

20 July 2025

India | Equity Research | Results Update

ICICI Prudential Life Insurance Company

Life Insurance

Optimisation of growth and margin continues to be the main objective for maximising VNB growth; valuation remains attractive

ICICI Prudential (IPRU) reported a volume decline of 5% YoY in total APE vs 10.2% YoY growth for private industry in Q1FY26. While volume growth was weak in Q1FY26 (retail APE down 9.2% YoY), margin performance was better (VNB margin improved to 24.5% in Q1FY26 from 22.8% in FY25) driven primarily by product mix change and cost optimisation. Its diversified channel mix (agency/direct/banca/partnership distribution/group APE mix is 25%/13%/30%/13%/19%, as of Q1FY26) remains unique among peers and significantly blunts risks to the business. Yet, IPRU's ability to better optimise margins and volume shall be tested, considering its open architecture and fluctuation in products mix.

Maintain BUY; INR 750 TP basis 1.75x (all unchanged) FY27E EV

We factor VNB margin of ~25% with APE growth of 9%/15% for FY26/27E resulting in an embedded value (EV) of INR 620bn by FY27E. This translates to operating RoEV of 13.9%/14% in FY26/27E. IPRU witnessed weak volume performance, having reported retail APE decline of 9.2% YoY in Q1FY26 vs 8.3% growth of private industry. However, despite weak volumes, VNB decline was only 3.2% in Q1FY26 due to improvement in margins. Our **BUY** rating captures possible EV growth till FY27E – balanced between volume and stable margin outlook while valuation remains modest. IPRU is also better placed in terms of any risk of channel disruption from any adverse regulation basis diversified mix. **Risks:** Weakness in volume/margin and adverse regulations.

Focus remains on growing APE and VNB on absolute basis

VNB margin improved from 22.7% in Q4FY25 to 24.5% in Q1FY26. However, management will continue to focus on absolute VNB and margin may expand or shrink driven by demand of specific category of products and ability of the company to appropriately flex cost in adjustment to the product.

Financial Summary

| Y/E March (INR bn) | FY24A | FY25A | FY26E | FY27E |
|--------------------|-------|-------|-------|-------|
| APE | 90.5 | 104.1 | 113.4 | 130.5 |
| Embedded Value | 423.4 | 479.5 | 545.1 | 620.3 |
| New value business | 22.3 | 23.7 | 28.4 | 32.6 |
| VNB margin (%) | 24.6 | 22.8 | 25.0 | 25.0 |
| P/EV (x) | 2.2 | 2.0 | 1.7 | 1.5 |
| EVOP as % of IEV | 14.1 | 13.1 | 13.9 | 14.0 |
| RoE (%) | 8.1 | 10.3 | 10.4 | 10.6 |
| RoEV (%) | 18.8 | 13.3 | 13.7 | 13.8 |

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Market Data

| | |
|---------------------|----------|
| Market Cap (INR) | 917bn |
| Market Cap (USD) | 10,642mn |
| Bloomberg Code | IPRU IN |
| Reuters Code | ICIR BO |
| 52-week Range (INR) | 797 /517 |
| Free Float (%) | 27.0 |
| ADTV-3M (mn) (USD) | 9.4 |

| Price Performance (%) | 3m | 6m | 12m |
|-----------------------|-----|-------|-------|
| Absolute | 6.4 | (1.9) | (3.2) |
| Relative to Sensex | 2.3 | (8.6) | (3.7) |

| ESG Score | 2023 | 2024 | Change |
|-------------|------|------|--------|
| ESG score | 77.3 | 76.2 | (1.1) |
| Environment | 62.8 | 66.7 | 3.9 |
| Social | 75.7 | 74.6 | (1.1) |
| Governance | 83.9 | 81.9 | (2.0) |

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

20-04-2025: [Q4FY25 results review](#)

24-01-2025: [Q3FY25 results review](#)

Key pointers from Q1FY26 result: QoQ/YoY improvement in margins, higher non-linked and protection mix

