

ICICI PRUDENTIAL LIFE

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	670
12 month price target (INR)	770
52 Week High/Low	797/517
Market cap (INR bn/USD bn)	968/11.3
Free float (%)	27.0
Avg. daily value traded (INR mn)	816.3

SHAREHOLDING PATTERN

	Mar-25	Dec-24	Sep-24
Promoter	73%	73.01%	73.05%
FII	13.24%	12.78%	12.98%
DII	8.8%	9.45%	9.29%
Pledge	0%	0%	0%

FINANCIALS

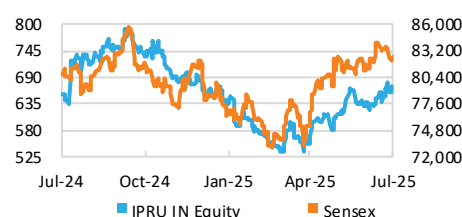
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
APE	104,070	115,429	133,402	154,243
VNB	23,700	26,649	31,220	36,744
VNB margin (%)	22.8	23.1	23.4	23.8
EV	479,480	546,629	622,839	710,872
APAT	11,855	9,380	10,272	11,298
FDEPS	8.2	6.5	7.1	7.8
RoEV (%)	13.0	14.2	14.1	14.3
P/EV (x)	2.0	1.8	1.6	1.4
P/E (x)	82.4	104.1	95.0	86.4

CHANGE IN ESTIMATES

INR bn	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
APE	115.4	133.4	(2.7)	(2.7)
VNB	26.6	31.2	(0.1)	0.8
VNB Margin	23.1	23.4	61bp	81bp
Embedded Value	546.6	622.8	0.4	0.4

PRICE PERFORMANCE



Higher protection share drives margins

Led by a 9.3% YoY drop in retail APE, total APE decreased 5% YoY in Q1FY26. Group APE posted 18.9% YoY growth as group savings segment surged 53.7% YoY. Protection share rose 390bp YoY, aiding VNB margin of 24.5% (+50bp YoY) that were up 170bp versus FY25 as product-level margins were similar to FY25 levels. Consequently, VNB fell 3.2% YoY to INR4.6bn (0.8% versus estimate). Management reiterated commitment to delivering absolute VNB growth.

We are fine-tuning APE/VNB margin estimates resulting in a change to our FY26E/27E/28E VNB by -0.1%/+0.8%/+2.1%. We are slightly increasing TP to INR770 (earlier INR760) i.e. FY26E/27E P/EV of 2.0x/1.8x; retain 'BUY'.

Weak headline growth despite strong protection performance

Individual APE fell 9.3% YoY as sales dipped across agency (-19.4% YoY), direct (-15.4% YoY) and bancassurance (-2.1% YoY). Growth appears lower also due to high growth in base quarter—individual APE had increased 42.3% YoY in base quarter, where the agency/direct channels had delivered growth of 61.6%/40.6%. On a 2Y CAGR basis, individual APE has grown 13.6%. Corporate agency channel expanded 6.6% YoY improving its share to 12.9% (140bp YoY). Management maintained their stance on the ICICI Bank channel and reiterated that sales from the channel are stable. For Q1, volatile equity markets led to a slowdown in linked products (-460bp YoY to 46.8%). Share of traditional products fell 90bp YoY in the mix to 26.8%, largely on account of lower annuity sales, which decreased 53.3% YoY. Management highlighted that they were seeing a shift in type of product—with higher sales of single premium annuity. Share of protection improved 390bp YoY to 21.9% mainly driven by individual protection, which surged 24.1% YoY. A slowdown in MFI lending and high competitive intensity resulted in lower growth in group protection.

VNB decreases 3% despite margin beat

For Q1FY26, the VNB margin improved to 24.5% (+47bp YoY/+182bp QoQ) as the product mix changed in favour of protection (+390bp YoY). Management said that improvement in margin was largely product mix driven and product level margins were similar to full year FY25 margins. The company reported cost/premium ratios for total business at 21.2% (-1,140bp) and savings business at 14.1% (-510bp YoY). It reported an AUM increase of 5.1% YoY/4.9% QoQ to INR3.2tn as the company faced significant net cash outflows of INR32bn during Q1FY26. Q1FY26 renewal premium continued to remain weak with growth of just 14% YoY; Q1 APAT surged 34% YoY to INR3bn.

