

Life Insurance Corporation

 Estimate change 

 TP change 

 Rating change 
CMP: INR682
TP: INR830 (+22%)
BUY

Gradually diversifying its distribution and product mix

VNB margin moderates on a revision in Annuity pricing

- LIC reported a strong traction in 1QFY23 and printed APE of INR102.7b. VNB margin moderated 150bp QoQ to 13.6%, while shareholders' PAT stood at INR6,829m in 1QFY23 v/s INR29m in 1QFY22. Individual NBP grew 36% YoY to INR109.4b in 1QFY23.
- The Individual/Group business constituted 63%/37% of APE. Within the Individual business, the share of PAR products remained stable ~92%. In terms of NBP, the share of PAR products was lower at 70%. Annuity or Pension/ULIPs constituted the bulk of residual with a 23%/5% share. Both these segments saw a strong growth in 1QFY23. We expect the momentum to sustain, led by the introduction of new products.
- The 150bp QoQ moderation in VNB margin was driven by a revision in Annuity rates and a shift in the product mix sold within the Group business. This was offset by a positive impact of an assumption change (up 80bp). The upward revision in the Annuity rate was undertaken to bridge the gap with its peers and gain market share. Within the Group business, LIC sold more fund-based products that are usually a lower margin business.
- We revise our FY23/FY24 VNB margin by ~200bp/~100bp to 14.2%/14.6%, and raise our VNB estimate by 24%/18%. We expect LIC to deliver a 13% CAGR in APE over FY22-24, thus enabling 14% VNB CAGR. However, we expect operating RoEV to remain modest at 12.4%, given its lower margin profile than private peers. **We maintain our Buy rating.**

Plugging the gaps; the share of the banca channel in mix rises 120bp to 2.7%

- LIC reported a 20% YoY growth in net premium, led by a 35%/9% growth in the new/renewal business. PAT stood at INR6,829m in 1QFY23 v/s INR29m in 1QFY22.
- Individual NBP grew 36% YoY to INR109.4b in 1QFY23. The share of PAR products was stable at 70%, while Annuity or Pension/ULIP constituted 23%/5%. The share of Term plans remains low at 0.4%.
- Within the distribution mix, sales (Individual NBP) in the banca channel grew 135% YoY to INR2.9b in 1QFY23. However, this was on a low base. As a result, the share of the banca channel improved 120bp YoY to 2.7%. LIC is committed to driving higher sales in the banca channel, led by an expanded product suite and incremental focus on this channel.
- Growth in the agency channel remains strong (up 35% YoY) and constitutes 97% of the mix. Agents are being continuously trained to sell Non-PAR products. This will play an essential role in driving sales of the same.

Highlights from the management commentary

- LIC continuously increased its market share in CY22.
- It launched two new Non-PAR products in 1QFY23. The management said it will focus on the launch of Non-PAR products only. It also launched a channel-specific product for the first time.



Bloomberg	LICI IN
Equity Shares (m)	6,325
M.Cap.(INRb)/(USD\$)	4314.6 / 54.2
52-Week Range (INR)	920 / 650
1, 6, 12 Rel. Per (%)	#VALUE!
12M Avg Val (INR M)	3002

Financials & Valuations (INR b)

Y/E MARCH	FY22	FY23E	FY24E
Net Premiums	4,295	4,654	5,015
Surplus / Deficit	57.2	75.7	113.6
Sh. PAT	41.2	74.7	111.5
NBP gr- unwt'd (%)	7.9	14.0	10.0
NBP gr- APE (%)	8.0	13.5	12.6
Premium gr (%)	6.1	8.9	7.8
VNB margin (%)	15.1	14.2	14.6
RoEV (%)	NM	9.1	12.4
Total AUMs (INRt)	39.4	42.4	47.9
VNB	76.2	85.2	98.6
EV per share	856.1	934.0	1,049.4

Valuations

P/EV (x)	0.8	0.7	0.7
P/EVOP (x)	7.7	6.8	6.5

Shareholding pattern (%)

As On	Post-IPO	Mar-22	Dec-21
Promoter	96.5	100.0	100.0
DII	1.2	0.0	0.0
FII	0.2	0.0	0.0
Others	2.1	0.0	0.0

