INSTITUTIONAL RESEARCH

HSIE Results Daily

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Results Reviews

- **Union Bank of India:** Union Bank of India's (UNBK) earnings were higher than our estimates on the back of NIM reflation and improving operating leverage. Loan growth (+13.3% YoY) sustained the improving trajectory (Q1FY26: 8% YoY), although it remains below system-wide trends (+16-17% YoY). Further, deposit mobilization has been relatively subdued (+3.5% YoY; -1.8% QoQ), with greater focus on CASA (35.1%) and retail term deposits, as per management and could pose a challenge to loan growth, with C/D ratio currently at 83%. Asset quality remained steady in a seasonally weak quarter as UNBK made an additional provisioning buffer of INR1bn, factoring in global macros. Given UNBK is gradually getting back on the growth runway, margin-accretive growth will be critical alongside higher deposit mobilization, while maintaining the quality of deposits. We maintain ADD with an unchanged TP of INR200 (1.0x Mar-28 ABVPS).
- **ICICI Lombard General Insurance:** ICICI Lombard (ICICIGI) reported NEP growth of 16%, while PAT de-grew by 46% YoY, partly on account of a couple of fire incidents (INR0.63bn) and partly on account of prudent reserving (INR1.65bn) on its motor TP book. While the GI Council has appealed to the Hon'ble Supreme Court on its ruling, the motor TP business threatens to run thin on profitability, unless reinforced by a TP price hike. ICICIGI continues to witness market share erosion in most of its core businesses (motor and commercial); however, the company gained 26bps market share in group health business. We build in NEP CAGR of 13%, PAT growth of -13%/-2% and elevation in COR to 106%/104% for FY27E/FY28E. We maintain BUY with a TP of INR2,100 (implying 33.2x Mar-28E EPS) on the back of sustained dominance in core businesses (motor and commercial lines).
- **ICICI Prudential Life Insurance Company:** ICICI Prudential Life's (IPRU) Q1FY27 APE grew 15%YoY, while absolute VNB swelled by 25% QoQ, significantly beating our estimates. VNB margins clocked in at an impressive 26.7%, the first time the company has clocked these margins since FY24. The strong absolute VNB and margin was primarily attributable to the protection business, which witnessed a staggering 600bps YoY increase in the product mix at 27.9%, helped by the GST cut during Sep-25. We maintain our APE growth estimates for FY27E/FY28E at 6%/12% and build in absolute VNB growth at 10%/13%, given the strategic shift and change in the company's product mix. We maintain ADD with a TP of INR605 (1.3x Mar-28E EV).

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Union Bank of India

Deposit growth and granularity pose growth challenge

Union Bank of India's (UNBK) earnings were higher than our estimates on the back of NIM reflation and improving operating leverage. Loan growth (+13.3% YoY) sustained the improving trajectory (Q1FY26: 8% YoY), although it remains below system-wide trends (+16-17% YoY). Further, deposit mobilization has been relatively subdued (+3.5% YoY; -1.8% QoQ), with greater focus on CASA (35.1%) and retail term deposits, as per management and could pose a challenge to loan growth, with C/D ratio currently at 83%. Asset quality remained steady in a seasonally weak quarter as UNBK made an additional provisioning buffer of INR1bn, factoring in global macros. Given UNBK is gradually getting back on the growth runway, margin-accretive growth will be critical alongside higher deposit mobilization, while maintaining the quality of deposits. We maintain ADD with an unchanged TP of INR200 (1.0x Mar-28 ABVPS).

