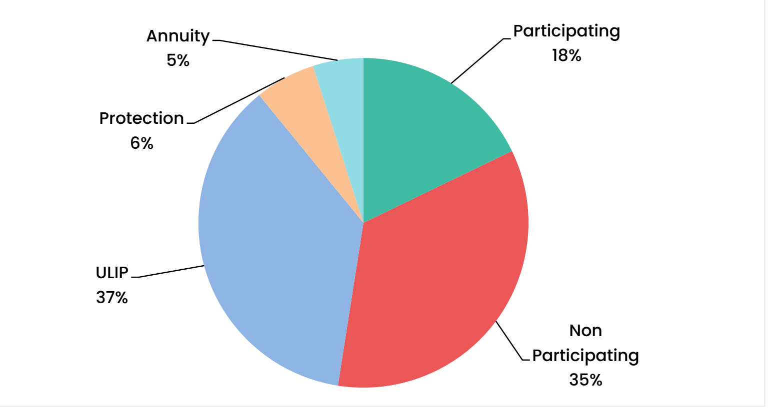
Embedded value reported healthy growth of 18% YoY



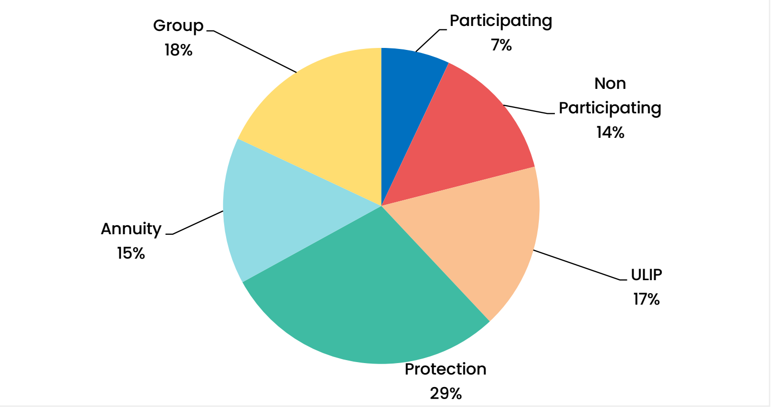
AUM Reported a healthy growth of 12% YoY



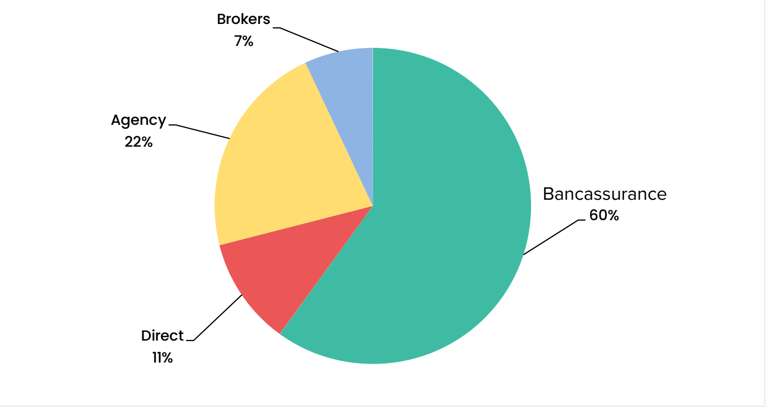
ULIP product has the highest share in the APE mix



Protection plans having highest share in NBP mix



Bancassurance being major channel for selling policies



Source: Company, RBL Research

Technical account - consolidated

Particulars, Rs Cr.	FY24	FY25E	FY26E	FY27E
Net premiums	62,112	72,248	81,944	92,979
Investment income	38,363	29,765	36,382	44,471
Contribution from the Shareholders' A/c	129	98	100	102
Other Income	336	425	434	443
Total Income	**1,00,941**	**1,02,535**	**1,18,860**	**1,37,994**
Commissions	5,262	7,416	7,564	7,413
Operating expenses	6,922	7,806	8,903	10,494
Service tax on linked charges	(275)	478	613	636
Total expenses	**11,909**	**15,700**	**17,080**	**18,543**
Benefits paid	39,805	42,795	41,457	46,638
Change in valuation of life reserves	48,444	41,002	57,860	65,382
Surplus/(deficit) before tax	**783**	**3,037**	**2,463**	**7,432**
Provision For Tax & Others	82	318	258	779
Surplus/(Deficit) for the period	**701**	**2,719**	**2,205**	**6,653**

