

# Life Insurance Corporation

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR 1,016 TP: INR 1270 (+25%) Buy**

## VNB margin contracts 220bp YoY

### New product launches to support growth in the non-par segment

- Life Insurance Corporation (LIC)'s 4QFY24 PAT grew 2.5% YoY to INR137.6b. For FY24, LIC's PAT rose 11.8% YoY to INR406.8b.
  - Net premium grew 15.6% YoY to INR1.52t in 4QFY24. Market share in premium dropped to 58.9% in FY24 from 62.6% in FY23.
  - VNB (net) was flat YoY at INR36.45b, whereas APE grew 16% YoY to INR199.5b in 4QFY24. Thus, VNB margin (net) contracted to 17.2% in 4QFY24 vs. 19.4% in 4QFY23. For FY24, LIC's VNB margin came in at 16.8% (vs. 16.2% in FY23).
  - We retain our VNB estimates for FY25/FY26. With the growth in the share of non-Par segment, we expect the VNB margin to improve (~19% by FY26).
- Reiterate BUY with a TP of INR1,270 (premised on 0.8x FY26E EV).**

### APE share of the non-Par segment improves

- LIC's first/single premium rose 7.8%/42.2% YoY to INR138b/ INR614b, whereas renewal premium was flat YoY at INR774b in 4Q. For FY24, total individual premium/total group premium came in at INR3.03t/INR1.71t.
- On the distribution front, the share of the agency channel stood at 96.3% in 4QFY24. The share of the banca channel marginally improved to 3.4% YoY in 4QFY24. LIC aspires for a 5-6% business share from the banca channel.
- 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 77.7%/71.0%/65.5%/66.3%/60.9% in FY24.
- AUM increased to INR51.2t in 4QFY24 from INR43.9t in 4QFY23, reporting an increase of 16.5% YoY and 3.1% QoQ.
- In FY24, the share of PAR/ULIP/term products on an APE basis moderated YoY to 55.1%/2.5%/0.4%. The share of individual savings/annuity/group segments on an APE basis increased YoY to 6.7%/2.8%/32.5%.
- Non-Par APE increased to INR70.4b in FY24 from INR34b in FY23, registering a growth of 105%. Therefore, on an APE basis, the non-Par share of the individual business, which was 8.9% in FY23, has grown to 18.3% in FY24.
- The yield on investments on policyholder's funds, excluding unrealized gains, was 8.9% for FY24 vs. 8.3% for FY23.

### Highlights from the management commentary

- LIC is further strengthening its presence in tier 2-3 towns through the agency transformation project. LIC wants to be present in every Panchayat in FY25. Agents with 50+ years of age account for 35% of the total agency force. These agents contribute to more than 45% of the total premium income.
- LIC has enhanced benefits in the group business. The benefit structure and changes in risk-free rates have affected margins in the group business. LIC has increased payouts for annuity business. Movement in risk-free rates has hurt the overall margins for LIC.
- LIC is contemplating a foray into the health insurance sector and should be assessing the potential acquisition prospects. Currently, LIC is already selling the fixed-benefit health insurance products.

Bloomberg	LICI IN
Equity Shares (m)	6325
M.Cap.(INRb)/(USD)	6426.2 / 77.3
52-Week Range (INR)	1175 / 593
1, 6, 12 Rel. Per (%)	1/36/44
12M Avg Val (INR m)	2734

### Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Net Premiums	4,744	5,100	5,537
Surplus / Deficit	346.1	366.6	439.6
Sh. PAT	406.9	438.4	477.9
NBP gr -unwtd (%)	(4.0)	10.0	10.0
NBP gr - APE (%)	(1.7)	17.2	10.0
Premium gr (%)	0.2	7.4	8.6
VNB margin (%)	16.8	18.5	19.0
RoEV (%)	24.9	11.6	11.5
Total AUMs (INR t)	53.5	57.2	65.7
VNB (INR b)	95.8	124.4	140.6
EV per share	1,150	1,284	1,431

### Valuations

P/EV (x)	0.9	0.8	0.7
P/EVOP (x)	9.7	9.2	8.2

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	96.5	96.5	96.5
DII	0.9	1.0	0.9
FII	0.2	0.1	0.1
Others	2.5	2.4	2.5

FII Includes depository receipts

Research Analyst: Prayesh Jain (Prayesh.Jain@MotilalOswal.com) | Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Nemin Doshi (Nemin.Doshi@MotilalOswal.com) | Muskan Chopra (Muskan.Chopra@MotilalOswal.com)

