

# Life Insurance Corporation

Estimate change



TP change



Rating change

Bloomberg	LICI IN
Equity Shares (m)	6325
M.Cap.(INRb)/(USDb)	5160.9 / 59
52-Week Range (INR)	1222 / 805
1, 6, 12 Rel. Per (%)	-6/-24/-29
12M Avg Val (INR M)	3017

## Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Premiums	5,006	5,333	5,674
Surplus / Deficit	440.4	478.9	527.3
Sh. PAT	440.6	492.7	547.4
VNB margin (%)	17.5	18.5	19.0
RoEV (%)	15.4	11.0	10.9
Total AUMs (INRt)	61.7	69.1	77.2
APE (INRb)	598.5	651.9	702.4
VNB (INRb)	104.7	120.6	133.5
EV per share	1,328	1,474	1,635

## Valuations

P/EV (x)	0.6	0.6	0.5
P/EVOP (x)	7.5	6.5	5.8

## Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	96.5	96.5	96.5
DII	1.3	1.2	1.0
FII	0.1	0.2	0.1
Others	2.2	2.2	2.4

FII Includes depository receipts

**CMP: INR 816**

**TP: INR 1,085 (+33%)**

**Buy**

## Weak growth in APE and VNB; VNB margins improve sequentially

- In 3QFY25, LIC reported net premium income of INR1.1t, down 9% YoY. For 9MFY25, net premium income grew 6% YoY to INR3.4t. Renewal premium grew 3% YoY to INR646b.
  - New business APE declined 24% YoY to INR99.5b. For 9MFY25, it grew 6% YoY to INR379.8b.
  - VNB for 3QFY25 declined 27% YoY to INR19.3b. However, for 9MFY25, it grew 9% YoY to INR64.8b. VNB margins grew sequentially to 19.4% from 17.9% in 2QFY25 (20% in 3QFY24).
  - LIC reported 17% YoY growth in shareholder PAT to INR110.6b. For 9MFY25, PAT grew 8% YoY to INR291.4b.
  - New products in the par segment will drive volumes, while management expects the momentum in the non-par segment to continue.
  - We have cut our net premium, APE and VNB margin estimates by 4% each for FY25, factoring in 3QFY25 performance. With the increase in the share of the non-par segment, we expect VNB margin to see improvement.
- Reiterate BUY with a TP of INR1,085 (premised on 0.7x Sep'26E EV).**

## Rising share of non-par in APE mix

- LIC's renewal premium grew 3% YoY to INR646b, while the first-year/single premiums declined 14%/24% YoY to INR73b/INR351b.
- For 9MFY25, Individual Business APE increased by 4.7% to INR246b and Group Business APE grew 8.8% to INR133.6b.
- VNB margins improved 150bp sequentially due to 1) change in commission payouts, 2) product mix shift toward Non-par, 3) revisions in the premium rate for certain products with lower margins, 4) revision of the minimum ticket size of low-persistency products.
- Commission expense declined 8% YoY to INR596.6b. However, in order to align with business growth, management guides for commission payouts to increase going further.
- Income from investments in policyholders' account remained flat YoY at INR943.4b, while it grew 50% YoY to INR16b in shareholders' account.
- On the product front, LIC launched 38 new products (24 individual, 8 group, 5 individual riders and 1 group rider) after the IRDAI (insurance products) regulation in Oct'24. LIC's continued focus led to an increase in the share of Non-Par in individual APE to 27.3% from 14% in 9MFY24. With the launch of new products, management expects the growth in the Par segment to recover.
- On the distribution front, LIC has a dominant portion of agency force (~1.4m) in the industry with higher vintage of > 5 years at 53.98%. New business premium from Banca channel grew 31.2% YoY, and from alternate channel, it grew 30.6% YoY.
- The 13<sup>th</sup>/37<sup>th</sup>/61<sup>st</sup> month persistency stood at 68.6%/60.9%/59.7% in 3QFY25.
- AUM stood at INR54.8t, up 10% YoY. The solvency ratio improved to 202% vs. 193% in 3QFY24 and 198% in 2QFY25.

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

**Valuation and view**

LIC maintains its industry-leading position and is focusing on ramping up its overall growth through wider product offerings, a shift in the product mix toward non-par, a stronger agency channel, and digitization. LIC has done an alignment of distributor incentives to absorb the impact of surrender charges. With the introduction of a new hedging mechanism, the company is confident of curbing the uncertainties around VNB and expects the product-level margins to remain intact. We have cut our net premium, APE and VNB margin estimates by 4% each for FY25, factoring in 3QFY25 performance. With the increase in the share of the non-par segment, we expect VNB margin to improve. Reiterate BUY with a TP of INR1,085 (premised on 0.7x Sep'26E EV).

