

**BUY**

TP: Rs 1,520 | ▲ 34%

**SBI LIFE**

| Insurance

| 27 April 2023

## Strong FY23; maintain BUY

- Strong performance in FY23 with gross premium up 15% YoY and APE growth of 18%
- VNB buoyant and margin up 420bps YoY to 30% for the year led by profitable non-par products
- We raise FY24/FY25 VNB by 7-8% and reset to 2.3x FY25E EV (vs. 2.2x) for a new TP of Rs 1,520 (vs. Rs 1,459); retain BUY

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**Buoyant VNB and high margin:** SBI Life's VNB rose 37% YoY in FY23 to Rs 50.7bn with an above-expected 30.1% margin (+420bps) due to its focus on lucrative non-par products. Based on the outperformance, we increase our VNB margin assumptions from 26% to 28% each for FY24/FY25 and raise VNB estimates by 7-8% for our forecast period to Rs 65bn at end-FY25 (Rs 61bn earlier). Operating ROEV was strong at 22.8% at end-FY23.

**Robust FY23 performance:** APE grew 18% YoY in FY23 to Rs 168bn. For Q4, APE growth was low at 10% YoY in the absence of big-ticket non-linked policy sales. We believe the predictability of growth is higher for the future as the company was comparatively least affected by the budget proposals (see [our note](#) of 3 February). Gross premium grew 15% YoY to Rs 673bn, as per expectations.

**Non-par savings grew in the product mix:** SBI Life's non-par business grew 120% YoY to Rs 37.5bn in FY23 (forming 22% of APE vs. 12% in FY22). The 'Smart Platina Plus' policy is boosting growth in the non-par segment. ULIPs (55% of APE) remained flattish in FY23 with a decline in Q4, but management expects growth to bounce back. Total protection business stood at 11% of APE. Individual protection APE grew 7% YoY in FY23 but was outdone by group protection at 29%. Demand for annuity products has been increasing and these now constitute 3% of APE.

**Persistency improves; cost ratios <10%:** Persistency in the 13<sup>th</sup> month cohort increased to 85.5% in FY23 from 85.2% in FY22, and 61<sup>st</sup> month ratios increased to 55.6% from 49.5%. The total cost ratio expanded ~90bps YoY to 9.6% at end-FY23 (opex ratio was flat YoY at 5.1% and commission ratio rose 90bps to 4.5%), but remained below 10% and below that of listed private peers.

**Maintain BUY:** The stock is trading at 1.7x FY25E P/EV. Given strong growth momentum, we raise our target FY25E P/EV multiple to 2.3x (from 2.2x), a 10% discount to the long-term mean. This coupled with estimate revision yields a new TP of Rs 1,520 (vs. Rs 1,459), offering 34% upside. We like SBI Life for its market leadership, high VNB margins, efficient cost ratios and strong brand – maintain BUY.

## Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	SBILIFE IN/Rs 1,137
Market cap	US\$ 13.9bn
Free float	45%
3M ADV	US\$ 19.7mn
52wk high/low	Rs 1,340/Rs 1,033
Promoter/FPI/DII	55%/24%/16%

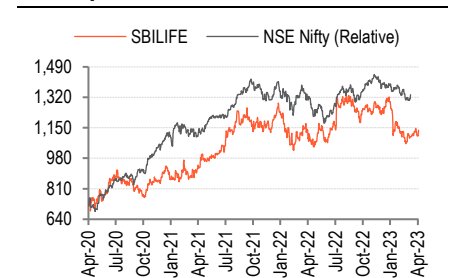
Source: NSE | Price as of 27 Apr 2023

## Key financials

Y/E 31 Mar	FY23P	FY24E	FY25E
NBP (Rs mn)	2,95,886	3,37,310	3,84,533
APE (Rs mn)	1,68,100	1,99,489	2,31,855
VNB (Rs mn)	50,700	55,857	64,919
Embedded Value (Rs mn)	4,60,600	5,52,603	6,61,490
VNB margin (%)	30.1	28.0	28.0
EVPS (Rs)	475.2	566.8	674.0
EPS (Rs)	17.2	17.2	18.4
Consensus EPS (Rs)	17.2	21.6	24.6
P/EV (x)	2.4	2.0	1.7

