

October 15, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	710		725	
NBP-APE (Rs mn)	1,11,457	1,23,613	1,13,282	1,26,697
% Chng.	(1.7)	(2.4)		
VNB (Rs mn)	26,527	30,038	26,078	29,647
% Chng.	1.7	1.3		
EV (Rs mn)	5,45,092	6,19,961	5,44,639	6,19,045
% Chng.	0.1	0.1		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
NBP (Rs mn)	2,32,306	2,74,709	3,08,089	3,51,208
APE (Rs mn)	1,04,070	1,11,457	1,23,613	1,39,062
VNB (Rs mn)	23,700	26,527	30,038	34,070
Margin (%)	22.8	23.8	24.3	24.5
Embedded Value (Rs mn)	4,79,500	5,45,092	6,19,961	7,05,528
EVOP (Rs mn)	55,330	65,657	74,915	85,437
RoEV (%)	13.1	13.7	13.7	13.8
P/EV (x)	1.8	1.6	1.4	1.2

Key Data

ICIR.BO | IPRU IN

52-W High / Low	Rs.777 / Rs.526
Sensex / Nifty	82,030 / 25,146
Market Cap	Rs.864.2bn / \$ 9,731.7m
Shares Outstanding	1,446.8m
3M Avg. Daily Value	Rs.746.8m

Shareholding Pattern (%)

Promoter's	72.96
Foreign	13.12
Domestic Institution	8.85
Public & Others	5.07
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.2)	5.2	(18.6)
Relative	(3.8)	(6.0)	(18.4)

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Growth momentum to pick up; margin improves

Quick Pointers:

- Weak APE growth in Q2; expect volumes to pick up in H2
- Margin improves to 24.4%; drag from GST exemption to reflect in H2

Q2 APE grew -3% YoY on an unfavourable base due to a decline in ULIP. We expect the momentum to pick up in H2FY26 (15.5% YoY growth), led by uptick in credit life/ ULIP and healthy traction in retail protection and NPAR. VNB margin expanded to 24.4% in 2QFY26 led by a favourable shift in product mix. Shift towards NPAR, higher sum assured and rider attachment rates are likely to offset the drag on profitability from GST exemption. We make marginal changes to our FY26/ FY27E APE growth estimates and increase FY26/ FY27E VNB margin factoring in a strong margin profile in H1FY26. We use the appraisal value framework to value IPRU at a TP of Rs710 (1.9x FY27E P/EV). Retain BUY.

- Expect growth to pick up in H2:** IPRU Life saw weak APE growth in 2QFY26 (-3% YoY) due to a decline of 8.5% YoY in ULIP. Protection growth remained flat YoY affected by (1) soft growth in retail protection (1.8% YoY) on a high base and (2) weakness in credit life volumes, especially in MFI. Within the Non-linked portfolio (+11.9% YoY), company highlighted a favourable mix with a shift in customer preference towards NPAR vs. PAR products. Linked / Non-Linked / Annuity / Group / Protection comprised 49.0% / 22.1% / 4.8% / 6.8% / 17.3% of APE in 2QFY26. Company expects strong growth in H2, factoring in a benign base, pick-up in credit life and ULIP volumes and sustained demand in retail protection and NPAR. We build an overall APE growth of ~7% in FY26E, driven by a strong H2FY26E (+15.5% YoY over H2FY25).
- VNB margin improves; drag of GST exemption in H2:** While 2QFY26 VNB grew 1% YoY to Rs 5.9 bn, Q2 VNB margin rose to 24.4% (H1FY26 VNB Margin at 24.5%) mainly on account of a favourable product mix (shift towards NPAR). Company continues to engage with distributors on lower commissions and is evaluating several cost optimisation measures to mitigate the impact of the recent GST exemption on FY26 VNB. Higher sum assured/ rider attachment and favourable movement of the yield curve are likely to offset the drag on profitability. While we expect H2 VNB margin to be lower at 23.4% due to the impact of GST exemption, we increase our FY26/ FY27E VNB Margin estimates by 80/90 bps to 23.8%/ 24.3% to account of better-than-expected performance in H1FY26.
- Impact of ~1% on FY26 EV; persistency trends normalise:** Embedded Value grew by 9.7% YoY to Rs 505bn and company has indicated an impact of ~1% on FY26 EV due to the benefit of input tax credit not being available on the existing book. 13M persistency normalised to 85.3% (in-line with FY23 levels) while company highlighted a drop in 61M persistency due to a change in definition. AUM was flat YoY at Rs 3,214.9 bn and company will be exercising a call option for Rs 12bn of sub-debt in Nov-25. Post exercising the call option, it expects the solvency ratio to remain above the regulatory threshold of 150% (currently at 213%).

