

Life Insurance Corporation

Estimate change



TP change



Rating change



| | |
|-----------------------|---------------|
| Bloomberg | LICI IN |
| Equity Shares (m) | 6325 |
| M.Cap.(INRb)/(USDb) | 5510.7 / 64.6 |
| 52-Week Range (INR) | 1222 / 715 |
| 1, 6, 12 Rel. Per (%) | 7/-7/-24 |
| 12M Avg Val (INR m) | 1987 |

Financials & Valuations (INR b)

| Y/E MARCH | FY25 | FY26E | FY27E |
|-------------------|-------|-------|-------|
| Net Premiums | 4,881 | 5,197 | 5,529 |
| Surplus / Deficit | 401.4 | 455.1 | 516.3 |
| Sh. PAT | 481.5 | 519.2 | 588.4 |
| VNB margin (%) | 17.6 | 18.0 | 18.5 |
| RoEV (%) | 6.8 | 11.7 | 11.5 |
| Total AUMs (INRt) | 54.5 | 63.0 | 70.5 |
| APE (INRb) | 568.3 | 609.4 | 656.7 |
| VNB (INRb) | 100.1 | 109.7 | 121.5 |
| EV per share | 1,228 | 1,372 | 1,530 |

Valuations

| | | | |
|------------|-----|-----|-----|
| P/EV (x) | 0.7 | 0.6 | 0.6 |
| P/EVOP (x) | 6.7 | 7.1 | 6.4 |

Shareholding pattern (%)

| As On | Mar-25 | Dec-24 | Mar-24 |
|----------|--------|--------|--------|
| Promoter | 96.5 | 96.5 | 96.5 |
| DII | 1.3 | 1.3 | 0.9 |
| FII | 0.1 | 0.1 | 0.2 |
| Others | 2.1 | 2.2 | 2.5 |

FII Includes depository receipts

CMP: INR 871

TP: INR 1,050 (+21%)

Buy

APE decline continues; VNB margin expands YoY

- In 4QFY25, LIC reported a net premium income of INR1.5t, which declined 3% YoY. For FY25, net premium income grew 3% YoY to INR4.9t. Renewal premium grew 2% YoY to INR791b.
- New business APE declined 11% YoY to INR189b (8% beat). For FY25, the performance was flattish YoY, with APE at INR568b.
- Absolute VNB declined 3% YoY to INR35b (in line). For FY25, it grew 4% YoY to INR100b. VNB margin expanded to 18.7% YoY from 17.2% in 4QFY24 but was lower than our expectation of 20.1%. For FY25, VNB margin expanded 80bp YoY to 17.6%.
- Management expects premium growth to recover soon, although the reduction in the number of policies issued may take longer to stabilize.
- We have cut our VNB margin estimates by 50bp each for FY26/27, factoring in FY25 performance. **Reiterate BUY with a TP of INR1,050 (premised on 0.6x FY27E EV).**

Rising non-par contribution benefitting VNB margin

- LIC's first year/single premium declined 20%/6% YoY to INR111b/577b.
- The decline in individual APE of 9% YoY was largely due to a 12% YoY decline in the par business during 4QFY25, while its contribution remained largely stable at 52.2%. The non-par business witnessed a 1% YoY growth, with an improvement in contribution to 20% in 4QFY25 (17.7% in 4QFY24).
- The shift in product mix toward the non-par segment, along with an increase in non-par product margins (~21%), led to an 80bp YoY improvement in the VNB margin in FY25.
- Commission expense declined 6% YoY to INR77.1b but is expected to grow with strong agent expansion and productivity improvement. Operating expenses declined 47% YoY to INR87.8b due to a focus on expense optimization and employee base reduction.
- Income from investments in policyholders' account grew 10% YoY to INR931.3b, while it increased 57% YoY to INR17.6b in shareholders' account. Total AUM grew 6% YoY to INR54.5t.
- On the distribution front, contribution from agency channel was at 89.7% in 4QFY25, with individual NBP growing 1% YoY. Individual NBP from bancassurance doubled YoY in 4QFY25 (9.9% of individual NBP), backed by higher demand for ULIP sales.
- LIC maintains the highest agency force in the country, with ~1.5m agents, of which 55.32% have a vintage of more than five years.
- The 13th/37th/61st month persistency stood at 68.6%/59.6%/58.5% in 4QFY25. The company implemented multiple measures last year to achieve improvement in persistency and expects a positive impact of the same in the near future.
- Solvency improved to 211% at the end of FY25.
- EV was reported at ~INR7.8t at the end of FY25, reflecting an RoEV of 6.8% and an operating RoEV of 11.4%, largely due to an impact from MTM and a decline in the risk-free rate.

