

Sector Thematic

Life Insurance

Comparative annual report analysis

We conducted a deep dive comparative analysis of the annual reports of the top three private life insurers. Our analysis revealed that VIF unwind conversion to PAT has deteriorated across companies with the worst hit being IPRU. With life insurers focusing on growing NPAR businesses, RoAEs continue to slide as the new business strain has increased. Linked business RoAE deteriorated across companies despite lower growth mainly due to weak equity markets in FY20. Expenses as a percentage of net new money raised (premiums less benefit paid) reduced for IPRU/SBILIFE to 25.3/16.5 (-1,320/-464bps since FY17), while increased for HDFCLIFE to 41.0% (+730bps since FY17). Additionally, the first-year commission percentage is the highest for HDFCLIFE at 17.9% in FY20. On an overall basis, expense ratios and commission ratios are the lowest for SBILIFE across business lines. Lastly, we have also covered surrender percentages, reinsurance efficiency, provisioning, related party transactions, reserving, and asset composition.



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Life Insurance

A comparative annual report analysis

We conducted a deep dive comparative analysis of the annual reports of the top three private life insurers. Our analysis revealed that VIF unwind conversion to PAT has deteriorated across companies with the worst hit being IPRU (61.9% -7,586bps since FY17). HDFCLIFE/SBILIFE continued to report stable conversion trends at 94.7/74.9% for FY20. With life insurers focusing on growing NPAR businesses, RoAEs continue to slide as the new business strain has increased. HDFCLIFE/SBILIFE reported non-linked RoAE of 9.1/10.6% (-851/-1,251bps since FY17) vs. IPRU's 21.3% i.e. -5,581bps since FY17. Linked business RoAE deteriorated across companies despite lower growth mainly due to weak equity markets in FY20. Expenses as a percentage of net new money raised (premiums less benefit paid) reduced for IPRU/SBILIFE to 25.3/16.5 (-1,320/-464bps since FY17), while increased for HDFCLIFE to 41.0% (+730bps since FY17). Additionally, the first-year commission percentage is the highest for HDFCLIFE at 17.9% in FY20. On an overall basis, expense ratios and commission ratios are the lowest for SBILIFE across business lines. Lastly, in this report we have also covered surrender percentages, reinsurance efficiency, provisioning, related party transactions, reserving, and asset composition.

- **VIF unwind conversion to PAT.** PAT to VIF unwind (%) has reduced across the three life insurers over the past four years. IPRU reported a significantly lower conversion in FY20 at 61.9% (vs 118.0% in FY18) despite the APE decline of 5.4% in FY20 and thus lower new business strain. VIF conversion for HDFCLIFE reported higher conversion during FY17-20 in the range of 94.3-106.5%, while SBILIFE reported conversions between 74.9-87.9%.
- **Segment-wise RoAE.** Calculated RoAEs for non-linked business are on a downward trajectory across the three life insurers as the focus remains on growing this segment, resulting in higher upfront costs and lower reported profits. Non-linked RoAE for HDFCLIFE/SBILIFE declined 851/1250bps over FY17-20 to 9.1/10.6%, while IPRU reported a negative RoAE of 21.3% (-5,581bps vs. FY17). Linked business chalked higher RoAEs on the back of a slowdown in linked business in FY20.
- **Lower expenses are driving gains.** On an overall basis, commission + opex expenses as a percentage of net new money raised (premiums less benefit paid) improved for IPRU/SBILIFE from 38.5/21.2% to 25.3/16.5% over FY17-20, whereas deteriorated for HDFCLIFE from 33.7% to 41.0%. Expense ratios continue to remain high across segments for HDFCLIFE. SBILIFE has the lowest expense ratios across segments. First-year commission payouts by HDFCLIFE/IPRU are high at 17.9/16.5 (FY20) vs. SBILIFE's 8.4%. FY commissions continue to increase for NPAR business as the duration for this business continues to increase.
- **In this report, we also cover increasing surrender percentages, low reinsurance margins for reinsurers, investment provisioning, and related party transactions, reserving and asset composition.**

Company	MCap (Rs bn)	CMP (Rs)	Reco.	TP (Rs)
Life Insurers				
HDFCLIFE	1,156	575	NR	620*
IPRU	603	420	REDUCE	445
MAXF	211	612	ADD	645
SBILIFE	975	825	BUY	975

*Fair value

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Contents

VIF unwind conversion to PAT	4
Segment-wise RoAEs (%).....	5
Cost efficiencies	8
Surrender as a percentage of AUM (%)	12
Reinsurance benefit received to benefit ceded	13
Provisions on investments	14
Key related party transactions	16
Reserving.....	18
Segment assets.....	19
Segment-wise P/L summary.....	20
Life insurance Comps.....	21

Companies

- **IPRU:** We like IPRU's re-engineered business model, which is focused on a more diversified product mix along with an increased protection share. We, however, remain wary of the current COVID-19 situation and believe that the outlook for FY21E remains hazy. We believe lower-than-expected growth in FY21E will delay the goal of doubling VNB by FY23E and expect an FY21E-23E VNB CAGR of 18.5%. **We maintain a REDUCE on IPRU with a target price of Rs 445 (Mar-21E EV + 23.6x Mar-22E VNB). At CMP of Rs 420, the stock is trading at FY21E/FY22E P/EV of 2.3/2.1x and P/VNB of 27.7/21.3x. Key risks are lower-than-expected growth and protection share or higher mortality as a result of the pandemic.**
- **MFSL:** A strategic JV partner such as AXSB provides long-term distribution capability, ending uncertainty and market anxiety over the future of the current AXSB partnership arrangement. We expect MAXL to lower its dependence on proprietary channels, which will be VNB-accrative as investments in channels reduce. **We rate MAXL an ADD with a target price of Rs 645 (MAXL: Mar-21E EV + 21.3x FY22E VNB). At CMP of Rs 612, the stock is trading at FY21E/FY22E P/EV of 2.6/2.3x and P/VNB of 23.7/19.6x. Key risks remain higher cost overruns, supply overhang due to promoter pledges, non-completion of deal and delay in independent listing of MAXL.**
- **SBI LIFE:** We appreciate the strong distribution footprint of its parent SBI (24k+ branches), improving protection share (1QFY21: 12.6%, +137bps YoY), and lowest operating cost ratios (1QFY21: 10.1%). We expect SBI LIFE to deliver healthy FY21-23E VNB CAGR of 17.1% and RoEVs of ~13.4-15.4% over FY21-23E. **We retain our BUY rating on SBI LIFE with an unchanged target price of Rs 975 (Mar-21E EV + 28.9x Mar-22E VNB). At CMP of Rs 825, the stock is trading at FY21/22E P/EV of 2.6/2.3x and P/VNB of 28.0/22.3x. Key risks include lower growth, renewals, and protection share.**

VIF unwind conversion to PAT

- We compared the net profit of life insurers with the VIF unwind reported to assess what percentage of unwind is converting to PAT.
- We observe that in general conversion has reduced for all three companies.
- HDFCLIFE has reported strong and stable conversion across the years. FY17 to FY20 reported PAT/VIF unwind ratio has been in a tight range of 94.3-106.5%. The ratio is 94.7% even in FY20 despite strong business growth and the sharp fall in equity markets in Mar-20.
- IPRU reported PAT/VIF unwind (%) of just 61.9% in FY20 (-5,620bps since FY18). The reduction is strong, given that APE declined in FY20 and the new business strain was lower comparatively. Part of the reduction can also be attributed to the negative investment income in FY20 due to the sharp fall in equity markets in March. About 23% of IPRU's shareholders' funds are invested in equities. This is lower for SBILIFE at 19.3%, whereas significantly higher for HDFCLIFE at 27.9%.
- SBILIFE has reported a relatively stable PAT/VIF unwind (%) of between 74.9-87.9% over FY17-20.

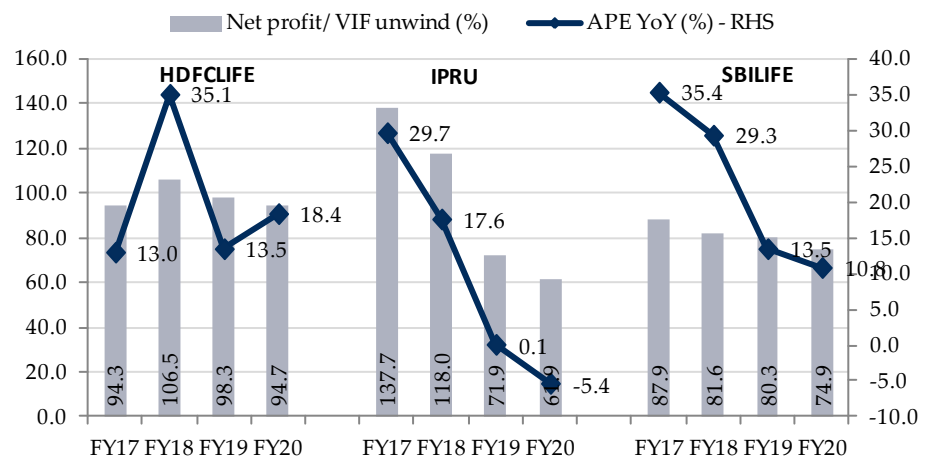
Net profit / VIF unwind (%) highest for HDFCLIFE

(Rs bn)	HDFCLIFE				IPRU				SBILIFE			
	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
APE	41	55	63	74	66	78	78	74	66	85	97	107
Growth YoY (%)	13.0	35.1	13.5	18.4	29.7	17.6	0.1	-5.4	35.4	29.3	13.5	10.8
EV	124	152	183	207	162	188	216	230	165	201	237	276
VIF Unwind	9.4	10.4	13.0	13.7	12.2	13.7	15.8	17.3	10.9	14.1	16.5	19.0
Expected VIF unwind (%)	9.2	8.4	8.5	7.5	8.8	8.5	8.4	8.0	8.4	8.5	8.2	8.0
Reported net profit	8.9	11.1	12.8	13.0	16.8	16.2	11.4	10.7	9.5	11.5	13.3	14.2
Net profit / VIF unwind (%)	94.3	106.5	98.3	94.7	137.7	118.0	71.9	61.9	87.9	81.6	80.3	74.9

Source: Respective companies, HSIE Research

Net profit/VIF unwind (%) trend across companies

VIF conversion for IPRU falls to 61.9% despite decline in APE, whereas remained strong for HDFCLIFE at 94.7% despite APE growth.