**Quarterly Performance**

Policy holder's A/c (INR b)	FY24				FY25E				FY24	FY25E	YoY Gr.	QoQ Gr.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
First year premium	68	100	84	138	75	112	73	144	390	403	-14%	-35%
Growth (%)	-8%	9%	-13%	8%	10%	12%	-14%	4%	0%	3%		
Renewal premium	536	596	624	774	564	619	646	829	2,531	2,658	3%	4%
Growth (%)	7%	6%	4%	2%	5%	4%	3%	7%	4%	5%		
Single premium	381	378	464	614	500	469	351	631	1,836	1,952	-24%	-25%
Growth (%)	-7%	-43%	10%	42%	31%	24%	-24%	3%	-5%	6%		
<b>Net premium income</b>	<b>984</b>	<b>1,074</b>	<b>1,170</b>	<b>1,523</b>	<b>1,138</b>	<b>1,199</b>	<b>1,069</b>	<b>1,601</b>	<b>4,751</b>	<b>5,006</b>	<b>-9%</b>	<b>-11%</b>
Growth (%)	0%	-19%	5%	16%	16%	12%	-9%	5%	0%	5%		
<b>PAT</b>	<b>95</b>	<b>79</b>	<b>94</b>	<b>138</b>	<b>105</b>	<b>76</b>	<b>111</b>	<b>149</b>	<b>407</b>	<b>441</b>	<b>17%</b>	<b>45%</b>
Growth (%)	NM	NM	49%	2%	10%	-4%	17%	8%	12%	8%		
<b>Key metrics (INR b)</b>												
New business APE	95	131	132	212	116	165	100	219	570	599	-24%	-40%
Growth (%)	-7%	-12%	7%	11%	21%	26%	-24%	3%	1%	5%		
VNB	13	20	26	36	16	29	19	40	96	105	-27%	-35%
Growth (%)	-6%	-12%	46%	-2%	23%	47%	-27%	10%	4%	9%		
AUM (INRt)	46	47	50	51	54	55	55	62	51	62	10%	-1%
Growth (%)	12%	10%	12%	16%	16%	17%	10%	21%	16%	21%		
<b>Key Ratios (%)</b>											bps	bps
VNB Margins (%)	13.7	15.3	20.0	17.2	13.9	17.9	19.4	18.3	16.8	17.5	-65.4	149.5
Solvency ratio (%)	189.0	190.0	193.0	198.0	199.0	198.0	202.0		198	201	900.0	400.0

