

January 14, 2026

Q3FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		HOLD	
Target Price	725		710	
NBP-APE (Rs mn)	1,21,856	1,37,697	1,20,600	1,35,700
% Chng.	1.0	1.5		
VNB (Rs mn)	29,855	34,011	29,300	33,200
% Chng.	1.9	2.4		
EV (Rs mn)	6,19,704	7,05,183	6,18,600	7,03,200
% Chng.	0.2	0.3		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
NBP (Rs mn)	2,32,306	2,69,252	3,02,454	3,41,773
APE (Rs mn)	1,04,070	1,08,720	1,21,856	1,37,697
VNB (Rs mn)	23,700	26,419	29,855	34,011
Margin (%)	22.8	24.3	24.5	24.7
Embedded Value (Rs mn)	4,79,500	5,44,989	6,19,704	7,05,183
EVOP (Rs mn)	55,330	65,549	74,724	85,357
RoEV (%)	13.1	13.7	13.7	13.8
P/EV (x)	2.0	1.8	1.6	1.4

Key Data	ICIR.BO IPRU IN
52-W High / Low	Rs.707 / Rs.526
Sensex / Nifty	83,628 / 25,732
Market Cap	Rs.990.4bn / \$ 10,980.8m
Shares Outstanding	1,447.8m
3M Avg. Daily Value	Rs.970.5m

Shareholding Pattern (%)	
Promoter's	72.93
Foreign	13.16
Domestic Institution	8.65
Public & Others	5.26
Promoter Pledge (Rs bn)	-

Stock Performance (%)	1M	6M	12M
Absolute	5.8	1.7	6.5
Relative	7.0	(0.9)	(4.6)

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Growth picks up; structural improvement in margin

Quick Pointers:

- APE growth picking up led by surge in retail protection
- 9MFY26 Margin improves to 24.4% despite drag from GST exemption

While Q3 APE grew 3.5% YoY, company saw a strong surge in retail protection (+41% YoY) due to GST exemption. We expect the momentum to continue in Q4/ FY27E led by strong traction in retail protection, steady growth in NPAR and recovery in credit life. Q3 VNB margin improved to 24.4% driven by an increase in retail protection volume. Moreover, steady growth in NPAR, higher sum assured/ tenure and improved rider attachment helped offset the drag on profitability from GST exemption. We increase our FY26- FY28E VNB margin estimates by 20-50bps, factoring a sustainable improvement in margin profile. We use the appraisal value framework to value IPRU at a TP of Rs725 (1.9x FY27E P/EV). Upgrade to ACCUMULATE as valuation continues to be undemanding.

- **Growth picking up led by retail protection:** IPRU Life saw an APE growth of 3.5% YoY in 3QFY26 to Rs25.2bn driven by a strong growth in protection (+19% YoY). A surge in retail protection APE post GST exemption (+41% YoY) along with a recovery in credit life contributed to higher volumes in group protection (+6% YoY). While ULIP growth was lukewarm (+8% YoY), non-linked portfolio grew 15% YoY, driven by new launches. Linked / Non-Linked / Annuity / Group / Protection comprised 52% / 18% / 6% / 6% of APE in 3QFY26. Company expects the momentum to continue in Q4, factoring in a benign base, pick-up in credit life and sustained demand in retail protection/ NPAR. While we build an APE growth of ~5% in FY26E, we expect it to pick-up to 12% / 13% in FY27/ FY28E respectively.
- **VNB margin seeing structural improvement:** 3QFY26 VNB grew 19% YoY to Rs6.2bn. Q3 VNB margin rose to 24.4% (in-line with 9MFY26 VNB Margin) led by a surge in retail protection and cost optimisation measures. Company continues to engage with distributors on lower commissions and expects higher sum assured/ tenure and rider attachment to offset the drag on profitability from non-availability of ITC credit. We increase our FY26-FY28E VNB Margin estimates by 20-50bps to account for better-than-expected performance in 9MFY26 and long-term alignment in cost structures.
- **13M persistency trend to be monitored:** 13M persistency saw a drop to 84.4% (vs. 85.3% in Sep-25) due to challenges in some channel and product pockets where persistency levels were lower than expected. AUM grew 6% YoY to Rs3,307.3bn and company re-raised sub-debt of Rs 12bn in Nov-25. Solvency ratio stood at 214.8%, sufficiently above the regulatory threshold of 150%.

