

MAX Financial Services

Estimate change



TP change



Rating change



Bloomberg	MAXF IN
Equity Shares (m)	345
M.Cap.(INRb)/(USDb)	231.7 / 2.8
52-Week Range (INR)	885 / 599
1, 6, 12 Rel. Per (%)	4/-1/-23
12M Avg Val (INR M)	668

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Gross Premiums	253.4	289.5	334.7
Sh. PAT	4.5	6.4	7.4
NBP gr - unwt'd (%)	13.3	13.0	16.0
NBP gr - APE (%)	12.0	13.2	16.0
Premium gr (%)	13.1	14.2	15.6
VNB margin (%)	31.2	29.8	30.1
Op. RoEV (%)	22.1	21.4	20.9
Total AUMs (INRb)	1,229	1,474	1,714
VNB(INRb)	19.5	21.1	24.7
EV per Share	377	460	556

Valuations

P/EV (x)	2.2	1.8	1.5
P/EVOP (x)	11.6	10.4	8.8

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	10.2	11.5	14.7
DII	55.9	57.9	54.0
FII	25.8	22.9	23.3
Others	8.1	7.7	8.0

FII Includes depository receipts

CMP: INR671

TP: INR750 (+12%)

Neutral

Growth trends to remain healthy; VNB margin to moderate

APE to grow in double digits

- MAX Financial Services (MAXLIFE) reported a stable quarter on the back of healthy VNB margin of 30.3%. VNB margin was aided by strong growth in VNB (16% beat) and APE (7% beat) due to increased demand before the budgetary changes. Non-PAR maintained its robust momentum, led by the annuity business, while other segments also saw a sequential recovery.
- Growth in APE was driven by the proprietary channels, which rose 90% YoY and contributed ~41% to overall APE. The banca channel's APE also recovered with 13% YoY growth (+41% QoQ). Management expects the banca channel's growth to improve further.
- We estimate a 15% APE CAGR over FY23-25, leading to a 13% VNB CAGR. **Maintain Neutral with a revised TP of INR750, premised on 1.8x Sep'24E EV and a holding company discount of 20%.**

Persistency trends stable; VNB margin healthy at ~30.3% in 4Q

- Gross written premium grew ~14% YoY (in line), with new business premium up 27% YoY, led by increased demand before the budgetary changes came into effect. Renewal premium saw a modest 8% YoY growth (3% miss). Shareholders PAT (pre-tax) declined 56% YoY to INR670m. For FY23, shareholders PAT (pre-tax) grew 21% YoY to INR5.05b.
- In 4QFY23, Individual APE grew 39% YoY, similar to total APE growth of 38% (7% beat). All products witnessed a YoY decline, barring Non-PAR savings, which saw robust 153% YoY growth (up 73% QoQ). Retail protection was down 10% YoY/up 9% QoQ. Group protection declined 30% YoY, but rose 93% QoQ. Total protection thus declined 20% YoY, while PAR business fell 30% YoY (up 40% QoQ). ULIP saw relatively flat trends YoY (up 86% QoQ).
- The business mix improved in favor of Non-PAR to 57% in 4QFY23 (v/s 31% in 4QFY22), while Protection (8% v/s 14% in 4QFY22) and PAR (10% v/s 20% in 4QFY22) saw a drop. The share of ULIP fell to 25% from 35% in 4QFY22.
- Absolute VNB grew 31% YoY to INR7.7b (16% beat), with full-year VNB up 28% YoY to INR19.5b. VNB margin thus came in healthy at 30.3% in 4QFY23 (up 380bp YoY in FY23 to 31.2%). EV grew ~15% YoY to INR162.6b, while Operating RoEV came in at 22.1%.
- On the distribution side, banca APE picked up and grew 13% YoY, while proprietary channels witnessed a strong growth of 90% YoY.
- 13th/61st month persistency remained broadly steady at 84%/51%, while other cohorts also remained steady. On the cost front, the opex-to-GWP ratio increased by 80bp YoY to 20.5% (v/s 20.4% in 9MFY23).

Highlights from the management commentary

- The management expects to report double-digit growth in FY24 (higher than FY23). The banca channel is also expected to grow in double digits going ahead.

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- Margin is likely to moderate from current levels and sustain at ~27-28% over the medium term.
- MAXLIFE expects the transaction with Axis Bank likely to be completed in FY24.
- The product mix in 4QFY23 was skewed in favor of Non-PAR due to budgetary changes. Going ahead, the Non-PAR mix is expected to moderate to ~40%.
- It aims to achieve over 20% growth in the protection business.

