RATING BUY | CMP INR 525 | TP INR 715

PL Capital
PRABHUDAS LILLADHER

ICICI Prudential Life Insurance Company (IPRU IN)

Q1FY27 Result Update

July 15, 2026

☑ Estimate Change | ☑ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	715		705	
APE (INR mn)	117,138	131,388	114,797	126,650
% Chng.	*2.0*	*3.7*		
VNB (INR mn)	29,285	32,847	28,527	31,663
% Chng.	*2.7*	*3.7*		
EV (INR mn)	591,564	668,782	594,386	674,548
% Chng.	*(0.5)*	*(0.9)*		

Key Data ICIR.BO | IPRU IN

BSE Code	ICICIPRULI
NSE Code	540,133
52-W High / Low	INR 706 / INR 459
Face Value	10
Sensex / Nifty	77,185 / 24,079
Market Cap	INR 762 bn / $ 7,914 mn
Shares Outstanding	1450.8 mn
3M Avg. Daily Value	INR 1,057.36 mn

Shareholding Pattern (%)

Promoters	72.88
FIIs	11.48
Mutual Funds	8.37
Domestic Institutions	2.04
Public & Others	5.23
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	8.0	(6.4)	(21.5)	(21.6)
Relative	6.7	(5.3)	(15.2)	(16.1)

Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
NBP (INR mn)	2,32,306	2,48,091	2,91,061	3,27,920
APE (INR mn)	1,04,070	1,06,420	1,17,138	1,31,388
VNB (INR mn)	23,700	26,290	29,285	32,847
Margin (%)	*22.8*	*24.7*	*25.0*	*25.0*
EV (INR mn)	4,79,500	5,29,870	5,91,564	6,68,782
EVOP (INR mn)	55,330	57,020	67,385	79,474
RoEV (%)	*13.1*	*11.9*	*12.7*	*13.4*
P/EV (x)	1.6	1.4	1.3	1.1

Protection-led mix lifts growth and margin

Quick Pointers

- APE growth picks up led by protection and annuity; ULIP and NPAR soft
- Q1 VNB margin at 26.7%; expect improvement by 15 bps in FY27E

Q1 APE growth saw a strong pickup (+14.6% YoY) led by sustained traction in protection and annuity. However, growth in ULIP and NPAR was soft due to market volatility and stiff competition. Factoring in a high base in H2, we build 10%/ 12% YoY APE growth in FY27/ FY28E supported by sustained demand in protection. Despite ITC-related impact and persistency changes, Q1FY27 VNB margin improved to 26.7% led by a favourable shift in product mix towards protection and positive operating efficiency. We increase our FY27E VNB margin estimates by 15bps (keeping FY28E unchanged), factoring a sustainable improvement in margin profile. We use the appraisal value framework to value IPRU and tweak our multiple to 1.5x FY28E P/EV with a TP of Rs715. Valuation continues to be undemanding. Reiterate BUY.

Growth improves but caution persists: IPRU Life saw pick-up in APE growth by 14.6% YoY in 1QFY27 to INR 21.4bn driven by strong traction in protection (+46% YoY). While protection continues to be benefited by the GST-led tailwinds, ULIP remained sensitive to volatile market conditions and saw a soft growth of 6.4% YoY. Non-linked declined by -9.5% YoY and commentary attributed it to stiff competition from fixed deposits and other fixed-return products. Linked / Non-Linked / Annuity / Group / Protection comprise 43% / 17% / 6% / 5.5% / 28% of APE in 1QFY27. Factoring a high base, we expect a gradual improvement led by sustained protection demand and build an APE growth of 10%/ 12% in FY27/ FY28E respectively.

Strong VNB growth with sustainable margin expansion: 1QFY27 VNB grew by 25% YoY to Rs5.7bn while Q1 VNB margin improved by 222bps to 26.7% led by favorable shift in product mix towards protection and higher operating efficiency, especially in the savings LOB. However, company expects the drag from non-availability of ITC credit to persist for one more quarter before it is fully reflected in the base from Q3FY27 onward. It reiterated focus is on growing absolute VNB, allowing the market and product mix to dictate margin outcomes while keeping the cost structure nimble enough to align with the prevailing mix. We increase our FY27E VNB margin estimates by 15bps (keeping FY28E unchanged) driven by stronger than expected performance in Q1FY27 and various cost optimization initiatives.