- **Prop channels to do the heavy lifting in H2:** Agency/ Direct/ Banca/ Partnership Distribution/ Group contributed 24.9%/14.9%/30.6%/12.6%/17.1% to overall APE in 2QFY26. Proprietary channels (agency and direct) saw a de-growth of 23%/ 9% YoY on a high base and company expects a pick-up in H2. Banca APE was flat YoY and the run-rate for ICICIB was stable (Rs ~1 bn per month). H1FY26 Total Cost/ TWRP improved to 19.2% (vs. 22.0% in H1FY25) and company highlighted positive operating leverage resulting in an improved margin profile.

Exhibit 1: Q2FY26 Result Overview

Financials (Rs mn)	2QFY26	2QFY25	YoY gr. (%)	1QFY26	QoQ gr. (%)
NBP	54,453	50,895	7.0	40,124	35.7
Net premium	1,18,431	1,07,542	10.1	85,032	39.3
Investment & other income	1,725	1,42,533	(98.8)	1,68,170	(99.0)
Total income	1,20,156	2,50,075	(52.0)	2,53,202	(52.5)
Net commission	12,727	12,349	3.1	9,849	29.2
Opex	14,260	10,550	35.2	9,066	57.3
Total mgmt expenses	26,988	22,899	17.9	18,915	42.7
GST	1,543	1,777	(13.2)	1,668	(7.5)
Provision for taxes	468	173	171.3	468	0.1
Claims	1,12,767	1,20,218	(6.2)	97,620	15.5
Change in actuarial liability	-21,194	1,04,217	(120.3)	1,30,724	(116.2)
Total cost	1,20,775	2,49,148	(51.5)	2,49,439	(51.6)
Surplus/(deficit)	-618	927	(166.7)	3,762	(116.4)
T/f to s/hs' account	4,203	1,018	312.7	2,706	55.3
Investment & other income	3,186	1,265	151.9	2,486	28.1
Total income	7,389	2,283	223.6	5,192	42.3
Non-insurance expenses	506	220	129.8	533	(5.1)
T/f from p/hs' account	4,203	1,018	312.7	2,706	55.3
PBT	3,470	2,862	21.2	3,448	0.6
Taxes	478	345	38.4	428	11.7
PAT	2,993	2,517	18.9	3,021	(0.9)
AUM (Rs bn, Reported)	3,215	3,205	0.3	3,245	(0.9)
APE	24,220	25,040	(3.3)	18,640	29.9
Value of New Business	5,920	5,860	1.0	4,570	29.5

Source: Company, PL

Exhibit 2: Actual performance v/s. our Estimates

(Rs mn)	2Q FY26	2Q FY25	YoY gr. (%)	1Q FY26	QoQ gr. (%)	2Q FY26E	% Var.
APE	24,220	25,040	(3.3)	18,640	29.9	19,886	21.8
VNB	5,920	5,860	1.0	4,570	29.5	4,673	26.7
VNB Margin (%)	24.4	23.4	100 bps	24.5	-10 bps	23.5	90 bps

Source: Company, PL

Exhibit 3: Appraisal Value Framework

	Value (Rs mn)
FY27 VNB	30,038
VNB Multiple	16.0x
Structural Value - (A)	4,80,837
Embedded Value, F26E - (B)	5,45,092
Appraisal Value- (A) + (B)	10,25,928
No. of shares o/s (#)	1,445.3
Value per share (Rs)	710
Implied P/EV, F27E	1.9x