Financials

Year to March (INR mn)	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
APE	18,640	19,630	-5.0	35,020	-46.8
VNB	4,570	4,720	-3.2	7,950	-42.5
VNB margin (%)	24.5	24.0	47bp	22.7	182bp
EV	NA	NA	NA	NA	NA

Financial Statements

Policyholder AC (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total Premium earned	472,594	507,798	585,755	676,953
Commission	48,594	50,670	58,389	67,314
Operating expenses	39,716	50,262	57,380	65,623
Provisions and taxes	9,454	8,854	8,632	8,540
Benefits Paid	461,825	492,896	491,791	499,703
Other income	2,232	2,456	2,701	2,971
Transfer from shareholders AC	3,178	3,337	3,504	3,679
Net Cash Flow	(81,584)	(89,091)	(24,231)	42,423
Income from Investments	228,195	268,789	288,227	311,928
Change in valuation of liabilities	135,714	174,307	257,660	346,910
Surplus/(deficit) after tax	10,897	5,391	6,336	7,441
Transfer to shareholders AC	10,931	3,235	3,802	4,465

Shareholders AC (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Transfer from Policyholders' a/c	10,931	3,235	3,802	4,465
Investment income and other Income	7,304	12,246	12,923	13,666
Total income	18,234	15,480	16,725	18,131
Expenses	1,640	1,721	1,808	1,898
Contribution to Policyholders' a/c	3,178	3,337	3,504	3,679
Provisions other than taxation	100	0	0	0
Profit before tax	13,317	10,422	11,413	12,554
Taxes	1,462	1,042	1,141	1,255
PAT	11,855	9,380	10,272	11,298

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	113,992	123,237	133,405
Net worth	120,004	128,446	137,690	147,859
Borrowings	26,000	26,000	26,000	26,000
Credit/debit bal. in fair value a/c	(666)	(666)	(666)	(666)
Policyholders' a/c	2,930,225	3,104,531	3,362,191	3,709,101
Funds for future appropriation	12,832	13,153	13,481	13,818
Total Liabilities	3,088,395	3,271,464	3,538,697	3,896,112
Investments	3,039,791	3,222,064	3,488,462	3,845,000
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
Total Assets	3,088,395	3,271,464	3,538,697	3,896,112

Source: Company and Nuvama estimates

Key metrics (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
NBP	232,306	259,635	300,183	347,069
APE	104,070	115,429	133,402	154,243
VNB	23,700	26,649	31,220	36,744
EV	479,480	546,629	622,839	710,872
EVOP	55,330	65,587	77,237	89,163
PAT	11,855	9,380	10,272	11,298
FDEPS (INR)	8.2	6.5	7.1	7.8
FDBVPS (INR)	82.6	88.4	94.8	101.8
Growth (YoY %)				
NBP	24.4	11.8	15.6	15.6
APE	15.0	10.9	15.6	15.6
VNB	6.4	12.4	17.2	17.7
EV	13.3	14.0	13.9	14.1
EVOP	10.3	18.5	17.8	15.4
PAT	39.4	(20.9)	9.5	10.0
FDEPS	38.7	(20.9)	9.5	10.0
FDBVPS	12.0	7.0	7.2	7.4
Expense ratios (%)				
Commissions/TWRP	10.3	10.0	10.0	9.9
Opex/TWRP	8.4	9.9	9.8	9.7
Total expenses/TWRP	18.7	19.9	19.8	19.6
Efficiency ratios (%)				
VNB Margin	22.8	23.1	23.4	23.8
ROEV return	13.0	14.2	14.1	14.3
Operating RoEV	13.1	13.7	14.1	14.3
Non-operating RoEV	(0.1)	0.5	0	0
RoAA	0.4	0.3	0.3	0.3
RoAE	10.5	7.6	7.7	7.9

