

# ICICI PRUDENTIAL LIFE

## RESULT UPDATE

### KEY DATA

<b>Rating</b>	<b>BUY</b>
Sector relative	Outperformer
Price (INR)	594
12 month price target (INR)	770
52 Week High/Low	777/517
Market cap (INR bn/USD bn)	859/9.7
Free float (%)	27.0
Avg. daily value traded (INR mn)	745.7

### SHAREHOLDING PATTERN

	Dec-24	Mar-25	Jun-25
Promoter	73.01%	73.00%	72.96%
FII	12.78%	13.24%	13.12%
DII	9.45%	8.80%	8.86%
Pledge	0%	0%	0%

### FINANCIALS

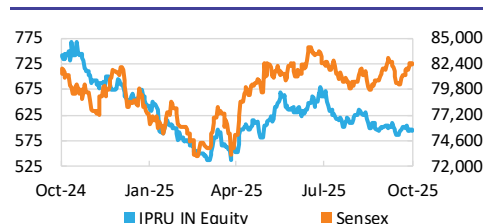
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
APE	104,070	111,204	124,720	141,091
VNB	23,700	26,581	29,751	33,976
VNB margin (%)	22.8	23.9	23.9	24.1
EV	479,480	546,566	621,310	706,459
APAT	11,855	9,333	10,185	11,172
FDEPS	8.2	6.4	7.0	7.7
RoEV (%)	13.0	14.2	13.9	13.9
P/EV (x)	1.8	1.6	1.4	1.2
P/E (x)	73.3	93.1	85.3	77.8

### CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
APE	111.2	124.7	(3.7)	(6.5)
VNB	26.6	29.8	(0.3)	(4.7)
VNB Margin	23.9	23.9	82bp	45bp
Embedded Value	546.6	621.3	(0.0)	(0.2)

### PRICE PERFORMANCE



## Weak print

A 7% YoY drop in Q2FY26 retail APE dragged total APE down 3.3% YoY. Group APE jumped 20.7% YoY led by an 87.5% YoY surge in the group savings segment. Protection share improved 50bp YoY, aiding a VNB margin of 24.4% (+104bp YoY). Consequently, VNB improved 1% YoY (versus estimate of 5.9%) to INR5.9bn. While management did not quantify the ITC non-availability impact on VNB margins, they remain optimistic on GST exemption-driven top-line growth offsetting its (ITC) fallout on margins and delivering absolute VNB growth.

We reducing APE and margin estimates, and FY26E/27E/28E VNB by 0.3%/4.5%/7.5%. This along with a valuation rollover to Sep-27E keeps our TP intact at INR770 (FY27E/28E P/EV of 1.4x/1.2x); retain 'BUY'.

### Agency and direct underpin individual APE declines; group holds up

Individual APE fell 7% YoY as sales dipped across agency (-22.8% YoY) and direct (-9.1% YoY) channels. Growth appears lower also due to high-growth base—individual APE up 26.1% YoY with agency/direct channels surging 44.2%/33.3% YoY in base period. On a two-year CAGR basis, individual APE rose 8.3%. The corporate agency channel grew 22.5% YoY, improving its share to 12.6% (260bp YoY). Management maintained its stance on ICICI bank channel and reiterated that sales from the channel are stable. For Q2, volatile equity markets led to a slowdown in linked products (-280bp YoY to 49%). Share of traditional products decreased 100bp YoY in the mix to 26.9% largely on account of lower annuity sales, which contracted 47% YoY. Management stated that, within traditional products, sales of NPAR products are higher (at 2:1), which should aid margins. Share of protection improved 50bp YoY to 17.3%. Growth of 2.4% YoY in individual protection was partially offset by a 2.4% YoY dip in group protection. Slowdown in MFI lending and high competitive intensity resulted in a decline in group protection. Group savings business shot up 87.5% YoY.

### VNB at INR5.1bn, up only 1% YoY; other metrics subdued

VNB margin improved 24.4% (+104bp YoY/-7bp QoQ) on the back of: i) the product mix change in favour of protection (+50bp YoY); ii) higher sum assured multiples; iii) rider attachments; and iv) cost control. For H1FY26, IPRU reported cost/premium ratio of 19.2% (-280bp YoY) and savings LOB at 12.7% (-280bp YoY). For H1FY26, EV increased 9.7% YoY to INR505bn driven by 18.1% YoY growth in VIF to INR377.6bn. EV also builds in impact of GST hit due to non-availability of ITC on back-book. IPRU reported an AUM increase of just 0.3% YoY (down 0.9% QoQ) to INR3.2tn amid significant net cash outflows of INR46.1bn during H1FY26. H1FY26 APAT jumped 25.3% YoY to INR 6bn.

### Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
APE	24,220	25,040	(3.3)	18,640	29.9
VNB	5,920	5,860	1.0	4,570	29.5
VNB margin (%)	24.4	23.4	104bp	24.5	(7)bp
EV	505,010	460,180	9.7	0	

## Financial Statements

### Policyholder AC (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
<b>Total Premium earned</b>	<b>472,594</b>	<b>503,658</b>	<b>577,280</b>	<b>663,735</b>
Commission	48,594	49,690	57,175	65,840
Operating expenses	39,716	49,852	56,550	64,342
Provisions and taxes	9,454	8,833	8,589	8,473
Benefits Paid	461,825	492,896	491,348	498,339
Other income	2,232	2,456	2,701	2,971
Transfer from shareholders AC	3,178	3,337	3,504	3,679
<b>Net Cash Flow</b>	<b>(81,584)</b>	<b>(91,820)</b>	<b>(30,177)</b>	<b>33,391</b>
Income from Investments	228,195	268,664	287,693	310,670
Change in valuation of liabilities	135,714	171,538	251,336	336,837
<b>Surplus/(deficit) after tax</b>	<b>10,897</b>	<b>5,305</b>	<b>6,180</b>	<b>7,225</b>
<b>Transfer to shareholders AC</b>	<b>10,931</b>	<b>3,183</b>	<b>3,708</b>	<b>4,335</b>

