

Indiafirst Life Insurance Company Limited

April 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Short-term bank facilities	500.00	CARE A1+	Reaffirmed
Subordinate debt	125.00	CARE AA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

CARE Ratings Limited (CareEdge Ratings) has rated the subordinate debt considering regulatory conditions and in view of their sensitiveness to the company's solvency ratio and profitability due to the regulatory covenants in long tenure of the instrument.

Interest payable on subordinate debt will be subject to the following:

- The solvency of the issuer remains per regulatory stipulation.
- Where the impact of such payment may result in net loss or increase the net loss, prior approval of the authority for such payment will be obtained.

Delay in payment of interest / principal (as the case may be) following the invocation of covenants, would constitute an event of default per CareEdge Ratings' definition of default and as such these instruments may exhibit sharper migration of the rating.

Rationale and key rating drivers

Reaffirmation of ratings assigned to IndiaFirst Life Insurance Company Limited's (IFLIC) facilities and instruments continues to reflect its strong parentage, ongoing support expectations, and business synergies arising from bancassurance alliances with its promoter bank, that is Bank of Baroda (BOB; rated 'CARE AAA; Stable', holding a 65% stake), and other key shareholder, Union Bank of India (UBI; rated 'CARE AAA; Stable/CARE AA+', with a 9% stake). Carmel Point Investments India Private Limited holds the remaining 26% equity in IFLIC. Ratings further incorporate the company's strategic significance to its promoters, as evidenced by need-based capital infusions, close business integration, and active managerial involvement. CARE Ratings Limited (CareEdge Ratings) continues to consider capital augmentation plan, under which BOB is expected to retain a majority ownership in the company even after its listing. Ratings further reflect IFLIC's healthy solvency position.

However, these strengths are partially counterbalanced by the company's relatively modest operational scale and a decline in market share in an intensely competitive landscape. Going ahead, IFLIC's ability to expand its operations while maintaining profitability will remain a key monitorable.

The short-term fund-based facility is in the form of daylight facility, which is utilised by the company primarily for meeting temporary mismatches in collections and payments during the day and has to be squared off by end of day.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Significant improvement in the market share of life insurance business and sustained improvement in profitability metrics.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Material dilution in shareholding of existing promoter bank and/or impact on bancassurance partnerships and/or weakening credit profile of promoters.
- Solvency margin falling below 1.7x on a sustained basis.
- Deterioration in profitability on a sustained basis.

Analytical approach: Standalone

Standalone and factoring in the strength of the promoter, BOB. By virtue of parentage, the company benefits from financial, managerial, and operational support including access to growth capital and significant retail branch network.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that IFLIC will remain strategically important to BOB and receive need-based capital support to profitably scale up its business.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Strong promoter profile and support

Operational since 2010, IFLIC is a joint venture comprising BOB with a 65% stake, UBI with a 9% stake, and Carmel Points Investments India Private Limited—an entity owned by private equity funds managed by Warburg Pincus LLC—with a 26% stake. Owing to strength of its promoters, the company derives substantial financial, managerial, and operational support, including access to growth capital and an extensive retail branch network.

The company further benefits from active managerial oversight by its promoters. The Board of Directors of IFLIC is chaired by Debadatta Chand, Managing Director & CEO, BOB. The Board includes two nominee non-executive directors from BOB and two nominee non-executive directors from Carmel Points Investments India Private Limited (Warburg Pincus). These nominee directors actively participate in key internal committees, including the IFLIC's Risk Management Committee, Audit Committee, and Investment Committee.

IFLIC has distribution tie-ups with BOB, UBI, and select regional rural banks, providing access to an extensive pan-India branch network. BOB and UBI operate ~8,508 and 8,669 branches, respectively. IFLIC is the exclusive life insurance partner for BOB, enabling it to leverage the bank's broad reach and established customer base. Approximately 70% of IFLIC's total new business premium (NBP) is sourced through the bancassurance channel, with BOB alone contributing ~75% of individual NBP in FY25.

Given IFLIC's strategic importance to its promoters, CareEdge Ratings expects the company to receive need-based capital support from them to fund its growth requirements.

Comfortable solvency position

Despite a decline from 2.00x (PY: 2.01x) as on March 31, 2025, the company reported comfortable solvency margin of 1.91x (PY: 2.10x) as on December 31, 2025, which corresponds to a liquidity surplus of ₹885 crore (March 2025: ₹883 crore), providing it with significant financial flexibility to further expand its traditional product portfolio.

Key weaknesses

Moderate profitability metrics

IFLIC's new business premium (NBP) growth registered a marginal decline of 0.06% year-on-year in FY25, followed by a recovery with a 17.62% increase in 9MFY26, driven primarily by higher business sourcing through the direct channel. In contrast, the annual premium equivalent (APE) recorded a strong growth of 32.61% in FY25, reaching ₹1,979 crore compared to ₹1,492 crore in the previous year considering focus acquiring business through agency channels. Share of non-participating products declined to ~53% (PY: 58%), while unit-linked investment plan (ULIP) products increased to 34% (PY: 22%). Participating products accounted for ~12% (PY: 19%), and protection products remained stable at ~1% (PY: 1%).

