

Life Insurance Corporation

Estimate change	↔
TP change	↑
Rating change	↔



Bloomberg	LICI IN
Equity Shares (m)	6325
M.Cap.(INRb)/(USDb)	4174.2 / 50.4
52-Week Range (INR)	754 / 530
1, 6, 12 Rel. Per (%)	6/-/-13
12M Avg Val (INR M)	1037

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- unwtd (%)	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	0.6
P/EVOP (x)	7.1	6.6	5.8

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	96.5	96.5	96.5
DII	0.8	0.9	1.1
FII	0.1	0.1	0.1
Others	2.6	2.5	2.3

FII Includes depository receipts

CMP: INR660 TP: INR850 (+29%) Buy

Decline in APE leads to a drop in VNB; VNB margin flattish

Gradual diversification toward non-par & protection

- LIC reported a PAT of INR95.4b in 1QFY24, up 14x YoY, due to the transfer of INR74.9b from Non-Par to shareholders' accounts (related to accretion on available solvency margin).
- Net premium was flat YoY to INR983b in 1QFY24, but market share (based on first-year premium) dropped to 61.4% from 65.4% in 1QFY23.
- VNB (net) declined 6.8% YoY to INR13.0b, hit by a 7.2% decline in APE. However, VNB margin (net) remained flattish at 13.7% vs. 13.6% in 1QFY23.
- Net margin in the Individual Par segment came in to 10.1% vs. 11% in 1QFY23. For the Non-Par segment, it declined to 43.3% vs. 72.4% in 1QFY23. In the group segment, net margin improved to 13.9% vs. 10.0% in 1QFY23.
- We expect LIC to deliver a 15% CAGR in APE over FY23-25, thus enabling a 27% VNB CAGR. **We reiterate our BUY rating on the stock with a TP of INR 850 (0.7x FY25E EV).**

Gradual diversification in business; Persistency ratio improves YoY

- In 1QFY24, LIC's renewal premium rose 6.7% YoY to INR536b, while the first-year premium and single premium declined 8.3% and 6.7%. Total individual premium increased 4.6% YoY to INR628b, while total group premium was down 7.2% YoY during the quarter.
- The share of participatory products reduced to 89.8% from 92.2% in 1QFY23. The non-par APE increased to INR6.1b in 1QFY24 from INR5.0b in 1QFY23, registering a 21.6% YoY growth.
- On the distribution front, the share of agency channel stands at 96.5%. On a YoY basis, the share of banca channel increased to 3.2% in 1QFY24 from 2.7% in 1QFY23.
- On a premium basis, 13th/61st month persistency improved to 78.4%/ 62.7% from 77.9%/62.4% in 1QFY23.
- AUM increased to INR46t as of 1QFY24 from INR41t as of 1QFY23, reporting an increase of 12.4% YoY.
- On an NBP basis, the share of PAR products moderated YoY to 63.1%. Annuity/Pension and ULIP constituted a bulk of the residual with a share of 27% and 7%. Term products contributed only 0.4%.

Highlights from the management commentary

- In the group business, the annuity component has contributed favorably, which led to improvement in margins. Furthermore, the products are being reviewed and modified regularly to make the offerings more competitive. Also, LIC is working on various innovative designs to fill in product gaps.
- In July, LIC launched a very competitive product (return of premium product) on the protection side. Protection share is expected to improve from the direct and online channel.
- LIC re-priced its term policy rates last year, which had an impact on sales. The repricing was implemented to enhance the competitiveness of the products. The adjustment period has now passed, and we anticipate a rebound in sales moving forward.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Prayesh Jain (Prayesh.Jain@MotilalOswal.com) | Nemin Doshi (Nemin.Doshi@MotilalOswal.com)

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

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Valuation and view

LIC has 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 require a superior and well-thought out execution plan. We expect LIC 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. LIC is trading at 0.6x FY24E EV, which appears reasonable, considering the gradual recovery in margin and diversification in the business mix.