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

Research Analyst: **Kartikeya Mohata** (Kartikeya.Mohata@MotilalOswal.com) | **Muskan Chopra** (Muskan.Chopra@MotilalOswal.com)

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Highlights from the management commentary

- LIC remains focused on expanding its non-par business to enhance profitability and offer better policyholder benefits, particularly in a declining interest rate environment. The company sees multiple growth opportunities in the non-par segment and is firmly pursuing this as a long-term strategy.
- A full open architecture bancassurance model would entail substantial costs and complexity, potentially affecting productivity, according to management. The existing agent model continues to offer strong economic and social incentives, ensuring retention.
- Starting this year, LIC has begun hedging its non-par portfolio to mitigate risks and intends to expand coverage of this hedging strategy as market conditions allow.

Valuation and view

- LIC maintains its industry-leading position and is focused on achieving growth recovery through wider product offerings, higher ticket size, a shift in the product mix toward non-par, agency channel expansion, and a higher contribution from bancassurance and alternate channels. Improvement in rider attachment, along with an increase in contribution from higher margin products, will boost VNB margin. We have cut our VNB margin estimates by 50bp each for FY26/27, factoring in FY25 performance. **Reiterate BUY with a TP of INR1,050 (premised on 0.6x FY27E EV).**

Quarterly Performance

| Policy holder's A/c (INRb) | FY24 | | | | FY25 | | | | FY24 | FY25 | YoY Growth | QoQ Growth |
|-------------------------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| First year premium | 68 | 100 | 84 | 138 | 75 | 112 | 73 | 111 | 390 | 370 | -20% | 52% |
| Growth (%) | -8% | 9% | -13% | 8% | 10% | 12% | -14% | -20% | 0% | -5% | | |
| Renewal premium | 536 | 596 | 624 | 774 | 564 | 619 | 646 | 791 | 2,531 | 2,621 | 2% | 23% |
| Growth (%) | 7% | 6% | 4% | 2% | 5% | 4% | 3% | 2% | 4% | 4% | | |
| Single premium | 381 | 378 | 464 | 614 | 500 | 469 | 351 | 577 | 1,836 | 1,898 | -6% | 64% |
| Growth (%) | -7% | -43% | 10% | 42% | 31% | 24% | -24% | -6% | -5% | 3% | | |
| Net premium income | 984 | 1,074 | 1,170 | 1,523 | 1,138 | 1,199 | 1,069 | 1,476 | 4,751 | 4,881 | -3% | 38% |
| Growth (%) | 0% | -19% | 5% | 16% | 16% | 12% | -9% | -3% | 0% | 3% | | |
| PAT | 95 | 79 | 94 | 138 | 105 | 76 | 111 | 190 | 405 | 482 | 38% | 72% |
| Growth (%) | NM | NM | 49% | 2% | 10% | -4% | 17% | 38% | 11% | 19% | | |
| Key metrics (INRb) | | | | | | | | | | | | |
| New business APE | 95 | 131 | 132 | 212 | 116 | 165 | 100 | 189 | 570 | 568 | -11% | 89% |
| Growth (%) | -7% | -12% | 7% | 11% | 21% | 26% | -24% | -11% | 1% | 0% | | |
| VNB | 13 | 20 | 26 | 36 | 16 | 29 | 19 | 35 | 96 | 100 | -3% | 83% |
| Growth (%) | -6% | -12% | 46% | -2% | 23% | 47% | -27% | -3% | 4% | 4% | | |
| AUM (INRt) | 46 | 47 | 50 | 51 | 54 | 55 | 55 | 55 | 51 | 55 | 6% | 0% |
| Growth (%) | 12% | 10% | 12% | 16% | 16% | 17% | 10% | 6% | 16% | 6% | | |
| Key Ratios (%) | | | | | | | | | | | bps | bps |
| VNB Margins (%) | 13.7 | 15.3 | 20.0 | 17.2 | 13.9 | 17.9 | 19.4 | 18.7 | 16.8 | 17.6 | 153.5 | -61.2 |
| Solvency ratio (%) | 189.0 | 190.0 | 193.0 | 198.0 | 199.0 | 198.0 | 202.0 | 211.0 | 198 | 211 | 1300.0 | 900.0 |

