BUY (Maintain)

CMP: **INR 440** Target Price: **INR 512 (INR 461)** ▲ 16%

ICICI Securities

ICICI Securities Limited is the author and distributor of this report

03 September 2025

India | Equity Research | Company Update

Star Health and Allied Insurance

General Insurance

Available earning levers make risk-reward attractive

We believe Star Health (Star) is on a steady earnings growth trajectory driven by better incremental balance between volume growth and profitability, as witnessed in its Q1FY26 result (14% YoY growth in GEP while IFRS PAT grew 44% YoY). We expect various initiatives undertaken in FY25 to show results in earnings from H2FY26. This may be supported by: 1) Strong retail fresh business growth (25% YoY growth in Q1FY26). 2) Reducing group exposure (GWP contribution fell from 9% in Q2FY25 to 5% in Q1FY26). Star experienced a rise in group segment's loss ratio from 78% in Q1FY25 to 85.1% in Q1FY26. 3) Benefit of repricing undertaken in 60-65% of the portfolio in mid-FY25 along with calibrated annual repricing strategy. 4) Higher equity AUM with mix increasing from 6.7% in Mar'24 to 15% in Mar'25 and 17.5% in Jun'25. 5) Various digital initiatives could improve efficiency with EOM at 32.6% in Q1FY26 (calculated)

Earnings growth expected to improve; valuations remain attractive

Competitive moats include: 1) Agreed hospital network (total network of more than 11,300 hospitals, as of Jun'25, with 79% share of cashless claims. 2) Cost leadership, i.e., expense of management well below 35% limit (32.6% in Q1FY26). 3) Strong, difficult-to-replicate agency force (agent count grew from 775k in FY25 to 789k in Jun'25). 4) Healthy distribution mix, which is now diversifying (agency 82% and corporate agents/digital/banca channels constitute ~2%/9%/7% of mix). 5) Higher AUM (INR 182bn, with investment yield of 6.5% as of Q1FY26) compared to other SAHI players and yields, benefitting from increasing equity mix (17.5% as of Jun'25 vs. 15% as of Mar'25).

Star envisions PAT (under IFRS) of ~INR 20bn by FY28 compared to INR7.9bn in FY25. Earnings growth will be basis premium growth (aiming to reach ~INR 250bn by FY28), improvement in COR (Q1FY26 COR was 230bps higher than FY24) and higher investment income with higher equity mix (there will be MTM benefits under IFRS). Our estimates directionally factor in the rangebound improvement in these levers. We expect GDPI growth of 10%/15% in FY26/27E, loss ratio improving from 69.8% (calculated) in FY25 to 68.5% in FY27E and combined ratio of 100%/99.6% in FY26/27E, resulting in PAT of INR 10.2bn/ INR 12bn in FY26/27E under IFRS, respectively.

We maintain **BUY** on Star with a revised TP of INR 512 (earlier INR 461), based on 25x FY27E EPS of INR 20.5 under IFRS (earlier on IGAAP basis with multiple of 30x). In terms of valuation, basis FY27E IFRS PAT, Star Health/Niva Bupa trade at 22x/31x P/E, respectively. Key risks include higher competitive intensity or claims denting profitability.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
NEP (INR mn)	1,29,383	1,48,222	1,67,697	1,92,851
PAT (INR mn)	8,450	6,459	7,632	10,036
EPS (INR)	14.4	11.0	13.0	17.1
P/E (x) (fully diluted)	30.6	40.0	33.9	25.7
P/BV (x)	4.1	3.7	3.3	2.9
Combined Ratio (%)	96.7	101.1	98.8	98.6
Return on Inv(%)	7.5	7.7	6.3	7.3
RoAE (%)	14.4	9.7	10.3	12.1
Under IFRS				
PAT (INR mn)	11,034	7,868	10,177	12,022

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Market Data

Market Cap (INR)	259bn
Market Cap (USD)	2,933mn
Bloomberg Code	STARHEAL IN
Reuters Code	STAU BO
52-week Range (INR)	648 /327
Free Float (%)	39.0
ADTV-3M (mn) (USD)	6.0

Price Performance (%)	3m	6m	12m
Absolute	(7.2)	17.2	(29.1)
Relative to Sensex	(5.8)	7.7	(26.2)

