

SBI Life Insurance

Product mix change expected to offset GST

Management expects improved APE growth in the second half

VNB margin – Margin expanded QoQ, while management expects product mix change to offset the negative impact of GST cut: Calculated VNB margin for 2QFY26 up 44bps QoQ and 100bps YoY to 27.9%, driven by better product mix. For the business sold after 22nd September, the impact is about 20 bps and since this business had 11.5% share, the annualised impact is 174 bps (70-80 bps for 1H). The share of protection is on the rise and rider attachment is also going to be healthy for ULIPs. In 2H, management expects product mix change to more than absorb the impact on margin due to GST. Hence, 2H will have a similar margin as 1H or decline by 20-30 bps at most. ULIP margin will improve going forward due to longer term products and better rider attachment. The company keeps monitoring interest rates and repricing Non-Par products in order to keep margin at the same level. In order to mitigate GST cut, so far, the company has not considered any changes to distributor commission. The company will explore other levers in terms of operational efficiency and product changes.

APE growth – APE growth improved to just about double digit growth YoY, while management flagged further improvement: Total APE for 2QFY26 was up by 10.4% YoY and 49.9% QoQ to Rs 59.5 bn. Upto August, the Agency and Banca channel growth was not upto the mark but then some norms were tweaked, which resulted in a very positive environment in in September. In September, growth was around 15% and the same momentum persists in October as well. The guidance for individual APE growth is 13-14% YoY for FY26 as a whole. Going forward, the growth in protection segment will be even higher. Growth is strong in both annuities and Non-Par guaranteed businesses. New products have been introduced and Par growth is also strong. The company is not denying customers ULIP products if they are demanding it and the segment's share will be broadly stable.

We maintain 'BUY' rating on SBIL with a revised price target of Rs 2220: We value SBIL at 1.9x FY27 P/EV for an FY26/27/28E RoEV profile of 18.1/18.0/17.9%.

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

Other Highlights (See "Our View" above for elaboration and insight)

- **VNB growth:** VNB growth was at 52.3%/14.5% QoQ/YoY where the QoQ growth was driven by growth in APE.
- **Expense control:** Expense ratio de-grew/ grew -4/46bps QoQ/YoY to 11.1%, where the opex ratio grew 48bps YoY and commission ratio de-grew -2bps YoY.
- **Persistency:** 13th month ratio was up 70bps YoY but down -2bps QoQ to 87.1% whereas 61st month ratio de-grew -132bps YoY and -220bps QoQ to 60.6%.

Exhibit 1: Result table

Rs mn	Q2FY26	Q2FY25	% yoy	Q1FY26	% qoq
NBP	110,811	86,920	27.5%	72,676	52.5%
Renewal premium	140,028	117,212	19.5%	105,463	32.8%
Income from investments	(20,553)	197,531	-110.4%	215,251	-109.5%
Surplus/(Deficit)	2,002	4,661	-57.1%	4,681	-57.2%
APAT	4,946	5,294	-6.6%	5,944	-16.8%
Expense ratio	11.1%	10.6%	46bps	11.1%	-4bps
37th mo. Persistency*	72.2%	72.2%	-2bps	72.0%	24bps
Total APE	59,500	53,900	10.4%	39,700	49.9%
VNB (effective tax basis)	16,600	14,500	14.5%	10,900	52.3%
VNB Margin (effective tax basis)	27.9%	26.9%	100bps	27.5%	44bps

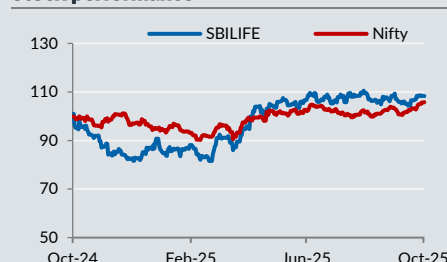
Source: Company, YES Sec-Research, *N.B. Regular and Limited Pay under individual category

Recommendation	: BUY
Current price	: Rs 1841
Target price	: Rs 2220
Potential return	: +21%