### Shareholders AC (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Transfer from Policyholders' a/c	10,931	3,183	3,708	4,335
Investment income and other Income	7,304	12,246	12,919	13,655
<b>Total income</b>	<b>18,234</b>	<b>15,429</b>	<b>16,628</b>	<b>17,991</b>
Expenses	1,640	1,721	1,808	1,898
Contrib. to Policyholders' a/c	3,178	3,337	3,504	3,679
Provisions other than taxation	100	0	0	0
<b>Profit before tax</b>	<b>13,317</b>	<b>10,370</b>	<b>11,316</b>	<b>12,414</b>
Taxes	1,462	1,037	1,132	1,241
<b>PAT</b>	<b>11,855</b>	<b>9,333</b>	<b>10,185</b>	<b>11,172</b>

### Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	14,453	14,453	14,453	14,453
Reserve and surplus	105,551	113,951	123,117	133,172
<b>Net worth</b>	<b>120,004</b>	<b>128,404</b>	<b>137,570</b>	<b>147,625</b>
<b>Borrowings</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>
Credit/debit bal. in fair value a/c	(666)	(666)	(666)	(666)
Policyholders' a/c	2,930,225	3,101,763	3,353,099	3,689,936
Funds for future appropriation	12,832	13,153	13,481	13,818
<b>Total Liabilities</b>	<b>3,088,395</b>	<b>3,268,654</b>	<b>3,529,485</b>	<b>3,876,714</b>
Investments	3,039,791	3,219,255	3,479,250	3,825,602
Loans	24,191	24,191	24,191	24,191
Fixed assets + DTA	8,501	8,501	8,501	8,501
Net current assets	15,911	16,707	17,542	18,419
Goodwill	0	0	0	0
<b>Total Assets</b>	<b>3,088,395</b>	<b>3,268,654</b>	<b>3,529,485</b>	<b>3,876,714</b>

Source: Company and Nuvama estimates

### Key metrics (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
NBP	232,306	255,410	295,324	341,482
APE	104,070	111,204	124,720	141,091
VNB	23,700	26,581	29,751	33,976
EV	479,480	546,566	621,310	706,459
EVOP	55,330	65,519	75,762	86,266
PAT	11,855	9,333	10,185	11,172
FDEPS (INR)	8.2	6.4	7.0	7.7
FDBVPS (INR)	82.6	88.4	94.7	101.6
<b>Growth (YoY %)</b>				
NBP	24.4	9.9	15.6	15.6
APE	15.0	6.9	12.2	13.1
VNB	6.4	12.2	11.9	14.2
EV	13.3	14.0	13.7	13.7
EVOP	10.3	18.4	15.6	13.9
PAT	39.4	(21.3)	9.1	9.7
FDEPS	38.7	(21.3)	9.1	9.7
FDBVPS	12.0	7.0	7.1	7.3
<b>Expense ratios (%)</b>				
Commissions/TWRP	10.3	9.9	9.9	9.9
Opex/TWRP	8.4	9.9	9.8	9.7
Total expenses/TWRP	18.7	19.8	19.7	19.6
<b>Efficiency ratios (%)</b>				
VNB Margin	22.8	23.9	23.9	24.1
ROEV return	13.0	14.2	13.9	13.9
Operating RoEV	13.1	13.7	13.9	13.9
Non-operating RoEV	(0.1)	0.5	0	0
RoAA	0.4	0.3	0.3	0.3
RoAE	10.5	7.5	7.7	7.8

### Valuation

Year to March	FY25A	FY26E	FY27E	FY28E
P/E (x)	73.3	93.1	85.3	77.8
P/ABV (x)	7.2	6.8	6.3	5.9
P/EV (x)	1.8	1.6	1.4	1.2
P/VNB Multiple (x)	18.6	14.4	10.6	7.1
P/EVOP (x)	15.6	13.2	11.4	10.0
P/VIF (x)	2.6	2.1	1.8	1.5
P/AUM (x)	0.3	0.3	0.2	0.2

### Valuation on TP

Year to March	FY25A	FY26E	FY27E	FY28E
P/E (x)	94.4	119.9	109.8	100.1
P/ABV (x)	9.3	8.7	8.1	7.6
P/EV (x)	2.3	2.0	1.8	1.6
P/VNB Multiple (x)	29.0	23.8	19.0	14.4
P/EVOP (x)	20.1	17.0	14.7	12.9
P/VIF (x)	3.3	2.7	2.3	2.0
P/AUM (x)	0.4	0.3	0.3	0.3

**Exhibit 1: Total APE down 3.3% YoY; VNB margin improves 104bp YoY to 24.4%**

Particulars	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%/bp)	QoQ (%/bp)
<b>New Business Premium (INR bn)</b>	<b>49.3</b>	<b>64.4</b>	<b>74.4</b>	<b>40.1</b>	<b>54.4</b>	<b>10.4</b>	<b>35.7</b>
<b>Total APE (INR bn)</b>	<b>25.0</b>	<b>24.4</b>	<b>35.0</b>	<b>18.6</b>	<b>24.2</b>	<b>(3.3)</b>	<b>29.9</b>
-Saving APE	20.8	20.5	30.3	14.6	20.0	(3.8)	37.7
-Protection APE	4.2	3.9	4.7	4.1	4.2	(0.5)	2.4
Saving APE share (%)	83.1	84.0	86.6	78.1	82.7	(40)bp	460bp
Protection APE share (%)	16.9	16.0	13.4	21.9	17.3	40bp	(460)bp
<b>VNB calculated (INR bn)</b>	<b>5.9</b>	<b>5.2</b>	<b>8.0</b>	<b>4.6</b>	<b>5.9</b>	<b>1.0</b>	<b>29.5</b>
<b>VNB Margin (%)#</b>	<b>23.4</b>	<b>21.2</b>	<b>22.7</b>	<b>24.5</b>	<b>24.4</b>	<b>104bp</b>	<b>(7)bp</b>
YTD VNB (INR bn)*	10.6	15.8	23.7	4.6	10.5	(0.9)	NA
<b>VNB Margin (%)*</b>	<b>23.7</b>	<b>22.8</b>	<b>22.8</b>	<b>24.5</b>	<b>24.5</b>	<b>80bp</b>	<b>NA</b>

