

SBI Life Insurance | BUY

In line margins, growth targets maintained

SBI Life reported a 2% beat on total APE, led by strong growth in group business, +61% YoY. Within group business, credit life grew 25% YoY and management expects to maintain this growth of 20-25% for the year, while growth in group term and group funds businesses remain non-linear. Margins were in-line at 27.4%, hence, the 2% beat on topline translated to a 2% beat on VNB – up 12% YoY to INR 10.9bn – a strong showing. For the quarter, while banca grew 7% YoY, agency grew only 1%. However, mgmt. maintained its growth targets for the year – mid-teens growth led by ~10% from banca and ~25% from Agency 2.0. Supported by strong equity returns, Embedded Value (EV) grew 5.7% QoQ to INR 742.6bn, +1% JMFe. We expect SBI Life to steadily compound hereon with a 13-14% APE CAGR, 15% VNB CAGR and 17%+ EV CAGR over FY25-FY27e. At CMP, the stock trades at 2.1/1.8x FY26/FY27e EVPS, below a mean valuation of 2.3x forward- EVPS, since listing. We believe consistent performance should see the stock rerate. We maintain our estimates and raise our target multiple from 1.8x to 2.3x FY27e EVPS of INR 972 (unchanged) to get a revised Target Price of INR 2,222. We maintain BUY.

- **Growth revival in June attributed to banca, targets maintained:** After a weak growth of 3% YoY in April-May, the insurer had reported strong 14% growth in June. Mgmt. attributed it to brisk volumes in non-par side and in the banca channel. Product mix improved YoY, with a shift to protection from savings and ULIPs to non-linked products. Total protection was 11.7% of APE in 1QFY26, up 330bps. Within individual savings, ULIPs' share contracted 2pps to 71% while non-par and par grew 100bps each to 24% and 6%, respectively. **Mgmt. maintained growth targets for the year - mid-teens APE growth in FY26, with ~10% growth in banca and ~25% in agency.** We expect the company to deliver 13%/14% CAGR in individual APE/total APE over FY26-FY27e.
- **In line margins, EV grows 5.7% QoQ:** Margins were in line with JMFe, at 27.4%. The 53% YoY rise in individual protection was led by group term, +138% YoY, with credit life growing 25% YoY and individual protection up 7%. Margins improved by 62bps YoY as a result of higher rider attachment (up to 40% from negligible levels in 1QFY25), growth in credit life and a 360bps fall in ULIP share of APE YoY. Mgmt. maintained its margin guidance of 26-28% for the year despite visible uptick already in 1Q, higher rider attachment, confidence in credit life growth and an opex ratio of 6-6.5% of premiums. We attribute it to the spends in building Agency 2.0, including the 36 new offices and training expenses. We estimate VNB margins of 28.0% for the year, rising to 28.5% by FY28e. With 14% APE growth and improving margins, we expect a VNB growth of 15% in FY26/FY27e.
- **Expect the stock to compound with EV:** We do not change our growth and margin estimates - we expect 13%/14% YoY growth in individual APE/total APE over FY25-FY27e, and stable margin at ~28% levels. Life insurance stocks have done well as concerns on banca growth have been addressed. At CMP, the stock trades at 2.1x/1.8x FY26e/FY27e EVPS, implying 17.0x/13.3x on FY26e/FY27e EVOP. We believe these are inexpensive for 17%+ EV CAGR, which the insurer has consistently delivered. We raise our target price to INR 2,222 (up from INR 1,777 earlier), valuing SBI Life at 2.3x FY27e EVPS of INR 972. We maintain BUY.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,222
Upside/(Downside)	23.9%
Previous Price Target	1,777
Change	25.0%

Key Data – SBILIFE IN

Current Market Price	INR1,794
Market cap (bn)	INR1,797.8/US\$20.8
Free Float	40%
Shares in issue (mn)	1,001.0
Diluted share (mn)	
3-mon avg daily val (mn)	INR2,232.6/US\$25.8
52-week range	1,936/1,373
Sensex/Nifty	82,184/25,062
INR/US\$	86.4