Source: Respective companies, HSIE Research

Segment-wise RoAEs (%)

- We have calculated reported return ratios for the non-linked and linked business lines.
- For required capital, we have assumed ~180% solvency levels.
- We find that return ratios for the non-linked business have reduced across the companies. This is most likely the result of higher growth and thus higher upfront expenses, which have been expensed in FY20.
- IPRU's non-linked business generated a negative RoAE of -21.3% in FY20 as the company continues to pay high commissions for growing its annuity, pension, and protection business. RoAEs of HDFCLIFE and SBILIFE continued to deteriorate to 9.1/10.6% in FY20 (-851/1,250bps vs. FY17) as a new business strain continues to dent profitability.
- Return ratios have improved across the companies for the linked business line given growth for the linked business has slowed in FY20.
- Calculated RoAEs for linked business improved by 1,466/2,094/1,948bps for HDFCLIFE/IPRU/SBILIFE to 33.6/43.4/23.9% in FY20 (vs. 19.0/22.4/4.5% in FY17).

Segment-wise profits and RoAEs across life insurers

Rs bn	HDFCLIFE				IPRU				SBILIFE			
	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
PAR business												
Transfer from policyholders acc.	0.8	1.0	1.5	1.8	0.4	0.5	0.6	0.7	0.8	1.1	1.3	1.5
Less: Transfer to policyholders acc.	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FFA adjustment*	1.6	0.9	1.4	-2.2	0.1	0.3	0.2	0.2	0.0	0.2	0.1	0.4
PAT	2.4	1.9	2.9	-0.4	0.6	0.8	0.8	0.9	0.8	1.3	1.4	2.0
NPAR business												
Transfer from policyholders acc.	3.9	6.9	8.6	3.8	5.3	2.3	2.3	5.2	5.1	5.4	5.7	7.3
Less: Transfer to policyholders acc.	0.3	1.5	2.3	1.0	0.0	0.8	5.0	15.0	0.6	0.8	1.0	4.8
PAT	3.6	5.4	6.3	2.8	5.3	1.5	-2.7	-9.8	4.5	4.6	4.7	2.6
Linked business												
Transfer from policyholders acc.	3.1	2.0	1.9	6.2	5.6	8.1	7.9	14.1	0.6	1.8	3.0	5.8
Less: Transfer to policyholders acc.	0.0	0.0	0.7	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0
PAT	3.1	2.0	1.2	6.2	5.6	8.1	7.6	14.1	0.6	1.8	3.0	5.8
Total PAT	9.1	9.4	10.4	8.7	11.4	10.4	5.7	5.1	5.9	7.7	9.1	10.3
Capital employed at 180% solvency (Rs bn)												
Non-linked	25.9	34.2	43.8	53.5	19.7	27.1	36.0	48.1	26.7	34.6	40.0	45.2
Linked business	16.4	17.8	19.7	17.4	27.2	30.3	34.3	30.6	14.0	17.6	22.2	26.1
Total	42.3	51.9	63.5	70.9	46.9	57.4	70.3	78.7	40.7	52.1	62.2	71.3
RoAE (%)												
Non-linked	17.6	21.6	20.3	9.1	34.5	9.9	-6.1	-21.3	23.1	19.4	16.5	10.6
Linked business	19.0	12.0	6.4	33.6	22.4	28.2	23.5	43.4	4.5	11.4	14.8	23.9
Total	18.1	16.5	14.4	15.0	27.3	20.0	8.9	6.9	16.5	16.7	15.9	15.4

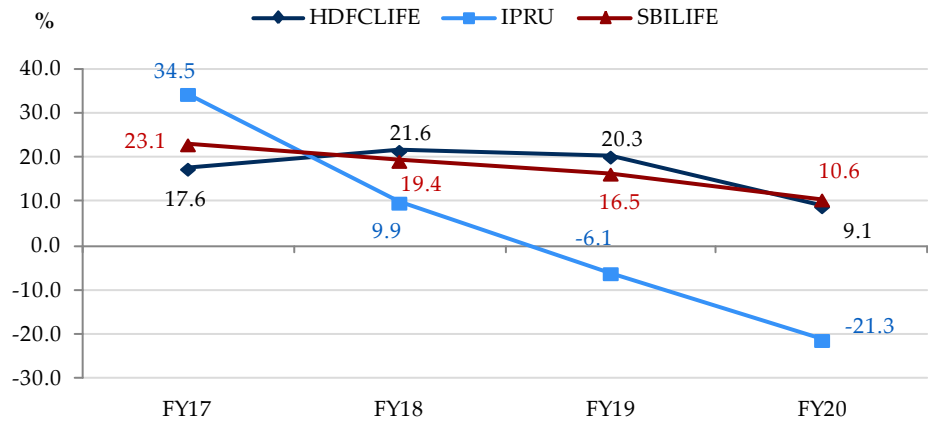
Note: HDFCLIFE's figures are on a standalone basis and exclude HDFC Pension management company and HDFC International Life and Re.

*Represents shareholders 10% share in FFA.

Source: Respective companies, HSIE Research

RoAE of non-linked business deteriorated for all three life insurers over FY17-FY20 on account of new business strain.

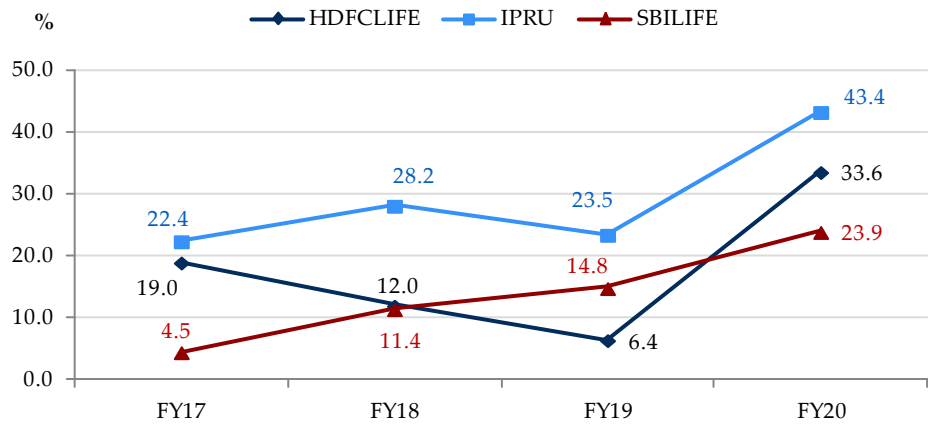
Non-linked business: RoAEs across companies



Source: Respective companies, HSIE Research

Linked businesses' RoAE improved for HDFCLIFE/IPRU/SBILIFE by 14.7/20.9/19.4bps over FY17-FY20.

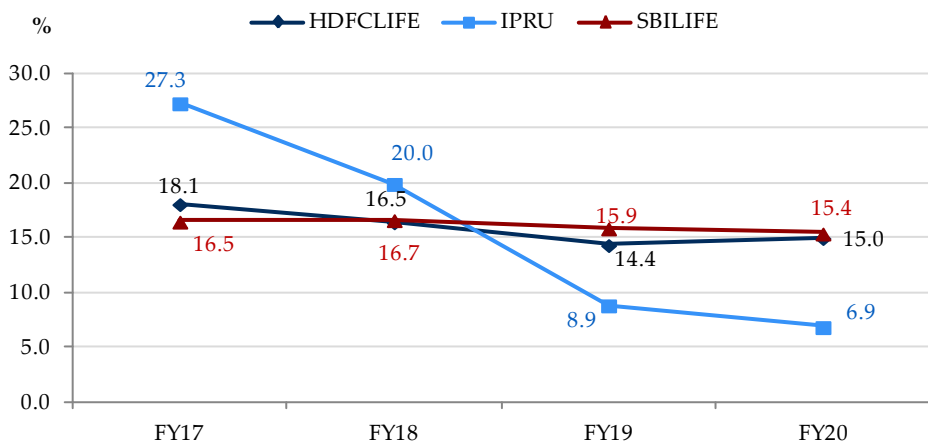
Linked business: RoAEs across companies



Source: Respective companies, HSIE Research

SBILIFE claims the highest RoAE at 15.4%, followed by HDFCLIFE/IPRU at 15.0/6.9%.

Total RoAEs across companies



Source: Respective companies, HSIE Research

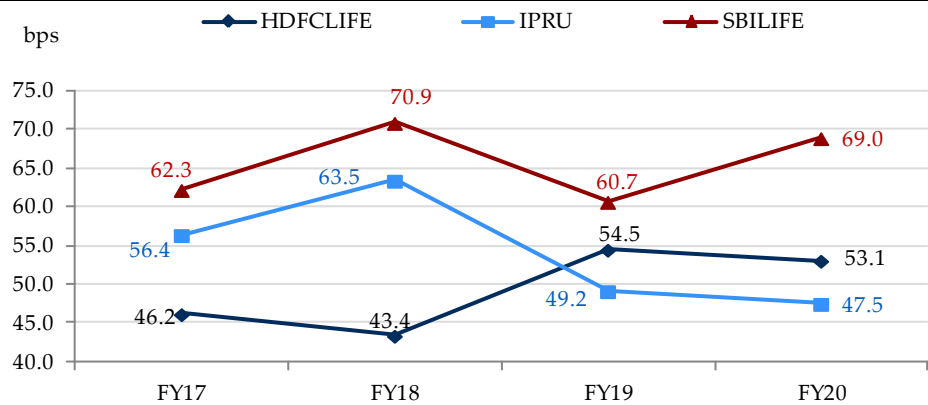
Segment-wise profit as bps of AAUM

(bps)	HDFCLIFE				IPRU				SBILIFE			
	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
PAR	46.2	43.4	54.5	53.1	56.4	63.5	49.2	47.5	62.3	70.9	60.7	69.0
NPAR	403.8	393.4	301.9	91.1	398.0	92.2	-133.5	-403.2	161.4	145.2	132.6	63.5
Linked	61.0	36.1	19.6	104.2	67.3	86.3	71.9	133.7	13.6	35.9	47.3	77.9
Total	95.8	89.5	81.8	88.0	107.9	84.8	40.1	34.7	71.4	76.9	74.8	72.1

Note: HDFCLIFE's figures are on a standalone basis and excludes HDFC Pension management company and HDFC International Life and Re.