- **VNB declined 3.2% YoY** mainly due to decline in APE (down 5% YoY) on last year's high base on account of buoyancy in equity market and annuity product offerings. Q1FY26 was impacted by uncertain market environment as well as high base of last year.
- **Product mix moved towards non-linked and protection in Q1.** This is contrary to the dominance of linked products during FY25. Non-linked APE mix improved from 16.9% in Q1FY25 to 21.5% in Q1FY26 on the back on new product launch with a growth of 20.8% YoY. Linked APE mix declined in Q1FY26 to 46.8% (vs 51.4% in Q1FY25) while volume declined by 13.6% YoY. Protection segment reported growth of 15.2% in Q1FY26 and forms ~21.9% of total APE mix. Group savings grew strong with 53.7% YoY growth and forms ~7.5% of total APE mix. Annuity forms 5.4% of total APE and reported a decline of 53.3% in Q1FY26, on high base of last year. Total APE reported a decline of 5% YoY in Q1FY26. In last couple of quarters, there has been improvement in growth of non-par products which now has 50% share within the non-linked retail portfolio.
- **Customer preference started shifting towards guaranteed products given market volatility in equity markets, retail protection continues to witness strong traction.** Retail new business sum assured grew by 31.5% YoY in Q1FY26.
- **Reduction in costs YoY:** Cost/total premium decreased from 24% in Q1FY25 to 21.2% in Q1FY26. Cost/total premium (for savings LoB) improved from 16.8% in Q1FY25 to 14.1% in Q1FY26. Management continues to work towards aligning the cost structure commensurate with the product mix. This may help achieve core objective of increasing absolute VNB while delivering value to customers. The cost initiatives have been aligned to the kind of product mix that management anticipates getting delivered through the channels. So, if the demand is towards a particular category of product, management may try to flex cost in alignment with what that product category can afford. With this approach, they don't want to artificially tinker with demand and impose top-down requirements.

VNB margin improved due to cost optimisation and protection growth

VNB margin witnessed improvement of ~47bps/182bps YoY/QoQ from 24%/22.7% in Q1FY25/Q4FY25 to 24.5% in Q1FY26. The movement in margin was largely on account of shift in product mix towards non-linked from linked as customer preferences shifted towards guaranteed products while there is also higher mix of protection business. Management continues to work on improving product level profitability through increasing sum assured, longer tenure policies and increasing rider attachments. Improvement in APE growth, cost optimisation and profitability improvement initiatives may enable to sustainably grow VNB over the long term.

Q1 mix shifts towards non-linked; retail protection doing well

In Q1FY26, IPRU reported APE decline of 5% YoY. Q1FY26 APE contribution was skewed towards non-linked savings products at 21.5%, linked savings at 46.8%, protection at 21.9%, annuity at 5.4% and balance 4.5% from group savings products.

- **Annuity business declined 53.3% YoY in Q1FY26.** This was mainly due to the base effect of last year driven by product launch. Additionally, in Q1FY26, company started to witness an increasing shift towards single premium annuity, partly driven by lower fixed deposit rates.
- **Group fund business reported strong growth** of 53.7% YoY in Q1FY26 and contributed 4.4% to APE. This business is typically lumpy in nature.

