Life Insurance Corporation of India

Persistent change in product mix lifts VNB margins

Life Insurance Corporation of India (LICI) posted a modest APE growth (+5.7% YoY) to ~INR307bn, while VNB margins clocked in at an impressive 22.3% (+470bps YoY). Absolute VNB boosted to INR68.4bn (+34% YoY), far ahead of our estimates, driven by changes in actuarial assumptions and structural shift in product mix. Traditionally focused on the mass customer segment, LICI has engineered a shift in its product strategy towards higher sum-assured, non-PAR policies (H1FY27: 34% of individual APE). Given LICI's modest ~12% EoM exposure and dominant agency-driven franchise, the IRDAI's commission distribution reforms are unlikely to pose material challenges. While we see an upside risk to our FY27 VNB margin forecasts, we continue to watch out for how H2FY27 pans out, considering the higher base of H2FY26. We maintain our APE/VNB CAGR of 2%/5% over FY27-FY29E, expect VNB margins to expand to 23% by FY28E, and maintain BUY with a TP of INR555 (0.6x Sep-28 EV).

- **Change in product mix and assumptions lifts VNB margins:** Although the traditional PAR products increased to 66% of the mix (Q2FY26: 63.7%), the shift in NPS mix by 450bps and the sharp reduction in ULIP mix by 740bps boosted LICI's VNB margins to 22.3%. This was further assisted by a change in actuarial assumptions (risk-free rate and persistency expectations), which accounted for ~2.8% in the VNB margin push.
- **Market share moderation continues:** LICI's market share continued to moderate, with premium and NOP share declining by 60bps and 260bps respectively, underscoring the sustained outperformance of private insurers.
- **LICI fairly shielded from proposed distribution reforms:** LICI, with its banca channel contributing <5% to the individual APE, remains one of only two insurers (alongside SBILIFE) with minimal vulnerability to the proposed distribution framework. LICI's matured agency network (55% over 5yrs) has historically helped it sustain its strong cost-efficiency moat. With FY26 EoM at ~12%, the company sits comfortably within the proposed limits.

Financial summary

INR bn	H1FY27	H1FY26	% chg	FY26	FY27E	FY28E	FY29E
NBP	1,445.8	1,210.9	19.4	2,606	2,784	2,947	3,149
APE	307.0	290.3	5.7	670	710	693	741
VNB	68.5	51.1	33.9	142	157	159	174
VNB Margin (%)	22.3%	17.6%	470bps	21.2%	22.1%	23.0%	23.5%
EV				7,892	9,348	10,207	11,249
P/EV (x)				0.6	0.6	0.5	0.5
P/VNB (x)				34.5	32.8	32.4	29.6
ROEV (%)				11.9	10.2	10.0	10.2

Source: Company, HSIE Research

Change in Estimates

(INR bn)	FY27E			FY28E		
	New	Old	% chg	New	Old	% chg
APE	709.9	709.9	0%	692.7	754.1	-8%
VNB	157.1	157.1	0.0%	159.3	169.9	-6.2%
VNB Margin	22.1%	22.1%	0bps	23.0%	22.5%	47bps
EV	9,348	9,371	-0.3bps	10,207	10,262	-0.5%

Source: Company, HSIE Research

BUY

CMP *(as on 05 Nov 2026)*	INR 408
Target Price	INR 555
NIFTY	24,537

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 555	INR 555
	FY27E	FY28E
VNB %	Nil	-6.2%

KEY STOCK DATA

Bloomberg code	LICI IN
No. of Shares (mn)	12,650
MCap (INR bn) / ($ mn)	5,161/54,654
6m avg traded value (Rs mn)	3,345
52 Week high / low	INR 468/361

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	3.8	2.1	(9.9)
Relative (%)	2.9	(0.9)	(4.9)

SHAREHOLDING PATTERN (%)

	June-26	Sep-26
Promoters	96.5	90.0
FIs & Local MFs	0.99	6.18
FPIs	0.44	1.55
Public & Others	2.06	2.28
Pledged Shares	Nil	Nil

Source : BSE

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Titan

Superior jewelry mix + non-jewelry lift margins

Consolidated jewelry sales (ex-bullion and digi gold) grew 24.1% YoY to INR175bn (in-line). Domestic jewelry (ex-bullion, digi gold sales, Caratlane) grew 19.9% YoY (SSSG: 15%), led by studded (+32% YoY) and higher ticket sizes, with buyer growth flat YoY. Caratlane grew ~31% YoY. Consolidated topline growth stood at 10.1% YoY (+25.1% ex-bullion and digi gold). TMZ EBIT includes one-time custom duty gain of INR4.9bn and ~60bps inventory MTM reversal; hence, normalized TMZ EBITM stood at 11.7% (vs. 11.1% EBITM in Q2FY26). Non-jewelry segment grew 31.8% YoY to INR29.7bn (HSIE: 28.8bn), with margins expanding 627bps YoY to 20.5% (HSIE: 13%). PAT includes a non-operational gain of INR6.71bn from Damas tranche-2 put option liability revaluation. Adj. EBITDA/APAT grew by 30.6/17.9% YoY to INR24.5/13.2bn (HSIE: 24.9/15bn). Note: Jewelry ROCEs continued to decline as salience of gold exchange and non-GML debt to fund growth rises. We have revised EPS estimates by +4.7/+0.2% for FY27/28 respectively and maintain REDUCE with a DCF-based TP of INR4,700/sh (implying ~49x Sep-28 P/E).