Quarter Summary

Y/e Mar	Q1'27E	Q1'27A	*% Var.*	Q1'26A	*YoY gr. (%)*
APE (INR mn)	17,012	21,360	*25.6*	18,640	*14.6*
VNB (INR m)	4,168	5,710	*37.0*	4,570	*24.9*
Margin (%)	24.5	26.7	*223 bps*	24.5	*222 bps*

Source: Company, PL

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Cost ratios moderate; solvency remains strong: Cost/ Total premium (savings LOB) improved by 50 bps YoY to 13.6% driven by higher operating efficiency (using AI/ML in underwriting, renewals, service, claims). 3M persistency was broadly stable on a sequential basis at 84%; the YoY softness in 25-month persistency from 83.4% to 77% reflects surrenders from the prior period carrying through rather than any fresh deterioration or change in assumptions since Mar-26. AUM growth stood at 3% YoY to INR 3,340bn and Solvency ratio stood at 225.4%, sufficiently above the regulatory threshold of 150%.

Partnership distribution grows; Banca sees a decline: Agency/ Direct/ Banca/ Partnership Distribution/ Group contributed 22%/13%/27%/15%/23% to overall APE in 1QFY27. While partnership distribution grew 29% YoY led by retail protection, agency turned positive (+2% YoY) after several quarters of decline, supported by the ongoing micro-market led branch strategy and greater use of technology and analytics for productivity. Direct channel continues to focus on scaling the online business through differentiated customer offerings and digital capabilities, and on deepening the NRI segment via GIFT City. Moreover, decline in share of banca YoY from 30% to 27% in Q1 reflects continued recalibration of business at partner banks.

Exhibit 1: Q1FY27 Result Overview

Financials (INR mn)	1QFY27	1QFY26	*YoY gr. (%)*	4QFY26	*QoQ gr. (%)*
NBP	**48,670**	**40,124**	***21.3***	**97,193**	***(49.9)***
Net premium	97,493	85,032	*14.7*	1,91,801	*(49.2)*
Investment & other income	1,86,456	1,68,170	*10.9*	-1,53,975	*(221.1)*
Total income	**2,83,949**	**2,53,202**	***12.1***	**37,826**	***650.7***
Net commission	10,142	9,849	*3.0*	17,955	*(43.5)*
Opex	12,154	9,066	*34.1*	14,183	*(14.3)*
Total mgmt expenses	**22,296**	**18,915**	***17.9***	**32,138**	***(30.6)***
GST	85	1,668	*(94.9)*	74	*14.7*
Provision for taxes	385	468	*(17.8)*	-4,014	*(109.6)*
Claims	89,478	97,620	*(8.3)*	1,37,545	*(34.9)*
Change in actuarial liability	1,66,881	1,30,724	*27.7*	-1,44,194	*(215.7)*
Total cost	**2,79,188**	**2,49,439**	***11.9***	**21,504**	***1198.3***
Surplus/(deficit)	**4,761**	**3,762**	***26.6***	**16,322**	***(70.8)***
T/f to s/hs' account	2,450	2,706	*(9.4)*	12,112	*(79.8)*
Investment & other income	2,942	2,486	*18.3*	4,214	*(30.2)*
Total income	**5,392**	**5,192**	***3.9***	**16,326**	***(67.0)***
Non-insurance expenses	563	533	*5.6*	503	*11.8*
T/f from p/hs' account	2,450	2,706	*(9.4)*	12,112	*(79.8)*
PBT	**4,312**	**3,448**	***25.1***	**6,677**	***(35.4)***
Taxes	450	428	*5.4*	589	*(23.5)*
PAT	**3,862**	**3,021**	***27.8***	**6,088**	***(36.6)***
AUM (Rs bn, Reported)	**3,340**	**3,245**	***2.9***	**3,136**	***6.5***
APE	**21,350**	**18,640**	***14.5***	**38,300**	***(44.3)***
Value of New Business	**5,710**	**4,570**	***24.9***	**9,650**	***(40.8)***

