

Life Insurance

| Performance Highlights | 4QFY25 | YoY |
|------------------------|--------|-----------|
| APE (INRb) | | % |
| HDFCLIFE | 51.9 | 9.7 |
| IPRULIFE | 35.0 | -3.2 |
| SBILIFE | 54.5 | 2.3 |
| MAXLIFE | 30.4 | 5.8 |
| VNB Margin (%) | | bp |
| HDFCLIFE | 26.5 | 43 |
| IPRULIFE | 22.7 | 124 |
| SBILIFE | 30.5 | 213 |
| MAXLIFE | 28.0 | -56 |
| EV (INRb) | | % |
| HDFCLIFE | 554.1 | 16.8 |
| IPRULIFE | 479.5 | 13.3 |
| SBILIFE | 702.4 | 20.6 |
| MAXLIFE | 251.9 | 29.2 |

Ending the year on a 'healthy' note!

Product-level changes improve the VNB margin trajectory in 4Q

- During 4QFY25, the life insurance industry witnessed APE growth of ~1% YoY, driven by ~12% YoY growth reported by private life insurers, while LIC witnessed a decline of ~16% YoY. For FY25, the industry grew 9% YoY, with IPRULIFE growing the fastest among the listed private peers (+39% YoY).
- VNB margin expanded across the industry in 4Q due to: 1) an increase in sales of ULIP products with higher sum assured and rider attachments and 2) growth recovery of non-linked products. Absolute VNB for the listed private peers grew in the range of 3-12% YoY. HDFCLIFE witnessed the highest absolute VNB growth among the listed private peers (+12% YoY). The players reported sequential VNB margin expansion between 50bp and 500bp. SBI LIFE recorded the highest margin expansion YoY (+210bp), while MAXLIFE saw strong expansion on a sequential basis (+480bp QoQ).
- During 4QFY25, weak performance in equity markets led to a moderation in ULIP traction, which also hit the APE growth for the industry. While there was no significant impact on ULIP contribution in the mix, the shift in focus towards non-linked products can be reflected in traditional product growth recovery and the product pipeline.
- Contributions from bancassurance and agency channels have remained broadly stable, but growth in 4QFY25 was low due to a decline in ULIP sales and commission structure changes. Digital channels are experiencing traction aided by continued investments in tech capabilities.
- Following the 4QFY25 results, the companies have broadly given stable guidance for APE along with VNB margin expansion. In a declining interest rate environment, the non-par segment picks up momentum, which enhances the product profile and VNB margins. Further, as the industry needs granular growth, reinforcing agency channels will be the key to future growth. Our preferred pick in the space is HDFC Life with a one-year TP of INR850 (premised on 2.4x FY27E P/EV).

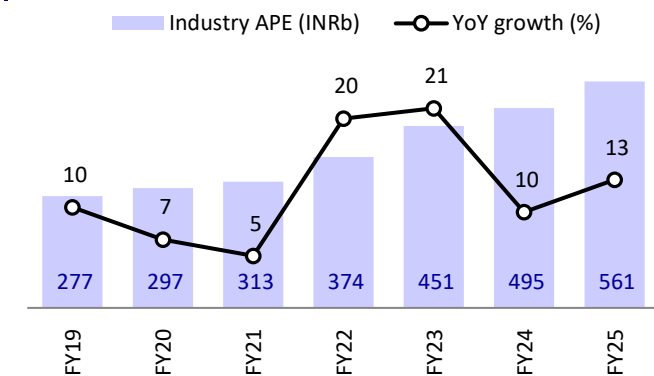
Positive stance for FY26 after facing multiple challenges in FY25

- **HDFC Life:** The company reported 16% YoY growth in APE during the year with a 70bp YoY dip in VNB margin to 25.6%. Going forward, APE growth will be hit by the high base in 1HFY25, while the VNB margin is likely to see a positive impact from increased traction in traditional products.
- **SBI Life:** The company reported 9% YoY growth in APE during the year with a 30bp YoY decline in VNB margin to 27.8%. Going forward, individual APE growth is expected to be slightly better than the industry at 13-14%, and VNB margin is expected to be in the 27-28% range in FY26.
- **IPRU Life:** The company reported 15% YoY growth in APE during FY25 with an 180bp YoY dip in VNB margin to 22.8%. Management aims to achieve a higher-than-estimated APE growth of 15% in FY26, with higher VNB growth vs. APE growth. This will be backed by improvement in protection margins and sustainable ULIP margins at higher levels.
- **MAX Life:** The company reported an APE growth of 18% YoY for FY25, with a 250bp YoY contraction in the VNB margin. Management aims to achieve 300bp-400bp alpha over private industry premium growth, with an improvement in VNB margin to 24-25% in FY26.

Story in Charts – FY25

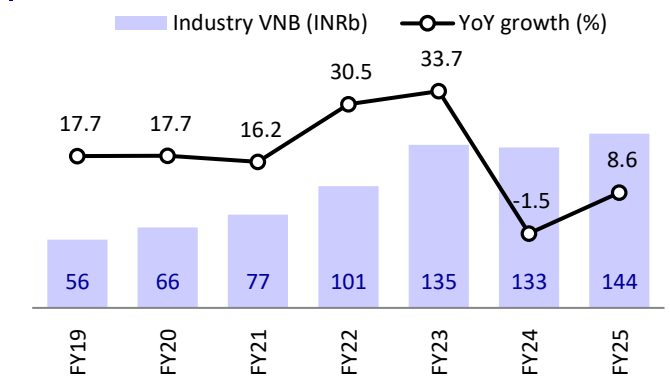
**** Consolidated performance charts of four listed private players – HDFCLIFE, IPRULIFE, SBILIFE, and MAXLIFE**