Valuation and view

MAXLIFE reported a healthy trend in total APE, driven by strong traction in the Non-PAR segment (aided by budgetary changes). Growth in other segments also picked up sequentially. Overall, the share of protection moderated, while the mix of Non-PAR improved. We expect the Non-PAR mix to moderate going ahead. Growth via the banca channel saw a healthy recovery, while the proprietary channel continued to witness strong trends. VNB margin remained healthy at ~30.3%, led by improved product mix. Persistency trends remained stable, while Operating RoEV for FY23 was strong at 22.1%. We estimate a 15% APE CAGR over FY23-25, leading to a 13% VNB CAGR. **Maintain Neutral with a revised TP of INR750, premised on 1.8x Sep'24E EV and a holding company discount of 20%.**

Quarterly performance

Policy holder's A/c (INR b)	(INR m)											
	FY22				FY23				FY22	FY23	FY23E	A v/s E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
First Year premium	8.0	12.3	15.4	17.4	9.2	11.1	14.6	24.1	53.2	59.0	22.8	6%
Growth (%)	29.5%	8.9%	28.7%	-7.6%	14.2%	-9.3%	-5.5%	38.3%	10.0%	10.9%	30.7%	
Renewal premium	22.4	34.6	34.2	53.8	26.2	39.1	40.2	58.3	145.1	163.8	60.1	-3%
Growth (%)	21.2%	17.9%	18.8%	19.0%	16.7%	12.9%	17.5%	8.4%	19.0%	12.9%	11.6%	
Single premium	4.4	6.4	6.3	8.8	5.7	7.8	8.0	9.1	25.9	30.6	10.9	-17%
Growth (%)	56.5%	37.4%	15.3%	25.5%	30.1%	21.3%	26.9%	4.0%	29.8%	18.3%	25.0%	
Gross prem income	34.8	53.3	56.0	80.0	41.0	58.0	62.8	91.5	224.1	253.4	93.8	-2%
Growth (%)	26.6%	17.6%	21.0%	12.6%	17.8%	8.8%	12.2%	14.4%	17.9%	13.1%	17.3%	
PAT	0.8	0.7	1.2	1.5	0.9	0.5	2.9	0.7	3.9	4.5	2.7	-75%
Growth (%)	-44.2%	163.0%	-54.4%	45.3%	18.2%	-25.4%	155.7%	-56.5%	-26.1%	16.2%	72.4%	
Key metrics (INRb)												
New Business APE	8.8	12.8	15.9	18.4	10.1	11.9	15.1	25.4	55.8	62.5	23.8	7%
Growth (%)	32.4	11.2	30.0	-4.2	15.3	-7.2	-5.2	38.2	12.5	12.0	29.7	
VNB	1.7	3.7	4.0	5.9	2.1	3.7	5.9	7.7	15.3	19.5	6.6	16%
Growth (%)	52.2	15.1	13.1	27.1	23.8	-0.3	49.7	31.4	22.3	27.6	12.9	
AUM (INRb)	937	1,001	1,025	1,075	1,071	1,134	1,184	1,229	1,075	1,229	1,252	-2%
Growth (%)	28.4	28.7	20.6	18.9	14.3	13.3	15.5	14.3	18.9	14.3	16.4	
Key Ratios (%)												
VNB Margins (%)	19.7	29.2	24.9	31.9	21.1	31.3	39.3	30.3	27.4	31.2	27.8	256
Solvency ratio (%)	197.0	211.0	207.0	201.0	196.0	196.0	200.0	190.0	201.0	189.7	195.9	-592

