

# Life Insurance Corporation

Estimate change



TP change



Rating change



Bloomberg	LICI IN
Equity Shares (m)	6325
M.Cap.(INRb)/(USDb)	5785.2 / 68.6
52-Week Range (INR)	1222 / 598
1, 6, 12 Rel. Per (%)	-2/-10/25
12M Avg Val (INR m)	3754

## Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Premiums	5,247	5,593	5,954
Surplus / Deficit	353.2	361.8	379.8
Sh. PAT	423.2	449.5	485.6
VNB margin (%)	17.2	19.0	19.0
RoEV (%)	15.5	11.2	10.9
Total AUMs (INRt)	61.7	70.9	81.5
APE (INRb)	642.3	698.9	752.7
VNB (INRb)	110.5	132.8	143.0
EV per share	1,328	1,477	1,638

## Valuations

P/EV (x)	0.7	0.6	0.6
P/EVOP (x)	8.3	7.1	6.5

## Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	96.5	96.5	96.5
DII	1.2	0.9	0.8
FII	0.2	0.2	0.1
Others	2.2	2.4	2.6

FII Includes depository receipts

**CMP: INR 915**

**TP: INR 1,200 (+31%)**

**Buy**

## APE grows 26% YoY, VNB margin expands 260bp YoY to 17.9% Strong growth in premiums driven by exceptional sales in Sep'24

- In 2QFY25, LIC reported net premium income of INR1.2t, up 12% YoY. For 1HFY25, net premium income grew 14% YoY to INR2.3t. We expect net premiums to grow 8% YoY during 2HFY25.
- New business APE grew 26% YoY to INR164.7b, driven by 31% YoY growth in Individual APE to INR114.2b and 15% YoY growth in Group APE to INR50.5b. For 1HFY25, new business APE grew 24% YoY to INR280.2b. We expect new business APE to grow 5% YoY in 2HFY25.
- VNB margins (net) improved by 260bp YoY to 17.9%, driven by 47% YoY growth in absolute VNB to INR29.4b. For 1HFY25, VNB grew 38% YoY to INR45.5b, reflecting VNB margin of 16.2% (14.6% in 1HFY24). We expect VNB to grow 12% YoY in 2HFY25.
- LIC reported a 4% YoY decline in shareholder PAT to INR76.2b. For 1HFY25, PAT grew 4% YoY to INR180.8b. We expect PAT to grow 4% YoY in 2HFY25.
- The management aims to achieve a positive growth trajectory in the par segment and expects strong growth to continue in the non-par segment.
- We have raised our premium growth and VNB margin estimates for FY25/FY26, factoring in 2QFY25 performance. We have also raised our EV estimates, factoring in higher economic variance. With the increase in the share of the non-par segment, we expect VNB margin to improve to 19% by FY26. **Reiterate BUY with a TP of INR1,200 (premised on 0.7x Sep'26E EV).**

## Rising share of non-par in APE mix

- LIC's first/renewal/single premium rose 12%/4%/24% YoY to INR112b/INR619.1b/INR469.4b in 2QFY25.
- For 2QFY25, individual new business premium income increased by 20% to INR176.5b and individual renewals grew 4% YoY to INR598.6b. Group business premium grew 20% YoY to INR424b.
- Par segment APE grew 7% YoY to INR82.5b in 2QFY25, contributing 50.1% to the mix.
- Non-par segment APE jumped ~3x YoY to INR31.6b in 2QFY25, taking the non-par contribution in APE to 19.2% from 7.4% in 2QFY24.
- On the distribution front, the share of the agency channel stood at 95% vs. 95.9% in 2QFY24. The share of the banca and alternate channels improved to 4.1% in 2QFY25 from 3.6% in 2QFY24.
- The 13<sup>th</sup>/25<sup>th</sup>/37<sup>th</sup>/49<sup>th</sup>/61<sup>st</sup> month persistency stood at 68.2%/65%/60.5%/56.5%/54.8% in 2QFY25 vs. 71.2%/65.2%/60.2%/57.7%/55.2% in 2QFY24.
- AUM increased to INR55.4t in 2QFY25 from INR47.4t in 2QFY24, up 16% YoY.

## Highlights from the management commentary

- Commission has been aligned to policy duration and not reduced. The company is currently not implementing clawback provisions and may make a decision after seeing the experience on new products. Rewards and benefits, apart from commission, can be introduced going forward to encourage business in areas with wider spread and profitable customers.

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

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- LIC is redesigning products with a mindset of 1) aligning with the regulator's expectations, 2) maintaining investor profitability, and 3) keeping benefits of intermediary intact. While there has been no change in commission rates, policies have been modified to link rewards to better persistency.
- The company has relaunched 32 out of 54 products in the first tranche. Many products have undergone revisions in premium rates, along with design changes. The company has realigned product offerings to ensure no adverse impact on margins due to new regulations.
- LIC is working to find the right opportunity in SAHI sector. The plan is to buy stake in a SAHI, which can be done without a composite license, and restrictions will only be due to investment regulation.