We reiterate our BUY rating with a TP of INR840 (0.7x Mar'25E EV).

Quarterly performance**(INR b)**

Policy holder's A/c (INRb)	FY22				FY23				FY24		FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q			
First year premium	50.9	82.0	87.5	146.1	74.3	91.2	97.2	128.1	68.1		366.5	390.9
Growth (%)	-27%	2%	10%	33%	46%	11%	11%	-12%	-8%		7%	7%
Renewal premium	462.0	549.1	568.2	711.6	502.6	561.6	601.9	760.1	536.4		2,290.9	2,426.2
Growth (%)	14%	-1%	3%	5%	9%	2%	6%	7%	7%		4%	6%
Single premium	305.5	413.5	321.9	582.0	408.0	669.0	421.2	431.4	380.6		1,622.8	1,929.6
Growth (%)	3%	-5%	-6%	34%	34%	62%	31%	-26%	-7%		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	983.6		4,274.2	4,740.0
Growth (%)	6%	-3%	1%	18%	20%	27%	15%	-8%	0%		5%	11%
PAT	0.0	14.3	2.3	23.7	6.8	159.5	63.3	134.3	95.4		40.4	364.0
Growth (%)	7%	NM	NM	-18%	NM	NM	NM	NM	NM		36%	800%
Key metrics (INRb)												
New business APE	NA	NA	NA	NA	102.7	149.6	123.2	191.4	106.4		528.8	584.5
Growth (%)	NA	NA	NA	NA	NA	NA	NA	NA	NA		8%	11%
VNB	NA	NA	NA	NA	14.0	22.8	18.0	37.0	14.6		76.2	91.6
Growth (%)	NA	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	46.1		40.9	44.0
Growth (%)	NA	NA	NA	NA	8%	NA	11%	8%	12%		11%	8%
Key Ratios (%)												
VNB Margins (%)	NA	NA	NA	NA	13.6	15.2	14.6	19.4	13.7		15.1	16.2
Solvency ratio (%)	173.3	183.4	177.0	185.0	188.5	188.0	185.0	187.0	189.0		185.0	187.0

Quarterly snapshot

(INR b)