Source: Company, PL

Exhibit 2: Change in Estimates

INR mn	Revised estimate		Earlier estimate		*% Revision*	
	FY27E	FY28E	FY27E	FY28E	*FY27E*	*FY28E*
APE	1,17,138	1,31,388	1,14,797	1,26,650	*2.0*	*3.7*
VNB	29,285	32,847	28,527	31,663	*2.7*	*3.7*
VNB margin (%)	*25.0*	*25.0*	*24.9*	*25.0*	*15bps*	*0bps*
EV	5,91,564	6,68,782	5,94,400	6,74,500	*(0.5)*	*(0.8)*

Source: PL

Exhibit 3: Appraisal Value Framework

	Value (INR mn)
FY28 VNB	32,847
VNB Multiple	13.5x
Structural Value - (A)	**444,444**
Embedded Value, F27E - (B)	591,560
Appraisal Value- (A) + (B)	**1,036,000**
No. of shares o/s (#)	1,449.3
Value per share (Rs)	**715**
Implied P/EV, F28E	**1.5x**

Source: Company, PL

Q1FY27 Concall Highlights

Growth

- Retail protection saw its third straight quarter of strong growth, aided by the GST exemption and company-led initiatives; penetration is still only ~13% of the addressable population -a multi-decade opportunity, not a one-off spike.
- Group protection (credit life + group term) gained from the MFI segment's recovery, with non-MFI and group term also healthy.
- Savings mix moderated as customers tilted toward protection amid geopolitical and equity-market volatility; management sees this as sentiment-driven, not structural.
- Non-linked savings continues to face stiff competition from fixed deposits and other fixed-return products; pick-up expected only once those rates ease. Mix skews towards participating (~2:1 PAR: NPAR).
- Annuity growth was regular-premium led (vs. the earlier zero-surrender product).
- Group funds remain the lumpiest segment; written opportunistically when VNB-accretive, not treated as a structural growth driver.
- 13-month persistency was broadly stable sequentially. Softness in 25-month persistency reflects prior-period surrenders carrying through, not fresh deterioration or assumption changes since the March review.

Margin

- Margin expansion came from a better product mix and higher operating efficiencies,
- Third straight quarter impacted by GST input tax credit non-availability; drag expected for one more quarter before it's absorbed into the base from Q3FY27.

- No fixed margin target -focus stays on growing absolute VNB, letting market/product mix drive margins while keeping costs nimble.
- Non-par remains subdued versus attractive fixed-deposit alternatives; repricing stays selective by segment/tenure, with no mass repricing planned by the company or industry
- Savings cost-to-premium ratio improved on AI/ML-led efficiencies (demand generation, underwriting, renewals, service, claims) despite ITC-related cost pressure; the rise in total cost-to-premium ratio was mainly due to a higher protection mix.
- H1's elevated retail protection growth won't sustain into H2FY27 given the high base, though absolute production levels will be held and built on; MFI-led credit life recovery to help in H2FY27.