- **Steady pick-up in loan growth; uptick in margins:** Loan growth improved to 13% YoY (Q4FY26: +10.5% YoY), driven by MSME loans (+16.5% YoY) and corporate loans (+15% YoY), while retail loan growth moderated to 12% YoY. The management has indicated ~15-16% loan growth in RAM portfolio. NIMs reflated QoQ to 2.8% (+4bps YoY; +16bps QoQ), led by lower cost of deposits and better liquidity. The mobilization of deposits remains a key monitorable, with soft growth during Q1FY27 (+3.5% YoY). UNBK expects to mobilize USD1.5-2bn from FCNR (B) deposits to support deposit growth. We build in 13% loan CAGR for FY26-FY28E, with NII growth likely to lag loan growth.
- **Steady asset quality in a seasonally weak quarter; headwinds ahead:** Gross slippages remained flat sequentially (0.8%) with asset quality across asset classes remaining benign, translating to low but rising credit costs (Q1FY27: 38bps; FY26: 23bps). SMA 0-2 portfolio improved to 22bps (Q4FY26: 36bps). UNBK has disbursed INR100bn of loans under ECLGS scheme. However, we expect credit costs to average 51bps during FY27-FY28E, owing to rising stress in the MSME portfolio (supply side inflation) and pick-up in credit growth. The income from written-off assets dipped to 19bps annualized and is likely to reduce further on a diminishing written-off pool.
- **Deposit mobilization key for loan acceleration; margins key monitorable:** UNBK is re-scaling its loan book over the past two quarters with aspirations for higher loan growth. However, the focus on improving the quality of deposits (granular retail deposits) alongside higher deposit mobilization is becoming a challenge, translating into higher C/D ratio. While FCNR deposits and liquidity management could provide near-term respite on margins, structurally higher funding costs, softer treasury income, and upward normalization of credit costs are likely to keep the earnings growth muted.

Financial summary

(INR bn)	1QFY27	1QFY26	*YoY (%)*	4QFY26	*QoQ (%)*	FY26	FY27E	FY28E
NII	100.4	91.1	*10.1%*	94.1	*6.7%*	366.6	417.1	445.5
PPOP	80.0	69.1	*15.8%*	79.6	*0.6%*	286.2	293.4	317.4
PAT	53.3	41.2	*29.6%*	53.2	*0.3%*	187.0	178.9	194.4
EPS (INR)	7.0	5.4	*29.7%*	7.0	*0.4%*	24.5	23.4	25.5
ROAE (%)						15.5	13.2	13.0
ROAA (%)						1.2	1.1	1.1
ABVPS (INR)						160.8	176.7	196.9
P/ABV (x)						1.1	1.0	0.9
P/E (x)						7.0	7.4	6.8

Source: Company, HSIE Research

ADD

CMP *(as on 15 Jul 2026)*	**INR 172**
Target Price	**INR 200**
NIFTY	**24,079**

KEY CHANGES	**OLD**	**NEW**
Rating	ADD	ADD
Price Target	INR200	INR200
EPS %	FY27E	FY28E
	0.0%	0.0%

KEY STOCK DATA	
Bloomberg code	UNBK IN
No. of Shares (mn)	7,634
MCap (INR bn) / ($ mn)	1,316/13,670
6m avg traded value (INR mn)	3,265
52 Week high / low	INR 205/125

STOCK PERFORMANCE (%)

	3M	**6M**	**12M**
Absolute (%)	(8.7)	(3.8)	17.9
Relative (%)	(7.5)	3.6	24.4

SHAREHOLDING PATTERN (%)

	Dec-25	**Mar-26**
Promoters	74.8	74.8
FIs & Local MFs	11.9	11.5
FPIs	8.1	9.4
Public & Others	5.2	4.4
Pledged Shares	0.0	0.0

Source: BSE

Pledged shares as % of total shares

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ICICI Lombard General Insurance

Prudent reserving on motor TP book drives PAT miss

ICICI Lombard (ICICIGI) reported NEP growth of 16%, while PAT de-grew by 46% YoY, partly on account of a couple of fire incidents (INR0.63bn) and partly on account of prudent reserving (INR1.65bn) on its motor TP book. While the GI Council has appealed to the Hon'ble Supreme Court on its ruling, the motor TP business threatens to run thin on profitability, unless reinforced by a TP price hike. ICICIGI continues to witness market share erosion in most of its core businesses (motor and commercial); however, the company gained 26bps market share in group health business. We build in NEP CAGR of 13%, PAT growth of -13%/-2% and elevation in COR to 106%/104% for FY27E/FY28E. We maintain BUY with a TP of INR2,100 (implying 33.2x Mar-28E EPS) on the back of sustained dominance in core businesses (motor and commercial lines).