Exhibit 1: APE growth remained consistent



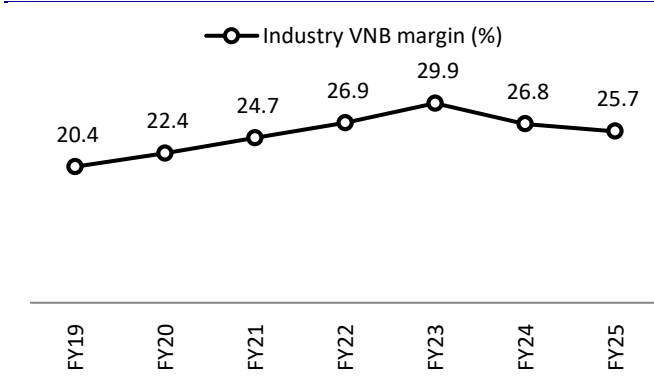
Source: Company, MOFSL

Exhibit 2: VNB witnessed growth recovery



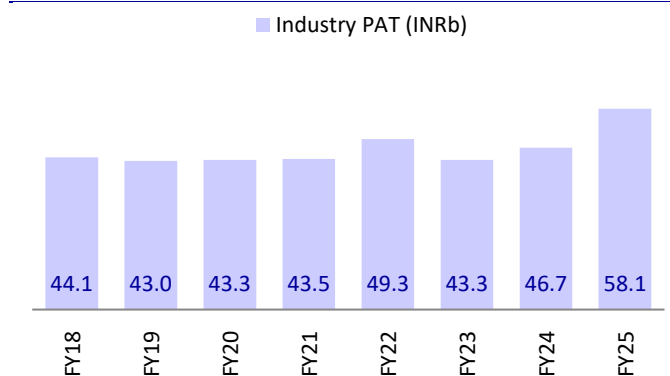
Source: Company, MOFSL

Exhibit 3: VNB margin maintained its downward trend



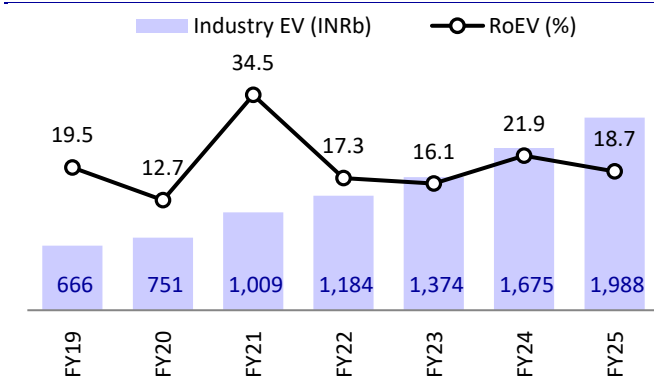
Source: Company, MOFSL

Exhibit 4: Industry's PAT trend



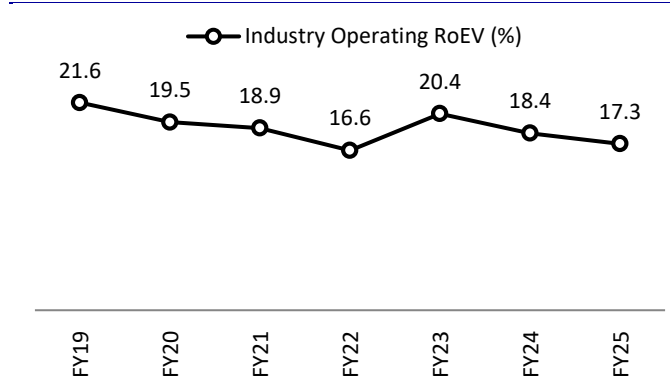
Source: Company, MOFSL

Exhibit 5: RoEV remained consistent



Source: Company, MOFSL

Exhibit 6: Industry's operating RoEV trend



Source: Company, MOFSL

Snapshot – 4QFY25

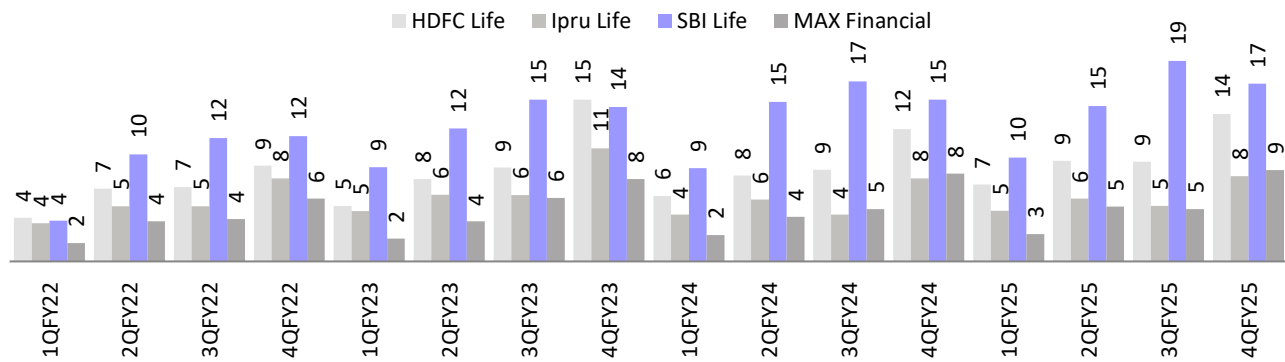
| INRb | HDFC Life | | | IPRU Life | | | SBI Life | | | Max Financial | | |
|---------------------------------------|-----------|--------|---------|-----------|--------|---------|----------|--------|---------|---------------|--------|---------|
| | 4QFY25 | 4QFY25 | YoY | 4QFY25 | 4QFY25 | YoY | 4QFY25 | 4QFY25 | YoY | 4QFY25 | 4QFY25 | YoY |
| APE | 47.3 | 51.9 | 10% | 36.2 | 35.0 | -3% | 53.3 | 54.5 | 2% | 28.7 | 30.4 | 6% |
| VNB | 12.3 | 13.8 | 12% | 7.8 | 8.0 | 2% | 15.1 | 16.6 | 10% | 8.2 | 8.5 | 4% |
| VNB Margin | 26.1 | 26.5 | 43bps | 21.5 | 22.7 | 124bps | 28.3 | 30.5 | 213bps | 28.6 | 28.0 | -56bps |
| PAT | 4.1 | 4.8 | 16% | 1.7 | 3.9 | 122% | 8.1 | 8.1 | 0% | -0.5 | 0.4 | -175% |
| AUM | 2,922 | 3,363 | 15% | 2,942 | 3,094 | 5% | 3,889 | 4,480 | 15% | 1,508 | 1,750 | 16% |
| Key Ratios | | | | | | | | | | | | |
| Solvency | 187.0 | 194.0 | 700bps | 191.8 | 212.2 | 2040bps | 196.0 | 196.0 | 0bps | 172.0 | 201.0 | 2900bps |
| 13th month persistency | 86.2 | 82.7 | -350bps | 88.3 | 84.3 | -400bps | 85.8 | 86.6 | 88bps | 87.0 | 88.0 | 100bps |
| 61st month persistency | 52.0 | 61.9 | 990bps | 63.6 | 61.9 | -170bps | 58.9 | 61.5 | 261bps | 58.0 | 53.0 | -500bps |
| Product mix (Total APE %) | | | | | | | | | | | | |
| ULIP | 38.2 | 40.0 | 171bps | 43.4 | 43.4 | -7bps | 58.7 | 54.3 | -441bps | 41.4 | 40.1 | -124bps |
| Par | 14.0 | 19.0 | 498bps | - | - | - | 3.2 | 3.1 | -7bps | 14.8 | 18.8 | 395bps |
| Non Par | 35.6 | 27.0 | -858bps | 41.3 | 36.0 | -534bps | 17.8 | 26.2 | 841bps | 35.6 | 28.0 | -759bps |
| Protection | 10.0 | 7.0 | -297bps | 12.0 | 13.5 | 150bps | 10.9 | 13.0 | 215bps | 8.2 | 13.1 | 488bps |
| Group | 1.2 | 4.0 | 281bps | 3.2 | 7.2 | 393bps | 9.4 | 3.1 | -626bps | - | - | - |
| Channel mix (Individual APE %) | | | | | | | | | | | | |
| Banca | 66.7 | 65.0 | -172bps | 29.9 | 32.9 | 305bps | 53.7 | 57.4 | 377bps | 56.4 | 59.4 | 295bps |
| Agency | 18.0 | 19.9 | 194bps | 32.1 | 26.5 | -564bps | 28.1 | 28.6 | 48bps | - | - | 0bps |
| Others | 15.3 | 15.1 | -22bps | 38.0 | 40.6 | 260bps | 18.2 | 13.9 | -425bps | 43.6 | 40.6 | -295bps |

Sequential improvement in VNB margin has been a key highlight

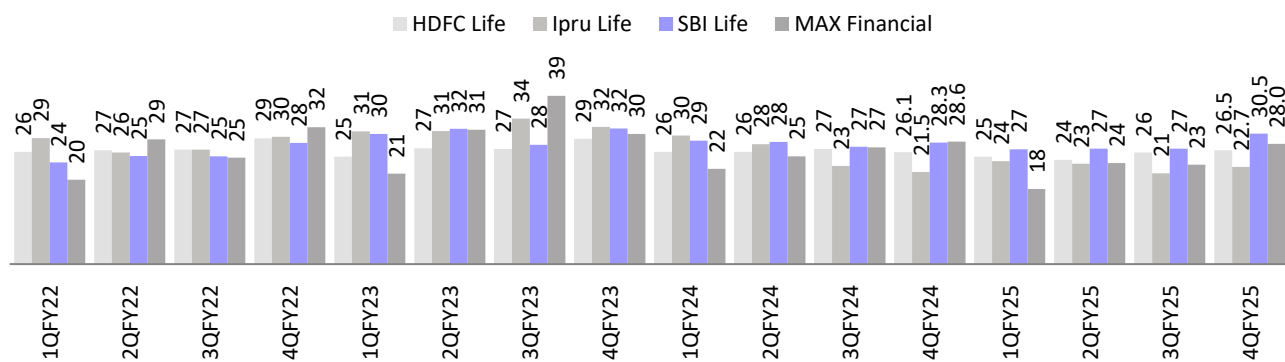
The life insurance industry witnessed YoY VNB growth across players during 4QFY25. All players, except MAXLIFE, reported margin expansion during the quarter on a YoY basis, while on a sequential basis, strong improvement was witnessed across the industry.