### Valuation and view

LIC maintains its industry-leading position and is focusing on ramping up growth in the highly profitable product segments (mainly Protection, Non-PAR, and Savings Annuity). New product launches, stronger banca & alternates channel presence, and digitization will enable LIC to bridge the gap with private players. The modified commission structure after new surrender value regulations will be key for growth and profitability. We have raised our premium growth and VNB margin estimates for FY25/FY26, factoring in 2QFY25 performance. We have also raised our EV estimates after factoring in higher economic variance. With the increase in the share of the non-par segment, we expect VNB margin to improve to 19% by FY26. We expect LIC to deliver a 10% CAGR in APE over FY24-27, enabling a 14% VNB CAGR. We expect operating RoEV to remain modest at 11.2% in FY26, given its lower margin profile vs. private peers and a large EV base. We have reduced our EV multiple factoring in higher sensitivity to equity market movements, weaker than expected performance in Oct'24 and impact of surrender charges. **Reiterate BUY with a TP of INR1,200 (premised on 0.7x Sep'26E EV).**

### Quarterly Performance

Policy holder's A/c (INRb)	FY24				FY25				(INR b)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY24	FY25E
First year premium	68.1	99.9	84.3	138.1	74.7	112.0	89.3	149.2	390.4	425.2
Growth (%)	-8%	9%	-13%	8%	10%	12%	6%	8%	0%	9%
Renewal premium	536.4	596.4	624.3	773.7	564.3	619.1	664.6	810.3	2,530.8	2,658.3
Growth (%)	7%	6%	4%	2%	5%	4%	6%	5%	4%	5%
Single premium	380.6	378.5	463.6	613.6	500.0	469.4	542.9	659.2	1,836.3	2,171.4
Growth (%)	-7%	-43%	10%	42%	31%	24%	17%	7%	-5%	18%
<b>Gross premium income</b>	<b>983.6</b>	<b>1,074.0</b>	<b>1,170.2</b>	<b>1,522.9</b>	<b>1,137.7</b>	<b>1,199.0</b>	<b>1,311.8</b>	<b>1,598.8</b>	<b>4,750.7</b>	<b>5,247.3</b>
Growth (%)	0%	-19%	5%	16%	16%	12%	12%	5%	0%	10%
<b>PAT</b>	<b>95.4</b>	<b>79.3</b>	<b>94.4</b>	<b>137.6</b>	<b>104.6</b>	<b>76.2</b>	<b>97.3</b>	<b>145.0</b>	<b>406.9</b>	<b>423.2</b>
Growth (%)	NM	NM	49%	2%	10%	-4%	3%	5%	12%	4%
<b>Key metrics (INRb)</b>										
New Business APE	95.3	131.0	131.6	211.8	115.6	164.7	134.9	227.2	569.7	642.3
Growth (%)	-7%	-12%	7%	11%	21%	26%	2%	7%	1%	13%
VNB	13.1	20.0	26.3	36.5	16.1	29.4	23.8	41.2	95.8	110.5
Growth (%)	-6%	-12%	46%	-2%	23%	47%	-10%	13%	4%	15%
AUM	46.1	47.4	49.7	51.2	53.6	55.4	58.1	61.7	51.2	61.7
Growth (%)	12%	10%	12%	16%	16%	17%	17%	21%	16%	21%
<b>Key Ratios (%)</b>										
VNB margins (%)	13.7	15.3	20.0	17.2	13.9	17.9	17.6	18.1	16.8	17.2