Exhibit 1: Quarterly snapshot

Policyholder A/c (INRb)	FY21				FY22				FY23				Change	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Gross premium	27.5	45.3	46.3	71.1	34.8	53.3	56.0	80.0	41.0	58.0	62.8	91.5	14	46
First year prem	6.2	11.3	12.0	18.9	8.0	12.3	15.4	17.4	9.2	11.1	14.6	24.1	38	65
Renewal prem	18.5	29.4	28.8	45.2	22.4	34.6	34.2	53.8	26.2	39.1	40.2	58.3	8	45
Single prem	2.8	4.7	5.5	7.0	4.4	6.4	6.3	8.8	5.7	7.8	8.0	9.1	4	13
Shareholders PAT	1.4	0.3	2.5	1.1	0.8	0.7	1.2	1.5	0.9	0.5	2.9	0.7	-56	-77
APE data (INRb)														
PAR	1.5	1.6	2.1	4.3	1.5	2.6	3.4	3.7	1.7	2.0	1.8	2.6	-30	40
Ind. Protection	0.9	1.3	0.9	1.4	0.9	0.9	0.9	1.3	0.7	0.8	1.1	1.2	-10	9
Group Protection	0.7	0.7	0.4	0.7	0.8	1.2	0.7	1.3	1.1	0.7	0.5	0.9	-30	93
Non-PAR Savings	1.2	4.4	4.4	4.8	2.4	4.3	3.8	5.7	2.7	4.5	8.3	14.4	153	73
ULIP	2.3	3.3	4.4	8.3	3.2	3.9	7.1	6.4	3.8	3.9	3.4	6.4	-1	86
APE (% of total)													Change (bp)	
PAR	22.0	14.1	17.0	22.2	17.0	20.4	21.4	20.0	17.0	17.0	12.1	10.1	-992	-201
Ind. Protection	14.0	10.9	7.0	7.4	10.0	6.6	5.6	7.0	7.0	7.0	7.0	4.5	-246	-246
Group Protection	11.0	6.3	3.0	3.4	9.0	9.0	4.3	7.0	11.0	5.5	3.1	3.5	-346	45
Non-PAR Savings	18.0	38.4	36.0	25.2	27.0	33.7	23.9	31.0	27.0	38.1	55.1	56.8	2,573	166
ULIP	35.0	28.7	36.0	43.3	37.0	30.3	44.8	35.0	38.0	32.5	22.7	25.1	-988	236
Distribution mix (%)														
Proprietary	37	29	24	25	30	28	27	31	34	36	33	41	1,034	884
Banca	62	70	75	74	70	70	72	71	65	63	66	58	-1,339	-884
Others	1	1	1	1	0	2	1	-2	1	1	1	1	304	0
Key Ratios (%)														
Operating ratios														
Opex-GWP ratio	21.9	21.6	21.7	20.7	23.4	21.7	21.4	19.7	22.9	21.0	20.4	20.5	80	10
Solvency Ratio	212.0	207.0	208.0	196.0	197.0	211.0	207.0	201.0	196.0	196.0	200.0	190.0	-1,100	-1,000
Profitability ratios														
VNB margins	17.1	28.2	28.6	24.0	19.7	29.1	24.9	31.9	21.1	31.3	39.3	30.3	-156	-893
Persistency ratios														
13th Month	82.0	82.0	83.0	84.0	84.0	84.0	83.0	85.0	84.0	84.0	83.0	84.0	-100	100
25th Month	68.0	69.0	69.0	71.0	67.0	67.0	68.0	68.0	68.0	67.0	68.0	68.0	0	0
37th Month	61.0	61.0	61.0	63.0	59.0	60.0	60.0	61.0	61.0	61.0	61.0	61.0	0	0
49th Month	57.0	58.0	57.0	58.0	55.0	56.0	56.0	56.0	56.0	56.0	57.0	57.0	100	0
61st Month	52.0	53.0	54.0	54.0	50.0	50.0	50.0	50.0	50.0	50.0	51.0	51.0	100	0
Key Metrics (INRb)														
VNB	1.1	3.3	3.5	4.6	1.7	3.7	4.0	5.9	2.1	3.7	5.9	7.7	31	30
EV	107	110	117	118	123	130	134	142	142	147	155	163	15	5
AUM	730	778	850	904	937	1001	1025	1075	1071	1134	1184	1229	14	4
Equity Mix (%)	20.8	21.0	23.1	21.6	25.1	27.0	24.4	23.5	23.8	23.8	25.2	25.1	166	-3

Please note: Persistency ratios, OPEX ratio, and EV, for six, nine, and 12 months

Sources: MOFSL, company reports



Highlights from the management commentary

Business metrics

- The company has witnessed a healthy trend in persistency across cohorts and aims to deliver a consistent improvement in the persistency ratio.
- Investment in digital infrastructure has led to higher business and operational efficiency, which resulted in cost savings.
- MAXLIFE expects double-digit growth in FY24 (higher than FY23).
- Due to budgetary changes, additional sales of policies of over INR0.5m stood at ~INR3-3.5b.
- VNB margin moderated sequentially due to higher sales in high-ticket size Non-PAR products, which carry a lower margin.
- Overall, margin is likely to moderate from current levels and sustain at ~27-28% over the medium term.
- It expects the transaction with Axis Bank likely to be completed in FY24.
- The company has transformed its IT Infra, with 56% of the business operating on cloud infrastructure now as compared to 46% in FY22.
- Last year, the back book was hit by Covid. On the normalized basis, the back book growth is 20%.