- **Market share moderation:** ICICIGI reported an 8% increase in GDPI, lagging the industry (~11%), resulting in a 30bps QoQ decline in market share. Among its core business segments, the company lost 23bps market share in motor and ~76bps in fire business, while gaining ~26bps in group health on a QoQ basis. The company continues to prioritize underwriting profitability and quality business over market share expansion.
- **EOM compliance takes toll on commercial lines of business:** As highlighted earlier, the sharp de-growth in the fire business (-32% YoY) is further evidence of widespread deep discounting in FLEXA pricing (within commercial lines of business). Our proprietary line-of-business (LOB) analysis indicates that industry-wide commission payouts have rallied by >500bps over the past couple of years, as companies increasingly scramble for EOM compliance.
- **Elevated CoR driven by prudent reserving:** The company's CoR deteriorated sharply to 107.2%, driven by two large fire losses and a prudent INR1.65bn provision towards motor TP reserves following the Hon'ble Supreme Court's ruling for loss of domestic care. In the absence of any price hike, we believe the CoR will stay elevated at current levels and raise our CoR estimates at 106%/104% for FY27E/FY28E.

Financial summary

(INR bn)	Q1FY27	Q1FY26	YoY%	Q4FY26	QoQ (%)	FY26	FY27E	FY28E
Net written premium	66.0	56.1	17.7	64.9	1.8	233.7	257.9	293.6
Net earned premium	59.5	51.4	15.8	57.9	2.8	222.6	250.7	283.6
COR (%)	107%	103%	400bps	101%	600bps	103%	106%	104%
PAT	4.0	7.5	(46.0)	5.5	(26.2)	27.7	27.2	35.4
EPS	8.2	10.3	(20.9)	11.1	(26.2)	55.5	54.4	70.8
ROE (%)	9.7%	13.8%	-410bps	13.1%	-340bps	17.9%	16.0%	18.5%

Change in estimates

(INR bn)	FY27E			FY28E		
	Revised	Old	% chg	Revised	Old	% chg
Net written premium	257.9	241.0	7.0	293.6	272.3	7.8
Net earned premium	250.7	237.3	5.6	283.6	264.1	7.4
COR (%)	106.1%	103.3%	286bps	103.8%	102.2%	158bps
PAT	27.2	31.4	(13.4)	35.4	36.1	(1.9)
ROE (%)	16.0%	17.6%	-168bps	18.5%	18.0%	50bps

Source: Company, HSIE Research

BUY

CMP *(as on 15 Jul 2026)*	INR 1,815
Target Price	INR 2,100
NIFTY	24,079

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,210	INR 2,100
EPS%	FY27E	FY28E
	-13.4%	-4.7%

KEY STOCK DATA	
Bloomberg code	ICICIGI IN
No. of Shares (mn)	499
MCap (INR bn) / ($ mn)	906/9,413
6m avg traded value (INR mn)	1,437
52 Week high / low	INR 2,065/1,630

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(2.3)	(2.3)	(9.4)
Relative (%)	(1.2)	5.1	(2.9)

SHAREHOLDING PATTERN (%)	Mar-26	Jun-26
Promoters	51.3	51.3
FIs & Local MFs	19.52	19.52
FPIs	22.29	22.29
Public & Others	6.9	6.9
Pledged Shares	Nil	Nil

Source : BSE

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ICICI Prudential Life Insurance Company

Significant VNB margin expansion offsets modest topline growth

ICICI Prudential Life's (IPRU) Q1FY27 APE grew 15%YoY, while absolute VNB swelled by 25% QoQ, significantly beating our estimates. VNB margins clocked in at an impressive 26.7%, the first time the company has clocked these margins since FY24. The strong absolute VNB and margin was primarily attributable to the protection business, which witnessed a staggering 600bps YoY increase in the product mix at 27.9%, helped by the GST cut during Sep-25. We maintain our APE growth estimates for FY27E/FY28E at 6%/12% and build in absolute VNB growth at 10%/13%, given the strategic shift and change in the company's product mix. We maintain ADD with a TP of INR605 (1.3x Mar-28E EV).