- **Linked product also has demand.** Unit linked APE declined by 13.6% YoY in Q1FY26 due to impact of market volatility. However, there continues to be a category of customers who still take a long-term view and demand linked products irrespective of short-term volatility. To further enhance linked portfolio, company has launched Smart Insurance Plan Plus, which offers affordable wealth creation with a minimum premium of INR 1,000 per month.
- **Retail protection APE grew strong at 24.1% YoY in Q1FY26.** Within retail protection, pure protection grew by 37% YoY, while ROP declined by 33% YoY in Q1FY26.
- **Group term business grew by 11.1% YoY;** strategy remains focused on selecting businesses which meet defined risk-reward expectations.
- **In credit life business, company continued to witness a slowdown in the MFI segment, in line with the challenges in the MFI industry.** Management expects recovery in MFI space gradually over coming quarters. Overall, credit life business, that is MFI and non-MFI together, is at a similar level as the previous year implying growth from non-MFI segment.
- **Processes have become more efficient:** With a set of capabilities encompassing digital tools and analytics, the company was able to issue ~54% policies on the same day for savings LoB in Q1FY26 (vs 50% in FY25). It has also launched an initiative of crediting commissions on the same day of policy issuance.
- **Regular and limited-pay persistency has been improving consistently across most cohorts:** 25/49-month persistency saw improvement and stood at 82.5%/69.8% in Q1FY26 vs 79.5%/68.2% in Q1FY25, while 13/37/61-month persistency declined from 85.7%/73%/65.8% in Q1FY25 to 80.8%/72.6%/63.4% in Q1FY26. Considering additional time available now for both linked and non-linked policies, there is no requirement to foreclose any of these policies, and that has impacted the metric marginally. On 13-month persistency, there was change in tax regulation in Mar'23 resulting in heightened persistency in Jun'24 numbers. However, that has now washed off and would revert to normalised levels.
- **IPRU Life launched following new products/variants in Q1FY26**
 - **iProtect Smart Plus**, a protection plan which offers flexibility to customers by providing them a choice to opt for premium break and convert from a regular premium to a limited pay policy. The product offers an immediate debt benefit on claim registration, thereby, catering to the family's liquidity needs in the time of distress.
 - **Smart Insurance Plan Plus (SIP+)**, a UL product, which offers affordable wealth creation with a minimum premium as low as INR 1,000 per month.
 - **IPRU Health Protect Rider**, a non-par, non-linked health pure risk rider, designed to provide financial protection against critical illness.

Channel mix remains well diversified; blunts business risks materially

For Q1FY26, all channels reported decline except for partnership distribution. Banca channel reported a decline of 2.1% YoY and contributed 29.7% of total APE in Q1FY26. Partnership distribution contributed 12.9% in Q1FY26, reporting growth of 6.6% YoY, while agency/direct channels slipped 19.4%/15.4% YoY. Group business contributed 18.9% of total APE and growth of 18.9% YoY in Q1FY26. **This diversified distribution should enable IPRU grow sustainably in the long term.**

- **Banca channel declined 2.1% YoY:** Parent bank contribution has been stable (INR 1bn per month business) with focus on protection line of business. Currently, it has a total of 49 bank tie-ups (one bank tie-up done in Q1FY26) with access to more than 23,900 bank branches and more than 1,350 non-bank partnerships.
- **In Q1FY26, proprietary (agency and direct) business saw decline of 18.1% YoY,** primarily because of two factors – 1) high base of annuity in previous year; and 2) customer preference shifting away from ULIPs. Core fundamentals of agency channel still remain. Agency channel's high growth last year was supported by UL as well as new annuity product; however, due to a shift in demand, there was a decline of 19.4% YoY in Q1FY26. Similarly, a large part of direct channel is ULIP products. Over the last few months, these channels have been agile enough to pick up non-linked products. Historically, they have demonstrated the ability to shift product mix from ULIP and non-linked savings business depending on the prevailing macro environment factors.
- **Partnerships:** Partnership distribution is more focused on non-linked savings (30% of mix) and protection and annuity products (35% of mix), resulting in good growth compared to other channels who have higher ULIP mix. APE grew 6.6% YoY in Q1FY26.