	FY22				FY23				FY24	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net premium income	817.2	1,043.3	976.2	1,437.5	983.5	1,321.0	1,117.9	1,317.6	983.6	0	-25
First year premium	50.9	82.0	87.5	146.1	74.3	91.2	97.2	128.1	68.1	-8	-47
Renewal premium	462.0	549.1	568.2	711.6	502.6	561.6	601.9	760.1	536.4	7	-29
Single premium	305.5	413.5	321.9	582.0	408.0	669.0	421.2	431.4	380.6	-7	-12
Investment income	722.9	765.3	765.7	675.0	695.7	841.0	848.7	678.5	903.1	30	33
Total income (A)	1,541.5	1,862.8	1,742.8	2,147.1	1,688.8	2,222.2	1,968.9	2,001.9	1,887.5	12	-6
Commission paid	41.9	55.6	58.5	80.0	50.3	58.1	63.2	84.3	51.2	2	-39
First year premium	15.1	22.8	24.0	35.4	20.7	24.1	25.8	37.3	19.7	-5	-47
Renewal premium	23.4	28.4	30.4	36.4	25.9	28.8	31.7	38.7	27.2	5	-30
Single premium	0.6	1.3	1.4	1.6	0.9	1.2	1.4	1.7	0.8	-7	-53
Operating expense	87.8	100.3	81.7	114.8	93.4	183.1	74.8	130.1	75.5	-19	-42
Total commission & Opex	129.7	155.9	140.2	194.8	143.7	241.2	138.0	214.4	126.6	-12	-41
Benefits paid	644.5	854.5	850.4	1,219.5	686.6	842.7	784.6	1,111.9	748.4	9	-33
Change in actuarial liability	775.9	790.8	752.8	681.1	779.4	958.2	978.7	717.6	963.0	24	34
Total Expenses (B)	1,525.8	1,719.3	1,745.3	2,084.8	1,638.5	2,018.4	1,865.2	1,927.3	1,812.6	11	-6
PBT	15.8	143.5	-2.5	62.2	50.3	203.7	103.7	74.6	74.9	49	0
Tax	15.8	31.7	31.7	-0.4	14.0	54.0	-25.2	9.5	13.1	-7	37
Surplus/(Deficit)	0.0	111.8	-34.2	62.7	36.2	149.7	128.8	65.0	61.8	71	-5
Shareholder A/c											
Trf from Policyholder a/c	0.0	67.7	1.9	22.8	13.6	150.4	61.0	134.2	90.1	564	-33
Investment Income	0.0	0.4	0.8	0.8	1.5	1.5	2.8	5.7	6.3	324	10
Total income	0.0	68.1	2.6	23.6	15.0	151.9	63.8	139.9	96.4	541	-31
PBT	0.0	14.5	2.6	23.5	7.0	159.7	63.6	134.2	96.3	1,268	-28
Tax	0.0	0.1	0.3	-0.2	0.2	0.2	0.2	-0.1	0.9	322	-1,628
PAT	0.0	14.3	2.3	23.7	6.8	159.5	63.3	134.3	95.4	1,298	-29
Total APE (calculated)	81.4	123.3	119.7	204.3	115.1	158.1	139.4	171.3	106.2	-8	-38
Key Ratios (%)											
Operating ratios											
Commission (unwtd)	5.1	5.3	6.0	5.6	5.1	4.4	5.6	6.4	5.2	9	-119
Opex (unwtd)	10.7	9.6	8.4	8.0	9.5	13.9	6.7	9.9	7.7	-183	-220
Total Cost	15.9	14.9	14.3	13.5	14.6	18.2	12.3	16.2	12.9	-173	-339
Solvency ratio	173	183.4	177	185	189	188.0	185	187	189	46	200
Profitability ratios											
VNB margins	NA	NA	NA	15.1	13.6	15.2	14.6	19.4	13.7	10	-566
Persistency ratios											
13th Month	72.5	78.8	76.8	75.6	75.8	77.6	77.6	77.1	75.1	-65	-199
25th Month	66.5	70.9	71.7	73.5	67.8	73.8	71.3	69.93	70.9	315	100
37th Month	62.6	67.6	67.8	66.6	64.3	67.9	68.3	70.1	64.3	-5	-576
49th Month	59.9	64.8	65.0	63.9	60.8	64.7	64.7	63.5	61.6	74	-197
61st Month	56.0	60.6	61.9	61.0	59.0	62.8	62.7	61.8	59.3	26	-255
Key Metrics (INR b)											
VNB	NA	NA	NA	NA	14.0	22.8	18.0	37.0	14.6	4	-61
EV	NA	5,397	NA	5,414.9	NA	5,443	NA	5,822.4	N.A	N.A	N.A
AUM	38,134	NA	NA	40,850.0	41,020	42,938	44,349	43,970	46,111	12	5

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



Highlights from the management commentary

Group Business

- In the group business, the annuity component has contributed favorably, and hence, driving up the margins.
- In the group segment, LIC is continuously reviewing and modifying its group product to make them more competitive. Also, LIC is working on various innovative designs to fill in product gaps.

Protection

- In July, LIC launched a very competitive product (return of premium product) on the protection side.
- The management expects the protection share to improve through the direct and online channels.
- LIC re-priced its term policy rates last year, which had an impact on sales. The repricing was implemented to enhance the competitiveness of the products. The adjustment period has now passed, and we anticipate a rebound in sales moving forward.