## Quarterly snapshot

	FY24				FY25			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
<b>Net premium income</b>	<b>983.6</b>	<b>1,074.0</b>	<b>1,170.2</b>	<b>1,522.9</b>	<b>1,137.7</b>	<b>1,199.0</b>	<b>1,068.9</b>	<b>-9</b>	<b>-11</b>
First year premium	68.1	99.9	84.3	138.1	74.7	112.0	72.8	-14	-35
Renewal premium	536.4	596.4	624.3	773.7	564.3	619.1	645.9	3	4
Single premium	380.6	378.5	463.6	613.6	500.0	469.4	351.4	-24	-25
Reinsurance ceded	-1.5	-0.8	-2.1	-2.5	-1.3	-1.5	-1.2	-40	-16
Investment income	903.1	939.4	952.7	844.3	961.8	1,089.7	943.4	-1	-13
<b>Other income</b>	<b>0.8</b>	<b>2.5</b>	<b>1.6</b>	<b>141.6</b>	<b>1.5</b>	<b>1.4</b>	<b>1.5</b>	<b>-9</b>	<b>4</b>
<b>Trf from Sh.holder's a/c</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>8.1</b>	<b>6.0</b>	<b>6.2</b>	<b>NA</b>	<b>3</b>
<b>Total income (A)</b>	<b>1,887.5</b>	<b>2,015.9</b>	<b>2,124.5</b>	<b>2,509.2</b>	<b>2,109.1</b>	<b>2,296.2</b>	<b>2,019.9</b>	<b>-5</b>	<b>-12</b>
Commission paid	51.2	60.8	65.2	82.5	50.9	65.4	59.7	-8	-9
First year premium	19.7	24.8	25.2	34.2	20.2	27.5	19.6	-22	-29
Renewal premium	27.2	30.8	33.0	40.2	29.2	32.2	33.5	2	4
Single premium	0.8	1.3	1.2	1.5	0.9	1.6	1.3	7	-20
Operating expense	75.5	124.4	116.7	164.6	84.3	97.5	84.5	-28	-13
<b>Total commission &amp; Opex</b>	<b>126.6</b>	<b>185.1</b>	<b>181.9</b>	<b>247.1</b>	<b>135.2</b>	<b>162.9</b>	<b>144.2</b>	<b>-21</b>	<b>-12</b>
Benefits paid	748.4	833.6	955.0	1,351.0	818.6	975.6	946.8	-1	-3
Change in actuarial liability	963.0	913.4	889.9	764.0	1,031.5	1,082.5	799.1	-10	-26
<b>Total Expenses (B)</b>	<b>1,812.6</b>	<b>1,932.6</b>	<b>2,026.4</b>	<b>2,359.8</b>	<b>1,984.3</b>	<b>2,212.6</b>	<b>1,893.5</b>	<b>-7</b>	<b>-14</b>
<b>PBT</b>	<b>74.9</b>	<b>83.3</b>	<b>98.0</b>	<b>149.5</b>	<b>124.8</b>	<b>83.6</b>	<b>126.5</b>	<b>29</b>	<b>51</b>
Tax	13.1	10.7	13.3	21.1	15.9	11.0	16.9	28	54
<b>Surplus/(Deficit)</b>	<b>61.8</b>	<b>72.5</b>	<b>84.7</b>	<b>128.3</b>	<b>108.9</b>	<b>72.5</b>	<b>109.5</b>	<b>29</b>	<b>51</b>
<b>Shareholder A/c</b>									
<b>Trf from Policyholder a/c</b>	<b>90.1</b>	<b>72.2</b>	<b>84.4</b>	<b>127.9</b>	<b>107.8</b>	<b>72.4</b>	<b>109.0</b>	<b>29</b>	<b>50</b>
Investment Income	6.3	8.8	10.6	11.2	11.8	14.6	16.0	50	10
<b>Total income</b>	<b>96.4</b>	<b>81.0</b>	<b>95.0</b>	<b>139.2</b>	<b>119.6</b>	<b>87.0</b>	<b>124.9</b>	<b>32</b>	<b>44</b>
<b>PBT</b>	<b>96.3</b>	<b>80.2</b>	<b>95.0</b>	<b>136.4</b>	<b>104.6</b>	<b>76.2</b>	<b>110.6</b>	<b>16</b>	<b>45</b>
Tax	0.9	0.9	0.5	-1.2	-	-	-	NA	NA
<b>PAT</b>	<b>95.4</b>	<b>79.3</b>	<b>94.4</b>	<b>137.6</b>	<b>104.6</b>	<b>76.2</b>	<b>110.6</b>	<b>17</b>	<b>45</b>
<b>Total APE (calculated)</b>	<b>106.2</b>	<b>137.7</b>	<b>130.7</b>	<b>199.5</b>	<b>124.7</b>	<b>159.0</b>	<b>108.0</b>	<b>-17</b>	<b>-32</b>
<b>Key Ratios (%)</b>									
<b>Operating ratios</b>									
Commission (unwtd)	5.2	5.7	5.6	5.4	4.5	5.4	5.6	1bp	13bp
Opex (unwtd)	7.7	11.6	10.0	10.8	7.4	8.1	7.9	-206bp	-23bp
Total Cost	12.9	17.2	15.5	16.2	11.9	13.6	13.5	-205bp	-10bp
Solvency ratio	189.0	190.0	193.0	198.0	199.0	198.0	202.0	900bp	400bp
<b>Profitability ratios</b>									
VNB margins	13.7	15.3	20.0	17.2	13.9	17.9	19.4	-65bp	149bp
<b>Persistency ratios</b>									
13th Month	75.1	71.2	70.9	71.9	72.4	68.2	68.6	-228bp	44bp
25th Month	70.9	65.2	65.4	64.1	68.8	65.0	64.7	-68bp	-31bp
37th Month	64.3	60.2	59.5	59.7	66.4	60.5	60.9	139bp	42bp
49th Month	61.6	57.7	62.1	61.4	60.7	56.5	56.0	-607bp	-51bp
61st Month	59.3	55.2	56.2	54.5	58.4	54.8	59.7	353bp	493bp
<b>Key Metrics (INR b)</b>									
VNB	13.1	20.0	26.3	36.5	16.1	29.4	19.3	-27	-35
EV	N.A	6,626.1	NA	7,273.4	N.A	8,217.2	NA	NA	NA
AUM	46,110.7	47,433.9	49,663.7	51,218.9	53,590.0	55,395.2	54,776.5	10	-1



## Highlights from the management commentary

### 9MFY25 highlights

- The expense ratio was 13% in 9MFY25 vs. 15.3% in 9MFY24.
- Policies sold declined 7% YoY in 9MFY25.
- Renewal commission rates will be slightly higher going forward. Commission payouts will also increase, aligned with business growth.
- A better understanding of surrender value regulations and a wider product range will improve the growth trajectory.
- Management expects an improvement in VNB margins, driven by a shift in the business mix. Growth in the ticket size and the number of policies will boost APE growth.