Source: Company, Nuvama Research #Calculated VNB margin for the quarter;\* indicates FYTD VNB and VNB margins

**Exhibit 2: APE product mix moves 300bp YoY in favour of non-linked to 22.1%; ULIP sales fall 8.5% YoY**

Particulars	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%/bp)	QoQ (%/bp)
<b>Product mix on APE basis (INR bn)</b>							
<b>Individual savings</b>	<b>19.9</b>	<b>17.8</b>	<b>27.8</b>	<b>13.7</b>	<b>18.4</b>	<b>(7.8)</b>	<b>34.0</b>
Non-linked	4.8	4.0	10.0	4.0	5.4	11.9	33.8
ULIP	13.0	12.0	15.2	8.7	11.9	(8.5)	36.1
Group Savings	0.9	2.7	2.5	0.8	1.7	87.5	98.8
<b>Protection</b>	<b>4.2</b>	<b>3.9</b>	<b>4.7</b>	<b>4.1</b>	<b>4.2</b>	<b>(0.5)</b>	<b>2.4</b>
Individual Protection	1.7	1.5	1.7	1.4	1.7	2.4	22.3
Group Protection	2.6	2.4	3.0	2.7	2.5	(2.4)	(7.8)
Individual annuity	2.2	1.8	2.6	1.0	1.2	(47.0)	16.0
Group annuity	0.0	0.0	0.0	0.0	0.0	NM	NM
<b>Total</b>	<b>25.0</b>	<b>24.4</b>	<b>35.0</b>	<b>18.6</b>	<b>24.2</b>	<b>(3.2)</b>	<b>29.9</b>
<b>Product mix - APE Basis (%)</b>							
<b>Individual Savings</b>	<b>79.7</b>	<b>72.9</b>	<b>79.4</b>	<b>73.6</b>	<b>75.9</b>	<b>(380)bp</b>	<b>230bp</b>
Non-linked	19.1	16.2	28.6	21.5	22.1	300bp	60bp
ULIP	51.8	49.2	43.4	46.8	49.0	(280)bp	220bp
Group Savings	3.5	11.0	7.2	4.5	6.8	330bp	240bp
Protection	16.8	16.0	13.4	21.9	17.3	50bp	(460)bp
<b>Individual Protection</b>	<b>6.6</b>	<b>6.1</b>	<b>4.9</b>	<b>7.5</b>	<b>7.0</b>	<b>40bp</b>	<b>(40)bp</b>
Group Protection	10.2	9.9	8.6	14.5	10.3	10bp	(420)bp
Individual Annuity	8.7	7.5	7.4	5.4	4.8	(400)bp	(60)bp
Group Annuity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Source: Company, Nuvama Research

**Exhibit 3: Share of agency declines 630bp YoY to 24.9% while share of banca channel improves 120bp YoY to 30.6%**

Channel Mix-APE basis (%)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%/bp)	QoQ (%/bp)
Bancassurance	29.4	25.0	32.9	29.7	30.6	120bp	90bp
Agency	31.2	29.9	26.5	24.9	24.9	(630)bp	(10)bp
Direct	15.8	14.9	12.5	13.5	14.9	(100)bp	130bp
Corporate Agents	9.9	9.2	12.4	12.9	12.6	260bp	(30)bp
Group	13.7	21.0	15.7	18.9	17.1	340bp	(180)bp
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Source: Company, Nuvama Research

**Exhibit 4: Cost ratios decline YoY; persistency declines across 13<sup>th</sup> and 61<sup>st</sup> cohort**

Particulars	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%/bp)	QoQ (%/bp)
Cost/TWRP (%)	26.9	24.9	19.8	NA	NA	NA	NA
Cost/TWRP (savings business) (%)	16.9	14.8	12.6	NA	NA	NA	NA
Cost/Total premium (%)	NA	NA	NA	21.2	17.7	270bp	350bp
Cost/Total premium (savings business) (%)	NA	NA	NA	14.1	NA	NA	NA
<b>Solvency Ratio (%)</b>	<b>188.6</b>	<b>211.8</b>	<b>212.2</b>	<b>212.3</b>	<b>213.2</b>	<b>2,460bp</b>	<b>90bp</b>
<b>AUM INR bn</b>	<b>3,205</b>	<b>3,104</b>	<b>3,094</b>	<b>3,245</b>	<b>3,215</b>	<b>0.3</b>	<b>(0.9)</b>
<b>Persistency(%)</b>							
<b>13th month persistency</b>	<b>89.8</b>	<b>89.8</b>	<b>89.1</b>	<b>86.0</b>	<b>85.3</b>	<b>(450)bp</b>	<b>(70)bp</b>
25th month persistency	81.0	81.6	82.6	83.4	83.1	210bp	(30)bp
37th month persistency	73.7	74.5	75.2	75.1	75.2	150bp	10bp
<b>49th month persistency</b>	<b>69.9</b>	<b>69.2</b>	<b>69.5</b>	<b>69.8</b>	<b>70.5</b>	<b>60bp</b>	<b>70bp</b>
61st month persistency	65.9	65.3	64.1	63.8	62.9	(300)bp	(90)bp