ESG Score	2023	2024	Change
ESG score	**67.9**	**71.9**	**4.0**
Environment	38.3	48.1	9.8
Social	68.4	70.9	2.5
Governance	78.5	84.2	5.7

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

03-05-2025: Q4FY25 results review

03-11-2024: Q2FY25 results review

Fresh business growth remains strong

- Retail health GWP grew 18% in Q1FY26 supported by 25% growth in fresh retail premiums and a strong renewal persistency of 98% on premiums, 85% on volumes. In Jul'25, retail premium growth was 7.3% YoY with 1/n.
- Retail fresh NOP grew 8%. Overall, NOPs grew 5%, reaffirming the strategy to drive business through both value and volume-led growth.
- Multi-year policies on retail side contribute 8% of overall volume. New business is around 30% in terms of number of policies. Multi-year policies is a preferred product as it gives visibility for three years, and 1st/2nd year persistency also remains strong and is an assured business model even for distributors.

Multiple strategies in place to price risks more accurately

- Initiatives such as discount based on claims experiences, shift to zonal pricing from pan-India pricing are changes in strategy to ensure appropriate risk pricing. Discount-based pricing is fair for both claimants and non-claimants and is now allowed under the regulations. The company has not introduced this in any products but when products come for annual price re-consideration, Star will probably move most of its products into this model. This model is well accepted in the market and is also giving the desired results in terms of yields and customer retention. Currently, around 30% of FHO is the only product under discount-based pricing.
- On retail side, Star had implemented pricing corrections covering nearly 65% of the book in FY25. This will be followed by annual repricing strategy. On group and banca side, Star has implemented price corrections in some low-profitability accounts.
- People buy insurance so that they can go for higher quality of treatment than they otherwise would have been able to afford from their pockets and this is fair. There are now products which are also having facilities like network-based discount. If customers opt for affordable premium, they can opt out of certain network of hospitals and take a lower premium, which is more affordable. Star is making products and pricing strategies to reflect such trends.
- Star Flexi rider (with Super Star product) has been launched a few months ago. Star is promoting it as it has multiple features that customers can choose as per requirements. There are multiple efforts going at the company as well as industry side to create more discipline in hospitals in terms of pricing and protocols.

Expense ratio can reflect better efficiency, especially with the headroom available under EOM limits

Star is focusing more on productivity gains compared to increase in manpower. Efficiency and all the investments made in technology over the last two-three years are showing results. Digital business itself has demonstrated a large increase in growth with a lesser number of people (number of tele-callers reduced from 2,033 as of Mar'25 to 1,518 as of Jun'25). Management remains confident that this efficiency will continue to be better, and will be able to do more business with same or lesser manpower.

Star Health has entered into a strategic partnership with Medi Assist to adopt MAtrix, an advanced AI-powered claims platform (link). This collaboration is a step in Star Health's ongoing claims transformation journey, focused on delivering faster settlements, better customer engagement, and technology-led service excellence. The partnership will help in identification and elimination of fraud and reduction in waste and abuse through AI tools.

Also, cost optimisation initiatives like more that 50% billing is now digitalised. Core claim system transformation is underway and will happen in Q2FY26- could result in better efficiency in claim processing, preventing leakage and better fraud control (highlighted in Q4FY25 earnings call).

Operational efficiencies also improved, with 96% of cashless claims processed within 3 hours (93% in Q1FY26) and the claim rejection rate reduced to 10% in FY25 from 13% in FY24. Preventive health checks saw a +30% increase and the company's home healthcare services expanded to +200 cities. Star Health achieved 2.53% savings in claims outgo in FY25. Digital engagement also strengthened, with app downloads rising to +11mn from 5.7mn in FY24.

Value and volume-driven growth with price hikes to support loss ratio

Retail loss ratio of Star Health increased from 66.9% in Q1FY25 to 68.5% in Q1FY26 (this has increased for industry as a whole). Group segment (% of mix) portfolio continued to face pressure with loss ratio increasing to 85.1% in Q1FY26 from 78% in Q1FY25. Management strategically calibrated this segment and the contribution has reduced from 9.6% in Q1FY25 to 4.9% in Q1FY26.

