

INSURANCE

Q1FY26 Preview

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A mixed quarter

- For our coverage private players and LIC, APE is likely to grow moderate at 6% YoY in Q1FY26
- VNB margin is likely to witness expansion during the quarter for most of the players, private players, and LIC in the range of 100-300bps YoY
- HDFC Life is expected to report healthy APE growth, better margins on a balanced product mix

Vijiya Rao | Niraj Jalan
 research@bobcaps.in

Strong VNB growth ahead: For the coverage private players and LIC, APE is likely to grow moderate at 6% YoY in Q1FY26. This is likely on account of mixed performance with companies' growth ranging from (-3) to 14% YoY. However, VNB growth is expected to remain strong at 18% YoY in Q1FY26, aided by favourable product mix leading to margin expansion. During the quarter, VNB margin is likely to witness expansion for most of the players, private players, and LIC in the range of 100-300bps YoY; except for ICICI Pru (margin contraction of 65bps YoY). This is owing to the increasing share of high-margin products - non-par and protection products in the overall mix, coupled with the rising contribution of high-margin ULIP sales with higher sum assured with rider attachments. HDFCLIFE is likely to see the strongest APE growth of ~14% YoY in Q1FY26, while IPRU and SBILIFE may see a modest growth in the range of -3 to 7% YoY in Q1FY26.

HDFC Life: The company is expected to witness double-digit healthy APE growth of 14% YoY. Gross premium may see a growth of 21% YoY. VNB margin is likely to be at 26.1% in Q1FY26 vs 26.5% in Q4FY25 vs 25.1% in Q1FY25; aided by product shift towards traditional products and margin improvement in ULIPs. For Jun'25, its total APE grew 8% YoY, driven by individual APE growth (up 12% YoY). However, its group APE declined 22% YoY in Jun'25. Market share increased by 45bps, on a total APE basis. New business premium was down 6% YoY in Jun'25.

ICICI Pru Life: APE is likely to decline 3% YoY in Q1FY26, on a higher base (up 34% YoY in Q1FY25). Gross premium is expected to increase 8% YoY. VNB margin is likely to be at 23.4% vs 24% in Q1FY25 vs 22.7% in Q4FY25. Sequential increase in VNB margins would be aided by continued improvement in the product mix (favourable). In Jun'25, its APE rose 11% YoY, supported by group APE (up 51% YoY). Individual APE de-grew 10% YoY in Jun'25. It witnessed an increase in the market share of 55bps YoY. New business premium increased by 4% YoY.



SBI Life: APE is expected to increase by 7% YoY in Q1FY26. Gross premium may witness a growth of 13% YoY. VNB margin is likely to be at 28.8% vs 26.8% in Q1FY25 vs 30.5% in Q4FY25. In Jun'25, its total APE rose 10% YoY, driven by individual APE growth of 14% YoY. Group APE declined by 18% YoY.; market share increased by 83bps YoY on a total APE basis; and new business premium was down by 12% YoY.

LICI: The company's APE is expected to grow 6% YoY in Q1FY26. Gross premium is likely to increase 12% YoY during the quarter. VNB margin is expected to be at 16.5% vs 13.9% in Q1FY25 vs 18.7% in Q4FY25; aided by favorable product mix. In Jun'25, its total APE de-grew 9% YoY; individual APE rose 2% YoY while group APE declined by 20% YoY. New business premium was down by 3% YoY in Jun'25. We expect the non-par share to inch up further during the quarter.

Fig 1 – HDFC Life Q1FY26 estimates

(Rs mn)	Q1FY26E	Q1FY25	Q4FY25	YoY (%)	QOQ (%)
Gross Premium	1,55,439	1,28,109	2,40,316	21.3	(35.3)
Growth (YoY %)	21.3	9.7	14.8		
APE	32,641	28,660	51,860	13.9	(37.1)
Growth (YoY %)	13.9	23.1	9.6		
VNB	8,503	7,180	13,760	18.4	(38.2)
Growth (YoY %)	18.4	17.7	11.5		
VNB Margins (%)	26.1	25.1	26.5		
Change in Margins (bps)	100	(115)	44		

Source: Company, BOBCAPS Research

Fig 2 – ICICI Pru Life Q1FY26 estimates

(Rs mn)	Q1FY26E	Q1FY25	Q4FY25	YoY (%)	QOQ (%)
Gross Premium	89,286	82,837	1,68,316	7.8	(47.0)
Growth (YoY %)	7.8	12.3	11.1		
APE	19,066	19,630	35,030	(2.9)	(45.6)
Growth (YoY %)	(2.9)	34.4	(3.2)		
VNB	4,452	4,720	7,950	(5.7)	(44.0)
Growth (YoY %)	(5.7)	7.8	2.4		
VNB Margins (%)	23.4	24.0	22.7		
Change in Margins (bps)	(65)	(600)	123		

Source: Company, BOBCAPS Research

Fig 3 – SBI Life Q1FY26 estimates

(Rs mn)	Q1FY26E	Q1FY25	Q4FY25	YoY (%)	QOQ (%)
Gross Premium	1,76,126	1,55,721	2,40,016	13.1	(26.6)
Growth (YoY %)	13.1	14.9	(4.9)		
APE	39,003	36,400	54,500	7.2	(28.4)
Growth (YoY %)	7.2	20.1	2.3		
VNB	11,252	9,700	16,600	16.0	(32.2)
Growth (YoY %)	16.0	11.5	9.9		
VNB Margins (%)	28.8	26.8	30.5		
Change in Margins (bps)	205	(191)	213		

Source: Company, BOBCAPS Research

Fig 4 – LIC Q1FY26 estimates

(Rs mn)	Q1FY26E	Q1FY25	Q4FY25	YoY (%)	QOQ (%)
Gross Premium	12,78,183	11,39,002	14,78,860	12.2	(13.6)
Growth (YoY %)	12.2	15.6	(3.1)		
APE	1,22,360	1,15,600	1,88,530	5.8	(35.1)
Growth (YoY %)	5.8	21.3	(11.0)		
VNB	20,245	16,100	35,340	25.7	(42.7)
Growth (YoY %)	25.7	23.7	(3.0)		
VNB Margins (%)	16.5	13.9	18.7		
Change in Margins (bps)	262	23	154		

Source: Company

Fig 5 – Bajaj Finance Q1FY26 estimates

(Rs mn)	Q1FY26E	Q1FY25	Q4FY25	YoY (%)	QOQ (%)
Net Interest Income	1,02,891	83,653	98,072	23.0	4.9
Growth (YoY %)	23.0	24.5	22.4		
Other Income	22,505	20,531	21,096	9.6	6.7
Growth (YoY %)	9.6	22.2	24.0		
Operating Expenses	41,041	34,709	39,493	18.2	3.9
Growth (YoY %)	18.2	21.6	19.6		
Pre-Provisioning Profit (PPOP)	84,355	69,475	79,675	21.4	5.9
Growth (YoY %)	21.4	25.3	24.3		
PAT	46,714	39,120	45,456	19.4	2.8
Growth (YoY %)	19.4	13.8	18.9		
AUM	44,14,000	35,41,920	41,66,610	24.6	5.9
Growth (YoY %)	24.6	31.1	26.0		
NIMs	9.6	9.8	9.6		
Change in NIMs (bps)	(18)	(61)	(36)		

Source: Company, BOBCAPS Research

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