Stock data (as on October 24, 2025)

Nifty	25,795
52 Week h/l (Rs)	1912 / 1373
Market cap (Rs/USD mn)	1845728 / 21019
Outstanding Shares (mn)	1,003
6m Avg t/o (Rs mn)	1,873
Div yield (%):	0.2
Bloomberg code:	SBILIFE IN
NSE code:	SBILIFE

Stock performance



	1M	3M	1Y
Absolute return	1.2%	2.6%	12.5%

Shareholding pattern (As of Jun'25 end)

Promoter	55.4%
FII+DII	40.6%
Others	4.1%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	2220	2255

Financial Summary

Rs. Mn	FY26E	FY27E	FY28E
APE	239,661	276,265	318,491
% yoy	11.9%	15.3%	15.3%
VNB	66,386	77,354	89,974
% yoy	11.6%	16.5%	16.3%
VNB Margin	27.7%	28.0%	28.3%
PAT	31,541	36,104	41,400
EPS (Rs)	31.5	36.0	41.3
EV/Share (Rs)	824.2	968.1	1,135.7
VNBPS (Rs)	66.2	77.2	89.8
P/EV (x)	2.2	1.9	1.6
P/VNB (x)	27.8	23.8	20.5
ROEV (%)	18.1%	18.0%	17.9%

Δ in earnings estimates

Rs bn	FY26E	FY27E	FY28E
VNB (New)	66.4	77.4	90.0
VNB (Old)	69.6	81.6	94.1
% change	-4.6%	-5.2%	-4.4%

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COMPREHENSIVE CON-CALL TAKEAWAYS

VNB margin

- **VNB and VNB margin level in 2Q**
 - VNB for 2QFY26 is up by 14.5% YoY to Rs 16.6bn.
 - VNB margin in 2QFY26 was 27.9%.
 - **Key reason for VNB margin expansion**
 - For 2QFY26, VNB margin was up 100bps YoY driven by better product mix.
- **GST implementation impact**
 - The company has passed on the entire GST benefit to customers.
 - The gross negative impact of GST implementation on VNB margin is about 70-80 bps for the first half.
 - For the business sold after 22nd September, the impact is about 20 bps and since this business had 11.5% share, the annualised impact is 174 bps (70-80 bps for 1H).
- **Margin guidance**
 - The share of protection is on the rise and rider attachment is also going to be healthy.
 - In 2H, management expects product mix change to more than absorb the 174 bps gross impact on margin due to GST implementation.
 - Hence, 2H will have a similar margin as 1H or decline by 20-30 bps at most.
 - The guidance for a broad range of margin between 26-28% still stands despite headwinds.
- **Product margin**
 - **ULIP margin**
 - In 1H, 38% of ULIP product had rider attachment along with them.
 - ULIP margin will improve going forward due to longer term products and better rider attachment.
 - **Non-Par margin**
 - In September, the company enhanced the benefit amount and return rate in the Platina series – Non-Par Guaranteed products.
 - The company keeps monitoring interest rates and repricing products in order to keep margin at the same level.
- **GST impact mitigation**
 - So far, the company has not considered any changes to distributor commission.
 - The company will explore other levers in terms of operational efficiency and product changes.

Overall premium growth

- **APE growth figures for 1HFY26**
 - Total APE was up by 10% YoY to Rs 99.2 bn.
 - Individual APE was up by 6% YoY to Rs 87.8 bn.
- **Growth turnaround**
 - Upto August, the Agency and Banca channel growth was not upto the mark but then some norms were tweaked, which resulted in a very positive environment in September.

(Con call takeaways continue on the next page)

- In September, growth was around 15% and the same momentum persists in October as well.
- **APE growth guidance**
 - The guidance for individual APE growth is 13-14% YoY for FY26 as a whole.