- Without 1/n, retail growth has been ~18% for Q1FY26. Retail health renewal premium ratio has increased from 93% in Q1FY25 to 98% in Q1FY26. Retail fresh NOP grew 8%. Overall, NOPs grew 5%, reaffirming the strategy to drive business through both value and volume-led growth. The average SA of new policies has increased by 11% YoY (from INR 1.4mn to INR 1.6mn).

- Management repriced six retail products, which constituted 65% of the portfolio in FY25. This will be followed by an annual repricing strategy. On group and banca side, company has implemented price corrections in some low-profitability accounts. FWA savings improved by 30% YoY in Q1FY26, on account of vigilance and in-house fraud detection models.

- The growth of new business demonstrated in the last few quarters, will flow into the earned premiums in the quarters ahead improving the underwriting profits. So, it's a function of both the earned premium growth as well as the improvement in loss ratios, which will help improve underwriting profits. It takes time for the earned premium to start showing, and bringing the loss ratios under the targeted numbers. Star has taken granular focus on various profitable cohorts with the help of micro segmentation of the market, helping growth in healthy business mix as well as decline in some of the unprofitable segments.

Product and channel initiatives can be considered effective basis fresh business growth

Star has realigned its distribution and product mix to cater to emerging verticals along with agency which remains core. Company has built multiple operational efficiencies that focus on productivity improvement and cost optimisation measures along with rationalising network hospitals and increasing agreed pricing arrangements in network hospitals.

In FY25, Star launched a new product '**Superstar Plan'**, a personalised long term health insurance solution. This product features a 5-year policy term with modular coverage that adapts to customers' needs throughout different life stages allowing for customisation and scalability. The company positioned this product as a digital frontrunner, offering 21 optional covers and unique features such as 'Freeze Your Age' and 'Limitless Care', which appealed to customers for their flexibility, wellness focus and compelling pricing. Product launches like Super Star and Health Assure incorporate innovative features and have been very well received in the market. They constitute nearly 80% of new business. Super Star product is probably the first product in the industry to cross INR 10bn of GWP within 10 months.

New premium growth was strong in Q1FY26, in retail, with strong performance across agency, digital, banca and brokers channels. These four channels are doing well and should deliver good performance in future. **Fresh retail premium (new business in retail business) growth was 25% in Q1FY26. Retail NOP growth in fresh was 8% in Q1FY26.** This was driven by renewed agent productivity (13% YoY in Q1FY26), campaigns and the acceleration of digital channels.

Agency contributes 82% of overall GWP, with both fresh and overall growth standing at 16%. Fresh GWP contribution is 64% in Q1FY26. Agency fresh growth is despite a very low share of portability business, in line with the conscious decision to pursue quality growth. Portability share is around 10% only. As of Q1FY26, with 14,000 new agents, total agency base was 789k, largest in the industry. Over the next three years, Star Health aims to expand this network to 1mn agents. This expansion remains a key lever in the company's strategy to deepen insurance penetration, particularly in non-metro cities and emerging towns.

Preferred geographies are now growing at 1.5x faster than the overall business. These preferred geographies demonstrate better ROEs and management is focusing on these areas.

Digital business contributes 9% of overall GWP, with 73% fresh business growth in Q1FY26. Fresh GWP contribution is 20% with 16% fresh NOP growth in Q1FY26. The quality and performance of the digital business is very promising and Star plans to create a digital SBU to accelerate this business. Share of business between digital direct and partners is around 70%:30%. Star has also seen an uptick in multi-year policies on digital channel.

Bancassurance business contributed 7% of overall GWP in Q1FY26 but reported a decline of 4% in fresh business growth. Star has made a significant shift towards preferred product offerings which is retail and benefit plans, contributing 92% of fresh business vs. 74% in FY25. With this improved mix in business, Star envisages that banca margins will improve in coming quarters. On preferred segments, growth rate is upwards of 20%.

Corporate business channel contributed 2% of mix with 85% YoY decline in fresh business. This is in continuation of the strategic decision to focus on profitable SME segments which now contribute 65% of corporate channel vs. 40% in Q1FY25. In corporate group segment, management decided to exit from large corporates and co-insurance segments which were unviable.

Higher equity exposure promises higher yields ahead

Total investment assets stood at INR 182bn as of Q1FY26 (2.5x investment leverage) with yield of 6.5% in Q1FY26 vs. 7.5% in Q1FY25. Equity book was 6.7% of the AUM in Mar'24, 15% in Mar'25 and 17.5% in Jun'26. Solvency ratio stood at 2.22x, as of Jun'25 vs. 2.21x, as of Mar'25.