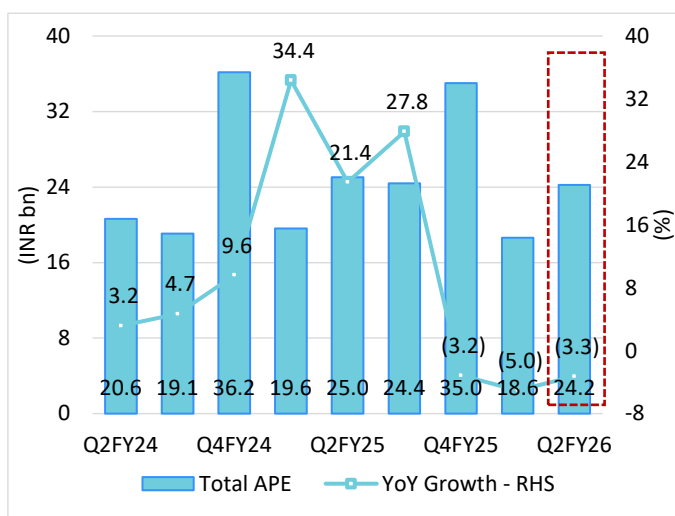
Source: Company, Nuvama Research

**Exhibit 5: H1FY26 APE declines 4.1% YoY at INR42.9bn; PAT grew 25.3% YoY to INR6bn in H1FY26**

<u>Re-arranged income statement (INR bn)</u>	Q2FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)	H1FY25	H1FY26	YoY (%)	FY26E	FY27E	FY28E
<b><u>Policyholder's account</u></b>											
<b>Reported APE</b>	<b>25.0</b>	<b>18.6</b>	<b>24.2</b>	<b>(3.3)</b>	<b>29.9</b>	<b>44.7</b>	<b>42.9</b>	<b>(4.1)</b>	<b>111.2</b>	<b>124.7</b>	<b>141.1</b>
Premiums											
- First Year Premium	20.6	14.5	19.8	(4.1)	36.7	35.8	34.2	(4.5)	95.2	109.5	125.9
- Renewal Premium	60.9	49.4	68.5	12.6	38.7	104.2	117.9	13.2	258.5	293.7	335.8
- Single Premium	30.3	25.7	34.7	14.5	35.2	54.6	60.4	10.6	160.2	185.9	215.6
<b>Net premium income</b>	<b>107.5</b>	<b>85.0</b>	<b>118.4</b>	<b>10.1</b>	<b>39.3</b>	<b>186.3</b>	<b>203.5</b>	<b>9.2</b>	<b>503.7</b>	<b>577.3</b>	<b>663.7</b>
Commissions											
- First Year Premium	3.9	2.8	4.9	27.3	76.4	6.5	7.7	18.4	21.9	25.1	28.9
- Renewal Premium	1.3	1.0	1.6	22.5	51.2	2.1	2.6	21.1	5.5	6.2	7.0
- Single Premium	5.1	5.3	6.2	21.1	18.3	9.7	11.5	18.4	21.3	24.7	28.6
<b>Net commissions and rewards</b>	<b>12.3</b>	<b>9.8</b>	<b>12.7</b>	<b>3.1</b>	<b>29.2</b>	<b>21.8</b>	<b>22.6</b>	<b>3.5</b>	<b>49.7</b>	<b>57.2</b>	<b>65.8</b>
Operating expenses related to insurance	10.6	9.1	8.8	(16.7)	(3.0)	20.9	17.9	(14.7)	49.9	56.5	64.3
Provisions and taxes	1.8	2.2	2.2	22.1	1.6	3.6	4.4	22.5	8.8	8.6	8.5
<b>Benefits paid</b>	<b>120.2</b>	<b>97.6</b>	<b>112.8</b>	<b>(6.2)</b>	<b>15.5</b>	<b>215.4</b>	<b>210.4</b>	<b>(2.3)</b>	<b>492.9</b>	<b>491.3</b>	<b>498.3</b>
Other income and trf to shareholders	(0.2)	1.7	4.0	NM	137.1	2.1	5.7	174.4	5.8	6.2	6.7
<b>Net cash flow</b>	<b>(37.6)</b>	<b>(32.0)</b>	<b>(14.1)</b>	<b>NM</b>	<b>NM</b>	<b>(73.4)</b>	<b>(46.1)</b>	<b>NM</b>	<b>(91.8)</b>	<b>(30.2)</b>	<b>33.4</b>
Investment income	142.8	166.5	(2.3)	(101.6)	(101.4)	316.3	164.2	(48.1)	268.7	287.7	310.7
Change in liabilities	104.2	130.7	(21.2)	(120.3)	(116.2)	239.1	109.5	(54.2)	171.5	251.3	336.8
<b>Surplus</b>	<b>0.9</b>	<b>3.8</b>	<b>4.8</b>	<b>422.9</b>	<b>28.9</b>	<b>3.8</b>	<b>8.6</b>	<b>128.4</b>	<b>5.3</b>	<b>6.2</b>	<b>7.2</b>
- transfer to shareholders	1.0	2.7	4.2	312.7	55.3	3.9	6.9	76.7	3.2	3.7	4.3
- FFA	0.1	1.1	0.6	609.1	(38.8)	0.0	1.7	3,924.1	2.1	2.5	2.9
<b><u>Shareholder's account</u></b>											
Transfer from policyholder's account	1.0	2.7	4.2	312.7	55.3	3.9	6.9	76.7	3.2	3.7	4.3
Income	1.3	2.5	3.3	159.9	32.2	2.9	5.8	96.3	11.9	12.6	13.3
Expenses including trfs	(0.6)	1.7	4.1	NM	133.2	1.4	5.8	319.3	5.1	5.3	5.6
<b>PBT</b>	<b>2.9</b>	<b>3.4</b>	<b>3.4</b>	<b>19.6</b>	<b>(0.7)</b>	<b>5.5</b>	<b>6.9</b>	<b>25.8</b>	<b>10.1</b>	<b>11.0</b>	<b>12.1</b>
Taxes	0.3	0.4	0.5	35.1	9.0	0.7	0.9	28.8	1.0	1.1	1.2
<b>PAT</b>	<b>2.5</b>	<b>3.0</b>	<b>3.0</b>	<b>17.5</b>	<b>(2.1)</b>	<b>4.8</b>	<b>6.0</b>	<b>25.3</b>	<b>9.0</b>	<b>9.9</b>	<b>10.9</b>
<b>FDEPS (INR)</b>	<b>1.7</b>	<b>2.1</b>	<b>2.0</b>	<b>17.5</b>	<b>(2.1)</b>	<b>3.3</b>	<b>4.1</b>	<b>25.3</b>	<b>6.4</b>	<b>7.0</b>	<b>7.7</b>