The improvement in VNB margins was driven by 1) growth recovery in non-linked products, and 2) a rise in sales of ULIPs, with higher sum assured and rider attachment. Going forward, a higher focus on traditional products and the sale of higher-margin ULIP products will continue to drive margin expansion.

- **HDFC Life:** VNB margin witnessed a 40bp QoQ expansion to 26.5% in 4QFY25, despite a rise in the share of ULIPs in the APE mix, on account of persistency improvement, a higher level of rider attachment in ULIPs, and an increase in sales of long-term products. Going forward, the company expects the VNB margin to remain range-bound with continued investments of surplus in agent productivity enhancement and technology transformation.
- **SBI Life:** VNB margin was at 30.5% (26.9% in 3QFY25). The strong margin improvement was driven by 1) the launch of a high-sum-assured protection product six months back, 2) several rider attachments that improved product-level margin, and 3) in-built protection in some products. Barring spikes/dips from quarter to quarter, the company expects to maintain the margin in the range of 27-28% for FY26.
- **IPRU Life:** VNB margin for 4QFY25 was at 22.7% (21.2% in 3QFY25), reflecting a higher share of the non-linked business and a higher contribution of ULIPs with higher sum assured and rider attachments (~10%). Management aims to achieve higher VNB growth compared to APE growth, backed by improvement in protection margins with repricing and sustainable ULIP margins at higher levels with rider attachment.
- **MAX Life:** VNB margin improved 480bp sequentially to 28%, driven by a shift in focus to higher-margin traditional products and a higher rider attachment ratio. The company expects margin to increase from 24% in FY25 to 24-25% in FY26, with demand for traditional products rising.

Exhibit 7: Absolute VNB trend of listed private players (INRb)


Source: MOFSL, Company

Exhibit 8: VNB margin trend of listed private players (%)


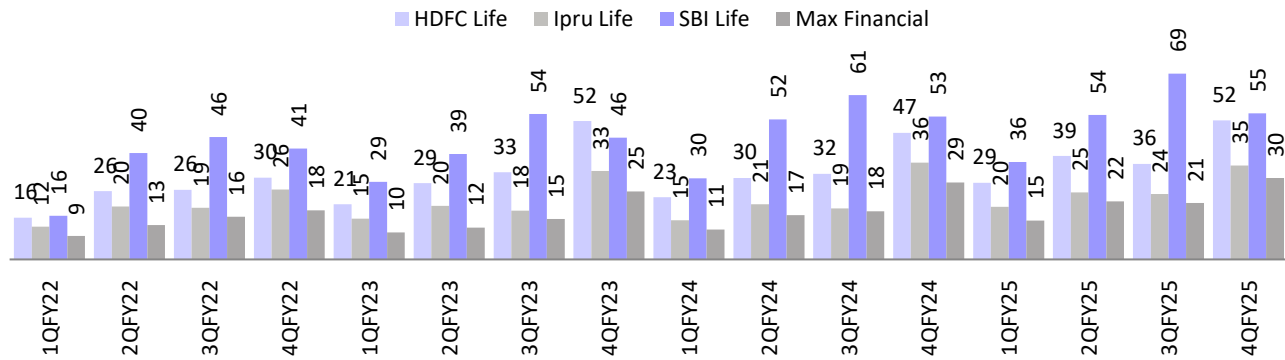
Source: MOFSL, Company

APE growth slows down as ULIP sales decline

Overall, life insurance witnessed low premium growth in 4QFY25 owing to the implementation of surrender value regulations, weakness in ULIP sales due to market volatility, and a high base. The industry growth is expected to be in the mid-teens for FY26.

- **HDFC LIFE:** Reported a YoY growth of 10%/16% to INR51.9b/INR154.8b in 4QFY25/FY25, driven by 9%/13% YoY growth in individual/group APE during 4QFY25. The management expects the APE growth to moderate in FY26 to mid-teens.
- **SBI LIFE:** APE grew 2%/8% YoY to INR54.5b/INR214.2b in 4QFY25/FY25, driven by strong growth in non-par savings (+62% YoY) and protection (+22% YoY). Management expects 13-14% individual APE growth in FY26, which will be slightly above industry growth of 12% on the back of continued expansion and productivity improvement of the agency channel (expecting 25% growth for FY26) and stable momentum in the bancassurance channel (expecting 8-10% growth for FY26).
- **IPRU LIFE:** APE declined 3% YoY/grew 15% YoY to INR35b/INR104.1b in 4QFY25/FY25, largely due to a 3%/16% YoY decline in ULIP/ Non-PAR segments, offset by strong growth in the lumpy group business. The aim is to grow higher than the estimated industry growth of 15% in FY26.
- **MAX LIFE:** APE grew 6%/21% YoY in 4QFY25/FY25, which was better than the industry. Management aims to achieve a 300-400bp alpha over private industry's premium growth.

Exhibit 9: APE trend of listed private players (INRb)



Source: MOFSL, Company

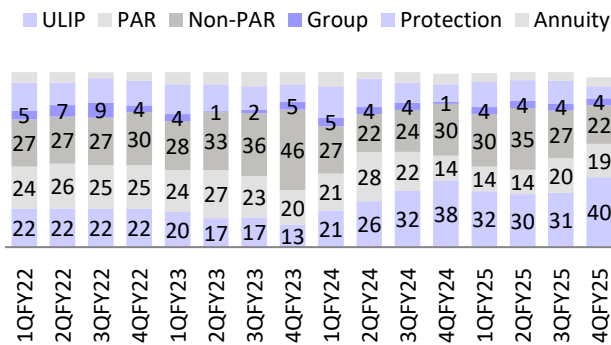
Focus intensifying towards non-linked products

In 4QFY25, the product mix shifted towards non-linked products for some players, while a few witnessed a continued rise in ULIP share along with increasing rider attachment and higher sum assured. However, the growth trajectory for ULIP products declined compared to the strong growth momentum witnessed during 1HFY25. Going forward, the companies are focusing on maintaining a balanced mix between linked and traditional products to achieve higher margins.

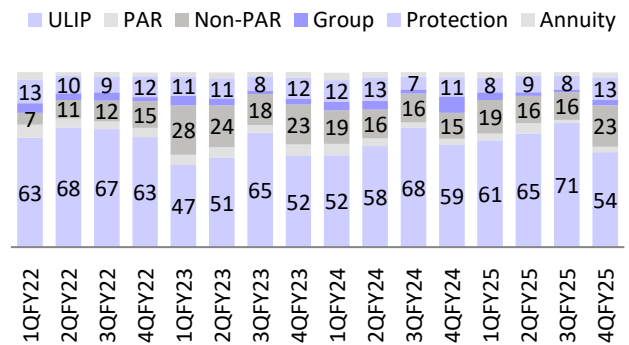
- **HDFCLIFE:** The share of ULIPs was 40% in overall APE and 45% in individual APE during 4QFY25 vs. 31%/36% in 3QFY25. Management expects some moderation in ULIPs over the next 12 months due to volatile equity markets. The par segment has performed well in 4QFY25 with 63% YoY growth, and management expects the segment's contribution to remain in the 20s. Subdued MFI space will hit group protection for the next 1-2 quarters, while the non-MFI segment will retain its growth momentum. Non-par dipped 18% YoY, and the contribution is likely to remain in the early-to-mid-30s, backed by a flat interest rate environment. Protection growth will remain faster than overall company growth, as per management, driven by correct pricing and a higher share of ULIPs with rider attachment and a higher sum assured.
- **SBILIFE:** ULIP APE declined 5% YoY, contributing 54% to total APE (59% in 4QFY24), due to negative movement in equity markets and the company's focus on traditional products. The group business continues to face headwinds on the savings side (declined 66% YoY), while group protection grew 41% YoY. The share of total protection APE was 13% (11% in 4QFY24). The company expects to achieve a 5% shift toward traditional products in FY26, taking the contribution to 35% in the product mix and 65% for ULIPs (70:30 currently).
- **IPRULIFE:** Retail protection and annuity, the key focus areas for IPRU, posted a mixed performance in 4QFY25. While retail protection maintained strong growth momentum (+26.5% YoY), annuity witnessed a decline of 57.8% YoY due to the base effect. The non-par segment has declined through the year but witnessed a resurgence in 4QFY25 due to the launch of the Gift Select product, which is expected to perform well in the current volatile market conditions. Within ULIPs, the company is focusing on pushing products with higher sum assured and goal protection-oriented benefits. In the credit life

business, the MFI segment remains hit by continued challenges, and management expects the pressure to continue. Non-MFI business continues to do well, resulting in flat growth of credit life business. Group fund business, which is lumpy in nature, surged ~2x YoY. IPRU expects stable market conditions to support the revival of a well-rounded product pipeline.