## Quarterly Snapshot (INRb)

	FY24				FY25		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
<b>Net premium income</b>	<b>983.6</b>	<b>1,074.0</b>	<b>1,170.2</b>	<b>1,522.9</b>	<b>1,137.7</b>	<b>1,199.0</b>	<b>12</b>	<b>5</b>
First year premium	68.1	99.9	84.3	138.1	74.7	112.0	12	50
Renewal premium	536.4	596.4	624.3	773.7	564.3	619.1	4	10
Single premium	380.6	378.5	463.6	613.6	500.0	469.4	24	-6
Reinsurance ceded	-1.5	-0.8	-2.1	-2.5	-1.3	-1.5	82	13
Investment income	903.1	939.4	952.7	844.3	961.8	1,089.7	16	13
<b>Other income</b>	<b>0.8</b>	<b>2.5</b>	<b>1.6</b>	<b>141.6</b>	<b>1.5</b>	<b>1.4</b>	<b>-42</b>	<b>0</b>
<b>Trf from Sh.holder's a/c</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>8.1</b>	<b>6.0</b>	<b>1,80,808</b>	<b>-26</b>
<b>Total income (A)</b>	<b>1,887.5</b>	<b>2,015.9</b>	<b>2,124.5</b>	<b>2,509.2</b>	<b>2,109.1</b>	<b>2,296.2</b>	<b>14</b>	<b>9</b>
Commission paid	51.2	60.8	65.2	82.5	50.9	65.4	8	29
First year premium	19.7	24.8	25.2	34.2	20.2	27.5	11	36
Renewal premium	27.2	30.8	33.0	40.2	29.2	32.2	5	10
Single premium	0.8	1.3	1.2	1.5	0.9	1.6	25	78
Operating expense	75.5	124.4	116.7	164.6	84.3	97.5	-22	16
<b>Total commission &amp; Opex</b>	<b>126.6</b>	<b>185.1</b>	<b>181.9</b>	<b>247.1</b>	<b>135.2</b>	<b>162.9</b>	<b>-12</b>	<b>20</b>
Benefits paid	748.4	833.6	955.0	1,351.0	818.6	975.6	17	19
Change in actuarial liability	963.0	913.4	889.9	764.0	1,031.5	1,082.5	19	5
<b>Total Expenses (B)</b>	<b>1,812.6</b>	<b>1,932.6</b>	<b>2,026.4</b>	<b>2,359.8</b>	<b>1,984.3</b>	<b>2,212.6</b>	<b>14</b>	<b>12</b>
<b>PBT</b>	<b>74.9</b>	<b>83.3</b>	<b>98.0</b>	<b>149.5</b>	<b>124.8</b>	<b>83.6</b>	<b>0</b>	<b>-33</b>
Tax	13.1	10.7	13.3	21.1	15.9	11.0	3	-31
<b>Surplus/(Deficit)</b>	<b>61.8</b>	<b>72.5</b>	<b>84.7</b>	<b>128.3</b>	<b>108.9</b>	<b>72.5</b>	<b>0</b>	<b>-33</b>
<b>Shareholder A/c</b>								
<b>Trf from Policyholder a/c</b>	<b>90.1</b>	<b>72.2</b>	<b>84.4</b>	<b>127.9</b>	<b>107.8</b>	<b>72.4</b>	<b>0</b>	<b>-33</b>
Investment Income	6.3	8.8	10.6	11.2	11.8	14.6	65	24
<b>Total income</b>	<b>96.4</b>	<b>81.0</b>	<b>95.0</b>	<b>139.2</b>	<b>119.6</b>	<b>87.0</b>	<b>7</b>	<b>-27</b>
<b>PBT</b>	<b>96.3</b>	<b>80.2</b>	<b>95.0</b>	<b>136.4</b>	<b>104.6</b>	<b>76.2</b>	<b>-5</b>	<b>-27</b>
Tax	0.9	0.9	0.5	-1.2	-	-	-100	#DIV/0!
<b>PAT</b>	<b>95.4</b>	<b>79.3</b>	<b>94.4</b>	<b>137.6</b>	<b>104.6</b>	<b>76.2</b>	<b>-4</b>	<b>-27</b>
<b>Total APE (calculated)</b>	<b>106.2</b>	<b>137.7</b>	<b>130.7</b>	<b>199.5</b>	<b>124.7</b>	<b>159.0</b>	<b>15</b>	<b>27</b>
<b>Key Ratios (%)</b>								
<b>Operating ratios</b>								
Commission (unwtd)	5.2	5.7	5.6	5.4	4.5	5.4	-21bp	98bp
Opex (unwtd)	7.7	11.6	10.0	10.8	7.4	8.1	-345bp	72bp
Total Cost	12.9	17.2	15.5	16.2	11.9	13.6	-366bp	170bp
Solvency ratio	189.0	190.0	193.0	198.0	199.0	198.0	800bp	-100bp
<b>Profitability ratios</b>								
VNB margins	13.7	15.3	20.0	17.2	13.9	17.9	260bp	396bp
<b>Persistency ratios</b>								
13th Month	75.1	71.2	70.9	71.9	72.4	68.2	-302bp	-418bp
25th Month	70.9	65.2	65.4	64.1	68.8	65.0	-20bp	-383bp
37th Month	64.3	60.2	59.5	59.7	66.4	60.5	28bp	-588bp
49th Month	61.6	57.7	62.1	61.4	60.7	56.5	-114bp	-417bp
61st Month	59.3	55.2	56.2	54.5	58.4	54.8	-41bp	-365bp
<b>Key Metrics (INR b)</b>								
VNB	13.1	20.0	26.3	36.5	16.1	29.4	47	83
EV	N.A	6,626.1	NA	7,273.4	N.A	8,217.2	24	
AUM	46,110.7	47,433.9	49,663.7	51,218.9	53,590.0	55,395.2	17	3



