

19 February 2025

India | Equity Research | Results update

## Life Insurance Corporation of India

Life Insurance

### Strategic execution remains on track for product, channel and margin improvements; deep discount to EV makes risk-reward favourable

LIC has performed well with 9MFY25 VNB growth of 9.1% and H1FY25 EV growth of 24% YoY. Strategic initiatives have tracked well consistently in terms of pushing its product mix towards non-participating (28% of individual APE in 9MFY25 vs 18% in FY24 and 9% in FY23) and revision in pricing/product strategy to maximise value for all stakeholders with changes like hike in surrender value. There is expansion in non-agency distribution channels (5.3% of individual NBP in 9MFY25 vs 3.9%/4% in FY23/24), focus on agency (total number of agents stands at 1.4mn as of Dec'24, 3.3% YoY growth) and improvement in digital initiatives (DIVE/Jeevan Samarth). We believe product mix-driven possible rise in VNB margin is achievable and underappreciated by the market.

Going ahead, management remains confident of growth (both par/non-par), recovering persistency via internal measures while underlining scope for further improvement in margins. Deeply discounted valuation (near ~0.5x P/EV basis FY27E factoring no economic variance between FY25-27) is unwarranted. Near term risk includes any protracted weakness in overall volumes as agents adjust to revised commission structure under higher surrender charge regime (14.4% growth in weighted individual APE in H1FY25 but only 3% growth in 10MFY25).

### Maintain BUY; TP at INR 1,040 (earlier INR 1,193)

Our valuations are based on 0.7x (earlier 0.8x) FY27E EV of INR 9.4trn. We have reduced our multiple to adequately reflect the risk of EV sensitivity to market movement and a lower core RoEV profile (compared to peers) on a high base. We estimate 1%/8%/7% change in weighted APE (0.3% in 10MFY25), VNB margin of ~17-18% (16.8%/17.1% in FY24/9MFY25) and unwinding of ~8.5% (FY24:9%) for FY25/26E/27E. We expect core RoEV at ~10% for FY25E/26E/27E (vs 11.5% in FY24).

Further improvement in VNB margin and tailwinds in investment returns could lead to a positive surprise ahead. Possibility of Covid-like events, which impact distribution partners, investment portfolio and increase in death claims pose downside risks. Interest rate fluctuations and equity movements may affect LIC's profitability. Basis FY24 sensitivity, LIC's embedded value declines by 7.2% (vs 7.0% in FY23) with 10% drop in equity levels and by 0.4% (vs 0.2% as on Mar'23) with 100bps increase in reference rates.

### Financial Summary

Y/E March (INR bn)	FY24A	FY25E	FY26E	FY27E
APE	570	575	621	665
Embedded Value	7,274	7,952	8,644	9,393
New value business	96	98	109	120
VNB margin (%)	16.8	17.1	17.6	18.1
P/EV (x)	0.7	0.6	0.6	0.5
RoEV (%)	24.9	9.3	8.7	8.7
Core RoEV (%)	11.5	10.3	9.7	9.7

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#### Market Data

Market Cap (INR)	4,800bn
Market Cap (USD)	55,201mn
Bloomberg Code	LICI IN EQUITY
Reuters Code	LI FI.BO
52-week Range (INR)	1,222 /745
Free Float (%)	3.0
ADTV-3M (mn) (USD)	14.4

Price Performance (%)	3m	6m	12m
Absolute	(15.8)	(28.2)	(27.0)
Relative to Sensex	(14.1)	(22.7)	(31.9)

ESG Score	2023	2024	Change
ESG score	65.4	66.0	0.6
Environment	41.1	41.9	0.8
Social	65.6	66.4	0.8
Governance	77.7	77.4	(0.3)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

#### Previous Reports

10-11-2024: [Q2FY25 results review](#)

10-08-2024: [Q1FY25 results review](#)

## Strategy remains to grow profitable market share. Margin improvement with product mix has been strong

- **Diversify product mix- enhancing non-par share within individual business.** Individual non-par mix has increased from 7.1%/8.9%/18.3% in FY22/FY23/FY24 to 27.7% in 9MFY25.
- **Launch of new products to plug any gap in portfolio** is based not only on customer but also channel needs. LIC launched seven new products (Money Back - 1, Pension - 1, Endowment - 3, Term - 2) in FY23 and six new non-par products (Dhan Vriddhi, Jeevan Kiran, Jeevan Utsav, Jeevan Dhara, Index Plus, Amritbaal) in FY24. It also modified four plans (Cancer Cover, Dhan Vriddhi, Jeevan Akshay-VII, Jeevan Shanti) in FY24. In H1FY25, it launched term and credit life products for individual and group segments. LIC Yuva Term product will provide financial protection to insured's family and LIC Yuva Credit Life plan will cover loan liabilities like housing/education/vehicle for providing safety net against loan repayments to the insured's family. Both these products are available online as well as offline. In Feb'25, it has launched "LIC's Smart Pension", a non-par, non-linked individual/group immediate annuity plan.
- **Enhance readiness of organisation to respond proactively to potential regulatory changes:** Post surrender value regulations in Oct'24, LIC had launched 38 new products in compliance with the IRDAI regulation. As of Dec'24, its product portfolio now includes 38 products, comprising 24 individual products (10 par and 14 non-par), 8 group products, 5 individual riders and 1 group rider. LIC is working on launching more new products and has filed certain designs and will add that to agency force. Focus is on launching more blockbuster products like Jeevan Utsav (non-par).
- **Focus on digital transformation-** Increased digital processes all across to drive higher efficiency. More than 0.8mn/1.16mn policies were issued in FY23/24 and 1.2mn in 9MFY25 via Atma Nirbhar Agent App (ANANDA). Number of agents activated on app was 0.16mn/0.22mn in FY23/FY24 and 0.22mn in 9MFY25. LIC's ANANDA is now integrated with WhatsApp. Website registered customers increased from 19.5mn/21.6mn in FY22/23 to 24.1mn in FY24.
- **Maintain focus on agency channel while developing banca and alternate channel mix-** Banca and alternate channel mix improved (2.9%/3.85%/3.99% in FY22/FY23/FY24 to 5.32% in 9MFY25). Individual NBP collected by banca/alternate channel grew 31.1% YoY in 9MFY25.
- **Focus on investment yield maximisation while balancing risk-** Yield on investment (policyholders fund) was 8.82% (vs 9.14% in 9MFY24) and yield on investment (shareholders fund) was 6.94% in 9MFY25 (vs 7.9% in 9MFY24).
- **Focus on enhancing market share – across categories.**