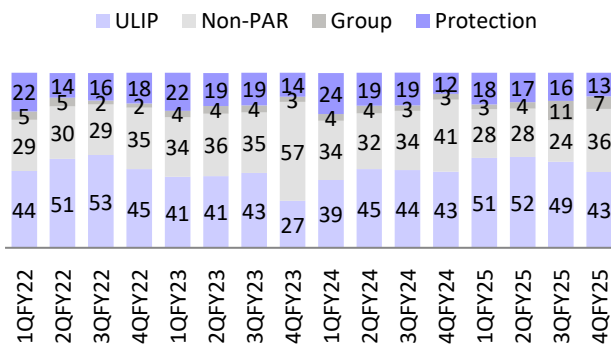
- **MAXLIFE:** In 4QFY25, growth was driven by par and protection segments, which grew by 34% and 28% YoY. Non-par savings declined by 17% YoY, while ULIP was tepid at 3% YoY. Various efforts have been made to rebalance the product mix, including new product launches and a higher focus on traditional products, which will likely result in a dip in ULIP contribution in FY26. MAXLIFE launched two products during the quarter - Smart Term Plan Plus (Term product) and Smart Term with Additional Returns (ULIP product), which have higher sum assured multiples and contribute toward achieving higher margins.

Exhibit 10: HDFC Life's product mix (%)


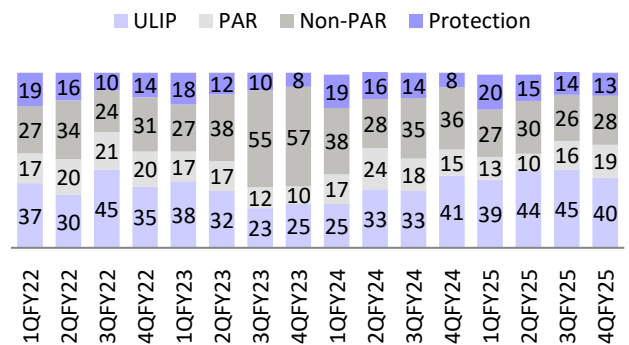
Source: Company, MOFSL

Exhibit 11: SBI Life's product mix (%)


Source: Company, MOFSL

Exhibit 12: IPRU Life's product mix (%)


Source: Company, MOFSL

Exhibit 13: MAX Life's product mix (%)


Source: Company, MOFSL

Focus on improving agent productivity; the banca channel remains slow

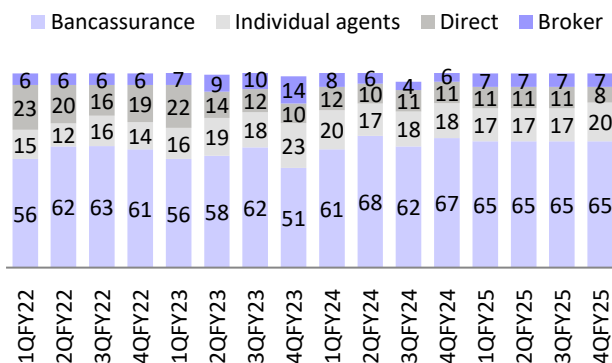
In 4QFY25, the agency channel growth was impacted by low ULIP sales and commission structure changes, offset by the introduction of new non-par products, while digital channels gained strong traction. Overall bancassurance growth has slowed down for the industry as banks have focused on building deposits.

- **HDFCLIFE:** The overall channel mix of banca/agents/direct/broker has remained largely steady at 65%/20%/8%/7%. The agency channel grew 21% YoY on account of branch expansion, strong agent addition, and improved

agent efficiency. The banca channel witnessed 7% YoY growth, while the broker channel grew 28% YoY. The direct channel declined 20% YoY in 4QFY25. Sales of ULIP with higher sum assured and rider attachment with longer terms in the HDFC Bank channel can increase profitability.

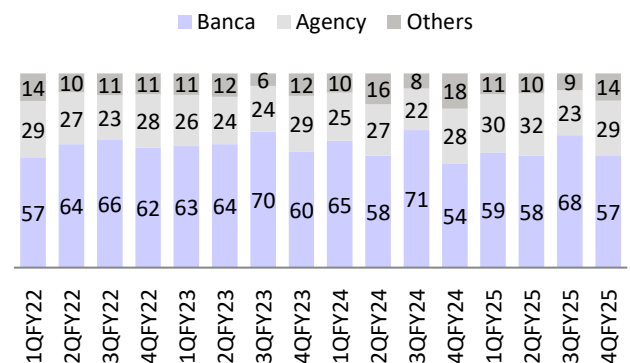
- **SBILIFE:** While the individual APE through the agency channel grew 5% YoY in 4QFY25, non-par APE through the agency channel rose 70% YoY. Individual APE through the banca channel grew 10% YoY on the back of improvement in per-branch productivity in the SBI channel. Agency growth is expected to be at 25%, driven by an increase in the agent count and improvement in productivity. The company is planning to open 87 branches in FY26, reflecting a strong focus on agency growth. Management expects the bancassurance channel to grow in low double digits.
- **IPRULIFE:** Agency/direct channels saw a decline of 20%/8% YoY due to weak demand for ULIPs during the quarter. The bancassurance channel grew 7% YoY, with the share of ICICI Bank stable during the year at 14%. Group business posted strong growth of 33% YoY, largely due to lumpy group business during the quarter. The quick uptake of the new guaranteed product by the agency channel reflects agility in adopting new products depending on the market environment, giving confidence in the continued growth of the proprietary channel. Partner channel was relatively muted in FY25 due to bias toward non-linked products in a strong ULIP-demand market, along with adjustments related to surrender value regulations.
- **MAXLIFE:** The proprietary/bancassurance channels grew 1%/10% YoY during 4QFY25. The Axis Bank channel (48% of the company's bancassurance business) witnessed 7% growth in 4QFY25 (10% in FY25), which mirrors the slow growth at the bank level and also the impact of a higher base. A strong 50% CAGR has been witnessed in the e-commerce channel, with the company maintaining the top position for protection business in the e-commerce channel. Data and integration are key differentiators in the e-commerce channel, and the company expects the growth momentum to continue with some impact of a high base going forward.

Exhibit 14: HDFC Life's distribution mix (%)

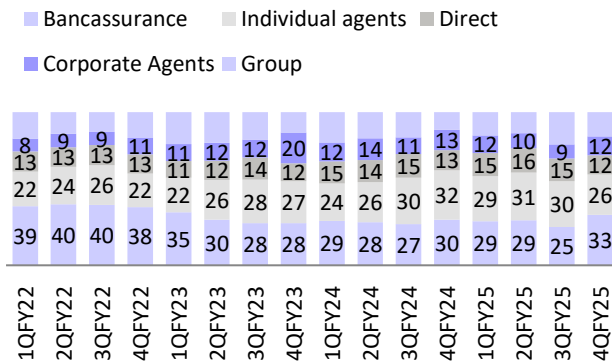


Source: Company, MOFSL

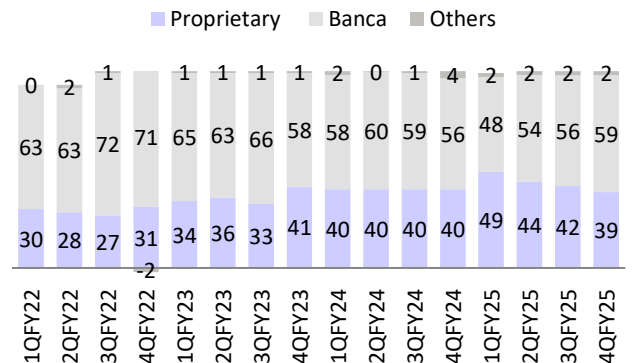
Exhibit 15: SBI Life's distribution mix (%)



