

INSURANCE

Q4FY25 Preview

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Modest quarter, margins to improve for most

- Private life insurers are expected to fare better than LIC, with ~7% APE growth in Q4FY25
- LIC is likely to report moderate performance in terms of APE. However, margins are expected to witness expansion on better product mix
- HDFC Life is expected to report healthy APE growth, better margins on balanced product mix and contained ULIP market share mix

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Life Insurance: For Q4FY25, total APE for our coverage companies is expected to clock moderate growth of ~4% YoY vs ~11% YoY growth during 9MFY25, driven by private insurers. Private players' APE under our coverage is likely to grow ~7% YoY. HDFCLIFE is likely to see the strongest growth of ~17% YoY in Q4FY25, while IPRU and SBILIFE may see modest growth in the range of 2-3% YoY in Q4FY25.

HDFC Life: The company is expected to witness a strong APE growth of 17% YoY in Q4FY25 vs 20% YoY in 9MFY25. Gross premium may see a growth of 27% YoY during this period. For 11MFY25, its total APE grew 19% YoY with individual APE growth of 20% YoY and group APE growth of 12% YoY. Its market share increased by 90bps YoY on total APE basis. Its VNB margins are likely to expand by ~60bps YoY in Q4FY25 to 26.8%, aided by balanced product mix. Further, VNB is likely to grow ~20% YoY in Q4FY25 vs 14% in 9MFY25.

ICICI Prudential: APE will probably be muted at 2% YoY in Q4FY25 vs 27% YoY in 9MFY25. VNB margin is likely to be at 21.9% in Q4FY25 vs 22.8% in 9MFY25. For 11MFY25, APE rose 21% YoY with individual APE at 22% YoY. Market share increased by ~60bps YoY in 11MFY25 on APE basis.

SBI Life: APE is likely to be moderate at ~3% YoY in Q4FY25 vs 11% YoY in 9MFY25. VNB margin is likely to be at 27.8% in Q4FY25 vs 26.9% in Q3FY25, driven by profitable segments. For 9MFY25, it reported VNB margin of 26.9% — a contraction of 120bps YoY. Gross premium is expected to witness a growth of 10% YoY in Q4FY25. For 11MFY25, APE growth was at 9% YoY with individual APE growth of 13% YoY and group declining by 38% YoY during this period. Its market share increased by 11bps YoY on total APE basis.

LICI: Total APE may see a growth of ~2% YoY in Q4FY25. Its VNB margin is likely to be at 19.7% in Q4FY25 vs 19.4% in Q3FY25, aided by its strategic focus on the non-par products. For 11MFY25, APE de grew 3% YoY with the individual APE growth stable YoY while group APE declined YoY during this period — which indicates stiff competition from the private players.



Fig 1 – HDFC Life Q4FY25 estimates

(Rs mn)	Q4FY25E	Q4FY24	Q3FY25	YoY (%)	QoQ (%)
Gross Premium	2,65,969	2,09,376	1,72,750	27.0	54.0
Growth (YoY %)	27.0	6.7	11.3		
APE	55,233	47,300	35,690	16.8	54.8
Growth (YoY %)	16.8	(8.5)	11.9		
VNB	14,788	12,340	9,300	19.8	59.0
Growth (YoY %)	19.8	(18.3)	8.6		
VNB Margins	26.8	26.1	24.6		
Change in Margins (bps)	66.8	(316.6)	(222.5)		

Source: Company, BOBCAPS Research

Fig 2 – ICICI Prudential Life Q4FY25 estimates

(Rs mn)	Q4FY25E	Q4FY24	Q3FY25	YoY (%)	QoQ (%)
Gross Premium	1,60,886	1,51,500	1,26,601	6.2	27.1
Growth (YoY %)	6.2	16.6	23.1		
APE	36,788	36,200	24,380	1.6	50.9
Growth (YoY %)	1.6	9.7	27.6		
VNB	8,064	7,760	5,170	3.9	56.0
Growth (YoY %)	3.9	(26.4)	18.6		
VNB Margins	21.9	21.5	21.2		
Change in Margins (bps)	45.3	(1051.3)	(165.7)		

Source: Company, BOBCAPS Research

Fig 3 – SBI Life Q4FY25 estimates

(Rs mn)	Q4FY25E	Q4FY24	Q3FY25	YoY (%)	QoQ (%)
Gross Premium	2,77,763	2,52,411	2,49,978	10.0	11.1
Growth (YoY %)	10.0	26.1	11.3		
APE	54,749	53,300	69,400	2.7	(21.1)
Growth (YoY %)	2.7	17.1	13.2		
VNB	15,216	15,100	18,700	0.8	(18.6)
Growth (YoY %)	0.8	4.9	11.3		
VNB Margins	27.8	28.3	26.9		
Change in Margins (bps)	(53.9)	(331.8)	(46.1)		

Source: Company, BOBCAPS Research

Fig 4 – LIC Q4FY25 estimates

(Rs mn)	Q4FY25E	Q4FY24	Q3FY25	YoY (%)	QoQ (%)
Gross Premium	15,14,403	15,25,427	10,70,152	(0.7)	41.5
Growth (YoY %)	(0.7)	15.6	(8.7)		
APE	2,15,872	2,11,800	99,500	1.9	117.0
Growth (YoY %)	1.9	10.7	(24.4)		
VNB	42,442	36,450	19,260	16.4	120.4
Growth (YoY %)	16.4	(0.9)	(26.9)		
VNB Margins	19.7	17.2	19.4		
Change in Margins (bps)	245	(219)	(65)		

Source: Company

Fig 5 – Bajaj Finance Q4FY25 estimates

(Rs mn)	Q4FY25E	Q4FY24	Q3FY25	YoY(%)	QoQ(%)
Net Interest Income	97,851	80,130	93,826	22.1	4.3
Growth (YoY %)	22.1	28.1	22.6		
Other Income	23,437	17,019	22,901	37.7	2.3
Growth (YoY %)	37.7	12.2	39.4		
Operating Expenses	40,164	33,028	38,670	21.6	3.9
Growth (YoY %)	21.6	24.5	22.5		
Pre-Provisioning Profit (PPoP)	81,124	64,121	78,057	26.5	3.9
Growth (YoY %)	26.5	25.3	27.1		
PAT	45,391	38,245	43,082	18.7	5.4
Growth (YoY %)	18.7	21.1	18.4		
AUM	41,67,500	33,06,150	39,80,430	26.1	4.7
Growth (YoY %)	26.1	33.6	28.0		
NIMs	9.8	10.0	9.9		
Change in NIMs (bps)	(17.2)	(47.2)	(32.8)		

Source: Company, BOBCAPS Research

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