

**HOLD**

TP: Rs 600 | ▲ 13%

**HDFC LIFE**

| Insurance

| 26 April 2023

### Strong quarter

- Robust growth momentum in gross premium to Rs 196bn in Q4; NBP market share climbs to 22.9%
- We trim VNB margins by 80-110bps for FY24/FY25 to 26.5% for each of the year to factor in higher expenses
- We raise estimates and increase our TP to Rs 600 (vs. Rs 549), based on a higher 2.4x FY25E P/EV (vs 2.2x earlier); retain HOLD

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**Strong quarter:** At end-Q4FY23, HDFC Life's gross premium stood at Rs 196bn (Rs 575bn at end-FY23), which was 29% above our estimate. We, therefore, raise our gross premium estimates by 11-12% for FY24/FY25. NBP market share expanded from 20.9% at end-Q3FY23 to 22.9% in Q4, making HDFC Life the biggest player among the private peers. For FY23, there was a slight moderation of 20bps to 20.8%. In a key positive, RBI has allowed HDFC/ HDFC Bank to raise its stake in HDFC Life beyond 50% before the effective date of merger.

**VNB margin expected to decline:** At end-FY23, VNB stood at Rs 36.7bn with a margin of 27.6%. Expenses for Project Inspire are likely to be within EOM (Expenses of Management) but were a 0.4% drag on VNB margin. Also, the total cost ratio of 20.5% was higher than our 18.1% estimate. With the company expecting to spend more in FY24 and FY25, we cut our VNB margin estimates by 80-110bps. However, given 70% YoY APE growth in Q4, we now model for a 10% APE CAGR over FY23-FY25 to Rs 160bn (vs. Rs 143bn earlier) and hence factor in a 7% VNB CAGR to Rs 42bn (Rs 39bn earlier). EV stood at Rs 395bn at end-FY23, and we expect a 16% CAGR over FY23-FY25 to Rs 532bn (Rs 537bn earlier).

**Non-par growth to moderate:** HDFC Life is focused on a balanced product mix; however, the non-par proportion in APE totaled 38% at end-FY23 vs. 28% in FY22. We believe this will moderate as customers invest in higher value plans to take advantage of tax laws. The protection business formed 13.3% of total APE at end-FY23 vs. 13.6% in FY22.

**Retain HOLD:** HDFC Life is trading at 2.1x FY25E P/EV. We see key negatives from regulatory headwinds with the withdrawal of tax benefits on large policies, and the potential impact of Project Inspire on VNB margin. However, the company continues to deliver strong business growth with high persistency ratios. We thus value the stock 2SD below its long-term mean at a higher 2.4x FY25E P/EV (2.2x earlier). Post estimate revision, we have a new TP of Rs 600 (vs. Rs 549) and maintain HOLD as upside potential looks capped.

### Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	HDFCLIFE IN/Rs 532
Market cap	US\$ 13.9bn
Free float	48%
3M ADV	US\$ 31.5mn
52wk high/low	Rs 621/Rs 458
Promoter/FPI/DII	52%/26%/8%

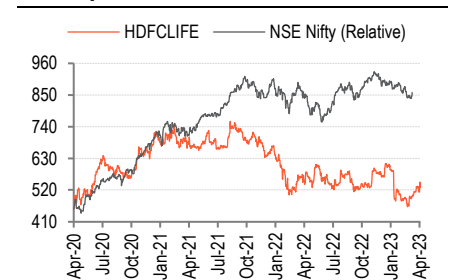
Source: NSE | Price as of 26 Apr 2023

### Key financials

Y/E 31 Mar	FY23P	FY24E	FY25E
NBP (Rs mn)	2,90,852	3,37,456	3,74,392
APE (Rs mn)	1,33,400	1,38,195	1,60,231
VNB (Rs mn)	36,818	36,622	42,461
Embedded Value (Rs mn)	3,94,988	4,57,871	5,31,624
VNB margin (%)	27.6	26.5	26.5
EVPS (Rs)	185.0	214.4	249.0
EPS (Rs)	6.4	6.3	7.8
Consensus EPS (Rs)	6.4	9.7	10.7
P/EV (x)	2.9	2.5	2.1