## Growth in individual non-par savings APE is a consistent trend

For 9MFY25, LIC has reported total APE growth of 6.1% YoY, supported by group (8.8% YoY) and individual business (4.7% YoY). However, in Q3FY25, APE declined by 24.4% YoY, split between individual/group APE decline of 27.3/18.5% respectively. As per management, after regulation change and new product launches, it takes some time for agents to understand the products which creates a temporary impact on growth. However, Jan'24 numbers has also been weak, with decline of 27% YoY.

For 9MFY25, within individual APE, par business declined by 11.9% YoY to INR 178bn, while non-par business reported strong growth of 106.5% YoY to INR 68.1bn. At product level, savings/ULIPs/annuity/protection grew by 118%/210%/24%/17% YoY,

respectively. In overall APE mix, share of individual (64.8%) and group business (35.2%) remained stable YoY in 9MFY25. Individual non-par APE mix increased from 9% in 9MFY24 to 18% in 9MFY25 while individual par APE mix declined to 46.9% in 9MFY25 (vs 56.5% in 9MFY24).

### **VNB margin improved QoQ in line with product mix**

- 9MFY25 VNB was INR 64.8bn reporting growth of 9.1% YoY while 9MFY24 VNB margin expanded 46bps YoY to 17.1%.
- For Q3FY25, VNB stood at INR 19.3bn decline of 26.9% YoY due to lower volumes. Margin declined to 19.4% in Q3FY25 (vs 20% in Q3FY24) despite better non-par mix. VNB margin improved 149bps QoQ (19.4% in Q3FY25 vs 17.9% in Q2FY25).
- Group VNB declined 27.8%/12.8% YoY in Q3FY25/9MFY25 to INR 4.3bn/15.4bn, while individual VNB declined 26.6%YoY in Q3FY25 but grew 18.3% YoY in 9MFY25.
- Non-par margin has moved from 76%/64% in Q3/9MFY24 to 46%/44% in Q3/9MFY25. This was due to higher UL business, lower reference rates and competitive pricing. Par margin has witnessed improvement (13%/10.8% in Q3/9MFY25 vs 10.1%/10.3% in Q3/9MFY24). Group VNB margin has declined to 12.2%/11.5% in Q3/9MFY24 from 13.8%/14.3% in Q3/9MFY24 (refer Exhibits 5-8).
- On VNB walk from 9MFY24 to 9MFY25, VNB margin expansion was a result of positive impact from business mix (+240bps) and impact of operating variance (+20bps), offset by negative impact of economic assumption (-210bps) (refer Exhibit 4).

### **New products in pipeline; adjustment to revised norms of surrender value may boost growth ahead; there is further scope of improvement in margins**

LIC added almost 50 products including riders (5 individual and 1 group rider) and has filed more products, which are subject to consideration. This is a continuous strategy to add to the product line so that increasing customer, distribution and marketing needs are met. As such, these new products coupled better understanding about surrender charge-related changes should help boost growth ahead. Company is confident of launching more blockbuster products which should help non-par segment to grow further.

### **Company has worked on product designs to ensure margin and persistency – becomes relevant post hike in surrender charges**

Company has incorporated requisite changes in product contours to maintain margin and balance all stakeholder returns post hike in surrender charges with an ultimate focus on ensuring profitability as well as persistency of products. The company had a revision in premium rates in select products, revision in commission rates as well as revision in minimum ticket sizes in select products to improve persistency. It also adjusted the target age bands for these products for better results. Based on these changes, despite lowering of risk-free rate RFR and increase in surrender charges, company experienced an improvement in margins. It will see the results of these initiatives ahead and will balance bonus/commission payouts to maintain stakeholder returns (could be more if results are positive) at all times.

### **Persistency declined across cohorts on premium basis and on policy basis (except 25<sup>th</sup> month); better persistency is a business focus area**

Premium basis: 9MFY25 13<sup>th</sup>/25<sup>th</sup>/37<sup>th</sup>/49<sup>th</sup>/61<sup>st</sup> month persistency ratio moved to 78.0%/71.9%/67.3%/64.9%/62.4% as against 76.7%/71.7%/67.1%/63.4%/61.8% in 9MFY24.

Policy basis: 25<sup>th</sup> month persistency stood at 60.1% against 58.6% in 9MFY24. 13<sup>th</sup>/37<sup>th</sup>/49<sup>th</sup>/61<sup>st</sup> month persistency dipped from 67.2%/54.8%/52%/50.2% in 9MFY24 to 66.5%/53.8%/51.2%/49.2% in 9MFY25.