Price Performance

%	1M	6M	12M
Absolute	-2.7	24.5	9.8
Relative*	-2.0	15.4	7.0

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Total APE	197.2	214.2	244.6	277.9	316.3
Growth YoY (%)	17.3%	8.6%	14.2%	13.6%	13.8%
Individual APE	175.1	196.3	222.2	252.4	287.3
NBP	382.4	355.8	341.2	398.0	462.5
(Opex + Commission) ratio	8.9%	9.7%	10.5%	10.5%	10.9%
VNB	55.5	59.5	68.5	78.4	90.3
Growth YoY (%)	9.5%	7.2%	15.1%	14.5%	15.1%
VNB margins	28.1%	27.8%	28.0%	28.2%	28.5%
P/EVx	3.1	2.6	2.2	1.8	1.6

Source: Company data, JM Financial. Note: Valuations as of 24/Jul/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key concall takeaways:

■ FY26 growth & margin targets maintained

The CEO specifically mentioned that the company maintains its growth targets for the year,

- Mid-teens individual APE growth for FY26, at par or above the private sector;
 - 25% growth from agency even on this strong base of 23% growth in FY25;
 - ~10% or low-double digits from banca channel.
- Expect margins of 26% to 28% in FY26, with a positive bias.

■ 62bps YoY margin expansion explained

- 53% YoY growth in protection
 - High margin credit life business grew +25% to INR 5,900mn in New Business Premiums (NBP) and 25%+ on an APE basis to INR 635mn (~1.6% of total APE in 1Q)– management expects this momentum to sustain through the year;
- The company actively repriced its return guarantees (in the non-par segment) in the face of falling interest rate scenario, which supported margins;
- Rider attachment has picked up to 40%, against a very low share in 1QFY25 - started from 4Q in ULIPs and late-2QFY25 in non-ULIP products;
- Margins of the inherent products have remained range-bound, if we exclude the impact of rider attachment.

■ Protection business

- Individual Sum Assured has grown 70% YoY but individual protection APE grew just 7% YoY as share of Return of Premiums variant has reduced from 90% to 75% YoY;
- Credit life business grew +25% to INR 5,900mn in New Business Premiums (NBP) and 25%+ on an APE basis to INR 635mn (~1.6% of total APE in 1Q) – management expects this momentum to sustain through the year, with 20-25% growth, ahead of ~10% Home Loan growth for SBI;
- Bulk of the credit life business of SBI Life comes from Home Loans, hence, protected from stress in unsecured segments.
- With a strong solvency of 1.96x (above the regulatory requirement of 1.5x), the company dabbles in the business as and when there are opportunities – it shall remain lumpy and strong growth of 138% in 1Q should not be extrapolated.

■ What do we attribute the sudden growth uptick in June to?

- Greenshoots in banca channel led to strong growth in the month of June;
- This was accompanied by a mix shift towards non-par savings towards end of 1QFY26;
- Strong banca growth in June had nothing to do with a changing stance from the Finance Ministry/IRDAI.

■ Agency 2.0

- Agency growth has been muted at 1% on a strong base of 43% YoY growth in 1QFY25, should normalise hereon;
- Focussed on agency channel for 25% growth in FY26.
- The insurer has added 36 new branches opened and added 3k employees in the previous year, added 31k agents in 1Q at a gross level;
- Focused on making the necessary investments in agency.

■ Strong 5.7% QoQ growth in EV

- EV outperformance led by strong investment gains on equity, no major variance;

- The company reported EV numbers on a half-yearly basis till 2QFY25, hence, we do not have a YoY growth comparison.

- **Product pipeline**

- Working on a money back products in par family – which offers early liquidity to customer;
- Range of offerings in protection remains the focus – in last couple of quarters, revamped ROP (Return of Premiums) variant, launched exclusive products for high and low-ticket sizes within the segment.