Source: Company, Bloomberg, BOBCAPS Research

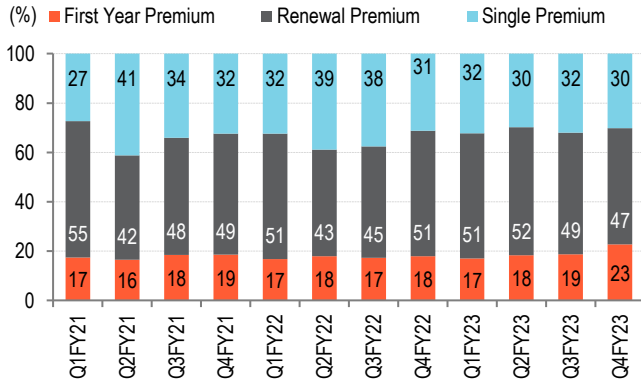
### Stock performance



Source: NSE

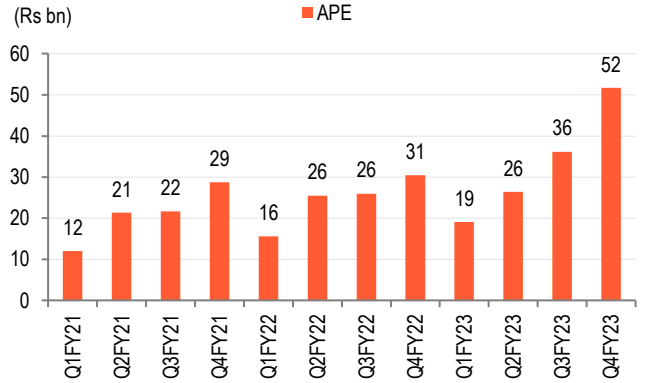


**Fig 1 – Q4FY23 gross premium strong as customers took advantage of expiring tax benefits**



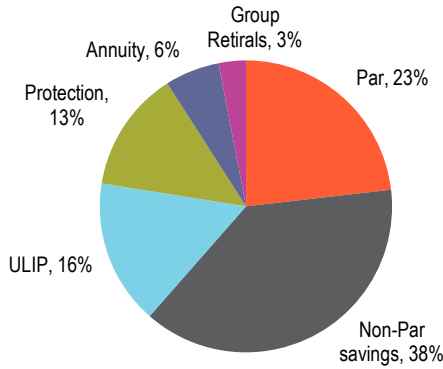
Source: Company, BOBCAPS Research Note: FY23 is post-merger with Exide Life and hence not comparable

**Fig 2 – APE grew 70% YoY in Q4**



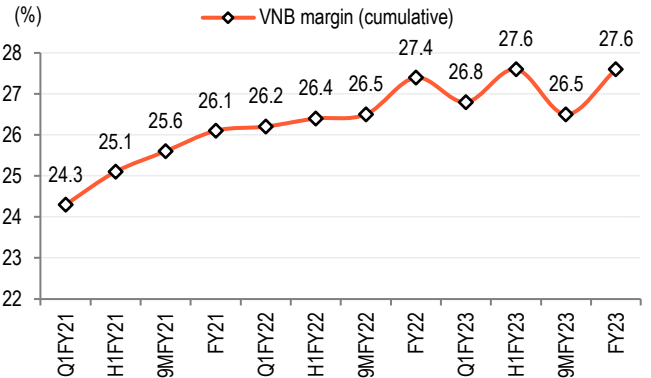
Source: Company, BOBCAPS Research Note: FY23 is post-merger with Exide Life and hence not comparable

**Fig 3 – Product mix post-merger (APE-based) – Non-par savings at 38% in FY23**



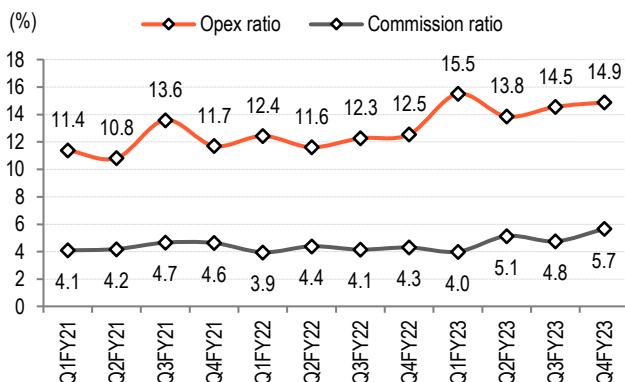
Source: Company, BOBCAPS Research

**Fig 4 – VNB margin inches up**



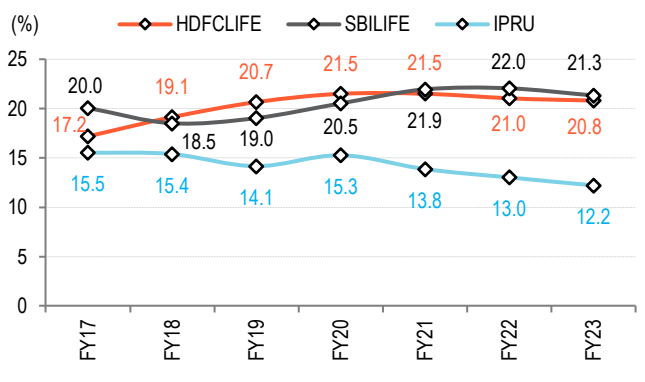
Source: Company, BOBCAPS Research | Note: FY23 is post-merger with Exide Life and hence not comparable