- **Partnership distribution drives growth; banca steady:** Agency/ Direct/ Banca/ Partnership Distribution/ Group contributed 29%/15%/27%/14%/16% to overall APE in 3QFY26. While growth across proprietary channels (agency and direct) was largely flat YoY, partnership distribution grew 52% YoY led by retail protection. Banca grew 10% YoY with a stable run-rate for ICICIB (Rs ~1 bn per month). 9MFY26 Total Cost/ TWRP improved to 19.3% (vs. 19.8% in 9MFY25) and company highlighted positive operating leverage resulting in an improved margin profile.

Exhibit 1: Q3FY26 Result Overview

Financials (Rs mn)	3QFY26	3QFY25	YoY gr. (%)	2QFY26	QoQ gr. (%)
NBP	56,321	64,389	(12.5)	54,453	3.4
Net premium	118,093	122,614	(3.7)	118,431	(0.3)
Investment & other income	104,928	(77,449)	(235.5)	1,725	5981.4
Total income	223,020	45,165	393.8	120,156	85.6
Net commission	12,375	11,037	12.1	12,727	(2.8)
Opex	11,161	9,744	14.5	8,793	26.9
Total mgmt expenses	23,536	20,781	13.3	21,520	9.4
GST	73	1,758	(95.8)	1,543	(95.3)
Provision for taxes	549	355	54.5	468	17.3
Claims	124,019	123,110	0.7	112,767	10.0
Change in actuarial liability	74,939	(105,013)	(171.4)	(21,194)	(453.6)
Total cost	223,333	40,975	445.0	115,307	93.7
Surplus/(deficit)	(313)	4,190	(107.5)	4,849	(106.4)
T/f to s/hs' account	(969)	3,260	(129.7)	4,203	(123.1)
Investment & other income	2,783	1,805	54.2	3,186	(12.6)
Total income	1,814	5,065	(64.2)	7,389	(75.4)
Non-insurance expenses	447	296	51.0	506	(11.5)
T/f from p/hs' account	(969)	3,260	(129.7)	4,203	(123.1)
PBT	4,472	3,758	19.0	3,470	28.9
Taxes	570	502	13.6	478	19.4
PAT	3,902	3,257	19.8	2,993	30.4
AUM (Rs bn, Reported)	3,307	3,104	6.5	3,215	2.9
APE	25,250	24,390	3.5	24,220	4.3
Value of New Business	6,150	5,170	19.0	5,920	3.9

Source: Company, PL

Exhibit 2: Actual performance v/s. our Estimates

(Rs mn)	3Q FY26	3Q FY25	YoY gr. (%)	2Q FY26	QoQ gr. (%)	3Q FY26E	% Var.
APE	25,250	24,390	3.5	24,220	4.3	22,476	12.3
VNB	6,150	5,170	19.0	5,920	3.9	5,169	19.0
VNB Margin (%)	24.4	21.2	320bps	24.4	0bps	23.0	140bps

Source: Company, PL

Exhibit 3: Change in Estimates

	Revised estimate		Earlier estimate			% Revision			
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
NBP-APE	1,08,720	1,21,856	1,37,697	1,08,700	1,20,600	1,35,700	0.0	1.0	1.5
VNB	26,419	29,855	34,011	25,900	29,300	33,200	2.0	1.9	2.4
VNB margin (%)	24.3	24.5	24.7	23.8	24.3	24.5	50bps	20bps	20bps
EV	5,44,989	6,19,704	7,05,183	5,44,400	6,18,600	7,03,200	0.1	0.2	0.3

Source: PL

Exhibit 4: Appraisal Value Framework

	Value (Rs mn)
FY27 VNB	29,855
VNB Multiple	16.9x
Structural Value - (A)	503,183
Embedded Value, F26E - (B)	544,989
Appraisal Value- (A) + (B)	1,048,172
No. of shares o/s (#)	1,445.3
Value per share (Rs)	725
Implied P/EV, F27E	1.9x