FII Includes depository receipts

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

LICI has all the levers in place to maintain its industry-leading position and ramp up growth in the highly profitable product segments (mainly Protection, Non-PAR, and Savings Annuity). However, changing gears for such a vast organization requires a superior and a well thought out execution. We expect LICI to deliver ~13% CAGR in APE during FY22-24, while VNB margin is likely to improve to 14.6%. However, we estimate operating RoEV to remain modest ~12.4% on a lower margin profile than its private peers. LICI's valuation, at 0.7x FY24E EV, appears reasonable, considering the gradual recovery in margin and diversification in the business mix. **We maintain our Buy rating with an unchanged TP of INR830 (0.8x FY24E EV).**

Quarterly performance**(INR b)**

Policy holder's A/c (INRb)	FY22				FY23	FY22	FY23E
	1Q	2Q	3Q	4Q	1Q		
First year premium	50.9	82.0	87.5	146.1	74.3	366.5	415.0
Growth (%)	-27%	2%	10%	33%	46%	8%	13%
Renewal premium	462.0	549.1	568.2	711.6	502.6	2,290.9	2,391.7
Growth (%)	14%	-1%	3%	5%	9%	5%	4%
Single premium	305.5	413.5	321.9	582.0	408.0	1,622.8	1,852.8
Growth (%)	3%	-5%	-6%	34%	34%	8%	14%
Net premium income	817.2	1,043.3	976.2	1,437.5	983.5	4,274.2	4,653.9
Growth (%)	6%	-3%	1%	18%	20%	6%	8%
PAT	0.0	14.3	2.3	23.7	6.8	40.4	70.9
Growth (%)	7%	NM	NM	-18%	NM	39%	72%
Key metrics (INRb)							
New business APE	NA	NA	NA	NA	102.7	528.8	600.3
Growth (%)	NA	NA	NA	NA	NA	0%	0%
VNB	NA	NA	NA	NA	14.0	76.2	85.2
Growth (%)	NA	NA	NA	NA	NA	83%	12%
AUM (INRt)	38.1	NA	40.1	NA	41.0	42.4	47.9
Growth (%)	NA	NA	NA	NA	8%	8%	13%
Key Ratios (%)							
Key metrics (INRb)							
VNB Margins (%)	NA	NA	NA	NA	13.6	15.1	14.2
Solvency ratio (%)	173.3	183.4	177.0	185.0	188.5	185.0	183.7

