

# ICICI Prudential Life Insurance

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	IPRU IN
Equity Shares (m)	1,435
M.Cap.(INRb)/(USD\$)	738.6 / 9
52-Week Range (INR)	682 / 430
1, 6, 12 Rel. Per (%)	-7/-4/-16
12M Avg Val (INR M)	779

## Financials & Valuations (INR b)

Y/E MARCH	FY22	FY23E	FY24E
Net Premiums	363.2	402.9	455.4
Surplus / Deficit	21.9	23.2	23.4
Sh. holder's PAT	7.5	9.2	9.9
NBP growth unwt'd (%)	17.2	16.0	18.0
APE growth - (%)	19.7	10.8	20.5
Tot. Premium gr. (%)	4.8	10.2	13.1
VNB margin (%)	28.0	31.1	31.7
RoE (%)	8.2	9.7	9.8
RoEV (%)	8.7	14.3	16.7
Total AUMs (INRt)	2.4	2.6	3.1
VNB (INRb)	21.7	26.6	32.7
EV per share	220.3	251.9	294.0

## Valuations

P/EV (x)	2.3	2.0	1.7
P/EVOP (x)	23.1	14.2	12.1

## Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	73.4	73.4	73.4
DII	5.1	4.7	4.1
FII	16.1	16.4	17.2
Others	5.4	5.5	5.3

FII Includes depository receipts

**CMP: INR513**
**TP: INR600 (+17%)**
**Buy**

## Robust margin drives VNB growth

### Persistency ratios steady; on track to double VNB over FY19-23E

- ICICI Prudential Life Insurance (IPRU) posted a flattish new business APE (1% YoY growth) in 2QFY23 as strong growth in group protection and non-linked savings was offset by weak performance in ULIPs and group savings. However, APE grew 10% YoY in 1HFY23 to INR35b.
- VNB grew 21% YoY to INR6.2b (8% beat), primarily driven by a 502bp YoY expansion in VNB margin to 31.1% in 2QFY23. For 1HFY23, VNB rose 25% YoY to INR10.9b; VNB margin also expanded 372bp to 31.0%.
- We marginally cut our APE estimates for FY23/24 but estimate IPRU to deliver 23% CAGR in VNB over FY22-24. This will be driven by a combination of premium growth and slight improvement in margins, thereby enabling operating RoEV at ~17% in FY24E. **Maintain BUY with a revised TP of INR600 (premised on 2x FY24E EV).**

### Balanced distribution mix; broad-based improvement in persistency ratio

- IPRU's net premium income increased 3% YoY in 2QFY23 propelled by a strong show in non-linked savings and group protection. PAT increased 37% YoY to INR3.5b in 1HFY23.
- The share of protection in overall mix improved 485bp YoY to 19% in 2QFY23. However, this was driven by group protection as sales in retail protection remained weak. Sequentially, though retail protection stabilized.
- Annuity APE saw a solid growth of 69% YoY in 2QFY23. On an NBP basis, it formed 17% of mix. Further, the pension subsidiary is also scaling up well with 36% growth in AUM to INR132b. Due to volatile capital markets, ULIPs declined 19% YoY and impacted overall premium growth adversely.
- VNB grew 21% YoY to INR6.2b in 2QFY23 led by optimal business mix with a greater share of higher margin products.
- On the distribution side, banca channel continued to remain weak led by declining share of ICICI Bank. However, this was offset by new bank partnerships, agency and addition of non-bank tie-ups. ICICI Bank now contributes 17% to overall APE of IPRU.
- Persistency improved across all cohorts with 13<sup>th</sup>-month improving 90bp QoQ to 85.9% while 61<sup>st</sup>-month persistency improved 940bp QoQ to 61.2%.

### Highlights from the management commentary

- IPRU is on track to achieve its stated guidance of doubling the absolute level of FY19 VNB by FY23, guided by its 4P strategy. This implies a 23% growth in FY23.
- Non-linked savings, protection and annuity segments are contributing to growth.
- The strategy of having a wider product suite makes it easier to add new agents and partners.

**Valuation and view**

IPRU has maintained a steady traction in VNB growth led by healthy product mix and APE growth. The share of banca (excluding ICICI Bank) has increased to 14% from 4% in FY19, thus supporting the growth and diversification in distribution mix. The increase in agent recruitments and strong pace of adding new partnerships will continue to support premium growth. Further, the strategy of approaching customers with a wider product bouquet through all channels will also boost premium growth. We estimate IPRU to deliver 23% CAGR in VNB over FY22-24, led by a combination of premium growth and slight improvement in margins, thereby enabling operating RoEV at ~17% in FY24E. **Maintain BUY with a revised TP of INR600 (premised on 2x FY24E EV).**