Improvement in persistency is a strategic focus area for the company. Along with new product launches, the corporation had reviewed and modified products to improve persistency as well as profitability. In new products launched in Oct'24, LIC reviewed lower ticket-sized products and withdrew some products with lower persistency. It has put extra rewards for policies with high ticket size or longer duration. On operational level also, many things have been looked into to address the issue of persistency. LIC remains confident of improvement as intermediaries get used to higher/appropriate ticket size from point of view of persistency and customer offerings.

### **Agency continues to be the dominating channel**

LIC's agency count increased from 1.37mn (as on Dec'23) to 1.42mn (as on Dec'24), growth of ~3% YoY. Agency channel's individual NBP contribution slightly declined but accounts 94.7% of total individual NBP in the channel mix. LIC had a dominant market share of 47.4% of total individual agents as of Dec'24. Nearly 62% of its agents are below the age group of 50 years, 54% have a vintage of more than 5 years and 40% are from rural areas.

### **Company-level projects may improve business results**

DIVE (Digital Innovation & Value Enhancement) and Jeevan Samarth initiatives led by Boston Consulting Group and AT Kearney, respectively, are progressing well. These initiatives are aimed at driving digital transformation, enhancing customer experience and agency transformation. LIC expects these initiatives to have a significant impact on business and help improve operations.

### **LIC has also launched new marketing initiatives – empowering women through Bima Sakhi Yojana. This underlines the positive social impact of agency**

*Bima Sakhi Yojana/Mahila Career Agent Scheme* was launched by Prime Minister Narendra Modi on 9 Dec'24, which is a step towards Viksit Bharat through empowerment of women. LIC is associated by including women as partners by providing them with opportunity of becoming Bima Sakhi and thus becoming self-reliant. The Bima Sakhi scheme has been received by the nation with great enthusiasm. Till date more than 1,25,000 women have been registered out of which more than 70,000 Bima Sakhis have been appointed.

### **LIC is not supportive to the idea of open architecture in case of agency**

It takes efforts to develop any captive distribution channel with a lot of time, energy, cost and everything. So, if one suddenly allows captive agency channel to work for others, results could be sub optimal. The overall growth of the industry will also be impacted because if one agent works for all other companies, the companies themselves may not be interested to recruit because recruitment and training involves a lot of cost. Even if it is implemented, LIC is ready because it considers agency profession like a full-time job. Agents not only get commission but also other things like gratuity, group insurance, advances, loans for vehicle, housing and other benefits. If open architecture comes in agency, LIC will need a recalibrated approach towards agency.

## FRA initiative will keep a check on sensitivity to interest rate movement

For non-par hedging strategies, LIC has policies and processes in place. Hedging will not help in improving margins, but allows to have better certainty when pricing the product. LIC has started the journey of entering into FRA and expects to increase the same in FY26 and definitely going forward.

## Other highlights

- Overall, expense ratio saw improvement of 201bps/231bps YoY to 13.5%/13% in Q3/9MFY25. Commission ratio saw improvement of 32bps to 5.2% (vs 5.5% in 9MFY24). Solvency ratio stood at 2.02x as on Dec'24 vs 1.93x as on Dec'23.
- AUM as on Dec'24 stood at INR 54.8trn (vs INR 49.7trn in Dec'23), growth of 10.3% YoY.

## Risks

Possibility of Covid-like events, which impact distribution partners, investment portfolio and increase in death claims pose downside risks. Interest rate fluctuations and equity movements may affect LIC's profitability. Basis H1FY25 sensitivity, LIC's embedded value is likely to decline by 7.2% (vs 7.0%/7.25 in FY23/FY24) with 10% drop in equity levels and by 0.5% (vs 0.2%/0.4% as on Mar'23/Mar'24) with 100bps increase in reference rates.

**Exhibit 1: Q3FY25 result review**

Particulars (INR bn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Premiums earned – net	988	1,079	1,174	1,528	1,142	1,203	1,073	-9%	-11%
Income from Investments	908	943	956	848	965	1,093	949	-1%	-13%
Other Income	1	3	2	142	10	7	8	371%	5%
<b>Total</b>	<b>1,896</b>	<b>2,024</b>	<b>2,132</b>	<b>2,518</b>	<b>2,117</b>	<b>2,304</b>	<b>2,029</b>	<b>-5%</b>	<b>-12%</b>
Commission	52	61	65	83	51	66	60	-8%	-9%
Other Operating expenses	76	125	117	165	85	98	85	-27%	-13%
Provisions	-12	11	13	18	15	2	20	53%	739%
Goods and Services Tax on ULIP Charges	0	0	0	1	0	1	1	72%	2%
<b>Total</b>	<b>116</b>	<b>197</b>	<b>196</b>	<b>267</b>	<b>151</b>	<b>167</b>	<b>166</b>	<b>-15%</b>	<b>-1%</b>
Benefits Paid (Net)	754	839	972	1,361	832	981	965	-1%	-2%
Interim Bonuses Paid	-	-	-	-	-	-	-	na	Na
Change in valuation of liability in respect of life policies	964	914	878	762	1,024	1,083	789	-10%	-27%
<b>Total</b>	<b>1,718</b>	<b>1,754</b>	<b>1,850</b>	<b>2,123</b>	<b>1,856</b>	<b>2,064</b>	<b>1,755</b>	<b>-5%</b>	<b>-15%</b>
Surplus	62.7	73.5	85.2	128.4	109.8	73.5	109.0	28%	48%
Amount transferred from Shareholders' Account (Non-technical Account)	-	-	-	-	-	-	-	na	Na
<b>Amount available for appropriation</b>	<b>63</b>	<b>74</b>	<b>85</b>	<b>128</b>	<b>110</b>	<b>73</b>	<b>109</b>	<b>28%</b>	<b>48%</b>
Amounts transferred from the Policyholders Account (Technical Account)	91	73	85	128	108	73	108	28%	48%
Income from Investments	6	9	11	11	12	15	16	49%	8%
Total Income	97	82	96	139	120	88	125	31%	41%
Expense other than those directly related to the insurance business	0	0	0	3	3	1	4	1850%	640%
Contribution to Policyholders' A/c	-	-	-	-	-	-	-	na	na
Amount Transferred to Policyholders' Account	0	0	-0	0	13	11	11	na	na
Provisions	0	1	0	-0	0	-0	0	-48%	-126%
Total Expenses	0	1	0	3	15	11	15	18640%	34%
Profit before tax	97	81	96	136	105	77	110	15%	42%
Provision for Taxation	1	1	1	-1	0	0	0	-84%	52%
<b>Profit / (Loss) after tax</b>	<b>96</b>	<b>80</b>	<b>95</b>	<b>137</b>	<b>105</b>	<b>77</b>	<b>110</b>	<b>16%</b>	<b>42%</b>