**Fig 5 – Both opex and commission ratios moved up**



Source: Company, BOBCAPS Research

**Fig 6 – NBP market share marginally down in FY23; maintains its second position**



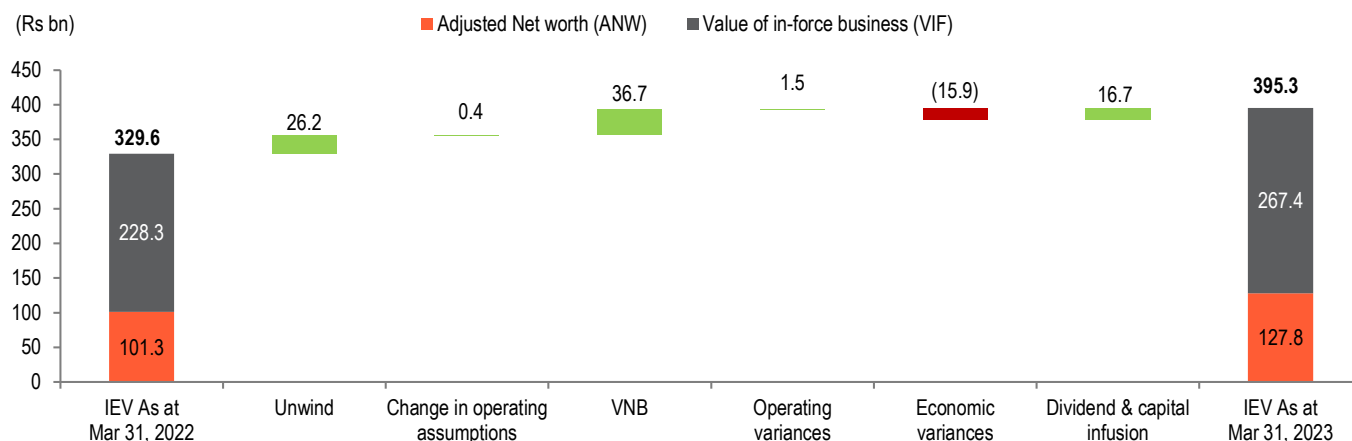
Source: IRDA, BOBCAPS Research

**Fig 7 – Distribution mix based on individual APE: Agency gaining traction but direct channel on lower side**

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

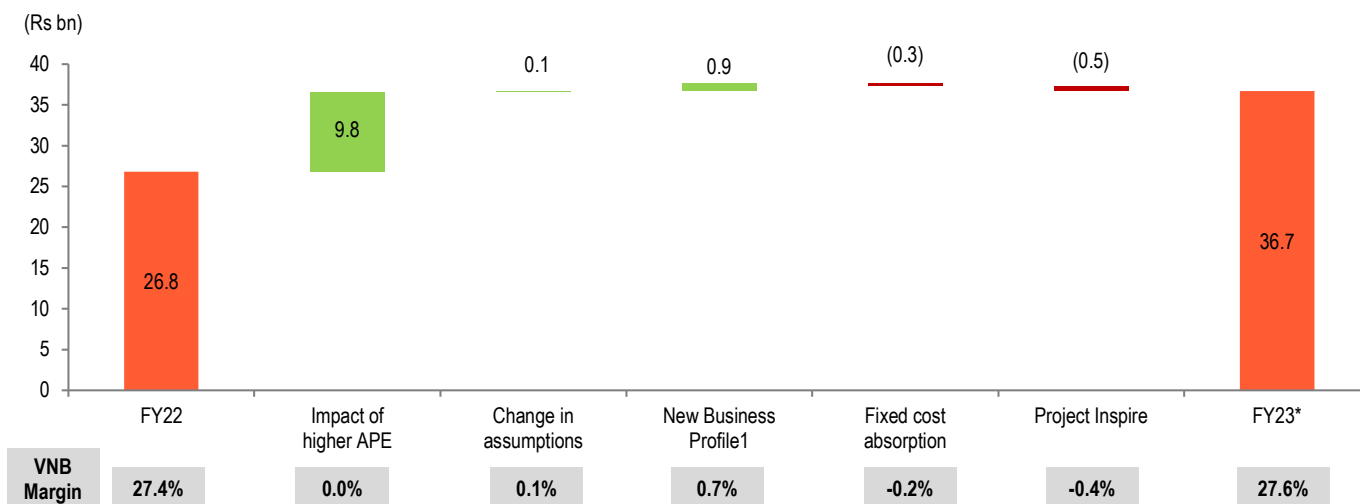
Source: Company, BOBCAPS Research | Note: FY23 data is post-merger with Exide Life and hence not comparable