Product growth and mix

- **Protection growth**
 - **Overall Protection**
 - Protection NBP was up 29% YoY to Rs 22.1 bn in 1HFY26.
 - **Individual Protection**
 - For 1HFY26, individual Protection NBP has grown by 15% YoY
 - Individual Protection APE is up 16% YoY to Rs 3.7 bn in 1HFY26.
 - **Group Protection**
 - Group protection NBP was at Rs 18.4bn in 1HFY26.
 - Group Credit Life NBP was Rs 1.3bn in 1HFY26, up 25% YoY.
 - **Protection outlook**
 - Going forward, the growth in protection segment will be even higher.
 - Management expects the share of total protection to exceed 10% of overall APE.
- **Non-Par savings**
 - Growth is strong in both annuities and Non-Par guaranteed businesses.
- **Par business**
 - New products have been introduced and Par growth is also strong.
- **ULIP business**
 - The company is not denying customers ULIP products if they are demanding it and the segment's share will be broadly stable.
- **Group business**
 - The group savings APE was up 55% YoY in 1HFY26.
 - The group fund business is lumpy and one should not reach too much into recent growth witnessed for this segment.
- **New Products**
 - In 2Q, the company launched 2 new products, "Smart Shield Plus" – protection product and "Smart Money Back Plus" – par product.
 - Smart Money Back Plus has been well received in the market, with more than 8,500 customers opting for the product within 15 days of its launch.
 - Smart Shield Plus contributes around 11% to the total protection sum assured.
- **Product Mix on APE basis for 2QFY26**
 - Par savings 5%
 - Non par savings 20%
 - ULIP 58%
 - Protection 10%
 - Annuity 3%
 - Group savings 5%
- **Annuity**
 - The total annuity and pension new business underwritten was Rs 37.8bn in 1HFY26

(Con call takeaways continue on the next page)

Channel growth and mix

- **Channel mix on APE basis in 2QFY26**
 - Banca was 57%
 - Agency 30%
 - Others 13%
- **Banca channel**
 - The banca APE has grown 8% YoY.
 - Total numbers of CIFs are more than 58,000.
 - On Individual APE basis, the Banca channel contributed 54.7bn in 1H, up 7% YoY
 - The SBI branch productivity on individual APE terms was Rs. 4.6mn, up 6% YoY.
- **Agency channel**
 - The company has around 268,792 agents.
 - In 2QFY26 the company added more than 64,000 agents on gross basis.
 - The agent productivity was at Rs 0.2mn on individual NBP for 1HFY26.
- **Others Channel**
 - Others channel APE has grown 43% YoY.
 - Linked business through others channel grew by 7% YoY on APE basis.
 - **Non- SBI Banks**
 - Growth in Non-SBI banks is 15%.
 - The share of Non-SBI Banks is 3% of overall business and gets classified under Others and not Banca on the Presentation.
 - **Online channel**
 - Almost all of the online business comes from own website and very little from partners.

Embedded value

- Embedded Value as of September 2026 was at Rs 760bn, up by 15% from 1HFY25.
- The operating RoEV is 17.6%.
- **Operating assumption changes**
 - The company has not made any operating assumption changes.
- **Economic assumption changes**
 - There has been an economic assumption change due to changes in the yield curve.

Operating expenses

- Total Cost ratio for 1HFY26 is 10.9% as against 10.6% for 1HFY25.
- Commission ratio for 1HFY26 flat YoY 4.7%.
- Operating Expense ratio for 1HFY26 is 6.2% as against 5.8% in 1HFY25.
- Growth in opex has been driven, among other reasons, by the addition of 44 branches and about 3500 people.

Solvency

- The solvency ratio stood at 194% in 1HFY26 Vs 204% in 1HFY25.

(Con call takeaways continue on the next page)

AUM

- AUM is up 10% YoY to Rs 4.81 tn.

Other ratios

- The death claim settlement ratio was at 99.0%.
- The company's miss-selling ratio is only 0.02%, one of the lowest in the industry.

Persistency

- On Individual Regular premium and limited premium paying policy
 - 13th month persistency was 87.10%, an improvement of 70bps YoY.
 - 61st Month persistency was at 60.6%, a decline of -132bps YoY.