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

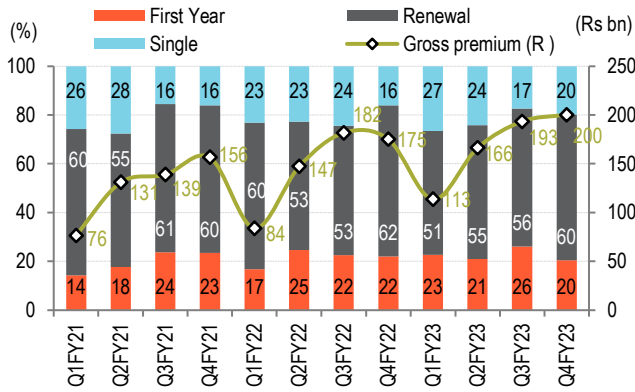
## Stock performance



Source: NSE

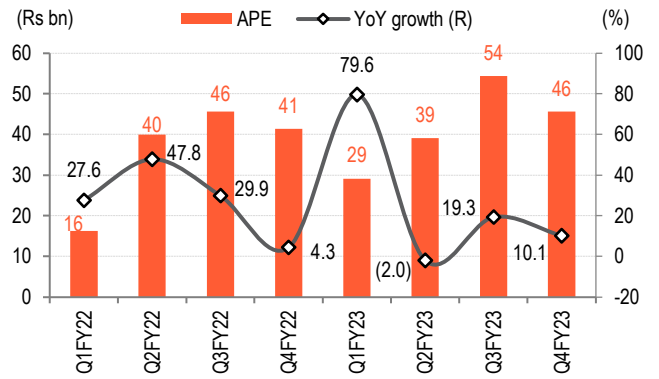


**Fig 1 – Gross premium grew 14% YoY**



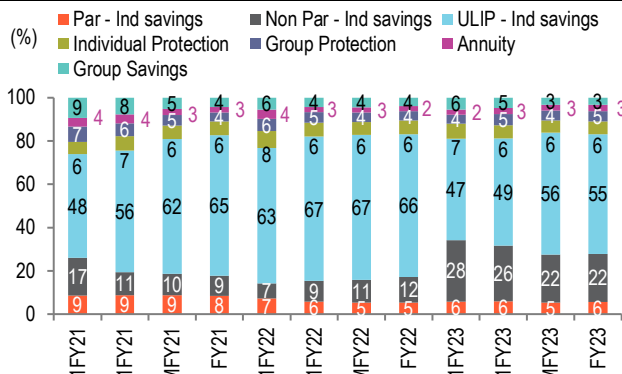
Source: Company, BOBCAPS Research

**Fig 2 – APE grew 10% YoY**



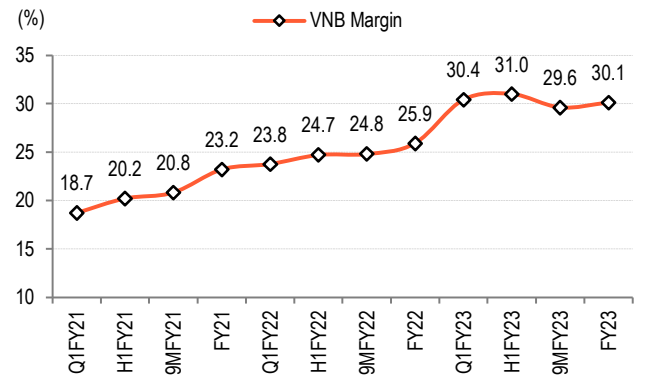
Source: Company, BOBCAPS Research

**Fig 3 – Non-par remained strong in Q4 on APE basis**



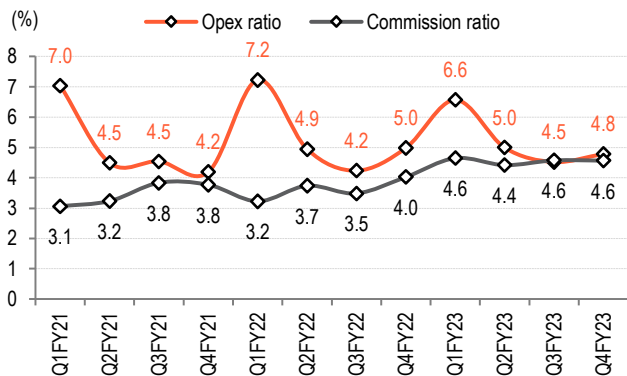
Source: Company, BOBCAPS Research | Ind: Individual