FY26 will be 'Year of the Customer'

Star Health has marked FY26 as the 'Year of the Customer', with a sharp focus on strengthening underwriting practices and adopting smarter pricing models that incorporate discounts based on claims behaviour- to drive affordability and enhance customer experience. Tailored health insurance products will be introduced for Gen Z, early earners, senior citizens, and underserved regions, in line with emerging health trends and regional needs.

Through a Digital-First Execution approach, the company aims to elevate service delivery via AI-enabled claim pre-authorisation, real-time processing, and an expanded suite of self-service options on its mobile app. Moving beyond transactional engagement, Star Health is transitioning to a transformational service model, underpinned by referral-led growth, loyalty programmes, and faster turnaround times.

Key data points

- Star's market share was down 24bps among general insurance companies to 4.5% in Q1FY26 (vs. 4.8% in Q1FY25), while it maintained its leadership in retail health insurance sector with 30.9% market share in Q1FY26, stable YoY.
- Share of cashless claims count in associated network of hospitals stood at 79% as of Q1FY26 (vs. 76% in Q1FY25). Claim rejection has come down to 11% in Q1FY26 on volume basis.
- Star Health has good persistency rate both in terms of value and volumes. On value terms, Star has 98% persistency and in terms of volume, Star has seen persistency upwards of 84-85%. Star is seeing an upward trend in persistency for multiple cohorts, basis claimants, non-claimants, geography and channel wise.
- Star is continuing to see good traction in claim settlement ratios and rejection rates are also going down. Claim settlement ratio stood at 90% in Q1FY26 vs. 85.7% in Q1FY25.

Exhibit 1: Q1FY26 result review

Profit and Loss statement (INR mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
GDPI	34,743	43,390	37,946	51,083	35,973	*4%*	*-30%*
Add: Reinsurance accepted	16	323	15	297	82		
GWP	34,759	43,713	37,961	51,380	36,055	*4%*	*-30%*
Less Reinsurance ceded	3,058	3,974	2,357	3,184	1,481	*-52%*	*-54%*
NWP	31,702	39,739	35,604	48,196	34,574	*9%*	*-28%*
Less: Reserve for unexpired risks	-3,502	2,700	-2,392	10,213	-4,809	*37%*	*-147%*
NEP	**35,203**	**37,039**	**37,997**	**37,983**	**39,383**	***12%***	***4%***
Claims Incurred	**23,789**	**26,959**	**27,145**	**26,301**	**27,390**	***15%***	***4%***
Commission	4,288	5,489	5,032	7,598	5,078	*18%*	*-33%*
Operating expenses	5,722	6,538	6,309	6,836	6,197	*8%*	*-9%*
Total Operating expenses	**10,011**	**12,027**	**11,342**	**14,434**	**11,275**	***13%***	***-22%***
Underwriting profit and loss	**1,404**	**-1,947**	**-490**	**-2,752**	**717**	***-49%***	***-126%***
Total Investment Income (Policyholder)	1,713	2,103	2,015	1,883	1,769	*3%*	*-6%*
Impairment / Mgmt expenses							
Operating profit / Loss	**3,117**	**156**	**1,525**	**-869**	**2,486**	***-20%***	***-386%***
Income from investments (Shareholder)	1,255	1,464	1,464	1,011	1,185	*-6%*	*17%*
Other Income							
Total Investment income	**2,968**	**3,567**	**3,479**	**2,894**	**2,955**	***0%***	***2%***
Provision (other than taxation)							
Non-Operating expenses	110	133	120	151	152	*38%*	*1%*
PBT	**4,262**	**1,488**	**2,870**	**-9**	**3,520**	***-17%***	***n.m.***
Provision for taxation	1,072	375	718	-14	895	*-17%*	*n.m.*
PAT	**3,189**	**1,113**	**2,151**	**5**	**2,625**	***-18%***	***n.m.***