Exhibit 1: Q1FY26 result review

| INR mn | FY25 | | | | FY26 | Change | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|----------------|
| | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | YoY (%) | QoQ (%) |
| Net premium income | 78,747 | 1,07,542 | 1,22,614 | 1,63,692 | 85,032 | 8.0 | (48.1) |
| First year premium | 15,221 | 20,587 | 18,246 | 27,092 | 14,454 | (5.0) | (46.6) |
| Renewal premium | 43,350 | 60,858 | 60,900 | 92,094 | 49,417 | 14.0 | (46.3) |
| Single premium | 24,267 | 30,307 | 47,455 | 49,130 | 25,670 | 5.8 | (47.8) |
| Income from investments | 1,73,533 | 1,42,770 | (79,059) | (9,049) | 1,66,486 | (4.1) | (1,939.9) |
| Other income | 544 | 562 | 600 | 526 | 524 | (3.6) | (0.3) |
| Transfer from S/H A/C | 1,761 | (799) | 1,010 | 1,206 | 1,160 | (34.2) | (3.9) |
| Total income | 2,54,584 | 2,50,075 | 45,165 | 1,56,375 | 2,53,202 | (0.5) | 61.9 |
| Commission paid | 9,456 | 12,349 | 11,037 | 15,752 | 9,849 | 4.2 | (37.5) |
| Operating expenses | 10,397 | 10,550 | 9,744 | 9,025 | 9,066 | (12.8) | 0.5 |
| Total commission & opex | 19,853 | 22,899 | 20,781 | 24,777 | 18,915 | (4.7) | (23.7) |
| Benefits paid | 95,226 | 1,20,218 | 1,23,110 | 1,23,271 | 97,620 | 2.5 | (20.8) |
| Change in actuarial liability | 1,34,891 | 1,04,217 | (1,05,013) | 1,620 | 1,30,724 | | |
| Total expenses | 2,49,969 | 2,47,334 | 38,879 | 1,49,668 | 2,47,259 | (1.1) | 65.2 |
| Provisions | 20 | (135) | (17) | 162 | 45 | | |
| Service Tax on linked A/C | 1,632 | 1,777 | 1,758 | 1,757 | 1,668 | 2.2 | (5.0) |
| PBT | 2,964 | 1,100 | 4,545 | 4,789 | 4,230 | 42.7 | (11.7) |
| Tax | 122 | 173 | 355 | 1,852 | 468 | 284.9 | (74.8) |
| Surplus/(Deficit) | 2,843 | 927 | 4,190 | 2,937 | 3,762 | 32.3 | 28.1 |
| Shareholders' Account | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | YoY (%) | QoQ (%) |
| Transfer from P/H A/C | 2,891 | 1,018 | 3,260 | 3,761 | 2,706 | (6.4) | (28.1) |
| Income from Investments | 1,682 | 1,271 | 1,802 | 2,230 | 2,496 | 48.4 | 11.9 |
| Other Income | 63 | 71 | 3 | 98 | 89 | 40.8 | (9.9) |
| Total | 4,636 | 2,361 | 5,065 | 6,090 | 5,290 | 14.1 | (13.1) |
| Other expenses | 286 | 308 | 296 | 655 | 646 | 125.8 | (1.3) |
| Amounts transf to P/H acc | 1,761 | (799) | 1,010 | 1,206 | 1,160 | (34.2) | (3.9) |
| Provisions (other than taxation) | - | - | 0 | 100 | 51 | | |
| PBT | 2,589 | 2,852 | 3,758 | 4,129 | 3,434 | 32.6 | (16.8) |
| Tax | 345 | 343 | 502 | 276 | 424 | | |
| PAT | 2,243 | 2,510 | 3,257 | 3,853 | 3,010 | 34.2 | (21.9) |
| Check | | | | | | | |
| Ratios (%) | Q1FY25 | H1FY25 | 9MFY25 | FY25 | Q1FY26 | YoY (bps) | |
| Commission expense | 15.5 | 15.0 | 15.0 | 13.7 | 14.8 | (68) | |
| Opex ratio | 17.1 | 14.4 | 14.4 | 11.2 | 13.6 | (345) | |
| APE (Rs mn) | 19,630 | 44,660 | 69,040 | 1,04,060 | 18,640 | -5% | |
| Linked Mix (%) | 51 | 52 | 51 | 48 | 47 | (462) | |
| Non Linked and Other Savings Mix (%) | 31 | 31 | 32 | 36 | 31 | 82 | |
| Protection Mix (%) | 18 | 17 | 17 | 16 | 22 | 386 | |
| Other ratios (%) | Q1FY25 | H1FY25 | 9MFY25 | FY25 | Q1FY26 | YoY (bps) | |
| Solvency Ratio | 187.9 | 188.6 | 221.8 | 212.2 | 212.3 | 2,440 | |
| VNB margins | 24.0 | 23.7 | 22.8 | 22.8 | 24.5 | 50 | |
| Persistency ratios (%) : retail excluding single premium | Q1FY25 | H1FY25 | 9MFY25 | FY25 | Q1FY26 | YoY (bps) | |
| 13th Month | 89.7 | 89.8 | 89.8 | 89.1 | 86.0 | (370) | |
| 25th Month | 80.6 | 81.0 | 81.6 | 82.6 | 83.4 | 280 | |
| 37th Month | 72.8 | 73.7 | 74.5 | 75.2 | 75.1 | 230 | |
| 49th Month | 70.7 | 69.9 | 69.2 | 69.5 | 69.8 | (90) | |
| 61st Month | 65.9 | 65.9 | 65.3 | 64.1 | 63.8 | (210) | |
| Key metrics (INR bn) | Q1FY25 | H1FY25 | 9MFY25 | FY25 | Q1FY26 | YoY (%) | |
| VNB | 4.7 | 10.6 | 15.8 | 23.7 | 4.6 | (3.2) | |
| EV | - | 460 | - | 480 | - | #DIV/0! | |
| AUM | 3,089 | 3,205 | 3,104 | 3,094 | 3,245 | 5.1 | |