### VNB margin

- VNB margin was aided by a change in commission payouts, a product mix shift toward non-par, a revision in premium rates for certain lower-margin products, and a revision in the minimum ticket size for low-persistency products.
- Distributor incentives have been aligned with the surrender value regulations to maintain a high policy tenure.
- A new hedging mechanism was introduced in Jan'25 to maintain VNB sensitivity related to interest rates. Going forward, a combination of product mix shift and hedging through derivatives will be used to maintain margins.
- The cost of hedging will flow through the EV walk, and its impact will be visible in the sensitivity numbers from next quarter, as per management.
- Non-par margins declined YoY due to higher sales of ULIP and the impact of a decline in the risk-free rate on annuity products. However, strong growth in non-par business has compensated for this.

### Product mix

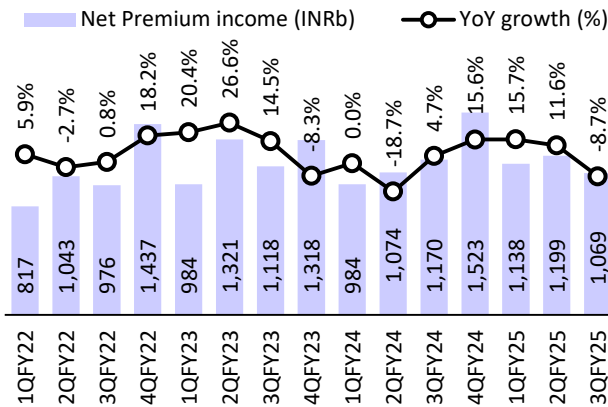
- Following the introduction of new insurance product regulations, LIC has launched 38 fully compliant products as of Dec'24. It plans to launch more innovative products to expand its product range and enhance sales opportunities for agents.
- The non-par share in individual APE grew to 27.3% in 9MFY25 from 14% in 9MFY24, up 106.5%, driven by a focus on shifting toward the non-par business.
- The group business contributes to both revenue growth and VNB, and the company remains focused on this segment.

### Channel mix

- Total agent count was ~1.4m as on Dec'24, reflecting market share of 47.4% (49.6% in 31 Dec'23).
- Policies sold by agency channel declined by 6.3% YoY. 90% of policies sold in 9MFY25 and 95% of new business premium came through agency channel.
- New business premium from banca channel grew 31.2% YoY, while from alternate channel, it grew 30.6% YoY. Share of banca and alternate channels increased to 5% in 9MFY25 from 4% in 9MFY24, with respect to new business premium.
- Policies sold through the app grew 23.9% YoY. The number of active agents grew 27.3% on the app.