Product mix

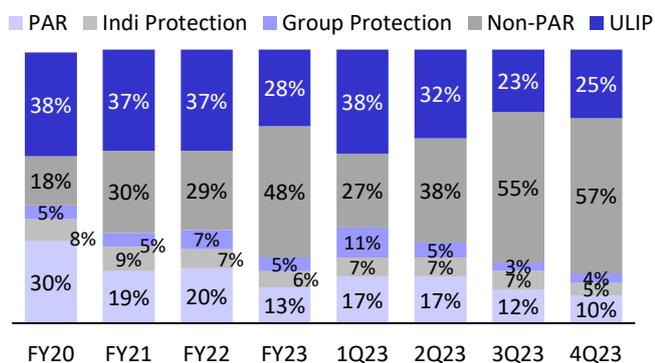
- The recently launched Non-PAR savings product has achieved a milestone of INR10b in the shortest time. Further, the launch of other products is aiding the overall growth.
- The product mix in 4QFY23 was skewed in favor of Non-PAR due to budgetary changes. Going ahead, the Non-PAR mix is expected to moderate to ~40%.
- The company expects over 20% growth in the protection business.
- Annuity is a key focus area, with its share rising to 5% in FY23 from 1%.
- Retail protection was affected by supply-side challenges. Tech and analytics have been used for enhancing underwriting. It expects strong growth ahead.

Distribution mix

- The proprietary channels have seen healthy 21% growth, while the banca channel grew 11% over the past five years.
- The company maintains its leadership in online sales. The online business grew 44% YoY in FY23, with online savings business up 5x in FY23.
- Growth in proprietary channels was driven by an increase in advisors/agents and productivity.
- Open architecture within the AXSB channel has settled, with the bank maintaining its share of ~70% over the past 15 months. Going ahead, growth is likely to be in line with that of the bank.
- The bank added two new distribution channels, namely DCB Bank and Capital SFB, in 4Q. Thus, it added four banca partners and six brokers in FY23.
- Thus, the Banca channel is expected to grow in double digits going ahead.

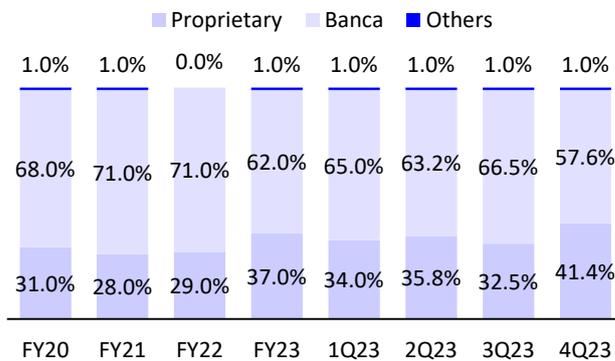
Key exhibits

Exhibit 2: Product mix improves in favor of Non-PAR



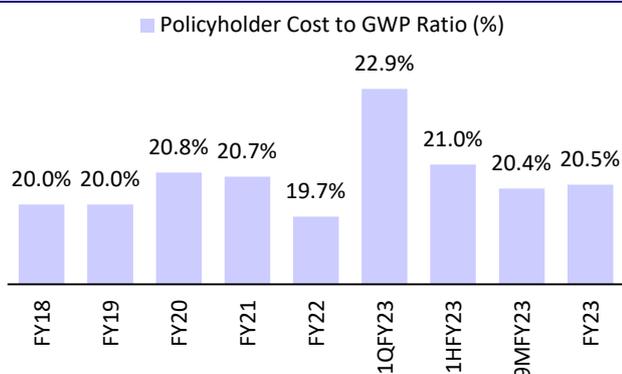
Sources: MOFSL, company reports

Exhibit 3: Proprietary channel forms 41% of total APE



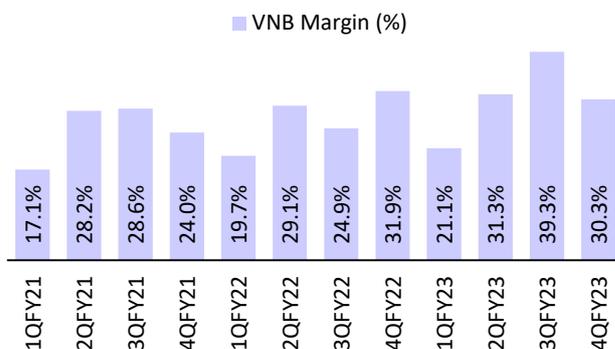
Sources: MOFSL, company reports

Exhibit 4: Opex-to-GWP ratio grew 80bp YoY to 20.5% in FY23



Sources: MOFSL, company reports

Exhibit 5: VNB margin moderates by 156bp YoY to 30.3%; remains healthy at ~31.2% in FY23



Sources: MOFSL, company reports

Valuation and view

- MAXLIFE has increased its focus on the Non-PAR segments, which, along with the Protection segment, formed ~65% of total APE in 4QFY23 (v/s ~16% in FY17). Growth in Non-PAR savings remained strong, led by the annuity business and budgetary changes. The protection business saw a healthy recovery and going forward, MAXLIFE would increase its focus on Annuity and Protection, which, along with healthy growth in other segments, would support the overall growth momentum.
- The proprietary channel saw a healthy growth of 43% YoY in APE v/s a 2% YoY decline for the banca channel; however, the growth in banca channel picked up and grew 41% QoQ in 4QFY23. The proprietary channel now contributes ~41% of the total APE in 4QFY23. The management continues to make significant investments in growing the proprietary channel and expects its share to remain around the similar range. MAXLIFE has also taken a number of steps to improve sales momentum in the banca channel, which should drive the overall growth.