Source: Company, MOFSL

Exhibit 16: IPRU Life's distribution mix (%)


Source: Company, MOFSL

Exhibit 17: MAX Life's distribution mix (%)


Source: Company, MOFSL

Embedded Value (EV):

- **HDFCLIFE** reported an EV of INR554.2b at the end of FY25, reflecting an RoEV of 16.7%. EVOP of INR79.2b had a non-material impact on assumption changes, resulting in an operating RoEV of 16.7%. The retirement of the first tranches of sub-debt is in the next couple of months, so the company will decide whether capital infusion is required to maintain solvency.
- **SBILIFE** reported an EV of INR703b at the end of FY25, reflecting an RoEV of 20.6%. EVOP of INR118b resulted in an operating RoEV of 20.2%.
- **IPRULIFE** reported an EV of INR479.5b at the end of FY25, reflecting an RoEV of 13.3%. EVOP of INR55.3b was impacted by a INR2.5b hit owing to operating assumption changes on mortality in group business, resulting in an operating RoEV of 13.1%.
- **MAXLIFE** reported an EV of INR252b at the end of FY25, reflecting an RoEV of 29.2%, driven by a capital infusion from Axis Bank. The EVOP of INR37.3b witnessed a positive impact of INR50m on operating variance due to assumption recalibration with some positives on the mortality and expense side and a marginal negative on the persistency and lapse side. This resulted in an operating RoEV of 19.1%.

Exhibit 18: HDFC Life's EV walk

| INRb | FY25 |
|---|-------|
| Opening EV | 474.5 |
| Unwind | 38.4 |
| Unwind Rate | 8.1% |
| VNB | 39.6 |
| Operating variance and assumption changes | 1.2 |
| Economic variances | 3.6 |
| Dividend/ Capital infusion | -3.2 |
| Closing EV | 554.1 |
| - VIF | 391.4 |
| - Net worth | 162.8 |
| EVOP | 79.2 |
| Operating RoEV | 16.7% |
| RoEV | 16.8% |

Source: Company, MOFSL

Exhibit 19: SBI Life's EV walk (%)

| INRb | FY25 |
|---|-------|
| Opening EV | 582.5 |
| Unwind | 48.8 |
| Unwind Rate | 8.4% |
| VNB | 59.5 |
| Operating variance and assumption changes | 9.5 |
| Economic variances | 4.2 |
| Dividend/ Capital infusion | -2.1 |
| Closing EV | 702.4 |
| - VIF | 523.9 |
| - Net worth | 178.6 |
| EVOP | 117.8 |
| Operating RoEV | 20.2% |
| RoEV | 20.6% |

Source: Company, MOFSL

Exhibit 20: Ipru Life's EV walk

| INRb | FY25 |
|---|-------|
| Opening EV | 423.4 |
| Unwind | 33.9 |
| Unwind Rate | 8.0% |
| VNB | 23.7 |
| Operating variance and assumption changes | -2.3 |
| Economic variances | -0.2 |
| Dividend/ Capital infusion | 1.04 |
| Closing EV | 479.5 |
| - VIF | 335.7 |
| - Net worth | 143.9 |
| EVOP | 55.3 |
| Operating RoEV | 13.1% |
| RoEV | 13.3% |

Source: Company, MOFSL

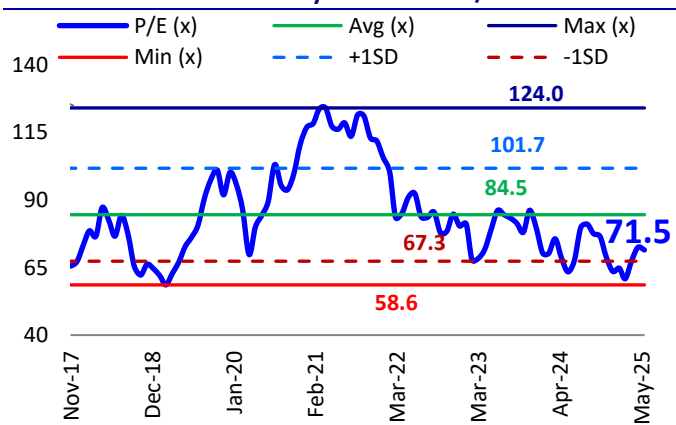
Exhibit 21: Max Life's EV walk (%)

| INRb | FY25 |
|---|-------|
| Opening EV | 194.9 |
| Unwind | 16.2 |
| Unwind Rate | 8.3% |
| VNB | 21.1 |
| Operating variance and assumption changes | 0.1 |
| Economic variances | 3.6 |
| Dividend/ Capital infusion | 16.12 |
| Closing EV | 251.9 |
| - VIF | 190.2 |
| - Net worth | 61.7 |
| EVOP | 37.3 |
| Operating RoEV | 19.1% |
| RoEV | 29.2% |

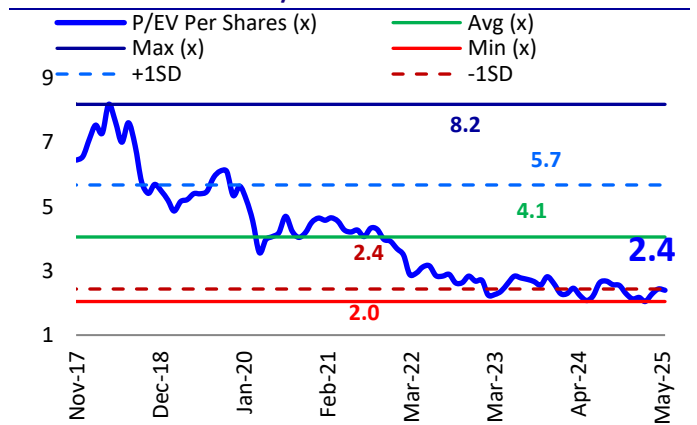
Source: Company, MOFSL

Valuation and View:

- **HDFCLIFE** aims to maintain a balanced product mix and enhance the sum assured of ULIPs, along with higher rider attachment to achieve improvement in underlying margins. While product innovation, improved agent productivity, and enhanced customer experience through tech transformation will have a short-term impact on profitability, it will boost market share for the number of policies in the long term.
- We trim our VNB margin assumptions by 20bp/30bp in FY26/27, keeping our APE and EV estimates unchanged. We estimate HDFCLIFE to deliver a 19% VNB CAGR over FY25-FY27E and margins to gradually trend higher going ahead. **Reiterate BUY with a TP of INR850 (based on 2.4x FY27E EV).**

Exhibit 22: HDFC Life's one-year forward P/E chart


Source: Company, MOFSL

Exhibit 23: HDFC Life's P/EV chart


Source: Company, MOFSL

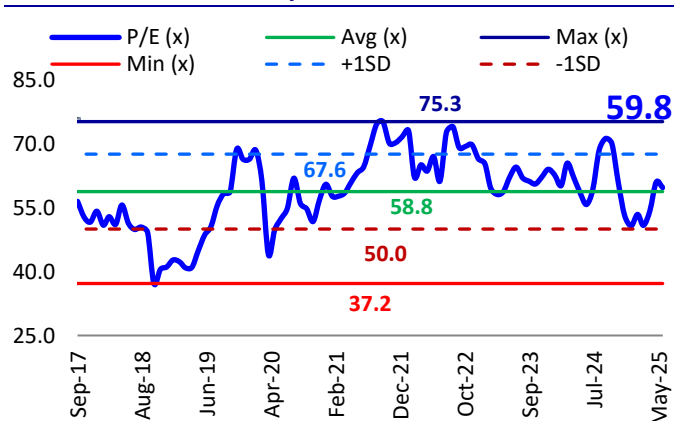
Exhibit 24: Financials & Valuations (INR b)

| Y/E MARCH | FY24 | FY25 | FY26E | FY27E |
|-------------------|-------|-------|-------|-------|
| Net Premiums | 619.6 | 696.2 | 816.2 | 944.6 |
| PBT | 15.6 | 18.7 | 21.8 | 24.7 |
| Surplus / Deficit | 7.8 | 10.4 | 11.2 | 12.8 |
| Sh. PAT | 15.7 | 18.0 | 21.8 | 24.7 |
| NBP gr - APE (%) | -1.0 | 15.8 | 17.2 | 16.7 |
| Premium gr (%) | 9.6 | 12.6 | 17.0 | 15.7 |
| VNB margin (%) | 26.3 | 25.6 | 26.0 | 26.5 |
| RoEV (%) | 20.1 | 16.8 | 16.9 | 17.0 |
| Total AUMs (INRt) | 2.9 | 3.5 | 4.3 | 5.1 |
| VNB (INRb) | 35.0 | 39.6 | 47.2 | 56.1 |
| EV per share | 220.6 | 257.6 | 301.2 | 352.4 |
| Valuations | | | | |
| P/EV (x) | 3.4 | 2.9 | 2.5 | 2.1 |
| P/EVOP (x) | 23.5 | 20.6 | 17.5 | 14.9 |