| | FY24 | | | | FY25 | | | | Change (%) | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|-----------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | YoY | QoQ |
| Net premium income | 983.6 | 1,074.0 | 1,170.2 | 1,522.9 | 1,137.7 | 1,199.0 | 1,068.9 | 1,475.9 | -3 | 38 |
| First year premium | 68.1 | 99.9 | 84.3 | 138.1 | 74.7 | 112.0 | 72.8 | 110.7 | -20 | 52 |
| Renewal premium | 536.4 | 596.4 | 624.3 | 773.7 | 564.3 | 619.1 | 645.9 | 791.4 | 2 | 23 |
| Single premium | 380.6 | 378.5 | 463.6 | 613.6 | 500.0 | 469.4 | 351.4 | 576.8 | -6 | 64 |
| Reinsurance ceded | -1.5 | -0.8 | -2.1 | -2.5 | -1.3 | -1.5 | -1.2 | -3.0 | 20 | 143 |
| Investment income | 903.1 | 939.4 | 952.7 | 844.3 | 961.8 | 1,089.7 | 943.4 | 931.3 | 10 | -1 |
| Other income | 0.8 | 2.5 | 1.6 | 141.6 | 1.5 | 1.4 | 1.5 | 2.2 | -98 | 48 |
| Trf from Sh.holder's a/c | 0.0 | 0.0 | 0.0 | 0.4 | 8.1 | 6.0 | 6.2 | 6.8 | | 11 |
| Total income (A) | 1,887.5 | 2,015.9 | 2,124.5 | 2,509.2 | 2,109.1 | 2,296.2 | 2,019.9 | 2,416.3 | -4 | 20 |
| Commission paid | 51.2 | 60.8 | 65.2 | 82.5 | 50.9 | 65.4 | 59.7 | 77.1 | -6 | 29 |
| First year premium | 19.7 | 24.8 | 25.2 | 34.2 | 20.2 | 27.5 | 19.6 | 27.9 | -18 | 43 |
| Renewal premium | 27.2 | 30.8 | 33.0 | 40.2 | 29.2 | 32.2 | 33.5 | 46.5 | 16 | 39 |
| Single premium | 0.8 | 1.3 | 1.2 | 1.5 | 0.9 | 1.6 | 1.3 | 2.7 | 75 | 103 |
| Operating expense | 75.5 | 124.4 | 116.7 | 164.6 | 84.3 | 97.5 | 84.5 | 87.8 | -47 | 4 |
| Total commission & Opex | 126.6 | 185.1 | 181.9 | 247.1 | 135.2 | 162.9 | 144.2 | 165.0 | -33 | 14 |
| Benefits paid | 748.4 | 833.6 | 955.0 | 1,351.0 | 818.6 | 975.6 | 946.8 | 1,422.5 | 5 | 50 |
| Change in actuarial liability | 963.0 | 913.4 | 889.9 | 764.0 | 1,031.5 | 1,082.5 | 799.1 | 620.2 | -19 | -22 |
| Total Expenses (B) | 1,812.6 | 1,932.6 | 2,026.4 | 2,359.8 | 1,984.3 | 2,212.6 | 1,893.5 | 2,194.2 | -7 | 16 |
| PBT | 74.9 | 83.3 | 98.0 | 149.5 | 124.8 | 83.6 | 126.5 | 222.1 | 49 | 76 |
| Tax | 13.1 | 10.7 | 13.3 | 21.1 | 15.9 | 11.0 | 16.9 | 33.9 | 60 | 100 |
| Surplus/(Deficit) | 61.8 | 72.5 | 84.7 | 128.3 | 108.9 | 72.5 | 109.5 | 188.2 | 47 | 72 |
| Shareholder A/c | | | | | | | | | | |
| Trf from Policyholder a/c | 90.1 | 72.2 | 84.4 | 127.9 | 107.8 | 72.4 | 109.0 | 184.0 | 44 | 69 |
| Investment Income | 6.3 | 8.8 | 10.6 | 11.2 | 11.8 | 14.6 | 16.0 | 17.6 | 57 | 10 |
| Total income | 96.4 | 81.0 | 95.0 | 139.2 | 119.6 | 87.0 | 124.9 | 201.6 | 45 | 61 |
| PBT | 96.3 | 80.2 | 95.0 | 136.4 | 104.6 | 76.2 | 110.6 | 190.1 | 39 | 72 |
| Tax | 0.9 | 0.9 | 0.5 | -1.2 | - | - | - | - | | |
| PAT | 95.4 | 79.3 | 94.4 | 137.6 | 104.6 | 76.2 | 110.6 | 190.1 | 38 | 72 |
| Total APE (calculated) | 106.2 | 137.7 | 130.7 | 199.5 | 124.7 | 159.0 | 108.0 | 168.4 | -16 | 56 |
| Key Ratios (%) | | | | | | | | | | |
| Operating ratios | | | | | | | | | | |
| Commission (unwtd) | 5.2 | 5.7 | 5.6 | 5.4 | 4.5 | 5.4 | 5.6 | 5.2 | -19bp | -36bp |
| Opex (unwtd) | 7.7 | 11.6 | 10.0 | 10.8 | 7.4 | 8.1 | 7.9 | 5.9 | -485bp | -196bp |
| Total Cost | 12.9 | 17.2 | 15.5 | 16.2 | 11.9 | 13.6 | 13.5 | 11.2 | -504bp | -232bp |
| Solvency ratio | 189.0 | 190.0 | 193.0 | 198.0 | 199.0 | 198.0 | 202.0 | 211.0 | 1300bp | 900bp |
| Profitability ratios | | | | | | | | | | |
| VNB margins | 13.7 | 15.3 | 20.0 | 17.2 | 13.9 | 17.9 | 19.4 | 18.7 | 154bp | -61bp |
| Persistency ratios | | | | | | | | | | |
| 13th Month | 75.1 | 71.2 | 70.9 | 71.9 | 72.4 | 68.2 | 68.6 | 68.6 | -324bp | 1bp |
| 25th Month | 70.9 | 65.2 | 65.4 | 64.1 | 68.8 | 65.0 | 64.7 | 65.4 | 129bp | 68bp |
| 37th Month | 64.3 | 60.2 | 59.5 | 59.7 | 66.4 | 60.5 | 60.9 | 59.6 | -8bp | -131bp |
| 49th Month | 61.6 | 57.7 | 62.1 | 61.4 | 60.7 | 56.5 | 56.0 | 56.1 | -527bp | 10bp |
| 61st Month | 59.3 | 55.2 | 56.2 | 54.5 | 58.4 | 54.8 | 59.7 | 58.5 | 406bp | -115bp |
| Key Metrics (INR b) | | | | | | | | | | |
| VNB | 13.1 | 20.0 | 26.3 | 36.5 | 16.1 | 29.4 | 19.3 | 35.3 | -3 | 83 |
| EV | N.A | 6,626.1 | NA | 7,273.4 | N.A | 8,217.2 | NA | 7,768.8 | 7 | |
| AUM | 46,110.7 | 47,433.9 | 49,663.7 | 51,218.9 | 53,590.0 | 55,395.2 | 54,776.5 | 54,523.0 | 6 | 0 |