Source: Respective companies, HSIE Research

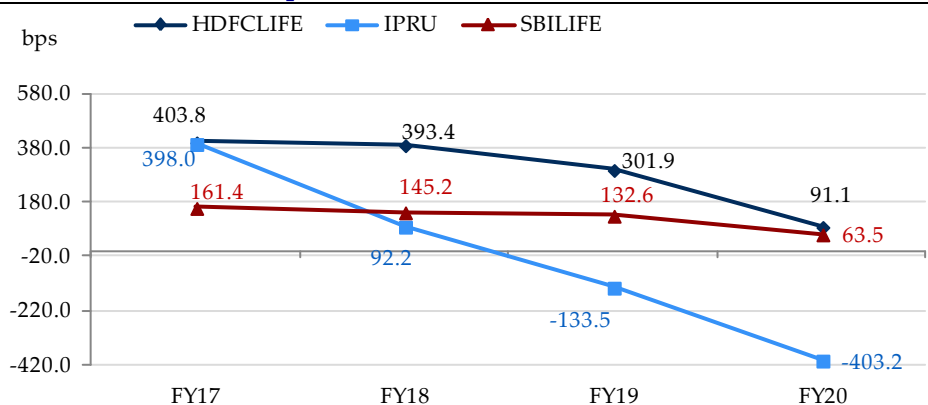
PAR business: PAT as bps of AAUM



Source: Respective companies, HSIE Research

New business strain continues to depress the reported profitability of NPAR business across life insurers.

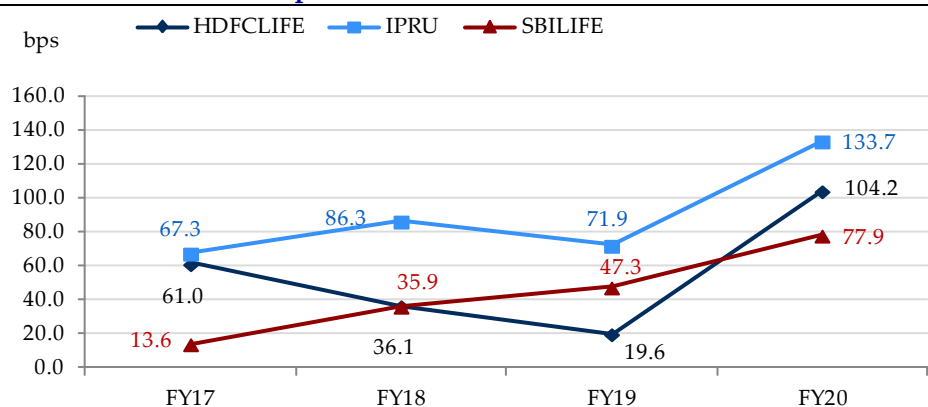
NPAR business: PAT as bps of AAUM



Source: Respective companies, HSIE Research

Reported profitability of linked business spiked in FY20 on account of lower business strain and lower base impact.

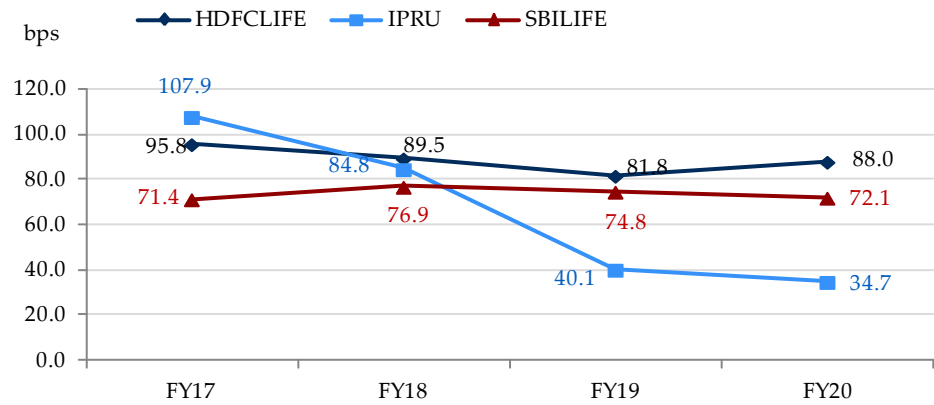
Linked business: PAT as bps of AAUM



Source: Respective companies, HSIE Research

Total PAT as bps of AAUM

Reported profitability as bps of AAUM on overall basis is the highest for HDFCLIFE at 88bps in FY20.



Source: Respective companies, HSIE Research

Cost efficiencies

Expense as a percentage of Net New Money Raised (%)

- Commission + opex expenses as a percentage of net new money raised (premiums less benefits paid) have increased for the NPAR business for HDFCLIFE and IPRU. For SBILIFE's NPAR business, this ratio peaked in FY18.
- Focus on growing protection and launch of annuity and pension products by the companies has resulted in this spike.
- On an overall basis, we see SBILIFE's expenses ratios to be consistently trending downwards.
- IPRU has changed expense pattern considerably in FY20. Expense on linked business has been curtailed significantly, resulting in lower total expense ratios.
- HDFCLIFE continues to grow the business at a rapid pace, and expense ratios continue at elevated levels.

Expense as % of Net New Money Raised across companies

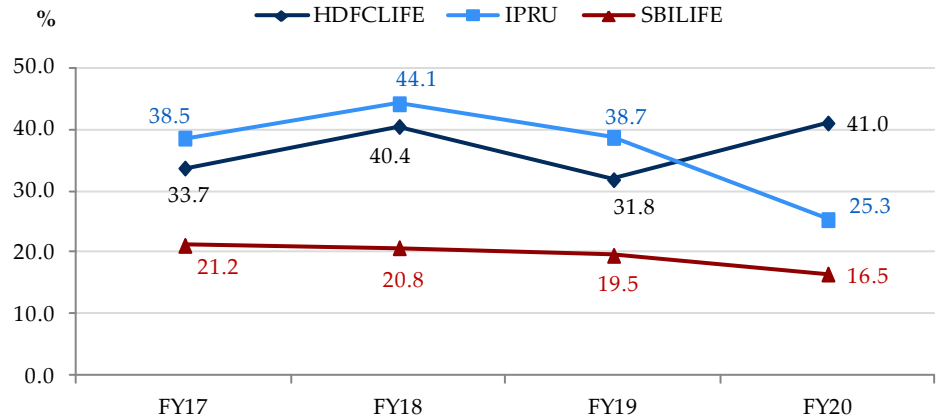
(%)	HDFCLIFE				IPRU				SBILIFE			
	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
Commission+ opex expenses as % of -												
-Net new money raised												
PAR	32.0	32.8	42.7	67.8	28.3	23.6	20.2	21.2	19.8	21.9	20.5	19.7
NPAR	17.0	19.6	19.0	29.2	21.0	23.2	30.8	40.7	11.8	63.7	32.8	26.2
Linked	108.4	NM	60.0	104.6	58.1	87.1	57.0	19.5	28.6	17.1	17.0	13.3
Total	33.7	40.4	31.8	41.0	38.5	44.1	38.7	25.3	21.2	20.8	19.5	16.5
-Net new money raised (inc. investment income)												
PAR	22.5	22.7	25.8	33.7	19.8	15.8	14.0	14.8	15.1	16.3	14.6	12.8
NPAR	14.4	16.5	16.1	23.3	15.1	16.5	23.4	35.6	6.4	11.1	11.7	13.4
Linked	11.7	29.1	21.8	NM	62.8	14.1	18.7	11.2	13.0	11.6	11.0	16.6
Total	15.4	22.2	20.1	53.6	32.0	14.8	19.0	16.6	11.7	12.8	12.0	14.7

Note: HDFCLIFE's figures are on a standalone basis and excludes HDFC Pension management co. and HDFC International Life and Re.

Source: Respective companies, HSIE Research

Total expense as % of Net New Money Raised

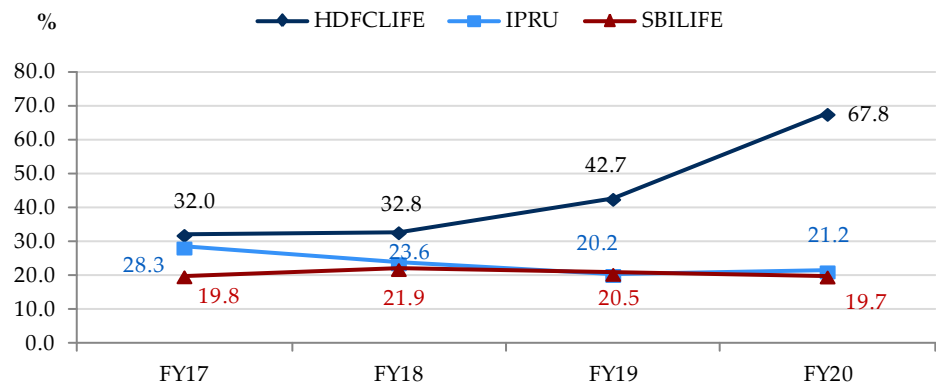
SBILIFE's expense as a percentage of net new money raised on overall basis has declined and remained significantly below HDFCLIFE and IPRU.



Note: HDFCLIFE's figures are on a standalone basis.
Source: Respective companies, HSIE Research

PAR business: Expense as % of Net New Money Raised

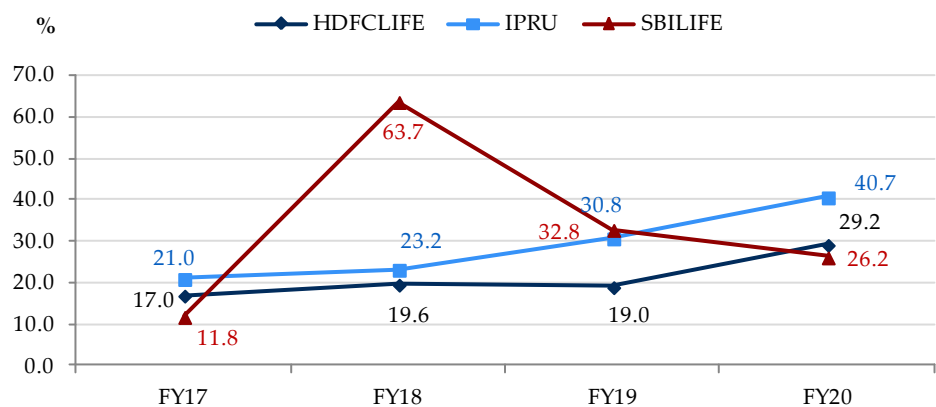
HDFCLIFE's expense as a percentage of net new money raised for PAR business rose sharply from 32% to 67.8% over FY17-20.