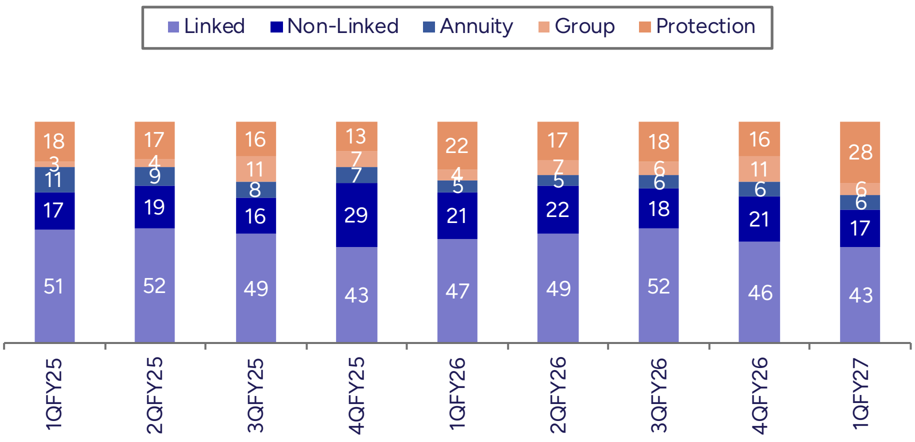
Distribution

- Agency turned positive after several down quarters, helped by the micro-market strategy and tech/analytics-led productivity; VNB trend is stronger than APE suggests, aided by a better protection mix.
- Direct channel remains focused on scaling online business via digital capabilities and deepening the NRI segment through GIFT City.
- Bancassurance reflects ongoing recalibration at partner banks -seen as a normal business cycle, not a concern.
- Partnership distribution stays highly diversified across 1,500+ partners, with ICICI Bank the largest single channel and no other partner above 5% of APE; growth is broad-based (incl. web aggregators) and protection-led, framed as a multi-year structural channel.
- On Prudential's shift from promoter to full owner of Standard Chartered's insurance arm, management cited a deep, decade-long partnership across products, tech and service; both sides value it, but any change to the open-architecture arrangement is best answered by Standard Chartered.
- Total channel cost (commission, overrides, opex, training/support) is broadly comparable across channels once quality overrides are factored in; no internal ceiling on growth in any channel, including partnerships

Other

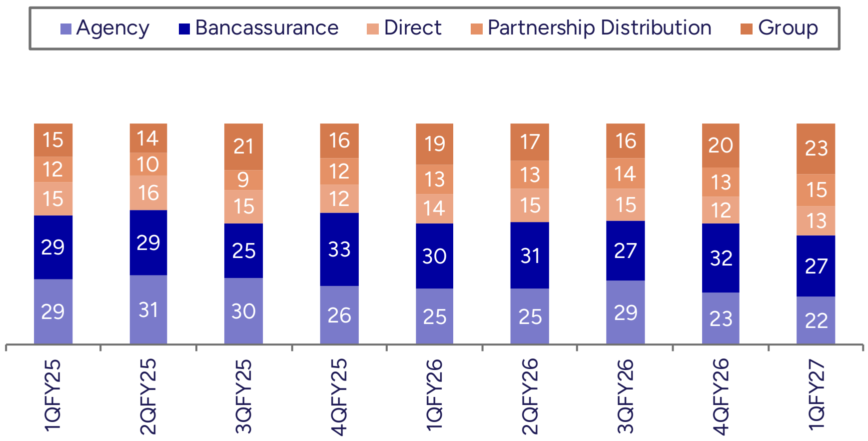
- Solvency is comfortably above the regulatory requirement at 225.4%
- Part of AUM movement reflects scheduled maturities on older policies and the usual surrender spike once policies cross the five-year lock-in; already factored into persistency assumptions, with no VNB impact.

Exhibit 4: APE mix was dominated by Linked savings with 43% share in Q1FY27



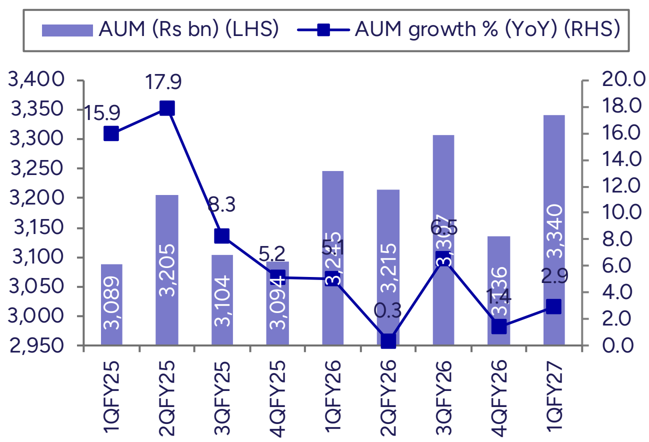
Source: Company, PL

Exhibit 5: Banca saw a decline in growth leading to lower share in distribution channel (27%)



