

# MAX Financial Services

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR1040**      **TP: INR1030 (-1%)**      **Neutral**

## VNB margin disappoints owing to adverse product mix

### Strong APE growth driven by 27% NOP growth

- MAX Financial Services (MAXLIFE) reported a weak performance in 1QFY25, mainly due to a sharp contraction of 470bp in VNB margin. Total APE grew 30.5% YoY to INR14.5b (in line), and absolute VNB rose 3% YoY to INR2.5b (22% miss) during the quarter.
- Surrender charges are likely to impact VNB margins by 100-200bp for the company. Management will distribute the impact among all stakeholders – customers, distributors, and shareholders.
- We have increased our APE growth estimates as 1Q momentum got stronger in Jul'24. However, we have cut our VNB margin assumptions given the adverse product mix trends (higher share of ULIPs). **Reiterate Neutral** with a TP of INR 1,030, premised on 2.0x Mar'26E EV and a holding company discount of 20%.

### Margins contract due to a shift of product mix towards ULIPs

- Gross written premium grew to INR54b, +10.8% YoY (7% miss) in 1QFY25. The new business APE increased 30.5% YoY, led by 27% YoY growth in first-year premium. The renewal premium grew 10.3% YoY (in line). Shareholders' PAT grew 51.4% YoY to INR1.6b (12% miss).
- ULIPs reported an exponential growth of 104% YoY. Retail and Group protection grew 63% and 19% YoY, respectively. The non-par savings business declined 7% YoY to INR3.9b.
- On a YoY basis, the business mix moved in favor of ULIPs to 39% (vs. 25% in 1QFY24), and the share of non-PAR savings declined to 27% in 1QFY25 from 38% in 1QFY24.
- Absolute VNB grew 2.8% YoY to INR2.5b (22% miss), and VNB margin came in at 17.5% in 1QFY25 (vs our estimates of 23%).
- AUM grew 24.8% YoY (in line) to INR1.6t.
- On the distribution side, banca APE/proprietary channels grew 9%/60% YoY. The growth in proprietary business was aided by agency, cross-sell, and e-commerce.
- MAXLIFE posted a strong 46% YoY growth in PBT to INR1.5b in 1QFY25. MAXLIFE's EV grew 30% YoY and operating RoEV stood at 14.2%.
- On the cost front, the opex-to-GWP ratio increased 50bp YoY to 17.9%.
- With the infusion of INR16.1b capital by Axis Bank into MAXLIFE, the solvency margin stood at 203% (vs. 188% in 1QFY24).

### Highlights from the management commentary

- Absolute VNB is likely to grow in mid-teens in FY25. On the margin front, management maintains the same growth guidance (25-26%) despite surrender charges, as higher premium growth will offset the margin hit. It expects 100-200bp impact on account of surrender charge regulations.

Bloomberg	MAXF IN
Equity Shares (m)	345
M.Cap.(INRb)/(USDb)	359 / 4.3
52-Week Range (INR)	1140 / 821
1, 6, 12 Rel. Per (%)	4/-3/-1
12M Avg Val (INR M)	1052

### Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Gross Premiums	295.3	348.4	411.2
Sh. PAT	3.6	4.3	5.7
NBP gr - unwt'd (%)	23.0	22.0	18.0
NBP gr - APE (%)	17.7	21.2	18.0
Premium gr (%)	16.5	18.6	17.9
VNB margin (%)	26.5	24.0	25.0
Op. RoEV (%)	20.2	19.3	19.6
Total AUMs (INRb)	1,508	1,828	2,067
VNB(INRb)	19.7	21.2	26.1
EV per Share	452	539	644

### Valuations

P/EV (x)	2.5	2.1	1.7
P/EVOP (x)	14.8	12.9	10.6

### Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	6.5	6.5	10.2
DII	40.7	39.9	34.4
FII	46.6	47.7	48.5
Others	6.1	5.9	7.1

FII Includes depository receipts

- The product mix is expected to be re-balanced in the coming quarters. Focusing on product innovation, MAXLIFE launched Flexi Cap Fund and Max Life Smart Wealth Annuity Guaranteed Pension Plan during the quarter (contributed 42% growth in the retail annuity segment).