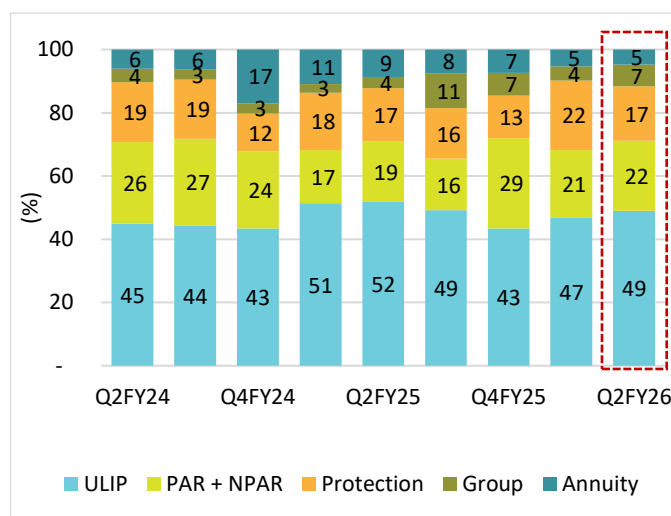
Source: Company, Nuvama Research

**Exhibit 6: APE declines 3.3% YoY to INR24.2bn**



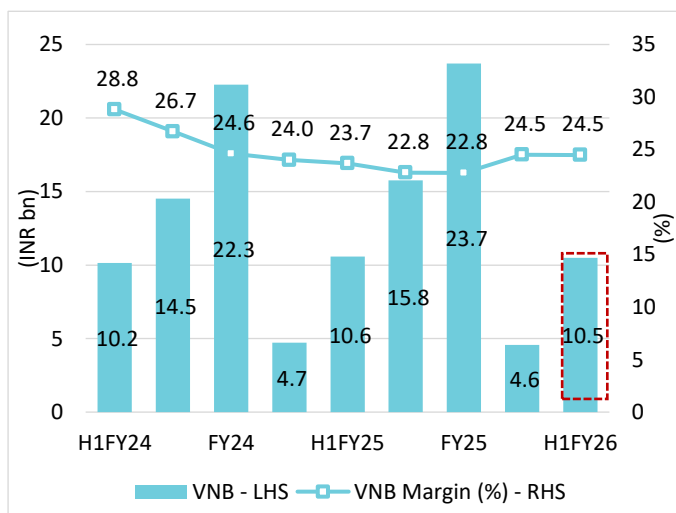
Source: Company, Nuvama Research

**Exhibit 7: ULIP share in mix falls 280bp YoY to 49%**



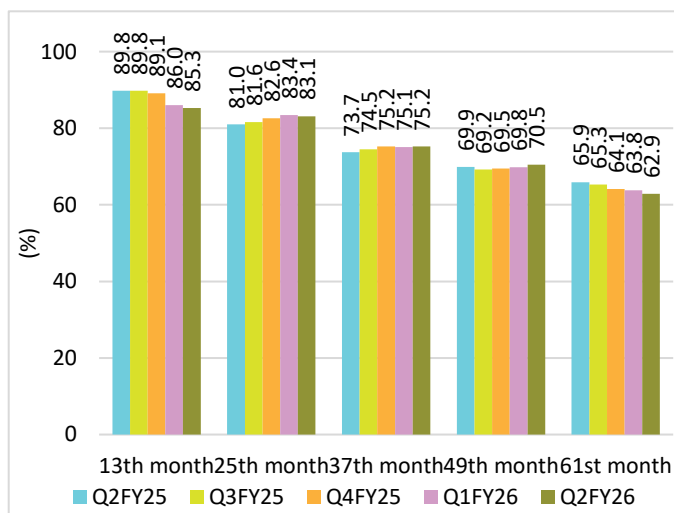
Source: Company, Nuvama Research

**Exhibit 8: VNB increases 1% YoY, margin up 104bp YoY**



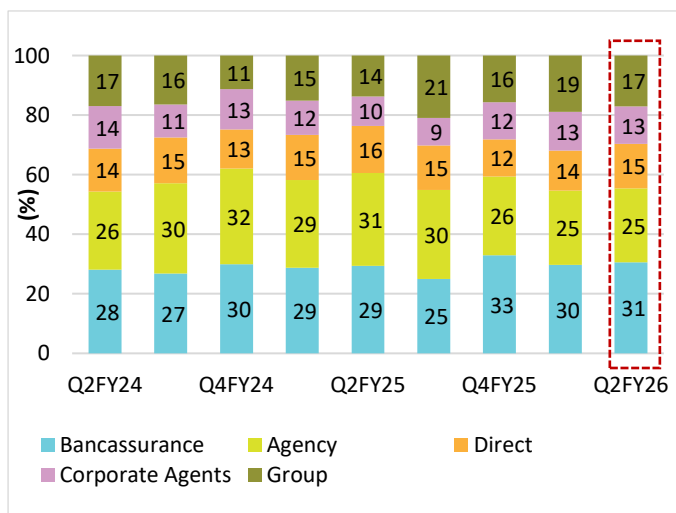
Source: Company, Nuvama Research

**Exhibit 9: Persistency declines across 13<sup>th</sup> and 61<sup>st</sup> cohorts**

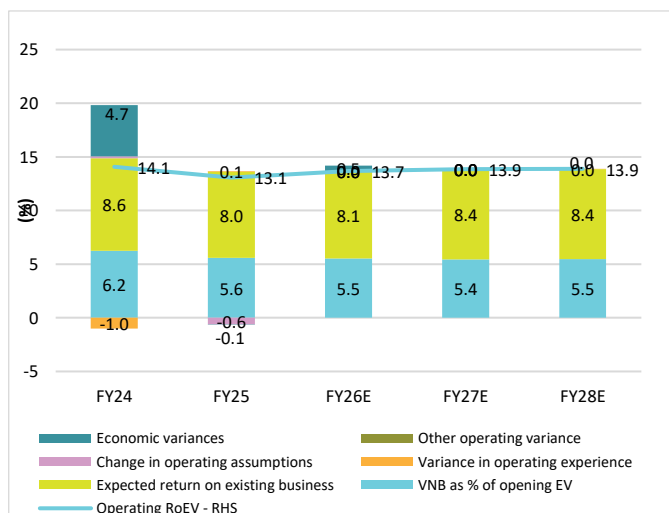


Source: Company, Nuvama Research

**Exhibit 10: Share of agency in mix dips 630bp to 24.9%**



**Exhibit 12: RoEV expected at 13.9% over FY25–27E**



Source: Company, Nuvama Research

**Exhibit 13: EV movement (INR mn)**

<b>EV movement table</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
Opening IEV	316,250	356,340	423,350	479,480	546,566	621,310
Net VNB	27,650	22,270	23,700	26,581	29,751	33,976
Expected return on existing business	27,080	30,710	33,900	38,838	45,912	52,190
Variance in Operating experience	1,760	(3,520)	270	100	100	100
Change in operating assumptions	(1,610)	700	(2,540)	0	0	0
Other operating variance	0	0	0	0	0	0
IEV operating earnings	54,880	50,160	55,330	65,519	75,762	86,266
Economic variances	(14,490)	16,910	(240)	2,500	0	0
Other non-operating variances	0	0	0	0	0	0
Total IEV earnings	40,390	67,070	55,090	68,019	75,762	86,266
Capital contributions / dividend payouts	(300)	(60)	1,040	(933)	(1,018)	(1,117)
Closing IEV	356,340	423,350	479,480	546,566	621,310	706,459

Source: Company, Nuvama Research

**Exhibit 14: Sensitivity analysis**

<b>Sensitivity Analysis</b>	<b>FY24</b>		<b>FY25</b>	
	% change in		% change in	
	<b>VNB</b>	<b>EV</b>	<b>VNB</b>	<b>EV</b>
Increase by 100bps in the reference rates	(11.7)	(3.5)	(3.7)	(3.5)
Decrease by 100bps in the reference rates	10.9	3.8	3.9	3.8
10% increase in the discontinuance rates	(4.8)	(0.4)	(1.6)	(0.4)
10% decrease in the discontinuance rates	5.1	0.4	1.8	0.4
10% increase in mortality/ morbidity rates	(14.9)	(2.0)	(3.6)	(2.4)
10% decrease in mortality/ morbidity rates	15.0	2.1	3.6	2.3
10% increase in acquisition expenses	(18.0)	NA	(3.9)	NA
10% decrease in acquisition expenses	18.1	NA	3.9	NA