**Fig 8 – Higher unwind and VNB offset by negative economic variance**



Source: Company, BOBCAPS Research | Note: Data for the merged entity; IEV – Indian Embedded Value

**Fig 9 – VNB margin stable in FY23**



Source: Company, BOBCAPS Research | Note: 1) Reflects the impact of difference in mix of segment/distribution channel/tenure/age/sum assured multiple etc. \*Current year numbers are on a merged basis, hence, the prior year is not comparable

**Fig 10 – Policyholders' account**

(Rs mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
<b>Gross premium income</b>	<b>1,96,261</b>	<b>1,44,213</b>	<b>36.1</b>	<b>1,45,750</b>	<b>34.7</b>	<b>5,75,334</b>	<b>4,59,628</b>	<b>25.2</b>
First Year Premium	44,673	25,749	73.5	27,249	63.9	1,13,239	80,544	40.6
Renewal Premium	92,542	73,412	26.1	71,870	28.8	2,84,483	2,18,080	30.4
Single Premium	59,047	45,052	31.1	46,632	26.6	1,77,612	1,61,005	10.3
Reinsurance	1,996	1,316	51.6	1,957	2.0	7,694	5,664	35.9
<b>Net premium income</b>	<b>1,94,266</b>	<b>1,42,897</b>	<b>35.9</b>	<b>1,43,794</b>	<b>35.1</b>	<b>5,67,640</b>	<b>4,53,965</b>	<b>25.0</b>
Income from investments (Net)	11,895	13,972	(14.9)	49,280	(75.9)	1,25,975	1,92,159	(34.4)
Other income	2,677	631	324.5	722	270.8	4,644	1,765	163.1
Contribution of funds from Shareholders' A/c	5,426	3,050	77.9	3,137	73.0	8,795	5,694	54.5
<b>Total</b>	<b>2,14,264</b>	<b>1,60,549</b>	<b>33.5</b>	<b>1,96,933</b>	<b>8.8</b>	<b>7,07,055</b>	<b>6,53,584</b>	<b>8.2</b>
<b>Commission on</b>								
First Year Premium	8,683	4,289	102.5	4,887	77.7	20,292	13,681	48.3
Renewal Premium	1,361	1,090	24.9	1,177	15.6	5,222	3,301	58.2
Single Premium	850	698	21.7	699	21.6	2,767	2,062	34.2
Rewards	221	131	69.0	165	33.9	588	359	63.9
<b>Net Commission</b>	<b>11,114</b>	<b>6,207</b>	<b>79.0</b>	<b>6,928</b>	<b>60.4</b>	<b>28,869</b>	<b>19,403</b>	<b>48.8</b>
Expenses of Management	40,314	24,297	65.9	28,132	43.3	84,664	53,591	58.0
Provision for taxes	3,478	2,511	38.5	(315)	(1,205.5)	5,349	5,541	(3.5)
Benefits Paid (Net)	1,12,051	96,435	16.2	86,623	29.4	3,88,723	3,18,637	22.0
Change in actuarial liability	52,709	31,734	66.1	79,201	(33.4)	1,85,862	2,46,815	(24.7)
<b>Surplus/Deficit</b>	<b>5,718</b>	<b>5,524</b>	<b>3.5</b>	<b>3,300</b>	<b>73.3</b>	<b>13,589</b>	<b>9,597</b>	<b>41.6</b>

Source: Company, BOBCAPS Research

**Fig 11 – Shareholders' account**

(Rs mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Transfer from Policyholders' Account	5,839	5,000	16.8	4,161	40.3	14,689	10,093	45.5
Investment Income	1,960	1,475	32.9	2,437	(19.5)	7,197	7,894	(8.8)
Expenses other than those related to insurance business	315	216	45.9	318	(1.1)	1,246	825	51.1
Transfer of funds to Policyholders' Account	5,426	3,050	77.9	3,137	73.0	8,795	5,694	54.5
Provisions for diminution in value of investments <sup>6</sup>	(8)	(6)	32.8	0	NA	247	333	(26.0)
Profit before tax	2,698	3,216	(16.1)	3,142	(14.2)	12,724	11,801	7.8
Provisions for tax	(889)	(360)	147.2	(10)	8,970.4	877	276	218.4
<b>Profit after tax and before extraordinary items</b>	<b>3,587</b>	<b>3,575</b>	<b>0.3</b>	<b>3,152</b>	<b>13.8</b>	<b>13,601</b>	<b>12,077</b>	<b>12.6</b>