**Quarterly performance****(INR b)**

Policy holder's A/c (INR b)	FY22				FY23E				FY22	FY23E	FY23E 2QE	A v/s E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
First year premium	8.8	15.6	15.5	19.8	10.4	14.4	18.0	23.7	59.7	66.5	17.6	-18%
Growth (%)	40.3%	33.1%	13.7%	-2.4%	18.0%	-7.2%	16.1%	19.9%	15.0%	11.5%	13.0%	
Renewal premium	41.4	55.7	54.4	68.0	38.9	56.4	62.9	74.6	219.6	232.9	53.9	5%
Growth (%)	-0.1%	-3.5%	-4.1%	-1.6%	-5.9%	1.3%	15.5%	9.7%	-2.4%	6.1%	-3.3%	
Single premium	18.5	24.1	23.5	29.3	23.3	28.1	30.6	31.3	95.4	113.3	27.3	3%
Growth (%)	89.1%	34.4%	11.4%	-7.3%	25.9%	16.8%	30.1%	6.9%	18.6%	18.8%	13.3%	
<b>Gross premium income</b>	<b>68.7</b>	<b>95.3</b>	<b>93.4</b>	<b>117.1</b>	<b>72.6</b>	<b>99.0</b>	<b>111.4</b>	<b>129.7</b>	<b>374.6</b>	<b>412.7</b>	<b>98.7</b>	<b>0%</b>
Growth (%)	19.5%	9.2%	2.1%	-3.2%	5.7%	3.8%	19.2%	10.7%	4.8%	10.2%	3.6%	
<b>PAT</b>	<b>-1.9</b>	<b>4.4</b>	<b>3.1</b>	<b>1.8</b>	<b>1.6</b>	<b>2.0</b>	<b>2.5</b>	<b>3.1</b>	<b>7.5</b>	<b>9.2</b>	<b>2.9</b>	<b>-32%</b>
Growth (%)	NM	46.6%	1.7%	189.5%	NM	-55.1%	-20.6%	69.6%	-21.5%	21.3%	-33.8%	
<b>Key metrics (INRb)</b>												
New Business APE	12.2	19.8	19.3	26.1	15.2	20.0	21.0	29.4	77.3	85.7	18.9	6%
Growth (%)	48.1	34.9	15.8	4.0	24.7	1.1	9.0	12.9	19.7	10.8	-4.4	
VNB	3.6	5.2	5.2	7.8	4.7	6.2	6.5	9.3	21.7	26.6	5.7	8%
Growth (%)	78.1	28.4	20.3	31.1	31.6	20.6	25.3	19.5	33.5	23.0	11.6	
AUM	2,232	2,371	2,376	2,405	2,301	2,443	2,512	2,618	2,405	2,618	2,409	1%
Growth (%)	31.3	30.6	16.0	12.3	3.1	3.0	5.7	8.9	12.3	8.9	1.6	
<b>Key Ratios (%)</b>												
VNB Margins (%)	29.4	26.0	26.7	29.7	31.0	31.1	30.7	31.5	28.0	31.1	30.4	
Solvency ratio (%)	194	200	202	205	204	201	198	195	205	195	200	

