

Life Insurance Corporation

Estimate change 

TP change 

Rating change 

CMP: INR604

TP: INR830 (+38%)

Buy

APE growth modest; VNB margin improves to 16.2%

Gradual diversification of product/channel mix underway

- LIC reported a PAT of INR134.3b in 4QFY23, up 4x YoY. This was a result of the transfer of INR73b from the Non-Par segment to shareholders' account pertaining to accretion on the available solvency margin in 4QFY23. For FY23, PAT grew 8x YoY to INR364b.
- APE grew 12% YoY (55% QoQ) to INR191.3b in 4QFY23 (INR566.8b in FY23). 4QFY23 VNB stood at INR37b as VNB margin increased by 476bp QoQ to 19.4%. For FY23, VNB margin improved to 16.2% v/s 15.1% in FY22.
- The Individual/Group business constituted 68%/32% of APE in FY23. In the Individual business, the share of PAR products remained largely stable at ~91%. In total NBP, the share of PAR products was lower at 66% in FY23. Annuity/Pension and ULIPs constituted the bulk of residual, with 25% and 7%, respectively.
- Gross margin in the Individual Par segment improved to 14.6% v/s 14.4% in 9MFY23. For the Non-Par segment, it moderated to 70.4% v/s 73.5% in 9MFY23. In the group segment, gross margin improved to 22.1% in FY23.
- We slightly raise our FY24/FY25 VNB estimates by 4%/6%. We estimate LIC to deliver a 15% CAGR in APE over FY23-25, thus enabling a 27% VNB CAGR. **We maintain our BUY rating.**

Persistency ratios deteriorate sequentially; Agency channel gaining traction

- On NBP basis, the share of PAR products moderated QoQ to 65.9%. Annuity/Pension and ULIP constituted a bulk of the residual with a share of 25% and 7%, respectively. Term products contributed only 0.4%.
- Sales (Individual NBP) in the banca channel grew 26% YoY to INR20.2b in FY23. This channel now contributes 3.4% of overall sales v/s 2.9% in FY22. Incremental focus and a wider product offering will continue to drive higher sales from this channel.
- Growth in the agency channel (Individual NBP) was modest at 7% YoY to INR565b. However, LIC is continuously training agents to sell Non-Par products. Agency contributed 96% of individual NBP in FY23.
- The persistency ratio moderated sequentially for most cohorts other than the 25th month persistency, which grew by 46bp QoQ.

Highlights from the management commentary

- Share of non-par reduced in FY23 due to change in the customer demand and intent is to grow the non-par share without ignoring the par business.
- The economic variance was negative because of both equities and debt segment movement.
- In FY23, INR272.4b of PAT has been transferred from non-par book to shareholders funds pertaining to accretion on available solvency margin surplus.
- The wage revision is done once in five years, and it does not impact EV as only 10% cost is apportioned in the par business.

Bloomberg	LICI IN
Equity Shares (m)	6325
M.Cap.(INRb)/(USDb)	3817.8 / 46.1
52-Week Range (INR)	841 / 530
1, 6, 12 Rel. Per (%)	7/-3/-41
12M Avg Val (INR M)	1324

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Net Premiums	4,740	5,036	5,548
Surplus / Deficit	379.8	152.3	176.5
Sh. PAT	364.0	159.3	183.2
NBP gr- unwt'd (%)	11.0	12.0	13.0
NBP gr - APE (%)	10.5	13.9	15.3
Premium gr (%)	8.1	9.0	10.2
VNB margin (%)	16.2	17.7	19.3
RoEV (%)	7.5	12.1	11.2
Total AUMs (INR t)	44.0	50.3	57.2
VNB (INR b)	91.6	117.5	148.1
EV per share	921	1,032	1,147

Valuations

P/EV (x)	0.7	0.6	0.5
P/EVOP (x)	6.5	6.0	5.3

Shareholding pattern (%)

As On	Mar-23	Dec-22
Promoter	96.5	96.5
DII	0.9	0.9
FII	0.1	0.2
Others	2.5	2.4

FII Includes depository receipts

Valuation and view

LICI has the levers in place to maintain the 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 well-thought out execution. We expect LICI to deliver a 15% CAGR in APE over FY23-25, thus enabling a 27% VNB CAGR. However, we expect operating RoEV to remain modest at 10.9%, given its lower margin profile than private peers and a large EV base. LICI is trading at 0.6x FY24E EV, which appears reasonable considering the gradual recovery in margin and diversification in the business mix.

We maintain our BUY rating with a TP of INR830 (0.8x Sep'24E EV).

