

ICICI Prudential Life Insurance

Estimate change

TP change

Rating change



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Bloomberg	IPRU IN
Equity Shares (m)	1,435
M.Cap.(INRb)/(USD\$)	868.9 / 11.6
52-Week Range (INR)	635 / 398
1, 6, 12 Rel. Per (%)	5/13/-1
12M Avg Val (INR M)	1274

Financials & Valuations (INR b)

Y/E MARCH	FY21	FY22E	FY23E
Net Premiums	349.7	407.5	483.9
Surplus / Deficit	21.1	19.0	24.1
Sh. holder's PAT	9.6	9.6	11.4
NBP growth unwt'd (%)	5.9	30.0	25.0
APE growth - (%)	-12.5	27.2	26.2
Tot. Premium growth (%)	6.9	15.5	18.8
VNB margin (%)	25.1	28.2	29.0
RoE (%)	11.8	10.2	11.2
RoEV (%)	26.5	15.0	16.2
Total AUMs (INRt)	2.1	2.6	3.0
VNB (INRb)	16.2	23.2	30.1
EV per share	202.8	233.2	271.0
Valuations			
P/EV (x)	3.0	2.6	2.2
P/EVOP (x)	24.8	19.5	15.2

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	73.4	73.5	73.5
DII	4.1	4.3	5.2
FII	17.2	16.5	15.1
Others	5.3	5.7	6.2

FII Includes depository receipts

CMP: INR605
TP: INR700 (+16%)
Buy

Strengthened distribution and product mix to drive growth

Higher COVID-19 claims drives shareholders' losses

- IPRU posted ~48% YoY growth in total APE, led by healthy (66%/~164%) trends in the Non-Linked Savings/Annuity business, while linked APE growth bounced back strongly (49%). Growth in the Protection segment was mainly aided by Credit Life/Group term, while Individual Protection saw a decline. Absolute VNB growth was robust (~78% YoY, 15% beat), with VNB margin improving sharply to 29.4% (500bp YoY) v/s 25.1% in FY21.
- It reported a shareholders' loss of ~INR1.9b on account of higher COVID-related provisions and claims settlement. It settled total gross COVID-19 claims of ~INR11.2b over 1QFY22 (3.2x increase over FY21). It has created provisions of ~INR5b (Mar'21: INR3.3b) towards future COVID-19 claims.
- We estimate IPRU to deliver ~36% CAGR in VNB over FY21-23E, led by robust premium growth, buoyed by new partnerships and product segments, thus enabling operating RoEV of ~17% over FY21-23E. **We maintain our BUY rating.**

Sharp improvement in VNB margin; robust trends in the Non-Linked segment continues

- **Net premium income grew by ~19% YoY**, led by a 40%/89% growth in the regular/single premium business. Thus, New business premium (NBP) grew ~71% YoY. However, renewal premium trends remain muted (flat YoY). IPRU reported a shareholders' loss of ~INR1.9b on account of higher COVID-related provisions and claims settlement.
- **Total APE grew 48% YoY led by** a 66%/~164% growth in the Non-Linked Savings/Annuity business. Growth in the Linked Savings business bounced back strongly (49% YoY). Growth in the Protection segment (26% YoY) was led by Credit Life/Group term, while Retail Protection declined in 1QFY22. The share of Protection/Annuity rose to 22.1%/~5% (v/s 16%/~4% in FY21), while that for ULIP fell further to ~44% (v/s 57% in FY21). The management sees continued momentum in business growth, led by Non-Linked/Annuity and Group Protection in the near to medium term.
- **COVID-19 update:** It settled ~INR11.2b in total claims on account of the pandemic in 1QFY22 (a 3.2x increase over FY21), while settled claims net of reinsurance is INR5b (v/s ~INR2b over FY21). It held total provisions of INR4.98b (Mar'21: INR3.3b) towards future COVID-19 claims, including IBNR (Incurred but not reported) at the end of Jun'21. Thus, it made provisions of ~INR1.7b during 1QFY22.
- It posted robust VNB growth (78% YoY) of INR3.6b, with a sharp (500bp) improvement in VNB margin to 29.4% v/s 25.1% in FY21, aided by a product mix change towards higher margin segments (Protection/Non-Linked).
- Persistency trends improved by 60bp in the 13th month, while remaining stable in 25th/49th month. On a YoY basis, persistency trends have improved across cohorts.