Source: I-Sec research, Company data

**Exhibit 2: VNB and VNB margin trend**

LIC VNB margin calculation (INR bn)	Q1FY24	Q2FY24	Q3FY24	9MFY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	9MFY25
Total APE	95.3	131.0	131.6	357.9	211.8	115.6	164.7	99.5	379.8
Value of New Business (Net)	13.0	20.0	26.3	59.4	36.5	16.1	29.4	19.3	64.8
<b>VNB Margin (Net)</b>	<b>13.7%</b>	<b>15.3%</b>	<b>20.0%</b>	<b>16.6%</b>	<b>17.2%</b>	<b>13.9%</b>	<b>17.9%</b>	<b>19.4%</b>	<b>17.1%</b>

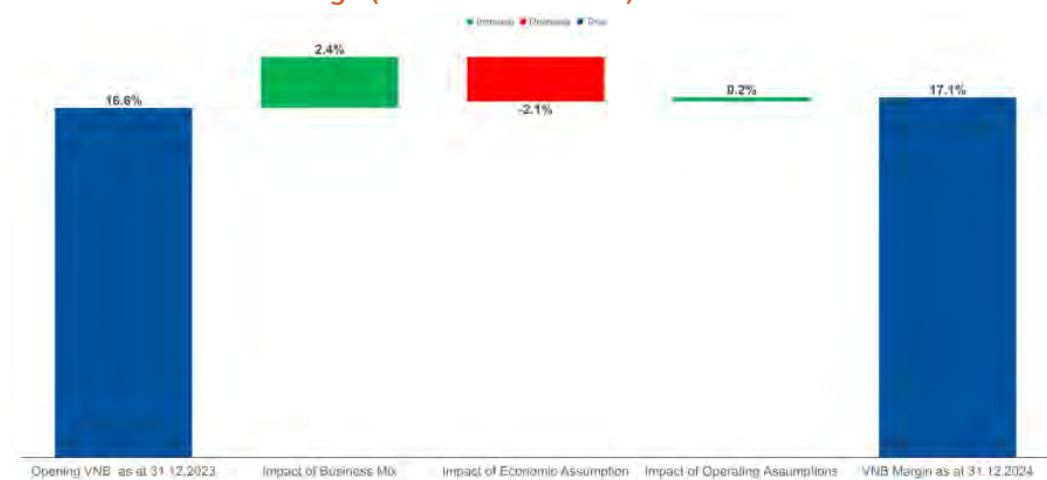
Source: I-Sec research, Company data



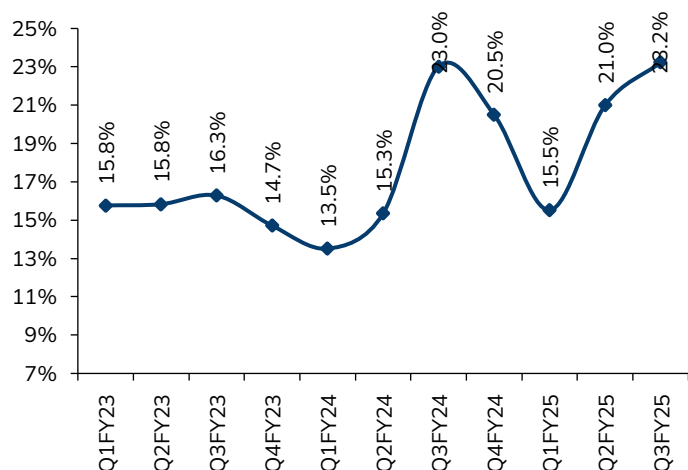
**Exhibit 3: LIC's valuation**

INR bn	FY24	FY25E	FY26E	FY27E
APE	570	575	621	665
APE growth (%)	1%	1.0%	8%	7%
VNB	96	98	109	120
VNB Margin (%)	16.82%	17.1%	17.6%	18.1%
Unwind rate (%)	9.0%	8.5%	8.3%	8.3%
Opening IEV (A)	5,823	7,274	7,952	8,644
VNB added during the year (B)	96	98	109	120
Unwind (C)	522	618	660	717
Expected return on existing business at reference (C)	419			
Expected excess 'real-world' return over reference (D)	103	618	660	717
Expected transfers from VIF and RC to FS (E)				
Variances in operating experience (D)	-11	-	-	-
Persistency (F)	7			
Mortality (G)	3			
Expenses (H)	-21			
Newly modelled parts (E)	-	-	-	-
Others (F)	15			
Change in operating assumptions (G)	48	30	-	-
IEV operating earnings (H = B + C + D + E + F)	670	747	769	838
Economic variances (I)	955	-	-	-
Change in economic assumptions (J)				
IEV total earnings (K = G + H + I)	1,624	747	769	838
Capital contributions (1) / (dividends paid out) (L)	-173	-68	-77	-86
Closing IEV (M= A + K + L)	7,274	7,952	8,644	9,396
P/EV multiple				0.70
Target Market cap				6,577
<b>Target price</b>				<b>1,040</b>
<b>CMP</b>				<b>759</b>