Exhibit 2: Quarterly Actuals Vs Estimates

Q2 FY26 (Rs. mn)	Actuals	Estimates	Diff, %
New Business Premium	110,811	105,280	5.3
Total APE	59,500	55,986	6.3
VNB	16,600	15,480	7.2

Source: Company, YES Sec – Research

Exhibit 3: Other Business Parameters

Rs mn	Q2FY26	Q2FY25	% yoy	Q1FY26	% qoq
APE by Product (Rs mn)					
Individual Savings	49,000	46,600	5.2%	32,300	51.7%
Par	2,800	3,200	-12.5%	1,800	55.6%
Non par	11,800	8,400	40.5%	7,700	53.2%
ULIP	34,400	35,000	-1.7%	22,800	50.9%
Total Protection	5,900	5,000	18.0%	4,600	28.3%
Individual Protection	2,100	1,700	23.5%	1,600	31.3%
Group Protection	3,800	3,300	15.2%	3,000	26.7%
Total Annuity	1,800	1,200	50.0%	1,300	38.5%
Group Savings	2,700	1,100	145.5%	1,500	80.0%
Total APE	59,400	53,900	10.2%	39,700	49.6%
Product Mix (% in APE)					
Individual Savings	82%	86%	-396bps	81%	113bps
Par	5%	6%	-122bps	5%	18bps
Non par	20%	16%	428bps	19%	47bps
ULIP	58%	65%	-702bps	57%	48bps
Total Protection	10%	9%	66bps	12%	-165bps
Individual Protection	4%	3%	38bps	4%	-49bps
Group Protection	6%	6%	27bps	8%	-116bps
Total Annuity	3%	2%	80bps	3%	-24bps
Group Savings	5%	2%	250bps	4%	77bps
APE by Channel (Rs mn)					
Banca	33,800	31,100	8.7%	23,100	46.3%
Agency	18,000	17,300	4.0%	10,900	65.1%
Others	7,700	5,500	40.0%	5,700	35.1%
Channel mix (% in APE)					
Banca	57%	58%	-89bps	58%	-138bps
Agency	30%	32%	-184bps	27%	280bps
Others	13%	10%	274bps	14%	-142bps
Persistency*					
13 th month	87.1%	86.4%	70bps	87.1%	-2bps
61 st month	60.6%	61.9%	-132bps	62.8%	-220bps
Expense ratio					
Commission ratio	5.0%	5.0%	-2bps	4.6%	42bps
Opex ratio	6.1%	5.6%	48bps	6.6%	-46bps
Solvency					
Solvency ratio	194%	204%	-1000bps	196%	-200bps

Source: Company, YES Sec – Research, *N.B. Regular and Limited Pay under individual category

ANNUAL FINANCIALS

Exhibit 4: Policyholder account

Y/e 31 Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net premium	805,871	840,598	956,818	1,095,708	1,258,876
Income from investments	503,666	317,141	485,087	553,975	633,787
Other income	501	(12)	(13)	(14)	(15)
Contri from shareholders A/C	16,276	13,459	14,805	16,286	17,914
Total income	1,326,314	1,171,187	1,456,697	1,665,954	1,910,562
Commission	32,553	37,388	42,557	48,734	55,991
Employee expenses	23,983	27,288	31,061	35,569	40,866
Other opex	15,836	17,620	20,056	22,967	26,388
Benefits paid	431,074	489,018	558,925	638,598	731,280
Change in valuation of liability	784,313	557,001	750,533	859,422	987,175
Others	9,283	10,948	12,477	14,304	16,450
Provision for Tax	1,357	1,979	2,480	2,836	3,252
Surplus/(Deficit)	27,915	29,945	38,609	43,524	49,159
Transfer to shareholders A/C	25,977	27,397	35,324	39,820	44,976