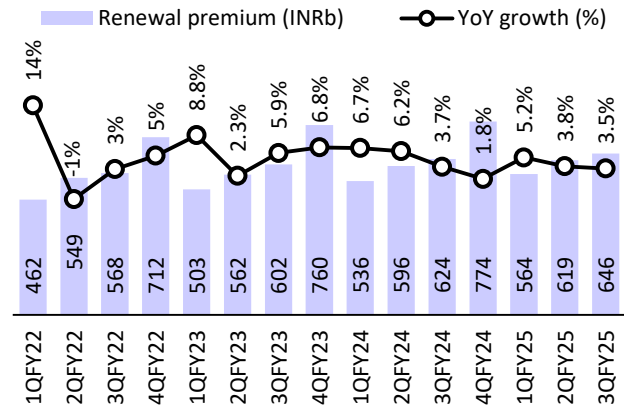
Key exhibits

Exhibit 1: Net premium income declined 9% YoY in 3QFY25



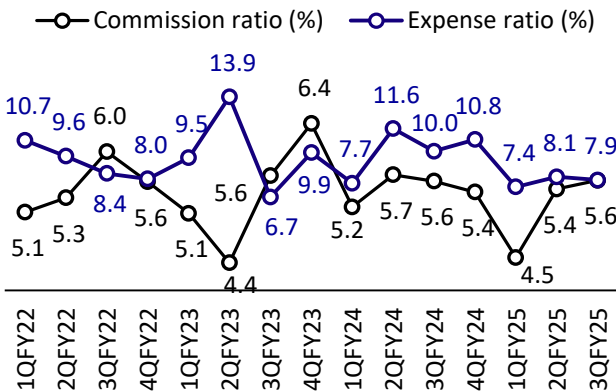
Source: MOFSL, Company

Exhibit 2: Renewal book grew 3.5% YoY



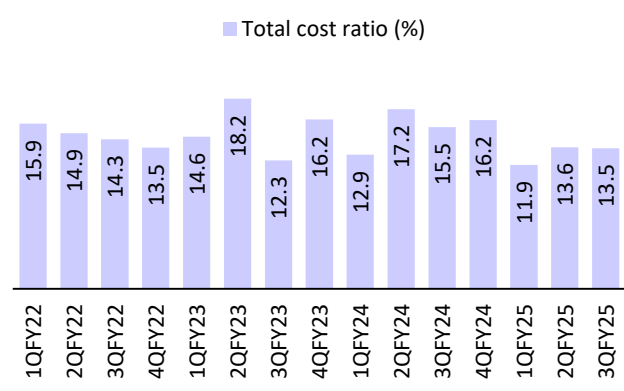
Source: MOFSL, Company

Exhibit 3: Trend in expense and commission ratio



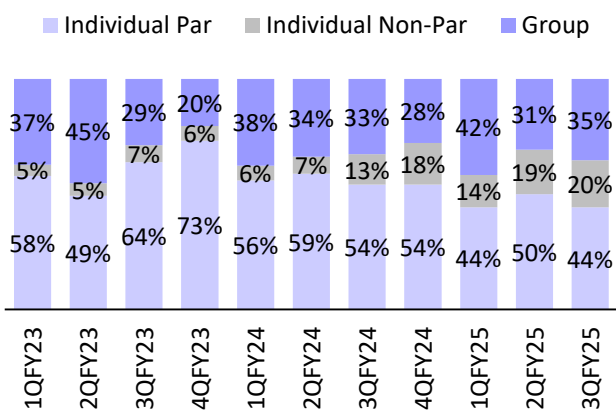
Source: MOFSL, Company

Exhibit 4: Total cost ratio declined YoY to 13.5%



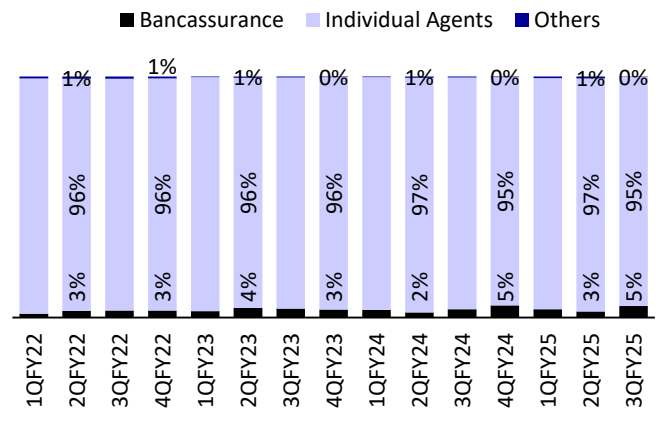
Source: MOFSL, Company

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



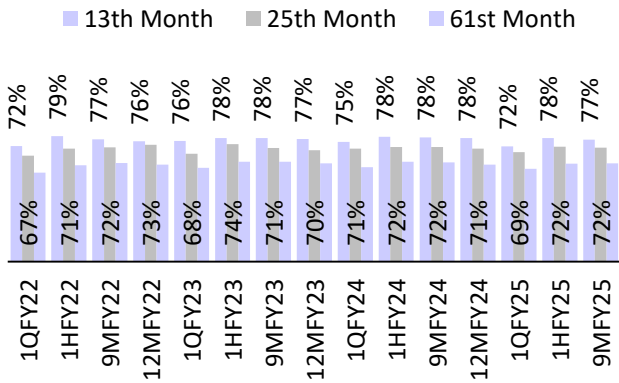
Source: MOFSL, Company

Exhibit 6: Distribution mix led by agency channel



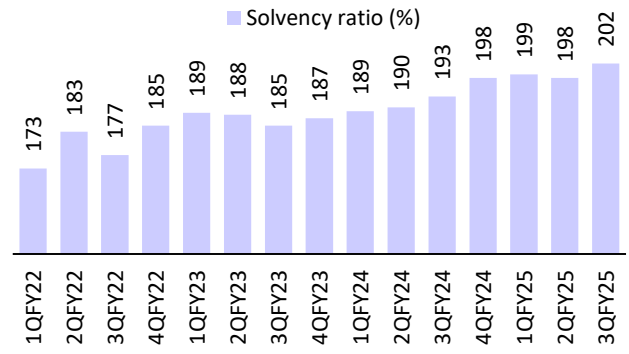
Source: MOFSL, Company

**Exhibit 7: Persistency ratios across cohorts**



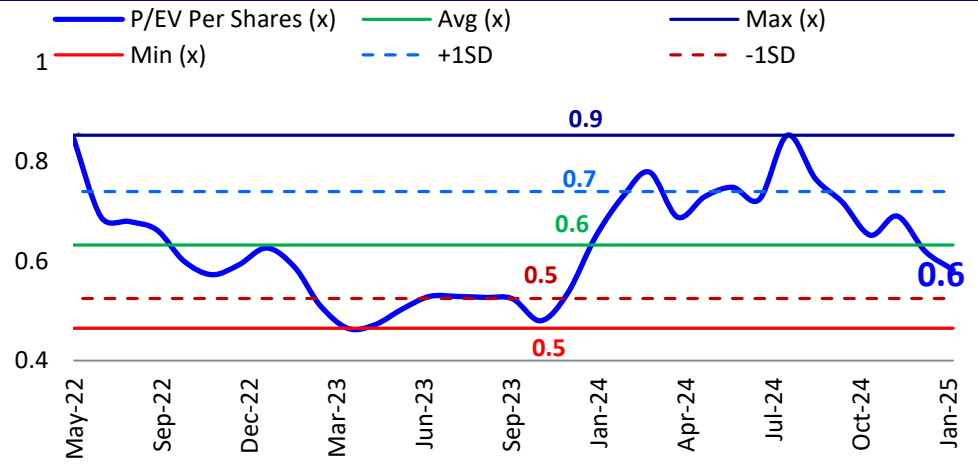
Source: MOFSL, Company

**Exhibit 8: Solvency ratio improved YoY to 202% in 3QFY25**



Source: MOFSL, Company

**Exhibit 9: One-year forward P/EV**



Source: MOFSL, Company

## Financials and valuations

Technical account (INR b)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Gross Premiums	4,058.5	4,280.2	4,746.7	4,757.5	5,013.6	5,340.4	5,682.3
Reinsurance Ceded	(4.5)	(6.1)	(6.6)	(6.8)	(7.2)	(7.7)	(8.1)