Note: HDFCLIFE's figures are on a standalone basis
Source: Respective companies, HSIE Research

NPAR business: Expense as % of Net New Money Raised

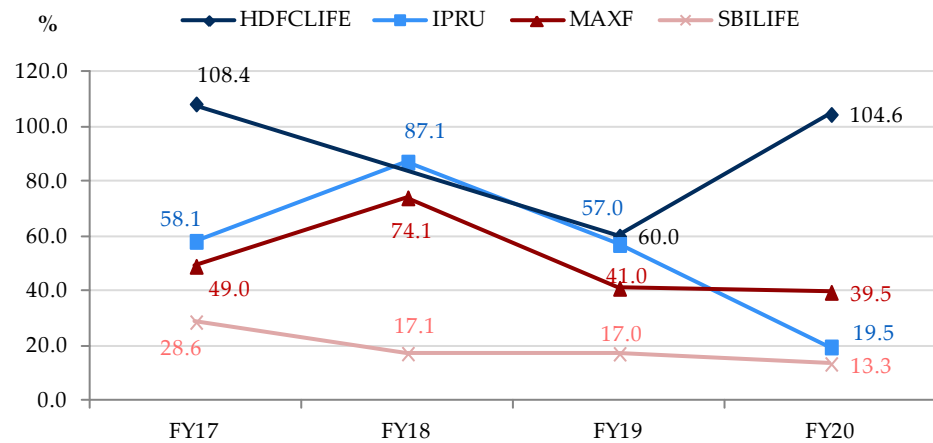
SBILIFE's NPAR business saw surge in expense as a percentage of net new money raised in FY18 as company focussed on growing protection business.



Note: HDFCLIFE's figures are on a standalone basis
Source: Respective companies, HSIE Research

Expense ratios for HDFCLIFE's linked business remain significantly high at 104.6% in FY20 compared to peers.

Linked business: Expense as % of Net new money raised



Note: HDFCLIFE's figures are on a standalone basis

For HDFCLIFE, Net new money raised is negative for FY18.

Source: Respective companies, HSIE Research

Commission paid as a percentage of the premium received (%)

- An analysis of commission paid to premium reveals that HDFCLIFE and IPRU pay significantly higher first-year commissions. Commission rates drop on renewal premium.
- The commission is also higher on PAR and NPAR policies. The company can pay higher commissions as its products have longer durations vs. competition.
- For IPRU, commissions on NPAR business have increased substantially as the firm builds out its limited pay retail protection business.
- SBILIFE continues to be the most conservative commission payer amongst the competition.

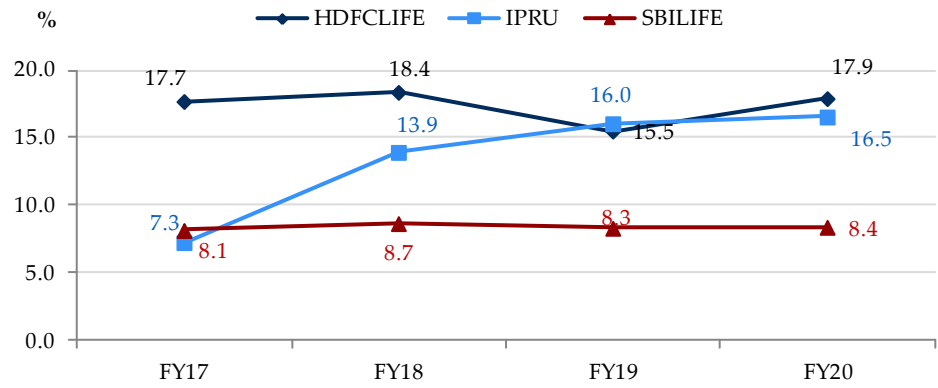
Commission paid to the premium received (%) across companies

(%)	HDFCLIFE				IPRU				SBILIFE			
	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
FY premium												
PAR	23.4	24.2	24.3	21.9	19.0	22.0	20.5	20.5	17.1	15.8	16.3	18.3
NPAR	10.9	10.6	11.7	18.1	22.4	26.6	29.4	28.8	8.4	5.7	10.3	11.9
Linked	15.8	17.4	14.7	14.8	5.3	12.4	14.6	13.3	6.0	6.4	6.1	6.2
Total	17.7	18.4	15.5	17.9	7.3	13.9	16.0	16.5	8.1	8.7	8.3	8.4
Renewal premium												
PAR	2.5	2.4	3.0	3.0	3.7	3.7	3.8	3.8	3.9	4.3	4.2	4.2
NPAR	0.7	0.8	1.3	1.7	3.8	3.8	3.8	3.5	1.9	2.3	2.4	2.5
Linked	0.6	0.6	0.6	0.7	1.3	1.3	1.3	1.3	1.6	2.0	2.1	2.1
Total	1.3	1.3	1.5	1.6	2.0	1.9	1.9	1.8	2.5	2.7	2.7	2.7
Single premium												
PAR	0.0	1.6	0.0	0.5	NM	NM	NM	0.2	1.7	2.0	2.0	2.1
NPAR	0.1	0.9	1.3	1.4	0.8	2.8	1.8	1.6	0.1	0.5	1.5	1.4
Linked	0.3	0.2	0.3	0.1	0.3	0.5	0.3	0.1	1.7	1.9	1.9	1.9
Total	0.1	0.8	1.2	1.3	0.6	1.9	1.4	1.1	0.3	0.8	1.5	1.4

Source: Respective companies, HSIE Research

HDFCLIFE's commission on first-year premiums has been the highest, whereas for SBILIFE, it has consistently been the lowest.

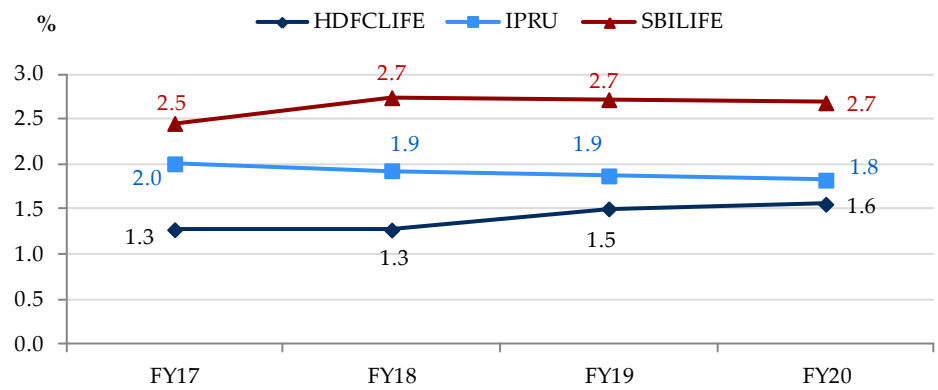
Commission paid to first-year premium (%)



Source: Respective companies, HSIE Research

SBILIFE's commission paid on renewal premium has consistently been above HDFCLIFE and IPRU.

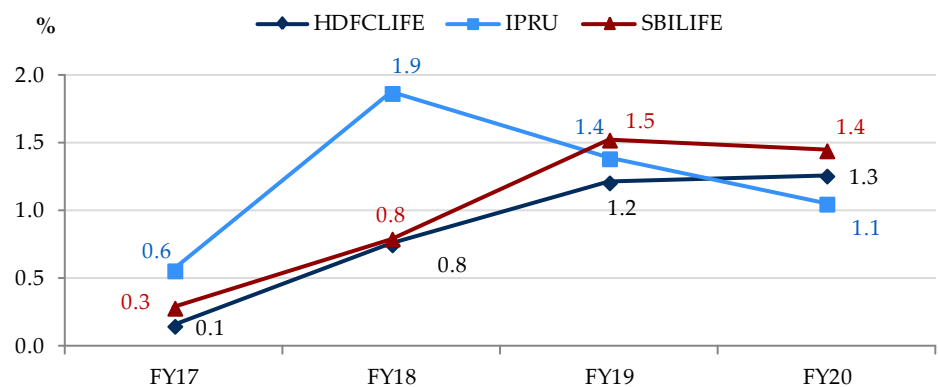
Commission paid to renewal premium (%)



Source: Respective companies, HSIE Research

HDFCLIFE/SBILIFE's commission paid to single premium (%) has increased significantly from 0.1/0.3% to 1.3/1.4% over FY17-FY20.

Commission paid to single premium (%)



Source: Respective companies, HSIE Research

Surrenders / withdrawals to AUM (%)

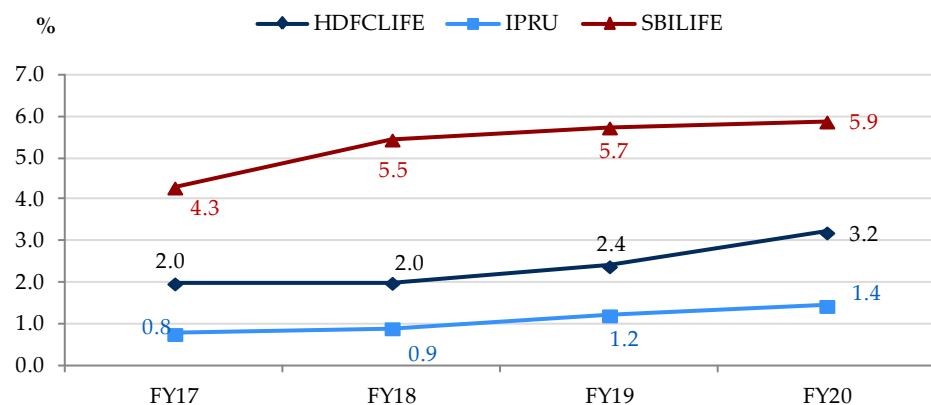
- We looked at surrender/withdrawals as a percentage of AUM (i.e. opening AUM + premiums + investment income) to evaluate trends in different business lines.
- As the non-linked business has grown, even the early surrenders/withdrawals have increased for this business. Surrenders are higher for companies whose Non-linked businesses have grown faster.
- Surprisingly, looking at surrender/AUM (%) of linked business reveals that IPRU has significantly lower surrenders/withdrawals than HDFCLIFE and SBI LIFE. Surrender/AUM (%) for IPRU has been in the close range of 0.8-1.4% over FY17-FY20, whereas HDFCLIFE and SBILIFE show high surrenders/withdrawals in the range of 2.0-5.9% and 4.3-5.9% respectively over FY17-FY20.
- A slowdown in new business premium growth accompanied by weak equity market returns resulted in surrenders picking up for linked business. Consequently, the linked business of HDFCLIFE and IPRU saw an increase in this ratio in FY20.
- **SBILIFE:** Overall, for the non-linked business, surrenders/withdrawals have increased, while for the linked life and pension business, the ratios have been stable barring FY20.
- **HDFCLIFE:** Non-linked surrenders have increased over FY17-20. Surrenders are also possibly lower than those of SBILIFE as the company has a higher share of group credit protect-related business in the mix. Surrenders have dramatically increased for the linked business in FY20, possibly due to the base impact (lower investment income pulled down the AUM).
- **IPRU:** Surrenders have increased for the NPAR and the PAR businesses, although being relatively small compared to peers. The linked business has seen increased surrenders, given difficult equity market conditions and lower AUM as the same was dragged down by lower investment income.