## Quarterly snapshot

Policyholder A/c (INRb)	FY21				FY22				FY23		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
<b>Net premium</b>	<b>55.5</b>	<b>85.7</b>	<b>89.7</b>	<b>118.8</b>	<b>66.0</b>	<b>92.9</b>	<b>90.7</b>	<b>113.6</b>	<b>68.8</b>	<b>95.8</b>	<b>3</b>	<b>39</b>
First year premium	6.3	11.7	13.6	20.3	8.8	15.6	15.5	19.8	10.4	14.4	-7	39
Renewal premium	41.4	57.7	56.8	69.1	41.4	55.7	54.4	68.0	38.9	56.4	1	45
Single premium	9.8	17.9	21.1	31.6	18.5	24.1	23.5	29.3	23.3	28.1	17	20
Investment income	130.7	79.5	192.8	71.4	92.1	135.5	7.4	14.8	-86.7	128.2	-5	-248
<b>Total income</b>	<b>190.6</b>	<b>168.4</b>	<b>285.5</b>	<b>196.4</b>	<b>167.2</b>	<b>231.3</b>	<b>98.7</b>	<b>138.5</b>	<b>-14.6</b>	<b>229.0</b>	<b>-1</b>	<b>-1,668</b>
<b>Total comm &amp; opex</b>	<b>7.0</b>	<b>9.9</b>	<b>10.9</b>	<b>14.1</b>	<b>10.4</b>	<b>11.9</b>	<b>12.6</b>	<b>18.6</b>	<b>12.2</b>	<b>14.7</b>	<b>23</b>	<b>20</b>
Benefits paid	26.0	49.1	68.2	83.2	56.7	80.2	76.6	80.0	55.1	80.2	0	46
<b>Total expenses</b>	<b>184.0</b>	<b>162.6</b>	<b>281.2</b>	<b>190.5</b>	<b>165.7</b>	<b>226.2</b>	<b>94.1</b>	<b>126.1</b>	<b>-19.0</b>	<b>223.4</b>	<b>-1</b>	<b>-1,276</b>
<b>PBT</b>	<b>6.5</b>	<b>5.7</b>	<b>4.3</b>	<b>5.9</b>	<b>1.6</b>	<b>5.1</b>	<b>4.6</b>	<b>12.4</b>	<b>4.4</b>	<b>5.7</b>	<b>11</b>	<b>29</b>
<b>Surplus/(Deficit)</b>	<b>6.3</b>	<b>5.4</b>	<b>4.0</b>	<b>5.3</b>	<b>1.6</b>	<b>4.8</b>	<b>4.1</b>	<b>11.4</b>	<b>3.9</b>	<b>5.2</b>	<b>8</b>	<b>32</b>
<b>Shareholder A/c</b>												
<b>Trf from policyholder a/c</b>	<b>6.5</b>	<b>4.5</b>	<b>4.1</b>	<b>4.8</b>	<b>2.9</b>	<b>4.4</b>	<b>3.6</b>	<b>10.7</b>	<b>3.0</b>	<b>4.9</b>	<b>10</b>	<b>64</b>
Investment Income	1.3	1.7	2.1	2.6	4.0	3.3	1.2	1.7	1.7	2.0	-38	16
<b>Total income</b>	<b>7.7</b>	<b>6.2</b>	<b>6.2</b>	<b>7.3</b>	<b>6.9</b>	<b>7.7</b>	<b>4.8</b>	<b>12.3</b>	<b>4.7</b>	<b>6.9</b>	<b>-10</b>	<b>46</b>
<b>PAT</b>	<b>2.9</b>	<b>3.0</b>	<b>3.1</b>	<b>0.6</b>	<b>-1.9</b>	<b>4.4</b>	<b>3.1</b>	<b>1.8</b>	<b>1.6</b>	<b>2.0</b>	<b>-55</b>	<b>28</b>
<b>APE data</b>												
<b>Savings APE</b>	<b>6.1</b>	<b>12.3</b>	<b>14.1</b>	<b>21.7</b>	<b>9.5</b>	<b>17.0</b>	<b>16.2</b>	<b>21.5</b>	<b>11.9</b>	<b>16.2</b>	<b>-5</b>	<b>36</b>
ULIP	3.6	7.0	8.5	11.9	5.4	10.1	10.2	11.7	6.2	8.2	-18	33
Other Savings	2.5	5.3	5.6	9.8	4.2	6.9	6.0	9.8	5.8	8.0	16	39
- Non-Participating	2.0	4.4	4.9	8.8	3.6	5.9	5.6	9.1	5.2	7.1	20	37
- Group	0.5	0.9	0.8	1.0	0.6	1.0	0.4	0.7	0.6	0.9	-10	55
<b>Protection</b>	<b>2.1</b>	<b>2.3</b>	<b>2.6</b>	<b>3.4</b>	<b>2.7</b>	<b>2.8</b>	<b>3.1</b>	<b>4.6</b>	<b>3.3</b>	<b>3.8</b>	<b>36</b>	<b>15</b>
<b>Total APE</b>	<b>8.2</b>	<b>14.7</b>	<b>16.7</b>	<b>25.1</b>	<b>12.2</b>	<b>19.8</b>	<b>19.3</b>	<b>26.1</b>	<b>15.2</b>	<b>20.0</b>	<b>1</b>	<b>32</b>
<b>APE (% of total)</b>											Change (bp)	
<b>Savings APE (%)</b>	<b>74.0</b>	<b>84.2</b>	<b>84.6</b>	<b>86.3</b>	<b>77.9</b>	<b>85.8</b>	<b>84.1</b>	<b>82.5</b>	<b>78.4</b>	<b>80.9</b>	<b>-485</b>	<b>259</b>
ULIP	43.6	47.8	50.7	47.2	43.9	50.9	53.0	45.0	40.5	41.0	-986	49
Other Savings	30.4	36.3	33.9	39.1	34.0	34.9	31.1	37.5	37.8	39.9	502	209
- Non-Participating	24.4	30.1	29.2	35.1	29.3	30.0	28.9	35.0	34.1	35.6	557	142
- Group	6.0	6.2	4.7	4.0	4.8	4.9	2.1	2.5	3.7	4.4	-55	67
<b>Protection</b>	<b>26.0</b>	<b>15.8</b>	<b>15.4</b>	<b>13.7</b>	<b>22.1</b>	<b>14.2</b>	<b>15.9</b>	<b>17.5</b>	<b>21.7</b>	<b>19.0</b>	<b>485</b>	<b>-270</b>
<b>Distribution mix (%)</b>												
Banca	39.6	43.8	42.0	42.5	38.6	39.9	39.5	38.0	34.7	29.8	-1,009	-490
Agency	24.6	22.7	25.1	23.3	22.5	24.3	25.8	22.0	22.4	26.0	168	359
Direct	12.3	12.2	13.2	12.4	13.1	12.9	13.2	12.5	10.8	12.5	-44	161
Corporate Agents	8.6	8.6	7.7	10.4	8.4	8.7	8.5	10.7	11.1	11.8	311	69
Group	14.9	12.8	12.0	11.3	17.4	14.2	13.0	16.8	20.9	19.9	575	-100
<b>Key Ratios (%)</b>												
<b>Operating ratios</b>												
Commission (unwtd)	4.2	4.9	5.3	6.0	5.2	5.8	5.8	6.1	5.9	5.6	-16	-29
Opex (unwtd)	10.5	9.0	9.7	9.2	14.7	10.4	11.6	14.3	17.9	14.3	387	-360
Total Cost (unwtd)	14.8	13.9	15.0	15.2	19.9	16.2	17.4	20.4	23.8	19.9	371	-389
Solvency Ratio	205.1	205.5	226.1	216.8	193.7	199.9	202.2	204.5	203.6	200.7	80	-290
<b>Profitability ratios</b>												
VNB margins	24.4	27.4	25.7	23.6	29.4	26.0	26.7	29.7	31.0	31.1	502	7
<b>Persistency ratios</b>												
13th Month	81.8	82.1	82.7	84.9	85.0	85.0	84.8	84.6	85.5	85.9	90	40
25th Month	73.4	73.0	72.7	72.9	73.7	75.0	75.7	77.3	77.6	77.2	220	-40
37th Month	65.4	65.2	65.1	65.8	66.4	66.3	66.6	66.9	67.8	68.7	240	90
49th Month	63.9	62.3	61.4	63.5	64.9	62.9	59.4	63.4	65.0	65.4	250	40
61st Month	56.8	51.7	50.7	48.9	50.8	51.8	52.7	54.7	55.7	61.2	940	550
<b>Key Metrics (INRb)</b>												
VNB	2.0	4.0	4.3	5.9	3.6	5.2	5.2	7.8	4.7	6.2	21	32
EV	NA	257	NA	291	NA	302	NA	316	NA	326	8	NA
AUM	1700	1815	2049	2142	2232	2371	2376	2405	2301	2443	3	6