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

**Valuation and view**

LIC has 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 LIC to deliver a 11% CAGR in APE over FY24-26, thus enabling a 18% VNB CAGR. However, we expect operating RoEV to remain modest at 11.5% in FY26, given its lower margin profile than private peers and a large EV base. We have maintained our VNB estimates for FY25/FY26. With the growth in share of non-Par segment, we expect improvement in VNB margin (~19% by FY26). **Reiterate BUY with a TP of INR1,270 (0.8x FY26E EV).**

**Quarterly Performance****(INR b)**

Policy holder's A/c (INRb)	FY23				FY24				FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First year premium	74	91	97	128	68	100	84	138	391	390
Growth (%)	46%	11%	11%	-12%	-8%	9%	-13%	8%	7%	0%
Renewal premium	503	562	602	760	536	596	624	774	2,426	2,531
Growth (%)	9%	2%	6%	7%	7%	6%	4%	2%	6%	4%
Single premium	408	669	421	431	381	378	464	614	1,930	1,836
Growth (%)	34%	62%	31%	-26%	-7%	-43%	10%	42%	19%	-5%
<b>Net premium income</b>	<b>984</b>	<b>1,321</b>	<b>1,118</b>	<b>1,318</b>	<b>984</b>	<b>1,074</b>	<b>1,170</b>	<b>1,523</b>	<b>4,740</b>	<b>4,744</b>
Growth (%)	20%	27%	15%	-8%	0%	-19%	5%	16%	11%	0%
<b>PAT</b>	<b>7</b>	<b>160</b>	<b>63</b>	<b>134</b>	<b>95</b>	<b>79</b>	<b>94</b>	<b>138</b>	<b>364</b>	<b>407</b>
Growth (%)	NM	NM	NM	NM	NM	NM	49%	2%		12%
<b>Key metrics (INRb)</b>										
New business APE	102.7	149.6	123.2	191.4	106.4	119.9	131.6	211.8	583.9	574.0
Growth (%)	NA	NA	NA	NA	4%	-20%	7%	11%	10%	-2%
VNB	14.0	22.8	18.0	37.0	14.6	18.5	26.3	36.5	91.8	95.8
Growth (%)	NA	NA	NA	NA	4%	-19%	46%	-2%	21%	4%
AUM (INRt)	41	43	44	44	46	47	50	51	44	54
Growth (%)	8%	NA	11%	8%	12%	10%	12%	16%	8%	22%
<b>Key Ratios (%)</b>										
VNB Margins (%)	13.6	15.2	14.6	19.4	13.7	15.4	20.0	17.2	16.2	16.8
Solvency ratio (%)	188.5	188.0	185.0	187.0	189.0	190.0	193.0	198.0	187	198

## Quarterly snapshot

(INR b)