## Highlights from the management commentary

### 1HFY25 Highlights

- LIC launched four new non-par products in Aug'24.
- In compliance with IRDAI regulations applicable from Oct'24, 32 products were re-designed and launched. Additionally, three new non-par products were launched in Oct'24, taking the total to 35 products.
- In 1HFY25, LIC sold 9.2m new policies, up 13.8% YoY.
- Overall expense ratio was 12.74% in 1HFY25 compared to 15.14% in 1HFY24.
- Policies sold on Ananda platform grew 35.6% YoY in 1HFY25.
- LIC has witnessed a decline in policy count in Oct'24 due to the ongoing modifications in certain products with low persistency, before relaunch. Sep'24 also saw channel partners pushing sales before the festive season and getting high interest from customers as well, due to which Sep'24 was exceptional. The company is also giving time to channel partners to understand the new products before achieving growth.
- Duration has increased in savings products due to the reduction in the minimum entry age for annuity to 18 years from 25-30 years.
- Persistency improvement has been mixed across cohorts with respect to policy and premium. LIC has realigned products and launched in Oct'24 after reviewing lower ticket size products with low persistency. The company is incentivizing the sale of higher ticket size and longer-duration policies to improve persistency.
- 1HFY25 RoEV was flat YoY at 11.8%. Unwinding for 1HFY25 was slightly above 1HFY24 at 9.5%.

### Channel partners

- Total number of agents grew from ~1.35m in Sep'23 to ~1.43m in Sep'24, reflecting 45.56% market share.
- Agents sold 8.2m policies in 1HFY25, growing by 14.8% YoY. 95% of new business premium came from agency channel.
- Banca business registered growth of 31.8% YoY and alternate channel grew 28.2% YoY. For 1HFY25, total new business premium by banca and alternate channels grew 30.7% YoY. Share of banca and alternate channels in NBP has increased to 4.1% in 1HFY25 (3.7% in 1HFY24), driven by higher engagement and partner additions.

### Product mix

- Within the par business, there has been higher sales of certain products that give better margins, which has improved overall par VNB margins sequentially. However, par margins have been similar YoY during 1HFY25.
- LIC is redesigning products with a mindset of 1) aligning with regulator expectations, 2) maintaining investor profitability and 3) keeping benefits of intermediary intact. While there has been no change in commission rates, policies have been modified to link rewards to better persistency.
- The company aims to achieve a positive growth trajectory with respect to par segment and expects pace of growth to continue in the non-par segment.

**Surrender value impact**

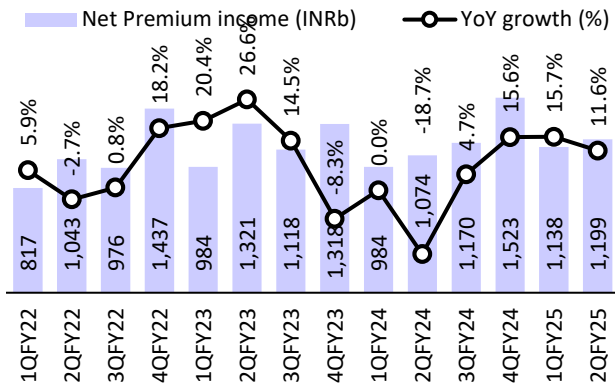
- The company has relaunched 32 out of 54 products in the first tranche. Many products have undergone revisions in premium rates, along with design changes. The company has realigned product offerings to ensure no adverse impact on margins due to new regulations.
- Commission has been aligned to policy duration and not reduced. The company is currently not implementing clawback provisions and may make a decision after seeing the experience on the new products.
- Rewards and benefits, apart from commission, can be introduced going forward to encourage business in areas with wider spread and profitable customers.
- The aim is to redesign products in such a manner that policy lapse rate goes down.

**Others**

- LIC is working to find the right opportunity in SAHI sector. The plan is to buy stake in a SAHI, which can be done without a composite license, and restrictions will only be due to investment regulation.