Note: (a) Persistency ratios are excluding single premium and cumulative for 1H, 9M, and 12M



## Highlights from the management commentary

### General environment and business performance

- A unified platform envisioned by IRDA has tremendous potential and could be the UPI moment for insurance industry.
- Bank deposits and insurance products cater to different needs as most bank deposits are for a period of less than three years whereas insurance products are for a minimum of five years. Therefore, the management does not see a competition between the two.
- The new IRDAI Chief is looking at several steps to improve penetration and growth rate for the insurance sector with a vision for every Indian to have a life and health insurance by 2047.
- New Business Sum Assured grew 42% YoY in 1HFY23, which resulted in maintenance of market leadership with a market share of 15.7%.
- Persistency ratio improved across all cohorts with the strongest improvement visible in 61<sup>st</sup>-month ratio, due to continuous effort to improve the quality of business.
- IPRU is on track to achieve its stated guidance of doubling the absolute level of FY19 VNB by FY23, guided by its 4P strategy. This implies a 23% growth in FY23E.
- VNB margin improved mainly due to a shift in the underlying product mix.
- The improvement of 370bp in VNB margin to 31% in 1HFY23 was led by a more optimum business mix.
- IPRU is guided by an absolute amount of VNB as margin is a function of product mix.

### Product mix related

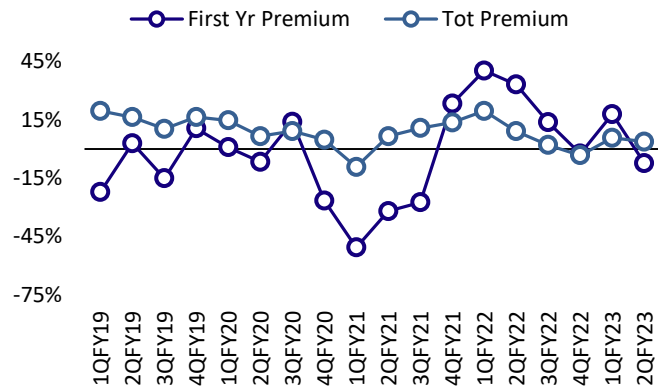
- Wider product suite compared to the past has enabled better management of volatility in external environment and changing consumer preferences.
- Non-linked savings, protection and annuity segments are contributing to growth.
- ULIP has struggled in 2QFY23 with a ~19% YoY decline due to volatile markets.
- The focus on annuity products continues as it remains an underpenetrated area.
- Within protection, group protection is driving 29% YoY growth in protection APE for 1HFY23.
- In group protection, renewal pricing has scaled back to pre-pandemic level and management expects the same to continue. Despite this, momentum in group protection has been strong.
- In retail protection, the underwriting process and price have stabilized in the industry. The YoY decline in sales has also come down, which is encouraging.

### Distribution mix related

- The strategy of having a wider product suite makes it easier to add new agents and partners.
- During 1HFY23, IPRU has added over 15K agents, three new bank partners and 44 non-banks partnerships. With this, it has access to ~13K bank branches.
- The bancassurance channel has 30 bank partners with a share of 32% in APE.
- Within bancassurance, share of non-ICICI banks is at 14% v/s 17% for ICICI Bank.
- ICICI Bank is focused on selling only non-linked savings and protection products.
- Over long term, agency can contribute one-third of total APE while contribution of direct channel should be much higher than at present.