- Maintain Neutral with a TP of INR750:** MAXLIFE reported a healthy trend in total APE, driven by strong traction in the Non-PAR segment (aided by budgetary changes). Growth in other segments also picked up sequentially. Overall, the share of protection moderated, while the mix of Non-PAR improved. We expect the mix of Non-PAR to moderate going ahead. Growth via the banca channel saw a healthy recovery, while the proprietary channel continued to witness strong trends. VNB margin remained healthy at ~30.3%, led by improved product mix. Persistency trends remained stable, while Operating RoEV for FY23 came in strong at 22.1%. We estimate a 15% APE CAGR over FY23-25, leading to a 13% VNB CAGR. **Maintain Neutral with a revised TP of INR750, premised on 1.8x Sep'24E EV and a holding company discount of 20%.**

Exhibit 6: We value MAXLIFE at INR750 per share

Appraisal value method (INR b)	Sep'24E
Embedded value	219
New business profit	22.9
Appraisal value	405
MFS stake post deal	80%
MFS Value	324
MFS valuation per share (INR)	938
Appraisal value-to-embedded value (x)	1.8
Holding company discount	20%
Target price (INR)	750
Upside	11%

Source: MOFSL

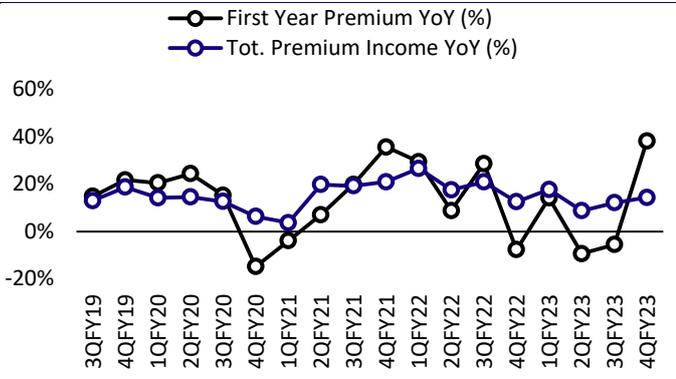
Exhibit 7: We cut our earnings estimates to factor in lower premium; EV and VNB witnessed a marginal cut

	Old Est.		Revised Est.		Estimates Chg.	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Technical Account (INR b)						
Gross Premiums	292.0	339.2	289.5	334.7	-0.8	-1.3
Investment income	73.1	82.5	73.1	82.5	0.0	0.0
Total income	361.4	417.6	359.0	413.0	-0.7	-1.1
Commission	20.4	23.6	20.2	23.4	-0.9	-1.0
Operating expenses	42.1	48.8	41.8	48.3	-0.9	-0.9
Surplus / Deficit	8.3	8.7	7.2	7.3	-13.4	-16.4
Shareholder's Account						
Total Income	8.8	10.6	8.1	9.3	-7.7	-11.7
Total Expenses	0.9	1.0	0.9	1.0	0.0	0.0
PBT	7.9	9.6	7.2	8.3	-8.6	-13.0
PAT	7.0	8.5	6.4	7.4	-8.6	-13.0
Key Metrics						
VNB (INR b)	21.5	24.7	21.1	24.7	-2.0	0.2
EV (INR b)	201.4	242.3	198.5	239.8	-1.4	-1.0
Key Ratios						
VNB margin (%)	30.4	30.8	29.8	30.1	-2.0	-2.3
Op. ROEV (%)	21.9	21.2	21.4	20.9	-2.2	-1.6
RoEV (%)	20.0	20.4	22.1	20.8	10.0	2.3

Source: MOFSL

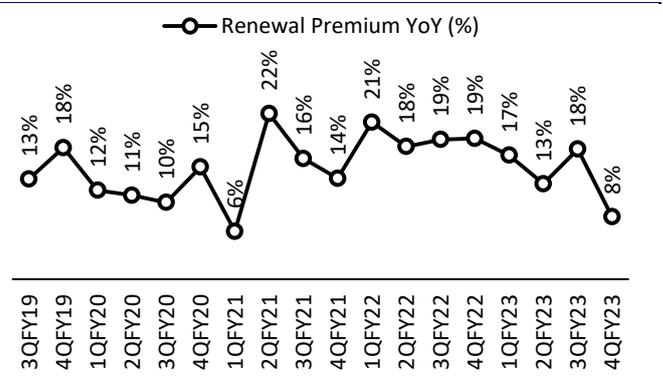
Story in charts

Exhibit 8: Income Tax changes led to 38% YoY growth in first-year premium in 4QFY23