### Valuation and view

MAXLIFE reported a weak performance in 1QFY25. Going forward, the surrender charges would hit margins by ~100-200bp, which will be offset by higher premium growth, new product launches, and restructuring of commissions. In terms of growth, banca and online channels are likely to maintain a strong growth momentum. MAXLIFE would maintain the countershare in the range of ~65-70% for the Axis Bank channel, despite Axis Bank partnering with multiple insurance players. We raise our APE growth estimates as 1Q momentum got stronger in Jul'24. However, we cut our VNB margin assumptions given the adverse product mix trends (higher share of ULIPs). **Reiterate Neutral** with a TP of INR 1,030, premised on 2.0x Mar'26E EV and a holding company discount of 20%.

### Quarterly performance

(INR m)

Policy holder's A/c (INR b)	FY24				FY25				FY24	FY25	FY25E 1QE	A v/s E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
First Year premium	9.9	15.3	17.6	25.4	12.6	20.0	20.8	28.8	68.2	83.4	13.1	-4%
Growth (%)	8.0%	37.7%	20.7%	5.3%	27.1%	30.5%	18.4%	13.3%	15.7%	22.2%	31.9%	
Renewal premium	30.1	42.0	46.1	66.8	33.2	47.5	54.0	79.9	185.1	215.9	34.5	-4%
Growth (%)	15.1%	7.5%	14.6%	14.6%	10.3%	13.0%	17.1%	19.5%	13.0%	16.6%	14.6%	
Single premium	8.7	8.9	9.3	15.2	8.2	10.7	11.2	17.9	42.0	51.1	10.7	-24%
Growth (%)	52.8%	14.2%	15.5%	66.5%	-5.7%	20.5%	21.0%	18.1%	37.3%	21.7%	23.6%	
<b>Gross premium income</b>	<b>48.7</b>	<b>66.3</b>	<b>73.0</b>	<b>107.4</b>	<b>54.0</b>	<b>78.2</b>	<b>86.1</b>	<b>126.5</b>	<b>295.3</b>	<b>348.4</b>	58.3	-7%
Growth (%)	18.7%	14.2%	16.1%	17.3%	10.8%	18.1%	17.9%	17.8%	16.5%	18.0%	19.7%	
<b>PAT</b>	<b>1.0</b>	<b>1.6</b>	<b>1.5</b>	<b>-0.5</b>	<b>1.6</b>	<b>1.0</b>	<b>1.1</b>	<b>1.3</b>	<b>3.6</b>	<b>4.3</b>	<b>1.8</b>	<b>-12%</b>
Growth (%)	13.2%	196.2%	-34.9%	-186.4%	51.4%	-34.9%	-26.7%		-17.7%	18.3%	72.4%	
<b>Key metrics (INRb)</b>											88	
New Business APE	11.1	16.5	18.0	28.7	14.5	21.1	22.0	30.6	74.3	88.5	14.1	3%
Growth (%)	10.3	38.8	18.9	13.2	30.5	27.6	22.4	6.4	19.8	19.0	27.1	
VNB	2.5	4.2	4.9	8.2	2.5	5.1	5.5	8.1	19.7	21.2	3.3	-22%
Growth (%)	16.0	11.5	-17.5	6.6	2.8	21.6	12.3	-0.8	1.2	7.6	31.8	
AUM (INRb)	1,291	1,342	1,426	1,508	1,612	1,674	1,743	1,828	1,508	1,828	1,555	4%
Growth (%)	20.5	18.4	20.5	22.8	24.8	24.8	22.2	21.2	22.8	21.2	20.4	
<b>Key Ratios (%)</b>												
VNB Margins (%)	22.2	25.2	27.2	28.6	17.5	24.0	25.0	26.7	26.5	24.0	23.0	-550