Source: I-Sec research, Company data

Exhibit 2: IFRS P&L statement for Q1FY26

INCOME (INR mn)	Q1FY25	Q1FY26	YoY (%)
Insurance income (GEP)	**37,900**	**43,364**	***14%***
Insurance service expenses	**34,508**	**39,896**	***16%***
Net expenses from re-insurance contracts	**474**	**589**	***24%***
INSURANCE SERVICE RESULT	**2,918**	**2,878**	***-1%***
Investment income	3,882	5,872	*51%*
Insurance finance income/expenses	213	425	*99%*
TOTAL INVESTMENT INCOME	**3,669**	**5,448**	***48%***
Other income	10	-1	*-109%*
Other operating expenses	2,380	2,303	*-3%*
Finance costs	137	142	*4%*
NET OTHER INCOME AND EXPENSES	**-2,507**	**-2,445**	***-2%***
Profit before tax	**4,080**	**5,881**	***44%***
Income tax expenses	1,043	1,499	*44%*
Tax Rate	0	0	
Profit for the year	**3,037**	**4,382**	***44%***
Loss ratio	**68.10%**	**69.50%**	***140 bps***
Expense ratio	**31.10%**	**30.10%**	***-100 bps***
Combined ratio	**99.20%**	**99.60%**	***40 bps***
Investment yields (reported)	**9.90%**	**13.40%**	***350 bps***

Source: I-Sec research, Company data

Exhibit 3: IFRS reconciliation

Particulars	FY24	FY25	Q1FY25	Q1FY26
Profit as per IGAAP (A)	**8,450**	**6,460**	**3,190**	**2,630**
IFRS Adjustment				
Lease and Security Deposit	-40	-30	-20	-10
Claims risk adjustment	-80	-570	-170	30
Share based payments	-170	-140	-60	-40
Deferred Acquisition cost	2,930	2,860	-860	-540
Unrealised Gain / (Loss) on Investments & provision- ECL	870	-190	920	2,920
Provision for Tax	-930	-520	30	-600
IFRS Impact (B)	**2,580**	**1,410**	**-150**	**1,760**
Profit as per IFRS (A+B)	**11,030**	**7,870**	**3,040**	**4,380**
Profit (Adjusted for MTM)	**10,160**	**8,060**	**2,120**	**1,460**