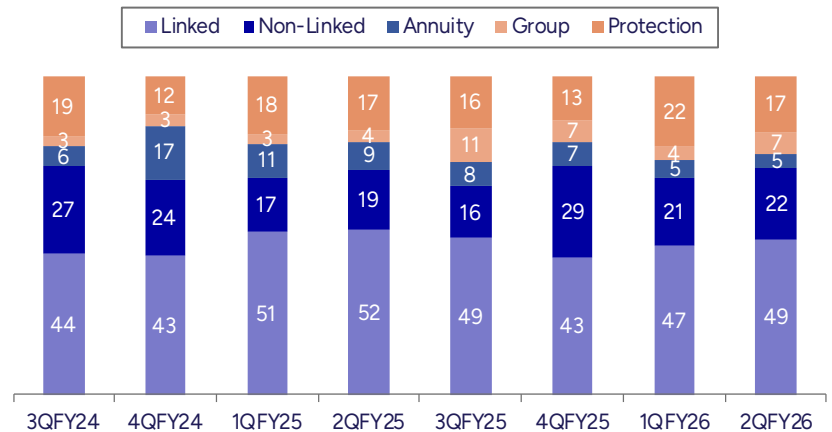
Source: PL

Q2FY26 Concall Highlights

- Life insurance sector grew only 2% in RWRP in H1FY26, down from 21% last year; however the long-term outlook remains positive
- Embedded value grew 9.7% to Rs 505.0bn as of Q2FY26 driven by a strong growth of ~18% in Value of In-force to Rs 377.6bn
- Company continues to strengthen its diversified distribution franchise with over 0.25 mn advisors, 50 banca partners with an access to 24,300 branches and 1,400+ partnerships
- Recent changes in the GST regime will make retail products more affordable and attractive to customers. While credit Life business which was impacted due to slowdown in the MFI sector, it will see a gradual recovery in the coming quarters
- Proprietary distribution channels experienced a decline in current quarter due to a high ULIP and annuity base from the previous year
- VNB margin improved due to a higher mix of protection and non-par business, longer-tenure policies and increased rider attachments. Favorable yield curve movements were partly offset by GST impact on commissions and operating expenses
- To offset the impact on new business profitability, the company is leveraging multiple levers including commission renegotiations with distributors and continued operating expense optimization
- The linked business has returned to growth, with momentum picking up in September despite the late impact of GST implementation
- The decline in 61M persistency was attributed to a definition change that retains non-premium paying policies on the books, thereby expanding the base and reducing the ratio and it is not reflective of any deterioration in renewal trends.
- Company appointed Mr. Samit Upadhyay and Mr. Naveen Tahilyani as non-executive Additional Directors effective from September, subject to shareholders' approval
- Company had ~16.2mn seamless digital service interactions in Q2FY26

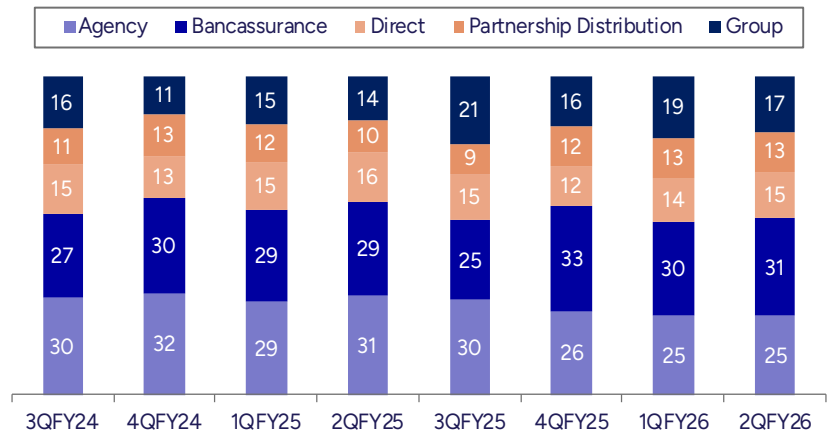
- Product mix by Total APE (ULIP / Non-linked savings / Annuity / Group / Protection) stood at 48% / 22% / 6% / 7% / 17% in Q2FY26
- Distribution mix by Total APE (Banca / Agency / Direct / Partnership distribution / Group) stood at 30% / 25% / 14% / 13% / 18% in Q2FY26
- Solvency ratio remains comfortable at 213.2% as of Q2FY26

Exhibit 4: Product mix for the quarter (Total APE basis) (%)