## Quarterly snapshot

Policyholder A/c (INRb)	FY23				FY24				FY25		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
<b>Gross premium</b>	<b>41.0</b>	<b>58.0</b>	<b>62.8</b>	<b>91.5</b>	<b>48.7</b>	<b>66.3</b>	<b>73.0</b>	<b>107.4</b>	<b>54.0</b>	<b>11</b>	<b>-50</b>
First year premium	9.2	11.1	14.6	24.1	9.9	15.3	17.6	25.4	12.6	27	-50
Renewal premium	26.2	39.1	40.2	58.3	30.1	42.0	46.1	66.8	33.2	10	-50
Single premium	5.7	7.8	8.0	9.1	8.7	8.9	9.3	15.2	8.2	-6	-46
<b>Shareholders PAT</b>	<b>0.9</b>	<b>0.5</b>	<b>2.3</b>	<b>0.6</b>	<b>1.0</b>	<b>1.6</b>	<b>1.5</b>	<b>-0.5</b>	<b>1.6</b>	<b>51</b>	<b>-406</b>
<b>APE data (INRb)</b>											
PAR	1.7	2.0	1.8	2.6	1.9	3.9	3.3	4.3	1.9	0	-56
Individual Protection	0.7	0.8	1.1	1.2	0.9	1.6	1.6	1.8	1.5	63	-21
Group Protection	1.1	0.7	0.5	0.9	1.2	1.0	1.0	0.5	1.5	19	177
Non-PAR Savings	2.7	4.5	8.3	14.4	4.2	4.6	6.2	10.2	3.9	-7	-62
ULIP	3.8	3.9	3.4	6.4	2.8	5.5	5.8	11.9	5.7	104	-52
<b>APE (% of total)</b>											
PAR	17.0	17.0	12.1	10.1	17.0	23.7	18.5	14.8	13.0	-400	-182
Individual Protection	7.0	7.0	7.0	4.5	8.0	9.7	9.0	6.4	10.0	200	359
Group Protection	11.0	5.5	3.1	3.5	11.0	6.0	5.5	1.8	10.0	-100	818
Non-PAR Savings	27.0	38.1	55.1	56.8	38.0	28.0	34.5	35.6	27.0	-1,100	-859
ULIP	38.0	32.5	22.7	25.1	25.0	33.4	32.5	41.4	39.0	1,400	-235
<b>Distribution mix (%)</b>											
Proprietary	34	36	33	41	40	40	40	40	49	900	900
Banca	65	63	66	58	58	60	59	56	48	-1,000	-841
Others	1	1	1	1	2	0	1	4	2	0	-159
<b>Key Ratios (%)</b>											
<b>Operating ratios</b>											
Opex-to-GWP ratio (%)	22.9	21.0	20.4	20.5	23.6	22.8	22.6	22.0	26.3	270	430
Solvency Ratio	196.0	196.0	200.0	190.0	188.0	184.0	179.0	172.0	203.0	1,500	3,100
<b>Profitability ratios</b>											
VNB margins	21.1	31.3	39.3	30.3	22.2	25.2	27.2	28.6	17.5	-471	-1,111
13th Month	84.0	84.0	83.0	84.0	84.0	84.0	85.0	87.0	87.0	300	0
25th Month	68.0	68.0	68.0	68.0	69.0	70.0	70.0	70.0	71.0	200	100
37th Month	61.0	62.0	62.0	62.0	52.0	62.0	63.0	63.0	64.0	1,200	100
49th Month	56.0	64.0	63.0	63.0	64.0	65.0	65.0	66.0	67.0	300	100
61st Month	50.0	58.0	58.0	58.0	58.0	57.0	58.0	58.0	58.0	0	0
<b>Key Metrics (INRb)</b>											
VNB	2.1	3.7	5.9	7.7	2.5	4.2	4.9	8.2	2.5	3	-69
AUM	1071	1134	1184	1229	1291	1342	1426	1508	1612	25	7
Equity Mix (%)	23.8	23.8	25.2	25.1	26.5	28.1	30.1	30.0	29.7	328	-26

Note: (a) Persistency ratios, Opex ratio and EV for 5M, 8M and 11M

Sources: MOFSL, company reports

## Highlights from the management commentary

## Business

- In 1Q, New Business Premium for MAXLIFE grew by 12% to INR 20.8b and Individual Adjusted First Year Premium grew by 27% to INR 12.6b leading to private market share gain by 22bp to 8.8%.
- Number of new retail policies grew by 27%. Further, the renewal premium rose 10% YoY to INR 33.23b, taking the Gross Written Premium to INR 54b, an increase of 11% YoY.
- MAXLIFE registered a strong increase in PBT, which grew 46% YoY to INR1.5b in 1QFY25. MAXLIFE's EV rose 30% and operating RoEV stood at 14.2%.
- The new business growth was fueled by strong growth in Protection & Health, Group Credit Life and Retail Annuity business.