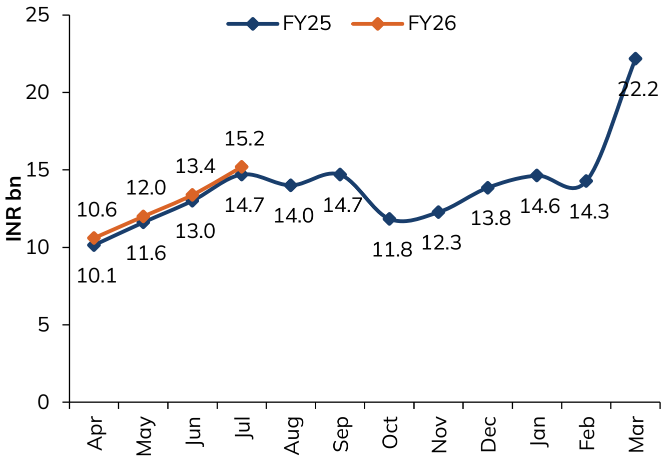
Source: I-Sec research, Company data

Exhibit 4: IFRS financials

Profit and Loss statement (INR mn)-IFRS	FY24	FY25	FY26E	FY27E
Insurance income (GEP)	**1,36,627**	**1,59,428**	**1,65,490**	**1,90,314**
Insurance service expenses	**1,23,030**	**1,48,708**	**1,53,244**	**1,75,660**
Incurred claims and other insurance service expenses	*90,870*	*1,11,341*	1,14,188	1,30,365
Amortisation of insurance acquisition cash flow	*32,159*	*37,367*	39,055.7	45,294.7
Insurance claim % of GEP	***66.5%***	***69.8%***	69.0%	68.5%
Insurance cost % of GEP	*23.5%*	*23.4%*	*23.6%*	*23.8%*
Combined Insurance Service Ratio (CISR)	***90.0%***	***93.3%***	***92.6%***	***92.3%***
Net expenses from re-insurance contracts	**1,078**	**1,586**	**1,489**	**1,523**
	0.8%	1.0%	0.9%	0.8%
INSURANCE SERVICE RESULT (A)	**12,520**	**9,134**	**10,757**	**13,132**
Investment income	11,731	12,624	14,607	16,364
Insurance finance income/expenses	188	417	458	504
TOTAL INVESTMENT INCOME (B)	**11,543**	**12,207**	**14,148**	**15,860**
Other income	41	62.9	40	40
Other operating expenses	8,754	10,310	10,757	12,370
opex as % of GEP	6.4%	6.5%	6.5%	6.5%
Finance costs	550	552	552	552
NET OTHER INCOME AND EXPENSES (C)	**-9,263**	**-10,799**	**-11,269**	**-12,882**
Profit before tax	**14,800**	**10,543**	**13,636**	**16,109**
Income tax expenses	3,766	2,675	3,459	4,087
Tax Rate	25.4%	25.4%	25.4%	25.4%
Profit for the year	**11,034**	**7,868**	**10,177**	**12,022**
Combined ratio	**97.2%**	**100.7%**	**100.0%**	**99.6%**
RoE	**14.1%**	**9.5%**	**11.1%**	**11.7%**
EPS	**18.9**	**13.4**	**17.3**	**20.5**