- **Favourable product-mix strategy:** A favourable shift in the product mix, led by the share of protection business rising to 27.9% (Q1FY26: 21.9%), and the share of ULIP's moderating 330 bps YoY to 43.5%, drove sequential NOP growth of 18.3%, highest amongst the company's peers. Coupled with robust retail protection business momentum following GST rate rationalization, this led to an impressive 220bps YoY expansion in VNB margins to 26.7%.
- **Cost structure still intact for the insurer:** IPRU has been known for its cost-efficient model; however, the company witnessed a marginal increase in its cost metrics as cost/total premium inched up 60bps to 21.8% (Q1FY26: 21.2%). This was arguably due to increase in the protection business and reduction in the share of the cost-efficient ULIP business in the product mix.
- **Sustaining "proprietary-channel" performance key to growth:** IPRU has witnessed significant shifts in business strategy, product mix, and financial reporting over the past three years, the cumulative effect of which has weighed on topline growth, VNB margins, and embedded value, with RoEV stuck in low double-digits due to negative variances and assumption changes. While the proprietary channels contributed ~30% to the APE on a QoQ basis, sustaining this performance remains key to growth outcomes.

Financial summary

INR bn	Q1FY27	Q1FY26	% YoY	FY26	FY27E	FY28E
NB	48.7	40.1	21.3	248.1	271.2	300.2
APE	21.4	18.6	14.6	106.4	112.7	125.9
VNB	5.7	4.6	24.9	26.3	28.9	32.6
VNB margin (%)	26.7%	24.5%	222bps	24.7%	25.7%	25.9%
EV				529.8	604.9	681.3
P/EV (x)				1.4	1.2	1.1
P/VNB (x)				28.8	26.1	23.2
ROEV (%)				11.9	12.9	12.8

Change in estimates

(INR bn)	FY27E			FY28E		
	New	Old	% Δ	New	Old	% Δ
APE	112.7	112.7	-	125.9	125.9	-
VNB	28.9	28.1	2.8	32.6	31.7	2.8
VNB margin (%)	25.7%	25.0%	70bps	25.9%	25.1%	71bps
EV	604.9	604.1	0.1	681.3	679.6	0.3

Source: Company, HSIE Research

ADD

CMP *(as on 15 Jul 2026)*	INR 525
Target Price	INR 605
NIFTY	24,079

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR595	INR605
VNB	FY27E	FY28E
	0.7%	0.7%

KEY STOCK DATA	
Bloomberg code	IPRU IN
No. of Shares (mn)	1,451
MCap (INR bn) / ($ mn)	762/7,915
6m avg traded value (INR mn)	938
52 Week high / low	INR 707/460

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(6.4)	(21.5)	(21.6)
Relative (%)	(5.2)	(14.1)	(15.1)

SHAREHOLDING PATTERN (%)	Mar-26	Jun-26
Promoters	72.9	72.9
FIs & Local MFs	11.1	11.1
FPIs	10.9	10.9
Public & Others	5.2	5.2
Pledged Shares	Nil	Nil

Source : BSE

Pledged shares as % of total shares

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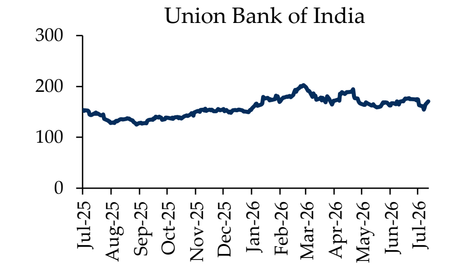
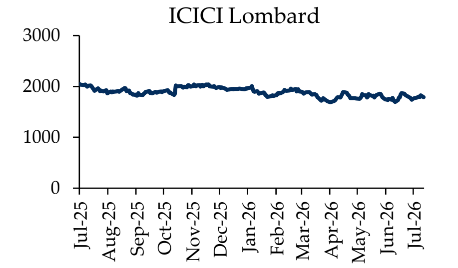
Rating Criteria
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

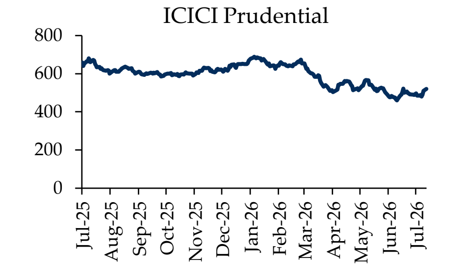
Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	Union Bank of India, ICICI Lombard General Insurance, ICICI Prudential Life Insurance Company	PGDM	NO
Samarth Desai	ICICI Lombard General Insurance, ICICI Prudential Life Insurance Company	MSc	NO

Price movement







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