Persistency levels remained largely stable in 9MFY26 compared to the previous year, supported by steady renewal premium inflows. The 13th-month persistency ratio stood at 82.40% as of December 31, 2025 (March 2025: 80.30%), while the 25th-month and 37th-month persistency ratios were 64.47% (March 2025: 68.18%) and 62.73% (March 2025: 64.70%), respectively. Although early-duration cohort persistency remained satisfactory, the later-duration cohorts continued to be modest, with the 61st-month persistency recorded at 48.94% (PY: 46.72%).

Owing to an increase in overall net benefits incurred in the year, and moderation in investment income, IFLIC reported a profit after tax (PAT) of ₹102 crore in FY25, compared to ₹112 crore in FY24. Profitability further declined to ₹64 crore in 9MFY26 (PY: ₹75 crore), primarily due to unfavourable market conditions and higher operating expenses arising from the withdrawal of GST benefits on retail policies, revision in wage codes and branch expansion. Consequently, return on total assets (ROTA) and return on net worth (RONW) moderated to 0.35% (PY: 0.46%) and 8.29% (PY: 9.98%), respectively, in FY25. For 9MFY26, the annualised ROTA and RONW stood at 0.26% and 6.54%, respectively.

Going forward, the company's ability to strengthen its underwriting performance and improve overall profitability will remain a key rating monitorable.

Changing regulatory dynamics and competitive industry landscape

Long-term growth prospects for Indian life insurance sector remains robust with low penetration of life insurance as a percentage of GDP in India supported by strong socio-economic growth drivers. As Indian life insurance sector continues to evolve, the sector has been witnessing slew of regulatory changes. Some key regulatory changes include increase in surrender values of life

insurance policies, expected migration to IFRS and risk-based capital framework in the medium term. While these measures are expected to improve product proposition and propel the Indian insurance industry towards greater efficiency and effectiveness leading towards the vision of Insurance for All by 2047, it is also expected to increase competition in the industry and lead to changes in operating models/technology adoption in the medium term.

Liquidity: Strong

IFLIC's liquidity remains strong with the investments largely invested in fixed income securities (largely central government bonds), listed equity shares and money market instruments, which are readily marketable. Of the total investment portfolio as on December 31, 2025, ₹17,927 crore (52%) was held in G-secs and ₹7,163 crore (21%) was in the form of AAA/AA+ rated corporate bonds. The company also reported cash and bank balance of ₹385 crore as on the same date. Against this, peak claims paid in last 5-years stood at ₹4,009 crore. The company's sub debt borrowing of ₹125 crore outstanding as on December 31, 2025, matures in FY32 and has annual interest payments of ₹10.50 crore.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

Not applicable

Applicable criteria

[Policy on Default Recognition](#)

[Notching by Factoring Linkages in Ratings](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Rating of Short Term Instruments](#)

[Life Insurance Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Insurance	Life insurance

IFLIC commenced operations on November 16, 2009, after receiving Insurance Regulatory and Development Authority's ('IRDA') license to transact life insurance business in India. It is a joint venture between BOB (65% stake), UBI (9% stake) and Carmel Points Investments India Private Limited (a body corporate incorporated under the laws of Mauritius and owned by private equity funds managed by Warburg Pincus LLC) having 26% stake.

The company caters to life insurance, health insurance and pension funds. Business is spread across individual and group products including participating, non-participating and unit linked products. These products are distributed mainly through bancassurance via the branches of its promoter banks. It also has individual agents, corporate agents, brokers, and other intermediaries for distribution. As on December 31, 2025, the company has a network of 93 branches across India and an international branch set up in GIFT City targeting NRI customers.

Over ~75% of the IFLIC's overall business is sourced via banc-assurance channels with majority from BOB and UBI. IFLIC has access to 8,508 branches of BOB and ~8,669 of UBI. While IFLIC is tapping all branches of BOB, it tapped nearly half the branches of UBI.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Gross Direct Premium	6,973.83	7,218.10	5,433.42
Profit after tax (PAT)	112.31	102.28	63.52
Tangible net worth (TNW)*	1,178.61	1,278.35	1,340.96
On-book gearing (x)	0.11	0.10	0.09
Solvency (x)	2.01	2.00	1.91

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Persistency ratio (13th month) (%)	80.93	80.30	82.40
Persistency ratio (61st month) (%)	46.23	46.72	48.94

A: Audited UA: Unaudited; Note: these are latest available financial results

*Net of deferred tax assets and intangibles

Status of non-cooperation with previous CRA:

Not applicable

Any other information:

Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debt-Subordinate Debt	INE381Y08029	24-Mar-2022	8.40%	24-Mar-2032	125.00	CARE AA; Stable
Fund-based - ST-Daylight Overdraft Credit Facility		-	-	-	500.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debt-Subordinate Debt	LT	-	-	-	-	-	1)Withdrawn (08-Mar-23)
2	Debt-Subordinate Debt	LT	125.00	CARE AA; Stable	1)CARE AA; Stable (09-Apr-25)	1)CARE AA; Stable (04-Mar-25)	1)CARE AA; Stable (06-Mar-24)	1)CARE AA; Stable (08-Mar-23)
3	Fund-based - ST-Daylight Overdraft Credit Facility	ST	500.00	CARE A1+	1)CARE A1+ (09-Apr-25)	-	-	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debt-Subordinate Debt	Complex
2	Fund-based - ST-Daylight Overdraft Credit Facility	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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