	FY23				FY24				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
<b>Net premium income</b>	<b>983.5</b>	<b>1,321.0</b>	<b>1,117.9</b>	<b>1,317.6</b>	<b>983.6</b>	<b>1,074.0</b>	<b>1,170.2</b>	<b>1,522.9</b>	<b>16</b>	<b>30</b>
First year premium	74.3	91.2	97.2	128.1	68.1	99.9	84.3	138.1	8	64
Renewal premium	502.6	561.6	601.9	760.1	536.4	596.4	624.3	773.7	2	24
Single premium	408.0	669.0	421.2	431.4	380.6	378.5	463.6	613.6	42	32
Investment income	695.7	841.0	848.7	678.5	903.1	939.4	952.7	844.3	24	-11
<b>Total income (A)</b>	<b>1,688.8</b>	<b>2,222.2</b>	<b>1,968.9</b>	<b>2,001.9</b>	<b>1,887.5</b>	<b>2,015.9</b>	<b>2,124.5</b>	<b>2,509.2</b>	<b>25</b>	<b>18</b>
Commission paid	50.3	58.1	63.2	84.3	51.2	60.8	65.2	82.5	-2	26
First year premium	20.7	24.1	25.8	37.3	19.7	24.8	25.2	34.2	-8	36
Renewal premium	25.9	28.8	31.7	38.7	27.2	30.8	33.0	40.2	4	22
Single premium	0.9	1.2	1.4	1.7	0.8	1.3	1.2	1.5	-10	24
Operating expense	93.4	183.1	74.8	130.1	75.5	124.4	116.7	164.6	27	41
<b>Total commission &amp; Opex</b>	<b>143.7</b>	<b>241.2</b>	<b>138.0</b>	<b>214.4</b>	<b>126.6</b>	<b>185.1</b>	<b>181.9</b>	<b>247.1</b>	<b>15</b>	<b>36</b>
Benefits paid	686.6	842.7	784.6	1,111.9	748.4	833.6	955.0	1,351.0	22	41
Change in actuarial liability	779.4	958.2	978.7	717.6	963.0	913.4	889.9	764.0	6	-14
<b>Total Expenses (B)</b>	<b>1,638.5</b>	<b>2,018.4</b>	<b>1,865.2</b>	<b>1,927.3</b>	<b>1,812.6</b>	<b>1,932.6</b>	<b>2,026.4</b>	<b>2,359.8</b>	<b>22</b>	<b>16</b>
<b>PBT</b>	<b>50.3</b>	<b>203.7</b>	<b>103.7</b>	<b>74.6</b>	<b>74.9</b>	<b>83.3</b>	<b>98.0</b>	<b>149.5</b>	<b>100</b>	<b>52</b>
Tax	14.0	54.0	-25.2	9.5	13.1	10.7	13.3	21.1	122	59
<b>Surplus/(Deficit)</b>	<b>36.2</b>	<b>149.7</b>	<b>128.8</b>	<b>65.0</b>	<b>61.8</b>	<b>72.5</b>	<b>84.7</b>	<b>128.3</b>	<b>97</b>	<b>51</b>
<b>Shareholder A/c</b>										
<b>Trf from Policyholder a/c</b>	<b>13.6</b>	<b>150.4</b>	<b>61.0</b>	<b>134.2</b>	<b>90.1</b>	<b>72.2</b>	<b>84.4</b>	<b>127.9</b>	<b>-5</b>	<b>52</b>
Investment Income	1.5	1.5	2.8	5.7	6.3	8.8	10.6	11.2	97	6
<b>Total income</b>	<b>15.0</b>	<b>151.9</b>	<b>63.8</b>	<b>139.9</b>	<b>96.4</b>	<b>81.0</b>	<b>95.0</b>	<b>139.2</b>	<b>0</b>	<b>47</b>
<b>PBT</b>	<b>7.0</b>	<b>159.7</b>	<b>63.6</b>	<b>134.2</b>	<b>96.3</b>	<b>80.2</b>	<b>95.0</b>	<b>136.4</b>	<b>2</b>	<b>44</b>
Tax	0.2	0.2	0.2	-0.1	0.9	0.9	0.5	-1.2	1,990	-329
<b>PAT</b>	<b>6.8</b>	<b>159.5</b>	<b>63.3</b>	<b>134.3</b>	<b>95.4</b>	<b>79.3</b>	<b>94.4</b>	<b>137.6</b>	<b>2</b>	<b>46</b>
<b>Total APE (calculated)</b>	<b>115.1</b>	<b>158.1</b>	<b>139.4</b>	<b>171.3</b>	<b>106.2</b>	<b>137.7</b>	<b>130.7</b>	<b>199.5</b>	<b>16</b>	<b>53</b>
<b>Key Ratios (%)</b>										
<b>Operating ratios</b>										
Commission (unwtd)	5.1	4.4	5.6	6.4	5.2	5.7	5.6	5.4	-98	-16
Opex (unwtd)	9.5	13.9	6.7	9.9	7.7	11.6	10.0	10.8	94	83
Total Cost	14.6	18.2	12.3	16.2	12.9	17.2	15.5	16.2	-5	68
Solvency ratio	189	188	185	187	189	190	193	198	1,100	500
<b>Profitability ratios</b>										
VNB margins	13.6	15.2	14.6	19.4	13.7	15.4	20.0	17.2	-215	-280
<b>Persistency ratios</b>										
13th Month	75.8	70.5	70.9	70.2	75.1	71.2	70.9	71.9	170	97
25th Month	67.8	63.9	63.4	63.8	70.9	65.2	65.4	64.1	24	-129
37th Month	64.3	60.6	65.3	64.9	64.3	60.2	59.5	59.7	-519	16
49th Month	60.8	57.0	58.1	57.0	61.6	57.7	62.1	61.4	440	-70
61st Month	59.0	55.8	56.4	56.0	59.3	55.2	56.2	54.5	-151	-168
<b>Key Metrics (INR b)</b>										
VNB	14.0	22.8	18.0	37.0	14.6	18.5	26.3	36.5	-2	38
EV	NA	5,442.9	NA	5,822.4	NA	6,626.1	NA	7,273.4	25	
AUM	41,020.4	42,937.8	44,349.4	43,970	46,110.7	47,433.9	49,663.7	51,219	16	3