Surrender / withdrawal to opening AUM + premium + investment income (%)

Surrender / withdrawal to AUM (%)	HDFCLIFE				IPRU				SBILIFE			
	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
Non-Linked	2.0	2.0	2.4	3.2	0.8	0.9	1.2	1.4	4.3	5.5	5.7	5.9
Linked	10.6	12.4	9.6	12.7	10.9	10.5	8.0	12.2	9.0	7.5	5.2	4.5
Total	7.5	8.1	6.2	7.5	20.0	19.5	14.6	25.1	6.7	6.5	5.5	5.2

Source: Respective companies, HSIE Research

Non-linked business: Surrender/withdrawal to AUM (%)



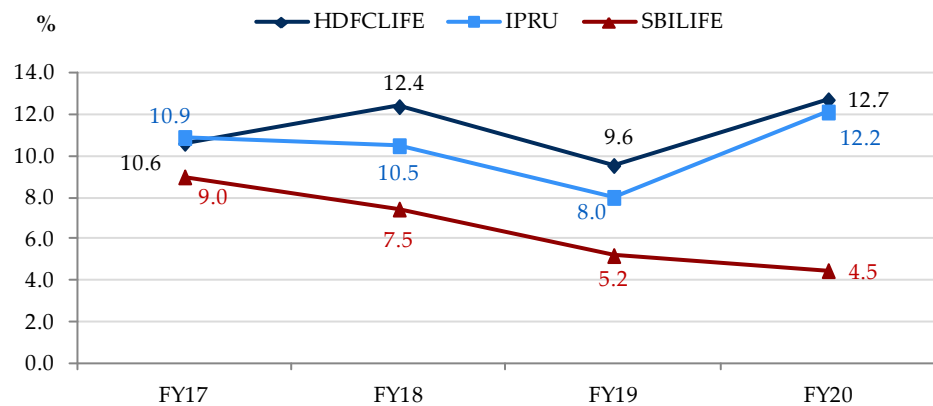
SBILIFE witnessed highest surrender to AUM (%) for non-linked business.

Note: AUM comprises of opening AUM + premium + investment income

Source: Respective companies, HSIE Research

Linked business: Surrender/withdrawal to AUM (%)

Surrender/withdrawals picked up for linked business in FY20 as equity markets generated poor returns.

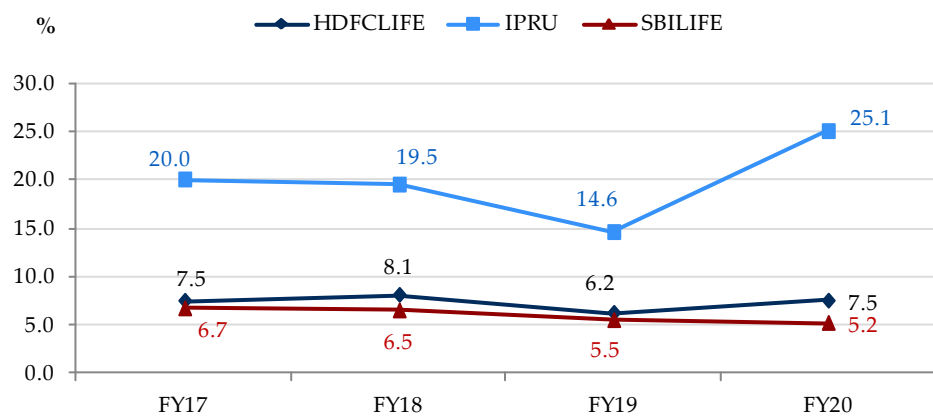


Note: AUM comprises of opening AUM + premium + investment income

Source: Respective companies, HSIE Research

IPRU continues to have significantly high surrender/withdrawal to opening AUM + premium + investment income (%) on overall basis at 25.1% vs. HDFCLIFE and SBILIFE.

Consolidated: Surrender/withdrawal to AUM (%)



Note: AUM comprises of opening AUM + premium + investment income

Source: Respective companies, HSIE Research

Reinsurance benefit received to premiums ceded

- Reinsurance benefits received to premium ceded have been more than 60% over FY18-20 for all of the insurers.
- This is most likely the reason for the increase in reinsurance rates in the term-life segment.
- Life insurers are receiving significant benefits from reinsurers- as indicated by the benefits received to reinsurance premium ceded ratio.
- **The ratio is higher for the non-linked business in comparison to the linked business- most likely due to the term business.** In IPRU's case, reinsurers have been losing money over the past three years.
- Reinsurers have worked on low margins and lost money on SBILIFE's non-linked business over FY17-19.
- Reinsurers have made losses on in PAR and NPAR lines of business for IPRU over FY18-20.
- Lower margins for reinsurers have most likely prompted rate hikes.

Reinsurance benefit received/premium ceded (%)

(%)	HDFCLIFE				IPRU				SBILIFE			
	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
Non-Linked	67.7	96.4	82.0	73.1	87.3	108.1	105.8	100.8	96.6	91.6	157.2	62.9
Linked	40.0	31.1	93.1	38.3	40.2	45.3	52.3	56.7	80.1	11.0	61.7	42.6
Total	64.7	90.2	82.7	71.7	68.8	88.7	93.5	94.3	95.9	86.4	149.8	61.5

Note: HDFCLIFE's figures are on a standalone basis and excludes HDFC Pension management co. and HDFC International Life and Re. The benefit received represents claims received on death.

Source: Company, HSIE Research

IPRU: Reinsurance benefit received/ premium ceded (%)

(%)	FY17	FY18	FY19	FY20
Non-Linked	87.3	108.1	105.8	100.8
-PAR	68.2	130.7	110.4	57.1
-NPAR	87.5	107.8	105.8	101.1
Linked	40.2	45.3	52.3	56.7
-Life	68.0	74.7	87.3	102.0
Total	68.8	88.7	93.5	94.3

Note: Benefit received represents claims received on death.

Source: Company, HSIE Research

Provisioning on Investments

- Investment provisions on equity for HDFCLIFE/SBILIFE were Rs 6,183/786mn, and about 14.8/10.2% of this were on shareholder's funds.
- HDFCLIFE provided 100% for investment in Yes Bank's AT1 bonds (Rs 1.1bn) and 25% of investment in Yes Bank's NCDs.
- SBILIFE provided for 100% exposure in DHFL's NCDs.

HDFCLIFE

- The company recognized provisions for diminution of equity investments to the tune of Rs 6.2bn in FY20 vs. Rs 832mn in FY19.
- In FY20, the company's investment in Yes Bank's AT1 bonds has been wholly provided for (including interest accrued) to the tune of Rs 1.1bn, in line with provisions of RBI's Basel III Capital Regulations 2015. Provision has been charged to shareholder's account with adjustment to shareholder's investment.
- Additionally, in FY20, provision was made (25% of FV) for investments in Yes Bank's NCDs both for policyholder's and shareholder's investments.

HDFCLIFE: Provisions on investments

Rs mn/%	FY19	FY20
	Rs mn	Rs mn
Provision on equity investments		
- Policyholder's account	731	5,270
- Shareholder's account	101	913
Total	832	6,183
As a % of equity investments		
- Policyholder's account	0.2	1.5
- Shareholder's account	0.9	5.6
Provision on Yes Bank's AT1 bonds		
- Policyholder's account	NIL	NIL
- Shareholder's account	NIL	1,056
Total	NIL	1,056
As a % of fixed income investments		
- Policyholder's account	NA	NA
- Shareholder's account	NA	2.5
Provision on Yes Bank's NCDs		
- Policyholder's account	NIL	38
- Shareholder's account	NIL	13
Total	NIL	50
As a % of fixed income investments		
- Policyholder's account	NA	Neg.
- Shareholder's account	NA	Neg.

Source: Company, HSIE Research

SBILIFE:

- The company recognized provisions for diminution of equity investments to the tune of Rs 786mn in FY20 vs. Rs1.1bn in FY19.
- SBI LIFE's ULIP portfolio had exposure in stressed assets (NCD's) of DHFL. Provision was provided for 100% exposure, including interest accrued during FY20. Full provision has been charged to policyholder's account.

SBILIFE: Provisions on investments

Rs mn/ %	FY19	FY20
	Rs mn	Rs mn
Provisions on equity investments		
- Policyholder's account	960.8	705.2
- Shareholder's account	159.3	80.2
Total	1,120.0	785.4
As a % of equity investments		
- Policyholder's account	0.3	0.2
- Shareholder's account	1.1	0.6
Provisions on standard assets		
- Policyholder's account	-0.8	6.6
- Shareholder's account	NIL	NIL
Total	(0.8)	6.6
As a % of fixed income investments		
- Policyholder's account	Neg.	Neg.
- Shareholder's account	NA	NA
Provisions on DHFL's NCDs		
- Policyholder's account	NIL	525.8
- Shareholder's account	NIL	NIL
Total	NIL	525.8
As a % of fixed income investments		
- Policyholder's account	NA	Neg.
- Shareholder's account	NA	NA

Source: Company, HSIE Research

Key related party transactions

- HDFCLIFE/SBILIFE have paid ~8.7/1.9% in FY20 (9.3/2.1% in FY19) of their PBT as royalty to their respective parents.
- Additionally, HDFCLIFE has incurred advertising and branding expenses at branch/ATM locations of HDFC Bank, paying the latter Rs 6.3bn, i.e. ~14.9% of operating expenses ex. commissions in FY20.
- Commission paid by HDFCLIFE/IPRU to HDFC Bank/ICICI Bank as a percentage of total commission expense for FY20 was 56.3/53.2%, whereas for SBILIFE the same was ~58.5%.