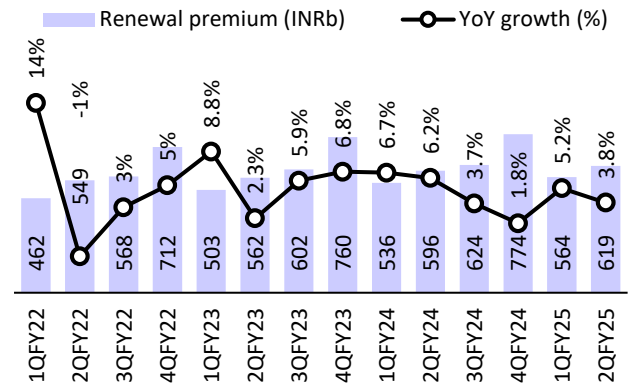
## Key exhibits

Exhibit 1: Net premium income grew 11.6% YoY



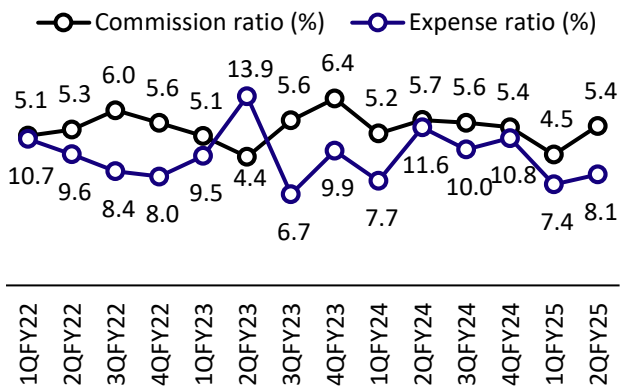
Source: MOFSL, Company

Exhibit 2: Renewal book grew 3.8% YoY



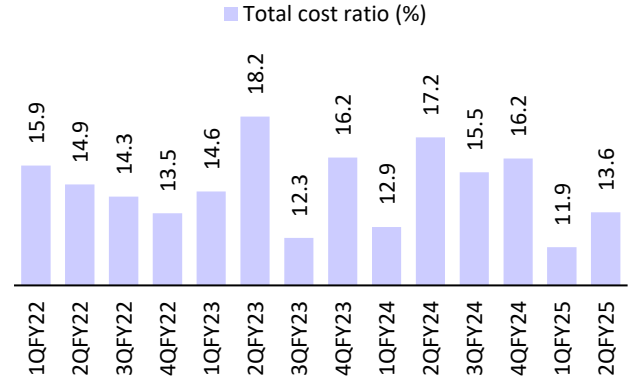
Source: MOFSL, Company

Exhibit 3: Trend in expense and commission ratio



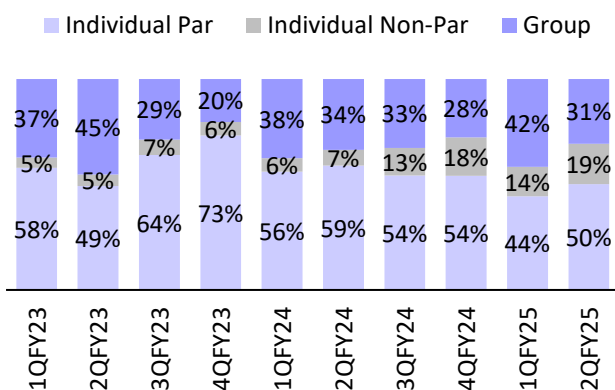
Source: MOFSL, Company

Exhibit 4: Total cost ratio declined YoY to 13.6%



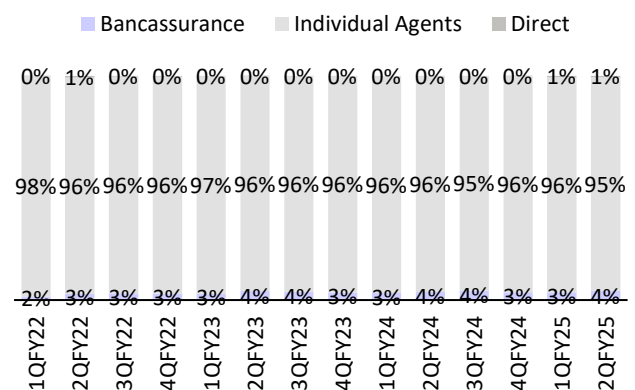
Source: MOFSL, Company

Exhibit 5: Share of non-par business grew to 19% of total APE



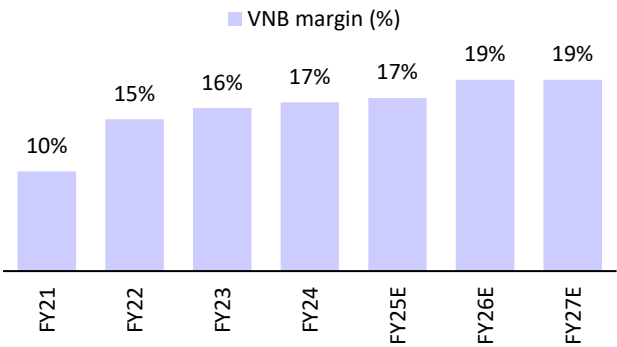
Source: MOFSL, Company

Exhibit 6: Distribution mix led by agency channel



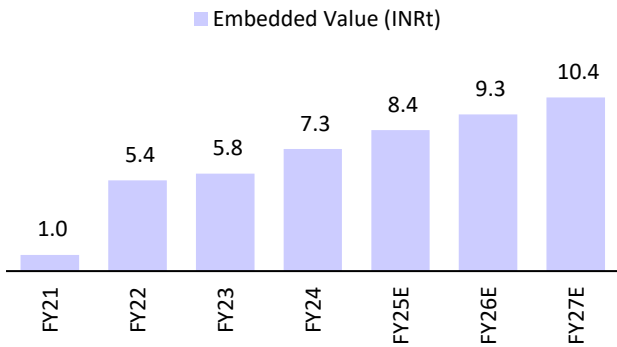
Source: MOFSL, Company

Exhibit 7: VNB margin is expected to improve to 19% by FY26



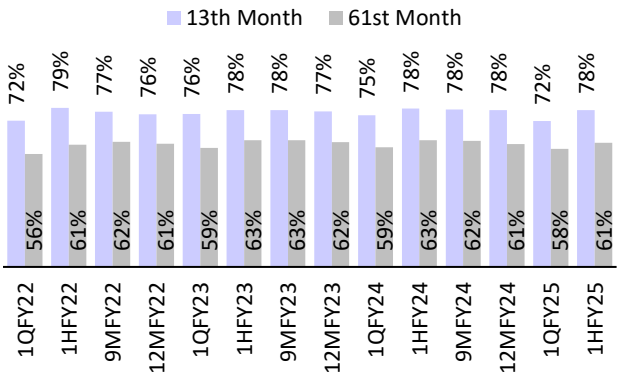
Source: MOFSL, Company

Exhibit 8: We expect EV to see 13% CAGR over FY24-26



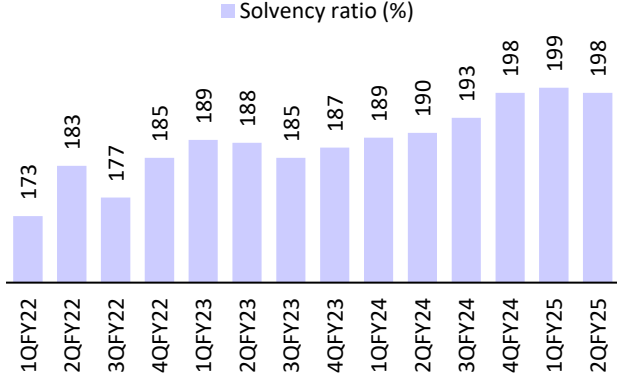
Source: MOFSL, Company

Exhibit 9: Persistency ratios across cohorts



Source: MOFSL, Company

Exhibit 10: Solvency ratio improves YoY to 198% in 2QFY25



Source: MOFSL, Company



## Financials and valuations

Technical account (INR b)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Gross Premiums	4,058.5	4,280.2	4,746.7	4,757.5	5,254.9	5,600.7	5,962.9