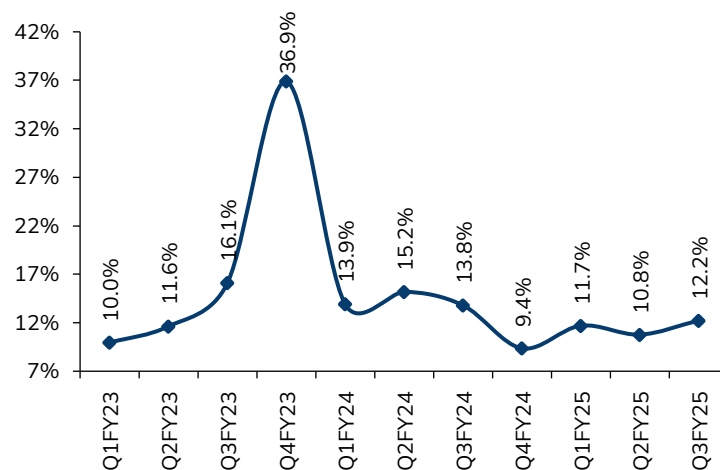
Source: I-Sec research, Company data

**Exhibit 4: VNB walkthrough (9MFY24 to 9MFY25)**

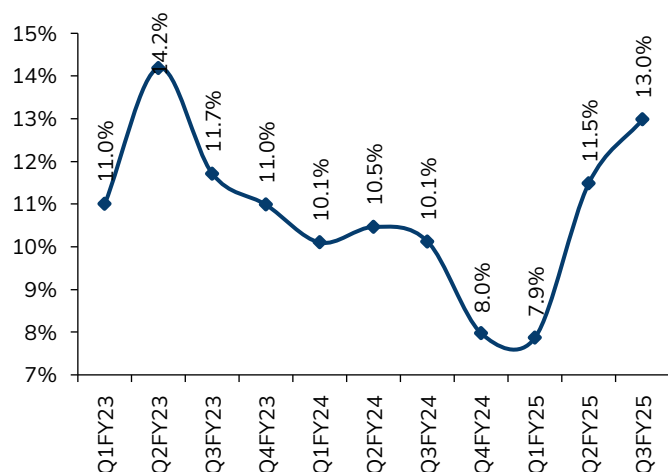
Source: I-Sec research, Company data

**Exhibit 5: Individual business- net VNB margin trend**

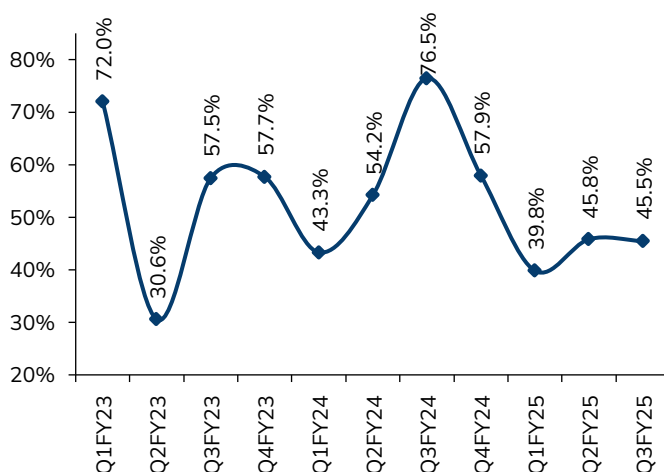
Source: I-Sec research, Company data

**Exhibit 6: Group business- net VNB margin trend**

Source: I-Sec research, Company data

**Exhibit 7: Individual par business- net VNB margin trend**

Source: I-Sec research, Company data

**Exhibit 8: Individual non-par business- net VNB margin trend**

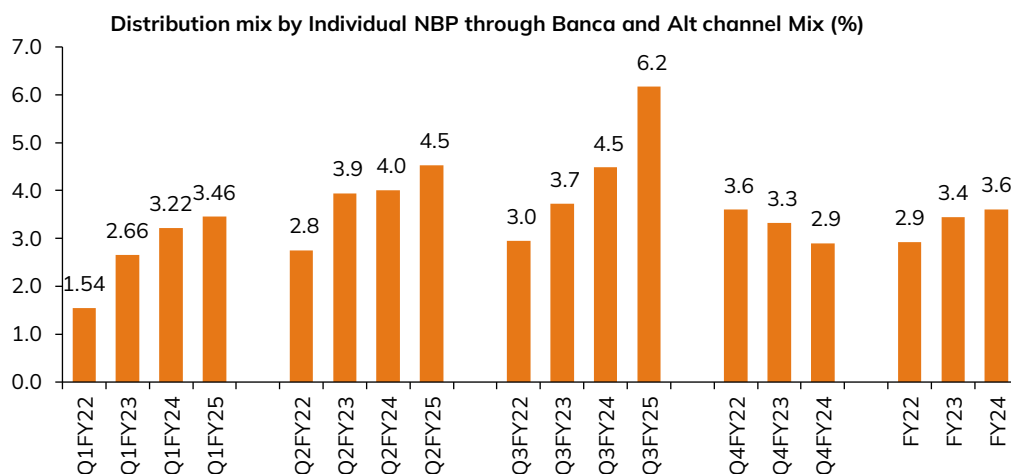
Source: I-Sec research, Company data

**Exhibit 9: Share of non-par savings is improving**

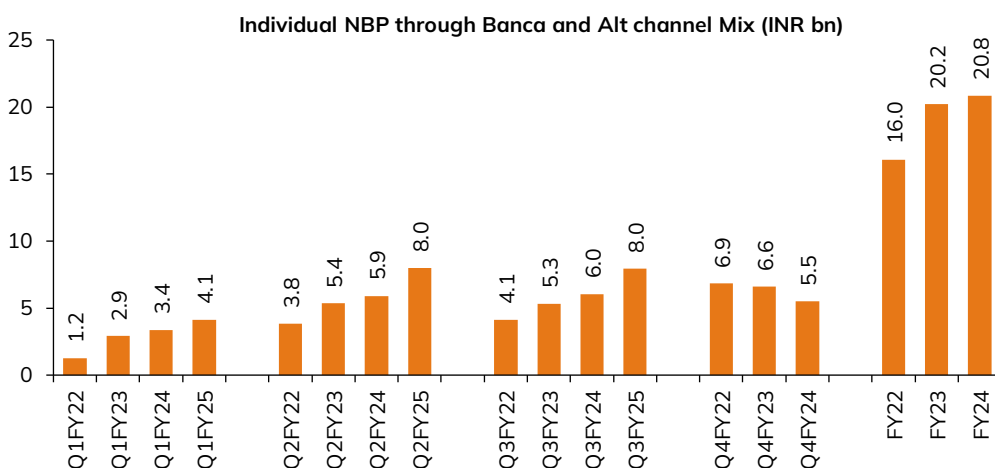
APE (INR bn)	9MFY24	Mix (%)	9MFY25	Mix (%)	YoY growth (%)
Par	202.0	56.5%	178.0	46.9%	-11.9%
Non-par	33.0	9.2%	68.1	17.9%	106.5%
Savings	14.5	4.0%	31.6	8.3%	118.2%
Protection	1.3	0.4%	1.5	0.4%	17.3%
Annuity	9.9	2.8%	12.3	3.2%	23.9%
ULIP	7.3	2.0%	22.8	6.0%	210.8%
Individual APE	235.0	65.7%	246.1	64.8%	4.7%
Group APE	122.9	34.3%	133.6	35.2%	8.8%
Total APE	357.9	100.0%	379.8	100.0%	6.1%