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- On the distribution side, the share of Banca channel in total APE stood at 38.6% (v/s ~42% in FY21), with the share of ICICI Bank declining to ~28% (v/s ~31% in FY21). The mix of non-ICICI Bank banca contribution stood at 11% in total APE. The share of the Direct channel has increased to ~13%.
- On the cost front, opex grew at 55% YoY, while commissions grew 31%. The growth in expenses has been in line with new business premium growth. Cost-to-total weighted received premium (TWRP) rose to 20.1% (v/s 14.8% in FY21, due to lower discretionary expenses). Cost/TWRP in the Savings business stood at 11.9% (v/s 9.6% in FY21).

Highlights from the management commentary

- **Protection segment:** There is a strong opportunity to offer Group term plans to large corporates as vaccination of their employees has improved sharply. Also, Credit Life has returned to pre-COVID levels. Therefore, the share of Group Protection has increased, while short term headwinds continue in Retail.
- Business momentum in ULIP has recovered now, and the management expects its share to remain around current levels.
- It continues to hold its guidance of doubling FY19 VNB by FY23, aided by: a) opportunity in the long-term Savings business, b) optimizing product mix along with business quality parameters such as persistency and cost ratios, and c) increasing focus on new distribution partnership.

Valuation and view

The recent strategy changes made by IRPU in its product mix, with a higher focus on non-linked segments, backed by strengthened distribution, are driving healthy premium growth. The share of banca (excluding ICICI Bank) increased to ~11% v/s 5% in FY18. Persistency rate has improved, reflecting strength in business quality. We expect this trend to continue, aided by a higher mix of the Non-Linked Savings/Protection business, both of which have a higher persistency rate. However, profitability has been affected due to higher settlement of COVID-19 claims (3.2x rise over FY21) and increased provisions. We estimate IPRU to deliver ~32%/36% CAGR in new business APE/VNB growth over FY21-23E, led by improving margin (29% by FY23E), thus enabling an improvement in operating RoEV to ~17%. **We maintain our Buy rating with a TP of INR700/share (2.6x FY23E EV).**

Quarterly performance

Policyholder's A/c (INR m)	FY21				FY22E				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE		
Net premium income	55,511	85,722	89,708	1,18,793	66,019	97,792	1,10,016	1,33,641	3,49,734	4,07,468	65,659	1%
Growth (%)	-10.6%	6.3%	10.3%	13.4%	18.9%	14.1%	22.6%	12.5%	6.4%	16.5%	18.3%	
Renewal premium	41,398	57,742	56,801	69,126	41,375	57,825	65,053	76,685	2,25,068	2,40,937	37,823	9%
Growth (%)	2.4%	10.2%	8.7%	7.4%	-0.1%	0.1%	14.5%	10.9%	7.5%	7.1%	-8.6%	
PAT	2,876	3,032	3,056	638	-1,857	1,945	2,506	7,133	9,601	9,646	2,253	-182%
Growth (%)	0.9%	0.5%	1.0%	-64.5%	-164.6%	-35.9%	-18.0%	1018.3%	-10.2%	0.5%	-21.6%	
Key metrics (INR b)												
New Business APE	8.2	14.7	16.7	25.1	12.2	19.7	22.2	29.6	59.9	82.2	12.9	-6%
Growth (%)	-44.0	-22.9	-18.3	27.1	48.1	34.6	33.2	18.1	-15.7	37.2	56.8	
VNB	2.0	4.0	4.3	5.9	3.6	4.9	5.6	9.0	16.2	23.2	3.1	15%
Growth (%)	-35.0	0.2	0.5	25.7	78.1	22.0	31.7	53.0	1.3	42.7	54.8	
AUM	1,700	1,815	2,049	2,142	2,232	2,349	2,452	2,556	2,142	2,556	2,226	0%
Growth (%)	3.6	9.7	19.1	40.0	31.3	29.4	19.7	19.3	40.0	19.3	31	
Key Ratios (%)												
VNB Margin (%)	24.4	27.4	25.7	23.6	29.4	24.8	25.4	30.5	25.1	28.2	24.1	
Solvency ratio (%)	205	206	226	217	194	206	203	196	217	196	208	