Highlights from the management commentary

FY25 Milestones

- LIC achieved its highest-ever new business premium, marking a significant milestone in business growth. The bonus payout to policyholders also reached an all-time high.
- The contribution of non-par products continued to rise, now accounting for 27.6% of the total business, indicating strategic traction in higher-margin products.
- The bancassurance and alternate distribution channels growth was robust, registering a 57% YoY increase in FY25, underscoring LIC's diversification efforts beyond its traditional agency network.
- VNB surpassed the INR100b mark for the first time, showing a 4.5% YoY growth.
- The Board has proposed a final dividend of INR12 per share.

APE

- APE decline was primarily driven by the par segment, due to regulatory-led product modifications. These changes largely involved an increase in the average ticket size.
- Management expects the decline in premium to moderate over time, although the reduction in the number of policies issued may take longer to stabilize.
- LIC remains focused on expanding its non-par business to enhance profitability and offer better policyholder benefits, particularly in a declining interest rate environment. The company sees multiple growth opportunities in the non-par segment and is firmly pursuing this as a long-term strategy.
- Starting this year, LIC has begun hedging its non-par portfolio to mitigate risks and intends to expand coverage of this hedging strategy as market conditions allow.
- The attachment rate of riders is improving steadily. While there is recognition of a limit to how much can be added, riders can boost VNB margins and offer greater flexibility to customers.
- Product strategy is centered around customer needs first, followed by a focus on improving the company's overall profitability.
- ULIP sales have increased significantly due to rising customer interest, though this has led to margin pressures. The company aims to strike a balance in the product mix to improve profitability as well as remain in line with market demand.

VNB

- Non-par products delivered the highest VNB margins, followed by participating products.
- VNB margin in the individual business segment touched 21%, and LIC aims to sustain this momentum to drive overall margin expansion.
- Economic variances, particularly the decline in the risk-free interest rate, negatively impacted the VNB walk. However, the declining interest rate environment is also contributing to an upward trend in VNB margins, especially for non-par products.

- Despite the strong par base, VNB margins remain relatively modest in this segment due to its inherent structure. Even so, the par business saw margin improvements, aided by an increase in average ticket sizes.

Persistency

- LIC has implemented several corrective actions over the past year—including changes to product ticket sizes and commission structures—which are expected to improve persistency metrics over time.

EV

- The company expects operating expenses to continue declining, driven by a gradual reduction in employee headcount. Expense optimization remains a core objective.
- Actuarial assumptions are being revised based on actual experience across persistency, expenses, and policyholder withdrawals.
- A drop in the risk-free rate, combined with MTM adjustments, led to a negative variance of approximately INR300b. This impact was more pronounced in the non-par segment, given its greater reliance on fixed-income instruments.

Distribution Channels

- LIC's agency force is seeing positive momentum, supported by initiatives like Bima Sachiv as well as branch expansion.
- During FY25, 494,000 new agents were recruited, while 422,000 exited the system. The company is strengthening branch-level oversight and agent lifecycle management to reduce attrition. Agent exits were attributed not only to lower productivity but also to better external opportunities.
- According to the management, a full open architecture bancassurance model would entail substantial cost and complexity, potentially affecting productivity. The existing agent model continues to offer strong economic and social incentives, ensuring retention.
- In bancassurance, each partner bank has a specific focus, and growth has been especially strong in annuity and ULIP products. Bancassurance profitability is broadly comparable to other channels, indicating healthy margins from this route as well.