Source: Company, BOBCAPS Research

**Fig 12 – Balance sheet**

(Rs mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
<b>Shareholders' funds:</b>								
Share Capital	21,494	21,126	1.7	58,600	(63.3)	21,494	21,126	1.7
Share application money received pending allotment of shares	32	33	(5.1)	0	0.0	32	33	(5.1)
Reserves and Surplus	1,08,146	1,32,852	(18.6)	67,400	60.5	1,08,146	1,32,852	(18.6)
Credit / (Debit) Fair Value Change Account	197	848	(76.8)	1,000	(80.3)	197	848	(76.8)
<b>Sub-Total</b>	<b>1,29,868</b>	<b>1,54,859</b>	<b>(16.1)</b>	<b>1,27,000</b>	<b>2.3</b>	<b>1,29,868</b>	<b>1,54,859</b>	<b>(16.1)</b>
Borrowings	9,500	6,000	58.3	9,500	0.0	9,500	6,000	58.3
<b>Policyholders Funds</b>								
Credit / (Debit) Fair Value Change Account	19,759	21,697	(8.9)	25,000	(21.0)	19,759	21,697	(8.9)
Policy Liabilities	14,32,696	10,43,425	37.3	13,51,200	6.0	14,32,696	10,43,425	37.3
Provision for Linked Liabilities	5,95,034	5,64,484	5.4	7,80,300	(23.7)	5,95,034	5,64,484	5.4
Add: Fair value change	1,58,802	2,00,706	(20.9)	0	NA	1,58,802	2,00,706	(20.9)
<b>Funds for discontinued policies</b>								
(i) Discontinued on account of non-payment of premium	38,040	40,854	(6.9)	40,500	(6.1)	38,040	40,854	(6.9)
(ii) Others	139	172	(19.0)	0	NA	139	172	(19.0)
Funds for Future Appropriations	12,354	9,409	31.3	12,500	(1.2)	12,354	9,409	31.3
<b>TOTAL</b>	<b>23,96,192</b>	<b>20,41,605</b>	<b>17.4</b>	<b>23,46,000</b>	<b>2.1</b>	<b>23,96,192</b>	<b>20,41,605</b>	<b>17.4</b>
<b>Application Of Funds</b>								
<b>Investments:</b>								
Shareholders'	1,31,319	1,52,379	(13.8)	1,29,300	1.6	1,31,319	1,52,379	(13.8)
Policyholders'	14,64,485	10,83,110	35.2	13,88,300	5.5	14,64,485	10,83,110	35.2
Asset held to cover Linked Liabilities	7,92,015	8,06,215	(1.8)	8,20,800	(3.5)	7,92,015	8,06,215	(1.8)
Loans	15,853	6,428	146.6	15,100	5.0	15,853	6,428	146.6
Fixed Assets	3,802	3,427	10.9	3,700	2.8	3,802	3,427	10.9
<b>Net Current Assets</b>	<b>(11,283)</b>	<b>(9,955)</b>	<b>13.3</b>	<b>(11,200)</b>	<b>0.7</b>	<b>(11,283)</b>	<b>(9,955)</b>	<b>13.3</b>
<b>Total</b>	<b>23,96,192</b>	<b>20,41,605</b>	<b>17.4</b>	<b>23,46,000</b>	<b>2.1</b>	<b>23,96,192</b>	<b>20,41,605</b>	<b>17.4</b>

Source: Company, BOBCAPS Research

**Fig 13 – Key ratios and growth metrics**

(Rs mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
NBP	1,03,720	70,801	46.5	73,880	40.4	2,90,852	2,41,548	20.4
APE	51,700	30,500	69.5	36,200	42.8	1,33,400	97,580	36.7
Opex ratio (%)	14.9	12.5	233bps	14.5	33bps	14.7	12.2	245bps
Commission ratio (%)	5.7	4.3	136bps	4.8	91bps	5.0	4.2	80bps
Expense ratio (%)	20.5	16.8	369bps	19.3	124bps	19.7	16.4	325bps
VNB margin (%) - Cumulative	27.6	27.4	20bps	26.5	110bps	27.6	27.4	20bps
Solvency ratio (%)	203.0	176.0	2,700bps	209.0	(600bps)	203.0	176.0	2,700bps

Source: Company, BOBCAPS Research

## Earnings call highlights

### Business highlights

- HDFC Life's gross premium grew 36% YoY in Q4FY23 and 25% in FY23. Despite intense competition, it has consistently ranked amongst the top three life insurers. The company expanded its NBP market share from 20.9% at end-Q3FY23 to 22.9% in Q4 to become the biggest private player. For FY23, there was a slight moderation of 20bps to 20.8%
- APE stood at Rs 133.4bn at end-FY23, of which 85% or Rs 114bn comprised individual APE. APE grew 37% YoY in FY23 whereas individual APE grew 40%.
- NBP stood at Rs 290bn at end-FY23 and renewal premium totalled Rs 284bn. In Q4, these numbers were Rs 104bn and Rs 92bn respectively.
- RBI has permitted HDFC Bank or HDFC Ltd to increase their shareholding in HDFC Life to more than 50% prior to the effective merger date, thus clearing any uncertainty around HDFC Bank's eventual shareholding.