E: MOFSL estimates

Quarterly snapshot

Policyholder A/c (INR b)	FY20				FY21				FY22	Change (bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net premium	62.1	80.6	81.3	104.8	55.5	85.7	89.7	118.8	66.0	19	-44
First year premium	12.7	17.2	18.7	16.5	6.3	11.7	13.6	20.3	8.8	40	-57
Renewal premium	40.4	52.4	52.3	64.4	41.4	57.7	56.8	69.1	41.4	0	-40
Single premium	10.2	12.3	11.6	25.7	9.8	17.9	21.1	31.6	18.5	89	-41
Investment income	19.9	-1.3	45.6	-189.4	130.7	79.5	192.8	71.4	92.1	-30	29
Total income	84.3	82.1	129.5	-76.5	190.6	168.4	285.5	196.4	167.2	-12	-15
Total commission and opex	9.1	11.5	11.9	11.8	7.0	9.9	10.9	14.1	10.4	48	-26
Benefits paid	36.4	41.4	53.9	62.0	26.0	49.1	68.2	83.2	56.7	118	-32
Total expenses	79.8	77.1	125.4	-86.1	184.0	162.6	281.2	190.5	165.7	-10	-13
PBT	4.5	5.0	4.1	9.6	6.5	5.7	4.3	5.9	1.6	-76	-74
Surplus/(Deficit)	4.2	4.8	3.9	9.0	6.3	5.4	4.0	5.3	1.6	-75	-71
Shareholder A/c											
Trf. from policyholder's a/c	3.7	4.0	3.6	8.6	6.5	4.5	4.1	4.8	2.9	-55	-39
Investment Income	1.4	2.0	1.9	1.3	1.3	1.7	2.1	2.6	4.0	213	54
Total income	5.1	6.0	5.5	9.9	7.7	6.2	6.2	7.3	6.9	-11	-6
PAT	2.8	3.0	3.0	1.8	2.9	3.0	3.1	0.6	-1.9	-165	-391
APE data											
Savings APE	12.6	16.2	17.7	16.2	6.1	12.3	14.1	21.7	9.5	56	-56
ULIP	10.5	12.8	13.8	10.7	3.6	7.0	8.5	11.9	5.4	49	-55
Other Savings	2.1	3.4	3.9	5.5	2.5	5.3	5.6	9.8	4.2	66	-58
- Non-Participating	1.6	2.5	2.7	5.6	2.0	4.4	4.9	8.8	3.6	78	-59
- Group	0.5	0.9	1.2	-0.1	0.5	0.9	0.8	1.0	0.6	18	-42
Protection	2.1	2.8	2.7	3.5	2.1	2.3	2.6	3.4	2.7	26	-21
Total APE	14.7	19.0	20.4	19.7	8.2	14.7	16.7	25.1	12.2	48	-51
APE (% of total)											
Savings APE (%)	85.4	85.1	86.9	82.2	74.0	84.2	84.6	86.3	77.9	394	-839
ULIP	71.2	67.2	67.8	54.1	43.6	47.8	50.7	47.2	43.9	27	-336
Other Savings	14.3	17.9	19.0	28.1	30.4	36.3	33.9	39.1	34.0	367	-503
- Non-Participating	11.0	13.0	13.4	28.6	24.4	30.1	29.2	35.1	29.3	486	-580
- Group	3.3	4.9	5.6	-0.5	6.0	6.2	4.7	4.0	4.8	-120	77
Protection	14.6	14.9	13.1	17.8	26.0	15.8	15.4	13.7	22.1	-385	847
Distribution mix (%)											
Banca	52.4	53.2	53.6	44.3	39.6	43.8	42.0	42.5	38.6	-92	-391
Agency	21.2	19.8	21.9	21.7	24.6	22.7	25.1	23.3	22.5	-216	-87
Direct	12.8	13.0	11.7	13.0	12.3	12.2	13.2	12.4	13.1	87	74
Corporate Agents	6.8	7.3	7.2	8.2	8.6	8.6	7.7	10.4	8.4	-25	-207
Group	6.8	6.7	5.6	12.8	14.9	12.8	12.0	11.3	17.4	246	612
Key Ratios (%)											
Operating ratios											
Commission (unweighted)	5.1	5.6	5.9	5.3	4.2	4.9	5.3	6.0	5.2	100	-82
Opex (unweighted)	11.9	10.6	10.6	8.8	10.5	9.0	9.7	9.2	14.9	440	568
Total Cost (unweighted)	17.0	16.2	16.5	14.2	14.8	13.9	15.0	15.2	20.1	530	486
Solvency Ratio	216.7	210.6	207.2	194.1	205.1	205.5	226.1	216.8	193.7	-1,140	-2,310
Profitability ratios											
VNB margin	21.0	21.1	20.9	23.8	24.4	27.4	25.7	23.6	29.4	500	584
Persistency ratios											
13th Month	84.4	83.6	83.1	83.2	81.8	82.1	82.7	84.8	85.4	360	60
25th Month	75.7	75.0	74.4	75.1	73.4	73.0	72.7	73.6	73.7	30	10
37th Month	69.8	69.1	68.3	66.7	65.4	65.2	65.1	66.3	65.8	40	-50
49th Month	64.2	63.7	64.3	64.6	63.9	63.8	63.3	63.0	63.1	-80	10
61st Month	57.3	57.2	56.3	56.0	56.8	57.5	58.0	58.3	57.8	100	-50
Key Metrics (INR b)											
VNB	3.1	4.0	4.3	4.7	2.0	4.0	4.3	5.9	3.6	78	-39
AUM	1640	1655	1720	1530	1700	1815	2049	2142	2232	31	4