Source: I-Sec research, Company data

Exhibit 2: IPRU APE mix- unit linked and protection witnessed strong growth

| INR bn | FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | FY25 | Q1FY26 | Q1FY26 YoY |
|-----------------------|--------------|---------------|---------------|---------------|---------------|--------------|---------------|-----------------|
| Total APE | 90.5 | 19.6 | 25.0 | 24.4 | 35.0 | 104.1 | 18.6 | -5.0% |
| Savings APE | 75.2 | 16.1 | 20.8 | 20.5 | 30.3 | 87.7 | 14.6 | -9.5% |
| Linked | 39.1 | 10.1 | 13.0 | 12.0 | 15.2 | 50.3 | 8.7 | -13.6% |
| Non Linked | 23.4 | 3.3 | 4.8 | 4.0 | 10.0 | 22.1 | 4.0 | 20.8% |
| Annuity | 9.5 | 2.1 | 2.2 | 1.8 | 2.6 | 8.8 | 1.0 | -53.3% |
| Group | 3.2 | 0.5 | 0.9 | 2.7 | 2.5 | 6.6 | 0.8 | 53.7% |
| Protection APE | 15.3 | 3.6 | 4.2 | 3.9 | 4.7 | 16.4 | 4.1 | 15.2% |
| Retail Protection | 4.8 | 1.1 | 1.7 | 1.5 | 1.7 | 6.0 | 1.4 | 24.1% |
| Group Protection | 10.5 | 2.4 | 2.5 | 2.4 | 3.0 | 10.4 | 2.7 | 11.1% |
| Mix (%) | FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | FY25 | Q1FY26 | YoY bps |
| Total APE | 100% | 100% | 100% | 100% | 100% | 100% | 100% | |
| Savings APE | 83.1% | 81.9% | 83.1% | 84.0% | 86.6% | 84.3% | 78.1% | -380 bps |
| Linked | 43.2% | 51.4% | 51.8% | 49.2% | 43.4% | 48.3% | 46.8% | -462 bps |
| Non Linked | 25.8% | 16.9% | 19.1% | 16.2% | 28.6% | 21.2% | 21.5% | 460 bps |
| Annuity | 10.5% | 10.9% | 8.7% | 7.5% | 7.4% | 8.4% | 5.4% | -554 bps |
| Group | 3.5% | 2.8% | 3.5% | 11.0% | 7.2% | 6.4% | 4.5% | 170 bps |
| Protection APE | 16.9% | 18.1% | 16.8% | 16.0% | 13.5% | 15.7% | 21.9% | 386 bps |
| Retail Protection | 5.3% | 5.7% | 6.7% | 6.0% | 4.9% | 5.7% | 7.5% | 175 bps |
| Group Protection | 11.6% | 12.4% | 10.1% | 10.0% | 8.6% | 10.0% | 14.5% | 211 bps |
| VNB | 22.3 | 4.7 | 5.9 | 5.2 | 8.0 | 23.7 | 4.6 | -3.2% |
| VNB Margin | 24.6 | 24.0 | 23.4 | 21.2 | 22.7 | 22.8 | 24.5 | 47 bps |
| Embedded value | 423.4 | | 460.2 | | 479.5 | 479.5 | | |