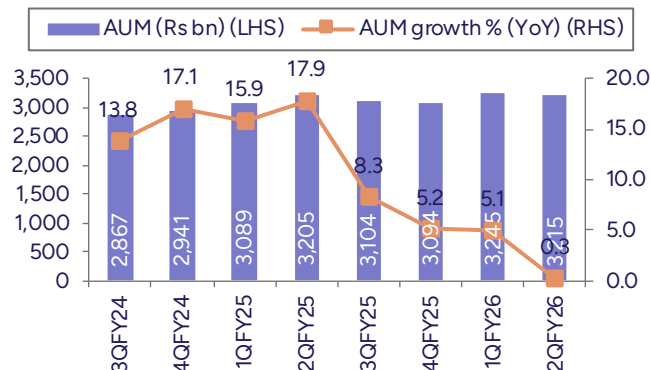
Source: Company, PL

Exhibit 5: Distribution mix for the quarter (Total APE basis) (%)



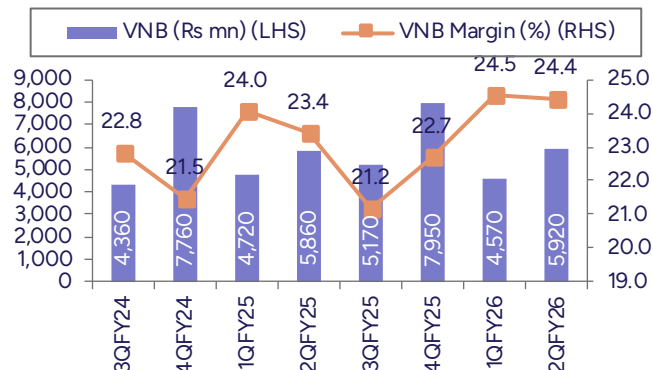
Source: Company, PL

Exhibit 6: AUM and AUM growth (% YoY)



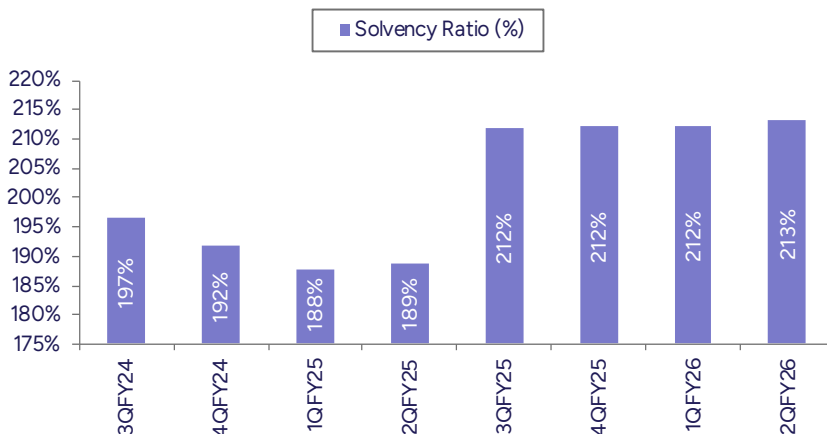
Source: Company, PL

Exhibit 7: VNB (Rsmn) and VNB margin (%)



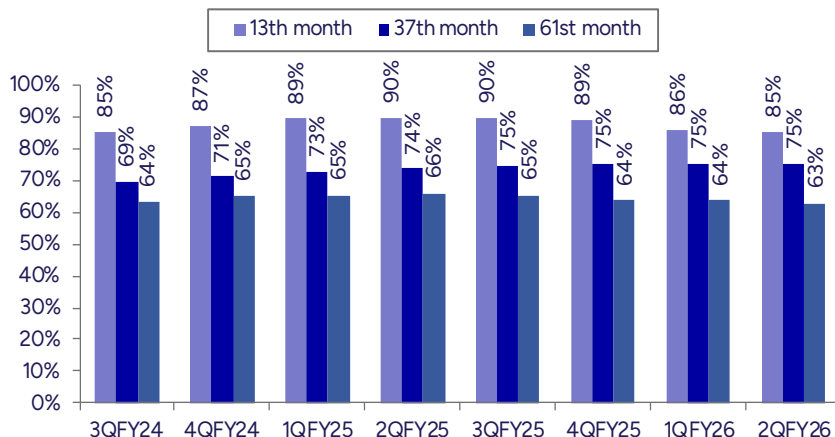
Source: Company, PL

Exhibit 8: Solvency Ratio (%)