10% increase in maintenance expenses	(3.4)	(0.8)	(0.8)	(0.7)
10% decrease in maintenance expenses	3.4	0.8	0.8	0.7
Tax rates increased to 25%	(11.4)	(6.6)	(2.4)	(6.5)
10% increase in equity values	1.1	1.6	0.3	1.4
10% decrease in equity values	(0.1)	(1.7)	(0.2)	(1.5)

Source: Company, Nuvama Research

**Exhibit 15: Estimates revisions**

	<b>Earlier</b>			<b>Revised</b>			<b>Change (%/bps)</b>		
<b>(INR bn)</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
APE	115.4	133.4	154.2	111.2	124.7	141.1	(3.7)	(6.5)	(8.5)
VNB	26.6	31.2	36.7	26.6	29.8	34.0	(0.3)	(4.7)	(7.5)
VNB Margin (%)	23.1	23.4	23.8	23.9	23.9	24.1	82bps	45bps	26bps
EV	546.6	622.8	710.9	546.6	621.3	706.5	(0.0)	(0.2)	(0.6)
Operating RoEV (%)	13.7	14.1	14.3	13.7	13.9	13.9	-1bps	-27bps	-43bps
<b>Target Price (INR)</b>	<b>770</b>			<b>770</b>			<b>-</b>		
<b>Rating</b>	<b>BUY</b>			<b>BUY</b>					

Source: Nuvama Research

## Q2FY26 conference call highlights

### Growth

Management indicated that Q2FY26 APE growth was impacted by a strong base effect (+31% YoY). However, with a more favourable base in H2FY26 and an expected uptick in demand following the GST exemption, growth momentum is likely to improve in the second half and beyond. The company continues to prioritise top-line expansion, which is expected to support sustainable VNB growth over medium term.

### VNB margins

Improvement in VNB margins is attributable to a shift in product mix towards non-linked and protection segments and to ongoing cost control efforts. Management emphasized that higher sum assured, rider attachment, favourable movement in yield curve and longer-tenure products also support margin expansion. While refraining from giving explicit margin guidance, it stated the focus will remain on growing absolute VNB.

### Changes in GST

Management highlighted that the GST exemption on individual life insurance products is a positive move expected to boost demand. The non-availability of ITC will have a limited short-term impact (1% of FY25 EV). The company is renegotiating distributor commissions and optimizing costs to offset this. Management clarified that the GST change will be reflected as an assumption change in the EV movement, with the impact being highest on non-par and protection products, followed by linked and par segments.