HDFCLIFE: Key related party transactions

Rs mn / (%)	FY19	FY20
HDFC Bank		
Advertisement charges paid for display of products at branches and ATMs for fixed charges	4,943	6,342
As a % of operating expenses	13.0	14.9
As a % of operating + comm. expenses	10.0	11.0
Commission expense	6,908	8,399
As a % of total commission expenses	61.8	56.3
As a % of operating + comm. expenses	14.0	14.6
Total	11,851	14,742
As a % of operating + comm. expenses	24.0	25.6
HDFC Securities		
Commission expense	144	184
As a % of total commission expenses	1.3	1.2
As a % of operating + comm. expenses	0.3	0.3
Web and branch branding	78	191
As a % of operating expenses	0.2	0.4
As a % of operating + comm. expenses	0.2	0.3
Total	223	375
As a % of operating + comm. expenses	0.5	0.7
HDFC		
Name usage charges	1,179	1,297
As a % of operating expenses	3.1	3.0
As a % of operating + comm. expenses	2.4	2.3

Note: Operating expenses exclude commission expenses

Source: Company, HSIE Research

SBILIFE: Key related party transaction

Rs mn/(%)	FY19	FY20
SBI		
Commission expense	7,982	9,501
As a % of total commission expenses	59.3	58.5
As a % of operating + comm. expenses	29.8	30.7
Royalty charges		
	284	265
As a % of operating expenses	5.2	3.9
As a % of operating + comm. expenses	1.1	1.0
Total		
	8,266	9,766
As a % of total operating expenses	30.9	36.5

Note: Operating expenses exclude commission expenses

Source: Company, HSIE Research

IPRU: Key related party transactions

Rs mn/(%)	FY19	FY20
ICICI Bank		
Commission expense	9,760	8,438
As a % of total commission expenses	62.9	53.2
As a % of operating + comm. expenses	23.5	19.0

Note: Operating expenses exclude commission expenses

Source: Company, HSIE Research

Reserving

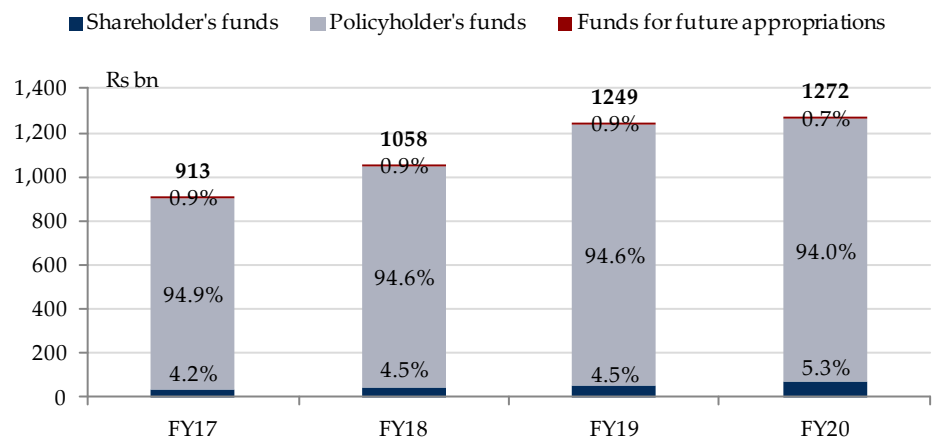
- Reserving for SBILIFE continues to grow at a high clip (13.9% FY20) vs. HDFCLIFE/IPRU at 1.9/-3.9%.
- Reserving growth for FY20 has outpaced APE growth for SBILIFE and IPRU, while not having kept pace for HDFCLIFE.

Reserving vs. APE growth

Rs bn	HDFCLIFE				IPRU				SBILIFE			
	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
Reserving	913	1,058	1,249	1,272	1,216	1,381	1,593	1,530	991	1,180	1,429	1,627
Reserving YoY (%)	23.3	15.9	18.0	1.9	18.9	13.5	15.3	-3.9	22.9	19.0	21.1	13.9
APE	41	55	63	74	66	78	78	74	66	85	97	107
APE YoY (%)	13.0	35.1	13.5	18.4	29.7	17.6	0.1	-5.4	35.4	29.3	13.5	10.8

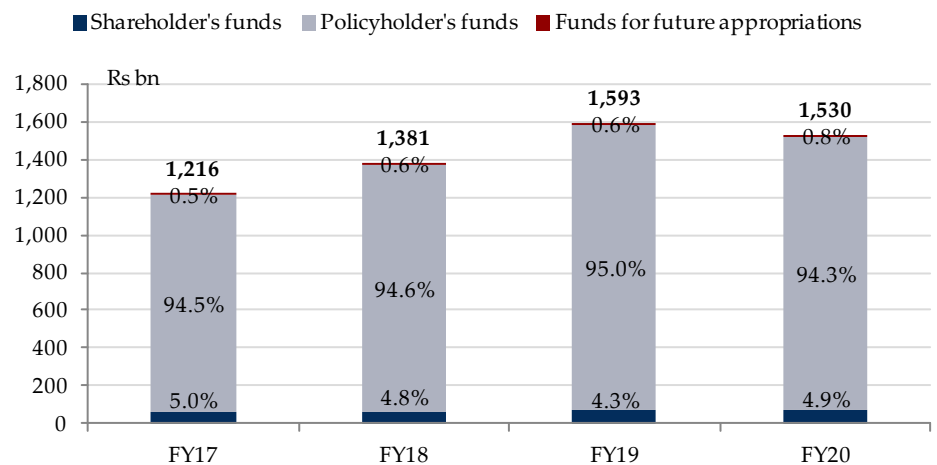
Source: Respective companies, HSIE Research

HDFCLIFE's reserving trend



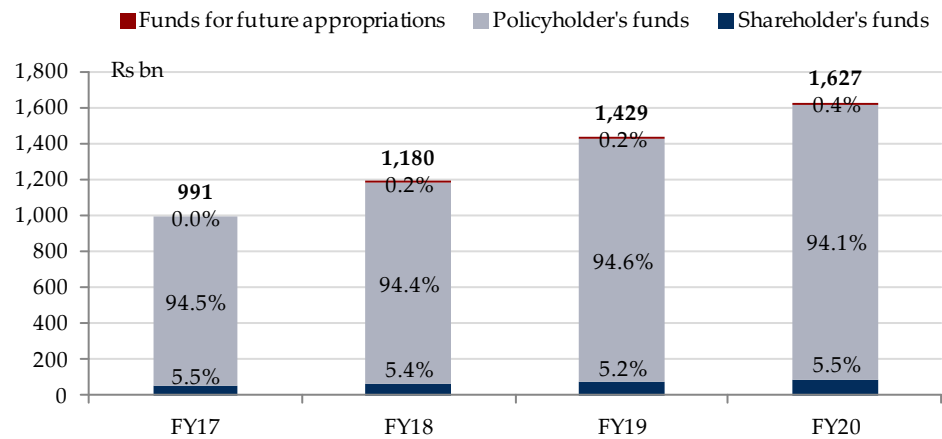
Source: Company, HSIE Research

IPRU's reserving trend



Source: Company, HSIE Research

SBILIFE's reserving trend



Source: Company, HSIE Research

Segment assets (%)

- Equity component in funds is highest for IPRU at 40.3%. This is driven by both linked and shareholders' funds where exposure is 53.5/22.9% respectively.
- IPRU holds the highest percentage of equity investments in non-linked funds at 14.7%, followed by SBILIFE at 10.7% and then HDFCLIFE at 6.8%.
- SBILIFE has lowest exposure to equity assets a 22.5%.

Asset composition (%)

(%)	HDFCLIFE				IPRU				SBILIFE			
	FY20				FY20				FY20			
	Linked	Non-linked	Shareholder's	Total	Linked	Non-linked	Shareholder's	Total	Linked	Non-linked	Shareholder's	Total
AUM (Rs bn)	556	658	59	1,273	982	456	74	1,513	789	731	68	1,588
Equity shares	55.8	6.8	27.9	29.2	53.5	14.7	22.9	40.3	33.8	10.7	19.6	22.5
Govt. securities	19.4	56.3	44.8	39.6	11.1	58.7	29.3	26.3	35.6	54.4	44.1	44.6
Debentures & bonds	20.1	31.3	24.5	26.1	19.0	20.4	29.0	19.9	17.7	27.1	29.8	22.5
Money market instruments	3.0	4.6	0.5	3.7	15.8	2.1	4.4	11.1	10.3	4.9	6.5	7.6
Fixed deposits	0.0	0.6	2.4	0.4	0.2	0.9	5.4	0.7	0.3	1.6	0.0	0.9
Investment property	0.0	0.0	0.0	0.0	0.0	0.2	5.1	0.3	0.0	0.0	0.0	0.0
Loan against policies	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.3	0.0	0.0	0.0	0.0
Other investments	1.7	0.4	0.0	0.9	0.4	2.0	3.9	1.1	2.5	1.3	0.0	1.8
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: Respective companies, HSIE Research