Key exhibits

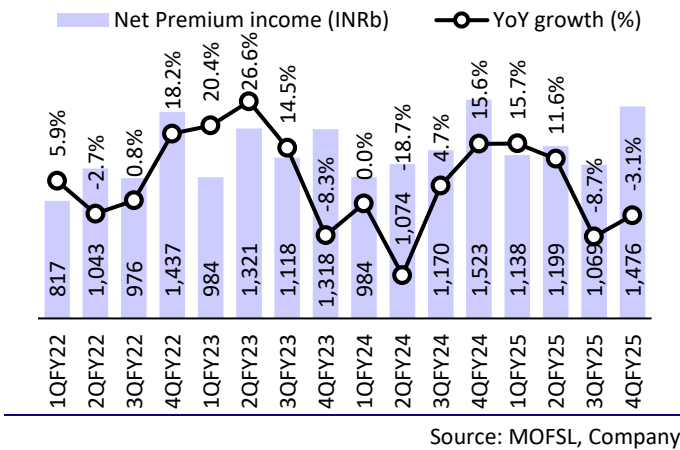
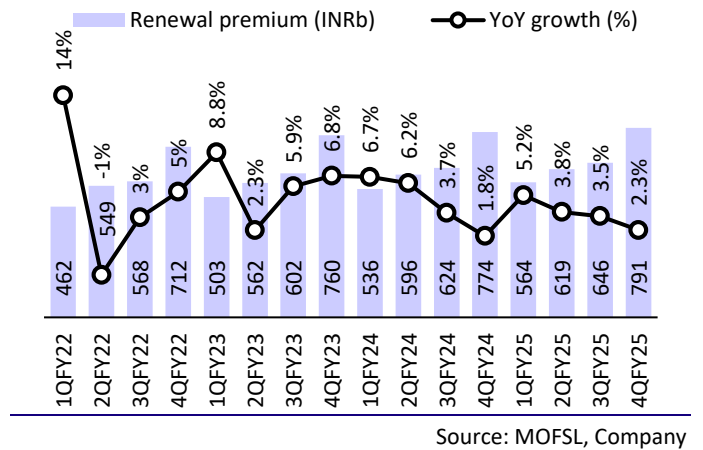
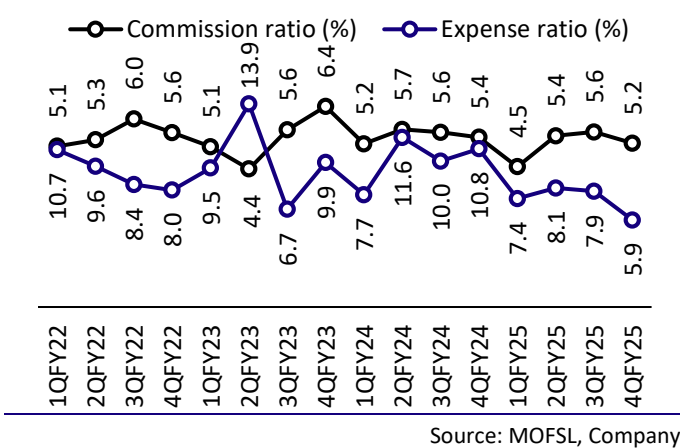
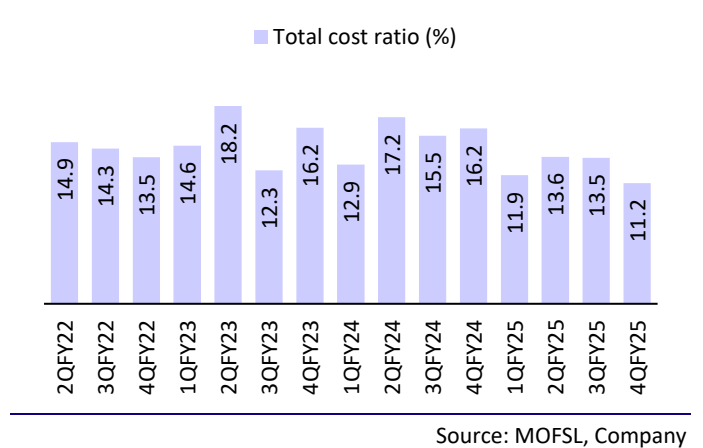
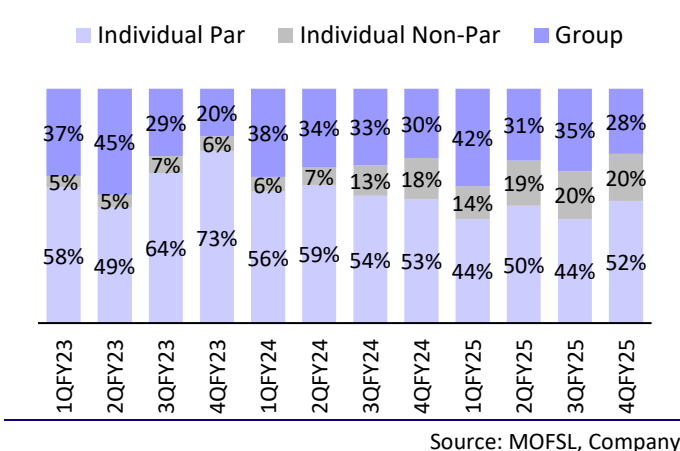