Quarterly performance**(INR b)**

Policy holder's A/c	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First year premium	50.9	82.0	87.5	146.1	74.3	91.2	97.2	128.1	366.5	390.9
<i>Growth (%)</i>	-27%	2%	10%	33%	46%	11%	11%	46%	7%	7%
Renewal premium	462.0	549.1	568.2	711.6	502.6	561.6	601.9	760.1	2,290.9	2,426.2
<i>Growth (%)</i>	14%	-1%	3%	5%	9%	2%	6%	34%	4%	6%
Single premium	305.5	413.5	321.9	582.0	408.0	669.0	421.2	431.4	1,622.8	1,929.6
<i>Growth (%)</i>	3%	-5%	-6%	34%	34%	62%	31%	34%	7%	19%
Net premium income	817.2	1,043.3	976.2	1,437.5	983.5	1,321.0	1,117.9	1,317.6	4,274.2	4,740.0
<i>Growth (%)</i>	6%	-3%	1%	18%	20%	27%	15%	35%	5%	11%
PAT	0.0	14.3	2.3	23.7	6.8	159.5	63.3	134.3	40.4	364.0
<i>Growth (%)</i>	7%	NM	NM	-18%	NM	NM	NM	NM	36%	800%
Key metrics (INRb)										
New business APE	NA	NA	NA	NA	102.7	149.6	123.2	191.4	528.8	584.5
<i>Growth (%)</i>	NA	NA	NA	NA	NA	NA	NA	NA	8%	11%
VNB	NA	NA	NA	NA	14.0	22.8	18.0	37.0	76.2	91.6
<i>Growth (%)</i>	NA	NA	NA	NA	NA	NA	NA	NA	83%	20%
AUM (INRt)	38.1	NA	40.1	40.9	41.0	42.9	44.3	44.0	40.9	44.0
<i>Growth (%)</i>	NA	NA	NA	NA	8%	NA	11%	10%	11%	8%
Key Ratios (%)										
VNB Margins (%)	NA	NA	NA	NA	13.6	15.2	14.6	19.4	15.1	16.2
Solvency ratio (%)	173.3	183.4	177.0	185.0	188.5	188.0	185.0	187.0	185.0	187.0

Quarterly snapshot

(INR b)