**Fig 4 – VNB margin high at 30%**



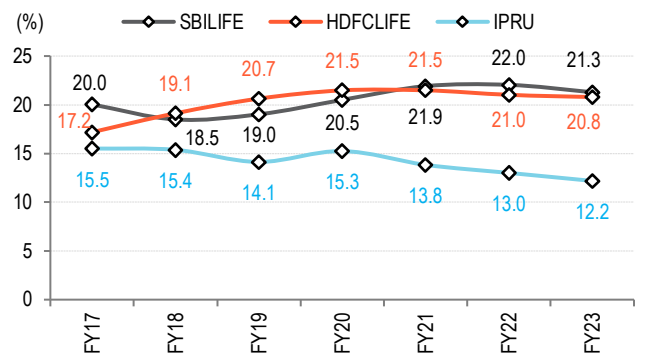
Source: Company, BOBCAPS Research

**Fig 5 – Commission ratio stable in Q4; opex ratio higher**



Source: Company, BOBCAPS Research

**Fig 6 – Market share: Remains leader in private life insurance**



Source: Company, BOBCAPS Research

**Fig 7 – Policyholders' account**

(Rs mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
<b>Gross premium income</b>	2,00,136	1,75,085	14.3	1,93,319	3.5	6,73,156	5,87,596	14.6
First Year Premium	40,896	38,536	6.1	50,552	(19.1)	1,51,971	1,29,415	17.4
Renewal Premium	1,19,370	1,08,425	10.1	1,09,083	9.4	3,77,270	3,33,023	13.3
Single Premium	39,869	28,124	41.8	33,684	18.4	1,43,915	1,25,158	15.0
Reinsurance	1,166	747	56.1	1,611	(27.6)	7,346	3,273	124.4
<b>Net premium income</b>	<b>1,98,969</b>	<b>1,74,338</b>	<b>14.1</b>	<b>1,91,708</b>	<b>3.8</b>	<b>6,65,810</b>	<b>5,84,323</b>	<b>13.9</b>
Income from investments (Net)	11,861	29,995	(60.5)	74,430	(84.1)	1,32,601	2,35,679	(43.7)
Other income	149	125	19.2	130	14.7	499	327	52.2
Contribution of funds from Shareholders' A/c	17,075	9,822	73.9	-	NA	17,075	9,942	71.7
<b>Total</b>	<b>2,28,054</b>	<b>2,14,279</b>	<b>6.4</b>	<b>2,66,267</b>	<b>(14.4)</b>	<b>8,15,985</b>	<b>8,30,272</b>	<b>(1.7)</b>
<b>Commission on</b>								
First Year Premium	5,127	3,495	46.7	5,271	(2.7)	18,062	10,797	67.3
Renewal Premium	3,031	2,836	6.9	2,599	16.6	9,254	8,555	8.2
Single Premium	556	448	24.2	582	(4.4)	2,044	1,489	37.3
Rewards	432	274	57.7	398	8.4	1,265	742	70.4
Net Commission	9,146	7,052	29.7	8,851	3.3	30,625	21,583	41.9
Expenses of Management	18,732	15,777	18.7	17,591	6.5	34,224	30,153	13.5
Provision for taxes	2,546	2,424	5.0	2,674	(4.8)	9,668	8,681	11.4
Benefits Paid (Net)	91,232	73,734	23.7	83,559	9.2	3,02,875	3,13,398	(3.4)
Change in actuarial liability	96,043	1,08,921	(11.8)	1,59,375	(39.7)	4,10,031	4,37,619	(6.3)
<b>Surplus/Deficit</b>	<b>19,423</b>	<b>12,784</b>	<b>51.9</b>	<b>2,968</b>	<b>554.3</b>	<b>28,562</b>	<b>18,838</b>	<b>51.6</b>

Source: Company, BOBCAPS Research

**Fig 8 – Shareholders' account**

(Rs mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Transfer from Policyholders' Account	23,028	14,712	56.5	1,138	1923.7	27,072	17,324	56.3
Investment Income	2,125	2,382	(10.8)	2,030	4.7	7,945	9,831	(19.2)
Other income	3	1	500.0	0	900.0	8	54	(86.0)
Expenses other than those related to insurance business	118	123	(3.5)	85	39.2	(365)	(1,779)	(79.5)
Transfer of funds to Policyholders' Account	17,075	9,822	73.9	(24)	NA	(17,075)	(9,821)	73.9
Profit before tax	7,936	6,941	14.3	3,108	155.3	17,584	15,608	12.7
Provisions for tax	167	219	(23.6)	67	151.4	(379)	(548)	(30.8)
<b>Profit after tax and before extraordinary items</b>	<b>7,769</b>	<b>6,722</b>	<b>15.6</b>	<b>3,041</b>	<b>155.4</b>	<b>17,206</b>	<b>15,060</b>	<b>14.2</b>