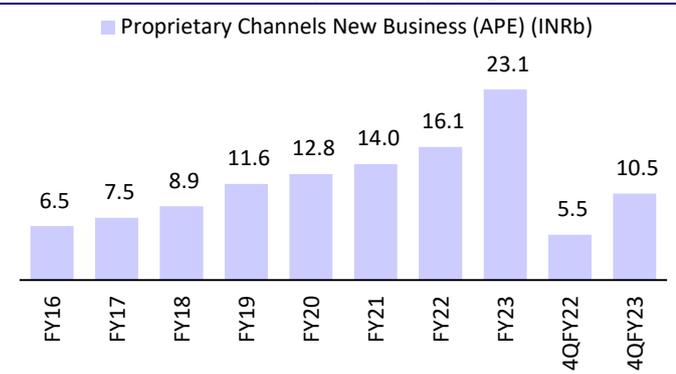
Sources: MOFSL, company reports

Exhibit 9: Renewal premium up 8% YoY in 4QFY23



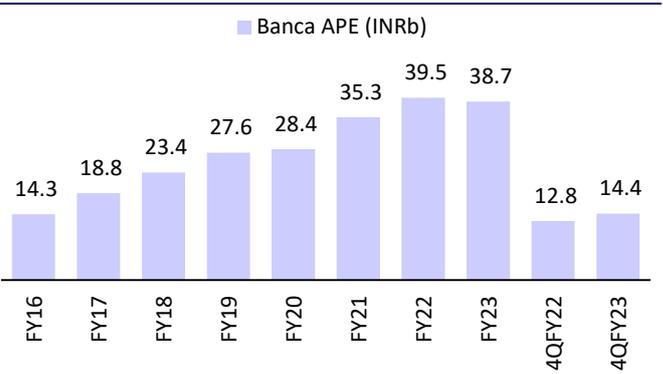
Sources: MOFSL, company reports

Exhibit 10: Proprietary channel APE rises 90% YoY in 4QFY23 as investments made in the past start paying off