Exhibit 1. SBI Life 1Q26: Key quarterly trends

INR mn	1Q25	4Q25	1Q26	YoY %	QoQ %
Total APE (Quarterly)	36,400	54,500	39,700	9.1%	-27%
Individual Savings	30,600	44,100	32,300	5.6%	-27%
- ULIPs	22,200	29,600	22,800	2.7%	-23%
- Par	1,400	1,700	1,800	28.6%	6%
- Non-par	7,000	12,800	7,700	10.0%	-40%
Annuity	1,200	1,500	1,300	8.3%	-13%
Individual protection	1,500	3,000	1,600	6.7%	-47%
Individual APE	33,300	48,600	35,200	5.7%	-28%
Group APE	3,100	5,800	4,500	45.2%	-22%
- Group protection	1,500	4,100	3,000	100.0%	-27%
- Group savings	1,600	1,700	1,500	-6.3%	-12%
Total Savings + Annuity	33,400	47,300	35,100	5.1%	-26%
Total protection	3,000	7,100	4,600	53.3%	-35%
EV	-	702,500	742,600		5.7%
VNB margin (Quarterly)	26.8%	30.5%	27.4%	0.6%	-3.0%
VNB growth, % (YoY)	11.5%	9.9%	12.4%		
VNB (quarterly)	9,700	16,600	10,900	12.4%	-34%
Channel mix - Ind APE (Quarterly)					
Banca	20,700	30,200	22,400	8.2%	-26%
Agency	10,700	15,500	10,800	0.9%	-30%
Others	1,700	2,900	1,800	5.9%	-38%

Source: Company, JM Financial

Exhibit 2. SBI Life FY25: Key trends

YTD	FY24	9M25	FY25	YoY (%)
Total APE	197,200	159,700	214,200	8.6%
Individual Savings	159,600	138,600	182,700	14.5%
- ULIPs	119,300	106,600	136,200	14.2%
- Par	7,800	5,700	7,400	-5.1%
- Non-par	32,400	26,300	39,100	20.7%
Annuity	6,100	3,800	5,300	-13.1%
Individual protection	9,400	5,300	8,300	-11.7%
Individual APE	175,100	147,700	196,300	12.1%
Group APE	22,200	12,000	17,800	-19.8%
- Group protection	11,600	8,100	12,200	5.2%
- Group savings	10,600	3,900	5,600	-47.2%
Total Savings + Annuity	176,300	146,300	193,600	9.8%
Total protection	21,000	13,400	20,500	-2.4%
EV	582,600	681,400	702,500	20.6%
VNB	55,500	42,900	59,500	7.2%
VNB margins (%)	28.1%	26.9%	27.8%	-0.4%
Savings mix (%)				
- ULIPs	74.7%	76.9%	74.5%	-0.2%
- Par	4.9%	4.1%	4.1%	-0.8%
- Non-par	20.3%	19.0%	21.4%	1.1%
Channel mix - Ind APE (YTD)				
Banca	67.4%	66.0%	65.0%	-2.3%
Agency	27.8%	29.9%	30.4%	2.6%
Others	4.8%	4.1%	4.6%	-0.2%
Channel growth (%) - YTD				
Banca	12.5%	8.5%	8.7%	-3.8%
Agency	14.4%	30.6%	22.9%	8.5%
Others	16.7%	5.2%	7.1%	-9.5%
Channel mix - Ind APE (YTD)	174,000	147,300	195,900	
Banca	117,200	97,200	127,400	8.7%
Agency	48,400	44,000	59,500	22.9%
Others	8,400	6,100	9,000	7.1%

Source: Company, JM Financial

Exhibit 3. EV walk

EV walk (INR bn)	FY23	FY24	FY25	FY26e	FY27e	FY28e
Opening EV	396.3	460.4	582.6	702.5	829.7	972.9
Unwind	34.1	38.1	48.8	56.2	65.5	76.9
VNB	50.7	55.5	59.5	68.5	78.4	90.3
Core EVOP	84.8	93.6	108.3	124.7	143.9	167.1
Operating variance	5.8	6.9	9.5	3.0	1.5	1.5
Op EVOP	90.6	100.5	117.8	127.7	145.4	168.6
Economic variance	-24.2	23.9	4.2	2.5	1.3	-
EV, before capital changes	462.7	584.8	704.6	832.7	976.4	1141.5
Dividends, ESOPs & capital raise	-2.1	-2.3	-2.1	-3.0	-3.5	-4.0
Closing EV	460.6	582.5	702.5	829.7	972.9	1137.5