Note: Persistency ratios exclude single premium and are on a cumulative basis for six/nine/12 months



Highlights from the management commentary

Business mix

- Credit Life has returned to pre-COVID levels. The share of Group Protection has increased in the Protection business. Overall, Protection trends improved during 1QFY22, led by Group/Credit Life, while Individual Protection has declined.
- There is a strong opportunity to offer Group term plans to large corporates as vaccination of their employees has improved sharply.
- In the Group Protection business, the focus remains entirely on right pricing and not compensating margin to gain market share.
- IPRU is one of the largest Pension and Annuity providers.
- Business momentum in ULIP has recovered now, and the management expects its share to remain around current levels.

Operating metrics

- The increase in cost ratios is in line with new business premium growth. In 1QFY21, discretionary spends were lower, with no increments to employees. In 1QFY22, advertising and employee expenses both increased.
- It continues to hold its stated guidance of doubling FY19 VNB over a four-year period (FY23).

COVID-19 update

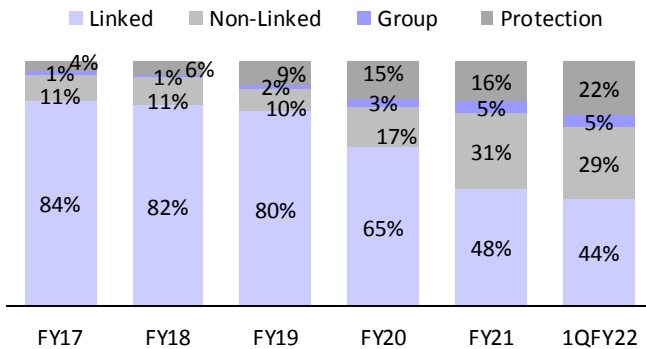
- Total gross claims on account of COVID-19 were ~INR11.2b, while the same net of reinsurance is INR5b (claims settled). Total gross claims were ~INR20b, while the same net of reinsurance is ~INR9.5b.
- It held total provisions of INR4.98b (Mar'21: INR3.3b) towards future COVID-19 claims, including IBNR at the end of Jun'21. Thus, it made provisions of ~INR1.7b during 1QFY22.
- Roughly INR9b of contingent provisions – COVID-19 (INR5b) + routine provisions (INR3.8b) – are available for future claim intimations, including IBNR.

Distribution channel

- The focus is on creating new sourcing channels to further strengthen its distribution channel. During 1QFY22, it added 4.5k new agents to further strengthen its Agency channel.
- About 24 new partnerships were added (including web aggregators and e-commerce players).
- The share of non-banca ICICI Bank is ~11% in total APE, while the share of ICICI Bank is ~28%.
- In the Direct channel, there was a higher proportion of ULIP sales, followed by Non-Linked Savings. On the other hand, there was a higher focus on selling Non-Linked and Protection policies in the Partner distribution channel.

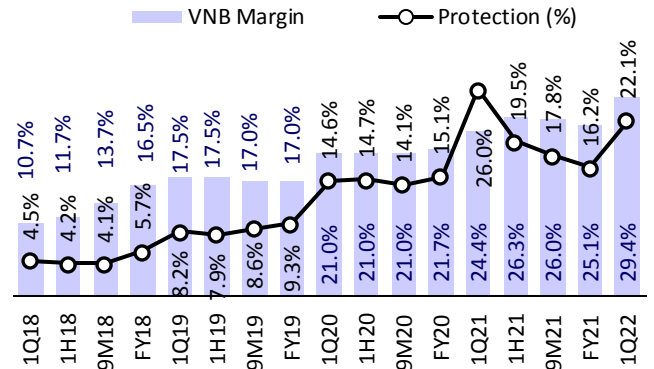
Key exhibits

Exhibit 1: Protection mix increases to ~22% of total APE, while the share of ULIP declines to 44%