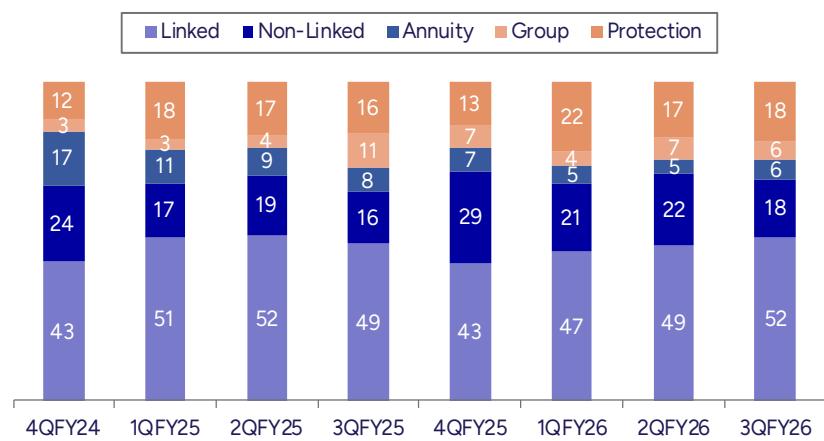
Source: PL

Q3FY26 Concall Highlights

- Company launched new products across the legacy, children and linked segments namely ICICI Wealth Forever, ICICI Pru SmartKid 360 and ICICI Pru Wealth Elite
- VNB margin was supported by a higher retail protection mix, stronger rider attachment, longer policy tenure and favorable yield curve movement
- Management expects annuity performance to improve in the coming quarters as the baseline normalizes
- An impact of Rs110mn on margins has been taken to account for labor law changes; no major impact is foreseen as the labor policy is already aligned with the new laws
- Commentary suggests the mix between PAR to NPAR within non-linked segment is roughly at 60:40
- MFI credit life saw a decline impacting H1FY26 APE; however, the segment is showing signs of recovery
- GST-related negotiations with distributors remain under discussion and are expected to impact only prospective business of the company
- Rider attachment continues to be driven only through new sales for the company and not through existing business
- Company called back sub-debt of Rs12bn and replaced it with fresh subordinate debt
- Cost to Premium ratio improved due to continuous alignment of cost structure with the product mix despite increase in expenses due to unavailability of ITC
- Management indicated that the cost structure remains stable and the company is well placed to manage any macro-level changes
- 13M persistency is expected to sustain at current level or exceed 85% by mid-FY27

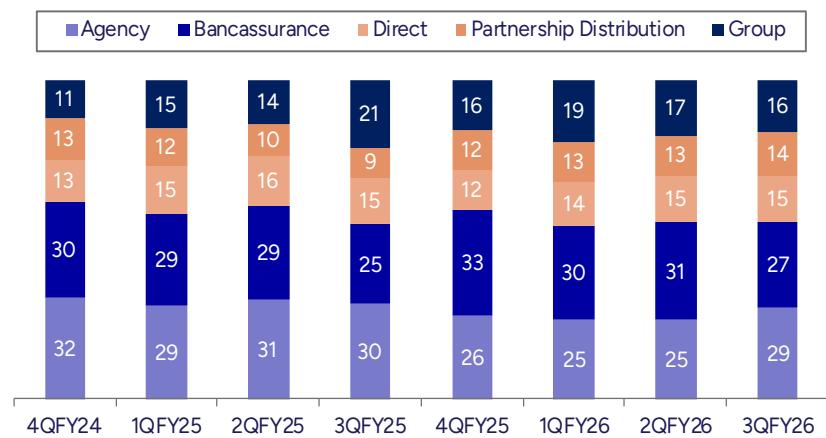
- Company continues to strengthen its diversified distribution franchise with over 0.24mn advisors, 51 banca partners having an access to 24,700 branches and 1,400+ distribution partners
- Product mix by Total APE (ULIP / Non-linked savings / Annuity / Group / Protection) stood at 52% / 18% / 6% / 6% / 18% in Q3FY26
- Distribution mix by Total APE (Banca / Agency / Direct / Partnership distribution / Group) stood at 27% / 29% / 15% / 14% / 16% in Q3FY26
- Solvency ratio remains comfortable at 214.8% as of Q3FY26

Exhibit 5: APE mix by product segment (%)