Life Insurance : Sector Thematic

Segment-wise P/L summary across life insurers

Rs bn	HDFCLIFE								IPRU								SBILIFE							
	FY19				FY20				FY19				FY20				FY19				FY20			
	PAR	NPAR	Linked	Total	PAR	NPAR	Linked	Total	PAR	NPAR	Linked	Total	PAR	NPAR	Linked	Total	PAR	NPAR	Linked	Total	PAR	NPAR	Linked	Total
Gross premium	58.3	120.3	113.2	291.9	60.4	154.7	111.9	327.1	34.9	47.2	227.2	309.3	40.2	60.6	233.5	334.3	72.0	68.6	189.3	329.9	74.4	96.6	235.3	406.3
Re-ins. ceded	0.0	-2.4	-0.2	-2.6	0.0	-4.6	-0.2	-4.8	0.0	-2.7	-0.8	-3.5	0.0	-4.7	-0.8	-5.5	0.0	-0.9	-0.1	-1.0	0.0	-2.9	-0.2	-3.1
Net premium	58.3	117.9	113.1	289.2	60.4	150.1	111.7	322.2	34.9	44.5	226.4	305.8	40.2	55.9	232.7	328.8	72.0	67.7	189.2	328.9	74.4	93.7	235.1	403.2
Income from investments	20.6	16.7	53.0	90.3	20.8	27.7	-81.6	-33.1	11.6	17.1	73.4	102.1	13.1	21.5	-159.8	-125.2	20.7	31.5	59.9	112.1	25.6	36.2	-31.8	30.0
Other income	0.7	0.1	1.0	1.8	1.4	0.2	0.8	2.4	0.1	0.1	0.5	0.8	0.2	0.2	0.4	0.8	0.3	0.0	0.4	0.6	0.2	0.0	0.2	0.5
Contribution from shareholders account	0.1	2.3	0.7	3.1	0.0	1.0	0.0	1.0	0.0	5.0	0.3	5.3	0.0	15.0	0.0	15.0	0.0	1.0	0.0	1.0	0.0	4.8	0.0	4.8
Total income (A)	79.6	137.0	167.8	384.4	82.6	179.1	31.0	292.6	46.6	66.8	300.6	414.0	53.5	92.6	73.4	219.4	93.0	100.2	249.4	442.6	100.2	134.7	203.5	438.4
Commission	3.7	3.1	4.5	11.3	4.1	7.8	3.0	14.9	2.4	2.3	11.1	15.8	3.1	4.0	8.7	15.9	5.1	1.7	6.6	13.5	4.9	3.1	8.3	16.2
Operating expenses	10.5	14.7	13.7	38.9	14.8	24.3	9.3	48.3	2.9	9.5	13.6	26.1	4.1	15.9	10.6	30.6	6.2	4.1	12.0	22.2	5.0	7.0	13.4	25.4
GST on linked charges	0.0	0.0	3.4	3.4	0.0	0.0	3.5	3.5	0.0	0.0	6.4	6.4	0.0	0.0	6.5	6.5	0.1	0.0	4.4	4.5	0.1	0.0	5.4	5.5
Benefits paid & interim bonus paid	32.5	24.5	82.9	139.9	48.4	41.5	100.3	190.2	9.0	6.0	127.5	142.6	10.5	10.2	173.1	193.8	21.7	51.3	79.9	152.9	28.4	58.6	75.5	162.5
Change in valuation of policy liab.	28.5	84.7	61.8	175.1	14.7	101.1	-91.4	24.4	29.0	47.3	133.8	210.0	31.8	57.3	-139.6	-50.6	55.7	36.6	143.6	235.9	53.5	57.8	94.8	206.0
Total outgo (B)	75.2	127.0	166.4	368.6	81.9	174.8	24.7	281.4	43.4	65.2	292.3	400.8	49.5	87.4	59.3	196.2	88.9	93.7	246.5	429.1	91.8	126.4	197.5	415.7
Surplus before tax (A-B)	4.4	10.0	1.4	15.8	0.6	4.3	6.3	11.2	3.3	1.6	8.3	13.2	4.0	5.2	14.1	23.2	4.1	6.5	3.0	13.6	8.4	8.4	6.0	22.7
Tax	1.5	1.4	-0.6	2.3	1.0	0.5	0.0	1.5	1.1	0.0	0.0	1.1	1.3	0.0	0.0	1.3	1.9	0.8	0.0	2.7	2.5	1.0	0.2	3.8
Surplus after tax	2.9	8.6	1.9	13.5	-0.4	3.8	6.2	9.7	2.2	1.6	8.3	12.0	2.6	5.2	14.1	21.9	2.2	5.7	3.0	10.9	5.8	7.3	5.8	18.9
Transfer to shareholders' account	1.5	8.6	1.9	12.1	1.8	3.8	6.2	11.9	0.6	2.3	7.9	10.8	0.7	5.2	14.1	19.9	1.3	5.7	3.0	10.0	1.5	7.3	5.8	14.6
Funds for future app.	1.4	0.0	0.0	1.4	-2.2	0.0	0.0	-2.2	1.6	0.0	0.0	1.6	2.0	0.0	0.0	2.0	2.8	0.0	0.0	2.8	4.3	0.0	0.0	4.3
Net transfer to shareholders' account	1.4	6.3	1.2	9.0	1.8	2.8	6.2	10.9	0.6	-2.7	7.6	5.5	0.7	-9.8	14.1	4.9	1.3	4.7	3.0	9.0	1.5	2.6	5.8	9.9

Note: Note: HDFCLIFE's figures are on a standalone basis and excludes HDFC Pension management co. and HDFC International Life and Re.

Source: Respective companies, HSIE Research

Life Insurance Comps

	Unit	IPRU				MAXF				SBILIFE				HDFCLIFE			
Rating		REDUCE				ADD				BUY				Not Rated			
Current market price	Rs	420				612				825				575			
Market Capitalization	Rs bn	603				211				825				1,156			
Target price	Rs	445				645				975				620*			
Upside/(Downside)	%	5.9				5.3				18.2				7.9			
Profitability		FY20	FY21E	FY22E	FY23E	FY20P	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
VNB Margin	%	21.7	22.4	23.6	24.0	21.6	21.3	21.9	22.7	20.7	21.0	21.6	22.0	25.9	25.7	26.4	27.1
Total RoEV	%	8.4	12.7	14.4	14.4	16.7	14.2	17.3	17.3	16.8	13.4	15.1	15.4	12.7	16.1	17.3	17.4
Operating RoEV	%	15.2	12.7	14.4	14.4	20.3	14.2	17.3	17.3	20.0	13.4	15.1	15.4	18.2	16.1	17.3	17.4
Non-operating RoEV	%	-6.8	0.0	0.0	0.0	-3.5	0.0	0.0	0.0	-3.2	0.0	0.0	0.0	-5.5	0.0	0.0	0.0
RoE	%	15.5	17.5	16.8	16.9	19.5	19.6	20.0	19.2	17.4	20.1	21.6	22.8	23.5	28.0	31.0	32.3
Valuation at CMP		FY20	FY21E	FY22E	FY23E	FY20P	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
P/EV	x	2.6	2.3	2.1	1.8	2.3	2.6	2.3	2.0	3.0	2.6	2.3	2.0	5.6	4.9	4.2	3.7
P/EVOP	x	18.3	20.6	16.2	14.3	14.1	21.3	15.3	13.3	17.4	22.3	17.4	15.0	34.8	34.7	28.3	24.4
Implied P/VNB	x	24.1	27.7	21.3	16.4	19.5	23.7	19.6	14.9	26.5	28.0	22.3	17.4	50.7	52.7	43.0	35.1
Implied P/VIF	x	8.0	6.8	6.0	5.3	9.8	8.1	7.3	6.6	9.3	7.6	6.3	5.3	16.5	13.8	11.3	9.1
P/B	x	54.1	42.1	38.0	33.4	53.6	47.3	41.9	37.8	58.0	41.5	31.9	25.3	77.8	53.7	40.1	31.3
P/E	x	0.6	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.4	0.4	0.3	1.9	0.8	0.6	0.5
P/AUM	x	2.6	2.3	2.1	1.8	2.3	2.6	2.3	2.0	3.0	2.6	2.3	2.0	5.6	4.9	4.2	3.7
Valuation at TP		FY20	FY21E	FY22E	FY23E	FY20P	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
P/EV	x	2.8	2.5	2.2	1.9	2.4	2.8	2.4	2.1	3.5	3.1	2.7	2.4	6.0	5.3	4.6	3.9
P/EVOP	x	19.4	21.8	17.2	15.1	14.9	22.4	16.1	14.0	20.6	26.4	20.6	17.7	37.6	37.4	30.6	26.3
Implied P/VNB	x	26.3	30.4	23.5	18.3	21.2	25.6	21.2	16.3	33.3	35.7	28.9	23.0	55.4	57.7	47.2	38.8
Implied P/VIF	x	8.5	7.2	6.3	5.7	10.3	8.6	7.7	6.9	11.0	9.0	7.5	6.3	17.8	14.9	12.2	9.9
P/B	x	57.3	44.6	40.3	35.4	56.5	49.8	44.1	39.9	68.6	49.1	37.8	29.9	83.9	58.0	43.2	33.7
P/E	x	0.6	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.6	0.5	0.4	0.4	2.1	0.8	0.7	0.6
P/AUM	x	2.8	2.5	2.2	1.9	2.4	2.8	2.4	2.1	3.5	3.1	2.7	2.4	6.0	5.3	4.6	3.9

	Unit	IPRU				MAXF				SBILIFE				HDFCLIFE			
Per Share data		FY20	FY21E	FY22E	FY23E	FY20P	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
EV	Rs	160	180	204	230	270	232	266	305	276	313	357	404	102	117	135	156
EVOP	Rs	23	20	26	29	49	29	40	46	47	37	47	55	16	17	20	24
VNB	Rs	11	9	11	13	24	17	19	23	22	20	23	27	10	9	11	12
VIF	Rs	106	114	125	138	184	155	175	198	175	193	217	244	67	76	86	99
Book Value	Rs	52	62	70	79	62	75	84	93	89	109	131	155	35	41	51	63
Earnings	Rs	8	10	11	13	11	13	15	16	14	20	26	33	7	11	14	18
AUM	Rs	728	1,237	1,423	1,618	1,854	1,733	1,990	2,278	1,588	1,869	2,185	2,542	298	749	887	1,048
ANW	Rs	55	66	79	92	90	107	127	150	110	129	149	168	36	41	49	58

Source: Company financials and disclosures, HSIE Research

Key parameters	Unit	IPRU				MAXF				SBILIFE				HDFCLIFE			
		FY20	FY21E	FY22E	FY23E	FY20P	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
APE	Rs bn	73.8	60.0	68.6	78.6	41.5	39.8	43.6	50.4	107.4	93.3	106.2	122.2	71.6	70.2	81.1	92.8
VNB	Rs bn	16.1	13.4	16.2	18.9	9.0	8.5	9.6	11.4	22.2	19.6	22.9	26.9	19.2	18.0	21.4	25.1
Total EVOP	Rs bn	18.1	29.3	37.2	42.2	18.1	14.2	19.7	22.6	47.4	36.9	47.3	54.9	23.2	33.3	40.8	47.5
Operating EVOP	Rs bn	32.9	29.3	37.2	42.2	18.1	14.2	19.7	22.6	47.4	36.9	47.3	54.9	33.2	33.3	40.8	47.5
Non- operating EVOP	Rs bn	(14.8)	0.0	0.0	0.0	(3.2)	0.0	0.0	0.0	(7.6)	0.0	0.0	0.0	(10.0)	0.0	0.0	0.0
EV	Rs bn	230	259	293	330	100	114	131	150	276	313	357	404	207	236	273	316
Net worth	Rs bn	75	88	101	113	31	37	41	46	89	109	131	155	70	84	102	127
Net Profit	Rs bn	11.1	14.3	15.9	18.0	5.6	6.4	7.2	7.9	14.2	19.9	25.8	32.6	14.9	21.5	28.9	37.0
AUM	Rs bn	1,045	1,775	2,042	2,323	685	851	978	1,119	1,588	1,869	2,186	2,542	601	1,511	1,790	2,115
Growth YOY		FY20	FY21E	FY22E	FY23E	FY20P	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
APE	%	(5.4)	(18.7)	14.4	14.5	5.0	(4.2)	9.7	15.6	10.8	(13.1)	13.8	15.1	18.4	(2.0)	15.6	14.3
VNB	%	20.9	(16.3)	20.5	16.5	4.8	(5.6)	12.8	19.8	15.6	(11.7)	17.1	17.2	24.7	(6.1)	18.7	17.4
Total EVOP	%	(50.7)	61.7	26.9	13.5	8.0	(21.9)	39.0	15.1	33.5	(22.1)	28.2	16.1	(32.2)	43.6	22.4	16.3
Operating EVOP	%	(13.4)	(10.8)	26.9	13.5	8.0	(21.9)	39.0	15.1	33.5	(22.1)	28.2	16.1	8.5	0.4	22.4	16.3
Non- operating EVOP	%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
EV	%	6.5	12.4	13.2	12.6	11.2	14.2	14.6	14.8	16.8	13.4	13.9	13.1	12.9	14.3	15.6	15.7
Net worth	%	9.7	17.4	13.8	12.1	11.0	20.7	11.3	11.3	19.1	22.4	20.2	18.7	24.0	19.5	22.3	23.6
Net Profit	%	(2.9)	28.5	10.8	13.7	1.2	13.4	13.0	10.6	7.2	39.7	29.9	26.1	16.7	44.7	34.1	28.2
AUM	%	(34.9)	69.9	15.0	13.7	9.0	24.4	14.8	14.5	14.0	17.7	16.9	16.3	(52.2)	151.6	18.4	18.2