	FY21				FY22				FY23				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	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	1,321.0	1,117.9	1,317.6	-8	18
First year premium	69.9	80.2	79.6	109.6	50.9	82.0	87.5	146.1	74.3	91.2	97.2	128.1	-12	32
Renewal premium	406.9	557.2	549.9	674.6	462.0	549.1	568.2	711.6	502.6	561.6	601.9	760.1	7	26
Single premium	295.6	435.0	340.6	433.7	305.5	413.5	321.9	582.0	408.0	669.0	421.2	431.4	-26	2
Investment income	604.6	725.0	783.6	674.4	722.9	765.3	765.7	675.0	695.7	841.0	848.7	678.5	1	-20
Total income (A)	1,377.7	1,798.9	1,753.7	1,891.8	1,541.5	1,862.8	1,742.8	2,147.1	1,688.8	2,222.2	1,968.9	2,001.9	-7	2
Commission paid	37.7	53.4	55.8	74.8	41.9	55.6	58.5	80.0	50.3	58.1	63.2	84.3	5	33
First year premium	14.1	20.5	22.2	32.9	15.1	22.8	24.0	35.4	20.7	24.1	25.8	37.3	5	44
Renewal premium	20.6	28.5	29.6	35.5	23.4	28.4	30.4	36.4	25.9	28.8	31.7	38.7	6	22
Single premium	0.7	2.1	1.6	1.2	0.6	1.3	1.4	1.6	0.9	1.2	1.4	1.7	4	21
Operating expense	76.8	79.5	101.9	91.7	87.8	100.3	81.7	114.8	93.4	183.1	74.8	130.1	13	74
Total commission & Opex	114.6	132.8	157.7	166.5	129.7	155.9	140.2	194.8	143.7	241.2	138.0	214.4	10	55
Benefits paid	475.2	663.3	687.0	1,025.2	644.5	854.5	850.4	1,219.5	686.6	842.7	784.6	1,111.9	-9	42
Change in actuarial liability	718.6	983.0	856.7	632.4	775.9	790.8	752.8	681.1	779.4	958.2	978.7	717.6	5	-27
Total Expenses (B)	1,361.4	1,775.1	1,724.1	1,852.7	1,525.8	1,719.3	1,745.3	2,084.8	1,638.5	2,018.4	1,865.2	1,927.3	-8	3
PBT	16.3	23.8	29.6	39.1	15.8	143.5	-2.5	62.2	50.3	203.7	103.7	74.6	20	-28
Tax	16.3	23.8	29.6	10.2	15.8	31.7	31.7	-0.4	14.0	54.0	-25.2	9.5	-2,468	-138
Surplus/(Deficit)	0.0	0.0	0.0	28.9	0.0	111.8	-34.2	62.7	36.2	149.7	128.8	65.0	4	-50
Shareholder A/c														
Trf from Policyholder a/c	0.0	0.0	0.0	28.9	0.0	67.7	1.9	22.8	13.6	150.4	61.0	134.2	488	120
Investment Income	0.0	0.1	0.0	0.1	0.0	0.4	0.8	0.8	1.5	1.5	2.8	5.7	600	103
Total income	0.0	0.1	0.0	29.0	0.0	68.1	2.6	23.6	15.0	151.9	63.8	139.9	492	119
PBT	0.0	0.1	0.0	29.0	0.0	14.5	2.6	23.5	7.0	159.7	63.6	134.2	470	111
Tax	0.0	0.0	0.0	0.0	0.0	0.1	0.3	-0.2	0.2	0.2	0.2	-0.1	-67	-127
PAT	0.0	0.0	0.0	28.9	0.0	14.3	2.3	23.7	6.8	159.5	63.3	134.3	466	112
Total APE (calculated)	99.5	123.7	113.6	152.9	81.4	123.3	119.7	204.3	115.1	158.1	139.4	171.3	-16	23
Key Ratios (%)														
Operating ratios														
Commission (unwtd)	4.9	5.0	5.8	6.1	5.1	5.3	6.0	5.6	5.1	4.4	5.6	6.4	83	75
Opex (unwtd)	9.9	7.4	10.5	7.5	10.7	9.6	8.4	8.0	9.5	13.9	6.7	9.9	188	318
Total Cost	14.8	12.4	16.3	13.7	15.9	14.9	14.3	13.5	14.6	18.2	12.3	16.2	271	393
Solvency ratio	NA	164.8	164	176	173	183.4	177	185	189	188.0	185	187	200	200
Profitability ratios														
VNB margins	NA	NA	NA	NA	NA	NA	NA	15.1	13.6	15.2	14.6	19.4	426	474
Persistency ratios														
13th Month	NA	80.6	81.2	78.8	72.5	78.8	76.8	75.6	75.8	77.6	77.6	77.1	150	-52
25th Month	NA	75.9	75.5	70.0	66.5	70.9	71.7	73.5	67.8	73.8	71.3	69.9	-354	-139
37th Month	NA	72.8	72.4	66.9	62.6	67.6	67.8	66.6	64.3	67.9	68.3	70.1	347	174
49th Month	NA	67.6	68.2	63.1	59.9	64.8	65.0	63.9	60.8	64.7	64.7	63.5	-32	-117
61st Month	NA	63.1	63.0	58.8	56.0	60.6	61.9	61.0	59.0	62.8	62.7	61.8	80	-93
Key Metrics (INR b)														
VNB	NA	NA	NA	NA	NA	NA	NA	NA	14.0	22.8	18.0	37.0	NM	106
EV	NA	NA	NA	NA	NA	5,397	NA	5,414.9	NA	5,443	NA	5,822.4	8	7
AUM	NA	NA	NA	NA	38,134	NA	NA	40,850	41,020	42,938	44,349	43,970	8	-1

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



Highlights from the management commentary

Business performance, product and distribution mix

- The share of non-par reduced in FY23 due to a change in customer demand. LICl plans to grow the non-par share without ignoring the par business and has launched new plans in the non-par segment.
- About 20.4m new policies were sold in FY23, down 5.9%. The fall was expected as the company altered some products and the number of policies in the agency channel declined by 4%.
- Around 96% of policies were sourced via the agency channel, while 96%+ NBP share was from agency.
- For annuities, two rate changes were made in FY23, leading to higher sales by agents.
- Other non-par products are also gaining traction within agency channels, and LICl expects to accelerate this in FY24.
- Large ticket policies: No of policies 0.04%, 3.5% in terms of premium, large portion of this comes from par segment and hence no major impact on VNB margins
- It has modified certain products where persistency has been lower – eight products were modified last year.
- Health business persistency has been lower than the overall company level. LICl has modified two products to improve persistency. Lower ticket size has lower persistency; revised modes of payments and pricing for these products.
- Banca and other alternate channels saw strong growth of 26%. LICl aims to increase business from this channel. Outside banks saw strong traction, which should continue in FY24.
- LICl targets to add more new partners going ahead in the banca channel, but more focus is on growing the existing channel in the near term.
- Digital initiatives – Ananda app saw 196% growth in policies sold to 0.8m.