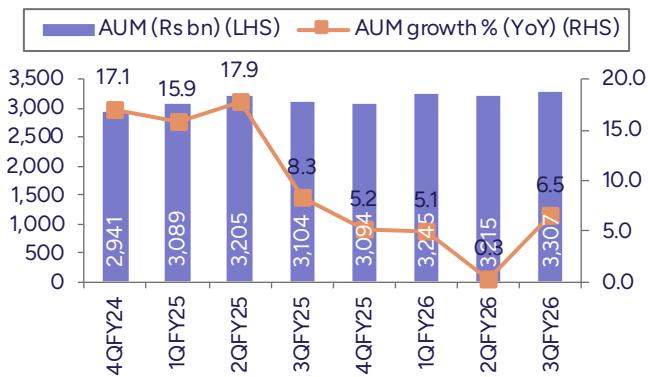
Source: Company, PL

Exhibit 6: Diversified channel-wise APE mix (%)



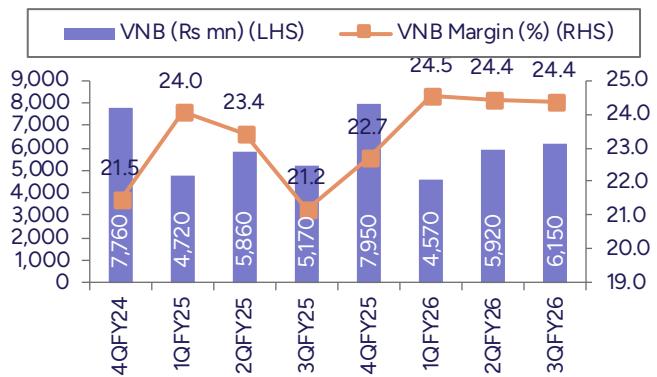
Source: Company, PL

Exhibit 7: AUM saw a growth of 6.5% YoY



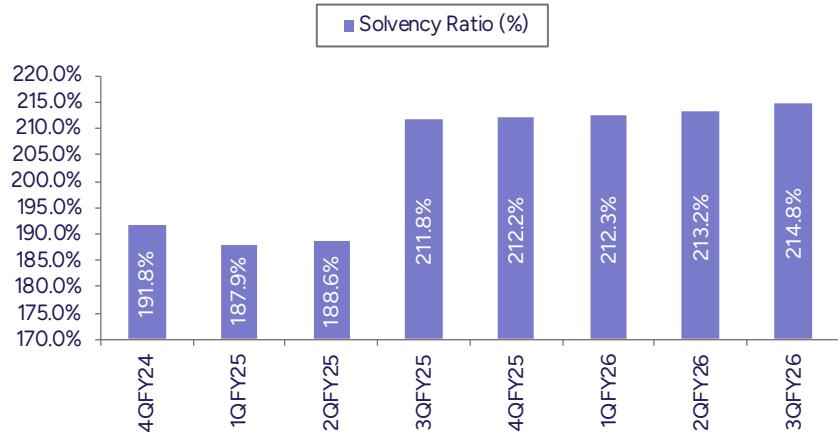
Source: Company, PL

Exhibit 8: VNB was at Rs6.1bn while margin stood at 24.4%



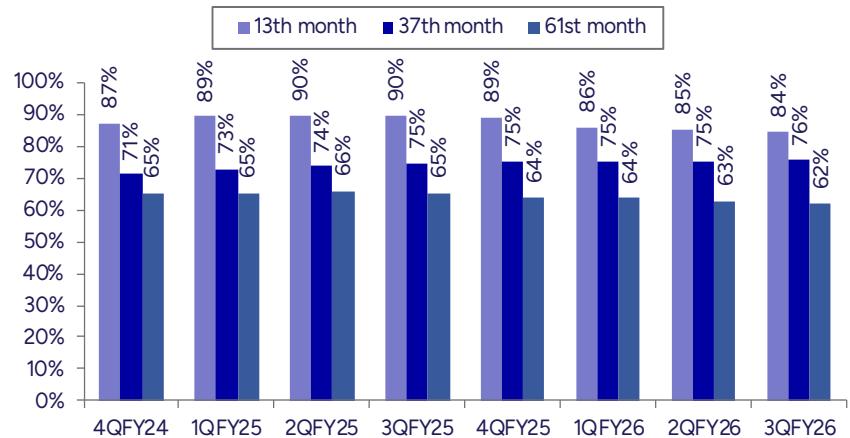
Source: Company, PL

Exhibit 9: Solvency ratio comfortable at ~215%



Source: Company, PL

Exhibit 10: Persistency trends remain healthy; seeing a drop in 13M



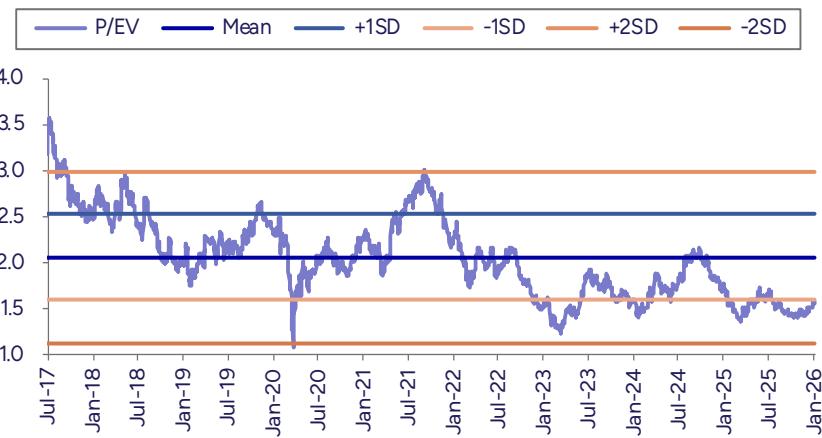
Source: Company, PL

Exhibit 11: Key Metrics

	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Commission ratio (%)	9.0	9.6	11.6	10.7	10.5
Opex ratio (%)	7.9	5.5	10.7	12.0	9.5
Mgmt expense ratio (%)	16.9	15.1	22.2	22.8	19.9
Claims ratio (%)	100.4	75.3	114.8	95.2	105.0
Solvency ratio (%)	211.8	212.2	212.3	213.2	214.8
Yield on s/hs' funds					
with unrealized gains (%)	5.0	6.2	19.1	1.1	14.5
without unrealized gains (%)	6.2	6.6	6.4	8.2	7.3
Persistency (%)					
13th month	89.8	89.1	86.0	85.3	84.4
37th month	74.5	75.2	75.1	75.2	75.5
61st month	65.3	64.1	63.8	62.9	61.8
Conservation ratio (%)	81.7	81.0	84.4	84.1	81.1

Source: Company, PL

Exhibit 12: One-year forward P/EV of IPRU Life trades at 1.6x



Source: Company, PL

Financials

Exhibit 13: Revenue Account

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
FYP (first year premium)	70,315	81,146	90,883	101,789	115,022
