

RESEARCH**BOB ECONOMICS RESEARCH | CPI**

CPI showing upward bias in the new series

ICICI PRUDENTIAL LIFE | TARGET: Rs 760 | +39% | BUY

VNB margin expansion drives growth

SUMMARY**INDIA ECONOMICS: CPI**

CPI inched up in Mar'26 albeit remaining below the 4% target level even this month. However, there has been clear build up of inflationary pressures especially on food inflation front. The High frequency price data also reflect the same, with visible stickiness in edible oil prices and some items of pulses. The fine print will provide further cues on the same. Our in-house BoB ECI is tracking higher at 1% in the first 12 days of Apr'26. Thus, we expect some pressure on food inflation since arrival statistics of major vegetable items have softened.

[Click here](#) for the full report.

ICICI PRUDENTIAL LIFE

- VNB margin resilient, with a significant expansion of 190bps YoY in FY26, driven by favourable product mix towards high margin products
- Strong 32% YoY growth in retail protection; overall protection growth was at 16% YoY in FY26
- Maintain BUY with TP of Rs 760 (earlier Rs 800), 1.6x its Mar'28 P/EV, on the expectations of a stable performance in future

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CPI

12 April 2026

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Dipanwita Mazumdar
Economist

International price of food items is also increasing, especially for edible oils. Also, since the war situation has not yet been under control, the second-round impact of pass through of higher energy prices to food inflation cannot be ruled out. Core inflation (core excl. food and fuel) is broadly stable at 3.4%. For core, we do not anticipate much upside risk as demand side pressure is largely contained.

Food inflation inching up

CPI shows some upward bias albeit below 4%: CPI inflation reading came in at 3.4% in Mar'26 compared to 3.2% in Feb'26, on YoY basis and below our estimate of 3.7%. There has been continuous upward bias in the new series. This month's print also shows the stickiness due to war related factors such as firming up of LPG prices and higher food prices globally. Food inflation print was at 3.9% in Mar'26, around 40bps higher compared to Feb'26 print of 3.5%. The fine print of food inflation is not yet available, but the likely jump may be due to higher Tomato inflation (36%, YoY, Mar'26). On the other hand, Potato and Onion are still recording sharp deflation. Pulses are also exhibiting some momentum as deflation of Arhar, Tur has been at a much slower pace (-9.6% in Mar'26, YoY compared to -16% in Feb'26, YoY). It is important to mention that the arrival statistics of Tomato, Onion and Potato (TOP) vegetables are also falling. As per UPAJ data, in Jan-Mar'26 quarter it declined by -36.6% compared to same period of previous year. Hence monitoring of prices for these TOP (Tomato, Onion, Potato) is required. The other buildup of food inflation may be on account of spillover effect due to higher food prices globally. We believe there has been jump in the edible oil component of CPI as global prices are on the higher side due to elevated international crude oil price. Thus, outlook on food inflation is tilted to the upside. The added risk of weather-related conditions through possible El Nino also persists.



BUY
 TP: Rs 760 | ▲ 39%

ICICI PRUDENTIAL LIFE | Insurance

15 April 2026

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VNB margin expansion drives growth

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Significant margin expansion: VNB margin witnessed a significant expansion of 250bps YoY in Q4FY26 to 25.2%, above our estimate of 24.1%. For FY26, margins expanded by 190bps YoY. This is primarily on account of a favourable product mix. Further, VNB grew robustly by 21.4% YoY in Q4FY26 and 10.9% YoY in FY26. However, APE witnessed moderate growth at 2.2% YoY in FY26, owing to muted individual APE growth (-0.1% YoY in FY26). Consequently, PAT grew strong by 35% YoY to Rs 16.0bn in FY26. Management reiterated its focus on growing absolute VNB, aided by improvement in the product mix and operational efficiencies. With respect to the implementation of Ind AS 117, the company plans to seek forbearance of one year.

Strong protection growth continues to drive margins: Overall, protection segment delivered a robust growth of 29.9% in Q4FY26, on APE basis, increasing the share of protection to 16% vs 13.5% in Q4FY25, driven by GST tailwinds. Within protection segment, retail segment saw significant growth of 60.5% YoY in Q4FY26. This can be attributed to the GST reform effective Sep'25, which aided life insurance demand, particularly in retail protection, coupled with strong growth in the retail sum assured. The company reiterated focus on retail protection, going forward.

APE grew muted: APE came in at Rs 38.3bn, up 9.4% YoY in Q4FY26, above our expectations (up 3.5%). However, for FY26, APE grew muted at 2.2% YoY, on a higher base of FY25 (APE grew 15% YoY). Individual APE growth was at -0.1% YoY and group APE was up by 14.5% YoY in FY26. IPRU expects APE growth to be in line with the industry growth, going forward.

Maintain BUY on IPRU: The company reported robust VNB margin expansion, led by a favourable product mix and operational leverage with strong absolute VNB growth. Management reiterated 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 760 (earlier Rs 800), implying 1.6x its Mar'28 P/EV.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	IPRU IN/Rs 547
Market cap	US\$ 8.4bn
Free float	27%
3M ADV	US\$ 8.0mn
52wk high/low	Rs 707/Rs 491
Promoter/FPI/DII	73%/15%/7%

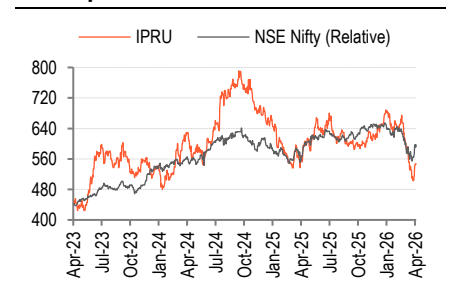
Source: NSE | Price as of 13 Apr 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
NBP (Rs mn)	2,48,091	2,74,654	3,04,866
APE (Rs mn)	1,06,410	1,19,711	1,35,274
VNB (Rs mn)	26,290	30,167	34,765
Embedded Value (Rs mn)	5,29,890	5,98,458	6,76,706
VNB margin (%)	24.7	25.2	25.7
EVPS (Rs)	365.6	412.9	466.9
EPS (Rs)	11.0	12.5	13.6
Consensus EPS (Rs)	10.1	11.9	13.6
P/EV (x)	1.5	1.3	1.2

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

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