




ICICI Prudential Life Insurance Co. Ltd.

BUY

Sector: Life Insurance

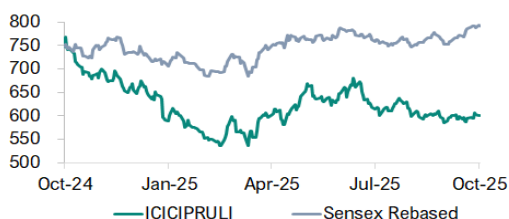
30th October, 2025

Key Changes		Target 	Rating 	Earnings 		Target	Rs. 696
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 601
Mid Cap	IPRU:IN	84,997	ICICIPRULI	540133	12 Months	Return	+16%

Data as of: 29-Oct-2025, 18:00 hrs

Company Data			
Market Cap (Rs. Cr)	86,945		
52 Week High — Low (Rs.)	768 - 517		
Outstanding Shares (Rs. cr)	144.7		
Free Float (%)	27.0		
Dividend Yield (%)	0.1		
6m average volume (cr)	0.1		
Beta	1.0		
Face value (Rs.)	10.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	73.0	73.0	72.9
Fil's	13.3	13.1	13.2
MFs/Institutions	8.8	8.9	8.7
Public	2.7	2.8	3.0
Others	2.2	2.2	2.3
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-2.2%	-0.3%	-19.9%
Absolute Sensex	4.6%	5.5%	5.8%
Relative Return	-6.9%	-5.8%	-25.7%

*over or under performance to benchmark index



Y.E March (Rs. cr)	FY25A	FY26E	FY27E
Net Premium	47,259	51,207	55,902
Growth (%)	13.2	8.4	9.2
New Business (%)	22.8	24.8	25.7
Net Profit	1,186	1,527	1,826
Growth (%)	39.4	28.8	19.6
EPS (Rs)	8.2	10.6	12.6
Growth (%)	38.5	29.4	19.6
BVPS (Rs)	82.6	87.7	88.7
EVPS (Rs)	332.1	379.4	435.2
RoE	9.9	12.1	14.3
RoEV	13.1	14.5	15.0
P/E	69.3	55.6	46.5
P/EV	1.7	1.5	1.3
Solvency (%)	212.2	210.2	208.2

Sustainable Growth; GST Reforms to be Beneficial

ICICI Prudential Life Insurance Co Ltd (IPRU), a joint venture between ICICI Bank and Prudential Corp Holdings, offers life, health and pension products.

- Net premium income surged 10% in Q2FY26 to Rs. 11,843cr, primarily due to a 10% YoY growth in renewal premium and 25% YoY growth in single premium.
- Annual premium equivalent (APE) in H1FY26 decreased 4.1% YoY to Rs. 4,286cr, driven by a 10.7% fall in linked products and a 50.1% drop in annuity products.
- Value of new business (VNB) fell a modest 0.9% YoY to Rs. 1,049cr in H1FY26. However, VNB margin increased to 24.5% from 23.7% in H1FY25, mainly due to a favourable business mix, improved product profitability and a favourable yield curve, albeit partially offset by the impact of GST on commissions and operating expenses.
- Consolidated profit after tax rose 17.9% YoY to Rs. 296cr in Q2FY26, primarily driven by higher investment income from shareholder funds (+151.4% YoY).
- IPRU pension fund manager subscribers totaled 10.33 lakh in Q2FY26, up 19% YoY from 8.67 lakh in Q2FY25, while assets under management increased 35% YoY to Rs. 53,040cr.

Outlook & Valuation

IPRU displayed a sustainable growth trajectory, driven by its diversified product portfolio, consistent profitability and customer-centric approach. The company is well-positioned to capitalise on the benefits of GST reforms, leveraging its strong brand, innovative products and efficient distribution network to deliver long-term business growth and increase its VNB. The company's focus on cost optimisation initiatives to streamline its operations and align its cost structure with customer demands strengthens its competitive edge. As it deepens its distribution channel and penetrates further into micro markets, its ability to adapt to changing economic conditions will become increasingly pronounced and seamless. Hence, **we have retained our BUY rating on the stock with a revised target price of Rs. 696 based on 1.6x FY27E P/EV.**