EV, VNB and Margins

- Group business NBM margin was driven by robust growth in APE and VNB. APE growth was 22%. VNB has grown with improved persistency experience and greater longevity. APE per scheme has improved, and the loss ratio has reduced post Covid. A combination of these factors gives confidence for further improvements.
- A rate increase to 25bp is the primary assumption change.
- The unwind rate increase was due to a higher change in RFR in 4-20 year rates on the yield curve; also actual returns have been better than RFR.
- The economic variance was negative because of both equities and debt segment movements.
- A 90bp impact in VNB was because of a change in the benefit in non-par.

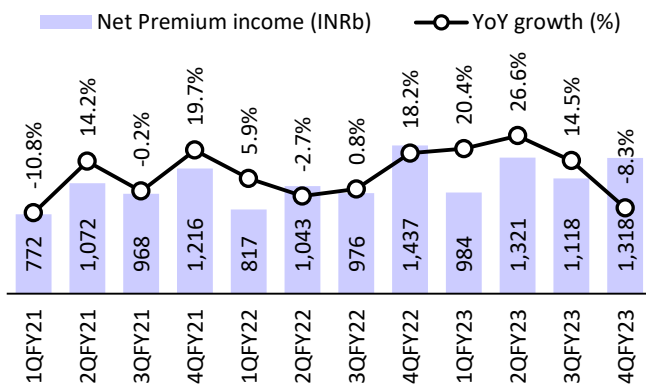
Others

- In FY23, INR272.4b of PAT has been transferred from non-par book to shareholders funds pertaining to accretion on available solvency margin surplus.
- Dividend policy – The dividend distribution has doubled YoY from INR1.5 per share to INR3 per share. It is looking for growth opportunities and hence would continue to need more capital.

- Taxation – post bifurcation the cost of bonus of par policies can be taken as tax deduction.
- The wage revision is done once in five years, and it does not impact EV as only 10% of cost is apportioned in the par business.

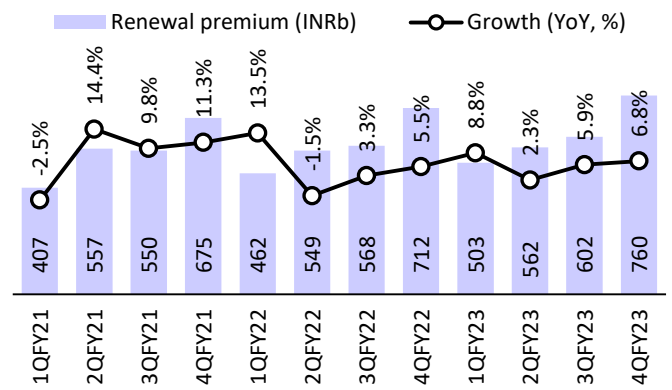
Key exhibits

Exhibit 1: Net premium income declined 8.3% YoY in 4QFY23



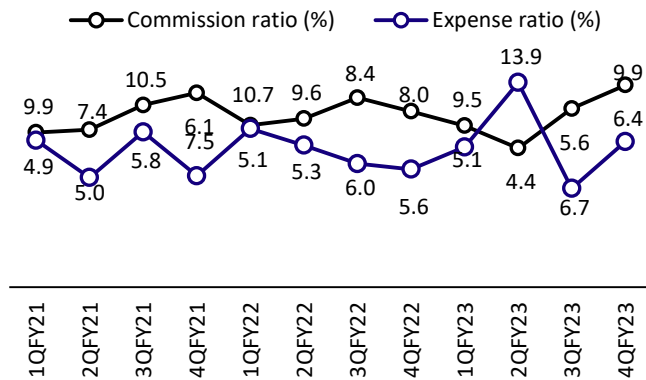
Source: MOFSL, Company

Exhibit 2: Renewal book grew at 7% YoY in 4QFY23



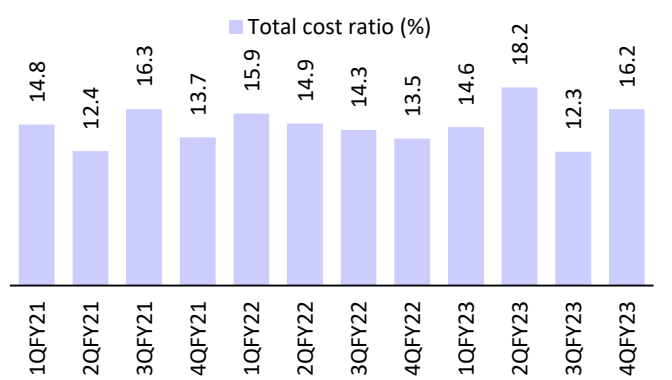
Source: MOFSL, Company

Exhibit 3: Both Expense ratio and Commission ratio saw an increase during the quarter