## Highlights from the management commentary

### Financials

- In terms of first year premium, LIC continues to be the market leader with a market share of 58.9%. During FY24, LIC had a market share of 38.44% in the Individual business and 72.30% in the Group business.
- Total premium income for FY24 was INR4,750b vs. INR4,740b for FY23. The total individual business premium for FY24 increased to INR3,037b from INR2,927b in FY23. The Group business total premium income for FY24 was INR1,713b vs. INR1,812b for FY23.
- The wage revision would see an annual implication of ~INR40b, taking the overall wage bill per year to ~INR290b. Wage revision costs have three component arrears, leave encashment, and pension liability. Pension liability shall be amortized over three years as it is a futuristic cost.
- On an APE basis, the total premium was INR569b for FY24. Of this 67.5% was accounted for by the Individual Business and 32.5% by the Group Business.
- Within the Individual Business the share of Par products on APE basis was 81.7% and balance 18.3% was due to Non Par products.
- The Non-Par APE has increased to INR70.4b in FY24 from INR34b for FY23, clocking a growth of 105%. Therefore, on an APE basis, the non-Par share of the individual business, which was 8.9% in FY23, has grown to 18.3% in FY24.
- The yield on investments on policyholder's funds, excluding unrealized gains, was 8.9% for FY24 vs. 8.3% for FY23.

### Margins

- VNB for FY24 was INR95.8b vs. INR91.5b for FY23, registering a growth of 4.66%. The net VNB margin for FY24 increased by 60bp to 16.8% (16.2% in FY23).
- LIC has enhanced benefits in the group business. The benefit structure and changes in risk-free rates have affected margins in the group business. LIC has increased payouts for annuity business. Movement in risk-free rates has hurt the overall margins for LIC.

### Agency

- LIC has dominant agency force – 48.9% of life insurance Industry (1.4m agents in FY24). ~65% of the agents have vintage over 5 years.
- ~96% of the new business premium came in from agency channel in FY24.
- LIC is further strengthening its tier 2-3 towns presence through agency transformation project. LIC wants to be present in every Panchayat in FY25.
- Ananda app crossed selling 1m+ policies. This represents the digital transformation for LIC.
- Agents with 50+ years of age account for 35% of the total agency force. These agents contribute to more than 45% of the total premium income.

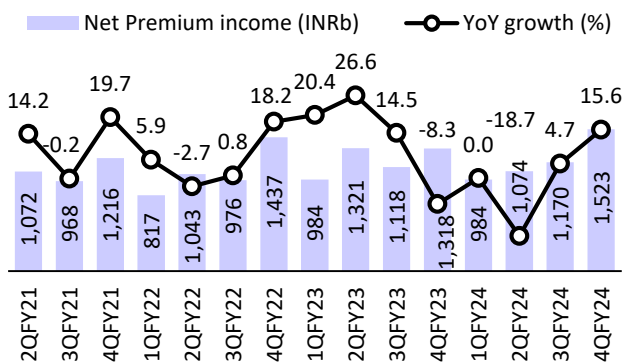
### Business

- Six new non-par products were launched in FY24. The modified version of four products was also introduced in FY24.
- LIC is contemplating a foray into the health insurance sector and should be assessing the potential acquisition prospects. Currently, LIC is already selling the fixed-benefit health insurance products.

- Tie-up with IDBI bank led to a contribution of INR9b of premium in FY24. LIC continues to leverage further opportunities in the banca channel. LIC aspires for 5-6% business share from the banca channel.
- LIC experienced better mortality rate in group business and this is a major assumption change contributing to growth in IEV. MTM gains have also contributed positively.
- Though the protection business declined in FY24, there is a notable jump in rider. Including rider, the protection business rose 6% YoY in FY24. LIC is working on launching new products in FY25. LIC's ROP product is gaining traction.