### Distribution channels

#### Agency channel

The agency channel declined 22.8% YoY in Q2FY26, impacted by a high base and lower ULIP and annuity sales. However, management reiterated that the agency channel remains a key focus area.

#### Bancassurance channel

In the bancassurance channel, ICICI Bank remained steady around INR1bn per month. Lower ULIP sales impacted overall banca growth. Management noted that after strong 30% growth in H1FY25, H1FY26 appears flat due to the high base.

### Product performance

#### ULIPs

ULIP demand remained muted in H1FY26, while management expects an eventual recovery.

#### Protection

Group protection remained stable and well-diversified, with strong performance in Group Term, while Credit Life was flat due to weakness in the MFI segment.

#### Non-par segments

In the non-par segment, improved customer preferences drove higher volumes, and the current PAR/NPAR mix stands balanced at 50:50.



Management mentioned that there has been no changes in IRR of NPAR products. However, they expect an uptick in IRR for customer due to removal of GST.

## **Agency**

The company added approximately 18,000 agents on a net basis between April and September, representing about 15% of total private sector agent additions

## **Other key points**

### **Cost**

Cost management continues to be effective with expenses in both PAR and NPAR segments maintained within EOM regulatory guidelines. Management stated that its cost control initiatives are aligned to products mix, which the company sells. The company follows the products in demand and then accordingly changes cost as per the product.

### **Persistency**

The drop in 13th-month persistency was explained by the high retention in Mar-23 due to tax changes; this caused a temporary spike in Sep-24 (89.8%), which has now normalised to 85%. Management also mentioned that some persistency cohort level is lower than assumption.

### **EV**

ANW was impacted by MTM losses on debt and lower persistency. Management stated that the GST impact has been factored into both the existing book and H1FY26 VNB.

## Company Description

IPru Life is consistently rated as one of the top players in India's life insurance sector on the basis of APE as well as NBP. It was set up in FY01 as a joint venture between ICICI Bank and Prudential Corporation Holdings. It offers long-term savings (linked, participating and non-participating) and protection products (individual life, credit cover and group life) to meet different life stage requirements of customers. The company was also the first insurance player in India to get listed on NSE and BSE in FY17.

The company reported AUM of INR3.0tn in FY25 end and a solvency ratio of 212.2%, well above the regulatory threshold of 150%. It has a market share on new business sum assured of ~11.9% in FY25.

IPru Life has a high exposure to ULIPs among leading life insurers with 48.3% of total APE for FY25. The residual consists of traditional products – non-linked, and protection at 36.0%/15.7%, respectively. On the distribution front, while agency contributes 28.9% of total APE, balance comes from bancassurance (29.4%), direct (14.4%), partnership distribution (10.9%), and group (16.4%).

Strategy of the company is to create value for stakeholders, namely customers, employees, and shareholders. It aims to grow the absolute VNB through 4P levers—premium growth, protection focus, persistency improvement, and productivity enhancement.

## Investment Theme

Given strong brand name and distribution strength, derived primarily from bancassurance (29.4% share), augmented by a fairly large agency force (contributing 28.9% share), we see IPRU as one of the top insurers in the country. Near term we do see headwinds from the reluctance of ICICI Bank selling insurance but we see IPRU adding new partners to tide over this growth hiccup. VNB margin of 22.8% in FY25 has declined YoY largely on account of product mix shift in favor linked savings.

## Key Risks

- Protracted weakness in capital markets affecting ULIP persistency: Limited renewals obviously hurt a largely fixed cost-quasi asset management business—through a rundown in asset size and consequent cost-driven profitability pressures
- Any further slowdown in ICICI Bank channel which the company is not able to fill up with business from newer partners
- Regulatory changes that can have a profound impact
- Technology-based disruption attempts, which may break the stranglehold of existing players, if new licenses are granted

## Additional Data

### Management

CEO	Anup Bagchi
CFO	Dhiren Salian
CDO	Amit Palta
Other	
Auditor	Walker Chandilok & Co. LLP and M.P. Chitale & Co.

### Holdings – Top 10\*

	% Holding		% Holding
SBI Funds Manag	2.32	Compassvale inv	1.98
ICICI Prudentia	2.27	CAMAS Inv PTE L	1.76
Norges bank	2.10	Blackrock Inc	1.16
Government Pens	2.07	Vanguard Group	1.08
Republic of Sin	2.00	Baillie Gifford	0.66