Others

- LIC has a 40.84% market share in the individual business and 72.5% market share in the group business.
- The Yield on policyholder's funds, excluding unrealized gains improved to 8.78% as against 7.74%.
- On a YoY basis, death claims declined 10% and maturity claims increased by 11%.
- A total of ~3.2m policies were sold in the individual segment during the quarter, compared to ~3.7m sold in 1QFY23.
- In 1QFY24, LIC also launched a single premium closed-ended product, which has exhibited favorable performance. Furthermore, LIC has undertaken a pricing revision for its cancer healthcare product.
- The business mix is progressively shifting toward non-par business. The re-pricing of products due to competition has led to a decline in NVB margin to 43.3%. However, the overall margins are expected to continue their upward trajectory.
- Solvency Level for LIC is at 1.87x, which is at record high, while the internal target is still maintained at 1.6x.
- Wage revision for employees happens every four to five years. Last year, the Board decided an upfront full-cost revision (previously it was amortized), and hence, employee cost declined during the current quarter.
- ~200bp increase in VNB margin is due to the positive impact of assumptions. The largest contributor to this is improving mortality and persistency.
- In line with the strategy to increase non-par share, LIC has launched two new products in the non-par category.
- LIC has re-priced annuity products twice and currently rates offered are as on Mar'23. The re-pricing was mainly to make the products competitive. There were no downward revisions so as to cut competition.
- In 1QFY24, J&K bank and Saraswat Urban Co-operative bank have been on-boarded as banking partners. Also, nine brokers and one corporate agent have been on-boarded.

- LIC has a very minimal impact of INR 0.5m ticket size policies (very small part in the overall mix).
- LIC to undergo digital transformation this year. Digital marketing for customer acquisition is more focused on the direct channel.
- LIC has 34-35% share in the women segment. LIC has witnessed growth in women buying policies. There is no distinction in premiums for men and women.

Key exhibits

Exhibit 1: Net premium income is flat YoY

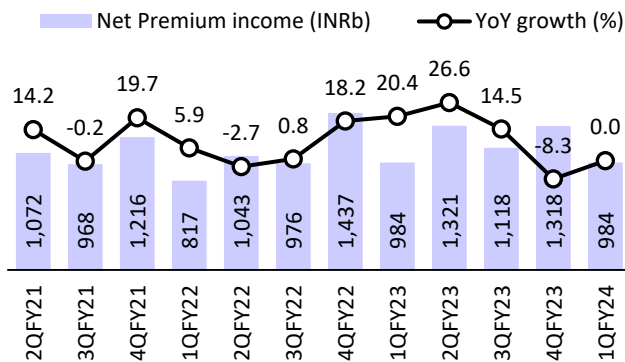


Exhibit 2: Renewal premium grew at 7% YoY

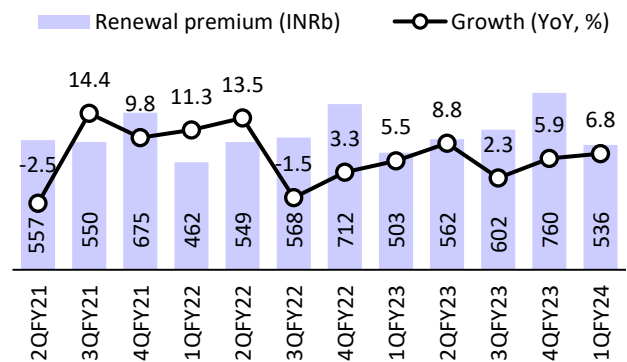


Exhibit 3: Both the Expense ratio and the Commission ratio moderated during the quarter