Quarterly Financials Consolidated

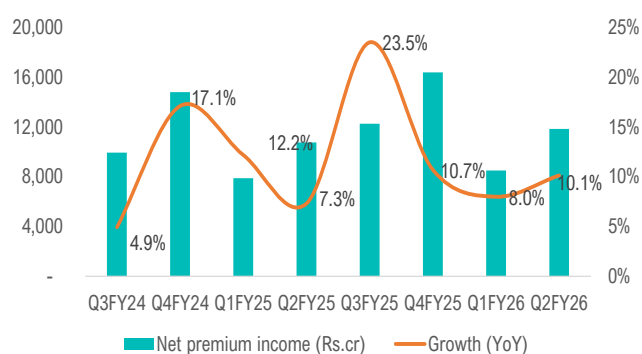
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Premium earned (Net)	11,843	10,754	10.1	8,503	39.3	20,346	18,629	9.2
Total income	12,016	25,008	-52.0	25,320	-52.5	37,336	50,466	-26.0
Total expenses	11,484	24,898	-53.9	24,897	-53.9	36,381	50,060	-27.3
Surplus (Post tax)	485	93	422.9	376	28.9	861	377	128.4
PBT	342	285	20.1	343	-0.3	686	544	26.0
Reported PAT	296	251	17.9	301	-1.7	597	475	25.6
Adj. EPS (Rs.)	2.0	1.7	16.7	2.1	-1.9	4.1	3.3	24.6



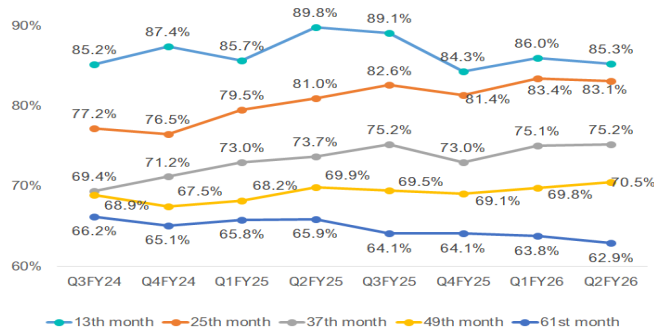
Key Concall Highlights

- The government's recent GST reforms have made life insurance more affordable and accessible to customers. With the GST exemption, policyholders enjoy significant savings on premiums, increasing the attractiveness of life insurance across various income groups. This is expected to drive deeper insurance penetration, particularly in underserved markets.
- Under the savings segment, non-linked savings business grew 11.9% YoY in Q2FY26, which was driven by customers seeking to secure high yields in a declining interest rate environment, opting for non-par products, whereas the linked business saw an 8.6% YoY decline in Q2FY26.
- APE for the overall protection business at Rs. 419cr was relatively flat in Q2FY26, while that for the retail protection business grew 2.4% YoY. The changes in GST are expected to make retail products more affordable and attractive to customers.
- The estimated impact on the existing book due to the withdrawal of input tax credit on individual businesses is around 1% on embedded value, and to mitigate such an effect on new business profitability, multiple measures are being taken, including the renegotiation of commissions with distributors and the optimisation of operating expenses.
- The cost-to-premium ratio (overall) for H1FY26 improved to 19.2%, down 280 bps, and the cost-to-premium in the savings business also fell 280 bps to 12.7%. IPRU is focused on sustainable cost reduction measures, including controlling discretionary spending, reassigning staff and optimising digital processes, viewing these as long-term improvements rather than short-term cuts.

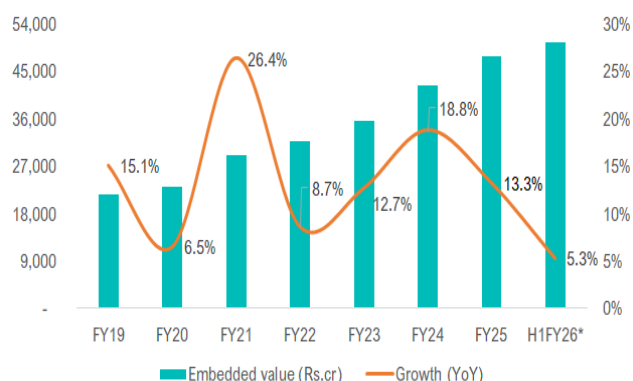
Net Premium



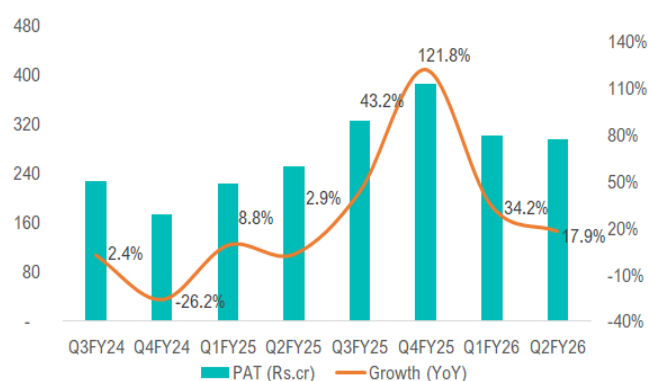
Persistency Ratio



Embedded Value



PAT



*Note: The Embedded Value for H1FY26 is compared to the FY25 figure.

Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Premium earned (net)	52,879	59,406	51,207	55,902	-3.2	-5.9
Profit before tax	1,431	2,277	1,660	1,985	16.0	-12.8
Net Profit	1,316	2,095	1,527	1,826	16.0	-12.8
EPS	9.1	14.5	10.6	12.6	16.5	-12.8



Consolidated Financials

Policyholder's Profit & Loss Account

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net Premium	38,560	41,760	47,259	51,207	55,902
% change	6.2	8.3	13.2	8.4	9.2
Income from Inv.	9,965	46,550	22,819	24,890	27,574
Transfer of funds from shareholder's account	1,802	1,802	318	200	170
Other income	152	205	223	303	418
Total Income	50,478	90,317	70,620	76,600	84,064
Commission	1,864	3,722	4,859	4,979	5,044
Operating Expenses	4,583	4,136	3,972	4,022	4,203
Other Expenses	724	617	695	811	859
Operating Profit	43,307	81,842	61,094	66,789	73,958
% change	-24.7	89.0	-25.4	9.3	10.7
Benefits Paid (Net)	30,789	39,746	45,471	45,960	46,235
Change in Reserves	9,817	40,639	13,571	18,690	24,336
Tax	184	108	250	247	458
Tax Rate (%)	7.4	9.0	18.7	18.0	18.0
Surplus/Deficit	2,302	1,089	1,090	1,125	2,088
% change	5.1	-52.7	0.0	3.3	85.5

Shareholder's Profit & Loss Account

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Transfer from Technical A/c	2,016	1,472	1,093	1,182	1,305
Investment Inc.	880	1,373	699	909	1,091
Total Income	2,910	2,877	1,823	2,126	2,435
% change	-8.7	-1.1	-36.6	16.6	14.5
Other Expenses	207	154	174	266	280
Contri to Technical A/c	1,802	1,802	318	200	170
Total Expenses	2,010	1,957	492	466	449
PBT	900	921	1,332	1,660	1,985
% change	13.3	2.2	44.7	24.6	19.6
Tax	87	70	146	133	159
Tax Rate (%)	9.6	7.6	11.0	8.0	8.0
Reported PAT	813	851	1,186	1,527	1,826
Adj*					
Adj PAT	813	851	1,186	1,527	1,826
% change	7.2	4.6	39.4	28.8	19.6
No. of shares (cr)	144	144	144	144	144
Adj EPS (Rs)	5.7	5.9	8.2	10.6	12.6
% change	7.4	4.2	38.5	29.4	19.6
DPS (Rs)	0.6	0.6	0.9	1.1	1.3

Balance Sheet

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Source of Funds					
Share Capital	1,439	1,441	1,445	1,445	1,445
Reserves & Surplus	8,371	9,218	10,555	11,147	11,282
Fair Value Change	280	345	-67	73	81
Shareholders' Fund	10,090	11,005	11,934	12,665	12,808
Policy Liabilities	234,365	275,004	288,576	354,713	438,254
Others	4,033	6,227	7,047	7,751	8,526
Policyholders' Fund	238,398	281,232	295,622	362,464	446,781
Funds for Future appropriations	1,669	1,287	1,283	1,227	2,010
Total	250,157	293,523	308,839	376,356	461,599
Application of Funds					
Shareholders'	9,847	10,567	14,040	14,181	14,330
Policyholders'	94,311	114,318	128,699	156,270	189,506
Assets held to cover linked liabilities	144,058	164,842	161,240	199,753	250,338
Loans	1,314	1,761	2,419	2,613	2,848
Fixed assets	596	719	848	954	1,070
Net Current assets	30	1,314	1,591	2,584	3,505
Total	250,157	293,523	308,839	376,356	461,599
BVPS (Rs)	70.1	76.4	82.6	87.7	88.7
% change	1.0	0.9	0.8	0.6	0.1

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Per Share (Rs.)					
EPS	5.7	5.9	8.2	10.6	12.6
DPS	0.6	0.6	0.9	1.1	1.3
EVPS	247.7	293.9	332.1	379.4	435.2
Earnings (%)					
RoE	8.3	8.0	9.9	12.1	14.3
RoEV	17.4	14.1	13.1	14.5	15.0
Valuation (x)					
P/E (x)	77.1	103.4	69.3	55.6	46.5
P/EV (x)	1.8	2.1	1.7	1.5	1.3
Div. Yield (%)	0.1	0.1	0.2	0.2	0.2
Exps. (% of premium)					
Commission	4.8	8.9	10.3	9.7	9.0
Operating Expenses	11.9	9.9	8.4	7.9	7.5
Total Expenses	18.6	20.3	20.2	19.2	18.1
Margin (%)					
New Business	32.0	24.6	22.8	24.8	25.7
Solvency (%)					
Solvency	208.9	191.8	212.2	210.2	208.2



Recommendation Summary - (last 3 years)



Dates	Rating	Target
29-Jan-24	BUY	549
10-May-24	BUY	670
31-Oct-24	HOLD	809
5-Feb-25	BUY	692
16-May-25	BUY	678
30-Oct-25	BUY	696

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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