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FIRST LIGHT

14 January 2026

RESEARCH

ICICI PRUDENTIAL LIFE | TARGET: Rs 805 | +18% | BUY

VNB margin stable, APE growth to improve

SUMMARY

ICICI PRUDENTIAL LIFE

- VNB margin remined stable at 24.4% in Q3FY26, despite GST impact, aided by favourable product mix and cost rationalisation
- Strong retail protection growth (41% YoY in Q3) aided VNB margins and thereon, absolute VNB growth
- Maintain BUY with TP of Rs 805 (earlier Rs 736), 1.7x its Dec’27 P/EV, on the expectations of a stable performance in future

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RESULT REVIEW

BUY
TP: Rs 805 | ▲ 18%

ICICI PRUDENTIAL LIFE | Insurance | 14 January 2026

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Margins stable: VNB margins remained stable despite the unavailability of ITC, leading to strong VNB growth. VNB margin was at 24.4%, while absolute VNB grew robust at 19% YoY in Q3FY26, even as APE saw a muted growth YoY in Q3FY26. Robust growth in retail protection business (up 41% YoY), improvement in profitability at product levels, higher sum assured and longer-term policies and favourable yield curve movement during Q3 - all helped offset the unavailability of ITC leading to stable VNB margin.

Strong protection growth drives margins: Overall protection segment reported strong growth of 19% YoY in Q3FY26, driven by robust retail protection growth of 41% YoY (21% YoY in 9MFY26). Group protection grew 6% YoY. The company foresees the growth momentum to continue going forward. Further, share of retail protection in the overall mix increased to 8.2% in Q3FY26 and 7.6% in 9MFY26 vs. 6% in Q3FY25, 6.2% in 9MFY25.

APE grew muted: APE came in at Rs 25.3bn, up 4% YoY in Q3FY26, in line with our expectations. Notably, APE growth turned positive during the quarter, after declining 5% in Q1FY26 and 3% in Q2FY26. However, for 9MFY26, APE de-grew 1% YoY (up 27% YoY in 9MFY25). This was primarily driven by individual APE growth (up 10% YoY in Q3FY26, down 2% YoY in 9MFY26). Group APE de-grew by 20% YoY in Q3FY26. IPRU expects APE to grow in-line with the industry growth in FY26.

Maintain BUY on IPRU: The company maintained VNB margins during Q3FY26 supported by product mix optimisation and operational leverage. Management reiterated its focus on growing absolute VNB. Growth in the protection segment is expected to sustain, going forward. Further, the ongoing active commission renegotiations and continued cost optimisation efforts are expected to aid improvement in margins, aided by favourable product mix. Hence, we maintain BUY on IPRU with TP of Rs 805 (earlier Rs 736), implying 1.7x its Dec'27 P/EV.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	IPRU IN/Rs 681
Market cap	US$ 10.9bn
Free float	27%
3M ADV	US$ 9.2mn
52wk high/low	Rs 707/Rs 526
Promoter/FPI/DII	73%/15%/7%

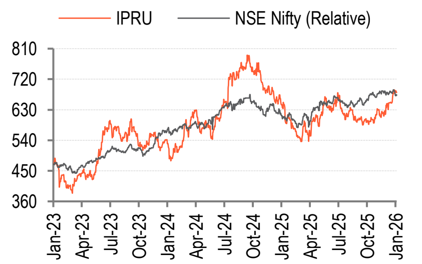
Source: NSE | Price as of 13 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NBP (Rs mn)	2,32,306	2,35,698	2,51,173
APE (Rs mn)	1,04,070	1,13,436	1,28,410
VNB (Rs mn)	23,700	28,246	32,359
Embedded Value (Rs mn)	4,79,510	5,45,244	6,20,350
VNB margin (%)	22.8	24.9	25.2
EVPS (Rs)	331.8	377.2	429.2
EPS (Rs)	8.2	11.1	14.1
Consensus EPS (Rs)	-	-	-
P/EV (x)	2.1	1.8	1.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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