Source: Company, PL

Exhibit 9: Persistency Trends (%)



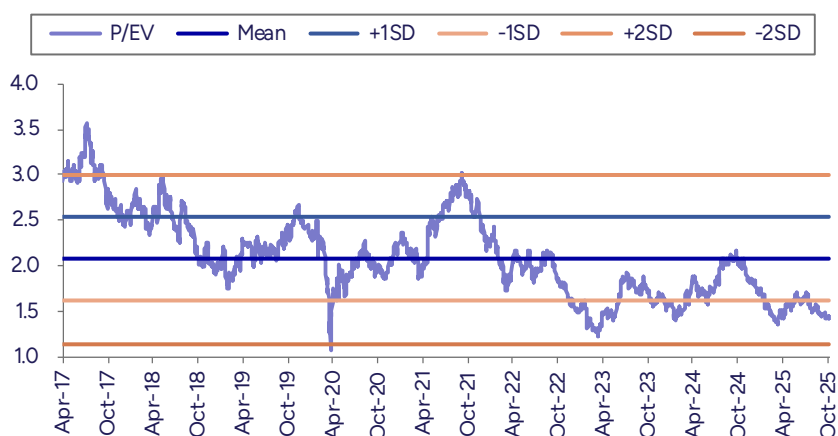
Source: Company, PL

Exhibit 10: Key Metrics

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Commission ratio (%)	11.5	9.0	9.6	11.6	10.7
Opex ratio (%)	9.8	7.9	5.5	10.7	12.0
Mgmt expense ratio (%)	21.3	16.9	15.1	22.2	22.8
Claims ratio (%)	111.8	100.4	75.3	114.8	95.2
Solvency ratio (%)	188.6	211.8	212.2	212.3	213.2
Yield on s/hs' funds					
with unrealized gains (%)	7.5	5.0	6.2	19.1	1.1
without unrealized gains (%)	5.0	6.2	6.6	6.4	8.2
Persistency (%)					
13th month	89.8	89.8	89.1	86.0	85.3
37th month	73.7	74.5	75.2	75.1	75.2
61st month	65.9	65.3	64.1	63.8	62.9
Conservation ratio (%)	82.0	8.0	81.0	84.4	84.1

Source: Company, PL

Exhibit 11: One-year forward P/EV



Source: Company, PL

Financials

Exhibit 12: Revenue Account

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
FYP (first year premium)	70,315	81,146	93,317	1,03,116	1,15,490
SP (single premium)	1,16,473	1,51,160	1,81,392	2,04,973	2,35,719
NBP (new business premium)	1,86,788	2,32,306	2,74,709	3,08,089	3,51,208
RP (renewal premium)	2,45,568	2,57,202	2,77,445	3,05,879	3,39,465
Gross premium	4,32,356	4,89,507	5,52,154	6,13,967	6,90,674
(-) Reinsurance ceded	14,760	16,913	19,325	21,489	24,174
Net premiums	4,17,597	4,72,594	5,32,829	5,92,479	6,66,500
Investment & other income	4,85,476	2,33,605	2,46,298	2,70,994	2,97,540
Total income	9,03,073	7,06,199	7,79,127	8,63,473	9,64,040
- Commission expenses	37,220	48,594	52,724	57,048	61,612
- Operating expenses	41,260	39,716	46,933	49,117	55,254
- Provision for doubtful debts and taxes	6,173	6,953	8,819	9,693	10,778
Operating surplus	8,18,420	6,10,937	6,70,651	7,47,615	8,36,397
- Benefits paid (net)	3,97,459	4,54,711	4,69,331	4,91,174	6,07,793
- Interim & terminal bonuses paid	2,601	7,114	2,000	2,000	2,000
- Change in reserves	4,06,390	1,35,714	1,82,598	2,33,409	1,99,533
Pre-tax surplus / (deficit)	11,970	13,398	16,722	21,031	27,071
Provisions for tax	1,079	2,502	3,122	3,927	5,055
Post-tax surplus / (deficit)	10,891	10,896	13,599	17,104	22,016

Source: Company, PL

Exhibit 13: P&L Account

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
T/f from technical a/c	14,719	10,931	12,239	16,249	20,916
Investment and other income	13,835	7,304	14,883	16,669	18,669
Total income	28,554	18,234	27,122	32,918	39,585
Total expenses	19,322	4,917	13,048	15,558	18,569
PBT	9,232	13,317	14,074	17,360	21,015
Provision for tax	708	1,462	1,545	1,905	2,307
PAT	8,524	11,855	12,530	15,455	18,709