E: MOFSL estimates

Quarterly snapshot

Technical a/c, INR b	FY21				FY22				FY23	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net premium income	771.8	1,071.9	968.4	1,216.3	817.2	1,043.3	976.2	1,437.5	983.5	20	-32
First year premium	69.9	80.2	79.6	109.6	50.9	82.0	87.5	146.1	74.3	46	-49
Renewal premium	406.9	557.2	549.9	674.6	462.0	549.1	568.2	711.6	502.6	9	-29
Single premium	295.6	435.0	340.6	433.7	305.5	413.5	321.9	582.0	408.0	34	-30
Investment income	604.6	725.0	783.6	674.4	722.9	765.3	765.7	675.0	695.7	-4	3
Total income (A)	1,377.7	1,798.9	1,753.7	1,891.8	1,541.5	1,809.1	1,745.9	2,114.5	1,688.8	10	-20
Commission paid	37.7	53.4	55.8	74.8	41.9	55.6	56.8	77.4	50.3	20	-35
First year premium	14.1	20.5	22.2	32.9	15.1	22.8	24.0	35.4	20.7	37	-42
Renewal premium	20.6	28.5	29.6	35.5	23.4	28.4	30.4	36.4	25.9	11	-29
Single premium	0.7	2.1	1.6	1.2	0.6	1.3	1.4	1.6	0.9	44	-48
Operating expense	76.8	79.5	101.9	91.7	87.8	100.3	83.4	117.4	93.4	6	-20
Total commission & Opex	114.6	132.8	157.7	166.5	129.7	155.9	140.2	194.8	143.7	11	-26
Benefits paid	475.2	663.3	687.0	1,025.2	644.5	846.0	850.4	1,219.5	686.6	7	-44
Bonus paid	4.6	6.2	7.3	0.0	5.7	8.5	0.0	0.0	0.0	-100	NM
Total Expenses (B)	1,361.4	1,775.1	1,724.1	1,852.7	1,525.8	1,763.3	1,745.3	2,084.8	1,638.5	7	-21
PBT	16.3	23.8	29.6	39.1	15.8	45.8	0.5	29.7	50.3	219	69
Tax	16.3	23.8	29.6	10.2	15.8	31.7	31.7	-0.4	14.0	-11	NM
Surplus/(Deficit)	0.0	0.0	0.0	28.9	0.0	14.1	-31.1	30.1	36.2	NM	20
Shareholder A/c, INRb											
Trf from Policyholder a/c	0.0	0.0	0.0	28.9	0.0	14.1	1.9	22.8	13.6	NM	-41
Investment Income	0.0	0.1	0.0	0.1	0.0	0.4	0.8	0.8	1.5	3,084	81
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA	NA
Total income	0.0	0.1	0.0	29.0	0.0	14.5	2.6	23.6	15.0	32,250	-36
Other expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-18	-15
Amounts trf to P/H account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	8.0	NA	8,380
PBT	0.0	0.1	0.0	29.0	0.0	14.5	2.6	23.5	7.0	15,473	-70
Tax	0.0	0.0	0.0	0.0	0.0	0.1	0.3	-0.2	0.2	1,262	-219
PAT	0.0	0.0	0.0	28.9	0.0	14.3	2.3	23.7	6.8	23,105	-71
Total individual APE	NA	NA	NA	NA	NA	NA	NA	NA	64.5	NA	NA
Total APE	NA	NA	NA	NA	NA	NA	NA	NA	102.7	NA	NA
Key Ratios (%)											
Operating ratios											
Commission (unwtd)	4.9	5.0	5.8	6.1	5.1	5.3	5.8	5.4	5.1	-1	-28
Opex (unwtd)	9.9	7.4	10.5	7.5	10.7	9.6	8.5	8.2	9.5	-125	134
Total Cost	14.8	12.4	16.3	13.7	15.9	14.9	14.3	13.5	14.6	-126	106
Solvency ratio	NA	165	164	176	173	183	177	185	189	1,520	354
Profitability ratios											
VNB margins	NA	NA	NA	NA	NA	NA	NA	NA	13.6	NA	NA
Op. ROEV	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Persistency ratios											
13th Month	NA	80.6	81.2	78.8	72.5	78.8	76.8	75.6	75.8	326	16
25th Month	NA	75.9	75.5	70.0	66.5	70.9	71.7	73.5	67.8	125	-569
37th Month	NA	72.8	72.4	66.9	62.6	67.6	67.8	66.6	64.3	172	-224
49th Month	NA	67.6	68.2	63.1	59.9	64.8	65.0	63.9	60.8	95	-303
61st Month	NA	63.1	63.0	58.8	56.0	60.6	61.9	61.0	59.0	299	-201
Key Metrics (INR b)											
VNB	NA	NA	NA	NA	NA	NA	NA	NA	14.0	NA	NA
EV	NA	NA	NA	956.1	NA	NA	NA	5,414.9	NA	NA	NA
EVOP	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
AUM	NA	NA	NA	NA	38,134	NA	40,121	NA	41,020	8	NA

Note: a) Persistency ratios are on a cumulative basis for six, nine, and 12 months



Highlights from the management commentary

With respect to business performance, product and distribution mix

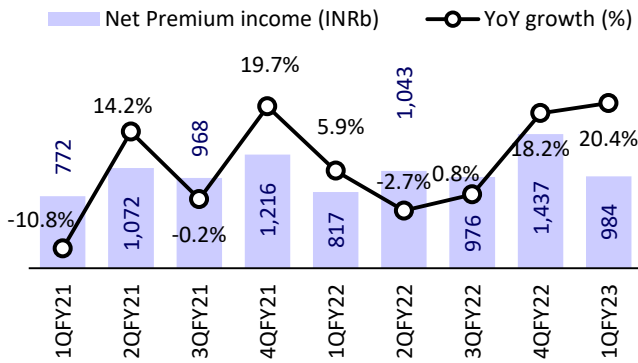
- Continuously increased market share since the beginning of calendar year 2022
- As a result, market share has improved to 44% in Individual business and 76% in Group business
- Renewal book has remained strong during the quarter
- In line with strategy of launching more non-par products, 2 new products were launched. The Corporation also launched 1 new group rider during 1QFY23
- Annuity has been the primary growth driver in non-par
- LICI revised rates in annuity during 1QFY23 to gain market share as there was a divergence in rates offered by LICI compared to competition. Growth in 1QFY23 was >50% YoY
- Protection business has also seen a pick-up – however, base is very low
- LICI will also focus on ULIPs as it is a low capital intensive business
- The contribution of Funds based products were at 33% of overall APE
- Out of INR5b worth sales (APE) of non-par, ~INR1.5b came from ULIPs while the rest comprised of non-par savings
- For the first time, LICI introduced channel specific product, that is, LIC Bima Ratna exclusively for banca channel
- Banca channel grew by 135% YoY on NBP basis (on a low base)
- Agency recruitment has started to pick up; Agents sold 3.5m policies in 1QFY23 as compared to 3.2m in 1QFY22
- LICI has completed system integration with Policy Bazaar and has done a soft launch for marketing its products
- LICI is stepping up efforts to boost persistency ratio
- It is also committed to enhance digital offering and ESG practises
- Sum Assured saw a growth of 61% YoY
- Solvency ratio at 188% is above threshold (150%) and internal limit of 160%
- LICI settled death claims of ~INR51b in 1QFY23 vs. ~INR71b in 1QFY22