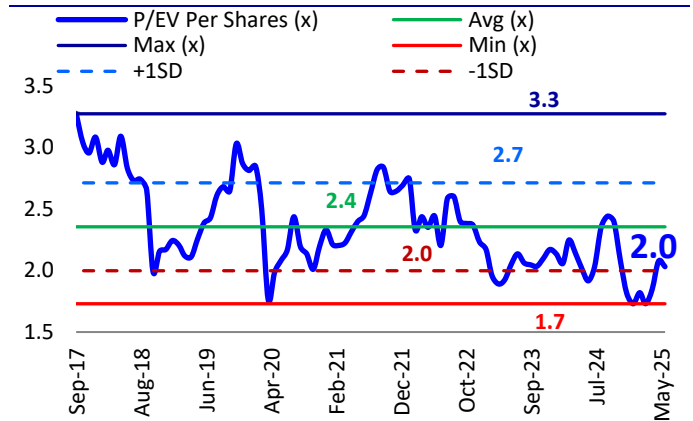
Source: MOFSL, Company

Valuation and View:

- **SBILIFE** reported a strong VNB performance in 4QFY25, aided by a shift in the product mix toward traditional products. Going forward, improvement in product-level margin and continued tilt toward non-linked products should drive VNB margin improvement. Continued investments in the agency channel will boost overall growth, while digital enhancements will keep costs in check.
- We expect SBILIFE to clock a CAGR of 15%/17% in APE/VNB over FY25-27, while RoEV is likely to remain at ~19% over FY27. We have slightly cut our APE estimates considering company guidance and have increased our VNB margin estimates due to an expected shift toward traditional products and improvement in product-level margins. **We reiterate our BUY rating on the stock with a TP of INR2,000 (premised on 2.0x FY27E EV).**

Exhibit 25: SBI Life's one-year forward P/E chart


Source: Company, MOFSL

Exhibit 26: SBI Life's P/EV chart


Source: Company, MOFSL

Exhibit 27: Financials & Valuations (INR b)

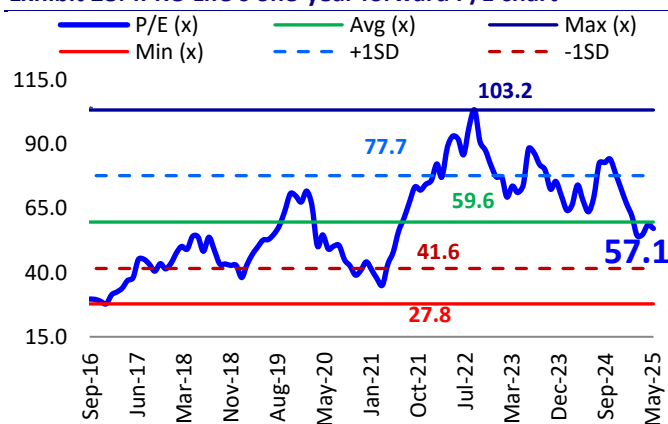
| Y/E MARCH | FY24 | FY25 | FY26E | FY27E |
|-------------------|-------|-------|-------|---------|
| Net Premiums | 805.9 | 840.6 | 984.7 | 1,136.6 |
| Surplus / Deficit | 27.9 | 29.9 | 36.2 | 43.4 |
| Sh.PAT | 18.9 | 24.1 | 28.5 | 33.8 |
| NBP gr- APE (%) | 17.5 | 7.4 | 14.8 | 14.3 |
| Premium gr (%) | 21.0 | 4.4 | 17.1 | 15.4 |
| VNB margin (%) | 28.1 | 27.8 | 28.5 | 29.0 |
| RoE (%) | 13.6 | 15.1 | 15.6 | 16.1 |
| RoIC (%) | 13.8 | 15.4 | 15.7 | 16.2 |
| RoEV (%) | 26.5 | 20.6 | 19.3 | 18.8 |
| Total AUMs (INRt) | 3.9 | 4.5 | 5.4 | 6.4 |
| VNB | 55.5 | 59.5 | 70.1 | 81.5 |
| EV per share | 583 | 701 | 838 | 996 |
| Valuations | | | | |
| P/EV (x) | 3.0 | 2.5 | 2.1 | 1.8 |
| P/EVOP (x) | 17.5 | 15.0 | 13.0 | 11.1 |

Source: MOFSL, Company

Valuation and View:

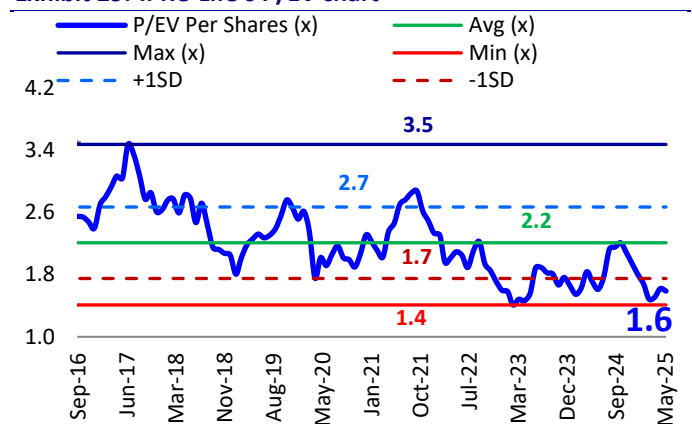
- **IPRULIFE's VNB margin** has been under pressure even before 4QFY25, mainly owing to a shift in the product mix (higher share of ULIPs). However, the revival of non-linked business and momentum in higher-margin ULIP products have led to margin expansion in 4QFY25.
- We trim our APE growth estimates for FY26 from 18% to 14% while retaining our FY27 growth at 16%. For VNB margins, we build in about a 70bp/50bp increase in FY26/FY27 to 23.5%/24%. The increase in margin assumption is premised on 1) improvement in protection segment margins as the company reprices group term products and 2) sustainability of higher ULIP margins owing to higher rider attachment and an increase in sum assured. **Reiterate BUY with a TP of INR680 (based on 1.6x FY27E EV).**

Exhibit 28: IPRU Life's one-year forward P/E chart



Source: Company, MOFSL

Exhibit 29: IPRU Life's P/EV chart



Source: Company, MOFSL

Exhibit 30: Financials & Valuations (INRb)

| Y/E MARCH | FY24 | FY25 | FY26E | FY27E |
|-----------------------|-------|-------|-------|-------|
| Net Premiums | 417.6 | 472.6 | 542.3 | 624.8 |
| Surplus / Deficit | 15.9 | 10.9 | 12.8 | 15.0 |
| Sh. holder's PAT | 8.5 | 11.9 | 14.9 | 17.8 |
| NBP growth unwt'd (%) | 7.3 | 24.4 | 16.2 | 15.5 |
| APE (INRb) | 90.5 | 104.1 | 119.2 | 138.0 |
| APE growth - (%) | 22.3 | 23.7 | 28.0 | 33.1 |
| VNB (INRb) | 24.6 | 22.8 | 23.5 | 24.0 |
| VNB margin (%) | 294 | 332 | 375 | 425 |
| EV per share | 18.8 | 13.3 | 13.0 | 13.4 |
| RoEV (%) | 2.9 | 3.1 | 3.5 | 4.0 |
| Total AUMs (INRt) | | | | |
| Valuations | 2.1 | 1.9 | 1.7 | 1.5 |
| P/EV (x) | 17.8 | 16.2 | 13.4 | 11.7 |
| P/EVOP (x) | 417.6 | 472.6 | 542.3 | 624.8 |

Source: MOFSL, Company

Valuation and View:

- **MAXLIFE** reported a steady performance in APE in 4QFY25, which was in line with our estimates. Strong growth momentum continued in the proprietary channel, driven by secular growth in online sales, agency, and direct selling. The decline in the share of ULIPs, higher rider attachment, and innovative traditional products resulted in VNB margin improvement in 4QFY25.
- We have slightly raised our VNB estimates, factoring in higher business from traditional products. We expect a 25.0%/25.5% VNB margin for FY26E/27E and keep APE estimates intact. **Reiterate Neutral with a TP of INR1,330**, premised on 2x FY27E EV and a holding company discount of 20%. Further re-rating of the stock will be driven by any developments on the reverse merger.