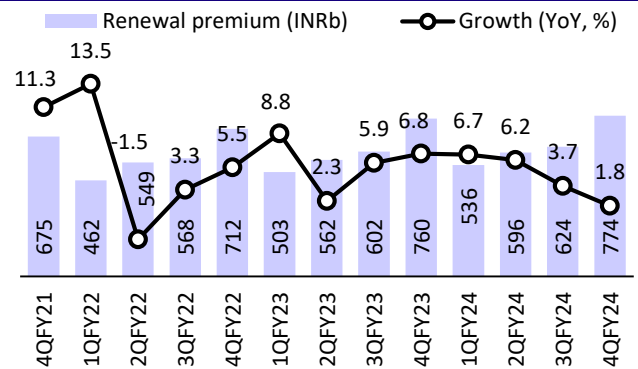
## Key exhibits

**Exhibit 1: Net premium income grew 15.6% YoY**



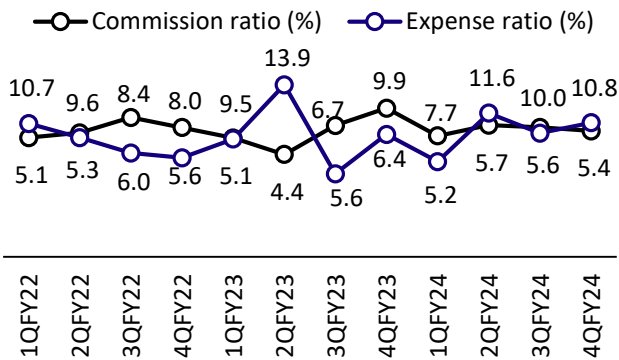
Source: MOFSL, Company

**Exhibit 2: Renewal book was flat YoY**



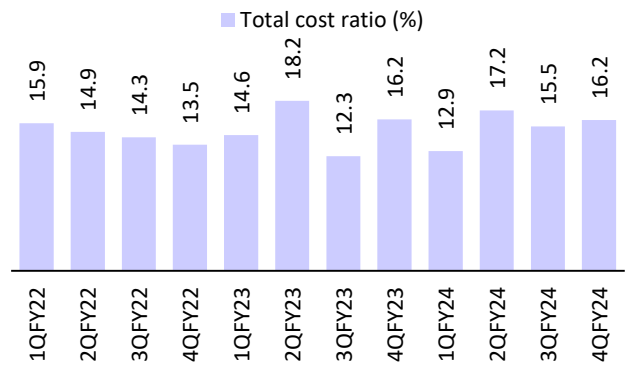
Source: MOFSL, Company

**Exhibit 3: Trend in expense and commission ratio**



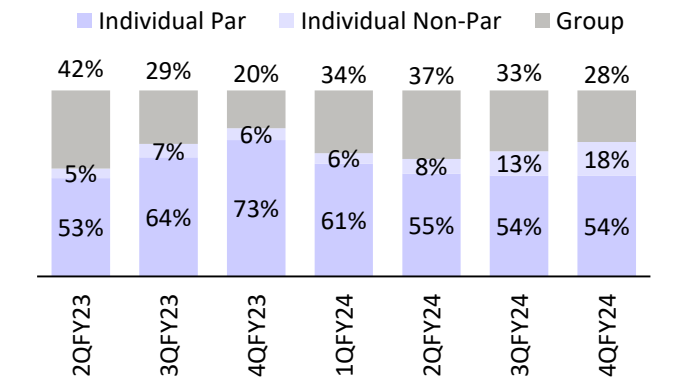
Source: MOFSL, Company

**Exhibit 4: Total cost ratio increased YoY to 16.2%**



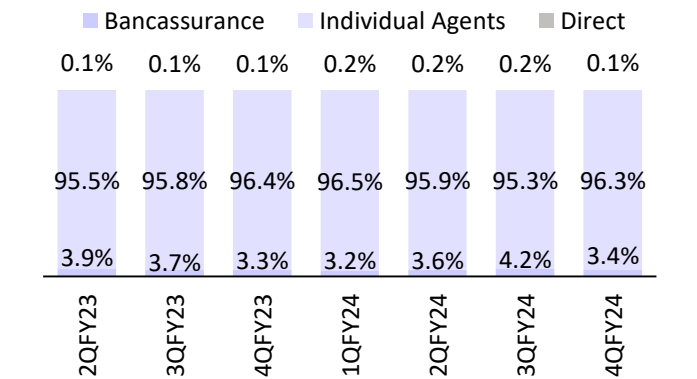
Source: MOFSL, Company

**Exhibit 5: Individual non-par grew to 18% of total APE in 4QFY24**



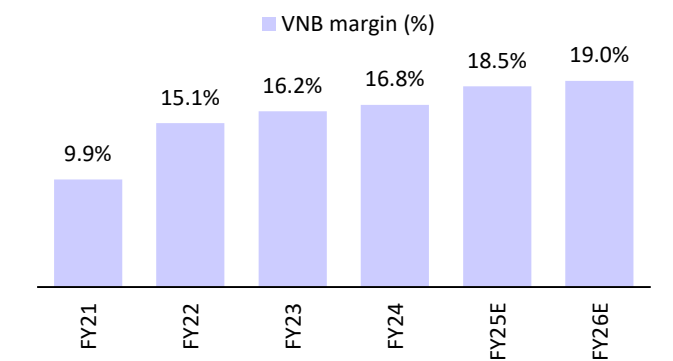
Source: MOFSL, Company

**Exhibit 6: Distribution mix led by agency channel**



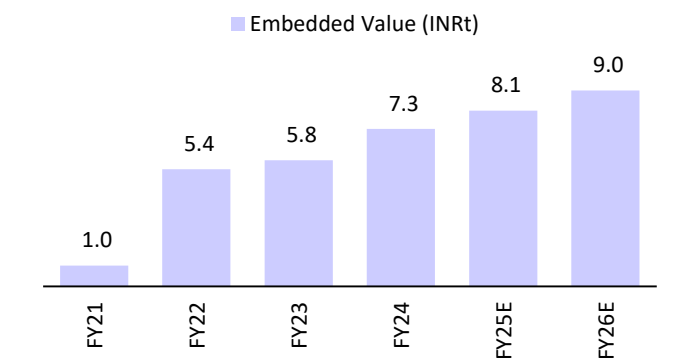
Source: MOFSL, Company

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



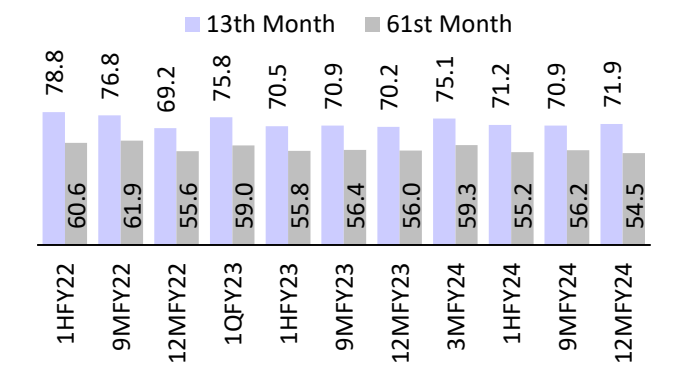
Source: MOFSL, Company

**Exhibit 8: We expect EV to see 11.5% CAGR over FY24-26**



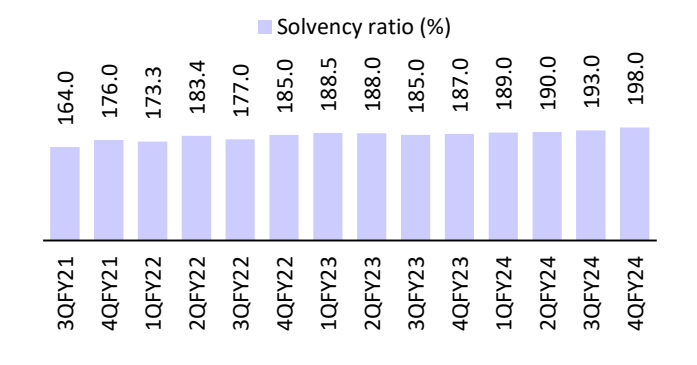
Source: MOFSL, Company

**Exhibit 9: Persistency ratios across cohorts**



Source: MOFSL, Company

**Exhibit 10: Solvency ratio improves to 198% in 4QFY24**



Source: MOFSL, Company

## Financials and valuations

Technical account (INR b)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Gross Premiums	3,828	4,059	4,280	4,747	4,751	5,063	5,441