With respect to VNB margin

- VNB margin came in at 13.6% (net) in 1QFY23 compared to 15.1% for FY22
- The sequential decline in margin is due to revision of annuity rates and change in group mix (wrote more of funds business which are lower margin)
- In case of any further revision in annuity rate, higher volume of annuity will compensate lower margin
- Focus of LICI will be to ensure value creation for policyholder as well as shareholder
- LICI expect overall margins to claw back as the year progresses

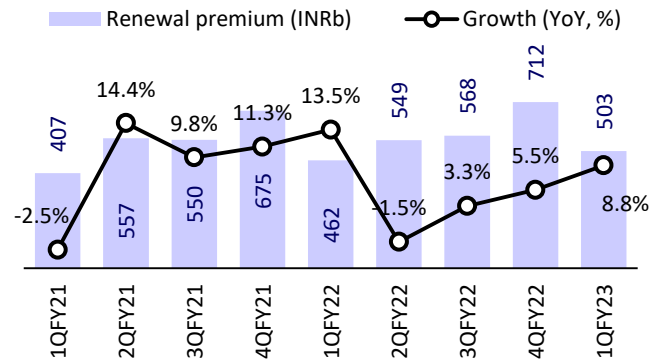
Key exhibits

Exhibit 1: Net premium income grew 20% YoY in 1QFY23



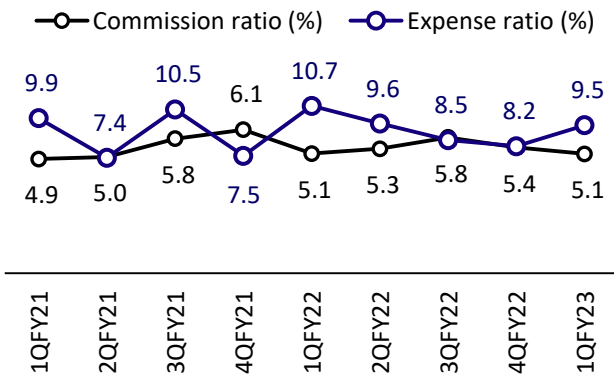
Source: MOFSL, Company

Exhibit 2: Renewal book remained strong with 9% jump in 1Q



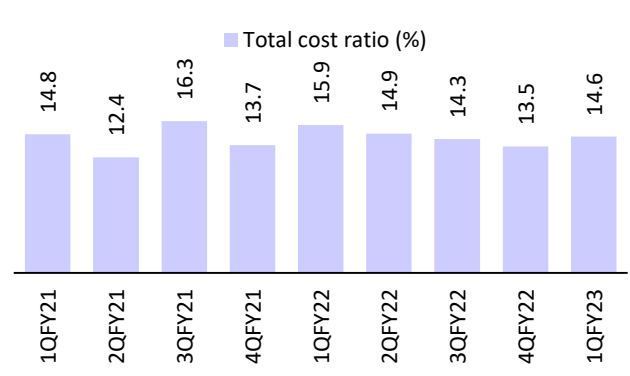
Source: MOFSL, Company

Exhibit 3: Commission ratio moderated; increase in expense ratio



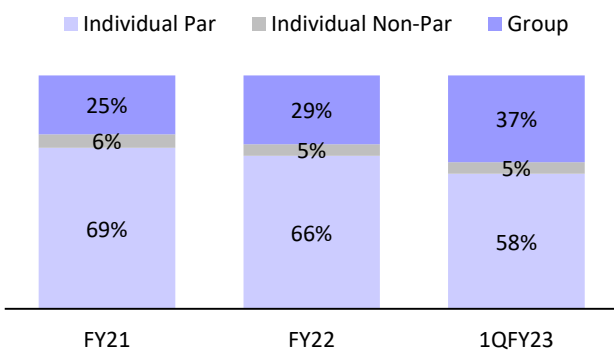
Source: MOFSL, Company

Exhibit 4: Total cost ratio inched up marginally QoQ to 14.6%



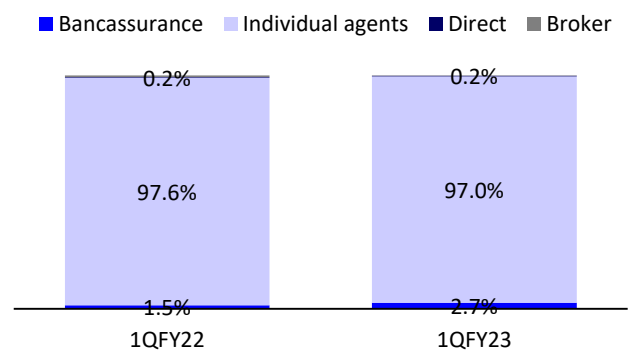
Source: MOFSL, Company

Exhibit 5: Individual forms 63% of total APE in 1QFY23; 92% of individual APE comes from par products



Source: MOFSL, Company

Exhibit 6: Share of banca has doubled in mix to 2.7% in 1QFY23; Incremental focus and expanded product suite to further drive this



Source: MOFSL, Company; Distribution mix based on individual NBP

Valuation and view

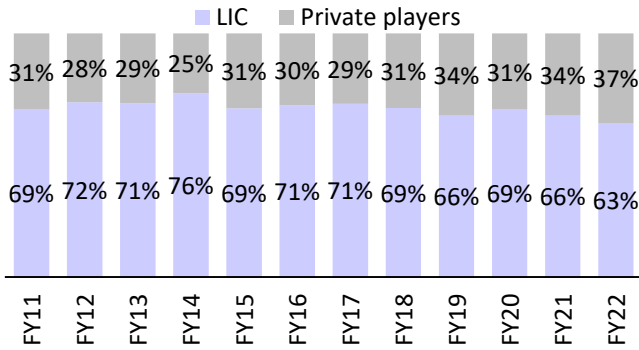
- We expect margins of LIC to rise aided by improving mix of non-PAR and higher profit retention for shareholders. Retention will increase to 10% in PAR business by FY25E from 5% earlier, besides retaining the complete profits in non-PAR business.