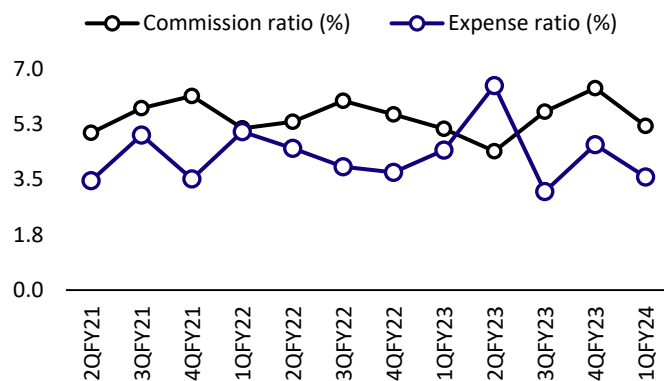


Exhibit 4: Total cost ratio declined QoQ to 12.9%

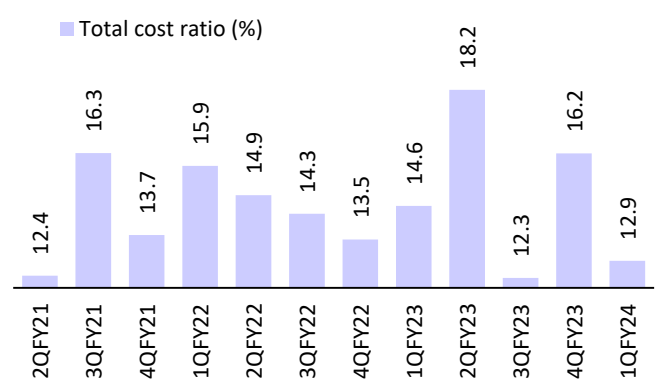
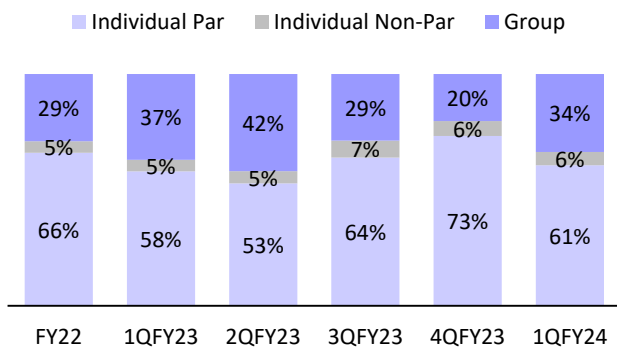
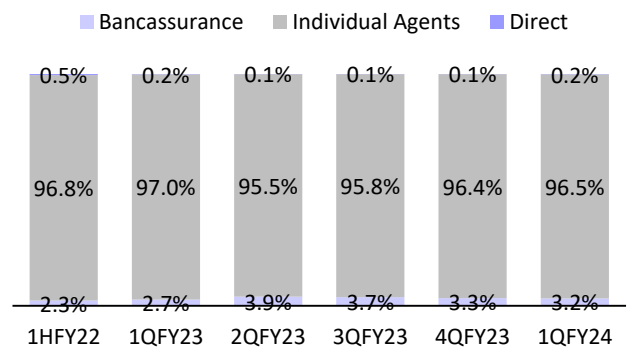


Exhibit 5: Individual forms 61% of total APE in 1QFY24



Source: MOFSL, Company

Exhibit 6: Share of banca declined to 3.2% in 1QFY24, while the share of Individual agents 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, LICI's VNB margin will still be around half of 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.
- **Reiterate BUY with a TP of INR850:** 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 well-thought out execution plan. 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'. LICI is trading at 0.6x FY24E EV, which appears reasonable, considering the gradual recovery in margin and diversification in the business mix. We reiterate our BUY rating with a TP of INR850 (0.7x Mar'25E EV).