Source: Company, JM Financial

Exhibit 4. Key ratios in EV walk

As a %age of opening EV	FY23	FY24	FY25	FY26e	FY27e	FY28e
Unwind	8.6%	8.3%	8.4%	8.0%	7.9%	7.9%
VNB	12.8%	12.1%	10.2%	9.7%	9.4%	9.3%
Core EVOP	21.4%	20.3%	18.6%	17.7%	17.3%	17.2%
Operating variance	1.5%	1.5%	1.6%	0.4%	0.2%	0.2%
Op EVOP	22.9%	21.8%	20.2%	18.2%	17.5%	17.3%
Economic variance	-6.1%	5.2%	0.7%	0.4%	0.2%	0.0%
EV growth, before capital changes	16.8%	27.0%	20.9%	18.5%	17.7%	17.3%
Dividends, ESOPs & capital raise	-0.5%	-0.5%	-0.4%	-0.4%	-0.4%	-0.4%
EV growth	16.2%	26.5%	20.6%	18.1%	17.3%	16.9%

Source: Company, JM Financial

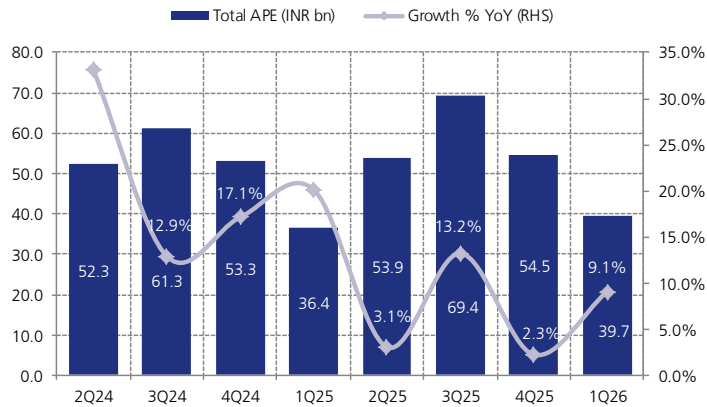
Exhibit 5. Change in estimates - JMFe

SBI Life (INR bn)	FY26E old	FY26A new	Change %	YoY growth	FY27 old	FY27 new	Change %	YoY growth	FY28 old	FY28 new	Change %	YoY growth
Total APE	244.6	244.6	0.0%	14.2%	277.9	277.9	0.0%	13.6%	316.3	316.3	0.0%	13.8%
Ind APE	222.2	222.2	0.0%	13.2%	252.4	252.4	0.0%	13.6%	287.3	287.3	0.0%	13.8%
VNB	68.5	68.5	0.0%	15.1%	78.4	78.4	0.0%	14.5%	90.3	90.3	0.0%	15.1%
VNB margin %	28.0%	28.0%	0.0%	0.2%	28.2%	28.2%	0.0%	0.2%	28.5%	28.5%	0.0%	0.3%
EV	829.7	829.7	0.0%	18.1%	972.9	972.9	0.0%	17.3%	1,137.5	1,137.5	0.0%	16.9%