- A large EV base, however, reduces the significance of incremental build-up of new book as it is always going to be a marginal contribution. Therefore, even

significant changes in our assumptions will not dramatically alter the EV trajectory. However, it will be relevant to accord a suitable multiple.

- Despite expansion, LICI's VNB margin will be <1/2 of top private peers and therefore we expect the valuation gap to sustain. A stronger-than-expected growth in non-PAR savings and protection can however, lead to a faster normalization of the margin and can result in narrowing of valuation gap
- **Maintain Buy, with a TP of INR830/share:** LICI has all the levers in place to maintain industry leading position and ramp up growth in the highly profitable product segments (mainly Protection and Non-PAR Savings / Annuity). However, changing gears for such a vast organization requires superior and well-thought execution. We estimate LICI to deliver ~13% CAGR in APE during FY22-24 while VNB margin is likely to improve to 14.6%. However, we estimate operating RoEV to remain modest at ~12.4% on lower margin profile than private peers. LICI's valuation at 0.7x FY24E EV appears reasonable considering the gradual margin recovery and diversification in business mix. **Maintain Buy with unchanged TP of INR830 (0.8x FY24E EV).**

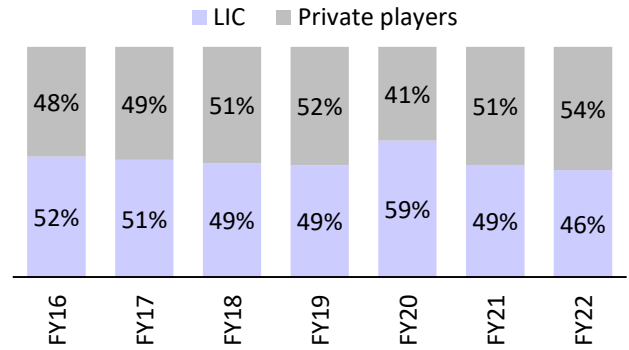
Story in charts

Exhibit 7: Despite rising competition, LICI dominates the industry NBP with 63% market share (%)