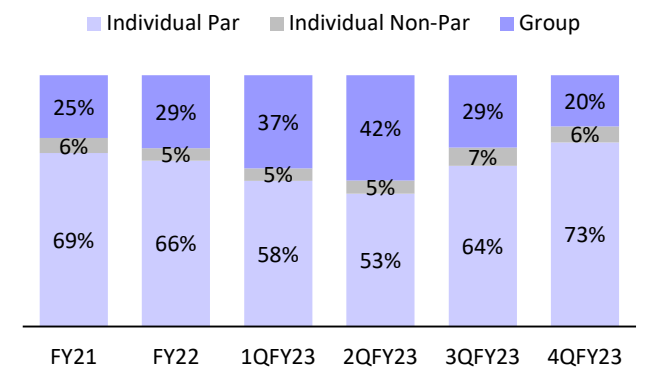
Source: MOFSL, Company

Exhibit 4: Total cost ratio increased QoQ to 16.2%



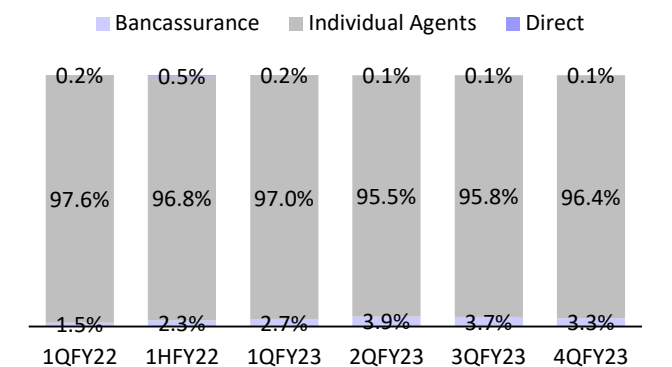
Source: MOFSL, Company

Exhibit 5: Individual forms 73% of total APE in 4QFY23; ~92% of individual APE comes from Par products



Source: MOFSL, Company

Exhibit 6: Share of banca declined to 3.3% in 4QFY23 while Individual agents share is picking up momentum



Source: MOFSL, Company

Valuation and view

- We expect margins to rise, aided by improving mix of Non-PAR and higher profit retention for shareholders. The retention will increase in the PAR business, besides retaining the complete profits in the 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, LIC's VNB margin will still be around half than that of top private peers; 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 a narrowing of the valuation gap.
- **Maintain BUY, with a TP of INR830:** LIC 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 well-thought out execution. We expect LIC to deliver a 15% CAGR in APE over FY23-25E, thus enabling a 27% VNB CAGR. However, we expect operating RoEV to remain modest at 10.9%, given its lower margin profile than private peers'. LIC is trading at 0.6x FY24E EV, which appears reasonable, considering the gradual recovery in margin and diversification in the business mix. We maintain our BUY rating with a TP of INR830 (0.8x Sep'24E EV).

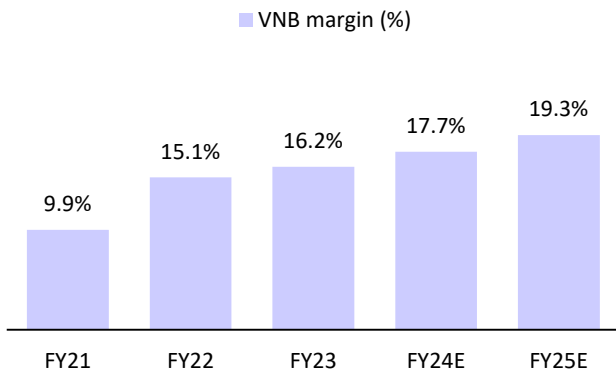
Exhibit 7: We raise our VNB estimates by 4-6% for FY24/25

INR b	Old Est.		Revised Est.		Change (%/bp)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Gross Premiums	5,349	5,917	5,041	5,555	-5.7	-6.1
Key Metrics						
VNB	113.4	139.9	117.5	148.1	3.6	5.9
EV	6,300	6,991	6,529	7,258	3.6	3.8
Ratios						
VNB margin (%)	15.3	16.4	17.7	19.3	237	286
Op. ROEV	10.4	10.4	10.9	11.0	47	56
RoEV (%)	11.8	11.0	12.1	11.2	29	20