Exhibit 31: MAX Life's one-year forward P/E chart

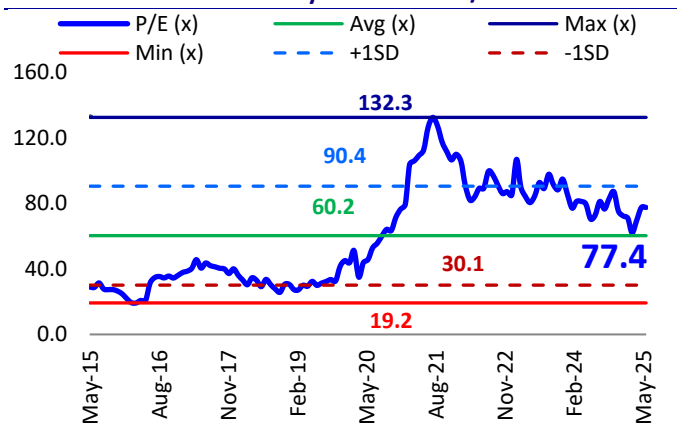


Exhibit 32: MAX Life's P/EV chart

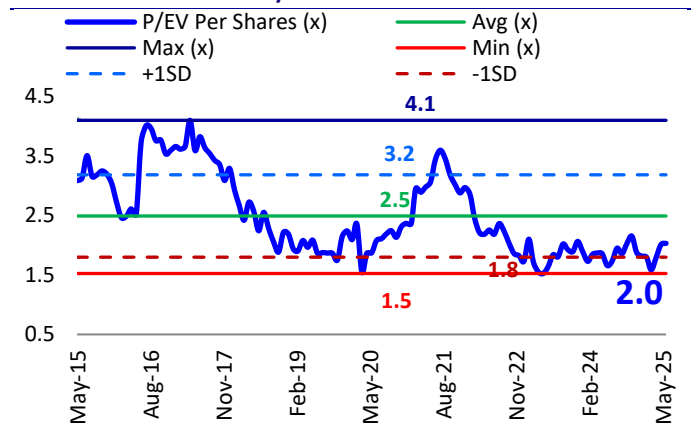
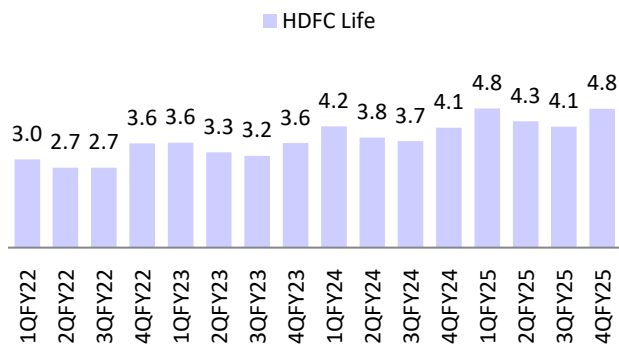


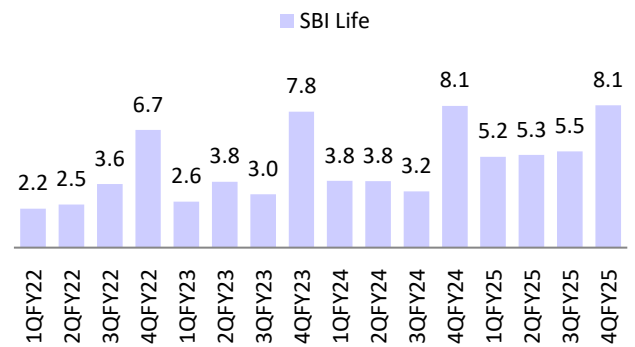
Exhibit 33: Financials and Valuations (INRb)

| Y/E MARCH | FY24 | FY25 | FY26E | FY27E |
|-------------------|-------|-------|-------|-------|
| Gross Premium | 295.3 | 332.2 | 381.8 | 438.9 |
| Shareholder's PAT | 3.6 | 4.0 | 7.1 | 9.3 |
| NBP gr - APE (%) | 72.5 | 87.7 | 102.4 | 118.8 |
| Premium gr (%) | 26.5 | 24.0 | 25.0 | 25.5 |
| VNB margin (%) | 20.2 | 19.1 | 18.5 | 18.4 |
| Op. RoEV (%) | 1,508 | 1,750 | 1,933 | 2,180 |
| Total AUMs (INRb) | 19.7 | 21.1 | 25.3 | 30.0 |
| VNB(INRb) | 410 | 584 | 698 | 831 |
| EV per Share | | | | |
| Valuations | 4.3 | 3.0 | 2.5 | 2.1 |
| P/EV (x) | 23.0 | 20.2 | 16.2 | 13.6 |
| P/EVOP (x) | 295.3 | 332.2 | 381.8 | 438.9 |

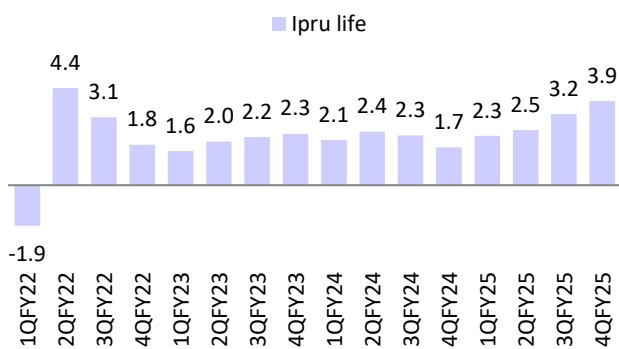
Source: MOFSL, Company

Exhibit 34: HDFC Life's PAT (INRb)


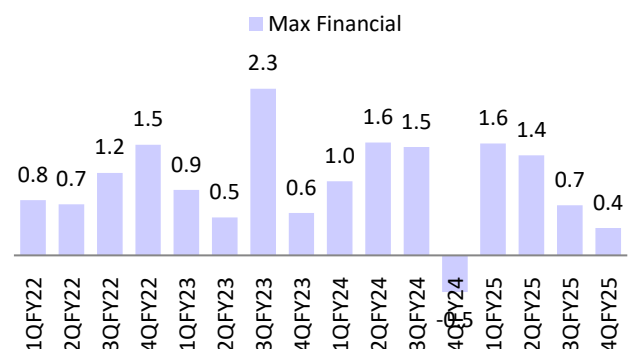
Source: Company, MOFSL

Exhibit 35: SBI Life's PAT (INRb)


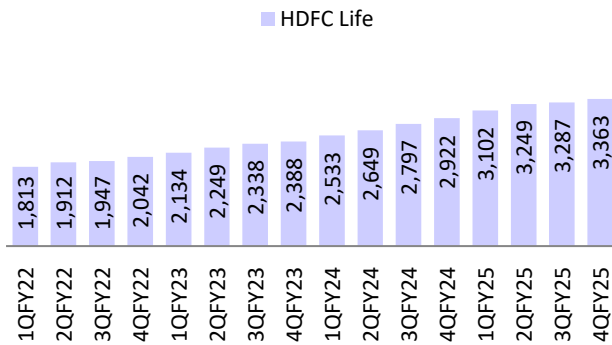
Source: Company, MOFSL

Exhibit 36: IPRU Life's PAT (INRb)