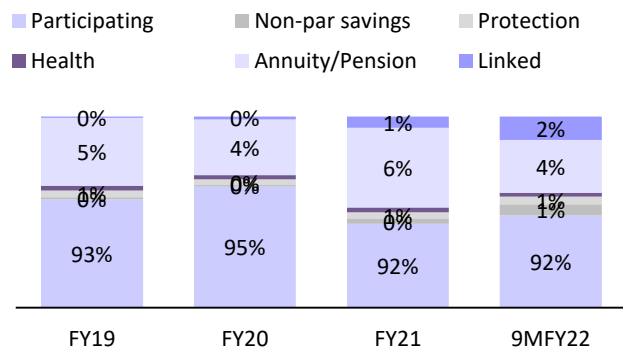
Source: MOFSL, Company

Exhibit 8: In terms of APE, LICI has a lower market share due to high focus on single premium products (%)



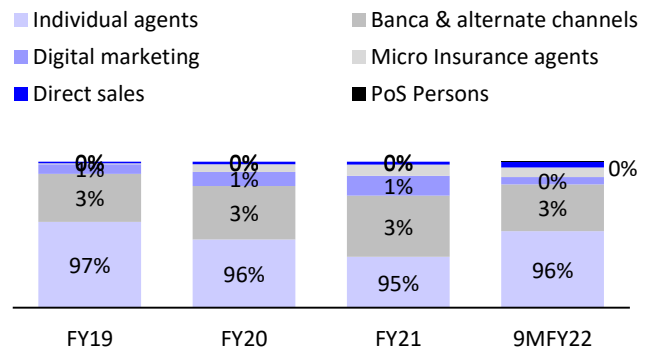
Source: MOFSL, Company

Exhibit 9: More than 90% of individual APE is derived from PAR products (%)



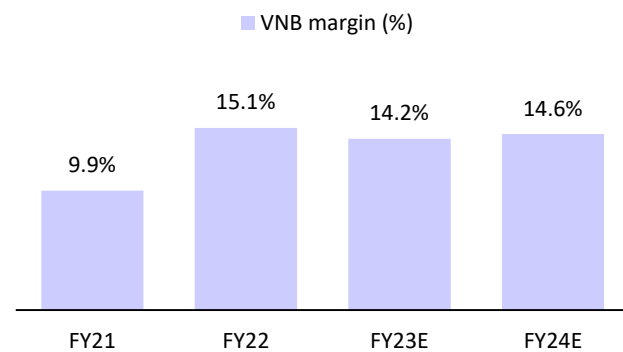
Source: MOFSL, Company

Exhibit 10: Agency-led distribution model with a low share of banca v/s peers (%)