Source: Company, JM Financial

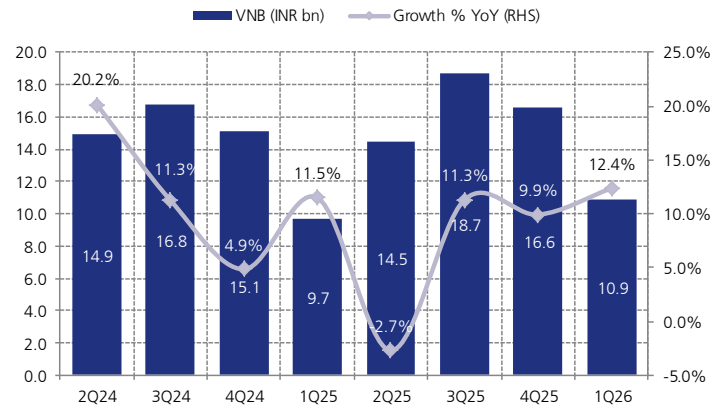
Quarterly Charts

Exhibit 6. Total APE: 9.1% YoY growth in total APE for 1QFY26



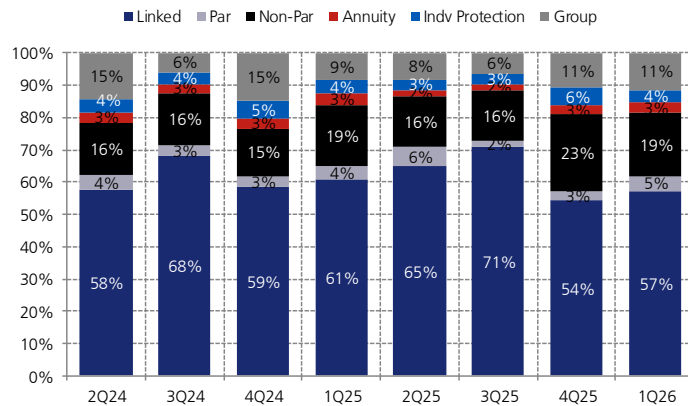
Source: Company, JM Financial

Exhibit 7. VNB growth improved to 12.4% YoY for 1QFY26



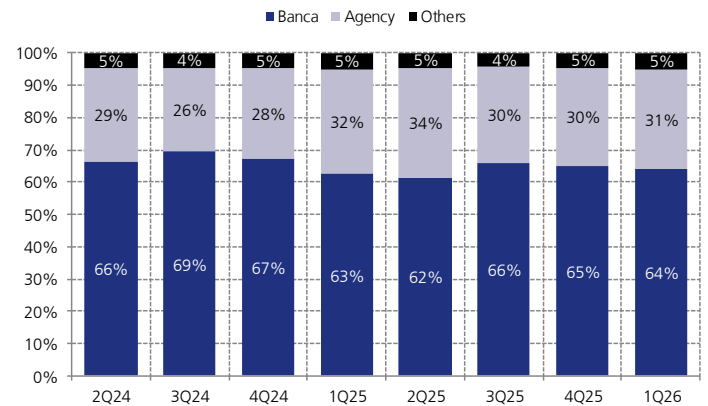
Source: Company, JM Financial

Exhibit 8. Par share increased in 1QFY26



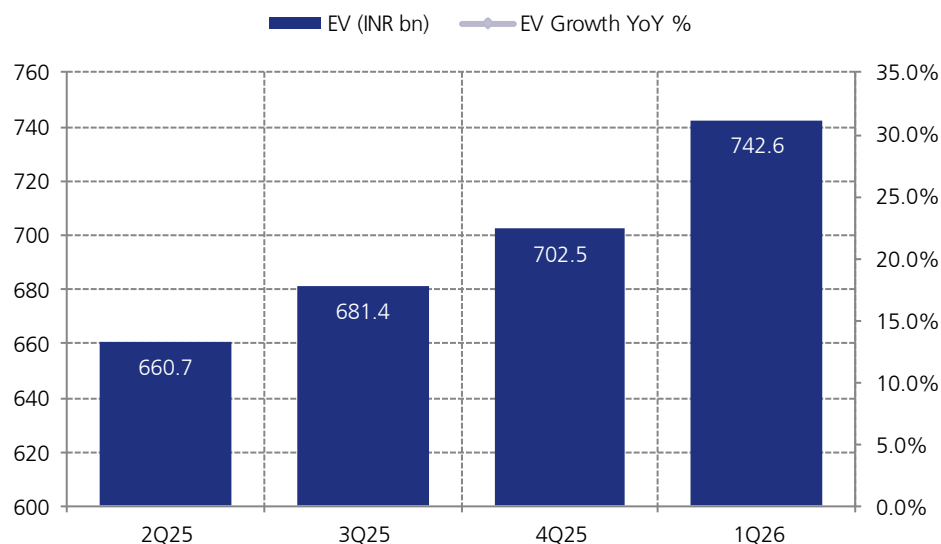
Source: Company, JM Financial

Exhibit 9. Banca share moderated to 64% in 1QFY26



Source: Company, JM Financial

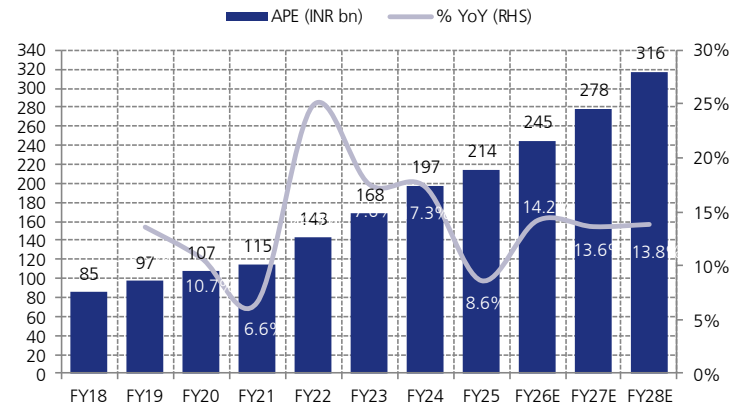
Exhibit 10. EV stood at INR742.6bn in 1QFY26