Reinsurance Ceded	(3)	(5)	(6)	(7)	(7)	(8)	(8)
Net Premiums	3,825	4,054	4,274	4,740	4,744	5,055	5,432
Income from Investments	2,428	2,855	2,929	3,064	3,639	3,797	4,180
Other Income	203	128	8	77	146	12	14
<b>Total income (A)</b>	<b>6,456</b>	<b>7,037</b>	<b>7,211</b>	<b>7,881</b>	<b>8,537</b>	<b>8,865</b>	<b>9,626</b>
Commission	215	224	237	256	260	298	320
Operating expenses	344	352	384	481	481	478	512
<b>Total commission and opex</b>	<b>560</b>	<b>575</b>	<b>621</b>	<b>737</b>	<b>741</b>	<b>776</b>	<b>832</b>
Benefits Paid (Net)	2,572	2,907	3,575	3,426	3,917	3,993	4,296
Change in reserves	2,875	3,216	2,973	3,434	3,492	3,735	4,061
Prov for doubtful debts (inc other exp)	245	73	(94)	(148)	(29)	(50)	(50)
<b>Total expenses (B)</b>	<b>6,251</b>	<b>6,771</b>	<b>7,074</b>	<b>7,448</b>	<b>8,131</b>	<b>8,453</b>	<b>9,139</b>
<b>(A) - (B)</b>	<b>205</b>	<b>266</b>	<b>137</b>	<b>432</b>	<b>406</b>	<b>411</b>	<b>487</b>
Tax (incl GST)	109	93	80	54	60	50	60
<b>Surplus / Deficit</b>	<b>96</b>	<b>173</b>	<b>57</b>	<b>379</b>	<b>346</b>	<b>361</b>	<b>427</b>

Shareholder's a/c (INR b)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Transfer from technical a/c	27	30	122	360	375	397	427
Income From Investments	0	0	2	11	37	40	44
<b>Total Income</b>	<b>27</b>	<b>30</b>	<b>124</b>	<b>372</b>	<b>412</b>	<b>437</b>	<b>471</b>