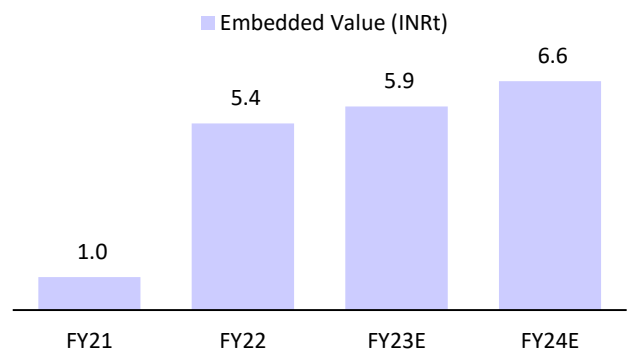
Source: MOFSL, Company

Exhibit 11: VNB margin to sustain at 14.6% by FY24E



Source: MOFSL, Company

Exhibit 12: Estimate EV to grow at 11% cagr over FY22-24E



Source: MOFSL, Company

Financials and valuations

Technical account (INR b)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Gross Premiums	3,182.2	3,402.9	3,828.1	4,058.5	4,301.2	4,659.5	5,020.6
Reinsurance Ceded	(3.7)	(3.2)	(3.4)	(4.5)	(6.2)	(5.6)	(6.0)
Net Premiums	3,178.5	3,399.7	3,824.8	4,054.0	4,295.0	4,653.9	5,014.7
Income from Investments	2,049.6	2,250.4	2,428.4	2,855.2	2,941.1	3,501.9	4,043.8
Other Income	8.0	57.9	202.9	127.9	8.2	8.0	9.2
Total income (A)	5,236.1	5,708.1	6,456.1	7,037.1	7,244.3	8,163.8	9,067.6
Commission	182.3	204.8	215.5	223.6	233.1	258.6	280.7
Operating expenses	301.4	283.3	344.3	351.6	390.2	385.7	408.1
Total commission and opex	483.7	488.1	559.7	575.2	623.3	644.3	688.7
Benefits Paid (Net)	1,981.2	2,540.3	2,571.5	2,907.2	3,595.1	3,558.6	3,807.8
Change in reserves	2,606.9	2,442.8	2,875.2	3,215.8	2,981.7	3,657.8	4,145.5
Prov for doubtful debts (inc other exp)	64.0	204.3	441.8	207.7	(93.7)	67.6	78.8
Total expenses (B)	5,135.7	5,675.6	6,448.3	6,905.8	7,106.4	7,928.3	8,720.8
(A) - (B)	100.4	32.5	7.7	131.3	137.9	235.6	346.8
Tax (incl GST)	76.2	56.7	109.2	92.6	80.6	159.9	233.1
Surplus / Deficit	24.2	(24.2)	(101.5)	38.6	57.2	75.7	113.6

Shareholder's a/c (INR b)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Transfer from technical a/c	24.2	26.0	27.0	29.6	38.8	72.7	109.2
Income From Investments	0.4	0.5	0.4	0.2	2.1	2.3	2.5
Total Income	24.6	26.4	27.3	29.9	42.0	75.0	111.7
Other expenses	0.0	0.0	0.1	0.0	0.3	0.3	0.3
Contribution to technical a/c	-	0.0	0.1	0.0	0.1	0.1	0.1
Total Expenses	0.0	0.0	0.1	0.1	0.4	0.4	0.4
PBT	24.6	26.4	27.2	29.8	41.6	74.5	111.2
Tax	0.1	0.1	0.1	0.1	0.4	0.1	0.2
PAT	24.5	26.3	27.1	29.7	41.2	74.7	111.5
Growth	10%	7%	3%	10%	39%	81%	49%

Premium (INR b) and growth (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
NBP - unweighted	1,346.7	1,423.4	1,782.8	1,844.3	1,989.3	2,267.8	2,494.6
NBP - wrp	388.0	424.3	699.9	489.8	528.8	600.3	676.0
Renewal premium	1,835.5	1,951.7	2,011.1	2,188.6	2,290.9	2,391.7	2,526.0
Total premium - unweighted	3,182.2	3,375.1	3,793.9	4,032.9	4,280.2	4,659.5	5,020.6
NBP growth - unweighted	8.1%	5.7%	25.3%	3.5%	7.9%	14.0%	10.0%
NBP growth - wrp	7.4%	9.4%	65.0%	-30.0%	8.0%	13.5%	12.6%
Renewal premium growth	4.3%	6.3%	3.0%	8.8%	4.7%	4.4%	5.6%
Premium growth - unweighted	5.9%	6.1%	12.4%	6.3%	6.1%	8.9%	7.8%

Premium mix (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
New business - un weighted							
- Individual mix	38.5%	35.9%	28.9%	30.6%	27.6%	31.5%	32.0%
- Group mix	61.5%	64.1%	71.1%	69.4%	72.4%	68.5%	68.0%
New business mix - WRP							
- Participating	67.5%	65.2%	42.6%	57.3%	56.1%	55.1%	54.3%
- Non-participating	32.3%	34.7%	57.3%	42.3%	43.4%	44.4%	45.2%
- ULIPs	0.2%	0.1%	0.1%	0.4%	0.5%	0.5%	0.5%
Total premium mix - un weighted							
- Participating	67.0%	66.8%	60.1%	60.7%	59.7%	57.5%	56.7%
- Non-participating	32.7%	32.9%	39.7%	39.0%	39.8%	41.7%	42.8%
- ULIPs	0.3%	0.2%	0.2%	0.3%	0.5%	0.8%	0.5%

Indi premium sourcing mix (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Individual agents	95.6%	95.8%	94.7%	93.8%	96.2%	92.5%	91.5%
Corporate agents-Banks	2.6%	2.5%	2.8%	3.1%	2.6%	3.6%	4.0%
Direct business	1.6%	1.5%	1.9%	2.2%	0.3%	2.8%	3.1%
Others	0.2%	0.2%	0.6%	0.9%	0.8%	1.1%	1.4%