Source: Company, BOBCAPS Research

**Fig 9 – Balance sheet**

(Rs mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Share Capital	10,009	10,004	0.1	10,008	0.0	10,009	10,004	0.1
Reserves and Surplus	1,19,237	1,04,181	14.5	1,13,925	4.7	1,19,237	1,04,181	14.5
Credit / (Debit) Fair Value Change Account	929	2,039	(54.4)	1,860	(50.0)	929	2,039	(54.4)
<b>Sub-Total</b>	<b>1,30,175</b>	<b>1,16,223</b>	<b>12.0</b>	<b>1,25,793</b>	<b>3.5</b>	<b>1,30,175</b>	<b>1,16,223</b>	<b>12.0</b>
<b>POLICYHOLDERS' FUNDS:</b>								
Policy Liabilities	13,01,319	10,97,590	18.6	12,41,541	4.8	13,01,319	10,97,590	18.6
Provision for Linked Liabilities	14,07,214	11,74,871	19.8	13,41,313	4.9	14,07,214	11,74,871	19.8
Add: Fair value change	1,49,101	2,01,728	(26.1)	1,90,872	(21.9)	1,49,101	2,01,728	(26.1)
Total Provision for Linked & Discontinued Policyholders Liabilities	96,630	81,723	18.2	93,013	3.9	96,630	81,723	18.2
Funds for Future Appropriations	11,427	9,936	15.0	15,033	(24.0)	11,427	9,936	15.0
<b>TOTAL</b>	<b>29,65,691</b>	<b>25,65,849</b>	<b>15.6</b>	<b>28,81,772</b>	<b>2.9</b>	<b>29,65,691</b>	<b>25,65,849</b>	<b>15.6</b>
<b>Total Liabilities &amp; Equity</b>	<b>30,95,866</b>	<b>26,82,072</b>	<b>15.4</b>	<b>30,07,565</b>	<b>2.9</b>	<b>30,95,866</b>	<b>26,82,072</b>	<b>15.4</b>
<b>Assets</b>								
<b>INVESTMENTS:</b>								
Shareholders'	1,12,087	1,00,758	11.2	1,13,327	(1.1)	1,12,087	1,00,758	11.2
Policyholders'	12,98,702	11,21,307	15.8	12,61,248	3.0	12,98,702	11,21,307	15.8
Asset held to cover Linked Liabilities	16,32,555	14,26,253	14.5	15,96,291	2.3	16,32,555	14,26,253	14.5
Loans	3,889	3,627	7.2	3,765	3.3	3,889	3,627	7.2
Fixed Assets	5,215	5,268	(1.0)	5,153	1.2	5,215	5,268	(1.0)
<b>NET CURRENT ASSETS</b>	<b>43,417</b>	<b>24,860</b>	<b>74.6</b>	<b>27,781</b>	<b>56.3</b>	<b>43,417</b>	<b>24,860</b>	<b>74.6</b>
<b>TOTAL ASSETS</b>	<b>30,95,866</b>	<b>26,82,072</b>	<b>15.4</b>	<b>30,07,565</b>	<b>2.9</b>	<b>30,95,866</b>	<b>26,82,072</b>	<b>15.4</b>

Source: Company, BOBCAPS Research

**Fig 10 – Key ratios and growth metrics**

(Rs mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
NBP	80,765	66,660	21.2	84,236	(4.1)	2,95,886	2,54,574	16.2
APE	45,600	41,400	10.1	54,400	(16.2)	1,68,100	1,43,000	17.6
VNB	14,400	11,740	22.7	15,100	(4.6)	50,700	37,037	36.9
Opex ratio (%)	4.8	5.0	(19bps)	4.5	27bps	5.1	5.1	0bps
Commission ratio (%)	4.6	4.0	54bps	4.6	(1bps)	4.5	3.7	88bps
Expense ratio (%)	9.4	9.0	35bps	9.1	26bps	9.6	8.7	88bps
VNB margin (%) – Cumulative	30.1	25.9	420bps	29.6	50bps	30.1	25.9	420bps
Solvency ratio (%)	215.0	205.0	1000bps	225	(1000bps)	215.0	205.0	1000bps
<b>Persistency ratio (Regular Premium / Limited Premium Payment under Individual category)</b>								
13th month (%) – Cumulative	85.5	85.2	30bps	84.6	90bps	85.5	85.2	30bps
61st month (%) - Cumulative	55.6	49.5	610bps	53.6	200bps	55.6	49.5	610bps