Net Premiums	4,054.0	4,274.2	4,740.0	4,750.7	5,006.4	5,332.7	5,674.1
Income from Investments	2,855.2	2,928.9	3,063.9	3,639.4	3,918.7	4,315.8	4,752.4
Other Income	127.9	7.9	76.6	146.9	154.3	162.0	170.1
<b>Total income (A)</b>	<b>7,037.1</b>	<b>7,211.0</b>	<b>7,880.5</b>	<b>8,537.1</b>	<b>9,079.3</b>	<b>9,810.5</b>	<b>10,596.7</b>
Commission	223.6	236.9	255.8	259.6	267.8	286.2	304.0
Operating expenses	351.6	383.7	481.5	481.2	451.2	480.6	511.4
<b>Total commission and opex</b>	<b>575.2</b>	<b>620.6</b>	<b>737.3</b>	<b>740.8</b>	<b>719.0</b>	<b>766.8</b>	<b>815.4</b>
Benefits Paid (Net)	2,907.2	3,574.6	3,425.8	3,916.7	4,186.7	4,460.8	4,781.6
Change in reserves	3,215.8	2,972.8	3,433.8	3,492.0	3,701.6	4,071.7	4,438.2
Prov for doubtful debts (inc other exp)	73.1	(93.8)	(148.5)	(29.2)	(30.0)	(35.0)	(40.0)
<b>Total expenses (B)</b>	<b>6,771.3</b>	<b>7,074.3</b>	<b>7,448.4</b>	<b>8,120.3</b>	<b>8,577.3</b>	<b>9,264.3</b>	<b>9,995.2</b>
<b>(A) - (B)</b>	<b>265.8</b>	<b>136.7</b>	<b>432.1</b>	<b>416.7</b>	<b>502.0</b>	<b>546.2</b>	<b>601.5</b>
Tax (incl GST)	92.6	79.7	53.5	59.6	61.7	67.2	74.2
<b>Surplus / Deficit</b>	<b>173.2</b>	<b>57.0</b>	<b>378.6</b>	<b>347.4</b>	<b>440.4</b>	<b>478.9</b>	<b>527.3</b>

