

**BUY**

TP: Rs 2,415 | ▲ 28%

**SBI LIFE**

| Insurance

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## Healthy APE growth guidance

- APE grew 5.5% YoY in Q4FY26 and 13.3% YoY in FY26, driven by strong protection growth, APE growth of ~14% going forward
  - VNB margins to be in the range of 26-28%, supported by favourable product mix and operating efficiencies
  - SBI Life is attractively valued with its long-term story intact.
- Maintain BUY**

**Healthy APE growth guidance:** SBI Life reported business numbers below our estimates in Q4FY26. APE and VNB were lower, while gross premium came in above our estimates — indicating that although business volumes improved, profitability weakened. This was largely on account of the non-availability of ITC and implementation of new labour code. APE grew 5.5% YoY in Q4FY26 and 13.3% YoY in FY26 —largely on the back of strong protection growth (up 9% YoY) in FY26 with individual protection significantly growing at 24% YoY in FY26. Individual and group APE grew 12.9% YoY and 18% YoY respectively in FY26. Notably, the company had a higher base of APE growth in FY22, FY23 and FY24, while FY25 had a relatively lower APE growth YoY. Management expects APE growth of ~14% going forward; in line with its 3Y historical CAGR growth trajectory.

**VNB grew strong:** VNB margin came in at 28.3% vs. 26.6% in Q3FY26 vs our estimate of 28.4% in Q4FY26. This was primarily owing to a favourable product mix and higher volumes. For FY26, VNB margins were at 27.5%, down by 30bps YoY. Further, absolute VNB degrew 1.8% YoY in Q4FY26. Margins were impacted by the non-availability of ITC and would have been 29% excluding this impact. Management guided VNB margins to be in the 26-28% range, going ahead. This would be driven by a favourable product mix and operating efficiencies.

**Operating expenses to remain stable:** SBI Life indicated that operating ratios will likely stay stable as the impact of GST and new labour codes have largely been absorbed. Opex ratio and total expense ratio were at 6.1% and 10.6% in FY26 vs 5.3% and 9.7% respectively in FY25.

**Maintain BUY:** Management guided for a healthy APE going forward, with GST impact to be fully negated by 1HFY27. Additionally, VNB margins are expected to be in the range of 26-28%. Further, it is gradually shifting product mix toward higher-margin traditional products while reducing the ULIP share, which is likely to aid margins going forward. Hence, we maintain BUY with TP of Rs 2,415, from Rs 2,503, assigning a multiple of 2.2x to its Mar'28E P/EV.

## Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	SBILIFE IN/Rs 1,885
Market cap	US\$ 20.1bn
Free float	45%
3M ADV	US\$ 25.2mn
52wk high/low	Rs 2,132/Rs 1,601
Promoter/FPI/DII	55%/22%/18%

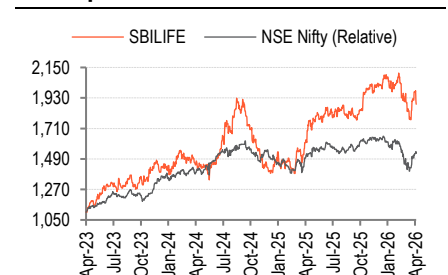
Source: NSE | Price as of 22 Apr 2026

## Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
NBP (Rs mn)	4,25,513	4,76,450	5,38,388
APE (Rs mn)	2,42,700	2,75,465	3,14,030
VNB (Rs mn)	66,700	76,855	88,870
Embedded Value (Rs)	8,08,000	9,53,727	11,23,710
VNB margin (%)	27.5	27.9	28.3
EVPS (Rs)	805.3	950.5	1,119.9
EPS (Rs)	24.6	25.6	27.7
Consensus EPS (Rs)	24.6	31.3	36.5
P/EV (x)	2.3	2.0	1.7