Valuation

Year to March	FY25A	FY26E	FY27E	FY28E
P/E (x)	82.4	104.1	95.0	86.4
P/ABV (x)	8.1	7.6	7.1	6.6
P/EV (x)	2.0	1.8	1.6	1.4
P/VNB Multiple (x)	23.1	18.4	13.6	9.4
P/EVOP (x)	17.5	14.8	12.6	10.9
P/VIF (x)	2.9	2.3	2.0	1.7
P/AUM (x)	0.3	0.3	0.3	0.3

Valuation on TP

Year to March	FY25A	FY26E	FY27E	FY28E
P/E (x)	93.1	117.7	107.5	97.7
P/ABV (x)	9.2	8.6	8.0	7.5
P/EV (x)	2.3	2.0	1.8	1.5
P/VNB Multiple (x)	28.4	23.2	17.6	12.9
P/EVOP (x)	19.8	16.7	14.2	12.3
P/VIF (x)	3.3	2.6	2.3	1.9
P/AUM (x)	0.4	0.3	0.3	0.3

Exhibit 1: Total APE decreases 5% YoY; VNB margin improves 47bp YoY to 24.5%

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
New Business Premium (INR bn)	37.7	49.3	64.4	74.4	40.1	6.4	(46.1)
Total APE (INR bn)	19.6	25.0	24.4	35.0	18.6	(5.0)	(46.8)
-Saving APE	16.1	20.8	20.5	30.3	14.6	(9.5)	(52.0)
-Protection APE	3.6	4.2	3.9	4.7	4.1	15.2	(13.2)
Saving APE share (%)	81.9	83.1	84.0	86.6	78.1	(390)bp	(850)bp
Protection APE share (%)	18.1	16.9	16.0	13.4	21.9	390bp	850bp
VNB calculated (INR bn)	4.7	5.9	5.2	8.0	4.6	(3.2)	(42.5)
VNB Margin (%)#	24.0	23.4	21.2	22.7	24.5	47bp	182bp
YTD VNB (INR bn)*	4.7	10.6	15.8	23.7	4.6	0.0	0.0
VNB Margin (%)*	24.0	23.7	22.8	22.8	24.5	-	-

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

Exhibit 2: APE product mix moves 390bp YoY in favour of protection to 21.9%

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
Product mix on APE basis (INR bn)							
Individual savings	15.5	19.9	17.8	27.8	13.7	(11.7)	(50.6)
Non-linked	3.3	4.8	4.0	10.0	4.0	20.8	(60.0)
ULIP	10.1	13.0	12.0	15.2	8.7	(13.6)	(42.6)
Group Savings	0.5	0.9	2.7	2.5	0.8	53.7	(66.9)
Protection	3.6	4.2	3.9	4.7	4.1	15.2	(13.2)
Individual Protection	1.1	1.7	1.5	1.7	1.4	24.1	(18.7)
Group Protection	2.4	2.6	2.4	3.0	2.7	11.1	(10.0)
Individual annuity	2.1	2.2	1.8	2.6	1.0	(53.3)	(61.4)
Group annuity	0.0	0.0	0.0	0.0	0.0	NM	NM
Total	19.6	25.0	24.4	35.0	18.6	(5.0)	(46.8)
Product mix - APE Basis (%)							
Individual Savings	79.2	79.7	72.9	79.4	73.6	(560)bp	(580)bp
Non-linked	16.9	19.1	16.2	28.6	21.5	460bp	(710)bp
ULIP	51.4	51.8	49.2	43.4	46.8	(460)bp	340bp
Group Savings	2.8	3.5	11.0	7.2	4.5	170bp	(270)bp
Protection	18.1	16.8	16.0	13.4	21.9	390bp	850bp
Individual Protection	5.7	6.6	6.1	4.9	7.5	180bp	260bp
Group Protection	12.4	10.2	9.9	8.6	14.5	210bp	590bp
Individual Annuity	10.9	8.7	7.5	7.4	5.4	(550)bp	(200)bp
Group Annuity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	100	100	100	100	100		

Source: Company, Nuvama Research

Exhibit 3: Share of group increases 380bp YoY to 18.9% while agency decreases 440bp YoY to 24.9%