\*Latest public data

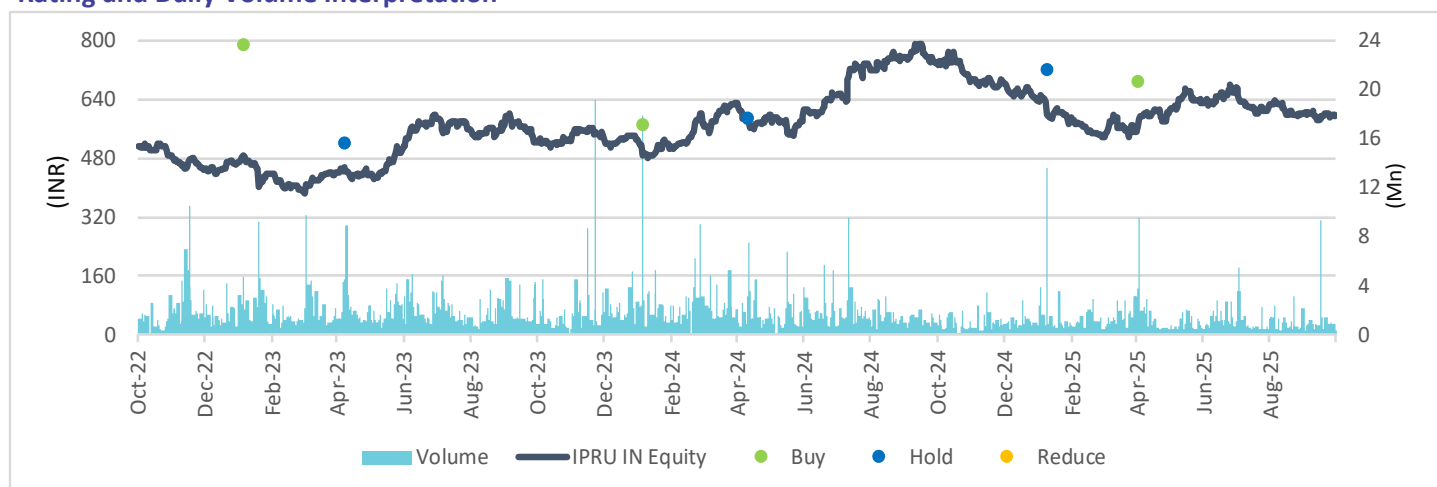
### Recent Company Research

Date	Title	Price	Reco
15-Jul-25	Higher protection share drives margins; <i>Result Update</i>	670	Buy
15-Apr-25	In-line performance; <i>Result Update</i>	567	Buy
21-Jan-25	Change in mix hurts margin; <i>Result Update</i>	633	Hold

### Recent Sector Research

Date	Name of Co./Sector	Title
09-Oct-25	Life Insurance	Growth to improve; margins tighten; <i>Sector Update</i>
09-Oct-25	Life Insurance	Sep-25: Sales rise post-GST exemption; <i>Sector Update</i>
09-Sep-25	Life Insurance	Aug-25: Growth stutters; <i>Sector Update</i>

### Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

### Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

## DISCLAIMER

Nuvama Wealth Management Limited (defined as “NWML” or “Research Entity”) a company duly incorporated under the Companies Act, 1956 (CIN No L67110MH1993PLC344634) having its Registered office situated at 801- 804, Wing A, Building No. 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, Investment Adviser, Research Analyst and other related activities. Name of Compliance officer: Mr. Abhijit Talekar, E-mail address: [researchcompliance@nuvama.com](mailto:researchcompliance@nuvama.com) Contact details +91 9004510449 Investor Grievance e-mail address- [grievance.nwm@nuvama.com](mailto:grievance.nwm@nuvama.com)

This Report has been prepared by NWML in the capacity of a Research Analyst having SEBI Registration No.INH000011316 and Enlistment no. 5723 with BSE and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NWML and associates, subsidiaries / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. NWML reserves the right to make modifications and alterations to this statement as may be required from time to time. NWML or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NWML is committed to providing independent and transparent recommendation to its clients. Neither NWML nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of NWML. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of NWML and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

NWML shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the NWML to present the data. In no event shall NWML be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the NWML through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients other than intended recipients as customers by virtue of their receiving this report.

NWML and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. (c) NWML may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. (d) The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with NWML.

NWML or its associates may have received compensation from the subject company in the past 12 months. NWML or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. NWML or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or NWML's associates may have financial interest in the subject company. NWML and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. NWML, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: ( i) exchange rates can be volatile and are subject to large fluctuations; ( ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company in the last 12 month period ending on the last day of the month immediately preceding the date of publication of the Report.: No

NWML has financial interest in the subject companies: No

NWML's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report

NWML has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by NWML on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. A graph of daily closing prices of the securities is also available at [www.nseindia.com](http://www.nseindia.com)

Artificial Intelligence (“AI”) tools may have been used (i) during the information gathering stage for compiling or collating the data from-(a) publicly available data sources; (b) databases to which NWML subscribes; and (c) internally generated research data, and/or (ii) for compiling summaries of the report.

**Analyst Certification:**

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

**Additional Disclaimers****Disclaimer for U.S. Persons**

This research report is a product of NWML, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by NWML only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, NWML has entered into an agreement with a U.S. registered broker-dealer, Nuvama Financial Services Inc. (formerly Edelweiss Financial Services Inc.) ("NFSI"). Transactions in securities discussed in this research report should be effected through NFSI.

**Disclaimer for U.K. Persons**

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

**Disclaimer for Canadian Persons**

This research report is a product of NWML, which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by NWML only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

NWML is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) NWML is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) NWML's head office or principal place of business is located in India; (iii) all or substantially all of NWML's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against NWML because of the above; and (v) the name and address of the NWML's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

**Disclaimer for Singapore Persons**

In Singapore, this report is being distributed by Nuvama Investment Advisors Private Limited (NIAPL) (Previously Edelweiss Investment Advisors Private Limited ("EIAPL")) (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to NIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR. Persons in Singapore should contact NIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

**Disclaimer for Hong Kong persons**

This report is distributed in Hong Kong by Nuvama Investment Advisors (Hong Kong) Private Limited (NIAHK) (Previously Edelweiss Securities (Hong Kong) Private Limited (ESHK)), a licensed corporation (BOM -874) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to Section 116(1) of the Securities and Futures Ordinance "SFO". This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of any individual recipients. The Indian Analyst(s) who compile this report is/are not located in Hong Kong and is/are not licensed to carry on regulated activities in Hong Kong and does not / do not hold themselves out as being able to do so.

INVESTMENT IN SECURITIES MARKET ARE SUBJECT TO MARKET RISKS. READ ALL THE RELATED DOCUMENTS CAREFULLY BEFORE INVESTING. REGISTRATION GRANTED BY SEBI, MEMBERSHIP OF RAASB AND CERTIFICATION FROM NISM IN NO WAY GUARANTEE PERFORMANCE OF NWML OR PROVIDE ANY ASSURANCE OF RETURNS TO INVESTORS AND CLIENTS.

---

Abneesh Roy  
Head of Research Committee  
Abneesh.Roy@nuvama.com

---