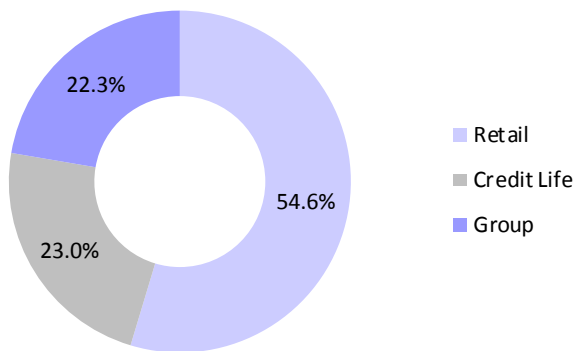
Source: MOFSL, Company

Exhibit 2: VNB margin improves sharply to ~29.4% in 1QFY22



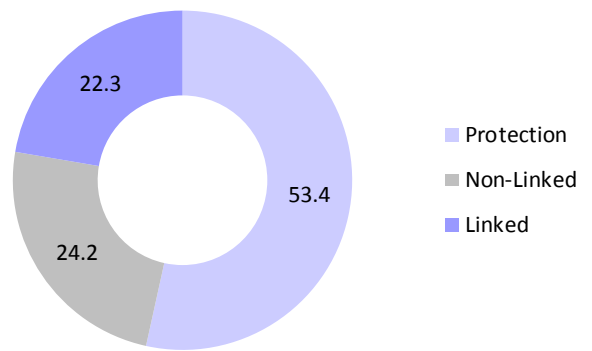
Source: MOFSL, Company

Exhibit 3: Protection breakup across segments for FY21 (%)



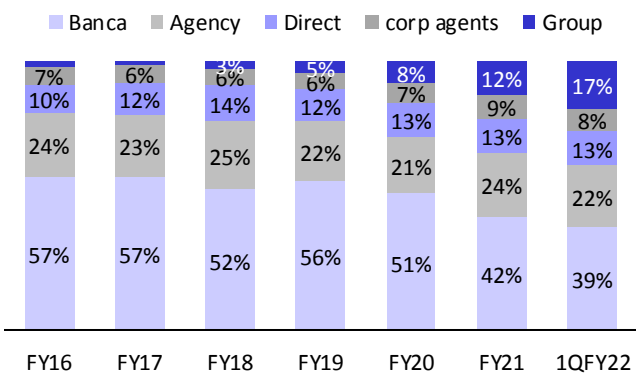
Source: MOFSL, Company

Exhibit 4: VNB contribution mix for FY21 – ~53% of total VNB comes from the Protection segment



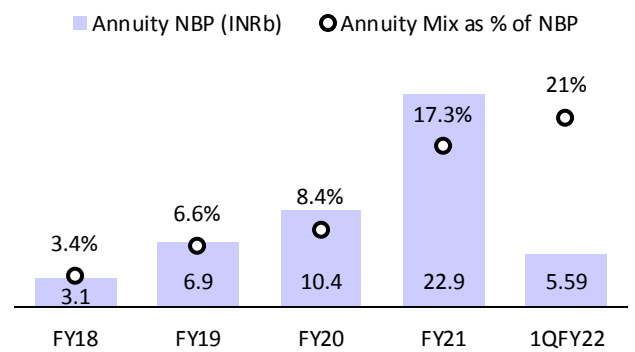
Source: MOFSL, Company

Exhibit 5: Share of distribution in total APE



Source: MOFSL, Company

Exhibit 6: Annuity mix as a percentage of NBP rose to 21%



Source: MOFSL, Company

Valuation and view

- India's Life Insurance sector is well positioned to deliver healthy long-term structural growth. A rising share of financial savings, higher disposable incomes, and favorable demographics will enable healthy business growth for insurers. We expect Indian insurers to trade at a premium to global peers.
- Private sector Life Insurance companies have a 47% market share in total new business APE. IPRU is among the leading players to post market share gains across segments. The new banca tie-ups with several Banks is likely to aid faster new premium growth for IPRU over the medium term.
- Protection, Annuity and Non-PAR are likely to report strong growth in the current environment, while ULIP is witnessing recoveries, which will support overall margin. We expect VNB margin to improve to ~29% by FY23E.
- **Buy with a TP of INR700/share:** The recent strategy changes made by IRPU in its product mix, with a higher focus on non-linked segments, backed by strengthened distribution, are driving healthy premium growth. The share of banca (excluding ICICI Bank) increased to ~11% v/s 5% in FY18. Persistency rate has improved, reflecting strength in business quality. We expect this trend to continue, aided by a higher mix of the Non-Linked Savings/Protection business, both of which have a higher persistency rate. However, profitability has been affected due to higher settlement of COVID-19 claims (3.2x rise over FY21). We estimate IPRU to deliver ~32%/36% CAGR in new business APE/VNB growth over FY21-23E, led by improving margin (29% by FY23E), thus enabling an improvement in operating RoEV to ~17%. **We maintain our Buy rating with a TP of INR700/share (2.6x FY23E EV).**