Channel Mix-APE basis (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
Bancassurance	28.8	29.4	25.0	32.9	29.7	90bp	(320)bp
Agency	29.4	31.2	29.9	26.5	24.9	(440)bp	(150)bp
Direct	15.2	15.8	14.9	12.5	13.5	(170)bp	100bp
Corporate Agents	11.5	9.9	9.2	12.4	12.9	140bp	50bp
Group	15.1	13.7	21.0	15.7	18.9	380bp	320bp
Total	100	100	100	100	100		

Source: Company, Nuvama Research

Exhibit 4: Cost ratios decrease YoY while persistency improves across 25th and 37th cohorts

Particulars	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%/bp)	QoQ (%/bp)
Cost/TWRP (%)	32.6	26.9	24.9	19.8	NA	NA	NA
Cost/TWRP (savings business) (%)	19.2	16.9	14.8	12.6	NA	NA	NA
Cost/Total premium (%)	24.0	NA	NA	NA	21.2	(280)bp	NA
Cost/Total premium (savings business) (%)	16.8	NA	NA	NA	14.1	(270)bp	NA
Solvency Ratio (%)	187.9	188.6	211.8	212.2	212.3	2,440bp	10bp
AUM INR bn	3,089	3,205	3,104	3,094	3,245	5.1	4.9
Persistency(%)							
13th month persistency	89.7	89.8	89.8	89.1	86.0	(370)bp	(310)bp
25th month persistency	80.6	81.0	81.6	82.6	83.4	280bp	80bp
37th month persistency	72.8	73.7	74.5	75.2	75.1	230bp	(10)bp
49th month persistency	70.7	69.9	69.2	69.5	69.8	(90)bp	30bp
61st month persistency	65.9	65.9	65.3	64.1	63.8	(210)bp	(30)bp

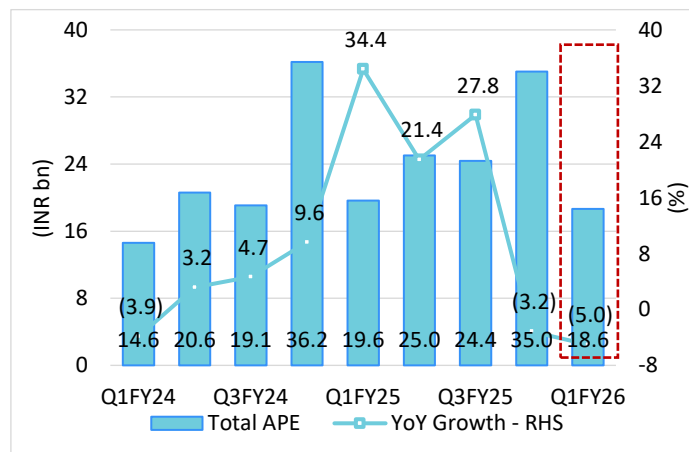
Source: Company, Nuvama Research

Exhibit 5: Q1FY26 APE declines 5% YoY to INR18.6bn; PAT surges 34% YoY to INR3bn in Q1FY26