Financials and valuations

	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Sources of Fund							
Share Capital	1.0	1.0	1.0	1.0	63.2	63.2	63.2
Reserves And Surplus	5.3	8.0	8.9	67.1	49.2	110.0	204.1
Shareholders' Fund	6.5	9.0	11.0	69.8	114.6	175.7	270.1
Policy Liabilities	25,335.6	28,056.9	31,028.2	34,207.3	37,278.9	39,607.6	44,766.2
Prov. for Linked Liab.	509.2	416.5	325.4	329.6	239.1	409.8	422.1
Funds For Future App.	0.5	0.7	0.8	0.5	19.2	24.8	32.1
Current liabilities & prov.	533.7	609.1	856.6	831.2	715.2	786.7	865.4
Total	28,449.9	34,272.5	34,998.3	38,295.2	42,540.6	45,763.9	51,596.2
Application of Funds							
Shareholders' invt	5.9	3.7	4.0	4.3	52.3	62.7	75.3
Policyholders' invt	25,155.5	28,776.9	29,579.1	34,984.4	39,114.2	42,308.7	47,847.5
Assets to cover linked liab.	881.3	335.7	321.7	329.7	239.6	-	-
Loans	1,027.5	2,498.8	2,374.3	1,087.6	1,110.3	1,165.9	1,224.1
Current assets	1,352.2	2,511.8	2,573.5	1,854.4	1,988.4	2,187.3	2,406.0
Total	28,449.9	34,272.5	34,998.3	38,295.2	42,540.6	45,763.9	51,596.2
Operating ratios (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Investment yield	7.9%	7.7%	8.1%	8.1%	7.5%	8.3%	8.4%
Commissions / GWP	5.7%	6.0%	5.6%	5.5%	5.4%	5.5%	5.6%
- first year premiums	29.3%	28.1%	16.8%	26.4%	26.5%	26.0%	25.5%
- renewal premiums	5.2%	5.2%	5.1%	5.2%	5.2%	5.3%	5.3%
- single premiums	0.5%	0.5%	0.4%	0.4%	0.3%	0.6%	0.6%
Operating expenses / GWP	9.5%	8.3%	9.0%	8.7%	9.1%	8.3%	8.1%
Total expense ratio	15.2%	14.3%	14.6%	14.2%	14.5%	13.8%	13.7%
Claims / NWP	61.8%	74.2%	66.8%	71.2%	83.7%	75.7%	75.1%
Solvency ratio	158%	160%	155%	176%	185%	188%	193%
Persistency ratios (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
13th Month	76.0%	77.0%	72.0%	78.8%	75.6%	77.0%	79.0%
25th Month	68.0%	71.0%	67.0%	70.0%	73.5%	74.3%	74.8%
37th Month	63.0%	65.0%	63.0%	66.9%	66.6%	67.3%	68.1%
49th Month	66.0%	60.0%	58.0%	63.1%	63.9%	64.7%	65.2%
61st Month	59.0%	63.0%	54.0%	58.8%	61.0%	61.4%	61.8%
Profitability ratios (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
VNB margin (%)	0.0%	0.0%	0.0%	9.9%	15.1%	14.2%	14.6%
RoE (%)	NM	NM	NM	73.6%	44.7%	51.5%	50.0%
Operating ROEV	NM	NM	NM	36.9%	NM	11.7%	11.2%
RoEV (%)	NM	NM	NM	NM	NM	9.1%	12.4%
Valuation & key data	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Total AUMs (INRb)	27,236	29,879	30,744	36,762	39,406	42,371	47,923
- of which equity AUMs (%)	0%	0%	0%	21%	21%	20%	21%
Dividend %	-2422%	-2725%	-2700%	-15%	15%	20%	25%
Dividend payout ratio (%)	99%	104%	100%	1%	25%	19%	16%
EPS, INR	244.6	4.2	4.3	4.7	6.5	11.8	17.6
VNB (INRb)	-	-	-	41.67	76.2	85.2	98.6
Embedded Value (INRb)	-	-	-	956.1	5,414.9	5,907.3	6,637.6
EV per share (INR)	-	-	-	151.2	856.1	934.0	1,049.4
VIF as % of EV	NM	NM	NM	93%	98%	97%	96%
P/VIF (%)	NM	NM	NM	4.8	0.8	0.8	0.7
P/AUM (%)	16%	14%	14%	12%	11%	10%	9%
P/EV (x)	NM	NM	NM	4.5	0.8	0.7	0.7
P/EPS (x)	2.8	164.2	159.2	145.1	104.6	57.8	38.7
P/EVOP (x)	NM	NM	NM	25.2	7.7	6.8	6.5

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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