Reinsurance Ceded	(4.5)	(6.1)	(6.6)	(6.8)	(7.5)	(8.0)	(8.6)
Net Premiums	4,054.0	4,274.2	4,740.0	4,750.7	5,247.3	5,592.7	5,954.4
Income from Investments	2,855.2	2,928.9	3,063.9	3,639.4	4,096.8	4,568.6	5,012.9
Other Income	127.9	7.9	76.6	146.9	154.3	162.0	170.1
<b>Total income (A)</b>	<b>7,037.1</b>	<b>7,211.0</b>	<b>7,880.5</b>	<b>8,537.1</b>	<b>9,498.4</b>	<b>10,323.2</b>	<b>11,137.3</b>
Commission	223.6	236.9	255.8	259.6	275.1	294.0	312.3
Operating expenses	351.6	383.7	481.5	481.2	499.2	532.1	566.5
<b>Total commission and opex</b>	<b>575.2</b>	<b>620.6</b>	<b>737.3</b>	<b>740.8</b>	<b>774.3</b>	<b>826.0</b>	<b>878.7</b>
Benefits Paid (Net)	2,907.2	3,574.6	3,425.8	3,916.7	4,355.3	4,676.5	5,015.9
Change in reserves	3,215.8	2,972.8	3,433.8	3,492.0	4,015.8	4,457.6	4,858.8
Prov for doubtful debts (inc other exp)	73.1	(93.8)	(148.5)	(29.2)	(50.0)	(50.0)	(50.0)
<b>Total expenses (B)</b>	<b>6,771.3</b>	<b>7,074.3</b>	<b>7,448.4</b>	<b>8,120.3</b>	<b>9,095.4</b>	<b>9,910.1</b>	<b>10,703.4</b>
<b>(A) - (B)</b>	<b>265.8</b>	<b>136.7</b>	<b>432.1</b>	<b>416.7</b>	<b>403.0</b>	<b>413.1</b>	<b>433.9</b>
Tax (incl GST)	92.6	79.7	53.5	59.6	49.8	51.3	54.1
<b>Surplus / Deficit</b>	<b>173.2</b>	<b>57.0</b>	<b>378.6</b>	<b>347.4</b>	<b>353.2</b>	<b>361.8</b>	<b>379.8</b>