Shareholder's a/c (INR b)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Transfer from technical a/c	29.6	121.9	360.5	374.6	440.4	478.9	527.3
Income From Investments	0.2	2.0	11.5	36.9	55.3	69.3	76.3
<b>Total Income</b>	<b>29.9</b>	<b>123.9</b>	<b>372.0</b>	<b>411.5</b>	<b>495.7</b>	<b>548.3</b>	<b>603.5</b>
Other expenses	0.0	0.0	0.0	2.5	52.7	53.0	53.3
Contribution to technical a/c	0.0	83.3	2.7	3.0	3.3	3.6	4.0
<b>Total Expenses</b>	<b>0.1</b>	<b>83.3</b>	<b>7.4</b>	<b>5.4</b>	<b>56.0</b>	<b>56.6</b>	<b>57.2</b>
<b>PBT</b>	<b>29.8</b>	<b>40.7</b>	<b>364.6</b>	<b>406.1</b>	<b>439.7</b>	<b>491.7</b>	<b>546.3</b>
Tax	0.1	0.2	0.6	0.8	0.9	1.0	1.1
<b>PAT</b>	<b>29.7</b>	<b>40.4</b>	<b>364.0</b>	<b>406.9</b>	<b>440.6</b>	<b>492.7</b>	<b>547.4</b>
<b>Growth</b>	<b>10%</b>	<b>36%</b>	<b>800%</b>	<b>12%</b>	<b>8%</b>	<b>12%</b>	<b>11%</b>

Balance Sheet	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Sources of Fund</b>							
Share Capital	1.0	63.2	63.2	63.3	63.3	63.3	63.3
Reserves And Surplus	67.1	40.4	394.9	757.4	1,122.1	1,519.9	1,953.4
<b>Shareholders' Fund</b>	<b>69.8</b>	<b>104.1</b>	<b>456.7</b>	<b>819.4</b>	<b>1,188.1</b>	<b>1,586.3</b>	<b>2,020.3</b>
Policy Liabilities	34,207.3	37,100.4	40,512.5	43,953.3	49,338.5	55,354.7	62,130.3
Prov. for Linked Liab.	329.6	238.9	261.6	348.8	488.3	527.3	569.5
Funds For Future App.	0.5	0.8	1.8	4.1	4.7	5.4	6.2
Current liabilities & prov.	831.2	712.4	593.8	634.9	641.3	705.4	776.0
<b>Total</b>	<b>38,295.2</b>	<b>42,305.9</b>	<b>45,505.1</b>	<b>52,855.3</b>	<b>61,231.2</b>	<b>68,439.3</b>	<b>76,504.0</b>
<b>Application of Funds</b>	-	-	-	-	-	-	-
Shareholders' invt	4.3	64.1	293.6	637.4	943.4	1,037.8	1,141.5
Policyholders' invt	34,984.4	38,956.9	41,891.8	48,765.1	56,567.5	63,355.6	70,958.3
Assets to cover linked liab.	329.7	239.4	263.1	352.6	472.5	543.3	624.8
Loans	1,087.6	1,098.8	1,155.6	1,202.6	1,346.9	1,414.2	1,484.9
Current assets	1,854.4	1,911.2	1,862.8	1,857.0	1,857.0	2,042.7	2,247.0
<b>Total</b>	<b>38,295.2</b>	<b>42,305.9</b>	<b>46,698.9</b>	<b>54,098.5</b>	<b>62,621.9</b>	<b>69,899.1</b>	<b>78,036.4</b>

Premium (INR b) and growth (%)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
NBP - unweighted	1,855	1,989	2,321	2,227	2,355	2,549	2,752
NBP - wrp	495	529	584	574	599	652	702
Renewal premium	2,203	2,291	2,426	2,531	2,658	2,791	2,931
Total premium - unweighted	4,059	4,280	4,747	4,758	5,014	5,340	5,682
NBP growth - unweighted	2.9%	7.2%	16.6%	-4.0%	5.8%	8.2%	7.9%
NBP growth - wrp	-30.0%	6.9%	10.4%	-1.7%	4.3%	8.9%	7.8%
Renewal premium growth	8.8%	4.0%	5.9%	4.3%	5.0%	5.0%	5.0%
Premium growth - unweighted	6.0%	5.5%	10.9%	0.2%	5.4%	6.5%	6.4%