Source: MOFSL, Company

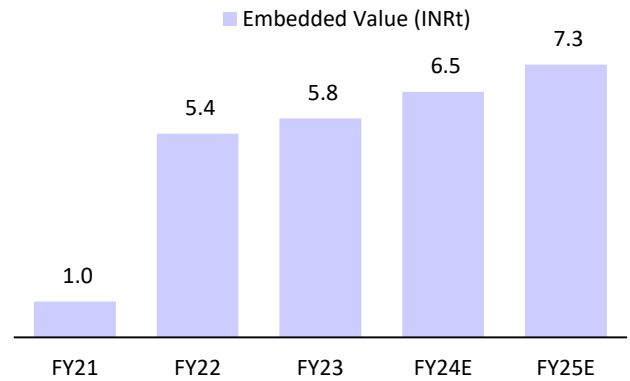
Story in charts

Exhibit 8: VNB margin is expected improve to 19.3% by FY25E



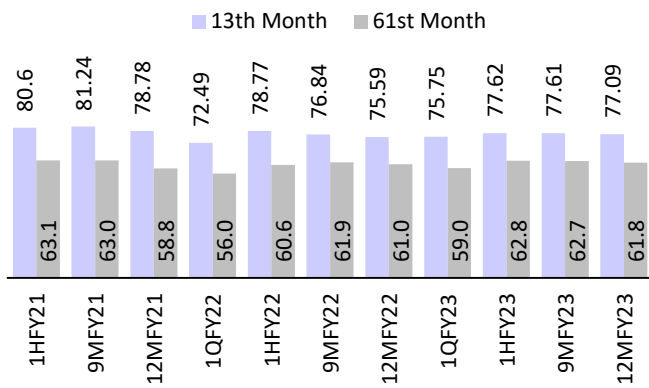
Source: MOFSL, Company

Exhibit 9: We expect EV to see a 12% CAGR over FY23-25



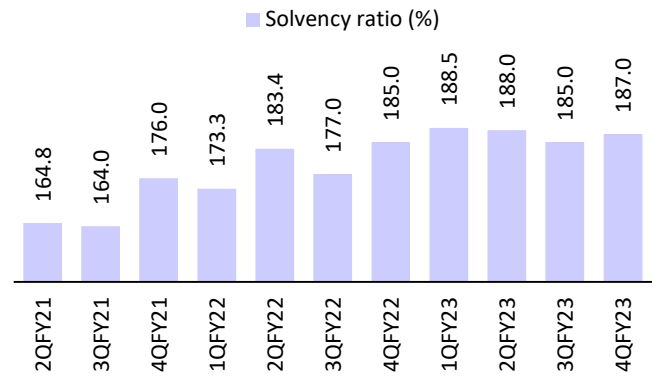
Source: MOFSL, Company

Exhibit 10: Persistency ratios remain healthy across cohorts



Source: MOFSL, Company

Exhibit 11: Solvency ratio improves by 200bp to 187% in 4QFY23



Source: MOFSL, Company

Financials and valuations

Technical account (INR b)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Gross Premiums	3,182.2	3,402.9	3,828.1	4,058.5	4,280.2	4,746.7	5,041.5	5,554.9
Reinsurance Ceded	(3.7)	(3.2)	(3.4)	(4.5)	(6.1)	(6.6)	(6.0)	(6.7)
Net Premiums	3,178.5	3,399.7	3,824.8	4,054.0	4,274.2	4,740.0	5,035.5	5,548.3
Income from Investments	2,049.6	2,250.4	2,428.4	2,855.2	2,928.9	3,063.9	4,043.8	4,607.0
Other Income	8.0	57.9	202.9	127.9	91.1	77.8	9.2	10.6
Total income (A)	5,236.1	5,708.1	6,456.1	7,037.1	7,294.2	7,881.7	9,088.4	10,165.8
Commission	182.3	204.8	215.5	223.6	236.9	255.8	280.4	309.5
Operating expenses	301.4	283.3	344.3	351.6	383.7	481.5	412.9	446.3
Total commission and opex	483.7	488.1	559.7	575.2	620.6	737.3	693.3	755.8
Benefits Paid (Net)	1,981.2	2,540.3	2,571.5	2,907.2	3,574.6	3,425.8	3,827.9	4,290.4
Change in reserves	2,606.9	2,442.8	2,875.2	3,215.8	2,972.8	3,433.8	4,101.8	4,549.6
Prov for doubtful debts (inc other exp)	63.9	156.0	244.5	73.1	(93.8)	(148.5)	78.8	91.9
Total expenses (B)	5,135.6	5,627.3	6,251.0	6,771.3	7,074.3	7,448.4	8,701.8	9,687.7
(A) - (B)	100.5	80.8	205.1	265.8	219.9	433.3	386.7	478.1
Tax (incl GST)	76.2	56.7	109.2	92.6	79.7	53.5	234.4	301.6
Surplus / Deficit	24.3	24.2	95.8	173.2	140.2	379.8	152.3	176.5