Shareholder's a/c (INR b)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Transfer from technical a/c	29.6	121.9	360.5	374.6	353.2	361.8	379.8
Income From Investments	0.2	2.0	11.5	36.9	75.1	93.4	112.1
<b>Total Income</b>	<b>29.9</b>	<b>123.9</b>	<b>372.0</b>	<b>411.5</b>	<b>428.3</b>	<b>455.2</b>	<b>491.9</b>
Other expenses	0.0	0.0	0.0	2.5	2.7	3.0	3.3
Contribution to technical a/c	0.0	83.3	2.7	3.0	3.3	3.6	4.0
<b>Total Expenses</b>	<b>0.1</b>	<b>83.3</b>	<b>7.4</b>	<b>5.4</b>	<b>6.0</b>	<b>6.6</b>	<b>7.2</b>
<b>PBT</b>	<b>29.8</b>	<b>40.7</b>	<b>364.6</b>	<b>406.1</b>	<b>422.3</b>	<b>448.6</b>	<b>484.6</b>
Tax	0.1	0.2	0.6	0.8	0.8	0.9	1.0
<b>PAT</b>	<b>29.7</b>	<b>40.4</b>	<b>364.0</b>	<b>406.9</b>	<b>423.2</b>	<b>449.5</b>	<b>485.6</b>
<b>Growth</b>	<b>10%</b>	<b>36%</b>	<b>800%</b>	<b>12%</b>	<b>4%</b>	<b>6%</b>	<b>8%</b>

Premium (INR b) and growth (%)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
NBP - unweighted	1,855	1,989	2,321	2,227	2,597	2,809	3,032
NBP - wrp	495	529	584	574	642	699	753
Renewal premium	2,203	2,291	2,426	2,531	2,658	2,791	2,931
Total premium - unweighted	4,059	4,280	4,747	4,758	5,255	5,601	5,963
NBP growth - unweighted	2.9%	7.2%	16.6%	-4.0%	16.6%	8.2%	7.9%
NBP growth - wrp	-30.0%	6.9%	10.4%	-1.7%	11.9%	8.8%	7.7%
Renewal premium growth	8.8%	4.0%	5.9%	4.3%	5.0%	5.0%	5.0%
Premium growth - unweighted	6.0%	5.5%	10.9%	0.2%	10.5%	6.6%	6.5%

Premium mix (%)	FY21	FY22E	FY23	FY24	FY25E	FY26E	FY27E
<b>New business - un weighted</b>							
- Individual mix	30.9%	27.5%	25.4%	25.9%	24.8%	25.0%	25.0%
- Group mix	69.1%	72.5%	74.6%	74.1%	75.2%	75.0%	75.0%
<b>Total premium mix - un weighted</b>							
- Participating	57.3%	56.1%	55.1%	53.4%	52.0%	50.0%	48.0%
- Non-participating	42.3%	43.4%	44.4%	45.9%	47.1%	48.9%	50.7%
- ULIPs	0.4%	0.5%	0.5%	0.7%	0.9%	1.1%	1.3%

Indi premium sourcing mix (%)	FY21	FY22E	FY23	FY24	FY25E	FY26E	FY27E
Individual agents	93.8%	96.2%	96.4%	96.0%	95.0%	94.5%	94.0%
Corporate agents-Banks	3.1%	2.6%	3.3%	3.6%	4.4%	4.9%	5.4%
Direct business	2.2%	0.3%	0.1%	0.2%	0.3%	0.3%	0.3%
Others	0.9%	0.8%	0.1%	0.2%	0.3%	0.3%	0.3%