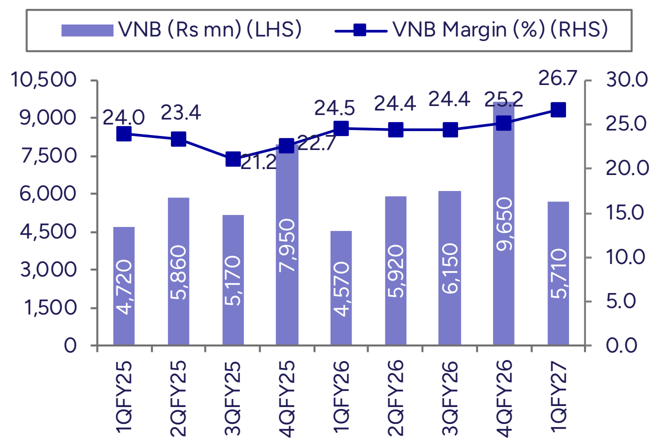
Source: Company, PL

Exhibit 6: AUM saw a pick up in growth of ~3% YoY in Q1FY27



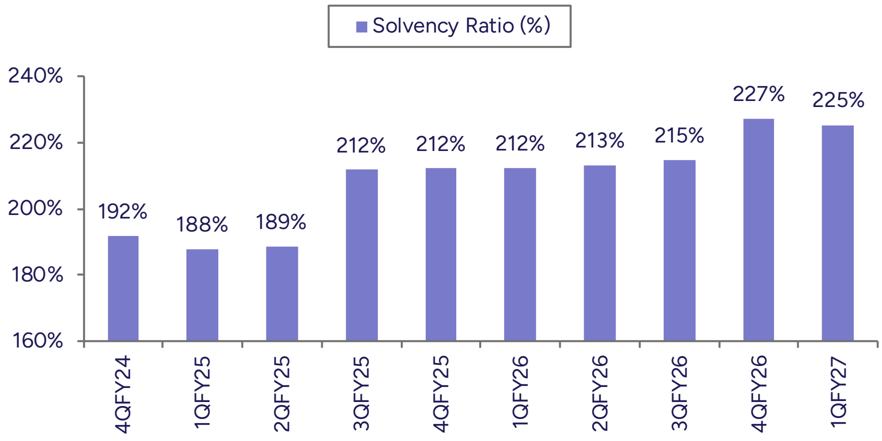
Source: Company, PL

Exhibit 7: VNB stood at Rs5.7bn while margin improved to 26.7%



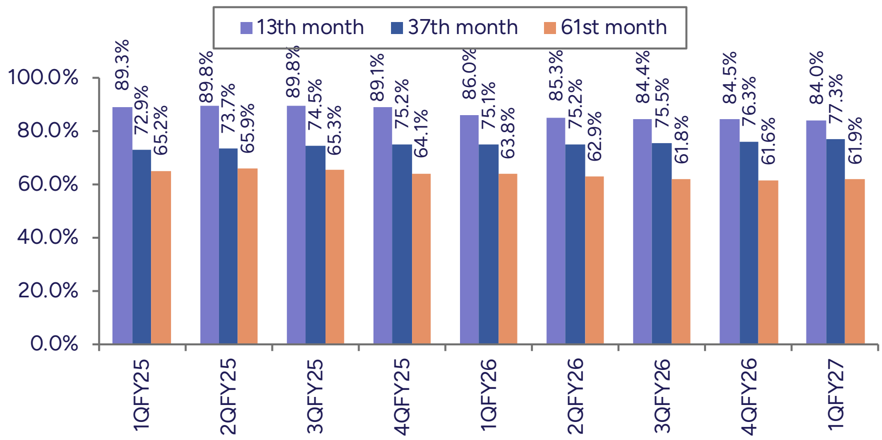
Source: Company, PL

Exhibit 8: Solvency ratio remains comfortable at ~225%



Source: Company, PL

Exhibit 9: 13M persistency trend broadly stable YoY



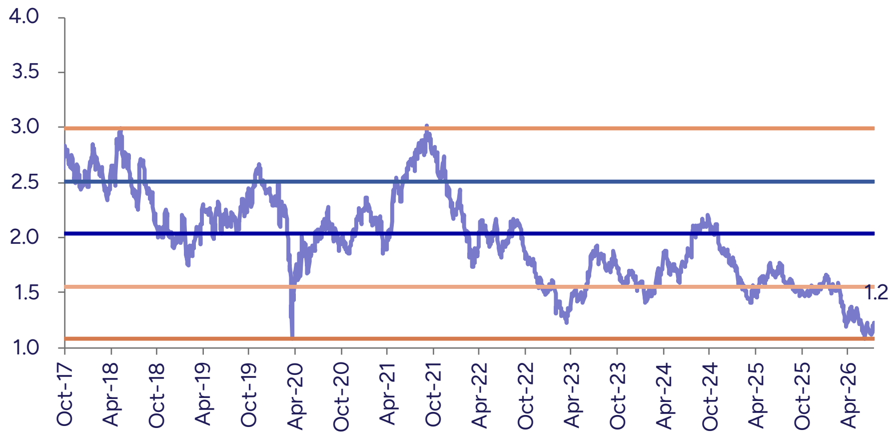
Source: Company, PL

Exhibit 10: Key Metrics

	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Commission ratio (%)	11.6	10.7	10.5	9.4	10.4
Opex ratio (%)	10.7	7.4	9.5	7.4	12.5
Mgmt expense ratio (%)	22.2	18.2	19.9	16.8	22.9
Claims ratio (%)	114.8	95.2	105.0	71.7	91.8
Solvency ratio (%)	212.3	213.2	214.8	227.3	225.4
Yield on s/hs' funds					
with unrealized gains (%)	19.1	1.1	14.5	(10.4)	29.0
without unrealized gains (%)	6.4	8.2	7.3	9.2	6.6
Persistency (%)					
13th month	86.0	85.3	84.4	84.5	84.0
37th month	75.1	75.2	75.5	76.3	77.3
61st month	63.8	62.9	61.8	61.6	61.9
Conservation ratio (%)	84.4	84.1	81.1	83.3	84.3

Source: Company, PL

Exhibit 11: One-year forward P/EV of IPRU Life trades at 1.2x



Source: Company, PL

Financials

Revenue Account (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
FYP (first year premium)	81,146	84,322	97,814	109,551
SP (single premium)	151,160	163,769	193,247	218,369
NBP (new business premium)	**232,306**	**248,091**	**291,061**	**327,920**
RP (renewal premium)	257,202	283,156	301,332	323,308
Gross premium	**489,507**	**531,246**	**592,392**	**651,228**
(-) Reinsurance ceded	16,913	17,890	20,734	22,793
Net premium	**472,594**	**513,356**	**571,659**	**628,435**
Investment & other income	233,605	120,848	117,168	128,266