Premium mix (%)	FY21	FY22E	FY23	FY24	FY25E	FY26E	FY27E
<b>New business - un weighted</b>							
- Individual mix	30.9%	27.5%	25.4%	25.9%	27.2%	27.4%	27.4%
- Group mix	69.1%	72.5%	74.6%	74.1%	72.8%	72.6%	72.6%
<b>Total premium mix - un weighted</b>							
- Participating	57.3%	56.1%	55.1%	53.4%	52.0%	50.0%	48.0%
- Non-participating	42.3%	43.4%	44.4%	45.9%	47.1%	48.9%	50.7%
- ULIPs	0.4%	0.5%	0.5%	0.7%	0.9%	1.1%	1.3%

Indi premium sourcing mix (%)	FY21	FY22E	FY23	FY24	FY25E	FY26E	FY27E
Individual agents	93.8%	96.2%	96.4%	96.0%	95.0%	94.5%	94.0%
Corporate agents-Banks	3.1%	2.6%	3.3%	3.6%	4.4%	4.9%	5.4%
Direct business	2.2%	0.3%	0.1%	0.2%	0.3%	0.3%	0.3%
Others	0.9%	0.8%	0.1%	0.2%	0.3%	0.3%	0.3%
<b>Persistency ratios (%)</b>							
13th Month	78.8%	75.6%	77.0%	77.7%	79.0%	79.0%	79.0%
25th Month	70.0%	73.5%	74.3%	71.0%	74.8%	74.8%	74.8%
37th Month	66.9%	66.6%	67.3%	65.5%	68.1%	68.1%	68.1%
49th Month	63.1%	63.9%	64.7%	66.3%	65.2%	65.2%	65.2%
61st Month	58.8%	61.0%	61.4%	60.9%	61.8%	61.8%	61.8%
<b>Profitability ratios (%)</b>							
VNB margin (%)	9.9%	15.1%	16.2%	16.8%	17.5%	18.5%	19.0%
RoE (%)	73.6%	46.5%	129.8%	63.8%	43.9%	35.5%	30.4%
Operating ROEV	36.9%	11.9%	10.9%	11.5%	9.5%	9.5%	9.5%
RoEV (%)	105.6%	466.4%	7.5%	24.9%	15.4%	11.0%	10.9%



## Financials and valuations

Persistence ratios (%)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
13th Month	78.8%	75.6%	77.0%	77.7%	79.0%	79.0%	79.0%
25th Month	70.0%	73.5%	74.3%	71.0%	74.8%	74.8%	74.8%
37th Month	66.9%	66.6%	67.3%	65.5%	68.1%	68.1%	68.1%
49th Month	63.1%	63.9%	64.7%	66.3%	65.2%	65.2%	65.2%
61st Month	58.8%	61.0%	61.4%	60.9%	61.8%	61.8%	61.8%

Profitability ratios (%)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
VNB margin (%)	9.9%	15.1%	16.2%	16.8%	17.5%	18.5%	19.0%
RoE (%)	73.6%	46.5%	129.8%	63.8%	43.9%	35.5%	30.4%
Operating ROEV	36.9%	11.9%	10.9%	11.5%	9.5%	9.5%	9.5%
RoEV (%)	105.6%	466.4%	7.5%	24.9%	15.4%	11.0%	10.9%

Valuation & key data	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total AUMs (INR b)	36,762	40,850	43,970	51,219	61,749	69,052	77,227
- 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%	17%	19%	21%
EPS, INR	4.7	6.4	57.5	64.3	69.7	77.9	86.5
VNB (INR b)	41.7	76.2	91.8	95.8	104.7	120.6	133.5
Embedded Value (INR b)	956.1	5,414.9	5,822.4	7,273.7	8,397.2	9,324.8	10,338.3
EV per share (INR)	151.2	856.1	920.5	1,150.0	1,327.6	1,474.3	1,634.5
VIF as % of EV	93%	98%	92%	90%	87%	84%	82%
P/VIF (%)	5.8	1.0	1.0	0.8	0.7	0.7	0.6
P/AUM (%)	14%	13%	12%	10%	8%	7%	7%
P/EV (x)	5.4	1.0	0.9	0.7	0.6	0.6	0.5
P/EPS (x)	173.5	127.7	14.2	12.7	11.7	10.5	9.4
P/EVOP (x)	30.1	9.3	8.8	7.7	7.5	6.5	5.8

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NOTES

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UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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