Shareholder's a/c (INR b)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Transfer from technical a/c	24.2	26.0	27.0	29.6	121.9	359.1	147.9	170.8
Income From Investments	0.4	0.5	0.4	0.2	2.0	11.5	12.5	13.6
Total Income	24.6	26.4	27.3	29.9	123.9	370.6	160.4	184.5
PBT	24.6	26.4	27.2	29.8	40.7	364.6	158.9	182.9
Tax	0.1	0.1	0.1	0.1	0.2	0.6	0.3	0.4
PAT	24.5	26.3	27.1	29.7	40.4	364.0	159.3	183.2
Growth	10%	7%	3%	10%	36%	800%	-56%	15%

Premium (INR b) and growth (%)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
NBP - unweighted	1,346.7	1,423.4	1,782.8	1,844.3	1,989.3	2,208.1	2,473.1	2,794.6
NBP - wrp	388.0	424.3	699.9	489.8	528.8	584.5	665.8	767.4
Renewal premium	1,835.5	1,951.7	2,011.1	2,188.6	2,290.9	2,418.3	2,568.3	2,760.3
Total premium - unweighted	3,182.2	3,375.1	3,793.9	4,032.9	4,280.2	4,626.4	5,041.5	5,554.9
NBP growth - unweighted	8.1%	5.7%	25.3%	3.5%	7.9%	11.0%	12.0%	13.0%
NBP growth - wrp	7.4%	9.4%	65.0%	-30.0%	8.0%	10.5%	13.9%	15.3%
Renewal premium growth	4.3%	6.3%	3.0%	8.8%	4.7%	5.6%	6.2%	7.5%
Premium growth - unweighted	5.9%	6.1%	12.4%	6.3%	6.1%	8.1%	9.0%	10.2%

Premium mix (%)	FY18	FY19	FY20	FY21	FY22E	FY23	FY24E	FY25E
New business - un weighted								
- Individual mix	38.5%	35.9%	28.9%	30.6%	27.6%	31.5%	32.0%	32.5%
- Group mix	61.5%	64.1%	71.1%	69.4%	72.4%	68.5%	68.0%	67.5%
New business mix - WRP								
- Participating	67.5%	65.2%	42.6%	57.3%	56.1%	55.1%	54.0%	53.1%
- Non-participating	32.3%	34.7%	57.3%	42.3%	43.4%	44.4%	45.5%	46.4%
- ULIPs	0.2%	0.1%	0.1%	0.4%	0.5%	0.5%	0.5%	0.5%
Total premium mix - un weighted								
- Participating	67.0%	66.8%	60.1%	60.7%	59.7%	58.2%	57.2%	56.0%
- Non-participating	32.7%	32.9%	39.7%	39.0%	39.8%	41.0%	42.3%	43.5%
- ULIPs	0.3%	0.2%	0.2%	0.3%	0.5%	0.8%	0.5%	0.5%

Indi premium sourcing mix (%)	FY18	FY19	FY20	FY21	FY22E	FY23	FY24E	FY25E
Individual agents	95.6%	95.8%	94.7%	93.8%	96.2%	95.7%	93.8%	92.1%
Corporate agents-Banks	2.6%	2.5%	2.8%	3.1%	2.6%	3.6%	4.0%	4.4%
Direct business	1.6%	1.5%	1.9%	2.2%	0.3%	2.8%	3.1%	3.4%
Others	0.2%	0.2%	0.6%	0.9%	0.8%	-2.1%	-0.9%	0.1%