Re-arranged income statement (INR bn)	Q1FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)	FY25	FY26E	FY27E	FY28E
Policyholder's account									
Reported APE	19.6	35.0	18.6	(5.0)	(46.8)	104.1	115.4	133.4	154.2
Premiums									
- First Year Premium	15.2	27.1	14.5	(5.0)	(46.6)	81.1	99.4	114.3	131.5
- Renewal Premium	43.3	92.1	49.4	14.0	(46.3)	257.2	258.5	297.5	343.7
- Single Premium	24.3	49.1	25.7	5.8	(47.8)	151.2	160.2	185.9	215.6
Net premium income	78.7	163.7	85.0	8.0	(48.1)	472.6	507.8	585.8	677.0
Commissions									
- First Year Premium	2.7	5.7	2.8	5.3	(51.0)	15.5	22.9	26.3	30.2
- Renewal Premium	0.9	2.2	1.0	19.0	(52.2)	5.6	5.5	6.3	7.2
- Single Premium	4.6	5.5	5.3	15.5	(4.1)	20.1	21.3	24.7	28.6
Net commissions and rewards	9.5	15.8	9.8	4.2	(37.5)	48.6	50.7	58.4	67.3
Operating expenses related to insurance	10.4	9.0	9.1	(12.8)	0.5	39.7	50.3	57.4	65.6
Provisions and taxes	1.8	3.8	2.2	23.0	(42.2)	9.5	8.9	8.6	8.5
Benefits paid	95.2	123.3	97.6	2.5	(20.8)	461.8	492.9	491.8	499.7
Other income and trf to shareholders	2.3	1.7	1.7	(27.0)	(2.8)	5.4	5.8	6.2	6.7
Net cash flow	(35.8)	13.6	(32.0)	NM	(335.2)	(81.6)	(89.1)	(24.2)	42.4
Investment income	173.5	(9.0)	166.5	(4.1)	NM	228.2	268.8	288.2	311.9
Change in liabilities	134.9	1.6	130.7	(3.1)	7,970.9	135.7	174.3	257.7	346.9
Surplus	2.8	2.9	3.8	32.4	28.1	10.9	5.4	6.3	7.4
- transfer to shareholders	2.9	3.8	2.7	(6.4)	(28.1)	10.9	3.2	3.8	4.5
- FFA	(0.0)	(0.8)	1.1	NM	NM	0.1	2.2	2.5	3.0
Shareholder's account									
Transfer from policyholder's account	2.9	3.8	2.7	(6.4)	(28.1)	10.9	3.2	3.8	4.5
Income	1.7	2.2	2.5	48.3	10.9	7.0	11.9	12.6	13.4
Expenses including trfs	2.0	1.9	1.7	(11.3)	(6.3)	4.6	5.1	5.3	5.6
PBT	2.6	4.1	3.4	32.5	(16.7)	13.4	10.1	11.1	12.2
Taxes	0.3	0.3	0.4	22.6	53.6	1.5	1.0	1.1	1.3
PAT	2.3	3.9	3.0	34.0	(21.8)	11.9	9.1	10.0	11.0
FDEPS (INR)	1.6	2.7	2.1	34.0	(21.8)	8.2	6.5	7.1	7.8