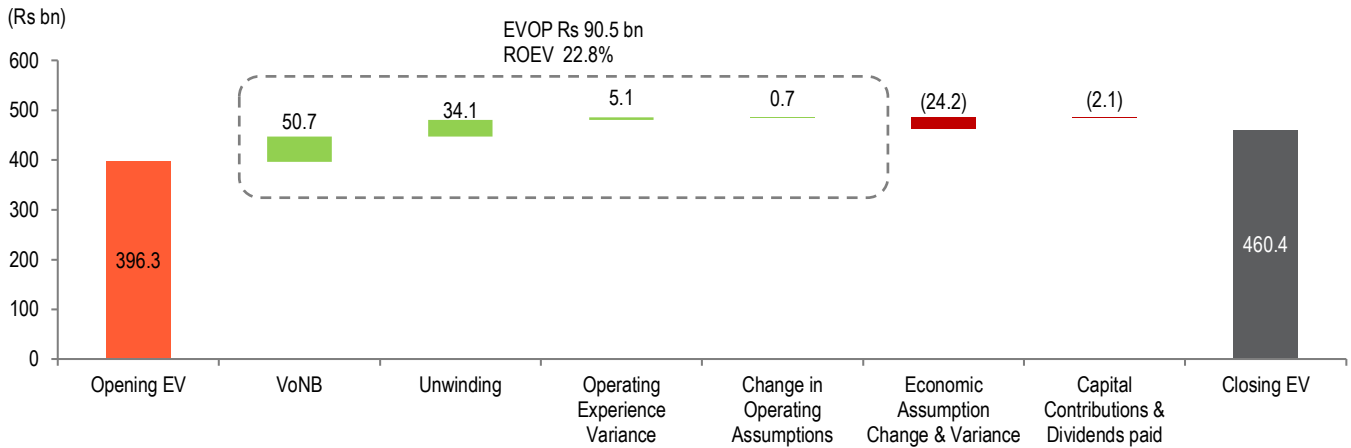
Source: Company, BOBCAPS Research

**Fig 11 – Distribution mix (APE)**

(%)	Q1FY20	H1FY20	9MFY20	FY20	Q1FY21	H1FY21	9MFY21	FY21	Q1FY22	H1FY22	9MFY22	FY22	Q1FY23	H1FY23	9MFY23	FY23
Banca	64.0	66.0	66.0	65.0	56.0	61.0	64.0	63.0	57.0	62.0	64.0	63.0	63.0	63.0	66.0	64.0
Agency	28.0	27.0	27.0	28.0	26.0	24.0	24.0	26.0	29.0	27.0	25.0	26.0	26.0	25.0	25.0	26.0
Others	8.0	8.0	7.0	7.0	18.0	15.0	12.0	11.0	14.0	11.0	11.0	11.0	11.0	12.0	9.0	10.0

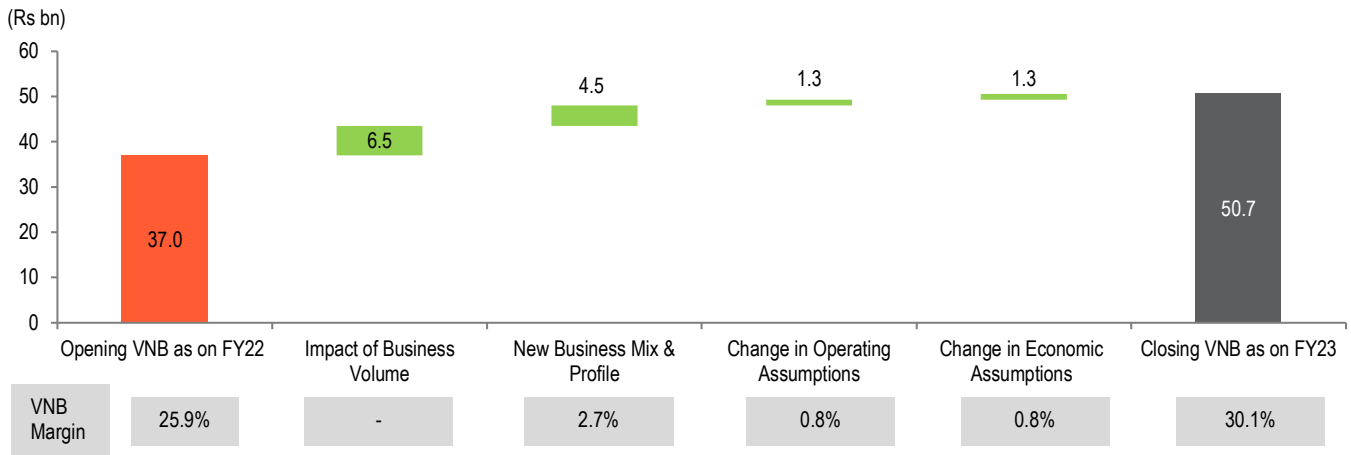
Source: Company, BOBCAPS Research | Banca – Bancassurance