## Financials and valuations

Balance Sheet	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Sources of Fund</b>							
Share Capital	1.0	63.2	63.2	63.3	63.3	63.3	63.3
Reserves And Surplus	67.1	40.4	394.9	757.4	1,104.7	1,459.3	1,831.1
<b>Shareholders' Fund</b>	<b>69.8</b>	<b>104.1</b>	<b>456.7</b>	<b>819.4</b>	<b>1,170.7</b>	<b>1,525.7</b>	<b>1,897.9</b>
Policy Liabilities	34,207.3	37,100.4	40,512.5	43,953.3	49,355.9	57,206.6	66,321.9
Prov. for Linked Liab.	329.6	238.9	261.6	348.8	488.3	527.3	569.5
Funds For Future App.	0.5	0.8	1.8	4.1	4.7	5.4	6.2
Current liabilities & prov.	831.2	712.4	593.8	634.9	641.3	705.4	776.0
<b>Total</b>	<b>38,295.2</b>	<b>42,305.9</b>	<b>45,505.1</b>	<b>52,855.3</b>	<b>61,231.2</b>	<b>70,230.6</b>	<b>80,573.3</b>
<b>Application of Funds</b>							
Shareholders' invt	4.3	64.1	293.6	637.4	943.4	1,132.1	1,358.5
Policyholders' invt	34,984.4	38,956.9	41,891.8	48,765.1	56,567.5	65,052.7	74,810.6
Assets to cover linked liab.	329.7	239.4	263.1	352.6	472.5	543.3	624.8
Loans	1,087.6	1,098.8	1,155.6	1,202.6	1,346.9	1,414.2	1,484.9
Current assets	1,854.4	1,911.2	1,862.8	1,857.0	1,857.0	2,042.7	2,247.0
<b>Total</b>	<b>38,295.2</b>	<b>42,305.9</b>	<b>46,698.9</b>	<b>54,098.5</b>	<b>62,621.9</b>	<b>71,690.4</b>	<b>82,105.6</b>
<b>Operating ratios (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Investment yield	8.1%	7.5%	7.0%	7.1%	6.9%	6.7%	6.4%
<b>Commissions / GWP</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>5.5%</b>	<b>5.2%</b>	<b>5.2%</b>	<b>5.2%</b>
- first year premiums	26.4%	26.6%	27.6%	28.5%	25.5%	25.5%	25.5%
- renewal premiums	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
- single premiums	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Operating expenses / GWP	8.7%	9.0%	10.1%	10.1%	9.5%	9.5%	9.5%
<b>Total expense ratio</b>	<b>14.2%</b>	<b>14.5%</b>	<b>15.5%</b>	<b>15.6%</b>	<b>14.7%</b>	<b>14.7%</b>	<b>14.7%</b>
Claims / NWP	71.2%	82.7%	71.6%	81.8%	82.4%	83.0%	83.6%
Solvency ratio	176%	185%	187%	198%	198%	197%	197%
<b>Persistency ratios (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
13th Month	78.8%	75.6%	77.0%	77.7%	79.0%	79.0%	79.0%
25th Month	70.0%	73.5%	74.3%	71.0%	74.8%	74.8%	74.8%
37th Month	66.9%	66.6%	67.3%	65.5%	68.1%	68.1%	68.1%
49th Month	63.1%	63.9%	64.7%	66.3%	65.2%	65.2%	65.2%
61st Month	58.8%	61.0%	61.4%	60.9%	61.8%	61.8%	61.8%
<b>Profitability ratios (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
VNB margin (%)	9.9%	15.1%	16.2%	16.8%	17.2%	19.0%	19.0%
RoE (%)	73.6%	46.5%	129.8%	63.8%	42.5%	33.3%	28.4%
Operating ROEV	36.9%	11.9%	10.9%	11.5%	9.6%	9.6%	9.6%
RoEV (%)	105.6%	466.4%	7.5%	24.9%	15.5%	11.2%	10.9%
<b>Valuation &amp; key data</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
Total AUMs (INRb)	36,762	40,850	43,970	51,219	61,749	70,915	81,459
- of which equity AUMs (%)	21%	21%	20%	21%	22%	22%	22%
Dividend %	-15%	0%	0%	-100%	21%	21%	21%
Dividend payout ratio (%)	0%	23%	5%	16%	18%	21%	23%
EPS, INR	4.7	6.4	57.5	64.3	66.9	71.1	76.8
VNB (INRb)	41.7	76.2	91.8	95.8	110.5	132.8	143.0
Embedded Value (INRb)	956.1	5,414.9	5,822.4	7,273.7	8,402.2	9,340.6	10,362.3
EV per share (INR)	151.2	856.1	920.5	1,150.0	1,328.4	1,476.8	1,638.3
VIF as % of EV	93%	98%	92%	90%	88%	85%	83%
P/VIF (%)	6.5	1.1	1.1	0.9	0.8	0.7	0.7
P/AUM (%)	16%	14%	13%	11%	9%	8%	7%
P/EV (x)	6.1	1.1	1.0	0.8	0.7	0.6	0.6
P/EPS (x)	194.6	143.1	15.9	14.2	13.7	12.9	11.9
P/EVOP (x)	33.7	10.4	9.8	8.6	8.3	7.1	6.5

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
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Registration details of group entities: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.