- Multiple products have to be refiled. If the replacement products are not launched by 30<sup>th</sup> Sep'24 then have to go via file and use.
- Non-operating variances grew to INR2.76b, with more positive contributions coming from the equity segment and debt was positive too. The operating variance is also marginally positive
- Focusing on product innovation, MAXLIFE launched a Flexi Cap Fund predominantly for the E-Commerce and Banca Customers in 1QFY25 designed to capitalize increasing interest in Index funds.
- The Company also introduced the Max Life Smart Wealth Annuity Guaranteed Pension Plan - Limited Pay variant with a feature to personalize retirement planning, an industry-first initiative.
- Commission increase of 60% in first year because of strong sales in e-commerce and strong growth in credit life with new partners.

### **Distribution**

- In 1Q, MAXLIFE's proprietary channels' APE grew by 60% YoY in 1QFY25. The contribution of Proprietary channels to total new sales increased from 40% in 1QFY24 to 49% in 1QFY25.
- Protection & Health grew by 53%, Group Credit Life grew 49%, and Retail Annuity business rose 42% on a YoY basis.
- Though the share of Banca channel declined in 1QFY25 but the growth has picked up pace in Ju'24 with Axis bank leading the pack (Axis bank channel grew 45% YoY). Aim to be at 65-70% range as wallet share at Axis Bank. Inclusion of other partners has not impacted the wallet share.
- MAXLIFE has successfully on-boarded 7 new partners in 1QFY25, including CSB Bank

### **APE and VNB**

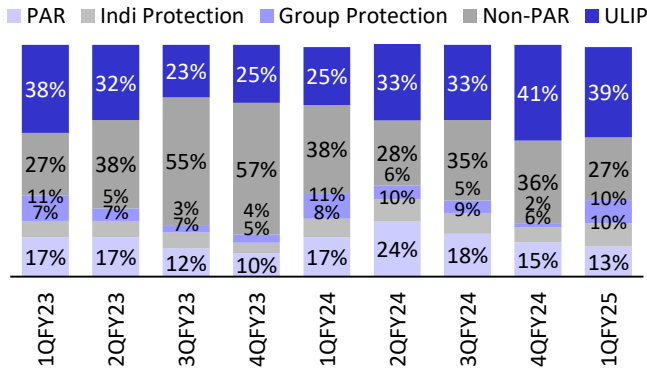
- The company's VNB grew 3% YoY to INR 2.5b during 1QFY25, vs INR 2.47b in 1QFY24. Further, the Total APE rose by 31% to INR 14.5b in 1QFY25.
- Absolute VNB is expected to grow in mid-teens in FY25.
- On the Ecommerce platform, the majority ULIP products sold are capital guarantee ULIP products as the proposition is better. E-commerce has a strong margin profile.
- The product mix is expected to get re-balanced in coming quarters.
- Management maintains the same growth guidance in spite of surrender charges as higher premium growth will offset the margin hit.

### **Surrender charges**

- Max expects 100-200bp impact on account of surrender charges regulations.
- Max believes that the entire life insurance industry will take 3-6 month time to settle as the impact of surrender charges regulations on VNB margins remains dynamic.
- IRR and assumptions are in-line with industry