**Fig 12 – EV growth strong**



Source: Company, BOBCAPS Research

**Fig 13 – Strong growth in VNB owing to focus on profitable products**



Source: Company, BOBCAPS Research

## Earnings call highlights

### Business highlights

- SBI Life's NBP grew 16% YoY in FY23 to Rs 296bn. Individual NBP increased 27% YoY to Rs 209bn while protection NBP grew 19% to Rs 36.4bn. Gross premium at Rs 673bn was up 15% YoY. Number of policies (NOP) sold grew 14% YoY – among the best in industry.
- APE registered 18% growth to Rs 168.1bn in FY23.
- The company-maintained market leadership in the private space with NBP market share of 21.3% for FY23 (22.3% in individual APE terms), albeit down 70bps YoY (-110bps for individual APE).
- VNB margin stood at 30.1% at end-FY23, expanding 420bps over FY22. AUM grew 15% to Rs 3.1tn.
- The opex ratio was at 5.1% for FY23 whereas the total cost ratio was 9.6%.
- 13<sup>th</sup> month persistency improved to 85.5% at end-FY23 vs. 85.2% in FY22. The 61<sup>st</sup> month cohort improved significantly to 55.6% vs. 49.5%.
- Embedded value (EV) stood at Rs 460.4bn at end-Mar'23, growing 16% over Rs 396.3bn in Mar'22. EV operating earnings (EVOP) was at Rs 90.5bn, and operating return on embedded value was at 22.8%.
- Solvency margin remained comfortable at 215%.

### Product mix

- Contribution from non-participating savings products in APE was stable at 22% in FY23 (similar in 9M); ULIPs decreased marginally from 56% to 55%. Annuity and individual protection share were stable at 3% and 6% respectively. Total protection was at 11% of APE at end-FY23.
- Under annuity, the company offers immediate as well as deferred options. Individual annuity grew 134% YoY for the year due to the new business contribution of the 'Smart Annuity Plus' product.
- Non-par guaranteed products grew 116% YoY in NBP mainly due to the new business contribution from 'Smart Platina Plus'. Individual protection NBP at Rs 10bn registered 6% YoY growth, and group protection was at Rs 26.4bn, up 25%. Credit life NBP has grown 23% to Rs 20.7bn.
- Credit life in terms of APE stood at Rs 2bn for FY23.
- The company intends to continue to sell ULIPs aggressively in FY24 as they carry a good margin. Equity-to-Debt ratio in ULIPs has increased as the debt component has reduced to 52% from 60%.

### Distribution channels

- Partnerships such as Indian Bank, UCO Bank, South Indian Bank, Punjab and Sindh Bank, and Yes Bank grew 26% YoY in FY23 in terms of individual NBP and now contribute 3% share.
- In Q4FY23, the company signed a corporate agency agreement with Karur Vysya Bank. Management continues to look for new partnerships in the bancassurance channel.
- In terms of APE, bancassurance constituted 64% of the total at end-FY23 (vs. 63% in FY22), whereas the share contributed by agents was stable at 26% (vs. 26%).
- During FY23, other channels, including direct, corporate agents, brokers online and web aggregators, grew by 45% in terms of individual NBP and 32% in terms of individual APE.
- SBI Life added 62,774 agents during FY23, taking the total agent count to 208,774.

### VNB

- VNB margin improved from 25.9% in FY22 to 30.1% at end-FY23 with the new business mix and profile contributing to the gain. About 80bps of the margin expansion came from a change in economic assumptions which was due to higher persistency, lower expenses and savings from a better deal with reinsurers.
- VNB increased from Rs 37bn in FY22 to Rs 51bn in FY23 primarily due to a change in product mix, predominantly in the non-par segment. The company has more than doubled VNB in a span of three years.

### Others

- Management reiterated that growth momentum would continue and guided for 20-25% business growth in FY24.
- Management does not see any challenges in terms of hedging guaranteed products as the company restricts the premium paying term to 10 years.

## Valuation methodology

SBI Life has consistently maintained its market leadership in the private life insurance space with 21.3% NBP market share at end-FY23 and 22.3% share in individual APE. The company boasts strong brand equity and pedigree, with a wide reach across ~1,000 branches and 0.2mn agents. VNB margin remains high (30.1% at end-FY23) given its focus on a balanced product mix, and the total cost ratio (9.6%) is the lowest among listed peers. Operating ROEV of 22.8% at end-FY23 is also comparatively better than peers.

The stock is trading at 1.7x FY25E P/EV. We believe it is undervalued and raise our target FY25E P/EV multiple to 2.3x (a 10% discount to the long-term mean) from the current 2.2x given the strong growth momentum in FY23. Baking in the full-year performance, we raise VNB estimates by 8%/7% for FY24/FY25 and VNB margin by 185bps/170bps. This coupled with our new valuation multiple yields a revised TP of Rs 1,520 (vs. Rs 1,459) and offers 34% upside. Maintain BUY.