Source: I-Sec research, Company data

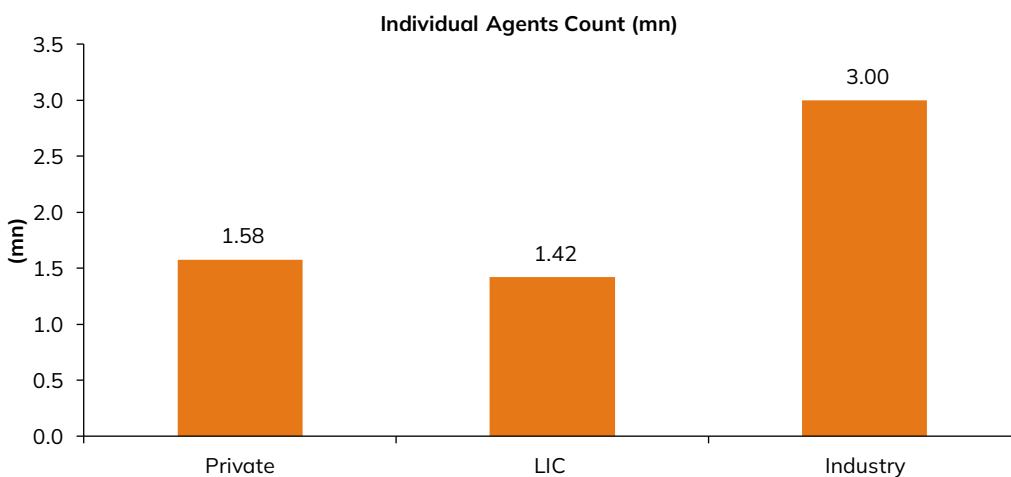


**Exhibit 10: Individual NBP banca and alternate channel mix improved YoY**

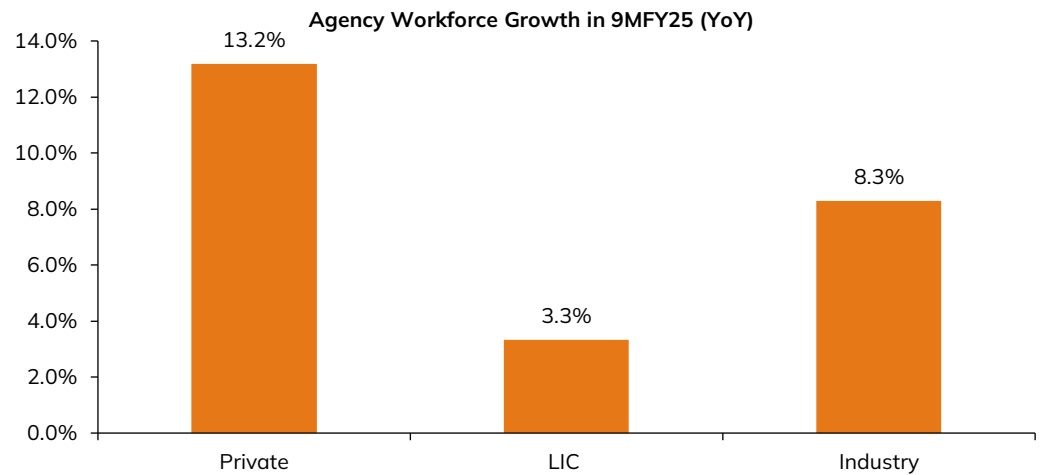
Source: Company data, I-Sec research

**Exhibit 11: Individual banca NBP on rise**

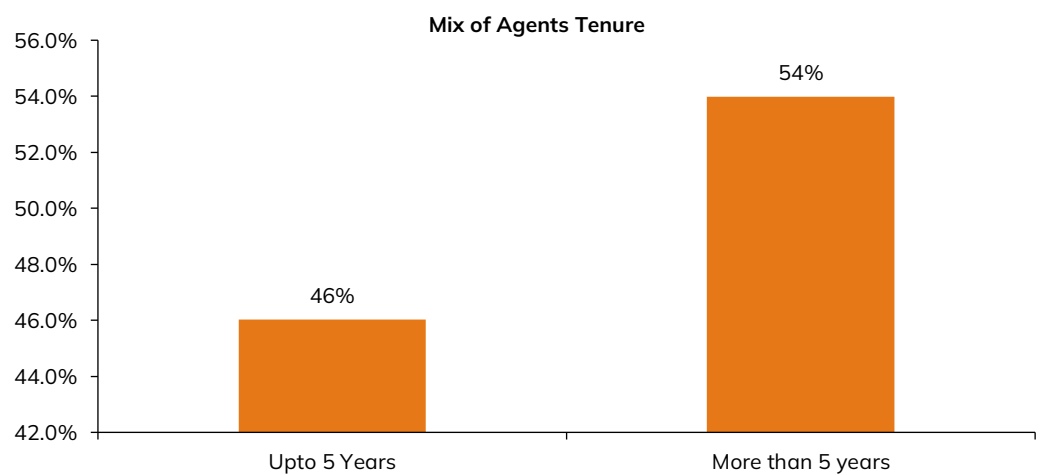
Source: Company data, I-Sec research

**Exhibit 12: LIC continues to dominate market share, in terms of agents (as on Dec'24)**

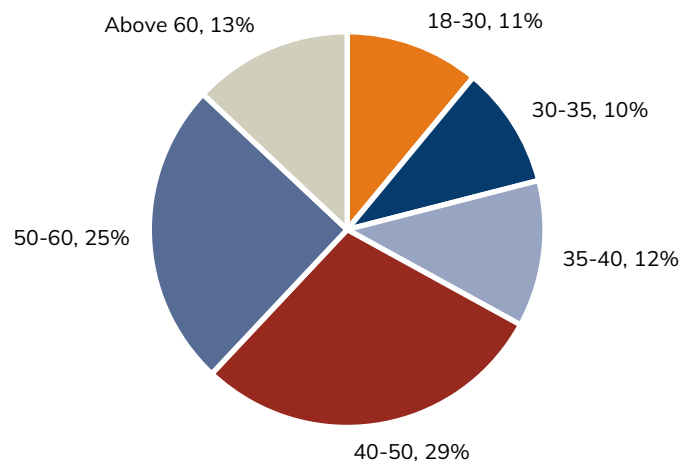
Source: Company data, I-Sec research

**Exhibit 13: LIC's growth in agency workforce compared to private peers**

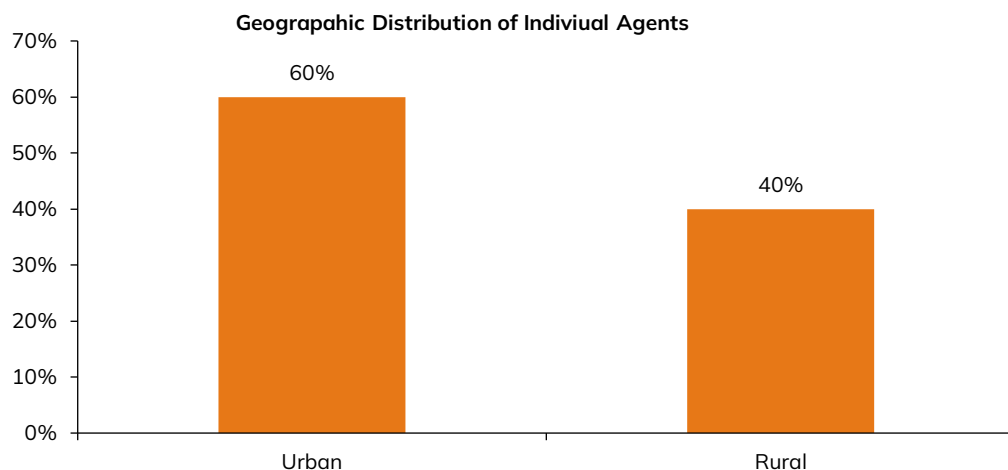
Source: Company data, I-Sec research

**Exhibit 14: Vintage-wise, 54% of agency force has been with LIC for more than five years as of 9MFY25...**

Source: Company data, I-Sec research

**Exhibit 15: ...with 62% of agents in the age group of below 50 years**

Source: Company data, I-Sec research

**Exhibit 16: LIC also has strong rural footprint in terms of agent mix**

Source: Company data, I-Sec research

**Exhibit 17: LIC undertakes continuous training for its agents**

Source: Company data, I-Sec research

**Exhibit 18: Shareholding pattern**

%	Jun'24	Sep'24	Dec'24
Promoters	96.5	96.5	96.5
Institutional investors	1.1	1.3	1.3
MFs and others	0.8	1.0	1.1
FIs/Banks	0.1	0.1	0.1
FIIIs	0.2	0.2	0.1
Others	2.4	2.2	2.2