Source: Company, JM Financial

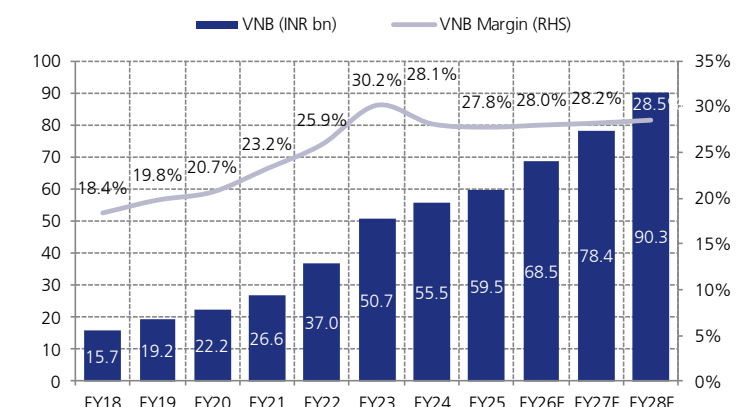
Yearly Charts

Exhibit 11. APE growth down to just 8.6% YoY for FY25



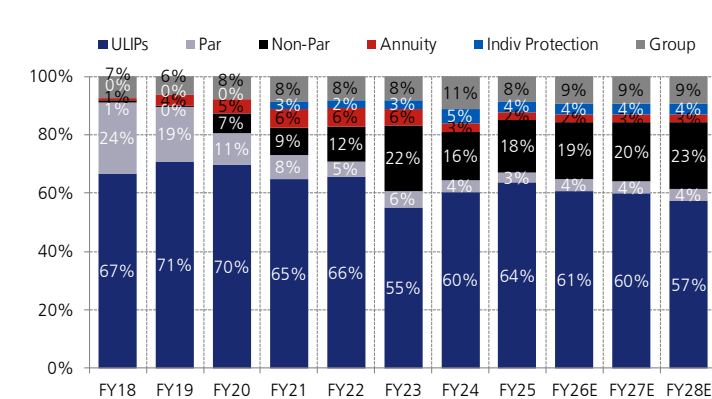
Source: Company, JM Financial

Exhibit 12. VNB margins are strong at 27.8% in FY25



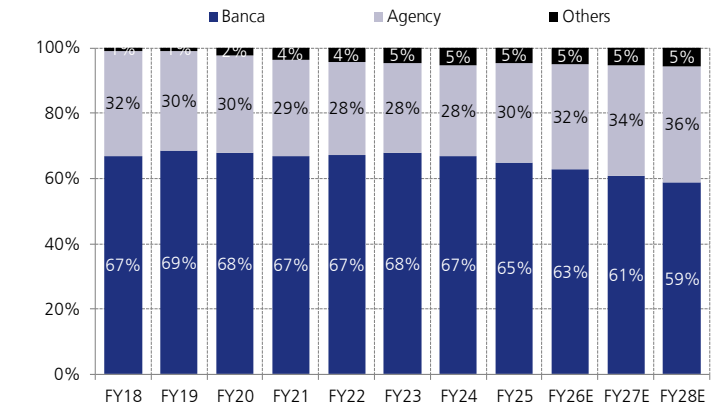
Source: Company, JM Financial

Exhibit 13. ULIP share has been high – FY25 at 64%



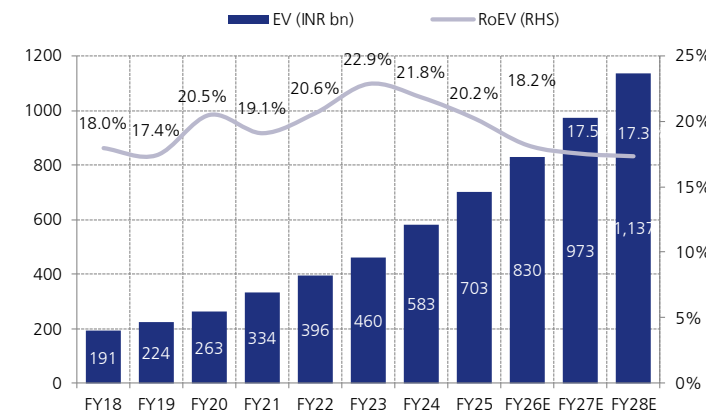
Source: Company, JM Financial

Exhibit 14. Share of banca to go down, agency to grow faster



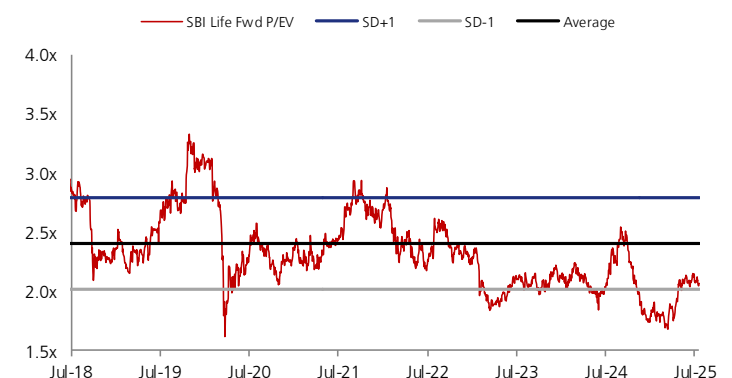
Source: Company, JM Financial

Exhibit 15. Consistent RoEV of 17%+ since FY18



Source: Company, JM Financial

Exhibit 16. Stock trades ~1SD below its historical P/EV mean



Source: Company, JM Financial

Financial Tables (Standalone)

Technical Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Gross premiums	814,306	849,846	904,789	1,039,641	1,202,397
Net premiums	805,871	840,598	895,741	1,029,245	1,190,373
Investment income	503,666	317,141	370,454	370,639	438,483
Other Income	16,777	13,448	20,171	22,188	26,626
Total Income	1,326,314	1,171,187	1,286,366	1,422,072	1,655,482
Commissions	32,553	37,388	42,996	49,445	59,334
Operating expenses	39,819	44,908	51,644	59,391	71,269
Provisions & Taxes	10,640	12,927	14,866	17,096	20,515
Total expenses	83,012	95,223	109,506	125,932	151,118
Benefits paid	431,074	489,018	528,140	580,954	673,906
Change in valuation of life reserves	784,313	557,001	609,916	670,908	778,253
Total Benefits	1,215,388	1,046,020	1,138,056	1,251,862	1,452,160
Surplus/(Deficit) for the year	27,915	29,944.6	38,804	44,278	52,204
Funds for Future Appropriations	1,938	2,548	2,803	3,139	3,516