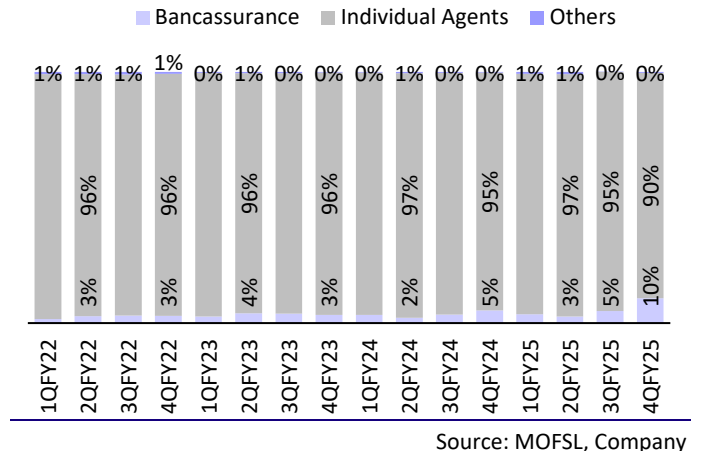
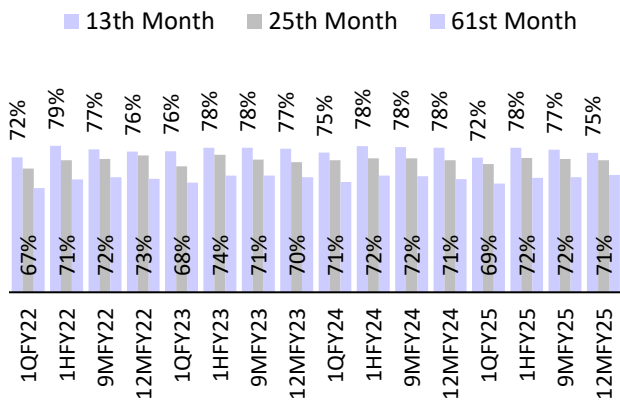
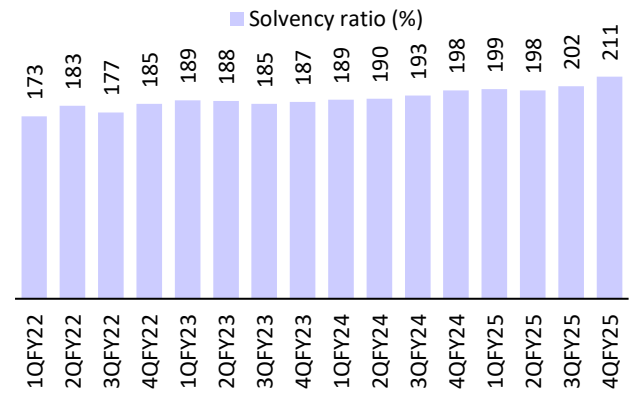
Exhibit 1: Net premium income declined 3% YoY in 4QFY25