Financials and valuations

Balance Sheet	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sources of Fund								
Share Capital	1.0	1.0	1.0	1.0	63.2	63.2	63.2	63.2
Reserves And Surplus	5.3	8.0	8.9	67.1	40.4	394.9	541.7	710.3
Shareholders' Fund	6.5	9.0	11.0	69.8	104.1	456.7	603.1	771.4
Policy Liabilities	25,335.6	28,056.9	31,028.2	34,207.3	37,100.4	40,512.5	45,488.1	52,288.9
Prov. for Linked Liab.	509.2	416.5	325.4	329.6	238.9	261.6	422.1	434.8
Funds For Future App.	0.5	0.7	0.8	0.5	19.2	41.0	53.0	68.6
Current liabilities & prov.	533.7	609.1	856.6	831.2	712.4	593.8	653.2	718.5
Total	28,449.9	34,272.5	34,998.3	38,295.2	42,305.9	45,505.1	51,227.3	58,584.7
Application of Funds								
Shareholders' inv	5.9	3.7	4.0	4.3	64.1	293.6	352.4	422.8
Policyholders' inv	25,155.5	28,776.9	29,579.1	34,984.4	38,956.9	41,891.8	47,570.5	54,587.6
Assets to cover linked liab.	881.3	335.7	321.7	329.7	239.4	263.1	-	-
Loans	1,027.5	2,498.8	2,374.3	1,087.6	1,098.8	1,155.6	1,213.4	1,274.1
Current assets	1,352.2	2,511.8	2,573.5	1,854.4	1,911.2	1,862.8	2,049.1	2,254.0
Total	28,449.9	34,272.5	34,998.3	38,295.2	42,305.9	45,505.1	51,227.3	58,584.7
Operating ratios (%)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Investment yield	7.9%	7.7%	8.1%	8.1%	7.5%	7.0%	8.4%	8.4%
Commissions / GWP	5.7%	6.0%	5.6%	5.5%	5.5%	5.4%	5.6%	5.6%
- first year premiums	29.3%	28.1%	16.8%	26.4%	26.6%	27.6%	25.4%	24.9%
- renewal premiums	5.2%	5.2%	5.1%	5.2%	5.2%	5.2%	5.3%	5.3%
- single premiums	0.5%	0.5%	0.4%	0.4%	0.3%	0.3%	0.6%	0.6%
Operating expenses / GWP	9.5%	8.3%	9.0%	8.7%	9.0%	10.1%	8.2%	8.0%
Total expense ratio	15.2%	14.3%	14.6%	14.2%	14.5%	15.2%	13.8%	13.6%
Claims / NWP	61.8%	74.2%	66.8%	71.2%	83.6%	72.3%	75.2%	76.5%
Solvency ratio	158%	160%	155%	176%	185%	182%	180%	176%
Persistency ratios (%)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
13th Month	76.0%	77.0%	72.0%	78.8%	75.6%	77.0%	79.0%	79.0%
25th Month	68.0%	71.0%	67.0%	70.0%	73.5%	74.3%	74.8%	74.8%
37th Month	63.0%	65.0%	63.0%	66.9%	66.6%	67.3%	68.1%	68.1%
49th Month	66.0%	60.0%	58.0%	63.1%	63.9%	64.7%	65.2%	65.2%
61st Month	59.0%	63.0%	54.0%	58.8%	61.0%	61.4%	61.8%	61.8%
Profitability ratios (%)	FY18	FY19	FY20	FY21	FY22E	FY23	FY24E	FY25E
VNB margin (%)	0.0%	0.0%	0.0%	9.9%	15.1%	16.2%	17.7%	19.3%
RoE (%)	NM	NM	NM	73.6%	46.5%	129.8%	30.1%	26.7%
Operating ROEV	NM	NM	NM	36.9%	NM	10.9%	10.9%	11.0%
RoEV (%)	NM	NM	NM	NM	NM	7.5%	12.1%	11.2%
Valuation & key data	FY18	FY19	FY20	FY21	FY22E	FY23	FY24E	FY25E
Total AUMs (INRb)	27,236	29,879	30,744	36,762	40,850	43,970	50,319	57,211
- of which equity AUMs (%)	0%	0%	0%	21%	21%	20%	21%	22%
Dividend %	-2422%	-2725%	-2700%	-15%	15%	15%	18%	21%
Dividend payout ratio (%)	99%	104%	100%	1%	26%	3%	8%	8%
EPS, INR	244.6	4.2	4.3	4.7	6.4	57.5	25.2	29.0
VNB (INRb)	-	-	-	41.67	76.19	91.61	117.5	148.1
Embedded Value (INRb)	-	-	-	956.1	5,414.9	5,822.5	6,528.7	7,257.8
EV per share (INR)	-	-	-	151.2	856.1	920.6	1,032.2	1,147.5
VIF as % of EV	NM	NM	NM	93%	98%	21%	27%	32%
P/VIF (%)	NM	NM	NM	4.3	0.7	3.2	2.2	1.6
P/AUM (%)	14%	13%	12%	10%	9%	9%	8%	7%
P/EV (x)	NM	NM	NM	4.0	0.7	0.7	0.6	0.5
P/EPS (x)	2.5	145.3	140.8	128.4	94.4	10.5	24.0	20.8
P/EVOP (x)	NM	NM	NM	22.3	6.8	6.5	6.0	5.3

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NOTES

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