Source: I-Sec research, Company data

Exhibit 3: Distribution APE growth trend

| Channel APE (INR bn) | FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | FY25 | Q1FY26 | Q1FY26 YoY |
|--------------------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|
| Banca | 25.9 | 5.7 | 7.4 | 6.1 | 11.5 | 30.6 | 5.5 | -2.1% |
| Agency | 26.4 | 5.8 | 7.8 | 7.3 | 9.3 | 30.1 | 4.7 | -19.4% |
| Direct | 12.8 | 3.0 | 4.0 | 3.6 | 4.4 | 14.9 | 2.5 | -15.4% |
| Partnership Distribution | 11.7 | 2.3 | 2.5 | 2.3 | 4.4 | 11.4 | 2.4 | 6.6% |
| Group | 13.7 | 3.0 | 3.4 | 5.1 | 5.5 | 17.0 | 3.5 | 18.9% |
| Total | 90.5 | 19.6 | 25.0 | 24.4 | 35.0 | 104.1 | 18.6 | -5.0% |

Source: I-Sec research, Company data

Exhibit 4: APE and VNB projections

| INR bn | FY23 | FY24 | FY25 | FY26E | FY27E |
|-------------------------|-------|-------|-------|-------|-------|
| Weighted APE | 75.8 | 82.0 | 103.3 | 112.6 | 129.5 |
| Reported APE | 86.4 | 90.5 | 104.1 | 113.4 | 130.5 |
| VNB | 27.7 | 22.3 | 23.7 | 28.4 | 32.6 |
| VNB margin reported (%) | 32.0% | 24.6% | 22.8% | 25.0% | 25.0% |

Source: Company data, I-Sec research

Exhibit 5: EV projection

| Embedded Value (INR bn) | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|--------------|--------------|--------------|--------------|--------------|
| Opening Embedded Value | 316.3 | 356.4 | 423.4 | 479.5 | 545.1 |
| Unwind | 27.1 | 30.7 | 33.9 | 38.4 | 43.6 |
| - Unwind rate (%) | 8.6% | 8.6% | 8.0% | 8.0% | 8.0% |
| VNB | 27.7 | 22.3 | 23.7 | 28.4 | 32.6 |
| Operating assumption changes | (1.6) | 0.7 | (2.5) | | |
| Persistency Variance | 1.4 | (0.6) | 0.2 | | |
| Mortality and Morbidity variance | 0.2 | (2.9) | 0.1 | | |
| Expense variance | 0.0 | - | 0.1 | | |
| Other Variance | 0.1 | (0.1) | | | |
| EVOP | 54.9 | 50.2 | 55.3 | 66.7 | 76.2 |
| Economic assumption change & Invnt variance | (14.5) | 16.9 | (0.2) | | |
| Net capital injection | (0.3) | (0.1) | 1.0 | (1.1) | (1.1) |
| Closing Embedded Value | 356 | 423 | 479.5 | 545.1 | 620.3 |

Source: I-Sec research, Company data

Exhibit 6: Protection APE and VNB

| INR bn | FY22 | FY23 | FY24 | FY25 |
|-------------------------|-------------|-------------|-------------|-------------|
| Retail protection | 3.9 | 3.3 | 4.8 | 6.0 |
| Group term | 5.7 | 7.0 | 4.5 | 4.3 |
| Credit Life | 3.5 | 4.8 | 6.0 | 6.1 |
| Total protection | 13.1 | 15.0 | 15.3 | 16.4 |
| Protection -VNB | 9.2 | 10.9 | 11.4 | 8.9 |
| VNB margin | 70.4% | 72.3% | 75.0% | 54.5% |

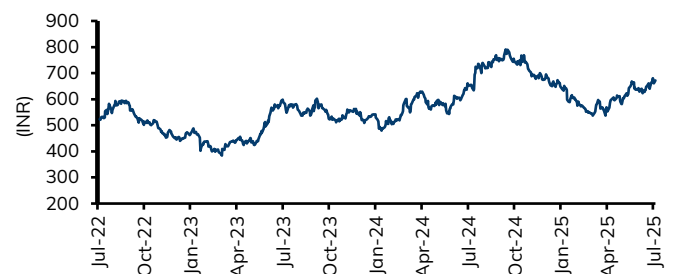
Source: Company data, I-Sec research

Exhibit 7: Shareholding pattern

| % | Sep'24 | Dec'24 | Mar'25 |
|-------------------------|--------|--------|--------|
| Promoters | 73.0 | 73.0 | 73.0 |
| Institutional investors | 22.3 | 22.3 | 21.7 |
| MFs and other | 7.5 | 7.5 | 6.5 |
| Banks/ FIs | 0.3 | 0.4 | 0.5 |
| Insurance Cos. | 1.3 | 1.3 | 1.5 |
| FII's | 13.2 | 13.1 | 13.3 |
| Others | 4.7 | 4.7 | 5.3 |