Story in charts

Exhibit 7: VNB margin is expected improve to 19.3% by FY25E

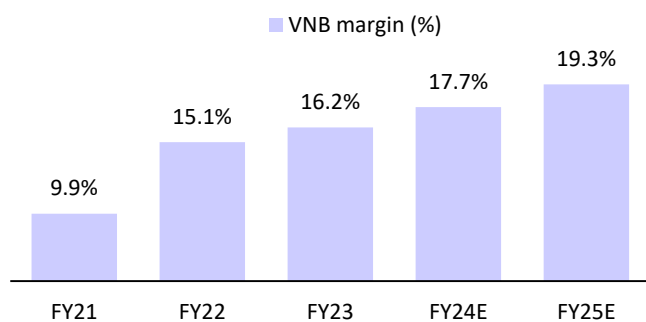


Exhibit 8: We expect EV to see a 12% CAGR over FY23-25

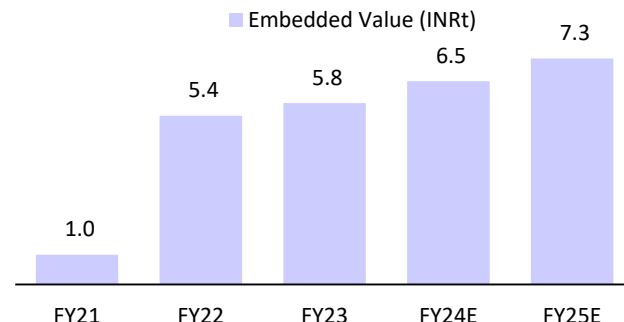
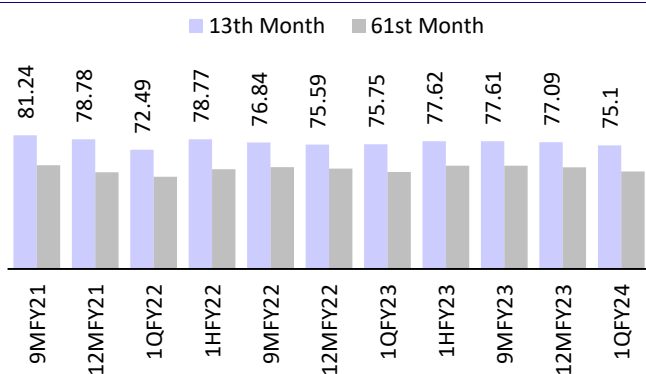
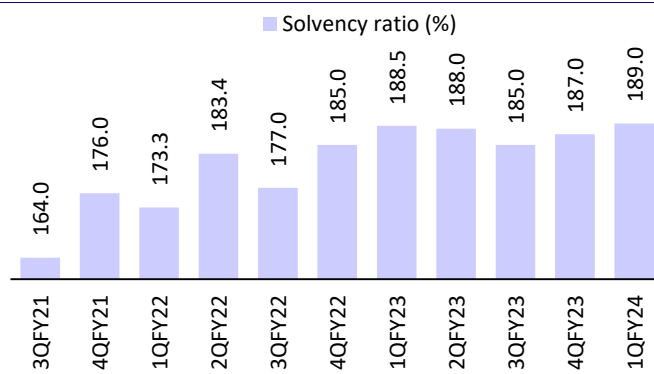


Exhibit 9: Persistency ratios remain healthy across cohorts



Source: MOFSL, Company

Exhibit 10: Solvency ratio improves 200bp to 189% in 1QFY24



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
Other expenses	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Contribution to technical a/c	-	0.0	0.1	0.0	83.3	1.3	1.4	1.6
Total Expenses	0.0	0.0	0.1	0.1	83.3	6.0	1.4	1.6
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%	96.4%	93.8%	92.1%
Corporate agents-Banks	2.6%	2.5%	2.8%	3.1%	2.6%	3.3%	4.0%	4.4%
Direct business	1.6%	1.5%	1.9%	2.2%	0.3%	0.1%	3.1%	3.4%
Others	0.2%	0.2%	0.6%	0.9%	0.8%	0.1%	-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' invt	5.9	3.7	4.0	4.3	64.1	293.6	352.4	422.8
Policyholders' invt	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%	187%	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%
					8%	2%	2%	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	4.7	0.8	3.4	2.4	1.8
P/AUM (%)	15%	14%	14%	11%	10%	9%	8%	7%
P/EV (x)	NM	NM	NM	4.4	0.8	0.7	0.6	0.6
P/EPS (x)	2.7	158.9	154.0	140.4	103.2	11.5	26.2	22.8
P/EVOP (x)	NM	NM	NM	24.3	7.5	7.1	6.6	5.8

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Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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