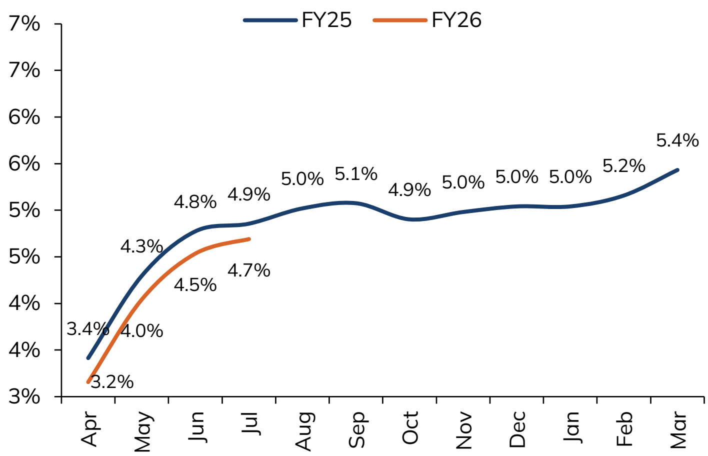
Source: I-Sec research, Company data

Exhibit 5: Star's total GDPI monthly trend



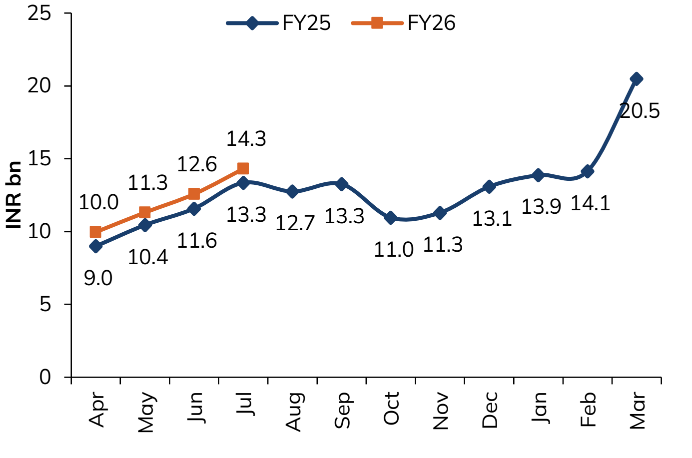
Source: Company data, I-Sec research

Exhibit 6: Star's total GDPI market share trend



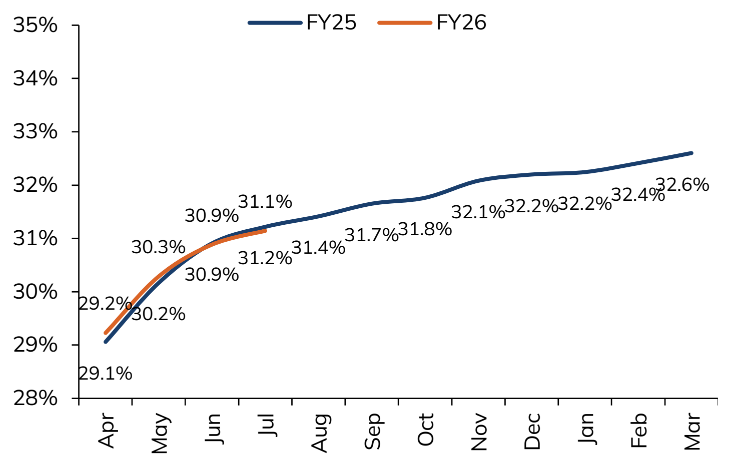
Source: Company data, I-Sec research

Exhibit 7: Star's retail health GDPI monthly trend



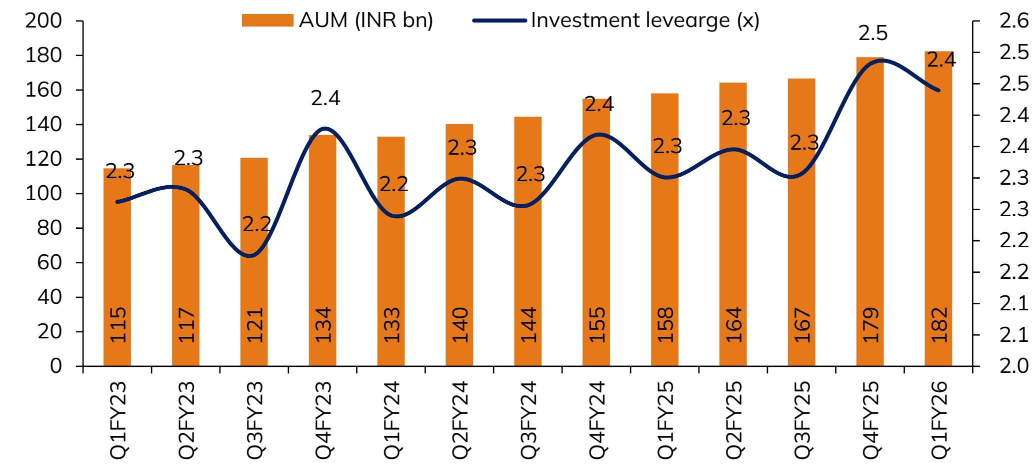
Source: Company data, I-Sec research

Exhibit 8: Star's retail health GDPI market share trend



Source: Company data, I-Sec research

Exhibit 9: Star's investment AUM and leverage trend



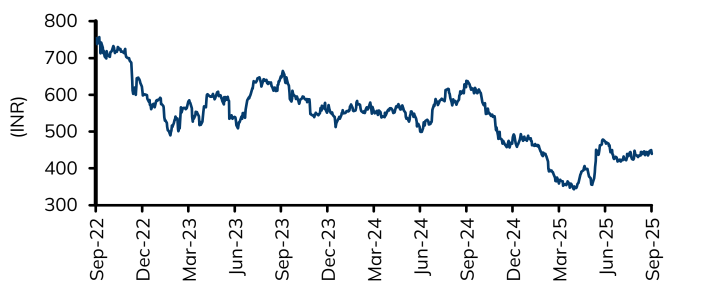
Source: I-Sec research, Company data

Exhibit 10: Shareholding pattern

%	Dec '24	Mar '25	Jun '25
Promoters	57.7	57.7	58.0
Institutional investors	34.0	34.2	35.0
MFs and other	10.5	9.5	14.4
FIs/ Banks	0.1	0.0	0.0
Insurance Cos.	4.7	4.8	5.3
FIIs	18.7	19.9	15.3
Others	8.3	8.1	7.0

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Gross Direct Premium Income (GDPI)	**1,52,511**	**1,67,162**	**1,83,878**	**2,11,460**
Add: Reinsurance Accepted	34	652	-	-
Gross Written Premium (GWP)	**1,52,545**	**1,67,814**	**1,83,878**	**2,11,460**
Less: Reinsurance ceded	11,871	12,561	7,355	8,458
Net Written Premium (NWP)	**1,40,674**	**1,55,252**	**1,76,523**	**2,03,001**
Less: Adjustment for unexpired risk reserve	11,291	7,030	8,826	10,150
Net Earned Premium (NEP)	**1,29,383**	**1,48,222**	**1,67,697**	**1,92,851**
Incurred Claims (Net)	86,000	1,04,194	1,14,034	1,31,139
Commission expense	18,537	22,407	25,477	29,096
Operating expenses related to Insurance	23,944	25,406	28,887	33,017
Underwriting profit/losses	**903**	**(3,785)**	**(701)**	**(400)**
Total Investment Income (Policyholder)	6,407	7,718	6,993	8,748
Operating Profit/Loss	**7,309**	**3,933**	**6,292**	**8,348**
Total Investment Income (Shareholder)	4,475	5,190	4,652	5,820
Other expenses (including provisions)	496	512	740	750
PBT	**11,289**	**8,611**	**10,204**	**13,418**
Tax	2,838	2,152	2,571	3,381
PAT	**8,450**	**6,459**	**7,632**	**10,036**

