

## ICICI Prudential Life (IPRU) – BUY

### Result Update

Current Market Price (CMP) <b>Rs.522</b>	Target Price <b>Rs.660</b>
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Our Fair value of stock is Rs.660 offering potential upside of 26.4% from current price

### Rationale:

- Recent initiatives on product & channel diversification will drive growth in FY22E.
- We are raising our VNB and EV estimates by 15-19% and 8% respectively.  
(VNB – Value of new business; EV – Embedded Value)
- We expect medium-term operating RoEV will likely remain moderate at 15-16%.  
(RoEV – Return on embedded value)
- IPRU trades at significant discount to peers & at 1.95X/1.69X Price to EV in FY23E/FY24E
- At our fair value of Rs.660, the business will trade at 2.4X EV

### Q4FY21 Earnings update:

#### 👍 Positives:

- 26% yoy growth in VNB on the back of 27% growth in APE (99% yoy growth in Mar'21)
- Overall bouquet is currently diversified. (48% ULIPs, 31% non-linked, 5% group savings & 16% protection)
- The share of ICICI Bank is down to 31% of APE in FY21 (46% in FY20).
- New banking partnerships were 11% of APE (5% in FY20).

#### 👎 Negatives:

- Reported earnings of Rs63.8 crores (down 64% yoy). Expense growth was high at 20% yoy
- Constraints imposed by ICICI Bank & limited product bouquet had affected growth

[Click here](#) To read the detailed report dated 20<sup>th</sup> April 2021. Note: CMP and valuation may differ due to difference in dates.



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Holding Period: 12 months / Disclaimer: <http://bit.ly/2n5AxIE>