**Fig 14 – Revised estimates**

(Rs bn)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Gross Premium	7,71,287	8,89,540	7,81,024	8,97,020	(1.2)	(0.8)
Net Premium	7,64,304	8,81,535	7,74,006	8,88,990	(1.3)	(0.8)
VNB	56	65	52	61	7.6	6.9
APE	199	232	199	231	0.5	0.5
EV	553	661	562	664	(1.6)	(0.4)
VNB Margin (%)	28.0	28.0	26.2	26.3	184bps	169bps

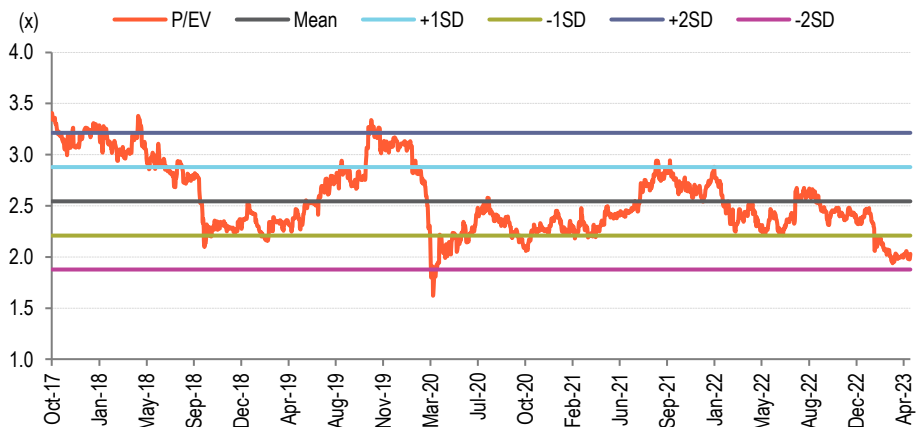
Source: BOBCAPS Research

**Fig 15 – Valuation summary**

Particulars	
Embedded Value (FY25E) (Rs bn)	661
PV of Future business (Rs bn)	863
<b>Total value (Rs bn)</b>	<b>1,524</b>
Current P/EV (FY25E) (x)	1.7
Implied P/EV (FY25E) (x)	2.3
<b>Implied Target Price (Rs)</b>	<b>1,520</b>
Current Price (Rs)	1,137
Upside (%)	34

Source: Company, BOBCAPS Research



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


Source: Bloomberg, 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.
- **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 for reasons such as job loss and monetary requirements, which lowers the persistency ratios.

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
HDFC Life	HDFCLIFE IN	13.5	518	600	HOLD
ICICI Prudential Life	IPRU IN	7.5	424	494	HOLD
LIC	LICI IN	42.2	546	800	BUY
SBI Life	SBILIFE IN	13.9	1,137	1,520	BUY

Source: BOBCAPS Research, NSE | Price as of 27 Apr 2023

## Glossary

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

## Financials

### Revenue Account (Technical)

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
<b>Gross premium income</b>	<b>5,02,542</b>	<b>5,87,596</b>	<b>6,73,156</b>	<b>7,71,287</b>	<b>8,89,540</b>
First year premium	1,03,381	1,29,415	1,51,971	1,81,884	2,12,228
Renewal premium	2,96,299	3,33,023	3,77,270	4,33,977	5,05,007
Single premium	1,02,861	1,25,158	1,43,915	1,55,426	1,72,306
<b>Net written premium</b>	<b>4,97,683</b>	<b>5,84,323</b>	<b>6,65,810</b>	<b>7,64,304</b>	<b>8,81,535</b>
Income from investments	3,14,560	2,35,679	1,32,601	2,25,296	2,65,541
Other Income	8,606	10,270	17,573	19,173	21,073
<b>Total income</b>	<b>8,20,849</b>	<b>8,30,272</b>	<b>8,15,985</b>	<b>10,08,773</b>	<b>11,68,149</b>
Commissions	17,788	21,583	30,625	34,210	38,808
Operating expenses	22,409	30,153	34,224	40,999	47,126
Benefits and bonuses paid	2,15,826	3,13,398	3,02,875	3,38,804	3,93,370
Change in liabilities (net)	5,39,342	4,37,619	4,10,031	5,57,170	6,47,793
Others	0	0	0	0	0
<b>Total expenses</b>	<b>7,95,365</b>	<b>8,02,753</b>	<b>7,77,754</b>	<b>9,71,183</b>	<b>11,27,096</b>
<b>Surplus before tax</b>	<b>25,484</b>	<b>27,519</b>	<b>38,231</b>	<b>37,590</b>	<b>41,053</b>
Provision for tax	7,410	8,681	9,668	8,892	10,400
<b>Surplus after tax</b>	<b>18,074</b>	<b>18,838</b>	<b>28,562</b>	<b>28,698</b>	<b>30,652</b>
Trf to shareholders' a/c	16,788	17,324	27,072	26,836	28,718
Balance being FFA	1,287	1,513	1,491	1,861	1,934