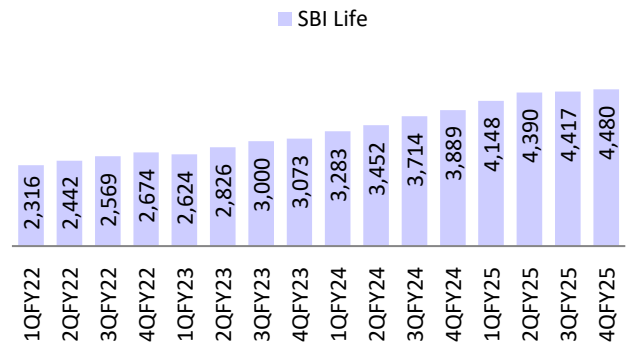
Source: Company, MOFSL

Exhibit 37: MAX Financial's PAT (INRb)


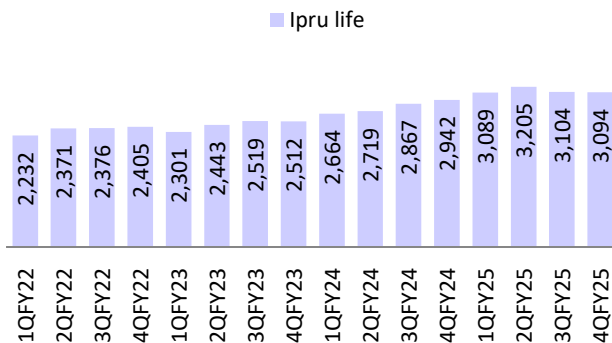
Source: Company, MOFSL

Exhibit 38: HDFC Life's AUM trend (INRb)


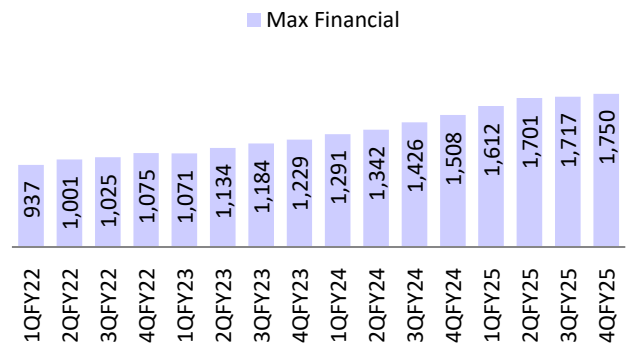
Source: Company, MOFSL

Exhibit 39: SBI Life's AUM trend (INRb)


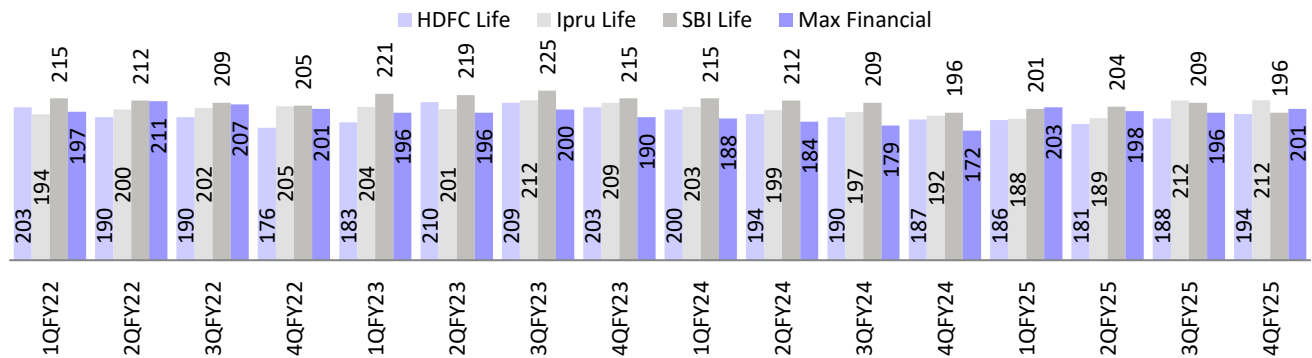
Source: Company, MOFSL

Exhibit 40: IPRU Life's AUM trend (INRb)


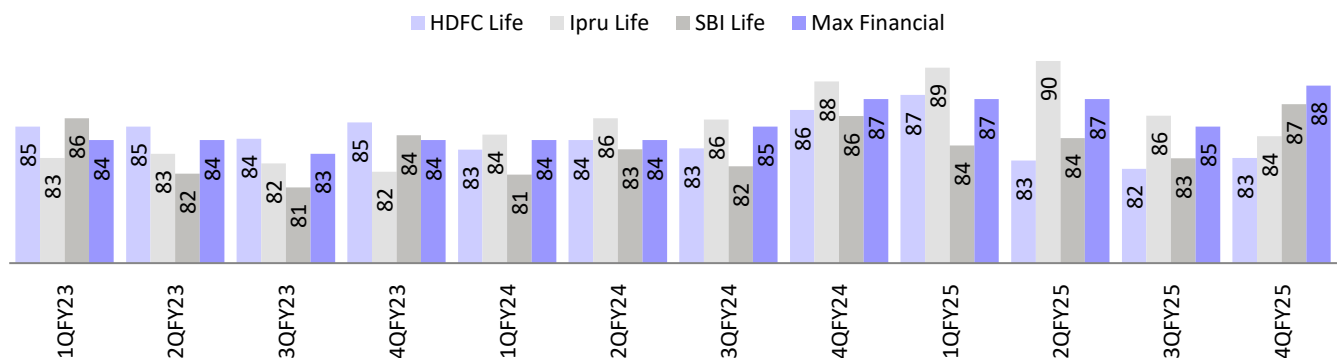
Source: Company, MOFSL

Exhibit 41: Max Life's AUM trend (INRb)


Source: Company, MOFSL

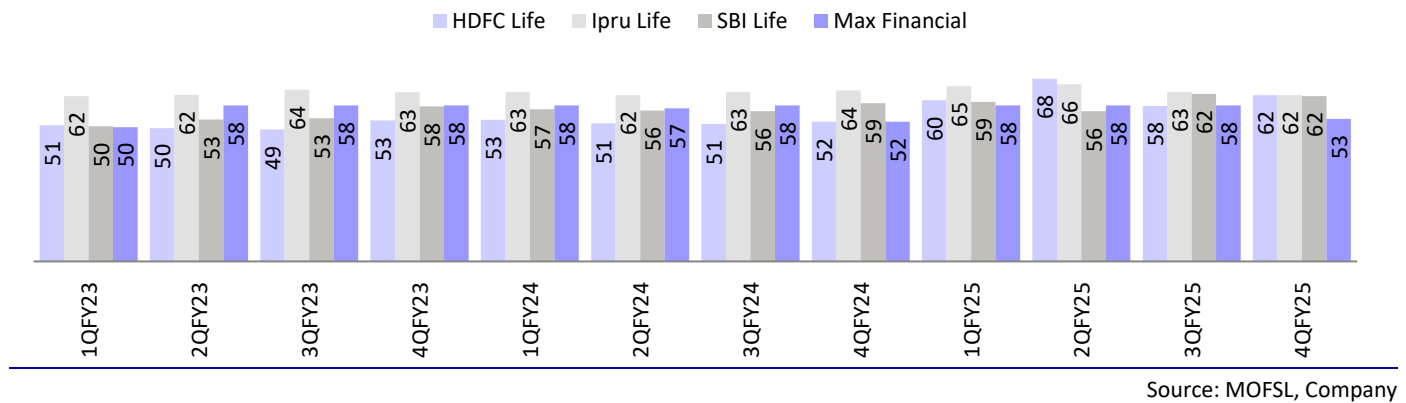
Exhibit 42: Solvency ratio across listed private players (%)


Source: MOFSL, Company

Exhibit 43: 13th month persistency (%) trend across players


Source: MOFSL, Company

Exhibit 44: 61st month persistency (%) trend across players



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|----------------------------------|--|
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| SELL | < - 10% |
| NEUTRAL | > - 10 % to 15% |
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