Source: Bloomberg, I-Sec research

Exhibit 8: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 9: Technical Account

(INR mn, year ending March)

| | FY24A | FY25A | FY26E | FY27E |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Gross Premiums | 4,32,356 | 4,89,507 | 5,10,637 | 5,74,873 |
| Reinsurance Ceded | (14,760) | (16,913) | (6,750) | (6,750) |
| Net Premiums | 4,17,597 | 4,72,594 | 5,03,887 | 5,68,123 |
| Income from Investments | 4,65,503 | 2,28,195 | 2,77,877 | 3,06,558 |
| Other Income | 19,973 | 5,410 | 23,130 | 23,130 |
| Total income | 9,03,073 | 7,06,199 | 8,04,895 | 8,97,811 |
| Commission | 37,220 | 48,594 | 24,993 | 28,179 |
| Operating expenses | 41,260 | 39,716 | 47,592 | 53,714 |
| Total commission and opex | 78,480 | 88,310 | 72,584 | 81,893 |
| Benefits Paid (Net)+ bonus | 4,00,060 | 4,61,825 | 3,16,797 | 3,55,971 |
| Chg in reserves | - | - | - | - |
| Total expenses | 8,84,930 | 6,85,849 | 7,78,878 | 8,73,405 |
| Prov for doubtful debts | 6,173 | 6,953 | 8,602 | 9,650 |
| PBT | 11,970 | 13,398 | 17,415 | 14,756 |
| Surplus / Deficit before tax | 11,970 | 13,398 | 17,415 | 14,756 |
| Tax (incl. Service Tax & GST) | 1,078 | 2,501 | 777 | 875 |
| Prov for Tax | 1,078 | 2,501 | 777 | 875 |
| Surplus / Deficit | 10,892 | 10,897 | 16,638 | 13,880 |

Source Company data, I-Sec research

Exhibit 10: Shareholder's Account

(INR mn, year ending March)

| | FY24A | FY25A | FY26E | FY27E |
|-----------------------------|---------------|---------------|---------------|---------------|
| Transfer from technical a/c | 14,719 | 10,931 | 14,562 | 11,542 |
| Income From Investments | 14,052 | 7,304 | 14,257 | 22,073 |
| Total Income | 28,771 | 18,234 | 28,934 | 33,730 |
| Other expenses | 1,185 | 1,640 | 769 | 769 |
| Contribution to P/H A/C | 18,381 | 3,278 | 14,320 | 17,185 |
| Total Expenses | 19,565 | 4,918 | 15,090 | 17,954 |
| PBT | 9,205 | 13,317 | 13,844 | 15,776 |
| Prov for Tax | 699 | 1,462 | 692 | 789 |
| PAT | 8,507 | 11,855 | 13,152 | 14,987 |

Source Company data, I-Sec research

Exhibit 11: Balance Sheet

(INR mn, year ending March)

