

October 6, 2025

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
HDFC Life Insurance Company	BUY	759	900
ICICI Prudential Life Insurance Company	BUY	601	725
Max Financial Services	BUY	1,604	1,850
SBI Life Insurance Company	Hold	1,785	1,925

Source: PL

Growth subdued; GST exemption to be a drag

Private life insurers have seen tepid growth in 5MFY25 (8% YoY); expect Sep-25 volumes to remain subdued till the period of GST exemption kicks in. We expect the share of ULIP to keep moderating as demand shifts to the non-linked segment. Expect 2QFY26E VNB margins to be range-bound as we await clarity on the impact of GST exemption. Valuations continue to remain undemanding. Maintain BUY on Max FS (TP of Rs 1,850 at 2.0x FY27E P/EV) and HDFC Life (TP of Rs 900 at 2.6x FY27E P/EV). Key monitorable from 2QFY26E results are: (1) Growth guidance for FY26/ FY27E (2) Margin outlook and impact of GST exemption.

Private life insurers have seen weak APE growth (+8% YoY YTD Aug'25) due to (1) higher volatility in equity markets impacting ULIP and (2) tepid credit protect volumes in the home loan/ MFI segment. While we expect growth in September to remain subdued, Oct-25 is likely to see a spillover effect of GST exemption as pent-up demand kicks in. While the share of ULIP was elevated in Q1, we expect to see a gradual reduction over subsequent quarters. Strong traction in retail protection, steady NPAR volume and a growing Annuity business to drive growth in H2.

- **HDFC Life** has reported an APE growth of 12% YoY on YTD basis; we expect ~10% in Q2. Expect the share of ULIP to moderate sequentially with a pick-up in PAR/ NPAR. Company has guided for a stable VNB margin at ~25% in FY26; we factor in a little weakness at 24.5% due to the impact of GST exemption.
- **IPRU Life** has seen a de-growth (-10% YoY YTD Aug'25) impacted by a high base in H1FY25 and slowdown in ULIP. We expect Sep-25 volumes to remain subdued. Q1FY26 commentary suggested a surge in non-linked demand supporting margins; we factor in the same with a VNB Margin of 23.5% for Q2.
- **Max Life** has been a consistent performer (APE growth of 19% YoY YTD Aug-25) on the back of new launches (SWAG, STEP, SWAG Elite and SWAG Pension). Re-branding with Axis Bank has led to higher traction in tier 2/3 markets. On the margin front, we build a VNB margin of 22.5% in Q2 factoring in the impact of GST exemption.
- **SBI Life:** We expect 2QFY26 growth to be slow (7% YoY YTD Aug'25) due to tepid volumes in banca/ credit protect. Expect margins to remain intact, with a negligible impact of GST exemption.

GST exemption to impact EV in FY26: We expect the recent GST exemption on life insurance to impact profitability. With the benefit of input tax credit not available to insurers on their existing book, we expect a drag of 20-100 bps on FY26E Embedded Value across players. In our view, covered companies are likely to mitigate the drag with commission cuts/price hikes and we remain watchful of the same.

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Exhibit 2: Q2FY26 Result Preview

(Rs mn)	2QFY26E	2QFY25	YoY gr. (%)	1QFY26	QoQ gr. (%)
HDFC Life Insurance Company					
APE	41,133	38,580	6.6	32,250	27.5
VNB	10,078	9,380	7.4	8,090	24.6
VNB Margin (%)	24.5	24.3	20 bps	25.1	-60 bps
ICICI Prudential Life Insurance Company					
APE	19,886	25,030	-20.5	18,640	6.7
VNB	4,673	5,860	-20.3	4,570	2.3
VNB Margin (%)	23.5	23.4	10 bps	24.5	-100 bps
Max Financial Services					
APE	23,887	21,700	10.1	16,680	43.2
VNB	5,375	5,123	4.9	3,350	60.4
VNB Margin (%)	22.5	23.6	-110 bps	20.1	240 bps
SBI Life Insurance Company					
APE	52,790	53,900	-2.1	39,700	33.0
VNB	14,517	14,500	0.1	10,900	33.2
VNB Margin (%)	27.5	26.9	60 bps	27.5	0 bps