SP (single premium)	116,473	151,160	178,369	200,665	226,751
NBP (new business premium)	186,788	232,306	269,252	302,454	341,773
RP (renewal premium)	245,568	257,202	277,445	303,870	336,697
Gross premium	432,356	489,507	546,696	606,324	678,470
(-) Reinsurance ceded	14,760	16,913	19,134	21,221	23,746
Net premiums	417,597	472,594	527,562	585,103	654,724
Investment & other income	485,476	233,605	246,298	270,994	297,540
Total income	903,073	706,199	773,861	856,097	952,264
- Commission expenses	37,220	48,594	52,724	57,048	61,612
- Operating expenses	41,260	39,716	46,469	48,506	54,278
- Provision for doubtful debts and taxes	6,173	6,953	8,741	9,585	10,605
Operating surplus	818,420	610,937	665,925	740,959	825,769
- Benefits paid (net)	397,459	454,711	464,692	485,059	597,054
- Interim & terminal bonuses paid	2,601	7,114	2,000	2,000	2,000
- Change in reserves	406,390	135,714	182,598	233,409	199,533
Pre-tax surplus / (deficit)	11,970	13,398	16,635	20,490	27,183
Provisions for tax	1,079	2,502	3,106	3,826	5,076
Post-tax surplus / (deficit)	10,891	10,896	13,529	16,664	22,107

Source: Company, PL

Exhibit 14: P&L Account

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
T/f from technical a/c	14,719	10,931	12,176	15,831	21,002
Investment and other income	13,835	7,304	14,883	16,669	18,669
Total income	28,554	18,234	27,059	32,500	39,671
Total expenses	19,322	4,917	13,048	15,558	18,569
PBT	9,232	13,317	14,011	16,942	21,102
Provision for tax	708	1,462	1,538	1,859	2,316
PAT	8,524	11,855	12,473	15,083	18,786