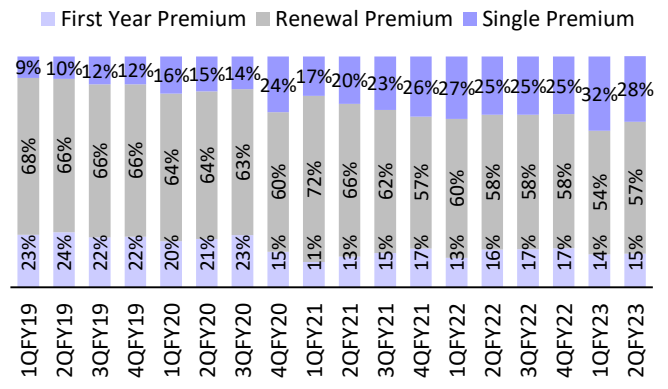
## Story in charts

**Exhibit 1: First-year premium declines 7% YoY while total premium increases ~4% YoY**



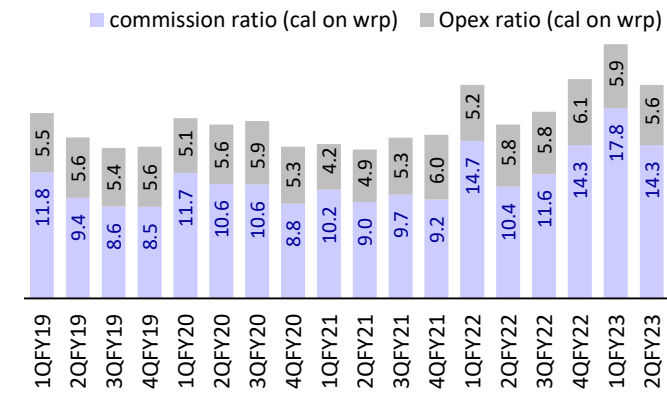
Source: MOFSL, Company

**Exhibit 2: Share of renewal premium inches up to 57% in 2QFY23**



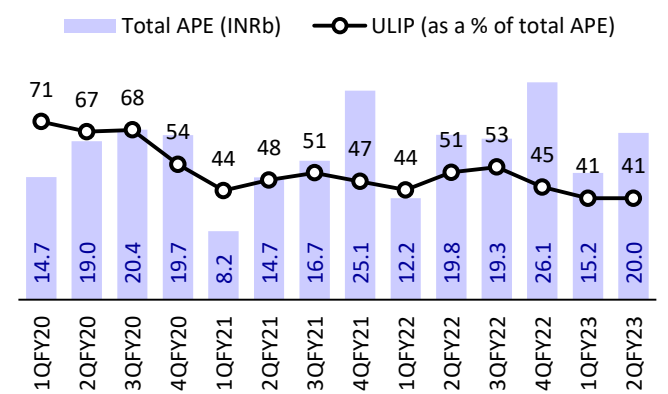
Source: MOFSL, Company

**Exhibit 3: Total expense ratio moderates QoQ to 19.9% in 2QFY23 but remains high due to brand building expense**



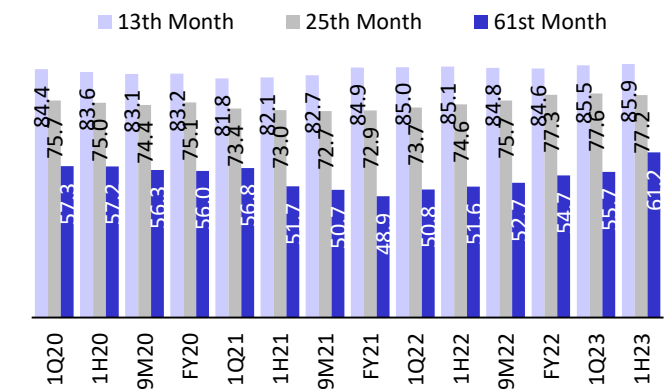
Source: MOFSL, Company

**Exhibit 4: Share of ULIP in total APE is at 41% in 2QFY23, adversely impacted by market volatility**



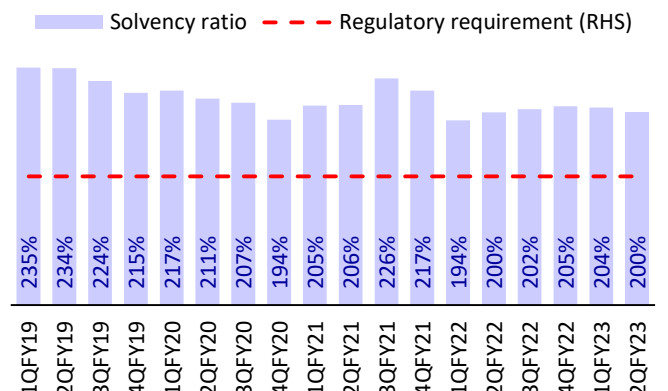
Source: MOFSL, Company

**Exhibit 5: 13<sup>th</sup>/61<sup>st</sup>-month persistency improves 90bp/940bp YoY to 85.9%/61.2%, respectively**



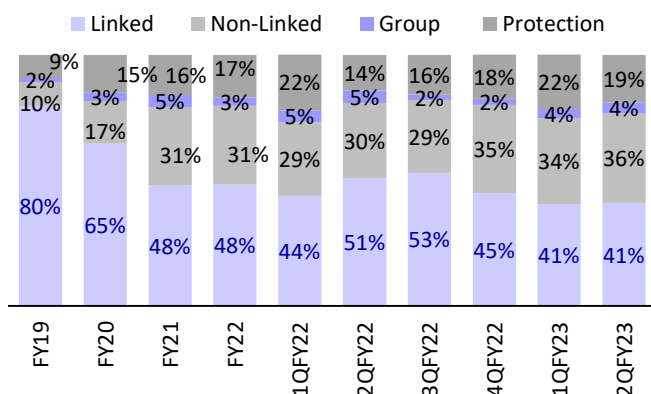
Source: MOFSL, Company

**Exhibit 6: Solvency ratio healthy at 200%, well above the regulatory requirement of 150%**



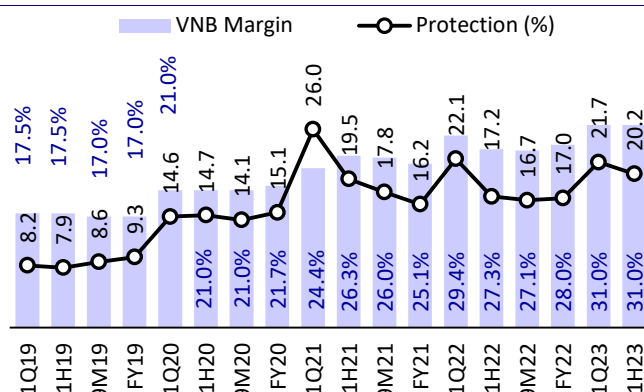
Source: MOFSL, Company

**Exhibit 7: Share of protection moderates to 19% of total APE, while share of ULIP is stable QoQ at 41%**



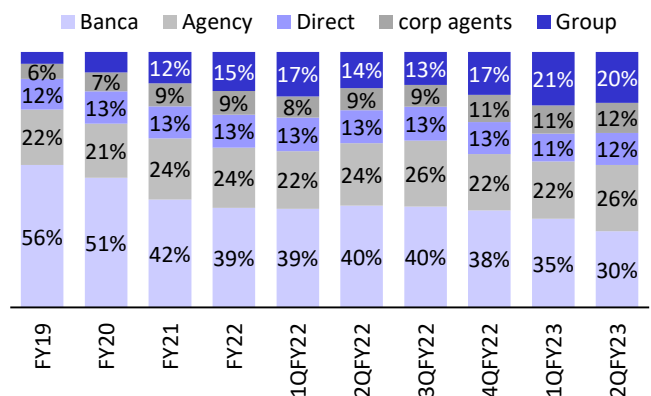
Source: MOFSL, Company

**Exhibit 8: VNB margin stable QoQ at 31% in 1HFY23 driven by an optimum business mix**



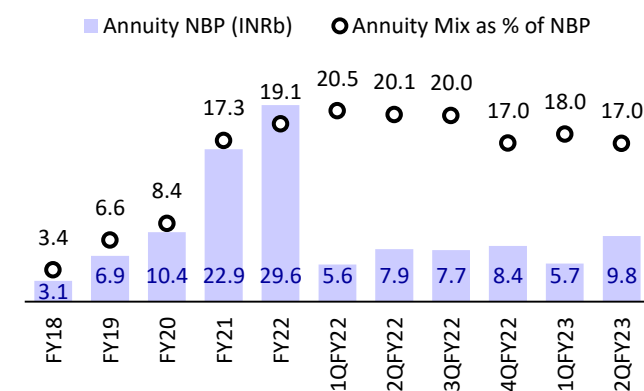
Source: MOFSL, Company

**Exhibit 9: Broad-based distribution machinery with the share of banca gradually coming down**



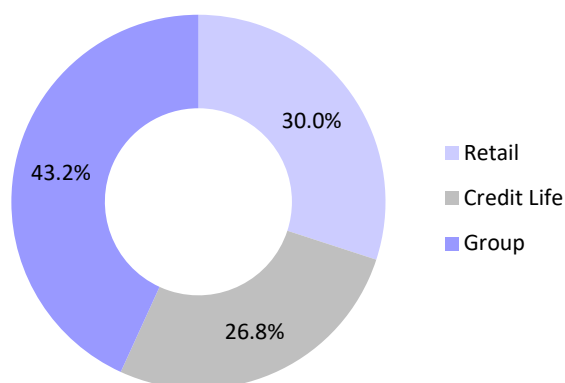
Source: MOFSL, Company

**Exhibit 10: Annuity mix as a % of NBP stands at ~17% in 2QFY23**



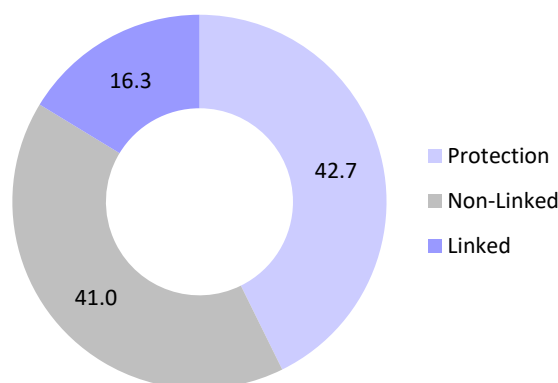
Source: MOFSL, Company

**Exhibit 11: Protection breakup across segments for FY22 indicates a tilt towards Group Term**



Source: MOFSL, Company

**Exhibit 12: VNB contribution mix for FY22 – ~43% of total VNB comes from the protection segment**



Source: MOFSL, Company