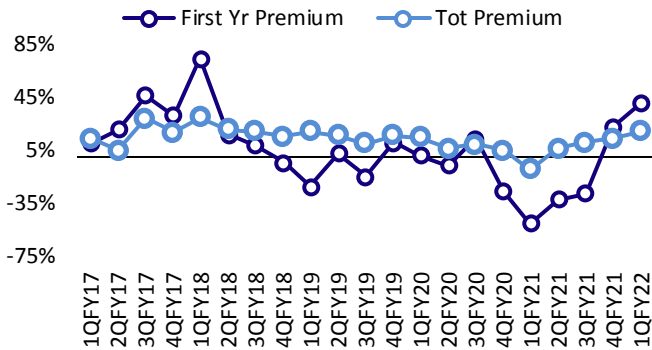
Exhibit 7: Rise in operating expenses and higher COVID-19 claims settlement affects PAT

Technical Account (INR b)	Old estimates		Revised estimates		Change in estimates (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Net Premiums	410.4	484.3	407.5	483.9	-0.7	-0.1
Investment income	164.4	187.8	164.2	187.4	-0.1	-0.2
Total income	593.4	693.6	590.3	692.7	-0.5	-0.1
Commission	23.4	27.8	23.8	28.5	1.6	2.5
Operating expenses	37.7	44.2	51.7	65.2	37.1	47.7
Surplus/Deficit	22.0	27.3	19.0	24.1	-13.6	-11.6
Shareholder's Account						
Total Income	28.6	29.8	26.4	28.0	-7.5	-6.3
Total Expenses	16.1	15.7	16.1	15.7	0.0	0.0
PBT	12.5	14.2	10.4	12.3	-17.2	-13.3
PAT	11.6	13.2	9.6	11.4	-17.2	-13.3
Key Metrics						
VNB (INR b)	21.0	26.8	23.2	30.1	10.2	12.3
EV (INR b)	334.4	387.3	334.8	389.0	0.1	0.4
Key Ratios						
VNB margin (%)	25.2	26.1	28.2	29.0	11.9	11.1
Op. RoEV (%)	15.2	16.7	15.3	17.1	0.8	2.3
RoEV (%)	14.9	15.8	15.0	16.2	0.8	2.4

Source: MOSL, Company

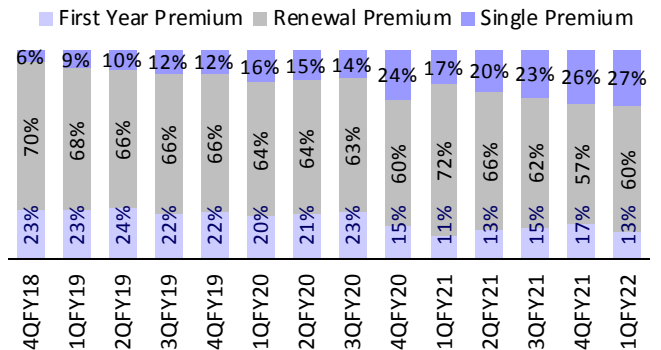
Story in charts

Exhibit 8: First year premium grew 40% YoY, while total premium grew 20%



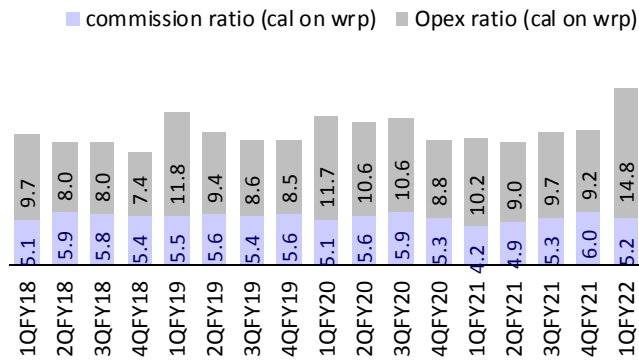
Source: MOFSL, Company

Exhibit 9: Share of new business premium is ~40%



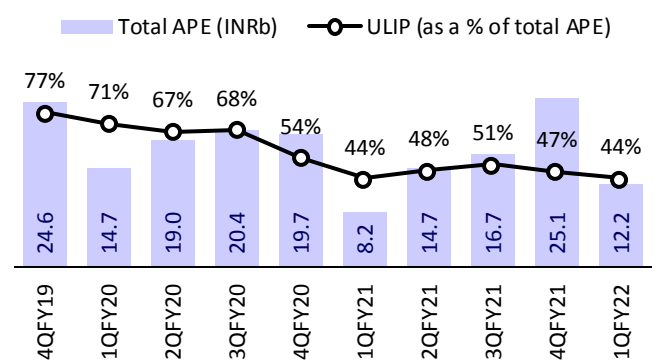
Source: MOFSL, Company

Exhibit 10: Total expense ratio rises to ~20% as of 1QFY22 due to a pick-up in business growth