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share Capital	5,853	5,878	5,878	5,878
Reserves & Surplus	60,429	64,359	71,991	82,027
Shareholders' Funds	**63,416**	**70,236**	**77,869**	**87,905**
Share Application Money	-	-	-	-
Fair Value Change Account	1,036	885	-	-
Borrowings	4,700	4,700	4,700	4,700
Total Sources of Funds	**72,018**	**75,821**	**82,569**	**92,605**
Investments	**1,54,909**	**1,78,984**	**1,90,695**	**2,11,174**
Fixed Assets	1,751	1,849	2,049	2,249
Deferred tax Assets	3,582	3,512	3,512	3,512
Current Assets (Inc. Cash)	17,435	23,501	24,335	25,186
Claims Outstanding including IBNR & IBNER	**24,779**	**41,211**	**38,382**	**39,726**
Provision for unexpired risk reserve	**83,747**	**90,814**	**99,640**	**1,09,790**
Other liabilities	-	-	-	-
Total Application of funds	**72,018**	**75,821**	**82,569**	**92,605**

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Growth ratios (%)				
GDPI Growth	17.8	9.6	10.0	15.0
GWP Growth	17.8	10.0	9.6	15.0
NWP Growth	13.6	10.4	13.7	15.0
NEP Growth	14.9	14.6	13.1	15.0
Shareholders' funds growth	16.7	10.8	10.9	12.9
Investment growth	15.7	15.5	6.5	10.7
PBT growth	36.6	(23.7)	18.5	31.5
PAT growth	36.6	(23.6)	18.2	31.5
Profitability Ratios				
Loss ratio (%)	66.5	70.3	68.0	68.0
Operational expenses ratio (%)	17.0	16.4	16.4	16.3
Commission Ratio (%)	13.2	14.4	14.4	14.3
Combined Ratio (%)	**96.7**	**101.1**	**98.8**	**98.6**
Underwriting Profit as % of NEP (%)	0.7	(2.6)	(0.4)	(0.2)
Investment Returns as a % of NEP	8.4	8.7	6.9	7.6
Other Opex as a % of NEP	0.4	0.3	0.4	0.4
PBT as a % of NEP	8.7	5.8	6.1	7.0
Taxes as a % of NEP	2.2	1.5	1.5	1.8
PAT as a % of NEP	6.5	4.4	4.6	5.2
NEP to Net Worth (x times)	2.0	2.1	2.2	2.2
Return on Equity (%)	13.3	9.2	9.8	11.4
Analytical Ratios				
Net Retention Ratio (%)	92.2	92.5	96.0	96.0
GDPI to Net Worth ratio (x)	2.4	2.4	2.4	2.4
Operating profit ratio (%)	8.6	6.1	8.2	8.3
Capital Structure				
Investment Leverage (net of borrowings)	2.4	2.5	2.4	2.3
Return ratios				
RoAE (%)	14.4	9.7	10.3	12.1
RoAE (%) - including fair value change	15.5	9.3	9.1	12.1
Return on avg Investments (%)	7.5	7.7	6.3	7.3
Valuation Ratios				
Basic EPS	14.4	11.0	13.0	17.1
Diluted EPS	14.4	11.0	13.0	17.1
Price to Earnings	30.6	40.0	33.9	25.7
Price to Earnings (fully diluted)	30.6	40.0	33.9	25.7
Book Value/share (INR)	107.9	119.5	132.5	149.6
Book Value/share (INR) - including fair value change	109.7	121.0	132.5	149.6
Price to Book	4.1	3.7	3.3	2.9
Price to Book - including fair value change	4.0	3.6	3.3	2.9

Source Company data, I-Sec research

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