Other expenses	0	0	0	0	2	3	3
Contribution to technical a/c	0	0	83	3	3	3	4
<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>83</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>PBT</b>	<b>27</b>	<b>30</b>	<b>41</b>	<b>365</b>	<b>406</b>	<b>431</b>	<b>465</b>
Tax	0	0	0	1	1	1	1
<b>PAT</b>	<b>27</b>	<b>30</b>	<b>40</b>	<b>364</b>	<b>407</b>	<b>432</b>	<b>466</b>
<b>Growth</b>	<b>3%</b>	<b>10%</b>	<b>36%</b>	<b>800%</b>	<b>12%</b>	<b>6%</b>	<b>8%</b>

Premium (INR b) and growth (%)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
NBP - unweighted	1,783	1,844	1,989	2,321	2,227	2,405	2,597
NBP - wrp	700	490	529	584	574	660	713
Renewal premium	2,011	2,189	2,291	2,426	2,531	2,658	2,844
Total premium - unweighted	3,794	4,033	4,280	4,747	4,758	5,063	5,441
NBP growth - unweighted	25.3%	3.5%	7.9%	16.6%	-4.0%	8.0%	8.0%
NBP growth - wrp	65.0%	-30.0%	8.0%	10.4%	-1.7%	15.0%	8.0%
Renewal premium growth	3.0%	8.8%	4.7%	5.9%	4.3%	5.0%	7.0%
Premium growth - unweighted	12.4%	6.3%	6.1%	10.9%	0.2%	6.4%	7.5%

Indi premium sourcing mix (%)	FY20	FY21	FY22E	FY23	FY24	FY25E	FY26E
Individual agents	94.7%	93.8%	96.2%	96.4%	96.0%		
Corporate agents-Banks	2.8%	3.1%	2.6%	3.3%	3.6%	95.0%	95.0%
Direct business	1.9%	2.2%	0.3%	0.1%	0.2%	4.4%	4.4%
Others	0.6%	0.9%	0.8%	0.1%	0.2%	0.3%	0.3%