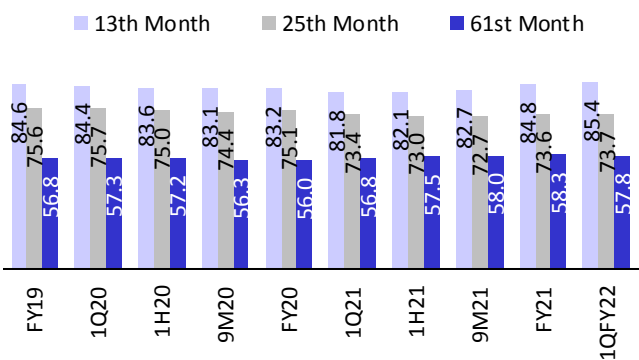
Source: MOFSL, Company

Exhibit 11: Share of ULIP in total APE continues to moderate and stood at 44% in 1QFY22



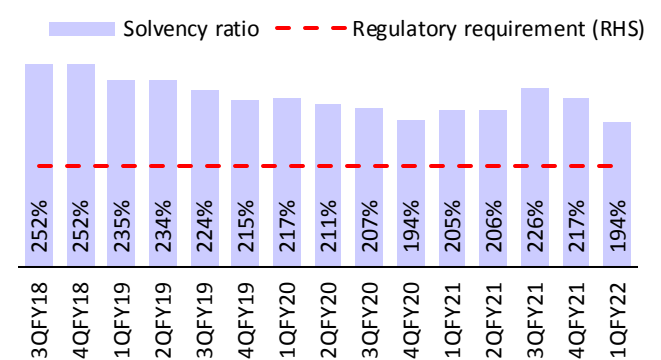
Source: MOFSL, Company

Exhibit 12: Persistency for the 13th month improves 60bp, while the same for the 61st month declines by 50bp YoY



Source: MOFSL, Company

Exhibit 13: Solvency ratio declines to 194%, but remains above the regulatory requirement of 150%



Source: MOFSL, Company

Financials and valuations

Technical account (INR b)	FY19	FY20	FY21	FY22E	FY23E
Gross Premiums	309.3	334.3	357.3	412.9	490.5
Reinsurance Ceded	(3.5)	(5.5)	(7.6)	(5.4)	(6.6)
Net Premiums	305.8	328.8	349.7	407.5	483.9
Income from Investments	102.1	(125.2)	474.4	164.2	187.4
Other Income	5.5	15.3	16.2	18.7	21.4
Total income (A)	414.0	219.4	840.8	590.3	692.7
Commission	15.5	15.9	15.0	23.8	28.5
Operating expenses	26.1	28.5	26.9	51.7	65.2
Total commission and opex	41.6	44.3	41.9	75.4	93.7
Benefits Paid (Net)	142.6	193.8	226.4	206.9	229.7
Change in reserves	210.0	(50.6)	543.2	282.5	337.5
Total expenses (B)	400.5	196.2	818.3	570.8	667.7
(A) - (B)	13.4	23.2	22.5	19.5	25.0
Surplus/Deficit	12.3	21.9	21.1	19.0	24.1

Shareholder's a/c (INR b)	FY19	FY20	FY21	FY22E	FY23E
Transfer from technical a/c	10.8	19.9	19.8	18.1	22.4
Income From Investments	6.4	6.6	7.7	8.3	5.6
Total Income	17.3	26.5	27.5	26.4	28.0
Contribution to technical a/c	5.3	15.0	15.7	15.4	15.0
Total Expenses	5.6	15.8	16.7	16.1	15.7
PBT	11.6	10.7	10.8	10.4	12.3
PAT	11.4	10.7	9.6	9.6	11.4
Growth	-30%	-6%	-10%	0%	18%

Premium (INR b) and growth (%)	FY19	FY20	FY21	FY22E	FY23E
NBP – unweighted	103.6	124.9	132.3	172	215
NBP – WRP	73.2	71.1	59.9	82	104
Renewal premium	205.7	209.4	225.1	241	276
Total premium – unweighted	309.3	334.3	357.3	413	490
NBP growth – unweighted	12.5%	20.5%	5.9%	30.0%	25.0%
NBP growth – WRP	0.1%	-5.4%	-12.5%	27.2%	26.2%
Renewal premium growth	15.2%	1.8%	7.5%	7.1%	14.4%
Tot. premium growth – unweighted	14.3%	8.1%	6.9%	15.5%	18.8%