*Fair Value

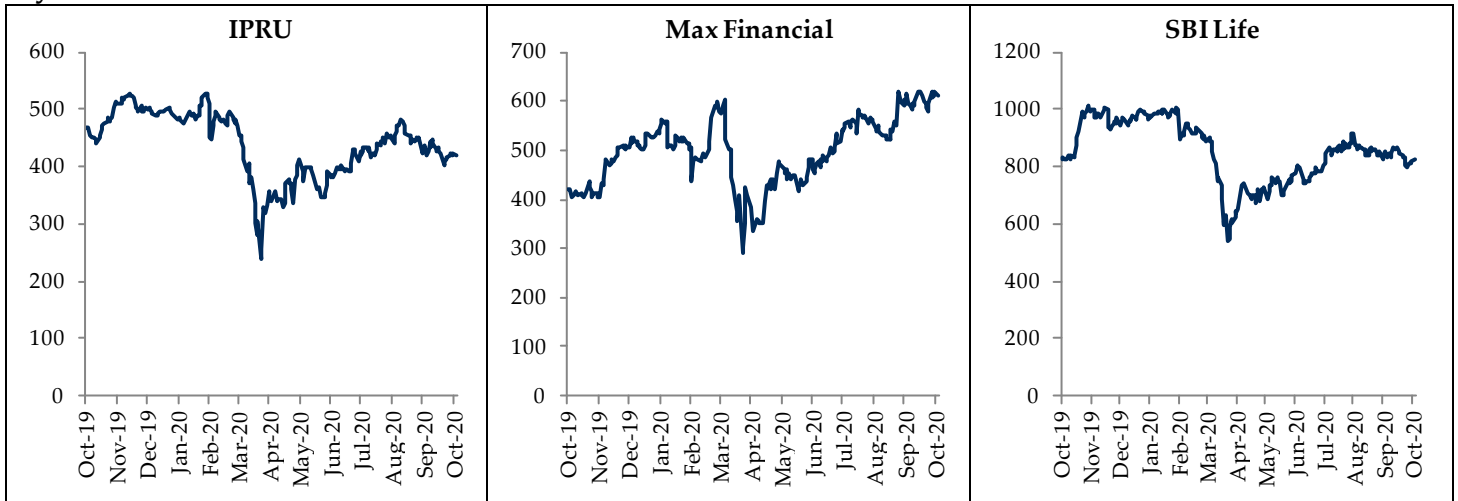
APE mix	Unit	IPRU				MAXF				SBILIFE				HDFCLIFE			
		FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21
Individual	Rs bn	75.8	74.4	67.9	7.0	32.2	39.2	41.2	6.6	77.9	90.8	99.0	10.2	48.9	52.0	61.4	10.7
Group	Rs bn	2.1	3.7	5.9	1.2	0.3	0.3	0.3	0.0	7.5	6.1	8.5	2.5	6.3	10.6	12.7	1.3
APE (Rs bn)	Rs bn	77.9	78.0	73.8	8.2	32.5	39.5	41.5	6.6	85.4	96.9	107.5	12.7	55.2	62.6	74.1	12.0
YoY Growth	%	18	0	(5)	(44)	22	22	5	(4)	29	13	11	(32)	35	13	18	(30)
CAGR 3 years	%		15	4	NA		22	15	NA		26	18	NM		20	22	NM
CAGR 5 years	%		19	10	NA		31	28	NA		25	25	NM		20	18	NM
Business mix-product wise		FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
		Total APE				Total APE				Total APE				Total APE			
Individual	%	97.3	95.3	92.0	85.1	96.0	96.0	95.0	89.0	92.5	93.7	92.1	80.3	88.4	83.1	82.9	89.6
PAR	%	10.9	8.6	12.7	24.4	43.0	39.5	30.5	22.0	24.4	18.7	10.9	8.7	24.8	15.0	15.7	26.6
Non-PAR	%	0.5	0.9	4.2		8.0	9.0	18.0	18.0	0.8	0.4	6.9	18.1	8.0	16.6	37.3	29.3
ULIP	%	81.9	79.6	64.7	43.6	41.0	41.5	38.5	35.0	66.5	70.8	69.6	48.0	51.3	45.7	23.2	23.9
Protection	%	4.0	6.2	10.4	17.0	4.0	6.0	8.0	14.0	0.7	3.8	4.7	5.5	4.4	5.8	6.6	9.8
Group	%	2.7	4.7	8.0	14.9	4.0	4.0	5.0	11.0	7.5	6.3	7.9	19.7	11.6	16.9	17.1	10.4
Savings	%	1.0	1.6	3.3	6.0	NA	NA	NA	NA	2.8	3.3	3.7	12.6	4.7	6.0	6.6	7.2
Protection	%	1.7	3.1	4.7	9.0	4.0	4.0	5.0	11.0	4.7	3.0	4.2	7.1	6.9	10.9	10.6	3.2
Total	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Channel mix (Overall)		IPRU				MAXF				SBILIFE				HDFCLIFE			
		FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
		Total APE				Individual APE				New Business Premium				Individual APE			
Bancassurance	%	52.3	56	51	40	72.0	69.6	68.0	62.0	62.0	64.0	60.0	41.0	70.5	64.0	55.0	59.0
Agency	%	25.4	22	21	25	27.0	29.8	31.0	37.0	25.0	21.0	20.0	14.0	11.0	13.0	14.0	12.0
Direct	%	13.5	12	13	12	-	-	-	-	-	-	-	-	13.5	19.0	22.0	24.0
Brokers and others	%	8.8	11	15	24	1.0	1.0	1.0	1.0	13.0	15.0	20.0	45.0	5.0	4.0	9.0	5.0
Total	%	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Banca channel partners		ICICIB and SCB				(AXIS, YES, LVB)				SBI, P&SB, SIB, SYB, ALB				HDFCB, RBL, IDFCB, BFL			
AUM		FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21
AUM	Rs bn	1,395	1,604	1,530	1,700	522	628	685	732	1,163	1,410	1,604	1,754	1,066	1,256	1,272	1,400
Equity	%	47.0	48.0	40.0	43.0	22.0	22.0	17.0	20.8	23.0	23.0	21.0	24.0	39.0	38.0	29.0	32.0
Debt	%	53.0	52.0	60.0	57.0	78.0	78.0	83.0	79.2	77.0	77.0	79.0	76.0	61.0	62.0	71.0	68.0
Linked	%	71.3	70.5	65.0	71.3	33.0	32.0	28.0	28.8	48.5	49.9	49.7	50.0	57.1	53.3	45.8	NA
Non-linked	%	28.7	29.5	35	28.7	67.0	68.0	72.0	71.2	51.5	50.1	50.3	50.0	42.9	46.7	54.2	NA
Solvency ratio		FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21
Solvency	%	252	215	194	205	275	242	207	212	206	213	195	239	192	188	184	190
Market Share		FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21
Individual NBP Private Market Share	%	20.8	17.3	15.7	12.0	9.9	10.1	10.2	11.3	20.8	20.5	22.4	17.6	14.7	16.2	17.0	20.7
Individual APE Private Market Share	%	20.9	17.6	15.8	11.3	9.0	9.6	9.7	10.7	21.8	22.3	23.2	18.0	13.3	12.5	14.2	18.5
VNB Margin		FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21
Margin	%	16.5	17.0	21.7	24.4	20.2	21.7	21.6	17.1	18.4	19.8	20.7	20.1	23.2	24.6	25.9	25.7
Persistency		FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21	FY18	FY19	FY20	1Q FY21
13th month	%	87.8	87.4	85.3	84.1	80.0	83.0	83.0	82.0	83.0	85.1	84.3	81.6	87.0	87.2	90.1	90.4
25th month	%	78.8	78.0	77.4	76.3	72.0	71.0	71.0	68.0	75.2	76.7	77.2	76.0	77.0	80.4	80.2	80.5
37th month	%	68.9	71.3	69.0	67.8	62.0	64.0	63.0	61.0	70.0	71.4	70.1	68.9	71.0	72.0	73.8	74.1
49th month	%	63.6	65.2	66.4	66.2	57.0	58.0	59.0	57.0	63.9	66.4	64.6	63.8	62.0	67.7	67.2	67.5
61st month	%	54.8	57.6	57.4	58.2	53.0	53.0	52.0	52.0	58.4	57.2	59.4	63.1	51.0	52.3	55.0	55.3

Source: Company financials and disclosures, HSIE Research

1yr Price Movement



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential

Thematic reports by HSIE



Cement: WHRS – A key cog in the flywheel



Autos: Where are we on "S" curve?



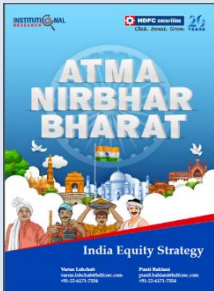
FMCG: Defensive businesses but not valuations



Autos: A changed landscape



Banks: Double whammy for some



India Equity Strategy: Atma Nirbhar Bharat



Indian IT: Demand recovery in sight



Life Insurance: Recovery may be swift with protection driving margins



Retail: Whole flywheel is broken?



Appliances: Loing beyond near-term disruption



Pharma: Chronic therapy – A portfolio prescription



Indian Gas: Looking beyond the pandemic



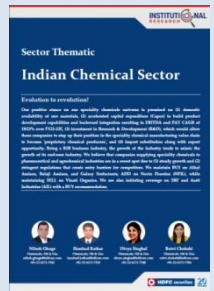
India Equity Strategy: Quarterly flipbook



Real Estate: Ripe for consumption



Indian IT: expanding centre of gravity



Indian Chemical: Evolution to revolution!



Life Insurance: ULIP vs. MF



Infrastructure: On the road to re-rating



Cement: Spotting the sweet spot



Pharma: Cardiac: the heartbeat of domestic market



Indian microfinance: Should you look micro as macros disappoint?

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