



IDEA2ACT : SBI LIFE

Reco Price	12-months Target Price
BUY @ ₹ 930-960	₹ 1144

SBI Life Insurance Company Ltd. (SBI Life) started off as a joint venture between State Bank of India (SBI) and BNP Paribas Cardif S.A. SBI Life is India's largest private life insurer on a retail APE basis. The company has a product mix of participating, non-participating, and linked policies with the mix skewed towards linked products. The company leverages a strong agency network of over 100,000 independent agents and bancassurance partners (State Bank group) to source business.

Leading the way on VNB growth and protection!

Retail protection growth remains an outlier: Retail protection APE grew 47% YoY, a third consecutive quarter of strong growth even as peers struggle to show growth, while group protection NBP grew 28% YoY. Management indicated that growth in retail was driven by their customer demand, which is a competitive advantage for SBILI, in our view. SBILI registered 50% YoY growth in savings APE with non-par/ ULIPs growing 100%/47% resp., showing strong product diversity.

VNB margin expansion outclasses peers: VNB margin expanded by 210bps YoY while VNB grew 63% YoY outclassing peers. The solvency ratio at 215% remains comfortably high. Despite ULIP share at 70% of APE, SBILI's renewal premium growth was healthy at 16% YoY and was not impacted by tax changes around high ticket ULIPs and new tax regime. Surrender ratios were also at just 3.95% in FY21

Comforting Valuations: We maintain SBILI as our top pick. The stock is currently trading at 2.1X FY23ii P/EV, at a 43% discount to HDFCLI. We forecast 25%/16% VNB/EV Cagr over FY21-23ii. **We recommend a Buy rating on the stock with a target price of Rs1144** implying a ~2.5X 2YF P/EV

Technically, the stock is trading in a strong higher top higher bottom chart structure, indicating a positive bias according to the dow theory. The stock has given a bullish consolidation breakout on the daily chart and is showing positive signs on the MACD Histogram & the ADX Index. **If the current impulse move accentuates the way it should, we expect SBI LIFE to trend higher and test our immediate target price of Rs1144 during the next 1-Year.**

**Previous Recommendations:**

Date	Stock Name	Reco Price	Target Price	P & L %	Status
26-May-20	Emami Limited	205	241	18%	Target Achieved
2-Jul-20	ITC	201	235	17%	Target Achieved (₹225 + Dividend ₹10.15 exdate 6th Jul 2020)
2-Jul-20	NHPC	19.5	24	23%	Target Achieved
15-Jul-20	HCL Tech	610	695	14%	Target Achieved
30-Jul-20	INDIGO	920	1074	17%	Target Achieved
11-Aug-20	JB Chemicals & Pharmaceuticals	750	867	16%	Target Achieved
13-Aug-20	UPL	480	555	16%	Target Achieved
18-Aug-20	Crompton Consumer	256	299	17%	Target Achieved
28-Aug-20	Sudarshan Chemical	474	557	18%	Target Achieved
14-Sep-20	Apollo Tyres	114.5	138	21%	Target Achieved
1-Oct-20	Manappuram Finance Ltd	155.5	186	-5%	Open
16-Oct-20	Cyient Ltd	370	440	19%	Target Achieved
28-Oct-20	Amara Raja Batteries	770	898	17%	Target Achieved
2-Nov-20	SIS (I) Ltd	363	423	17%	Target Achieved
3-Dec-20	Bharat Electronics	112	139.0	24%	Target Achieved
16-Dec-20	RBL Bank	233	273	17%	Target Achieved
6-Jan-21	Alembic Pharmaceuticals	1075	1252	-9%	Open
15-Jan-21	Hindustan Petroleum Corporation Ltd	229	274	3%	Open
5-Feb-21	State Bank of India	351.5	429	0%	Open
1-Mar-21	Cummins India	772	914	18%	Target Achieved
10-Mar-21	HCL Tech	962	1140	-6%	Open
10-Mar-21	Eicher Motors	2635	2940	-9%	Open
07-Apr-21	Cyient Ltd	669	789	12%	Open
03-May-21	Persistent Systems Ltd	1990	2400	8%	Open



Idea2Act



Disclaimer:

Recommendation Parameters for Fundamental/Technical Reports:

Buy – Absolute return of over +10%

Accumulate – Absolute return between 0% to +10%

Reduce – Absolute return between 0% to -10%

Sell – Absolute return below -10%

Please refer to <http://www.indiainfoline.com/research/disclaimer> for recommendation parameter, analyst disclaimer and other disclosures.

Investments in securities market are subject to market risks, read all the related documents carefully before investing. There is no assurance or guarantee that the investment objectives shall be achieved. IIFL does not guarantee any assured returns on the investments recommended herein.

Past performance of securities/ instruments is not indicative of their future performance. IIFL makes no representation/s or warranty/ies, express or implied, as to the accuracy, completeness or reliability of any information compiled herein, and hereby disclaims any liability with regard to the same, including, without limitation, any direct, indirect, incidental or consequential loss. You shall verify the veracity of the information on your own before using the information provided in the document. Investors are requested to review the prospectus carefully and obtain expert professional advice. IIFL group, associate and subsidiary companies are engaged in providing various financial services and for the said services (including the service for acquiring and sourcing the units of the fund) may earn fees or remuneration.

IIFL Group | IIFL Securities Ltd., IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane - 400604. CIN: 99999MH1996PLC132983 Tel.: (91-22)2580 6650. Customer Service: 40071000. Stock Broker SEBI Regn: INZ000164132. NSE: 10975 BSE: 179 MCX: 55995 NCDEX: 01249 Depository: INDP1852016. MF Distributor ARN: 47791. PMS SEBI Regn.: INP000002213. Investment Adviser SEBI Regn. INA00000623. Research Analyst SEBI Regn: INH000000248. Loan products are offered by IIFL Finance Ltd. & IIFL Home Finance Ltd. Kindly refer to www.indiainfoline.com for detailed disclaimer and risk factors.