Source: Bloomberg

**Exhibit 19: Price chart**

Source: Bloomberg

## Financial Summary

### Exhibit 20: Technical Account

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Gross Premiums	47,75,211	48,25,103	51,86,760	56,01,701
Reinsurance Ceded	(6,898)	(6,970)	(7,493)	(8,092)
Net Premiums	47,68,312	48,18,133	51,79,268	55,93,609
Income from Investments	36,54,104	37,44,846	36,85,548	38,81,114
Other Income	1,47,089	1,54,444	1,62,166	1,70,274
<b>Total income</b>	<b>85,69,505</b>	<b>87,17,422</b>	<b>90,26,981</b>	<b>96,44,997</b>
Commission	2,60,637	2,63,360	2,83,099	3,05,747
Operating expenses	4,82,927	4,87,973	5,24,548	5,66,512
<b>Total commission and opex</b>	<b>7,43,564</b>	<b>7,51,333</b>	<b>8,07,648</b>	<b>8,72,259</b>
Benefits Paid (Net)+ bonus	39,26,015	38,93,051	41,69,310	45,02,855
Chg in reserves	-	-	-	-
<b>Total expenses</b>	<b>81,87,984</b>	<b>82,35,102</b>	<b>84,58,546</b>	<b>90,07,386</b>
Prov for doubtful debts	(10,115)	(2,000)	(2,000)	(2,000)
<b>PBT</b>	<b>3,91,637</b>	<b>4,84,321</b>	<b>5,70,435</b>	<b>6,39,611</b>
Surplus / Deficit before tax	-	-	-	-
Tax (incl. Service Tax & GST)	41,726	61,902	63,811	68,001
Prov for Tax	40,383	60,558	62,467	66,657
<b>Surplus / Deficit</b>	<b>3,49,910</b>	<b>4,22,419</b>	<b>5,06,624</b>	<b>5,71,610</b>

Source Company data, I-Sec research

### Exhibit 21: Shareholder's Account

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Transfer from technical a/c	3,76,486	4,97,861	5,61,034	6,39,449
Income From Investments	37,248	-	-	-
<b>Total Income</b>	<b>4,15,250</b>	<b>4,97,861</b>	<b>5,61,034</b>	<b>6,39,449</b>
Other expenses	3,349	43,047	43,047	43,047
Contribution to P/H A/C	449	-	-	-
Total Expenses	3,798	43,047	43,047	43,047
<b>PBT</b>	<b>4,11,453</b>	<b>4,54,814</b>	<b>5,17,987</b>	<b>5,96,402</b>
Prov for Tax	(1,408)	(1,559)	(1,776)	(2,045)
<b>PAT</b>	<b>4,10,045</b>	<b>4,53,255</b>	<b>5,16,211</b>	<b>5,94,357</b>

Source Company data, I-Sec research

### Exhibit 22: Balance Sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Share Capital	63,250	63,250	63,250	63,250
Reserves And Surplus	7,67,668	11,51,407	15,90,187	20,95,390
<b>Shareholders' Fund</b>	<b>8,28,996</b>	<b>12,14,657</b>	<b>16,53,437</b>	<b>21,58,640</b>
Policy Liabilities	5,16,81,380	5,05,92,364	5,27,66,060	5,63,47,124
Prov. for Linked Liab.	4,41,16,200	4,24,61,048	4,40,87,604	4,76,14,600
Funds For Future App.	12,147	12,000	12,000	12,000
Current liabilities & prov.	6,37,950	6,51,389	7,52,080	8,12,247
Borrowings	-	-	-	-
<b>Total</b>	<b>5,25,22,520</b>	<b>5,18,19,024</b>	<b>5,44,31,496</b>	<b>5,85,17,764</b>
Shareholders' investment	6,26,084	7,19,996	8,27,996	9,52,195
Policyholders' investment	4,89,52,388	4,80,34,632	5,05,05,248	5,43,83,388
Assets to cover linked liab.	3,52,810	3,86,008	4,14,941	4,48,136
Loans	12,17,448	12,17,448	12,17,448	12,17,448
Fixed Assets	40,748	42,785	44,924	47,171
Current assets	19,70,993	20,69,543	21,73,020	22,81,671
<b>Total</b>	<b>5,25,22,520</b>	<b>5,18,19,024</b>	<b>5,44,31,496</b>	<b>5,85,17,764</b>

Source Company data, I-Sec research

### Exhibit 23: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Operating Ratios (%)</b>				
Investment yield (%)	8.0	7.6	7.3	7.2
Commissions / GWP	5.5	5.5	5.5	5.5
Operating expenses / GWP	10.1	10.1	10.1	10.1
Total expense / GWP	15.6	15.6	15.6	15.6
Total expense ratio	8.8	9.0	9.3	9.3
Benefits Paid / Total Liability	8.8	9.0	9.3	9.3
<b>Profitability ratios (%)</b>				
VNB margin, basis effective tax rate (%)	16.8	17.1	17.6	18.1
RoE (%)	63.5	44.4	36.0	31.2
Core EVOP(unwind +VNB)	1.6	1.4	1.4	1.4
EVOP as % of IEV	11.5	10.3	9.7	9.7
RoEV (%)	24.9	9.3	8.7	8.7
<b>Valuation ratios</b>				
EPS (INR)	64.8	71.7	81.6	94.0
VNB (INR bn)	95.8	98.4	109.4	120.4
EV (INR bn)	7,273.7	7,952.4	8,644.4	9,393.0
VIF (INR bn)	6,444.7	6,737.7	6,990.9	7,234.4
ANW (INR bn)	829.0	1,214.7	1,653.4	2,158.6
VIF as % of EV	88.6	84.7	80.9	77.0
EV per share (INR)	1,150.0	1,257.3	1,366.7	1,485.1
P/EV (x)	0.7	0.6	0.6	0.5
P/EPS (x)	11.7	10.6	9.3	8.1

Source Company data, I-Sec research

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