Premium mix (%)	FY19	FY20	FY21	FY22E	FY23E
New business – unweighted					
- Individual mix	78.5%	63.1%	59.3%	72.0%	76.0%
- Group mix	21.5%	36.9%	40.7%	28.0%	24.0%
New business mix – APE					
- Participating	9.0%	12.5%	14.9%	15.5%	16.5%
- Non-participating	9.1%	18.6%	32.6%	41.1%	44.1%
- ULIPs	82.0%	69.0%	52.5%	43.4%	39.4%
Total premium mix – unweighted					
- Participating	11.3%	12.0%	12.9%	12.5%	12.8%
- Non-participating	15.3%	18.1%	23.7%	32.5%	34.4%
- ULIPs	73.5%	69.8%	63.4%	55.0%	52.7%

Indi. Premium sourcing mix (%)	FY19	FY20	FY21	FY22E	FY23E
Individual agents	21.8%	21.9%	24.7%	25.7%	26.7%
Corporate agents – Banks	55.2%	49.7%	46.8%	46.6%	46.4%
Direct business	16.7%	20.1%	17.1%	19.9%	19.7%
Others	6.3%	8.3%	11.4%	7.8%	7.2%

Financials and valuations

Balance Sheet (INR b)	FY19	FY20	FY21	FY22E	FY23E
Sources of Fund					
Share Capital	14.4	14.4	14.4	14.4	14.4
Reserves and Surplus	54.4	61.1	70.7	76.9	84.6
Shareholders' Fund	70.4	72.2	91.2	98.0	106.4
Policy Liabilities	385.5	473.6	602.2	787.3	1,005.6
Prov. for Linked Liab.	1,037.0	880.4	1,277.7	1,510.2	1,646.1
Total	1,630.9	1,560.4	2,172.3	2,487.9	2,863.3
Application of Funds					115.5
Shareholders' inv.	79.9	74.2	100.9	108.0	
Policyholders' inv.	400.7	467.5	635.7	815.7	1,043.5
Assets to cover linked liab.	1,109.5	970.8	1,385.5	1,510.2	1,646.1
Loans	2.7	4.6	6.6	7.5	8.5
Fixed Assets	4.8	4.8	4.6	5.2	5.9
Current assets	33.4	38.4	39.0	41.3	43.8
Total	1,630.9	1,560.4	2,172.3	2,487.9	2,863.3
Operating ratios (%)	FY19	FY20	FY21	FY22E	FY23E
Investment yield (%)	6.8%	-8.7%	23.5%	7.1%	7.0%
Commissions/GWP	5.0%	4.7%	4.2%	5.8%	5.8%
- first-year premiums	16.0%	16.5%	17.9%	25.4%	24.3%
- renewal premiums	1.9%	1.8%	1.8%	1.8%	1.8%
- single premiums	1.4%	1.1%	1.3%	1.1%	1.1%
Operating expenses/GWP	8.4%	8.5%	7.5%	12.5%	13.3%
Total expense ratio	13.4%	13.3%	11.7%	18.3%	19.1%
Solvency margin	215%	194%	217%	196%	199%
Persistency ratios (%)	FY19	FY20	FY21	FY22E	FY23E
13th Month	86.2%	85.3%	86.9%	87.9%	88.4%
25th Month	77.4%	77.4%	76.8%	76.9%	77.5%
37th Month	71.0%	69.0%	69.3%	71.0%	73.0%
49th Month	65.0%	66.4%	65.5%	66.8%	67.8%
61st Month	58.1%	57.4%	60.2%	61.3%	61.7%
Profitability ratios	FY19	FY20	FY21	FY22E	FY23E
VNB margin (%)	17.0%	21.7%	25.1%	28.2%	29.0%
RoE (%)	16.4%	15.0%	11.8%	10.2%	11.2%
RoIC (%)	23.5%	22.0%	19.8%	19.9%	23.5%
Operating RoEV (%)	20.2%	15.2%	15.2%	15.3%	17.1%
RoEV (%)	15.1%	6.5%	26.5%	15.0%	16.2%
Valuation ratios	FY19	FY20	FY21	FY22E	FY23E
Total AUMs (INR b)	1,604.1	1,529.7	2,142.2	2,555.6	3,001.5
- of which equity AUMs (%)	48%	40%	45%	45%	46%
Dividend (%)	49%	24%	20%	20%	22%
Dividend payout ratio (%)	74%	38%	30%	36%	33%
EPS (INR)	8.0	7.4	6.7	6.7	8.0
VNB (INR b)	13.3	16.0	16.2	23.2	30.1
EV (INR b)	216.1	230.2	291.1	334.8	389.0
EV/share	150.6	160.4	202.8	233.2	271.0
P/AUM (%)	54%	57%	41%	34%	29%
P/EV (x)	4.0	3.8	3.0	2.6	2.2
P/EPS (x)	76.1	81.3	90.4	90.0	76.0
P/EVOP (x)	22.9	26.4	24.8	19.5	15.2

NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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