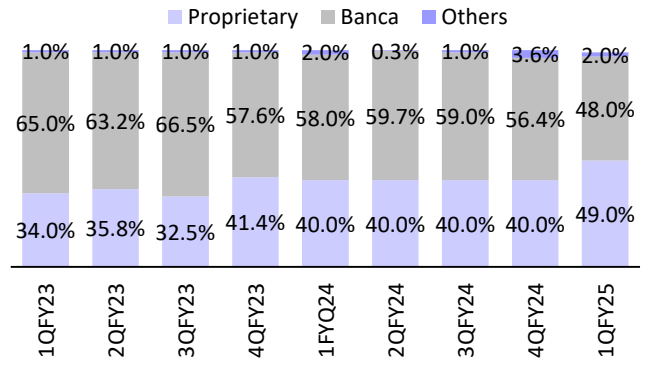
## Key exhibits

**Exhibit 1: Trend in product mix**



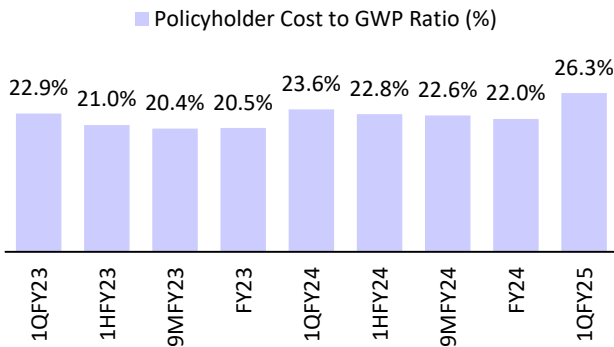
Sources: MOFSL, company reports

**Exhibit 2: Banca channel's share reduces**



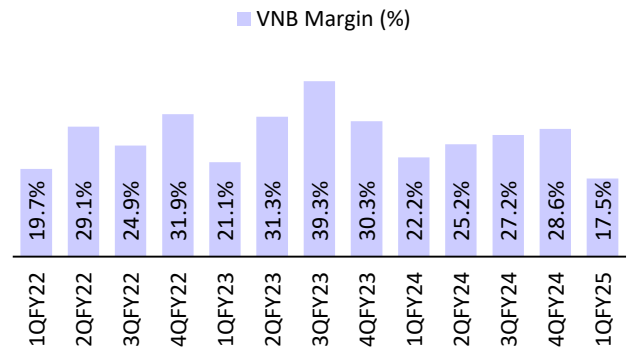
Sources: MOFSL, company reports

**Exhibit 3: Opex-to-GWP ratio stood at 26.3% for 1QFY25**



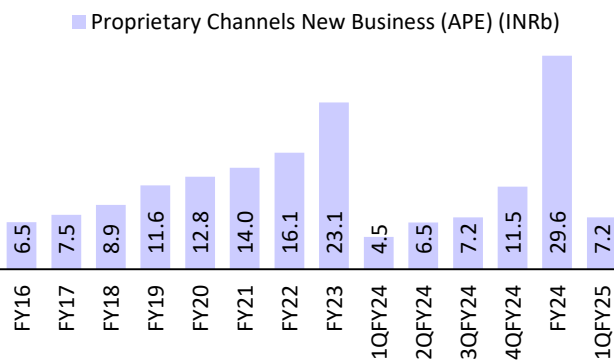
Sources: MOFSL, company reports

**Exhibit 4: VNB margin contracted 470bp YoY to 17.5%**



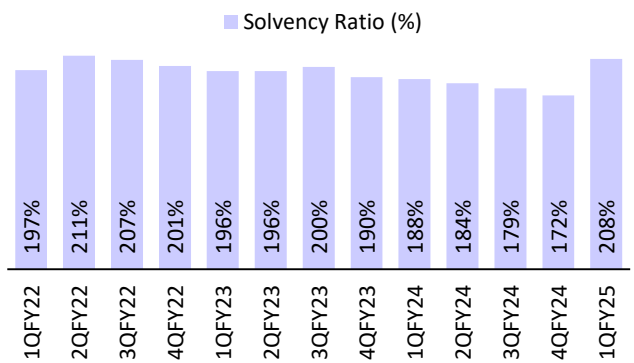
Sources: MOFSL, company reports

**Exhibit 5: Proprietary channel APE grew to INR7.2b in 1QFY25**



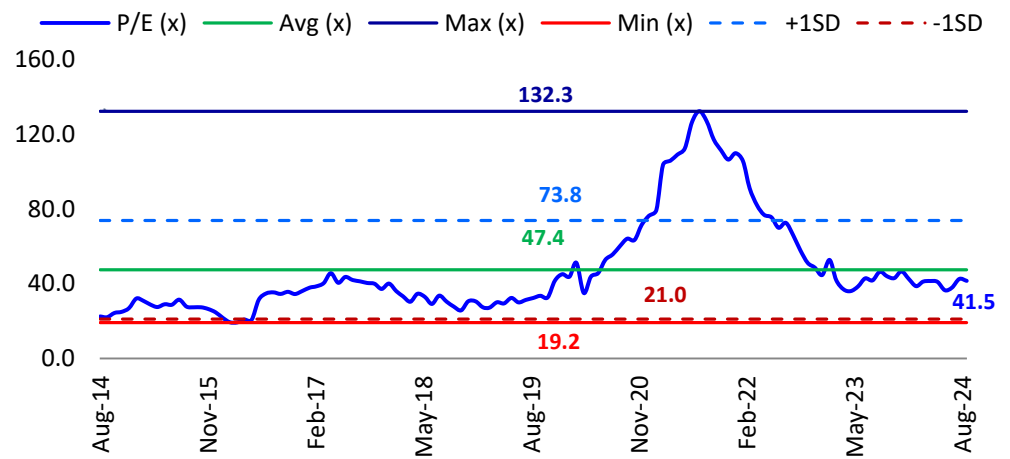
Sources: MOFSL, company reports

**Exhibit 6: Solvency ratio stood at 208% as of 1QFY25**



Sources: MOFSL, company reports

**Exhibit 7: One-year forward P/EV**



Source: MOFSL, Company

**Exhibit 8: We value MAXLIFE at INR1,030 per share**

Appraisal value method (INR b)	Mar'26E
Embedded value	278
New business profit	26.1
<b>Appraisal value</b>	<b>556</b>
MFS stake post deal	80%
<b>MFS Value</b>	<b>445</b>
<b>MFS valuation per share (INR)</b>	<b>1,288</b>
Appraisal value-to-embedded value (x)	2.0
Holding company discount	20%
<b>Target price (INR)</b>	<b>1,030</b>
<b>Upside/Downside</b>	<b>-1%</b>