Source: Company, YES Sec – Research

Exhibit 5: Shareholder account

Y/e 31 Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Transfer from Policyholders' account	25,977	27,397	35,324	39,820	44,976
Income from Investments	10,341	11,145	12,446	14,182	16,168
Total A	36,317	38,542	47,770	54,002	61,144
Expenses (apart from insurance)	515	342	376	414	455
Contribution to Policyholders' Acc	16,276	13,459	14,805	16,286	17,914
Others	106	(192)	0	0	0
Total B	16,896	13,609	15,181	16,699	18,369
Profit/(Loss) before tax	19,421	24,947	32,605	37,321	42,796
Provision for Taxation	483	814	1,063	1,217	1,396
Profit/(Loss) after tax	18,938	24,133	31,541	36,104	41,400

Source: Company, YES Sec – Research

Exhibit 6: Balance sheet

Y/e 31 Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Funds:					
Share Capital	10,015	10,021	10,021	10,021	10,021
Reserve and surplus	135,902	157,908	184,718	215,406	250,596
Policyholders' Funds					
Policy Liabilities	1,605,276	1,847,108	2,120,384	2,442,355	2,821,867
Provision for Linked Liabilities	2,045,746	2,333,582	2,650,202	3,014,315	3,433,044
Funds for future appropriation	13,366	14,480	14,480	14,480	14,480
Sources of Funds	3,927,830	4,509,232	5,152,134	5,902,063	6,775,282
Investments - Shareholders	130,364	146,045	166,263	189,055	214,797
Investments Policyholders	3,725,539	4,328,624	4,940,480	5,651,819	6,479,103
Fixed Assets	5,570	5,903	6,053	6,203	6,353
Net Current Assets	62,470	23,843	34,520	50,169	70,212
Misc. Expenditure	0	0	0	0	0
Application of funds	3,927,830	4,509,232	5,152,134	5,902,063	6,775,282

Source: Company, YES Sec – Research

Exhibit 7: EV Walk

Y/e 31 Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Opening EV	460,400	582,600	702,500	825,998	970,124
Unwind of Discount	38,100	48,800	58,843	69,188	81,260
Value of New Business	55,500	59,500	66,386	77,354	89,974
Operating Assumption Changes	800	2,200	0	0	0
Operating Experience Variance	6,100	7,300	2,000	2,000	2,000
EV Operating Profit (EVOP)	100,500	117,800	127,229	148,542	173,234
Economic Variance	23,900	4,200	1,000	1,000	1,000
EV Profit	124,400	122,000	128,229	149,542	174,234
Net Capital Inflow / Outflow	(2,300)	(2,100)	(4,731)	(5,416)	(6,210)
Closing EV	582,500	702,500	825,998	970,124	1,138,148

Source: Company, YES Sec – Research

Exhibit 8: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Annual Premium Equivalent	239,661	276,265	318,491	244,117	281,390	324,385	(1.8)	(1.8)	(1.8)
Value of new business	66,386	77,354	89,974	69,573	81,603	94,072	(4.6)	(5.2)	(4.4)
Embedded Value	825,998	970,124	1,138,148	829,144	977,712	1,150,371	(0.4)	(0.8)	(1.1)