### VNB margin

- VNB margin of 27.6% for FY23 includes Exide Life numbers.
- HDFC Life has maintained a diversified product mix. Based on individual APE, the share of ULIP products has dipped significantly from 26% in FY22 to 19% at end-FY23, replaced largely by non-par business (33% to 45%). Annuity remained stable at 5% and par products declined from 30% to 27%.
- VNB stood at Rs 37bn at end-FY23 (post-merger). Although not comparable on YoY basis, the company indicated that VNB was hit by Rs 0.3bn of fixed cost absorption and Rs 0.5bn towards Project Aspire costs. The company further anticipates a hit of Rs 2bn each in FY24 and FY25. Project Aspire is a 360-degree view of the customer and at the company's various capabilities (for example, application architecture, the IT governance model and cloud strategy).

### Protection business

- Overall protection APE grew by ~30% in FY23 and the company expects individual protection to see high demand in the coming quarters.
- The credit protect segment grew 46% YoY to Rs 77.4bn at end-FY23.

### Embedded value (EV)

- EV stood at Rs 395bn as on 31 Mar 2023 with an operating return on embedded value of 19.7% for the year.
- EV had a negative economic variance of Rs 15.9bn. Operating variance continues to be positive and in line with assumptions.

**Others**

- Within the non-par segment, the shorter tenure product 'Sanchay Fixed Maturity Plan (FMP)' comprised 13-15% of individual APE.
- The solvency ratio was 203% as on Mar'23.

## Valuation methodology

With HDFC Life expecting to spend more in FY24 and FY25, we cut our VNB margin estimates by 80-110bps. However, given 70% YoY APE growth in Q4, we now model for a 10% APE CAGR over FY23-FY25 to Rs 160bn (vs. Rs 143bn earlier) and hence factor in a 7% VNB CAGR to Rs 42bn (Rs 39bn earlier).

We see key negatives from an above-expected total expense ratio in Q4FY23 at 20.5%, regulatory headwinds with the withdrawal of tax benefits on large policies from FY24 (see our 3 Feb report), and the potential impact of Project Inspire on VNB margin. However, HDFC Life remains a leading player in the industry and continues to deliver strong business growth with high persistency ratios.

The stock is trading at 2.1x FY25E P/EV. We value the stock 2SD below its long-term mean at a higher multiple of 2.4x FY25E P/EV (vs 2.2x earlier) to factor in positives. Post estimate revision, we have a new TP of Rs 600 (vs. Rs 549) and maintain HOLD as upside potential looks capped.

**Fig 14 – Revised estimates**

(Rs bn)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Gross Premium	676	758	606	675	11.4	12.3
Net Premium	666	748	598	665	11.4	12.4
VNB	37	42	34	39	8.2	7.9
APE	138	160	124	143	11.4	12.4
Embedded Value (EV)	458	532	464	537	(1.4)	(0.9)
VNB Margin (%)	26.5	26.5	27.3	27.6	(77bps)	(111bps)

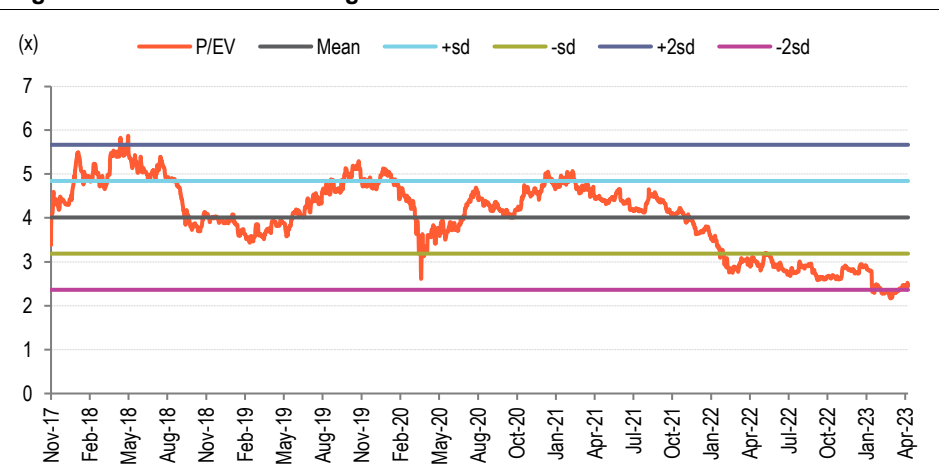
Source: BOBCAPS Research

**Fig 15 – Valuation summary**

Particulars	
Embedded Value (FY25E) (Rs bn)	532
PV of Future business (Rs bn)	1,134
<b>Total value (Rs bn)</b>	<b>1,665</b>
Current P/EV (FY25E) (x)	2.1
Implied P/EV (FY25E) (x)	2.4
<b>Implied Target Price (Rs)</b>	<b>600</b>
Current Price (Rs)	532
Upside (%)	12.8