Exhibit 2: Renewal premium grew 2% YoY in 4QFY25

Exhibit 3: Trend in expense and commission ratio

Exhibit 4: Total cost ratio declined YoY to 11.2%

Exhibit 5: Share of non-par business grew to 20% of total APE

Exhibit 6: Bancassurance contribution increasing in the mix


Exhibit 7: Persistency ratios across cohorts



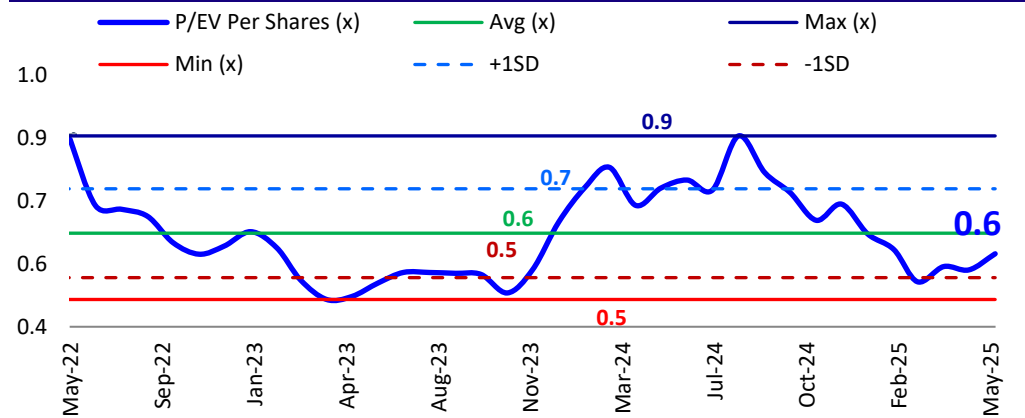
Source: MOFSL, Company

Exhibit 8: Solvency ratio improves to 211% YoY in 4QFY25



Source: MOFSL, Company

Exhibit 9: One-year forward P/EV



Source: MOFSL, Company

Financials and valuations

| Technical account (INR b) | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Gross Premiums | 4,058.5 | 4,280.2 | 4,746.7 | 4,757.5 | 4,888.5 | 5,204.8 | 5,537.1 |
| Reinsurance Ceded | (4.5) | (6.1) | (6.6) | (6.8) | (7.0) | (7.5) | (7.9) |
| Net Premiums | 4,054.0 | 4,274.2 | 4,740.0 | 4,750.7 | 4,881.5 | 5,197.3 | 5,529.2 |
| Income from Investments | 2,855.2 | 2,928.9 | 3,063.9 | 3,639.4 | 3,926.2 | 4,060.9 | 4,304.1 |
| Other Income | 127.9 | 7.9 | 76.6 | 146.9 | 33.8 | 35.5 | 37.2 |
| Total income (A) | 7,037.1 | 7,211.0 | 7,880.5 | 8,537.1 | 8,841.5 | 9,293.7 | 9,870.5 |
| Commission | 223.6 | 236.9 | 255.8 | 259.6 | 253.1 | 270.2 | 286.9 |
| Operating expenses | 351.6 | 383.7 | 481.5 | 481.2 | 354.2 | 377.1 | 401.1 |
| Total commission and opex | 575.2 | 620.6 | 737.3 | 740.8 | 607.2 | 647.3 | 688.0 |
| Benefits Paid (Net) | 2,907.2 | 3,574.6 | 3,425.8 | 3,916.7 | 4,194.3 | 4,451.5 | 4,737.0 |
| Change in reserves | 3,215.8 | 2,972.8 | 3,433.8 | 3,492.0 | 3,533.3 | 3,710.0 | 3,895.5 |
| Prov for doubtful debts (inc other exp) | 73.1 | (93.8) | (148.5) | (29.2) | (21.7) | (35.0) | (40.0) |
| Total expenses (B) | 6,771.3 | 7,074.3 | 7,448.4 | 8,120.3 | 8,313.2 | 8,773.9 | 9,280.6 |
| (A) - (B) | 265.8 | 136.7 | 432.1 | 416.7 | 528.3 | 519.9 | 589.9 |
| Tax (incl GST) | 92.6 | 79.7 | 53.5 | 59.6 | 80.0 | 64.7 | 73.6 |
| Surplus / Deficit | 173.2 | 57.0 | 378.6 | 347.4 | 401.4 | 455.1 | 516.3 |

| Shareholder's a/c (INR b) | | | | | | | |
|-------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Transfer from technical a/c | 29.6 | 121.9 | 360.5 | 374.6 | 473.2 | 500.6 | 568.0 |
| Income From Investments | 0.2 | 2.0 | 11.5 | 36.9 | 59.9 | 76.5 | 84.1 |
| Total Income | 29.9 | 123.9 | 372.0 | 411.5 | 533.2 | 577.1 | 652.1 |
| Other expenses | 0.0 | 0.0 | 0.0 | 2.5 | 6.4 | 7.1 | 7.8 |
| Contribution to technical a/c | 0.0 | 83.3 | 2.7 | 3.0 | 45.2 | 49.7 | 54.7 |
| Total Expenses | 0.1 | 83.3 | 7.4 | 5.4 | 51.6 | 56.8 | 62.5 |
| PBT | 29.8 | 40.7 | 364.6 | 406.1 | 481.5 | 520.3 | 589.6 |
| Tax | 0.1 | 0.2 | 0.6 | 0.8 | - | 1.0 | 1.2 |
| PAT | 29.7 | 40.4 | 364.0 | 406.9 | 481.5 | 519.2 | 588.4 |
| Growth | 10% | 36% | 800% | 12% | 19% | 8% | 13% |

| Balance Sheet | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Sources of Fund | | | | | | | |
| 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 | 1,201.0 | 1,625.3 | 2,099.9 |
| Shareholders' Fund | 69.8 | 104.1 | 456.7 | 819.4 | 1,261.9 | 1,685.9 | 2,160.0 |
| Policy Liabilities | 34,207.3 | 37,100.4 | 40,512.5 | 43,953.3 | 47,355.8 | 52,970.4 | 59,274.4 |
| Prov. for Linked Liab. | 329.6 | 238.9 | 261.6 | 348.8 | 475.3 | 513.4 | 554.4 |
| Funds For Future App. | 0.5 | 0.8 | 1.8 | 4.1 | 8.0 | 9.3 | 10.6 |
| Current liabilities & prov. | 831.2 | 712.4 | 593.8 | 634.9 | 486.9 | 535.6 | 589.1 |
| Total | 38,295.2 | 42,305.9 | 45,505.1 | 52,855.3 | 56,238.4 | 62,847.3 | 70,240.6 |
| Application of Funds | - | - | - | - | | | |
| Shareholders' invt | 4.3 | 64.1 | 293.6 | 637.4 | 1,040.3 | 1,144.3 | 1,258.7 |
| Policyholders' invt | 34,984.4 | 38,956.9 | 41,891.8 | 48,765.1 | 51,362.8 | 57,526.3 | 64,429.5 |
| Assets to cover linked liab. | 329.7 | 239.4 | 263.1 | 352.6 | 483.1 | 555.6 | 638.9 |
| Loans | 1,087.6 | 1,098.8 | 1,155.6 | 1,202.6 | 1,274.8 | 1,338.5 | 1,405.5 |
| Current assets | 1,854.4 | 1,911.2 | 1,862.8 | 1,857.0 | 2,032.9 | 2,236.2 | 2,459.8 |
| Total | 38,295.2 | 42,305.9 | 46,698.9 | 54,098.5 | 56,238.4 | 62,847.3 | 70,240.6 |