### Valuation and view

- The rising share of financial savings and higher disposable incomes, along with favorable demographics, would enable healthy growth for insurers. Thus, India's Life Insurance sector is well-positioned to deliver healthy long-term structural growth. Therefore, we expect the stocks of Indian insurers to trade at a premium to global peers. Private sector life insurance companies form 58% market share in total APE, and IPRU is among the leading players to post market share gains across segments.
- IPRU continues to focus on a change in the product mix, with a high emphasis on the non-linked and annuity segments, while protection is also witnessing healthy recovery. On the other hand, the ULIP segment is adversely impacted by market volatility and is likely to pick-up gradually.
- New channel partners are likely to further aid business growth. The share of the banca channel (ex-ICICI Bank) has increased to ~14% (v/s 4% in FY19). Thus, we believe strengthened distribution would enable further diversification and drive an increase in the non-linked segment mix, which should aid margins.
- The management reiterated its guidance to double FY19 VNB by FY23E, aided by a) the opportunity in the long-term savings/protection business and b) improving persistency and cost ratios. The protection business contributed ~43% to the total VNB in FY22, and the non-linked business contributed 41%.
- **Buy, with Target Price of INR600:** IPRU has maintained a steady traction in VNB growth led by healthy product mix and APE growth. The share of banca (excluding ICICI Bank) has increased to 14% from 4% in FY19, thus supporting the growth and diversification in distribution mix. The increase in agent recruitments and strong pace of adding new partnerships will continue to support premium growth. Further, the strategy of approaching customers with a wider product bouquet through all channels will also boost premium growth. We estimate IPRU to deliver 23% CAGR in VNB over FY22-24, led by a combination of premium growth and slight improvement in margins, thereby enabling operating RoEV at ~17% in FY24E. **Maintain BUY with a revised TP of INR600 (premised on 2x FY24E EV).**