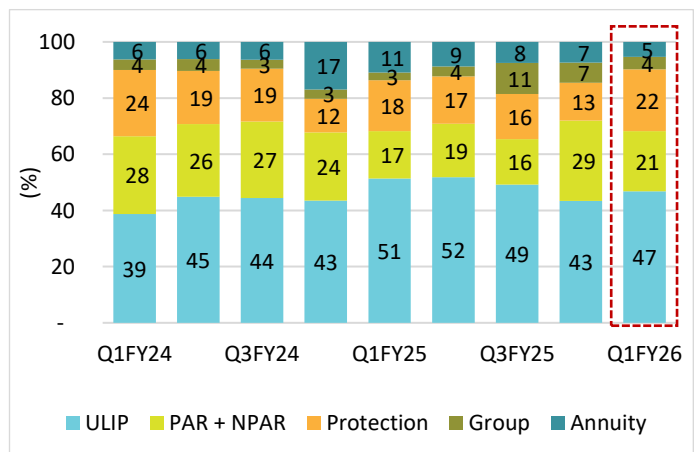
Source: Company, Nuvama Research

Exhibit 6: APE down 5% YoY to INR18.6bn



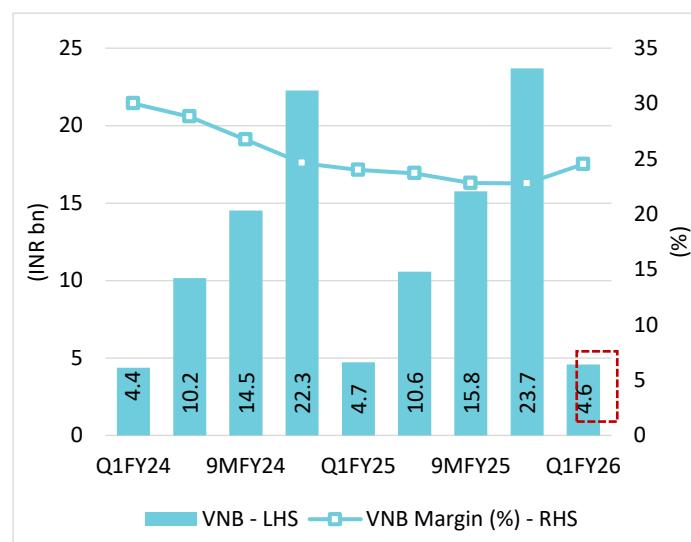
Source: Company, Nuvama Research

Exhibit 7: Protection share in mix grows 390bp YoY to 21.9%



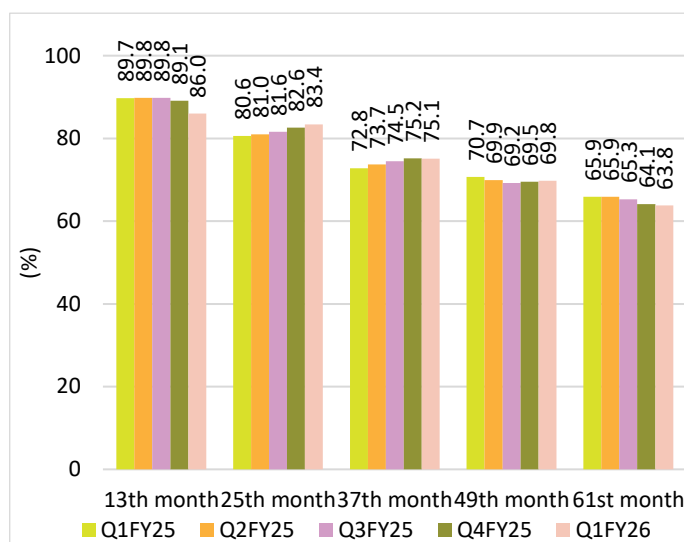
Source: Company, Nuvama Research

Exhibit 8: VNB falls 3.2% YoY; margin up 47bp YoY



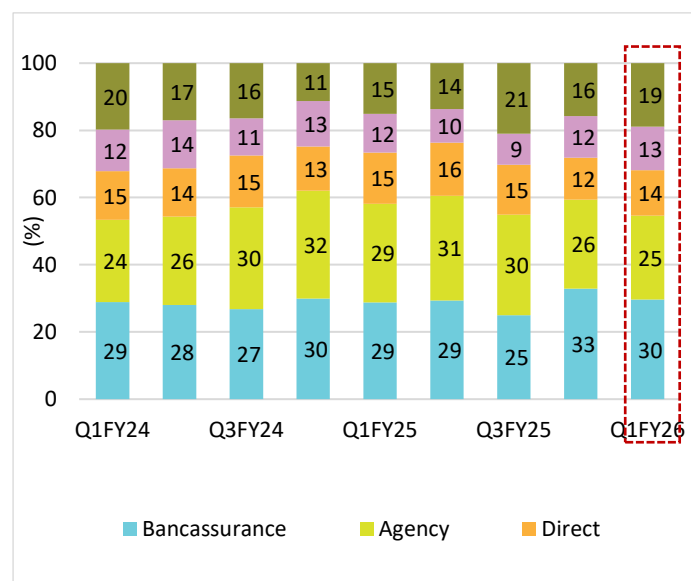
Source: Company, Nuvama Research

Exhibit 9: Persistency improves for 25th and 37th months



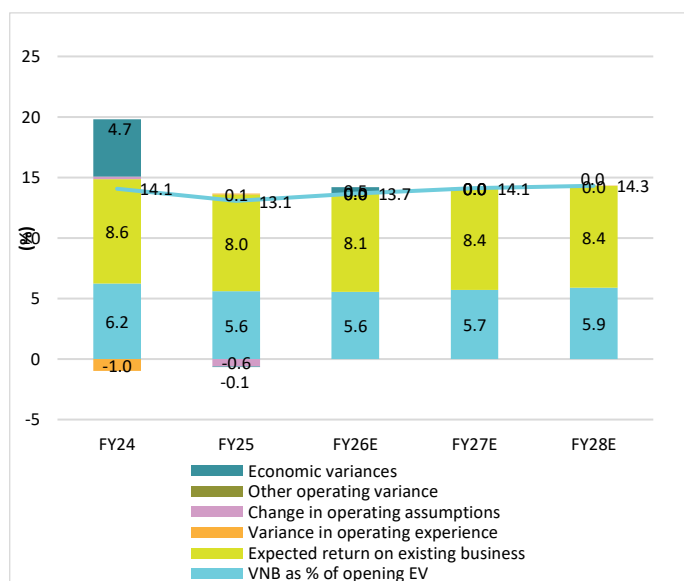
Source: Company, Nuvama Research

Exhibit 10: Share of banca in mix increases 300bp YoY to 33%



Source: Company, Nuvama Research

Exhibit 12: RoEV likely to be 13.5–14.5% over FY26E-28E



Source: Company, Nuvama Research

Exhibit 13: EV movement (INR mn)

EV movement	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Opening IEV	316,250	356,340	423,350	479,480	546,629	622,839
Net VNB	27,650	22,270	23,700	26,649	31,220	36,744
Expected return on existing business	27,080	30,710	33,900	38,838	45,917	52,319
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	65,587	77,237	89,163
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	68,087	77,237	89,163
Capital contributions / dividend payouts	(300)	(60)	1,040	(938)	(1,027)	(1,130)
Closing IEV	356,340	423,350	479,480	546,629	622,839	710,872

Source: Company, Nuvama Research

Exhibit 14: Sensitivity analysis

Sensitivity Analysis	FY24		FY25	
	% change in		% change in	
	VNB	EV	VNB	EV
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: Change in estimates

(INR bn)	Earlier			Revised			Change (%/bps)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
APE	118.7	137.1	158.5	115.4	133.4	154.2	(2.7)	(2.7)	(2.7)
VNB	26.7	31.0	36.0	26.6	31.2	36.7	(0.1)	0.8	2.1
VNB Margin (%)	22.5	22.6	22.7	23.1	23.4	23.8	61bps	81bps	110bps
EV	544.2	620.1	707.2	546.6	622.8	710.9	0.4	0.4	0.5
Operating RoEV (%)	13.7	14.1	14.2	13.7	14.1	14.3	0bps	2bps	9bps
Target Price (INR)	760			770			1.3		
Rating	BUY			BUY					