Source: Company, PL

Exhibit 14: Balance Sheet

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds					
Shareholders' fund	1,10,086	1,19,338	1,26,955	1,40,864	1,57,702
Policy liabilities	28,12,318	29,56,225	32,48,722	35,82,275	39,04,305
Funds for future appropriations	12,866	12,832	1,360	855	1,101
Total	29,35,270	30,88,395	33,77,038	37,23,995	40,63,109
Application of Funds					
Shareholders' investments	1,05,755	1,40,404	1,57,253	1,76,123	1,97,258
Policyholders' investments	11,43,182	12,86,988	15,39,917	17,48,800	19,94,544
Asset held to cover linked liabilities	16,48,424	16,12,399	16,44,647	17,76,219	18,47,267
Net other and current assets	37,909	48,604	35,221	22,853	24,039
Total	29,35,270	30,88,395	33,77,038	37,23,995	40,63,109

Source: Company, PL

Exhibit 15: Embedded Value (EV)

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Opening EV	3,56,380	4,23,370	4,79,500	5,45,092	6,19,961
Unwind	30,710	33,900	38,360	43,607	49,597
VNB	22,270	23,700	26,527	30,038	34,070
Operating variance	-2,820	-2,270	770	1,270	1,770
EV Operating Profit (EVOP)	50,160	55,330	65,657	74,915	85,437
Non-operating variance	16,910	-240	1,000	1,500	2,000
EV Profit	67,070	55,090	66,657	76,415	87,437
Net capital injection	-60	1,040	-1,065	-1,546	-1,871
Closing EV	4,23,390	4,79,500	5,45,092	6,19,961	7,05,528

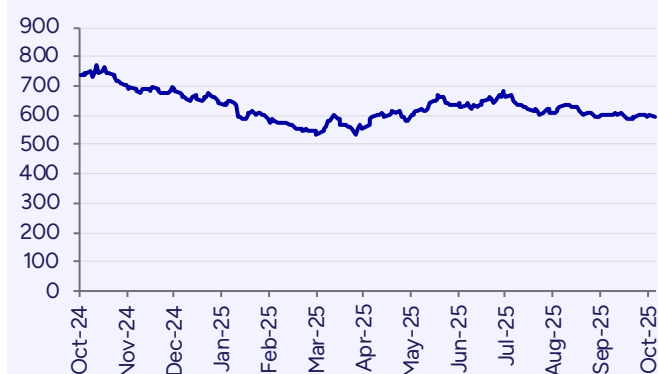
Source: Company, PL

Exhibit 16: Key Ratios

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Growth (%)					
APE	4.7	15.0	7.1	10.9	12.5
Renewal premium	9.0	4.7	7.9	10.2	11.0
Net premium	8.3	13.2	12.7	11.2	12.5
PAT	5.1	39.1	5.7	23.3	21.1
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	1.5	1.5
Profitability analysis (%)					
RoA	0.3	0.4	0.4	0.4	0.5
RoE	8.3	10.5	10.1	11.5	12.5
RoEV	14.1	13.1	13.7	13.7	13.8
VNB margin	24.6	22.8	23.8	24.3	24.5
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	11	13
BVPS	74	83	88	98	110
EVPS	294	332	377	429	488
Valuation data (x)					
P/E	100.9	72.8	68.9	55.9	46.1
P/BV	8.1	7.2	6.8	6.1	5.5
P/EV	2.0	1.8	1.6	1.4	1.2

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Oct-25	BUY	725	601
2	10-Sep-25	BUY	725	598

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	Hold	950	1,017
2	Cholamandalam Investment and Finance Company	Hold	1,550	1,632
3	HDFC Life Insurance Company	BUY	900	759
4	ICICI Prudential Life Insurance Company	BUY	725	601
5	Mahindra & Mahindra Financial Services	Hold	300	283
6	Max Financial Services	BUY	1,850	1,604
7	SBI Life Insurance Company	Hold	1,925	1,758
8	Shriram Finance	Hold	685	667
9	Sundaram Finance	Hold	4,750	4,427

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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