Source: MOFSL

## Financials and valuations

Technical account (INR m)	FY21	FY22	FY23	FY24	FY25E	FY26E
Gross Premiums	1,90,179	2,24,141	2,53,419	2,95,290	3,48,442	4,11,161
Reinsurance Ceded	2,788	4,272	4,601	5,443	6,423	7,579
Net Premiums	1,87,391	2,19,870	2,48,818	2,89,847	3,42,019	4,03,583
Income from Investments	1,21,657	87,408	60,936	1,70,875	92,876	1,04,351
Other Income	730	878	792	77	1,000	1,200
<b>Total income (A)</b>	<b>3,10,230</b>	<b>3,08,155</b>	<b>3,10,547</b>	<b>4,60,800</b>	<b>4,34,920</b>	<b>5,08,198</b>
Commission	12,270	14,028	16,138	23,983	27,875	32,893
Operating expenses	27,008	30,192	35,808	40,861	48,782	57,563
<b>Total commission and opex</b>	<b>39,277</b>	<b>44,220</b>	<b>51,947</b>	<b>64,843</b>	<b>76,657</b>	<b>90,456</b>
Benefits Paid (Net)	70,149	92,772	99,792	1,33,212	1,36,808	1,61,433
Chg in reserves	1,96,686	1,64,581	1,50,603	2,57,486	2,10,873	2,43,587
Prov for doubtful debts	40	18	89	22	-	-
<b>Total expenses (B)</b>	<b>3,06,153</b>	<b>3,01,592</b>	<b>3,02,430</b>	<b>4,55,564</b>	<b>4,24,338</b>	<b>4,95,476</b>
<b>(A) - (B)</b>	<b>4,077</b>	<b>6,564</b>	<b>8,117</b>	<b>5,236</b>	<b>10,583</b>	<b>12,723</b>
Prov for Tax	1,857	2,402	2,120	2,092	3,224	3,760
<b>Surplus / Deficit</b>	<b>2,220</b>	<b>4,162</b>	<b>5,997</b>	<b>3,144</b>	<b>7,359</b>	<b>8,963</b>
<b>Shareholder's a/c (INR m)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
Transfer from technical a/c	3,864	2,781	4,563	2,612	3,679	4,481
Income From Investments	2,360	3,212	3,143	3,943	4,123	5,566
<b>Total Income</b>	<b>6,351</b>	<b>6,033</b>	<b>7,858</b>	<b>6,858</b>	<b>7,802</b>	<b>10,048</b>
Other expenses	739	707	785	900	1,017	1,149
Contribution to technical a/c	502	1,168	1,999	2,210	2,000	2,500
<b>Total Expenses</b>	<b>1,249</b>	<b>1,862</b>	<b>2,789</b>	<b>3,110</b>	<b>3,017</b>	<b>3,649</b>
<b>PBT</b>	<b>5,102</b>	<b>4,170</b>	<b>5,069</b>	<b>3,749</b>	<b>4,785</b>	<b>6,398</b>
Prov for Tax	(131)	303	694	152	526	704
<b>PAT</b>	<b>5,232</b>	<b>3,867</b>	<b>4,374</b>	<b>3,597</b>	<b>4,259</b>	<b>5,695</b>
<b>Growth</b>	<b>-3%</b>	<b>-26%</b>	<b>13%</b>	<b>-18%</b>	<b>18%</b>	<b>34%</b>
<b>Premium (INR m) &amp; growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
New business prem - unwtd	68,262	79,049	89,586	1,10,231	1,34,482	1,58,689
New business prem - WRP	50,327	55,762	62,046	73,028	88,489	1,04,417
Renewal premium	1,21,917	1,45,092	1,63,823	1,85,059	2,15,860	2,54,353
Total premium - unwtd	1,90,179	2,24,142	2,53,409	2,95,290	3,50,342	4,13,042
New bus. growth - unwtd	22.3%	15.8%	13.3%	23.0%	22.0%	18.0%
New business growth - wrp	18.8%	10.8%	11.3%	17.7%	21.2%	18.0%
Renewal premium growth	15.0%	19.0%	12.9%	13.0%	16.6%	17.8%
Total prem growth - unwtd	17.5%	17.9%	13.1%	16.5%	18.6%	17.9%
<b>Premium mix (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
<b>New business - unwtd</b>						
- Individual mix	91.2%	89.8%	90.2%	90.0%	90.0%	90.0%
- Group mix	8.8%	10.2%	9.8%	10.0%	10.0%	10.0%
<b>New business mix - WRP</b>						
- Participating	20.7%	22.6%	14.8%	20.6%	20.5%	20.4%
- Non-participating	41.6%	38.5%	57.3%	40.3%	40.6%	40.9%
- ULIPs	37.7%	39.0%	27.9%	39.1%	38.9%	38.8%
<b>Total premium mix - unwtd</b>						
- Participating	41.3%	NA	32.6%	41.0%	40.6%	40.2%
- Non-participating	27.7%	NA	41.7%	26.2%	27.2%	28.0%
- ULIPs	30.9%	NA	25.7%	32.8%	32.2%	31.8%
<b>Individual prem sourcing mix (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
Individual agents	25.2%	23.0%	22.4%	20.4%	21.4%	22.4%
Corporate Agents-Banks	63.5%	64.4%	58.9%	53.9%	63.0%	63.0%
Direct Business	7.0%	8.4%	13.1%	19.4%	13.6%	12.6%
Others	4.2%	4.2%	5.6%	6.4%	2.0%	2.0%