Source: Company, Nuvama Research

Q1FY26 conference call highlights

Growth

Management highlighted that the strong base effect (+35% YoY) impacted Q1FY26 APE growth. In terms of linked products, while markets have recovered post volatility, customer demand for ULIPs tends to lag such recovery. Management believes that as capital markets stabilize further, demand for ULIPs will pick up. The company remains focused on building topline growth, which will support sustainable VNB.

VNB Margins

An improvement in VNB margins was attributed to a shift in product mix toward non-linked and protection segments and to ongoing cost control efforts. Management emphasized that higher sum assured, rider attachment, and longer-tenure products are expected to support margin expansion in the medium term. While refraining from giving explicit margin guidance, it stated the focus will remain on growing absolute VNB.

Distribution Channels

Proprietary channel

In the proprietary channel, management termed the 15.4% YoY decline as transitory and reiterated its commitment to continued investments in this channel.

Agency channel

The agency channel witnessed a sharp 19.4% YoY decline in Q1FY26, primarily due to a high base effect — Q1FY25 saw 61.6% growth amid buoyant markets — and lower ULIP sales, which constitute a significant portion of agency volumes. However, management affirmed that agency will continue to be a priority channel.

Bancassurance channel

In the bancassurance channel, ICICI Bank contributes about 50% of bancassurance and 15% of the overall business. Weakness in ULIP sales hurt the channel's overall performance.

Product Performance

ULIPs

ULIP demand remained muted in Q1FY26, and while management expects an eventual recovery, no near-term pickup is visible yet. It was clarified that any riders attached to main products are included within the main product classification.

PAR products

PAR products, particularly those with guarantee and liquidity features, continue to grow well.