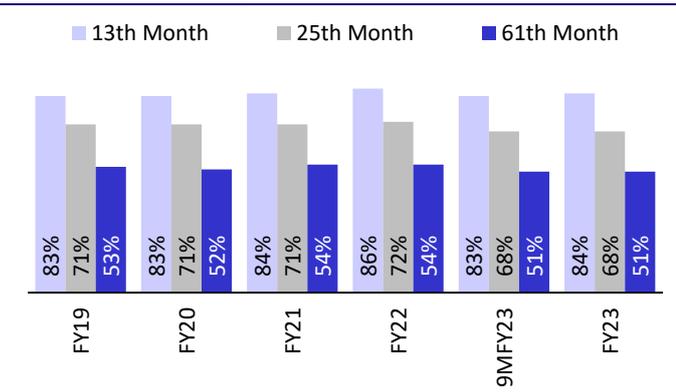
Sources: MOFSL, company reports

Exhibit 11: Banca APE rises 13% YoY and 41% QoQ in 4QFY23



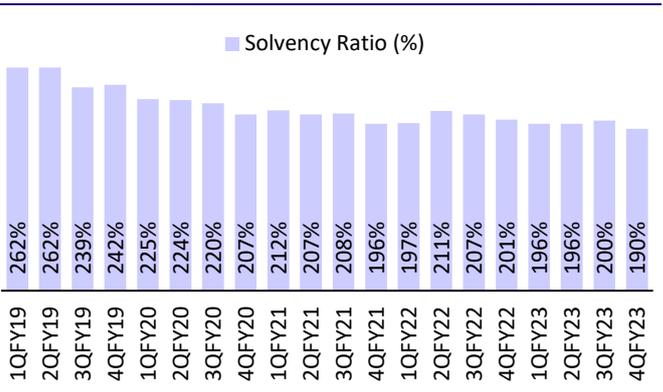
Sources: MOFSL, company reports

Exhibit 12: Persistency trends for MAXLIFE remain stable



Sources: MOFSL, company reports

Exhibit 13: Solvency ratio stands at 190% as of 4QFY23



Sources: MOFSL, company reports

Financials and valuations

Technical account (INR m)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Gross Premiums	125,009	145,752	161,836	190,179	224,141	253,420	289,526	334,715
Reinsurance Ceded	1,213	1,569	2,049	2,788	4,272	4,098	4,555	5,270
Net Premiums	123,795	144,184	159,788	187,391	219,870	249,322	284,971	329,444
Income from Investments	37,574	48,643	21,589	121,657	87,408	66,219	73,097	82,508
Other Income	346	440	612	730	878	780	908	1,057
Total income (A)	161,715	193,267	181,989	310,230	308,155	316,321	358,976	413,010
Commission	8,929	9,896	10,244	12,270	14,028	17,754	20,205	23,381
Operating expenses	16,098	19,274	23,441	27,008	30,192	36,724	41,757	48,320
Total commission and opex	25,027	29,170	33,685	39,277	44,220	54,478	61,962	71,701
Benefits Paid (Net)	49,466	57,178	66,222	70,149	92,772	106,125	120,604	139,137
Chg. in reserves	79,043	97,365	66,394	196,686	164,581	146,222	166,387	191,609
Total expenses (B)	153,555	183,730	166,321	306,153	301,592	306,837	348,967	402,462
(A) - (B)	8,160	9,536	15,668	4,077	6,564	9,484	10,009	10,547
Prov. for Tax	1,077	1,299	2,752	1,857	2,402	2,482	2,851	3,278
Surplus / Deficit	7,083	8,237	12,916	2,220	4,162	7,002	7,158	7,269

Shareholder's a/c (INR m)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Transfer from technical a/c	3,992	4,402	4,690	3,864	2,781	5,732	5,279	6,137
Income From Investments	2,178	2,177	2,074	2,360	3,212	2,661	2,817	3,197
Total Income	6,175	6,604	6,781	6,351	6,033	8,393	8,096	9,334
Other expenses	(68)	257	292	739	707	798	902	1,020
Contribution to technical a/c	91	120	410	502	1,168	-	-	-
Total Expenses	24	377	802	1,249	1,862	798	902	1,020
PBT	6,152	6,226	5,978	5,102	4,170	5,050	7,194	8,314
Prov. for Tax	875	662	585	(131)	303	556	791	915
PAT	5,276	5,564	5,394	5,232	3,867	4,495	6,403	7,400
Growth	-20%	5%	-3%	-3%	-26%	16%	42%	16%

Premium (INR m) & growth (%)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
New business prem - unwtd	43,486	51,604	55,835	68,262	79,049	89,600	101,248	117,448
New business prem - WRP	33,072	40,019	42,380	50,327	55,762	62,480	70,722	82,037
Renewal premium	81,523	94,148	106,002	121,917	145,092	163,820	188,278	217,267
Total premium - unwtd	125,009	145,752	161,836	190,179	224,142	253,420	289,526	334,715
New bus. growth - unwtd	18.6%	18.7%	8.2%	22.3%	15.8%	13.3%	13.0%	16.0%
New business growth - wrp	20.3%	21.0%	5.9%	18.8%	10.8%	12.0%	13.2%	16.0%
Renewal premium growth	14.6%	15.5%	12.6%	15.0%	19.0%	12.9%	14.9%	15.4%
Total prem growth - unwtd	16.0%	16.6%	11.0%	17.5%	17.9%	13.1%	14.2%	15.6%
Premium mix (%)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
New business - unwtd								
- Individual mix	91.6%	92.0%	91.9%	91.2%	89.8%	90.0%	90.0%	90.0%
- Group mix	8.4%	8.0%	8.1%	8.8%	10.2%	10.0%	10.0%	10.0%
New business mix - WRP								
- Participating	44.7%	41.4%	32.2%	20.7%	22.6%	32.8%	32.0%	32.1%
- Non-participating	13.9%	16.4%	29.6%	41.6%	38.5%	30.5%	30.5%	30.5%
- ULIPs	41.4%	42.2%	38.2%	37.7%	39.0%	36.7%	37.5%	37.4%
Total premium mix - unwtd								
- Participating	57.3%	53.4%	49.0%	41.3%	NA	43.3%	43.9%	44.1%
- Non-participating	14.2%	15.0%	19.8%	27.7%	NA	24.0%	23.2%	23.3%
- ULIPs	28.5%	31.5%	31.2%	30.9%	NA	32.6%	32.8%	32.6%

Individual prem sourcing mix (%)	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Individual agents	23.6%	23.2%	22.2%	25.2%	23.0%	24.0%	25.0%	26.0%
Corporate Agents-Banks	63.6%	63.1%	61.4%	63.5%	64.4%	63.0%	63.0%	63.0%
Direct Business	10.0%	11.3%	14.5%	7.0%	8.4%	11.0%	10.0%	9.0%
Others	2.8%	2.5%	1.8%	4.2%	4.2%	2.0%	2.0%	2.0%