## Financials and valuations

Balance Sheet	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Sources of Fund</b>							
Share Capital	1.0	1.0	63.2	63.2	63.3	63.3	63.3
Reserves And Surplus	8.9	67.1	40.4	394.9	757.4	1,175.0	1,626.1
<b>Shareholders' Fund</b>	<b>11.0</b>	<b>69.8</b>	<b>104.1</b>	<b>456.7</b>	<b>819.4</b>	<b>1,236.8</b>	<b>1,687.7</b>
Policy Liabilities	31,028.2	34,207.3	37,100.4	40,512.5	43,953.3	48,355.0	55,686.1
Prov. for Linked Liab.	325.4	329.6	238.9	261.6	348.8	434.8	447.9
Funds For Future App.	0.8	0.5	19.2	41.0	16.2	20.5	25.9
Current liabilities & prov.	856.6	831.2	712.4	593.8	634.9	698.4	768.3
<b>Total</b>	<b>34,998.3</b>	<b>38,295.2</b>	<b>42,305.9</b>	<b>45,505.1</b>	<b>52,855.3</b>	<b>58,360.5</b>	<b>66,780.1</b>
<b>Application of Funds</b>							
Shareholders' invt	4.0	4.3	64.1	293.6	637.4	764.9	917.9
Policyholders' invt	29,579.1	34,984.4	38,956.9	41,891.8	48,765.1	53,840.1	61,774.0
Assets to cover linked liab.	321.7	329.7	239.4	263.1	352.6	405.5	466.3
Loans	2,374.3	1,087.6	1,098.8	1,155.6	1,202.6	1,262.7	1,325.8
Current assets	2,573.5	1,854.4	1,911.2	1,862.8	1,857.0	2,042.7	2,247.0
<b>Total</b>	<b>34,998.3</b>	<b>38,295.2</b>	<b>42,305.9</b>	<b>45,505.1</b>	<b>52,855.3</b>	<b>58,360.5</b>	<b>66,780.1</b>
<b>Operating ratios (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
Investment yield	8.1%	8.1%	7.5%	7.0%	7.1%	6.9%	6.6%
<b>Commissions / GWP</b>	<b>5.6%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>5.5%</b>	<b>5.9%</b>	<b>5.9%</b>
- first year premiums	16.8%	26.4%	26.6%	27.6%	26.6%	28.5%	28.5%
- renewal premiums	5.1%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
- single premiums	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
Operating expenses / GWP	9.0%	8.7%	9.0%	10.1%	10.1%	9.4%	9.4%
<b>Total expense ratio</b>	<b>14.6%</b>	<b>14.2%</b>	<b>14.5%</b>	<b>15.2%</b>	<b>15.2%</b>	<b>15.2%</b>	<b>15.1%</b>
Claims / NWP	66.8%	71.2%	82.7%	71.6%	82.0%	78.1%	78.1%
Solvency ratio	155%	176%	185%	187%	198%	200%	209%
<b>Persistence ratios (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
13th Month	72.0%	78.8%	75.6%	77.0%	77.7%	79.0%	79.0%
25th Month	67.0%	70.0%	73.5%	74.3%	71.0%	74.8%	74.8%
37th Month	63.0%	66.9%	66.6%	67.3%	65.5%	68.1%	68.1%
49th Month	58.0%	63.1%	63.9%	64.7%	66.3%	65.2%	65.2%
61st Month	54.0%	58.8%	61.0%	61.4%	60.9%	61.8%	61.8%
<b>Profitability ratios (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
VNB margin (%)		9.9%	15.1%	16.2%	16.8%	18.5%	19.0%
RoE (%)	NM	73.6%	46.5%	129.8%	63.8%	42.0%	31.8%
Operating ROEV	NM	36.9%	NM	10.9%	11.5%	9.7%	9.7%
RoEV (%)	NM	NM	NM	7.5%	24.9%	11.6%	11.4%
<b>Valuation &amp; key data</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
Total AUMs (INRb)	30,744	36,762	40,850	43,970	53,548	57,211	65,685
EPS, INR	4.3	4.7	6.4	57.5	64.3	68.3	73.6
VNB (INRb)	-	41.67	76.19	91.83	95.83	122.2	135.5
Embedded Value (INRb)	-	956.1	5,414.9	5,822.7	7,273.7	8,117.2	9,042.0
EV per share (INR)	-	151.2	856.1	920.6	1,150.0	1,283.4	1,429.6
VIF as % of EV	NM	93%	98%	21%	32%	34%	35%
P/VIF (%)	NM	7.3	1.2	5.4	2.8	2.4	2.0
P/AUM (%)	21%	18%	16%	15%	12%	11%	10%
P/EV (x)	NM	6.8	1.2	1.1	0.9	0.8	0.7
P/EPS (x)	240.4	219.0	161.1	17.9	16.0	15.1	14.0
P/EVOP (x)	NM	38.0	11.7	11.1	9.7	9.2	8.3

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Explanation of Investment Rating	
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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

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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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