## Financials and valuations

Balance sheet (INR m)	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Sources of Fund</b>						
Share Capital	19,188	19,188	19,188	19,188	20,608	20,608
Reserves And Surplus	10,589	12,760	16,208	20,184	37,964	42,486
<b>Shareholders' Fund</b>	<b>30,079</b>	<b>31,959</b>	<b>35,467</b>	<b>39,983</b>	<b>59,250</b>	<b>63,846</b>
Policy Liabilities	5,58,936	6,72,822	8,05,354	9,73,550	7,61,011	8,26,589
Prov. for Linked Liab.	2,54,703	2,94,035	3,03,656	3,87,991	8,21,402	9,71,017
Funds For Future App.	29,819	32,369	35,803	38,727	269	610
Current liabilities & prov.	28,853	37,214	38,656	36,183	39,801	43,781
<b>Total</b>	<b>9,41,082</b>	<b>11,20,549</b>	<b>12,81,208</b>	<b>15,74,399</b>	<b>17,92,502</b>	<b>20,38,212</b>
<b>Application of Funds</b>						
Shareholders' inv	38,484	51,477	55,042	58,484	78,953	1,06,587
Policyholders' inv	5,81,847	6,89,187	8,21,021	10,08,078	11,68,776	13,44,897
Assets to cover linked liab.	2,83,736	3,34,432	3,52,502	4,41,793	4,68,300	4,96,398
Loans	5,322	6,661	9,248	10,605	16,225	24,825
Fixed Assets	2,213	2,604	3,452	4,153	4,859	5,685
Current assets	29,480	36,189	39,942	51,286	55,389	59,820
<b>Total</b>	<b>9,41,082</b>	<b>11,20,550</b>	<b>12,81,208</b>	<b>15,74,399</b>	<b>17,92,502</b>	<b>20,38,212</b>
<b>Operating ratios (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
Investment yield	15.2%	9.0%	5.1%	12.4%	6.0%	6.0%
<b>Commissions / GWP</b>	<b>6.5%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>8.1%</b>	<b>8.0%</b>	<b>8.0%</b>
- first year premiums	17.5%	18.0%	18.7%	27.5%	26.7%	26.7%
- renewal premiums	2.7%	2.5%	2.5%	2.4%	2.4%	2.4%
- single premiums	1.4%	1.8%	1.6%	1.5%	1.0%	1.0%
Operating expenses / GWP	14.2%	13.5%	14.2%	13.8%	14.0%	14.0%
<b>Total expense ratio</b>	<b>20.7%</b>	<b>19.7%</b>	<b>20.5%</b>	<b>22.0%</b>	<b>22.0%</b>	<b>22.0%</b>
Claims / NWP	37.4%	42.2%	40.1%	45.9%	40.0%	40.0%
Solvency ratio	202%	201%	193%	172%	195%	190%
<b>Persistency ratios (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
13th Month	84.0%	85.0%	84.0%	87.0%	88.0%	89.0%
25th Month	71.0%	68.0%	68.0%	70.0%	71.0%	72.0%
37th Month	63.0%	61.0%	62.0%	63.0%	63.5%	64.0%
49th Month	58.0%	56.0%	63.0%	66.0%	66.5%	67.0%
61st Month	54.0%	50.0%	58.0%	58.0%	58.5%	59.0%
<b>Profitability ratios (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
New business margin (%)	25.2%	27.4%	31.2%	26.5%	24.0%	25.0%
RoE (%)	18.7%	12.5%	13.0%	9.5%	8.6%	9.3%
Operating RoEV	18.5%	19.2%	22.1%	20.2%	19.3%	19.6%
RoEV (%)	18.6%	19.8%	14.7%	19.9%	19.2%	19.6%
<b>Valuation ratios</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
Total AUMs (INR bn)	904	1,075	1,229	1,508	1,828	2,067
EPS (INR)	11.0	8.1	9.2	7.6	9.9	13.2
Value of new business (INRb)	12.5	15.3	19.5	19.7	21.2	26.1
Embedded Value (INR b)	118.4	141.8	162.6	194.9	232.4	277.9
EV Per share (INR)	274.3	328.6	377.0	451.9	538.8	644.2
P/EV (x) - after 20% holdco disc	4.1	3.4	3.0	2.5	2.1	1.7
P/EPS (x)	102.4	138.6	122.5	149.0	114.0	85.3
P/EVOP(x)	26.2	21.3	15.5	14.8	12.9	10.6
P/VNB(x)	38.9	31.8	24.9	24.6	22.9	18.6

Note: Valuation ratios adjusted for the MFS stake (80%) and holdco discount (20%)

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