| | FY24A | FY25A | FY26E | FY27E |
|------------------------------|------------------|------------------|------------------|------------------|
| Share Capital | 14,406 | 14,453 | 14,453 | 14,453 |
| Reserves And Surplus | 92,183 | 1,05,551 | 1,17,603 | 1,31,490 |
| Shareholders' Fund | 1,10,046 | 1,19,338 | 1,34,156 | 1,48,043 |
| Policy Liabilities | 27,99,915 | 29,29,783 | 35,50,185 | 39,59,717 |
| Prov. for Linked Liab. | 15,79,173 | 15,56,577 | 15,15,569 | 15,30,725 |
| Funds For Future App. | 12,866 | 12,832 | 14,000 | 14,000 |
| Current liabilities & prov. | 54,777 | 53,991 | 50,350 | 50,350 |
| Borrowings | 12,000 | 26,000 | 26,000 | 26,000 |
| Total | 29,90,007 | 31,42,386 | 37,75,416 | 41,98,835 |
| Shareholders' investment | 1,05,673 | 1,40,404 | 3,34,835 | 4,00,936 |
| Policyholders' investment | 11,43,182 | 12,86,988 | 18,24,911 | 21,66,529 |
| Assets to cover linked liab. | 16,48,424 | 16,12,399 | 15,69,921 | 15,85,620 |
| Loans | 17,606 | 24,191 | 3,000 | 3,000 |
| Fixed Assets | 7,194 | 8,476 | 5,250 | 5,250 |
| Current assets | 67,914 | 69,902 | 37,500 | 37,500 |
| Total | 29,90,007 | 31,42,386 | 37,75,416 | 41,98,835 |

Source Company data, I-Sec research

Exhibit 12: Premium Details

(INR mn, year ending March)

| | FY24A | FY25A | FY26E | FY27E |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| New business premium | 1,86,788 | 2,32,306 | 2,24,283 | 2,57,925 |
| Total weighted APE | 81,971 | 1,03,284 | 1,12,579 | 1,29,466 |
| Renewal premium | 2,45,568 | 2,57,202 | 2,86,354 | 3,16,948 |
| Total premium | 4,32,356 | 4,89,507 | 5,10,637 | 5,74,873 |
| NBP growth (%) | (6.9) | 26.0 | 9.0 | 15.0 |
| APE growth (%) | 8.1 | 26.0 | 9.0 | 15.0 |
| Renewal premium growth (%) | 9.0 | 4.7 | 11.3 | 10.7 |
| Total premium growth (%) | 8.3 | 13.2 | 4.3 | 12.6 |

Source Company data, I-Sec research

Exhibit 13: Key ratios

(Year ending March)

| | FY24A | FY25A | FY26E | FY27E |
|---------------------------------|----------------|----------------|----------------|----------------|
| Operating Ratios (%) | | | | |
| Investment yield (%) | 17.8 | 7.9 | 8.6 | 8.3 |
| Commissions / GWP | 8.6 | 9.9 | 4.9 | 4.9 |
| Operating expenses / GWP | 9.5 | 8.1 | 9.3 | 9.3 |
| Total expense / GWP | 18.2 | 18.0 | 14.2 | 14.2 |
| Total AUMs (INR bn) | 2,897.3 | 3,039.8 | 3,729.7 | 4,153.1 |
| Profitability ratios (%) | | | | |
| VNB margin, basis effective | 24.6 | 22.8 | 25.0 | 25.0 |
| tax rate (%) | 8.1 | 10.3 | 10.4 | 10.6 |
| RoE (%) | 14.9 | 13.6 | 13.9 | 14.0 |
| Core EVOP(unwind +VNB) | 14.1 | 13.1 | 13.9 | 14.0 |
| EVOP as % of IEV | 18.8 | 13.3 | 13.7 | 13.8 |
| RoEV (%) | | | | |
| Valuation ratios | | | | |
| Dividend per share (INR) | 0.6 | 0.9 | 0.8 | 0.8 |
| EPS (INR) | 5.9 | 8.2 | 9.1 | 10.4 |
| VNB (INR bn) | 22.3 | 23.7 | 28.4 | 32.6 |
| EV (INR bn) | 423.4 | 479.5 | 545.1 | 620.3 |
| Value of new business (INR bn) | 22.3 | 23.7 | 28.4 | 32.6 |
| VIF (INR bn) | 309.2 | 356.0 | 406.8 | 468.1 |
| ANW (INR bn) | 114.2 | 123.5 | 138.3 | 152.2 |
| VIF as % of EV | 73.0 | 74.3 | 74.6 | 75.5 |
| EV per share (INR) | 292.9 | 331.8 | 377.2 | 429.1 |
| P/EV (x) | 2.2 | 2.0 | 1.7 | 1.5 |
| P/EPS (x) | 107.7 | 77.3 | 69.7 | 61.1 |

Source Company data, I-Sec research

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