Total income	**706,199**	**634,204**	**688,827**	**756,702**
- Commission expenses	48,594	51,811	56,733	61,952
- Operating expenses	39,716	44,298	50,353	55,354
- Provision for doubtful debts and taxes	6,953	3,778	4,754	5,126
Operating surplus	**610,937**	**534,316**	**576,987**	**634,269**
- Benefits paid (net)	454,711	462,084	521,305	560,056
- Interim & terminal bonuses paid	7,114	9,867	2,000	2,000
- Change in reserves	135,714	40,274	25,078	37,900
Pre-tax surplus / (deficit)	**13,398**	**22,091**	**28,603**	**34,313**
Provisions for tax	2,502	(2,529)	2,860	3,431
Post-tax surplus / (deficit)	**10,896**	**24,620**	**25,743**	**30,881**

Source: Company, PL

P&L Account (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
T/f from technical a/c	10,931	18,052	24,456	29,337
Investment & other income	7,304	13,147	16,671	18,672
Total income	**18,234**	**31,199**	**41,127**	**48,009**
Total expenses	**4,917**	**13,081**	**10,804**	**11,320**
PBT	13,317	18,119	30,323	36,689
Provision for tax	1,462	2,040	3,414	4,130
PAT	**11,855**	**16,079**	**26,909**	**32,559**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Sources of Funds				
Shareholders' fund	**119,338**	**136,312**	**153,954**	**183,257**
Policy Liabilities	2,956,225	2,971,540	3,702,580	3,947,441
Funds for future appropriations	12,832	19,401	1,287	1,544
Total	**3,088,395**	**3,127,252**	**3,857,821**	**4,132,242**
Application of Funds				
Shareholders investments	140,404	157,276	176,149	197,287
Policyholder investments	1,286,988	1,412,995	1,594,360	1,809,351
Assets held to cover linked liabilities	1,612,399	1,510,296	1,631,366	1,696,620
Net other and current assets	48,604	46,685	455,946	428,983
Total	**3,088,395**	**3,127,252**	**3,857,821**	**4,132,242**