## Financials and valuation

Technical account (INR m)	FY19	FY20	FY21	FY22	FY23E	FY24E
Gross Premiums	3,09,298	3,34,307	3,57,328	3,74,580	4,12,689	4,66,684
Reinsurance Ceded	(3,515)	(5,517)	(7,595)	(11,367)	(9,830)	(11,270)
Net Premiums	3,05,783	3,28,790	3,49,734	3,63,213	4,02,859	4,55,414
Income from Investments	1,02,144	(1,25,169)	4,74,376	2,49,695	1,40,177	2,12,438
Other Income	5,533	15,334	16,238	21,793	25,051	28,797
<b>Total income (A)</b>	<b>4,13,973</b>	<b>2,19,393</b>	<b>8,40,790</b>	<b>6,35,645</b>	<b>5,68,087</b>	<b>6,96,649</b>
Commission	15,513	15,860	15,002	16,729	23,966	26,943
Operating expenses	26,053	28,469	26,883	36,730	54,848	60,655
<b>Total commission and opex</b>	<b>41,566</b>	<b>44,329</b>	<b>41,885</b>	<b>53,459</b>	<b>78,814</b>	<b>87,597</b>
Benefits Paid (Net)	1,42,591	1,93,766	2,26,409	2,91,453	1,92,578	2,12,743
Chg in reserves	2,10,030	(50,569)	5,43,241	2,59,973	2,66,833	3,65,509
Provisions for doubtful debts	6,351	8,686	6,784	7,195	5,764	6,507
<b>Total expenses (B)</b>	<b>4,00,538</b>	<b>1,96,211</b>	<b>8,18,319</b>	<b>6,12,080</b>	<b>5,43,989</b>	<b>6,72,357</b>
<b>(A) - (B)</b>	<b>13,436</b>	<b>23,181</b>	<b>22,471</b>	<b>23,565</b>	<b>24,098</b>	<b>24,292</b>
Prov for Tax	1,103	1,314	1,418	1,661	889	880
<b>Surplus / Deficit (Calculated)</b>	<b>12,333</b>	<b>21,867</b>	<b>21,052</b>	<b>21,903</b>	<b>23,209</b>	<b>23,412</b>
Shareholder's a/c (INR m)	FY19	FY20	FY21	FY22	FY23E	FY24E
Transfer from technical a/c	10,770	19,887	19,849	21,602	22,517	22,530
Income From Investments	6,418	6,594	7,687	10,114	8,873	9,166
<b>Total Income</b>	<b>17,279</b>	<b>26,487</b>	<b>27,538</b>	<b>31,738</b>	<b>31,414</b>	<b>31,724</b>
Other expenses	377	364	612	1,024	1,096	1,173
Contribution to technical a/c	5,272	14,970	15,748	21,611	20,469	19,855
<b>Total Expenses</b>	<b>5,649</b>	<b>15,799</b>	<b>16,724</b>	<b>23,833</b>	<b>21,565</b>	<b>21,027</b>
<b>PBT</b>	<b>11,630</b>	<b>10,687</b>	<b>10,814</b>	<b>7,906</b>	<b>9,850</b>	<b>10,697</b>
Prov for Tax	223	-	1,213	364	699	759
<b>PAT</b>	<b>11,406</b>	<b>10,687</b>	<b>9,601</b>	<b>7,541</b>	<b>9,150</b>	<b>9,937</b>
<b>Growth</b>	<b>-30%</b>	<b>-6%</b>	<b>-10%</b>	<b>-21%</b>	<b>21%</b>	<b>9%</b>
Premium (INR m) & growth (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
New business prem - unwtd	1,03,644	1,24,875	1,32,261	1,55,022	1,79,826	2,12,195
New business prem - wrp	78,000	73,810	64,620	77,330	85,651	1,03,169
Renewal premium	2,05,654	2,09,432	2,25,068	2,19,557	2,32,863	2,54,489
Total premium - unwtd	3,09,298	3,34,307	3,57,328	3,74,580	4,12,689	4,66,684
New bus. growth - unwtd	12.5%	20.5%	5.9%	17.2%	16.0%	18.0%
New business growth - wrp	0.1%	-5.4%	-12.5%	19.7%	10.8%	20.5%
Renewal premium growth	15.2%	1.8%	7.5%	-2.4%	6.1%	9.3%
Total prem growth - unwtd	14.3%	8.1%	6.9%	4.8%	10.2%	13.1%
Premium mix (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>New business - unwtd</b>						
- Individual mix	78.5%	63.1%	61.1%	60.0%	64.0%	67.0%
- Group mix	21.5%	36.9%	40.7%	40.0%	36.0%	33.0%
<b>New business mix - APE</b>						
- Participating	9.0%	12.5%	14.9%	9.6%	17.3%	16.7%
- Non-participating	9.1%	18.6%	32.6%	36.8%	36.7%	37.0%
- ULIPs	82.0%	69.0%	52.5%	53.6%	46.0%	46.3%
<b>Total premium mix - unwtd</b>						
- Participating	11.3%	12.0%	12.9%	12.7%	12.8%	12.4%
- Non-participating	15.3%	18.1%	23.7%	33.3%	34.4%	34.9%
- ULIPs	73.5%	69.8%	63.4%	54.0%	52.8%	52.7%
Indi. Premium sourcing mix (%)	FY19	FY20	FY21	FY22	FY23E	FY24E
Individual agents	21.8%	21.9%	24.0%	27.6%	28.6%	29.6%
Corporate agents-Banks	55.2%	49.7%	45.5%	45.2%	45.0%	44.8%
Direct business	16.7%	20.1%	19.5%	16.3%	18.7%	18.5%
Others	6.3%	8.3%	11.0%	10.9%	7.7%	7.1%