Source: Company, PL

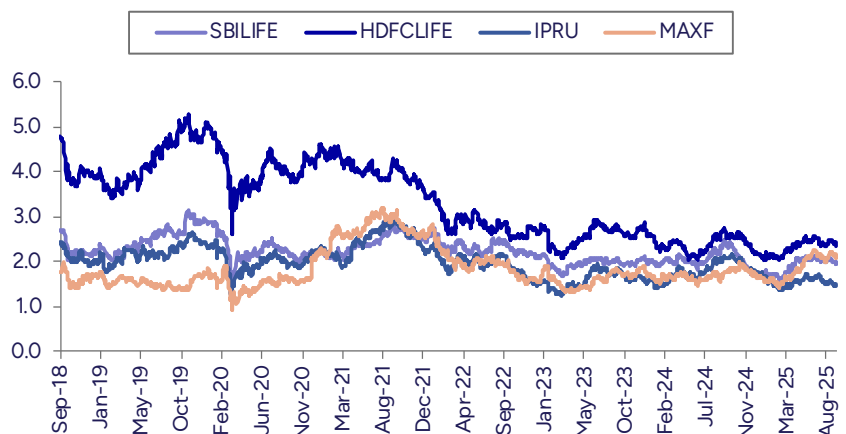
Exhibit 3: Valuation Summary

Company	CMP (Rs.)	TP (Rs)	Rating	MCap (Rs bn)	Upside / Downside	P/EV (x)				APE (Rs bn)				VNB (Rs bn)			
						FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
HDFCLIFE IN	759	900	BUY	1,639	18%	3.0	2.5	2.2	1.9	150.1	174.3	201.3	231.7	38.4	44.4	52.1	60.9
IPRU IN	601	725	BUY	871	21%	1.8	1.6	1.4	1.2	104.1	113.4	126.7	142.5	23.7	26.1	29.6	33.8
MAXF IN	1,604	1,850	BUY	554	15%	2.7	2.3	1.9	1.7	87.7	102.7	119.6	138.1	21.1	24.4	29.1	34.1
SBILIFE IN	1,785	1,925	Hold	1,792	8%	2.6	2.2	1.8	1.6	214.1	239.9	271.4	305.8	59.5	66.7	76.0	85.6

Company	CMP (Rs.)	TP (Rs)	Rating	MCap (Rs bn)	Upside / Downside	VNB Margin (%)				Embedded Value (Rs bn)				RoEV (%)			
						FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
HDFCLIFE IN	759	900	BUY	1,639	18%	25.6	25.5	25.9	26.3	554.3	646.2	755.0	882.6	16.7	16.3	16.4	16.3
IPRU IN	601	725	BUY	871	21%	22.8	23.0	23.4	23.7	479.5	544.6	619.0	704.3	13.1	13.6	13.7	13.7
MAXF IN	1,604	1,850	BUY	554	15%	24.0	23.8	24.3	24.7	204.1	241.2	284.7	335.4	19.1	18.2	18.0	17.8
SBILIFE IN	1,785	1,925	Hold	1,792	8%	27.8	27.8	28.0	28.0	702.5	826.9	970.5	1,137.1	20.2	18.9	18.1	17.6

Source: Company, PL

Exhibit 4: Insurers under coverage are trading at an average P/EV of 2.0x



Source: Company, PL

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	Hold	900	959
2	Cholamandalam Investment and Finance Company	Hold	1,500	1,423
3	HDFC Life Insurance Company	BUY	900	761
4	ICICI Prudential Life Insurance Company	BUY	725	598
5	Mahindra & Mahindra Financial Services	Hold	285	266
6	Max Financial Services	BUY	1,850	1,597
7	SBI Life Insurance Company	Hold	1,925	1,806
8	Shriram Finance	Hold	650	616
9	Sundaram Finance	Hold	4,800	4,646

PL's Recommendation Nomenclature

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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