Source: Company, PL

Embedded Value (EV) (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Opening EV	**423,370**	**479,500**	**529,870**	**591,564**
Unwind	33,900	35,540	39,740	44,367
VNB	23,700	26,290	29,285	32,847
Operating variance	(2,270)	(4,810)	(1,640)	2,260
EV Operating profit (EVOP)	**55,330**	**57,020**	**67,385**	**79,474**
Non-operating variance	(240)	(7,780)	(3,000)	1,000
EV Profit	**55,090**	**49,240**	**64,385**	**80,474**
Net capital injection	1,040	1,130	(2,691)	(3,256)
Closing EV	**479,500**	**529,870**	**591,564**	**668,782**

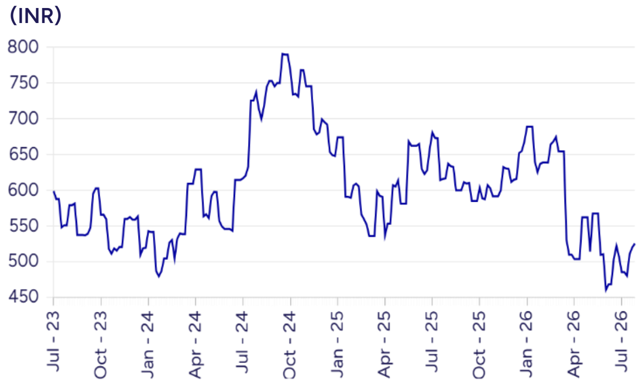
Source: Company, PL

Key Ratios

Y/e Mar	FY25	FY26	FY27E	FY28E
Growth (%)				
APE	15.0	2.3	10.1	12.2
Renewal premium	4.7	10.1	6.4	7.3
Net premium	13.2	8.6	11.4	9.9
PAT	39.1	35.6	67.4	21.0
Total AUM	4.9	1.3	10.4	8.9
Total Assets	5.2	1.3	23.4	7.1
Expense analysis (%)				
Commission ratio	8.4	9.8	10.0	10.0
Opex ratio	8.1	8.3	9.0	9.0
Claims ratio	96.2	90.0	88.0	86.0
P/hs' opex / Avg P/hs' AUM	1.4	1.5	1.6	1.6
Profitability analysis (%)				
RoA	0.4	0.5	0.8	0.8
RoE	10.5	12.5	18.4	19.2
RoEV	13.1	11.9	12.7	13.4
VNB Margin	22.8	24.7	25.0	25.0
S/hs'AUM yield	5.9	8.8	10.0	10.0
P/hs'AUM yield	8.0	3.7	3.7	3.7
Balance sheet analysis (x)				
P/hs' funds / P/hs' AUM	1.0	1.0	1.0	1.0
P/hs' liabilities / Net worth	25.5	23.0	22.8	22.5
Per share data (Rs)				
EPS	8.2	11.1	18.6	22.5
BVPS	83.0	95.0	107.1	127.4
EVPS	331.8	365.6	408.2	461.5
Valuation data (x)				
P/E	64.0	47.3	28.3	23.4
P/BV	6.3	5.5	4.9	4.1
P/EV	1.6	1.4	1.3	1.1

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	06-Jul-26	BUY	705	485
2	15-Apr-26	Buy	700	547
3	07-Apr-26	BUY	685	517
4	14-Jan-26	Accumulate	725	684
5	05-Jan-26	Hold	710	679
6	15-Oct-25	BUY	710	597
7	06-Oct-25	BUY	725	601
8	10-Sep-25	BUY	725	598

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	AAVAS Financiers	Accumulate	1645	1514
2	Bajaj Finance	Accumulate	1100	1029
3	BSE	BUY	4850	3803
4	Can Fin Homes	BUY	1075	919
5	Cholamandalam Investment and Finance Company	Accumulate	1950	1850
6	HDFC Life Insurance Company	BUY	755	568
7	Home First Finance Company India	Accumulate	1325	1198
8	ICICI Prudential Life Insurance Company	BUY	705	485
9	LIC Housing Finance	HOLD	575	549
10	Mahindra & Mahindra Financial Services	Accumulate	355	332
11	Max Financial Services	BUY	2035	1597
12	SBI Life Insurance Company	Buy	2200	1789
13	Shriram Finance	BUY	1250	1062
14	Sundaram Finance	Accumulate	4900	4608

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

ANALYST CERTIFICATION

Indian Clients

We/I Ms. Shreya Khandelwal MBA Finance, CFA, Mr. Dhanik Hegde CA, Ms. Harshada Gite CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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