



# BLAZING PICKS

FREQUENCY	ALLOCATION	DURATION	APPROX RETURNS	RISK	MAX OPEN CALLS
Every Monday	20% of capital on every call	3 months	15-20%	<10%	5

## SALIENT FEATURES:

- 👍 Allocation based product – 20% of capital on every call
- 👍 For Short to Medium term clients
- 👍 Mid Cap & Large Cap quality stocks
- 👍 Company with growth prospects and compliance free
- 👍 Moderate risk product

## Key Data

NSE / BSE Code	SBILIFE/ 540719
Sector	Insurance
Industry	Insurance
Face value / Book Value (₹ per share)	10 / 74.6
Dividend yield	0.3
52 H/L (₹)	789 / 487
Market Cap. (₹ mn)	777,000
Shares Outstanding (mn)	1,000.0
6M Avg Traded Volume	51,911

## Key Ratios

	Mar15	Mar16	Mar17	Mar18
Book Value	39.74	46.91	54.65	63.74
P/E (x)	0	76	67	56
P/B (x)	0	13.5	11.5	9.8
EBIT Growth (%)	12.75	4.71	11.53	21.54
PAT Growth (%)	10.8	5	10.87	20.5
ROE(%)	22.53	19.87	18.8	19.43

## Earnings Summary

(In ₹ crore)	Mar15	Mar16	Mar17	Mar18
Premium Earned	12,780	15,665	20,852	25,160
Income from investments and other income	23,190	19,119	30,276	33,761
Commissions	604	714	783	1,121
Operating Expenses	1,305	1,458	1,872	2,066
Profit After Tax	698	664	654	1,023
Adj. EPS (Rs.')	8.2	8.61	9.55	11.5

## SBI Life Insurance Co. Ltd.

CMP: 777

- ▶ The company was incorporated at Mumbai on October 11, 2000 as SBI Life Insurance Company Limited, a public limited company under the Companies Act, 1956 and received a certificate of commencement of business on November 20, 2000. The company is India's largest private life insurer, in terms of New Business Premium generated in each fiscal year, since Fiscal 2010.
- ▶ The company was established as a joint venture between the State Bank and BNPPC. State Bank is India's largest commercial bank. BNPPC, an insurance subsidiary of BNP Paribas, with operations across 36 jurisdictions internationally, is among the leading credit life insurance businesses globally. BNP Paribas is in top 10 global financial institution in terms of revenue. SBI Life has product a portfolio of 37 individual and group products, including a range of protection and savings products to address the insurance needs of diverse customer segments.
- ▶ The company has developed a multi-channel distribution network comprising bank branches of SBI and its associated banks, individual agent network (93,849 agents) and other distribution channels including direct sales and sales through corporate agents, brokers, insurance marketing firms and other intermediaries.
- ▶ **Strong growth:** SBI Life's individual APE growth was strong at 25 percent YoY in June 2019. SBI Life had moderated its overall growth momentum in 9MFY19 due to its focus on productivity and protection business. The overall business momentum picked up since December 2018 with 25-45 percent YoY growth in individual APE
- ▶ **Strong under-writing that leads to lower claims and higher profitability:** Like in the credit industry, appraisal of the potential customer (policyholder) is also important since selling a life insurance product without pricing it appropriately (setting the premium) will come back and hit the insurer in the form of higher than manageable claims, crimping profitability.
- ▶ **Valuations:** The stock is trading at a valuations of 58.5x P/E FY18. We recommend **buy on SBI Life Insurance Company.** with a price target of **Rs. 900.**

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