Financials and valuations

Balance sheet (INR m)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sources of Fund								
Share Capital	19,188	19,188	19,188	19,188	19,188	19,188	19,188	19,188
Reserves And Surplus	7,702	8,478	6,806	10,589	12,760	16,564	21,932	28,159
Shareholders' Fund	26,989	27,609	25,739	30,079	31,959	35,764	41,134	47,362
Policy Liabilities	310,137	381,436	454,807	558,936	672,822	662,443	721,037	783,589
Prov. for Linked Liab.	163,050	186,738	174,210	254,703	294,035	508,918	603,667	722,585
Funds For Future App.	18,655	22,498	30,962	29,819	32,369	(117)	317	382
Current liabilities & prov.	17,841	23,398	20,276	28,853	37,214	40,936	45,029	49,532
Total	549,628	659,270	717,724	941,082	1,120,549	1,305,981	1,482,674	1,691,642
Application of Funds								
Shareholders' inv	32,146	35,187	32,581	38,484	51,477	69,494	93,817	126,653
Policyholders' inv	319,238	394,173	460,484	581,847	689,187	829,667	951,722	1,093,061
Assets to cover linked liab.	170,981	198,619	191,642	283,736	334,432	354,498	375,768	398,314
Loans	2,233	3,265	4,264	5,322	6,661	10,191	15,592	23,856
Fixed Assets	1,582	1,921	2,187	2,213	2,604	3,047	3,565	4,171
Current assets	23,448	26,105	26,566	29,480	36,189	39,084	42,211	45,588
Total	549,628	659,270	717,724	941,082	1,120,550	1,305,981	1,482,674	1,691,642
Operating ratios (%)								
Investment yield	8.3%	9.0%	3.3%	15.3%	9.1%	5.9%	5.8%	5.9%
Commissions / GWP	7.1%	6.8%	6.3%	6.5%	6.3%	6.3%	7.0%	7.0%
- first year premiums	20.2%	18.1%	17.2%	17.5%	18.0%	22.6%	22.5%	22.5%
- renewal premiums	3.0%	2.7%	2.6%	2.7%	2.5%	2.5%	2.5%	2.5%
- single premiums	0.1%	1.2%	1.1%	1.4%	1.8%	1.0%	1.0%	1.0%
Operating expenses / GWP	12.9%	13.2%	14.5%	14.2%	13.5%	14.2%	14.4%	14.4%
Total expense ratio	20.0%	20.0%	20.8%	20.7%	19.7%	20.5%	21.4%	21.4%
Claims / NWP	39.9%	39.6%	41.4%	37.4%	42.2%	42.6%	42.3%	42.2%
Solvency ratio	275%	242%	207%	202%	201%	190%	197%	189%
Persistency ratios (%)								
13th Month	80.0%	83.0%	83.0%	84.0%	85.0%	84.0%	85.0%	86.0%
25th Month	72.0%	71.0%	71.0%	71.0%	68.0%	68.0%	69.0%	70.0%
37th Month	62.0%	64.0%	63.0%	63.0%	61.0%	61.0%	61.5%	62.0%
49th Month	57.0%	58.0%	59.0%	58.0%	56.0%	57.0%	57.5%	58.0%
61st Month	53.0%	53.0%	52.0%	54.0%	50.0%	51.0%	51.5%	52.0%
Profitability ratios (%)								
New business margin (%)	20.2%	21.7%	21.6%	25.2%	27.4%	31.2%	29.8%	30.1%
RoE (%)	20.3%	20.4%	20.2%	18.7%	12.5%	13.3%	16.7%	16.7%
Operating RoEV	20.6%	21.9%	20.3%	18.5%	19.2%	22.1%	21.4%	20.9%
RoEV (%)	13.9%	19.0%	11.6%	18.6%	19.8%	14.7%	22.1%	20.8%
Valuation ratios								
Total AUMs (INR b)	522	628	685	904	1,075	1,229	1,474	1,714
EPS (INR)	14.3	15.0	14.5	11.0	8.1	10.4	14.8	17.2
Value of new business (INR b)	6.6	8.6	9.0	12.5	15.3	19.5	21.1	24.7
Embedded Value (INR b)	75.1	89.4	99.8	118.4	141.8	162.6	198.5	239.8
EV Per share (INR)	157.7	187.8	209.6	274.3	328.6	377.0	460.1	555.9
P/EV (x) - after 20% hold co disc	5.3	4.5	4.0	3.1	2.6	2.2	1.8	1.5
P/EPS (x)	58.8	56.2	58.0	76.6	103.7	80.8	55.2	47.8
P/EVOP(x)	26.7	22.1	20.0	19.6	16.0	11.6	10.4	8.8
P/VNB(x)	55.4	44.1	40.5	29.1	23.8	18.6	17.2	14.7

Note: Valuation ratios adjusted for MFS stake (80%) and holding company discount of 20%

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