Source: RBL Research

Shareholders account - consolidated

Particulars, Rs Cr.	FY24	FY25E	FY26E	FY27E
Transfer from policyholder's a/c	**807**	**3,116**	**2,642**	**7,611**
Investment income	1,007	879	1,023	1,190
Other income	59	79	81	82
Total income	**1,873**	**4,075**	**3,746**	**8,884**
Total expenses	303	1,122	1,280	1,461
Profit before tax	**1,570**	**2,953**	**2,466**	**7,423**
Tax	(4)	147.65	123.29	371.14
Profit after tax	**1,574**	**2,805**	**2,343**	**7,052**

Source: RBL Research

IEV movement - consolidated

Particulars, Rs Cr.	FY24	FY25E	FY26E	FY27E
Opening IEV	**39,527**	**44,592**	**50,786**	**60,440**
Unwind	3,543	4,355	4,960	5,903
Change in operating assumptions	48	54	62	73
VNB	**3,501**	**4,139**	**4,893**	**5,784**
Operating variances	**150**	**150**	**150**	**150**
Dividend and capital injection	(270)	(352)	(412)	(412)
Closing IEV	**44,592**	**50,786**	**60,440**	**71,939**

Source: RBL Research

Balance Sheet - consolidated				
Particulars, Rs Cr	**FY24**	**FY25E**	**FY26E**	**FY27E**
Share capital	2,151	2,151	2,151	2,151
Reserves and surplus	12,065	14,617	16,683	23,433
Fair value change account	451	531	597	811
Shareholder's equity	**14,666**	**17,300**	**19,431**	**26,394**
Borrowings	950	950	950	950
Fair value change account	6,026	5,570	6,403	7,265
Policy liabilities	1,75,444	1,62,174	1,86,425	2,11,529
Linked liabilities	95,547	1,29,277	1,34,776	1,40,558
Funds for future appropriations	1,211	20,975	29,837	39,394
Total liabilities	**2,79,178**	**3,18,946**	**3,58,392**	**3,99,697**
Total liabilities and shareholders equity	**2,93,845**	**3,36,246**	**3,77,823**	**4,26,091**
Total assets	**14,685**	**12,388**	**13,817**	**15,410**
Policyholders investments	1,82,053	1,93,110	2,28,072	2,69,372
Unit linked investments	**95,547**	**1,29,277**	**1,34,776**	**1,40,558**
Loans	1,897	1,600	1,785	1,991
Fixed assets	420	395	467	518
Net current assets/(liabilities)	**(757)**	**(524)**	**(1,093)**	**(1,759)**
Total assets	**2,93,845**	**3,36,246**	**3,77,823**	**4,26,091**

Source: RBL Research

Business Parameters				
Particulars, Rs Cr	**FY24**	**FY25E**	**FY26E**	**FY27E**
AuM	2,92,220	3,22,903	3,65,247	4,13,144
Indian Embedded Value	44,592	50,786	60,440	71,939
APE	13,291	15,331	17,726	20,503
VNB	**3,501**	**4,139**	**4,893**	**5,784**
NBP	29,631	33,976	38,258	43,113
VNB margin (%)	26.3	27.0	27.6	28.2
EV per share (Rs)	207.5	236.3	281.2	334.7
VNB per share (Rs)	16.3	19.3	22.8	26.9
BVPS (Rs)	68.2	80.5	90.4	122.8
EPS (Rs)	**7.3**	**13.1**	**10.9**	**32.8**

Source: RBL Research

Valuations				
Particulars	**FY24**	**FY25E**	**FY26E**	**FY27E**
P/EV (x)	2.9	2.6	2.2	1.8
P/VNB (x)	37.3	31.6	26.7	22.6
P/B (x)	8.9	7.6	6.7	5.0

Source: RBL Research

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Rating Methodology

Ratings	Upside
Buy	More than 15%
Accumulate	5% - 15%
Hold	0%- 5%
Sell	Below 0%

Note: RBL Investment ratings (All ratings based on absolute return; All ratings and target price refers to 12 month performance horizon, unless mentioned otherwise).

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Specific analyst(s) specific disclosure(s) inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations,

S. No.	Statement	Answer	
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve No months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		

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Nature of Interest (if answer to F (a) above is Yes :...

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to

S. No.	Name of RA	Signature of RA	Serial Question of question which the signing RA needs to make to make a separate declaration / answer	Answer	Answer