Source: Company, PL

Exhibit 15: Balance Sheet

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds					
Shareholders' fund	110,086	119,338	126,903	140,477	157,385
Policy liabilities	2,812,318	2,956,225	3,248,722	3,582,275	3,904,305
Funds for future appropriations	12,866	12,832	1,353	833	1,105
Total	2,935,270	3,088,395	3,376,979	3,723,586	4,062,795
Application of Funds					
Shareholders' investments	105,755	140,404	157,253	176,123	197,258
Policyholders' investments	1,143,182	1,286,988	1,539,917	1,748,800	1,994,544
Asset held to cover linked liabilities	1,648,424	1,612,399	1,644,647	1,776,219	1,847,267
Net other and current assets	37,909	48,604	35,162	22,444	23,725
Total	2,935,270	3,088,395	3,376,979	3,723,586	4,062,795

Source: Company, PL

Exhibit 16: Embedded Value (EV)

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Opening EV	356,380	423,370	479,500	544,989	619,704
Unwind	30,710	33,900	38,360	43,599	49,576
VNB	22,270	23,700	26,419	29,855	34,011
Operating variance	-2,820	-2,270	770	1,270	1,770
EV Operating Profit (EVOP)	50,160	55,330	65,549	74,724	85,357
Non-operating variance	16,910	-240	1,000	1,500	2,000
EV Profit	67,070	55,090	66,549	76,224	87,357
Net capital injection	-60	1,040	-1,060	-1,508	-1,879
Closing EV	423,390	479,500	544,989	619,704	705,183

Source: Company, PL

Exhibit 17: Key Ratios

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Growth (%)					
APE	4.7	15.0	4.5	12.1	13.0
Renewal premium	9.0	4.7	7.9	9.5	10.8
Net premium	8.3	13.2	11.6	10.9	11.9
PAT	5.1	39.1	5.2	20.9	24.6
Total AUM	16.7	4.9	9.9	10.8	9.1
Total Assets	17.3	5.2	9.3	10.3	9.1
Expense analysis (%)					
Commission ratio	7.2	8.4	8.5	8.2	8.0
Opex ratio	9.5	8.1	8.5	8.0	8.0
Claims ratio	95.2	96.2	85.0	80.0	88.0
P/hs' opex / Avg P/hs' AUM	1.6	1.4	1.5	1.4	1.5
Profitability analysis (%)					
RoA	0.3	0.4	0.4	0.4	0.5
RoE	8.3	10.5	10.1	11.2	12.6
RoEV	14.1	13.1	13.7	13.7	13.8
VNB margin	24.6	22.8	24.3	24.5	24.7
S/hs' AUM yield	13.5	5.9	10.0	10.0	10.0
P/hs' AUM yield	18.0	8.0	8.0	8.0	8.0
Balance sheet analysis					
P/hs' funds / P/hs' AUM (x)	1.0	1.0	1.0	1.0	1.0
P/hs' liabilities / Net worth (x)	25.4	25.5	25.1	25.4	25.0
Per share data (Rs)					
EPS	5.9	8	9	10	13
BVPS	74	83	88	98	109
EVPS	294	332	377	429	488
Valuation data (x)					
P/E	114.7	82.8	78.7	65.1	52.2
P/BV	9.2	8.2	7.7	7.0	6.2
P/EV	2.3	2.0	1.8	1.6	1.4

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Jan-26	HOLD	710	679
2	15-Oct-25	BUY	710	597
3	06-Oct-25	BUY	725	601
4	10-Sep-25	BUY	725	598

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	BUY	1,700	1,470
2	Bajaj Finance	BUY	1,125	969
3	Can Fin Homes	Accumulate	1,015	927
4	Cholamandalam Investment and Finance Company	Accumulate	1,850	1,787
5	HDFC Life Insurance Company	BUY	900	755
6	ICICI Prudential Life Insurance Company	Hold	710	679
7	LIC Housing Finance	BUY	645	538
8	Mahindra & Mahindra Financial Services	Accumulate	375	360
9	Max Financial Services	BUY	1,925	1,672
10	SBI Life Insurance Company	Hold	1,950	2,067
11	Shriram Finance	BUY	1,150	996
12	Sundaram Finance	Hold	5,000	5,288

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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