Protection

Retail protection growth remained steady, supported by the recent launch of "iProtect Smart Plus," which provides customers greater premium payment flexibility. Group protection remained granular and stable, with Group Term performing well, although credit life was flat due to a decline in the MFI segment offset by growth in non-MFI.

Annuity

Annuity sales declined due to a high base (+1.4x YoY in Q1FY25), but management continues to prioritize this segment, particularly single-premium annuity products. New guaranteed offerings targeting the 50–60 age group saw good traction, helped by a decline in FD rates, which makes annuities more attractive due to their income regularity as per the management.

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.

Others

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 company sells. Company will follow which products are in demand and then accordingly change cost as per the product.

Persistency

Management explained that the decline in long-term persistency (61st month) was primarily due to the large proportion of the portfolio consisting of unit-linked products, which offer a cover continuation feature. This means that the policy cover continues even if policyholders fail to make premium payments, which negatively impacted 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 Jun-24 (89.7%), which has now normalized to 86%.

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 favour of 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	2.19	ICICI Prudentia	1.70
Republic of Sin	2.00	Norges bank	1.61
Compassvale inv	1.99	Blackrock Inc	1.16
Government Pens	1.87	Vanguard Group	1.09
CAMAS Inv PTE L	1.77	Baillie Gifford	0.71

*Latest public data

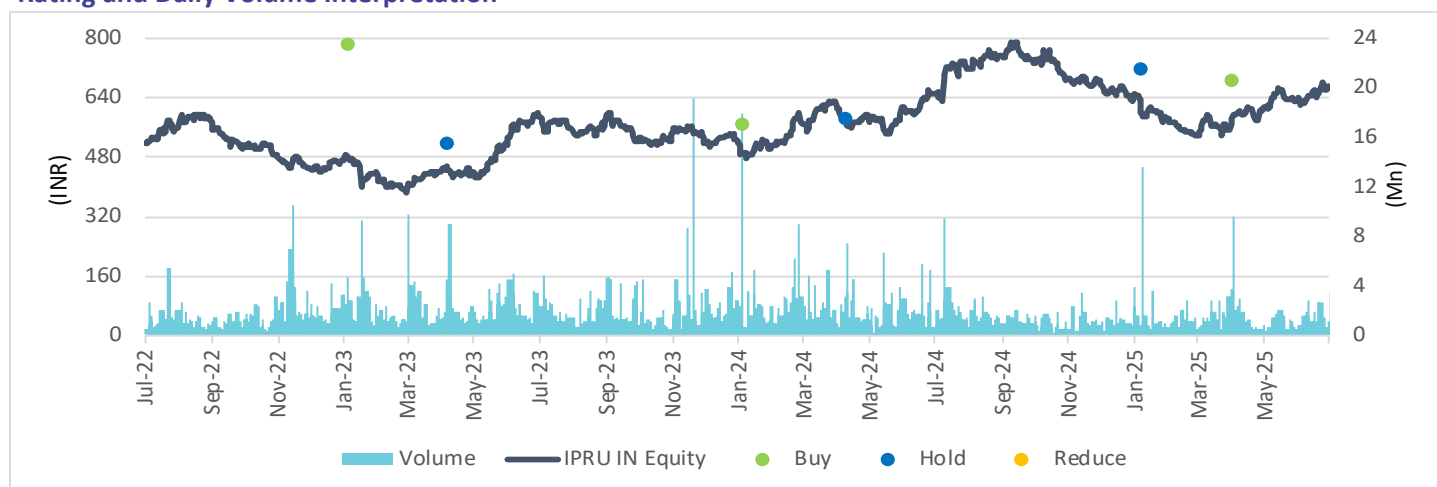
Recent Company Research

Date	Title	Price	Reco
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
22-Oct-24	Margin weakens; <i>Result Update</i>	731	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
10-Jul-25	Life Insurance	Growth softens; <i>Sector Update</i>
09-Jun-25	Life Insurance	May-25: Base effect dampens growth; <i>Sector Update</i>
14-May-25	Max Financial	VNB growth set to improve; <i>Result 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%	203
Hold	<15% and >-5%	64
Reduce	<-5%	36

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