### Income Statement (Non-technical)

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Trf from policyholders' a/c	16,788	17,324	27,072	26,836	28,718
Income from investments	6,885	9,831	7,945	9,864	11,197
Contr. to policyholders' fund	(8,248)	(9,821)	(17,075)	(18,700)	(20,570)
Others	0	(1,726)	(357)	(376)	(395)
<b>PBT</b>	<b>15,425</b>	<b>15,608</b>	<b>17,584</b>	<b>17,624</b>	<b>18,950</b>
Provision for taxation	(866)	(548)	(379)	(441)	(474)
<b>PAT</b>	<b>14,559</b>	<b>15,060</b>	<b>17,206</b>	<b>17,184</b>	<b>18,477</b>
Dividend+Interim div.+DDT	2,500	2,003	2,504	3,004	3,004

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Equity	1,04,004	1,16,223	1,30,175	1,43,425	1,58,897
Policyholders' funds	20,43,379	24,74,190	28,57,634	34,56,614	41,04,407
FFA	8,423	9,936	11,427	11,770	12,006
Others	70,115	81,723	96,630	99,529	1,01,519
<b>Total liabilities</b>	<b>22,25,921</b>	<b>26,82,072</b>	<b>30,95,866</b>	<b>37,11,338</b>	<b>43,76,829</b>
Shareholders' funds	86,047	1,00,758	1,12,087	1,34,504	1,64,095
Policyholders' funds	9,39,364	11,21,307	12,98,702	19,01,335	23,71,181
Assets to cover linked liab.	11,62,150	14,26,253	16,32,555	16,47,322	18,12,055
Others	38,359	33,754	52,521	28,176	29,498
<b>Total assets</b>	<b>22,25,921</b>	<b>26,82,072</b>	<b>30,95,866</b>	<b>37,11,338</b>	<b>43,76,829</b>

### Key Metrics

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
AUM (Rs mn)	22,08,710	26,74,000	32,42,897	38,27,480	45,11,917
NBP (Rs mn)	2,06,242	2,54,574	2,95,886	3,37,310	3,84,533
APE (Rs mn)	1,14,500	1,43,000	1,68,100	1,99,489	2,31,855
VNB (Rs mn)	23,358	37,037	50,700	55,857	64,919
VNB margin (%)	20.4	25.9	30.1	28.0	28.0
Embedded value (Rs mn)	3,33,630	3,96,030	4,60,600	5,52,603	6,61,490
ROEV (%)	19.1	20.7	22.9	20.6	20.2
ROE (%)	15.2	13.7	14.0	12.6	12.2
Opex ratio (%)	4.8	5.1	5.1	5.3	5.3
Cost ratio (%)	8.3	8.7	9.6	9.7	9.6
Solvency ratio (%)	214.7	204.8	223.0	221.5	219.3
EPS (Rs)	14.6	15.0	17.2	17.2	18.4
BVPS (Rs)	104.0	116.2	130.1	143.4	158.9
EVPS (Rs)	333.6	395.5	475.2	566.8	674.0

Source: Company, BOBCAPS Research

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**BUY** – Expected return >+15%

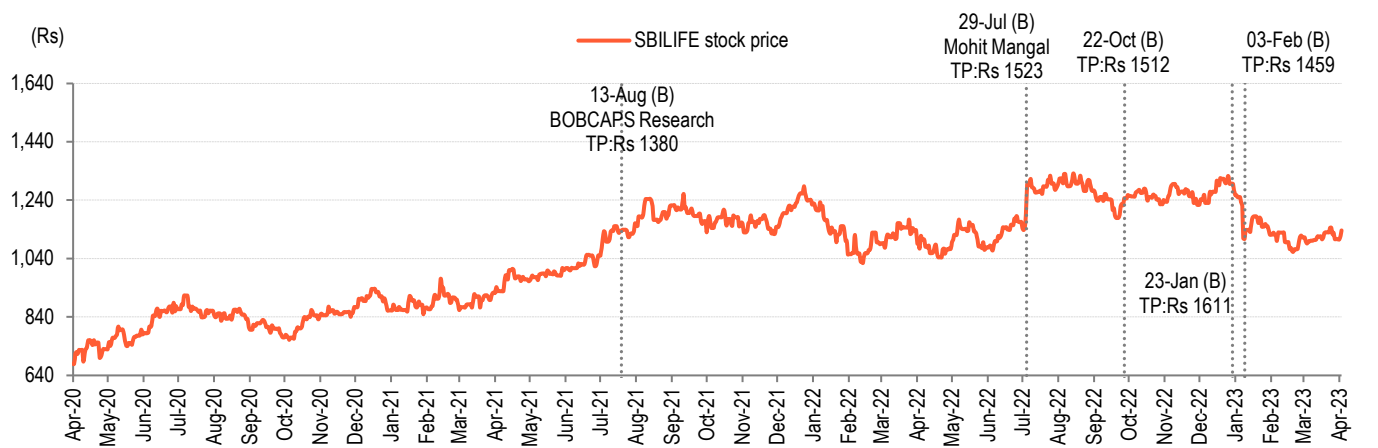
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

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

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