Source: BOBCAPS Research



**Fig 16 – 1Y fwd P/EV – Trading between -1SD and -2SD**


Source: Company, BOBCAPS Research

## Key risks

Key downside risks to our estimates are:

- **Change in regulatory framework:** Any unfavourable change in regulations can impact business growth. For example, currently ULIP proceeds are taxed to the extent the yearly premium exceeds Rs 0.25mn. Similarly, any change in income tax rate of insurance companies can adversely impact profitability.
- **Losses from capital and bond markets:** Prolonged weakness in capital markets could hamper the growth of ULIPs. Although insurance companies are opting for a balanced product mix, many of them have sizeable business coming from ULIPs.
- **Increasing interest rates:** The guaranteed return businesses can be affected by an increase in interest rates as other financial instruments (e.g. deposits) become more attractive. HDFC Life had ~28% share of non-par in the total APE mix as of FY22.
- **Adverse economic events:** A significant economic decline may result in financial difficulties or defaults by issuers of bonds in the company's investment portfolios. The shareholders' equity and earnings and policyholders' funds may be affected by fair value re-valuation of bonds held in investment portfolios.
- **High surrender of policies:** Life insurance companies face the risk of surrendered policies. In ULIPs, customers can withdraw policies after five years even if they have been taken for longer durations. Policies can also be surrendered in case of job loss, monetary requirements, etc., which lowers the persistency ratios.

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
HDFC Life	HDFCLIFE IN	13.9	532	600	HOLD
ICICI Prudential Life	IPRU IN	7.5	429	494	HOLD
LIC	LICI IN	42.4	548	800	BUY
SBI Life	SBILIFE IN	13.7	1,118	1,459	BUY

Source: BOBCAPS Research, NSE | Price as of 26 Apr 2023

## Glossary

Glossary			
<b>APE</b>	Average Premium Equivalent	<b>ULIP</b>	Unit Linked Insurance Plan
<b>EV</b>	Embedded Value	<b>VNB</b>	Value of New Business
<b>IRDA</b>	Insurance Regulatory and Development Authority	<b>WRP</b>	Weighted Received Premium
<b>NBP</b>	New Business Premium		

## Financials

### Revenue Account (Technical)

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
<b>Gross premium income</b>	<b>3,85,835</b>	<b>4,59,628</b>	<b>5,75,334</b>	<b>6,75,520</b>	<b>7,58,045</b>
First year premium	68,584	80,544	1,13,239	1,13,293	1,33,232
Renewal premium	1,84,769	2,18,080	2,84,483	3,38,064	3,83,653
Single premium	1,32,482	1,61,005	1,77,612	2,24,163	2,41,159
<b>Net written premium</b>	<b>3,81,223</b>	<b>4,53,965</b>	<b>5,67,640</b>	<b>6,66,146</b>	<b>7,47,512</b>
Income from investments	3,26,776	1,92,159	1,25,975	2,36,349	2,73,281
Other Income	4,420	7,460	13,439	9,026	9,614
<b>Total income</b>	<b>7,12,418</b>	<b>6,53,584</b>	<b>7,07,055</b>	<b>9,11,520</b>	<b>10,30,407</b>
Commissions	17,104	19,403	28,869	29,708	33,030
Operating expenses	43,974	53,591	84,664	79,326	89,105
Benefits and bonuses paid	2,25,748	3,18,637	3,88,723	5,09,554	5,69,452
Change in liabilities (net)	4,08,296	2,46,815	1,85,862	2,68,485	3,10,736
Others	0	0	0	0	0
<b>Total expenses</b>	<b>6,95,122</b>	<b>6,38,446</b>	<b>6,88,117</b>	<b>8,87,073</b>	<b>10,02,323</b>
<b>Surplus before tax</b>	<b>17,296</b>	<b>15,137</b>	<b>18,937</b>	<b>24,448</b>	<b>28,085</b>
Provision for tax	6,311	5,541	5,349	9,583	10,865
<b>Surplus after tax</b>	<b>10,984</b>	<b>9,597</b>	<b>13,589</b>	<b>14,865</b>	<b>17,220</b>
Trf to shareholders' a/c	9,910	10,093	14,689	12,673	15,094
Balance being FFA	1,075	(497)	(1,101)	2,192	2,126