Financials and valuations

| Premium (INR b) and growth (%) | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|--------------------------------|--------|-------|-------|-------|-------|-------|-------|
| NBP - unweighted | 1,855 | 1,989 | 2,321 | 2,227 | 2,268 | 2,453 | 2,648 |
| NBP - wrp | 495 | 529 | 584 | 574 | 560 | 609 | 657 |
| Renewal premium | 2,203 | 2,291 | 2,426 | 2,531 | 2,621 | 2,752 | 2,889 |
| Total premium - unweighted | 4,059 | 4,280 | 4,747 | 4,758 | 4,888 | 5,205 | 5,537 |
| NBP growth - unweighted | 2.9% | 7.2% | 16.6% | -4.0% | 1.8% | 8.2% | 7.9% |
| NBP growth - wrp | -30.0% | 6.9% | 10.4% | -1.7% | -2.4% | 8.8% | 7.8% |
| Renewal premium growth | 8.8% | 4.0% | 5.9% | 4.3% | 3.5% | 5.0% | 5.0% |
| Premium growth - unweighted | 6.0% | 5.5% | 10.9% | 0.2% | 2.8% | 6.5% | 6.4% |

| Premium mix (%) | FY21 | FY22E | FY23 | FY24 | FY25 | FY26E | FY27E |
|--|-------|-------|-------|-------|-------|-------|-------|
| New business - un weighted | | | | | | | |
| - Individual mix | 30.9% | 27.5% | 25.4% | 25.9% | 27.5% | 27.7% | 27.8% |
| - Group mix | 69.1% | 72.5% | 74.6% | 74.1% | 72.5% | 72.3% | 72.2% |
| Total premium mix - un weighted | | | | | | | |
| - 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 | FY25 | 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% |
| Persistency ratios (%) | | | | | | | |
| 13th Month | 78.8% | 75.6% | 77.0% | 77.7% | 77.9% | 78.0% | 78.0% |
| 25th Month | 70.0% | 73.5% | 74.3% | 71.0% | 71.6% | 72.0% | 72.3% |
| 37th Month | 66.9% | 66.6% | 67.3% | 65.5% | 64.1% | 63.7% | 63.6% |
| 49th Month | 63.1% | 63.9% | 64.7% | 66.3% | 68.8% | 70.3% | 71.1% |
| 61st Month | 58.8% | 61.0% | 61.4% | 60.9% | 60.7% | 61.0% | 61.6% |
| Profitability ratios (%) | | | | | | | |
| VNB margin (%) | 9.9% | 15.1% | 16.2% | 16.8% | 17.6% | 18.0% | 18.5% |
| RoE (%) | 73.6% | 46.5% | 129.8% | 63.8% | 46.3% | 35.2% | 30.6% |
| Operating ROEV | 36.9% | 11.9% | 10.9% | 11.5% | 11.4% | 10.0% | 10.0% |
| RoEV (%) | 105.6% | 466.4% | 7.5% | 24.9% | 6.8% | 11.7% | 11.5% |

| Valuation & key data | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|----------------------------|--------|---------|---------|---------|---------|---------|---------|
| Total AUMs (INRb) | 36,762 | 40,850 | 43,970 | 51,219 | 54,523 | 63,036 | 70,492 |
| - 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% | 16% | 18% | 19% |
| EPS, INR | 4.7 | 6.4 | 57.5 | 64.1 | 76.1 | 82.1 | 93.0 |
| VNB (INRb) | 41.7 | 76.2 | 91.8 | 95.8 | 100.1 | 109.7 | 121.5 |
| Embedded Value (INRb) | 956.1 | 5,414.9 | 5,822.4 | 7,273.4 | 7,768.7 | 8,677.8 | 9,675.6 |
| EV per share (INR) | 151.2 | 856.1 | 920.5 | 1,149.9 | 1,228.3 | 1,372.0 | 1,529.7 |
| VIF as % of EV | 93% | 98% | 92% | 90% | 85% | 81% | 78% |
| P/VIF (%) | 6.2 | 1.0 | 1.0 | 0.8 | 0.8 | 0.8 | 0.7 |
| P/AUM (%) | 15% | 13% | 13% | 11% | 10% | 9% | 8% |
| P/EV (x) | 5.8 | 1.0 | 0.9 | 0.8 | 0.7 | 0.6 | 0.6 |
| P/EPs (x) | 185.2 | 136.3 | 15.1 | 13.6 | 11.4 | 10.6 | 9.4 |
| P/EVOP (x) | 32.1 | 9.9 | 9.4 | 8.2 | 6.7 | 7.1 | 6.4 |

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|----------------------------------|--|
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| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

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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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