## Financials and valuation

Balance sheet (INR m)	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Sources of Fund</b>						
Share Capital	14,358	14,359	14,360	14,373	14,373	14,373
Reserves And Surplus	54,353	61,056	70,671	75,915	81,980	88,544
<b>Shareholders' Fund</b>	<b>70,423</b>	<b>72,186</b>	<b>91,194</b>	<b>91,631</b>	<b>97,829</b>	<b>1,04,541</b>
Policy Liabilities	3,85,524	4,73,556	6,02,156	7,36,821	8,88,438	11,15,712
Prov. for Linked Liab.	10,36,999	8,80,368	12,77,704	14,05,414	16,44,443	17,92,443
Funds For Future App.	10,344	12,327	13,532	13,833	15,908	18,294
Current liabilities & prov.	36,641	33,304	37,286	52,499	62,986	75,569
<b>Total</b>	<b>16,30,859</b>	<b>15,60,353</b>	<b>21,72,281</b>	<b>24,44,402</b>	<b>27,39,965</b>	<b>31,38,398</b>
<b>Application of Funds</b>						
Shareholders' inv	79,861	74,209	1,00,902	98,535	1,05,432	1,12,812
Policyholders' inv	4,00,712	4,67,503	6,35,726	7,73,880	9,21,940	11,59,710
Assets to cover linked liab.	11,09,458	9,70,850	13,85,491	15,08,663	16,44,443	17,92,443
Loans	2,702	4,631	6,628	9,401	10,623	12,004
Fixed Assets	4,757	4,776	4,572	4,872	5,554	6,332
Current assets	33,368	38,384	38,962	49,051	51,972	55,096
<b>Total</b>	<b>16,30,859</b>	<b>15,60,353</b>	<b>21,72,281</b>	<b>24,44,402</b>	<b>27,39,965</b>	<b>31,38,398</b>
<b>Operating ratios (%)</b>						
Investment yield (%)	6.8%	-8.7%	23.5%	10.9%	5.5%	7.2%
<b>Commissions / GWP</b>						
- first year premiums	16.0%	16.5%	17.9%	17.3%	27.8%	25.9%
- renewal premiums	1.9%	1.8%	1.8%	1.9%	1.8%	1.8%
- single premiums	1.4%	1.1%	1.3%	1.5%	1.1%	1.1%
Operating expenses / GWP	8.4%	8.5%	7.5%	9.8%	13.3%	13.0%
<b>Total expense ratio</b>	<b>13.4%</b>	<b>13.3%</b>	<b>11.7%</b>	<b>14.3%</b>	<b>19.1%</b>	<b>18.8%</b>
Claims / NWP	46.6%	58.9%	64.7%	80.2%	47.8%	46.7%
Solvency margin	215%	194%	217%	205%	195%	187%
<b>Persistency ratios (%)</b>						
13th Month	86.2%	83.2%	84.9%	84.6%	84.4%	84.3%
25th Month	77.4%	75.1%	72.9%	77.3%	79.5%	80.6%
37th Month	71.0%	66.7%	65.8%	66.9%	68.6%	70.6%
49th Month	65.0%	64.6%	63.5%	63.4%	63.6%	64.1%
61st Month	58.1%	56.0%	48.9%	54.7%	56.4%	57.0%
<b>Profitability ratios</b>						
VNB margin (%)	17.0%	21.7%	25.1%	28.0%	31.1%	31.7%
RoE (%)	16.4%	15.0%	11.8%	8.2%	9.7%	9.8%
RoIC (%)	23.5%	22.0%	19.8%	15.5%	18.8%	20.5%
Operating ROEV (%)	20.2%	15.2%	15.2%	11.0%	16.4%	16.9%
RoEV (%)	15.1%	6.5%	26.5%	8.7%	14.3%	16.7%
<b>Valuation ratios</b>						
Total AUMs (INR b)	1,604	1,530	2,142	2,405	2,618	3,065
- Of which equity AUMs (%)	48%	40%	45%	53%	47%	47%
Dividend (%)	49%	24%	0%	20%	22%	24%
Dividend payout ratio (%)	74%	38%	0%	38%	34%	34%
EPS (INR)	8.0	7.4	6.7	5.3	6.4	6.9
VNB (INR b)	13.3	16.0	16.2	21.7	26.6	32.7
EV (INR b)	216.1	230.2	291.1	316.2	361.6	422.0
EV/Per share	150.6	160.4	202.8	220.3	251.9	294.0
VIF as % of EV	66%	66%	67%	74%	75%	77%
P/VIF	5.2	4.9	3.8	3.2	2.7	2.3
P/AUM (%)	46%	48%	34%	31%	28%	24%
P/EV (x)	3.4	3.2	2.5	2.3	2.0	1.7
P/EPS (x)	64.6	69.0	76.7	97.7	80.5	74.2
P/EVOP (x)	19.4	22.4	21.0	23.1	14.2	12.1

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SELL	< - 10%
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NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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