### Income Statement (Non-technical)

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Trf from policyholders' a/c	9,909	10,093	14,689	12,673	15,094
Income from investments	6,476	7,894	7,197	7,873	9,162
Contr. to policyholders' fund	2,868	5,694	8,795	6,278	6,592
Others	19	(492)	(368)	(492)	(629)
<b>PBT</b>	<b>13,535</b>	<b>11,801</b>	<b>12,724</b>	<b>13,775</b>	<b>17,035</b>
Provision for taxation	(66)	(276)	(877)	344	426
<b>PAT</b>	<b>13,601</b>	<b>12,077</b>	<b>13,601</b>	<b>13,431</b>	<b>16,609</b>
Dividend+Interim div.+DDT	4,085	4,135	4,057	5,338	5,338

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Equity	86,377	1,54,859	1,29,868	29,587	40,858
Policyholders' funds	15,90,416	18,30,312	22,06,290	22,80,504	25,91,240
FFA	9,906	9,409	12,354	14,207	15,912
Others	1,09,119	1,09,313	1,28,737	1,46,863	1,69,402
<b>Total liabilities</b>	<b>17,95,817</b>	<b>21,03,892</b>	<b>24,77,249</b>	<b>24,71,162</b>	<b>28,17,412</b>
Shareholders' funds	85,421	1,52,379	1,31,319	1,54,957	1,78,200
Policyholders' funds	9,05,378	10,83,110	14,64,485	15,91,510	19,27,469
Assets to cover linked liab.	7,47,595	8,06,215	7,92,015	8,88,853	9,33,295
Others	57,423	62,188	89,430	(1,64,158)	(2,21,552)
<b>Total assets</b>	<b>17,95,817</b>	<b>21,03,892</b>	<b>24,77,249</b>	<b>24,71,162</b>	<b>28,17,412</b>

### Key Metrics

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
AUM (Rs mn)	17,38,390	20,41,704	23,34,127	26,80,410	30,91,492
NBP (Rs mn)	2,01,066	2,41,548	2,90,852	3,37,456	3,74,392
APE (Rs mn)	83,700	97,580	1,33,400	1,38,195	1,60,231
VNB (Rs mn)	21,846	26,737	36,818	36,622	42,461
VNB margin (%)	26.1	27.4	27.6	26.5	26.5
Embedded value (Rs mn)	2,66,200	3,00,470	3,94,988	4,57,871	5,31,624
ROEV (%)	18.5	16.6	19.6	17.3	17.3
ROE (%)	17.6	10.0	9.6	16.8	47.2
Opex ratio (%)	11.9	12.2	14.7	11.7	11.7
Cost ratio (%)	16.3	16.4	19.7	16.1	16.1
Solvency ratio (%)	201.1	175.7	146.5	52.0	63.5
EPS (Rs)	6.7	5.9	6.4	6.3	7.8
BVPS (Rs)	42.7	75.7	60.8	13.9	19.1
EVPS (Rs)	131.6	146.8	185.0	214.4	249.0

Source: Company, BOBCAPS Research

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**BUY** – Expected return >+15%

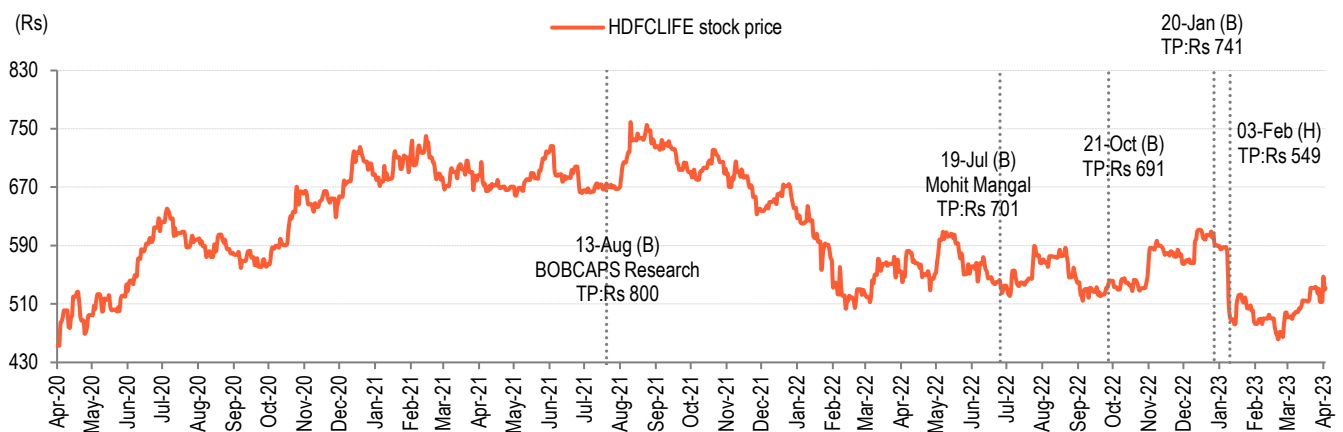
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

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

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