- **Q2FY27 highlights**: Consolidated revenue grew 10.1% YoY to INR 206.1bn (+25.1% ex-bullion and digi gold). Consolidated jewelry (ex-bullion and digi gold) sales grew 24.1% YoY to INR175bn (in-line). Domestic jewelry (ex-bullion, digi gold and caratlane) sales grew 19.9% YoY in Q2FY27, driven by ticket size growth as buyer growth was flat YoY due to festive shift into Q3 and softer coin/investment buying. Studded/plain gold grew 32/20% YoY, while coins declined ~7%. Studded ratio rose to 35% (vs 32% in Q2FY26). Caratlane grew 31.3% YoY with double-digit buyer growth. TMZ EBIT includes one-time custom duty gain of INR4.9bn and ~60bps inventory MTM reversal; hence, normalized TMZ EBITM stood at 11.7% (vs. 11.1% EBITM in Q2FY26). Caratlane EBIT also includes a one-time custom duty gain of INR0.46bn; adj. EBITM for Caratlane stood at 6.5% (vs. 10.2% in Q2FY26) on brand, talent, and promotional spends. Watches/eyewear/others grew ~27/28/45% YoY respectively. The non-jewelry segments EBITM expanded 627bps YoY to 20.5% (HSIE: 13%). The company added 7/18/13 Tanishq/Mia/Caratlane stores (net) in Q2. Adj. EBITDA/APAT grew by 30.6/17.9% YoY to INR24.5/13.2bn (HSIE: 24.9/15bn). Finance cost nearly doubled YoY to INR5.36bn (courtesy rising non-GML debt and lease liabilities). H1FY27 net debt stood at ~INR373bn. Core WC levels remain elevated at 189 days (Note: This used to be 125-130 days Pre-FY24).
- **Outlook:** Tough base, a fading gold price cushion, and competitive intensity may weigh heavy on H2FY27, in our view. We have revised EPS estimates by +4.7/+0.2% for FY27/28 respectively and maintain REDUCE with a DCF-based TP of INR4,700/sh (implying ~49x Sep-28 P/E).

Quarterly financial summary

(INR mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	2,06,140	1,87,250	10.1	2,13,560	(3.5)	6,04,560	8,75,840	10,32,122	11,76,313	13,35,842
EBITDA	29,840	18,750	59.1	28,900	3.3	47,720	72,430	1,07,566	1,18,834	1,36,744
APAT	17,220	11,200	53.7	17,770	(3.1)	33,370	51,740	72,501	78,135	93,289
EPS (Rs)	27.0	12.6	113.7	20.0	34.7	37.6	58.3	81.7	88.0	105.1
P/E (x)						128.5	82.9	59.2	54.9	46.0
EV/EBITDA (x)						94.0	63.0	43.1	38.9	33.7
Core RoCE(%)						13.5	15.0	16.1	14.5	14.9

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

(INR mn)	FY27E			FY28E			FY29E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	10,32,122	10,39,733	*(0.7)*	11,76,313	11,83,785	*(0.6)*	13,35,842	13,44,304	*(0.6)*
Gross Profit	2,54,533	2,14,821	*18.5*	2,90,092	2,44,583	*18.6*	3,29,434	2,77,748	*18.6*
Gross Profit Margin(%)	24.7	20.7	***400 bps***	24.7	20.7	***400 bps***	24.7	20.7	***400 bps***
EBITDA	1,07,566	1,00,528	*7.0*	1,18,834	1,11,449	*6.6*	1,36,744	1,27,954	*6.9*
EBITDA margin (%)	10.4	9.7	***75 bps***	10.1	9.4	***69 bps***	10.2	9.5	***72 bps***
APAT	72,501	69,248	*4.7*	78,135	77,997	*0.2*	93,289	92,026	*1.4*
APAT margin (%)	7.0	6.7	***36 bps***	6.6	6.6	***5 bps***	7.0	6.8	***14 bps***
EPS	81.7	78.0	*4.7*	88.0	87.9	*0.2*	105.1	103.7	*1.4*

Source: Company, HSIE Research

REDUCE

CMP *(as on 05 Nov 2026)*	**INR 4,835**
Target Price	**INR 4,700**
NIFTY	**24,537**

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 4,500	INR 4,700
	FY27E	FY28E
EPS %	+4.7	+0.2

KEY STOCK DATA

Bloomberg code	TTAN IN
No. of Shares (mn)	888
MCap (INR bn) / ($ mn)	4,292/45,450
6m avg traded value (INR mn)	4,437
52 Week high / low	INR 5,187/3,734

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.6)	10.5	26.8
Relative (%)	(2.5)	7.6	31.7

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	52.90	52.90
FIs & Local MFs	15.34	14.42
FPIs	15.38	16.37
Public & Others	16.38	16.31
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

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