Source: Company, JM Financial

Shareholder's Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Transfer from the Policyholders' Account	25,977	27,397	36,001	41,139	48,688
Investment income	10,341	11,145	13,934	16,440	19,424
Other income	-	13.80	-	-	-
Total income	36,317	38,555	49,935	57,579	68,113
Operating expenses	620	150	156	163	170
Contribution to the policyholders A/C	16,276	13,459	19,768	21,745	26,094
Profit before tax	19,421	24,947	30,011	35,671	41,849
Tax	483	814	747	888	1,041
Profit after tax	18,938	24,133	29,264	34,783	40,808

Source: Company, JM Financial

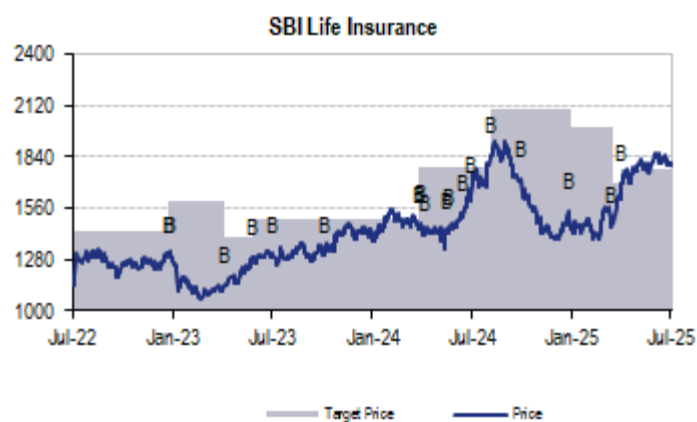
Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Investments	130,364	146,045	172,309	203,592	240,400
Policyholders' Investments	1,565,436	1,852,268	2,130,108	2,449,624	2,817,068
Unit linked Investments	2,160,103	2,476,357	2,847,810	3,274,982	3,766,229
Loans	3,888	4,817	5,539	6,370	7,326
Fixed assets	5,570	5,903	6,789	7,807	8,978
Net Current Assets / (Liab)	62,470	23,843	51,243	48,406	45,143
Total Assets	3,927,830	4,509,232	5,213,798	5,990,781	6,885,143
Borrowings	-	-	-	-	-
Fair Value Change Account	47,191	48,276	48,276	48,276	48,276
Policy Liabilities	1,558,085	1,798,832	2,119,457	2,437,376	2,802,982
Linked Liabilities	2,160,103	2,476,357	2,833,571	3,258,607	3,747,398
FFA	13,366	15,914	18,301	21,046	24,203
Total Liabilities	3,778,744	4,339,378	5,019,605	5,765,304	6,622,859
Share Capital	10,015	10,021	10,021	10,021	10,021
Reserves and surplus	135,902	157,908	184,172	215,455	252,263
Fair Value Change Account	3,169	1,924.20	-	-	-
Shareholder's equity	149,086	169,854	194,193	225,477	262,285

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
24-Jan-22	Buy	1,430	
1-May-22	Buy	1,430	0.0
16-Jan-23	Buy	1,600	11.9
21-Jan-23	Buy	1,600	0.0
27-Apr-23	Buy	1,400	-12.5
20-Jun-23	Buy	1,500	7.1
25-Jul-23	Buy	1,500	0.0
27-Oct-23	Buy	1,500	0.0
17-Apr-24	Buy	1,783	18.9
22-Apr-24	Buy	1,783	0.0
29-Apr-24	Buy	1,783	0.0
10-Jun-24	Buy	1,783	0.0
13-Jun-24	Buy	1,783	0.0
9-Jul-24	Buy	1,783	0.0
24-Jul-24	Buy	1,783	0.0
29-Aug-24	Buy	2,100	17.8
23-Oct-24	Buy	2,100	0.0
19-Jan-25	Buy	2,000	-4.8
7-Apr-25	Buy	1,700	-15.0
25-Apr-25	Buy	1,777	4.5

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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