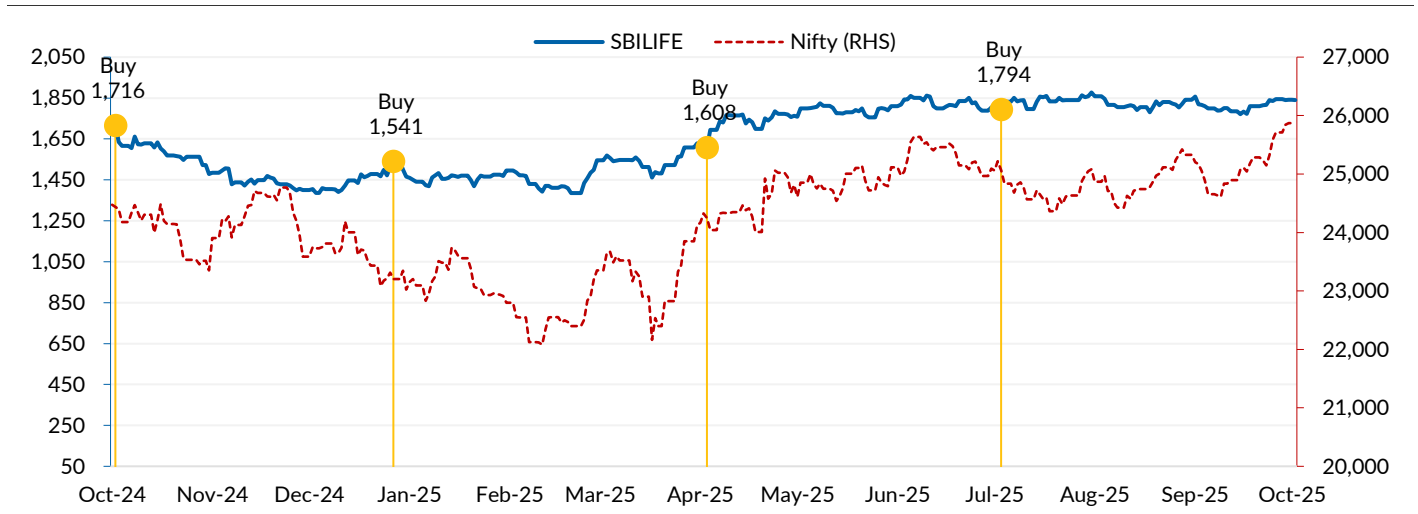
Source: Company, YES Sec – Research

Exhibit 9: Ratio analysis

Y/e 31 Mar	FY24	FY25	FY26E	FY27E	FY28E
Growth (%) - P&L					
New business premium	29.2%	-7.0%	14.1%	16.6%	16.6%
Renewal premium	14.5%	14.4%	13.4%	12.8%	13.4%
Net premium	21.0%	4.3%	13.8%	14.5%	14.9%
PAT	10.1%	27.4%	30.7%	14.5%	14.7%
VNB	9.5%	7.2%	11.6%	16.5%	16.3%
Growth (%) - Balance Sheet					
Total AUM	26.7%	16.0%	14.1%	14.4%	14.6%
Total Assets	26.9%	14.8%	14.3%	14.6%	14.8%
Embedded value	26.5%	20.6%	17.6%	17.4%	17.3%
Profitability ratios (%)					
VNB Margins	28.1%	27.8%	27.7%	28.0%	28.3%
Commission ratio	4.0%	4.4%	4.4%	4.4%	4.4%
Opex ratio	4.9%	5.3%	5.3%	5.3%	5.3%
Expense ratio	9.0%	9.8%	9.8%	9.8%	9.8%
Conservation Ratio	81.6%	81.4%	81.4%	81.4%	81.4%
Return ratios (%)					
ROE	13.0%	14.4%	16.2%	16.0%	15.9%
RoEV	21.8%	20.2%	18.1%	18.0%	17.9%
RoA	0.5%	0.6%	0.7%	0.7%	0.7%
Investment Return (%)					
Invest. Yield - Sh.	8.5%	8.1%	8.0%	8.0%	8.0%
Invest. Yield - Ph.	15.1%	7.9%	10.5%	10.5%	10.4%
Solvency					
Solvency Ratio	196%	196%	200%	200%	200%
Underwriting					
Claims ratio	53.5%	58.2%	58.4%	58.3%	58.1%
Claims / AUM	11.2%	10.9%	10.9%	10.9%	10.9%
Per share data (Rs)					
EPS	18.9	24.1	31.5	36.0	41.3
VNBPS	55.4	59.4	66.2	77.2	89.8
BVPS	145.7	167.6	194.3	224.9	260.1
EVPS	581.6	701.0	824.2	968.1	1135.7
Valuation (x)					
P/E	95.8	75.2	58.5	51.1	44.6
P/VNB	32.7	30.5	27.8	23.8	20.5
P/BV	12.4	10.8	9.5	8.2	7.1
P/EV	3.1	2.6	2.2	1.9	1.6

Source: Company, YES Sec – Research

Recommendation Tracker



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Name of the Research Analyst : Shivaji Thapliyal, Hemant Kadian, Himanshu Barot

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