Source: Company, Bloomberg, BOBCAPS Research

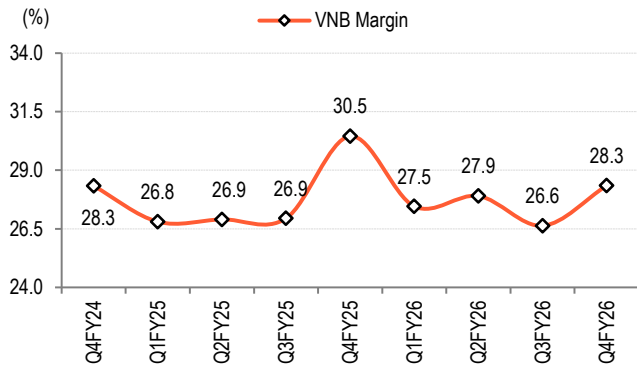
## Stock performance



Source: NSE

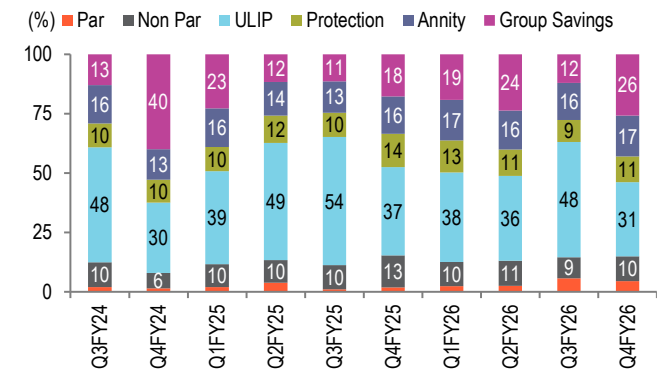


**Fig 1 – VNB margin came in at 28.3% for Q4FY26**



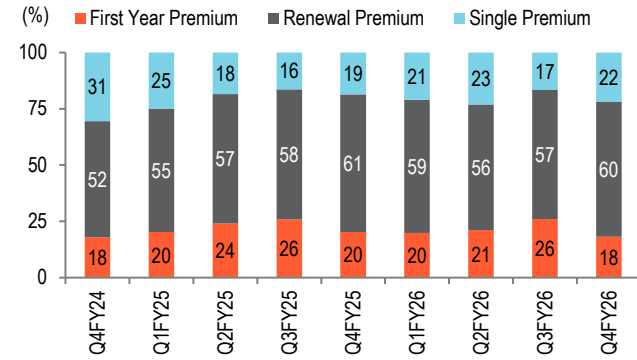
Source: Company, BOBCAPS Research

**Fig 2 – Management will focus on decreasing ULIP mix**



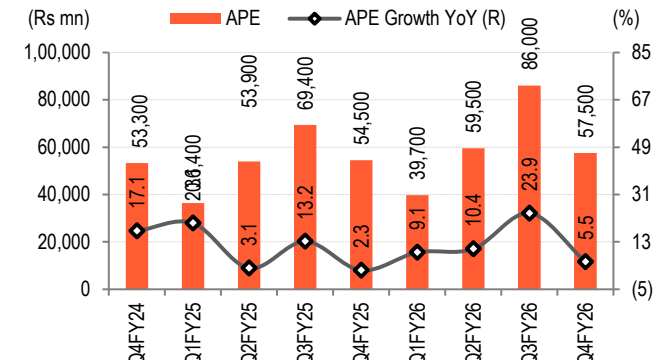
Source: Company, BOBCAPS Research

**Fig 3 – Strong growth across segments in gross premium income**



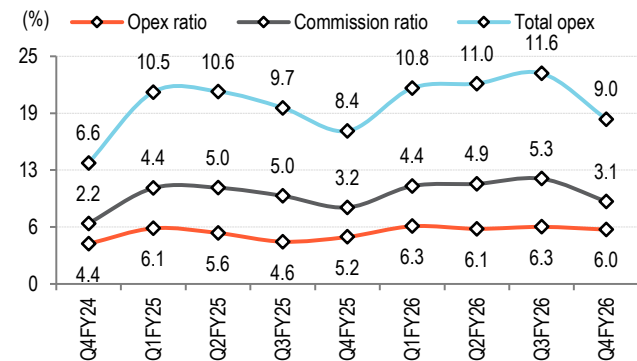
Source: Company, BOBCAPS Research

**Fig 4 – APE grew 5.5% in Q4FY26 at Rs 57,500 mn; FY growth expected at 14% going ahead**



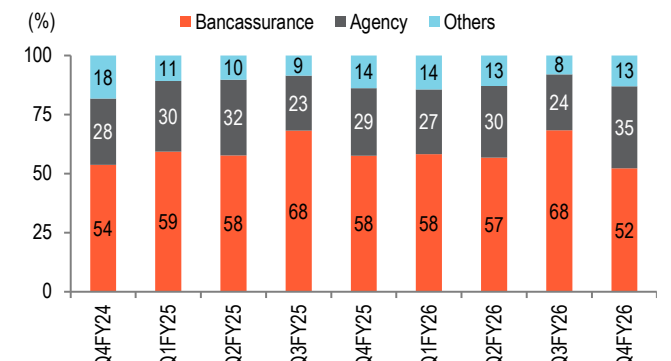
Source: Company, BOBCAPS Research

**Fig 5 – Cost increased in FY26 due to GST impact, new branch openings, increased investments in IT**

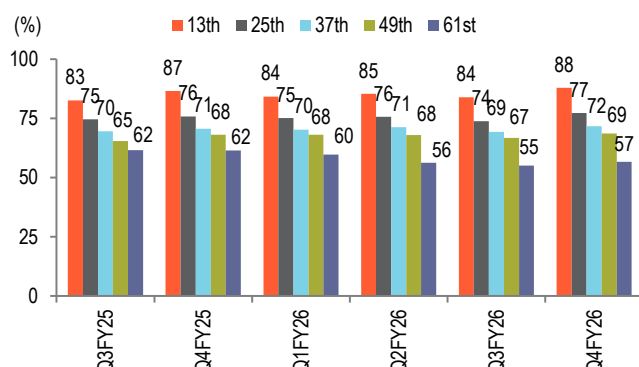


Source: Company, BOBCAPS Research

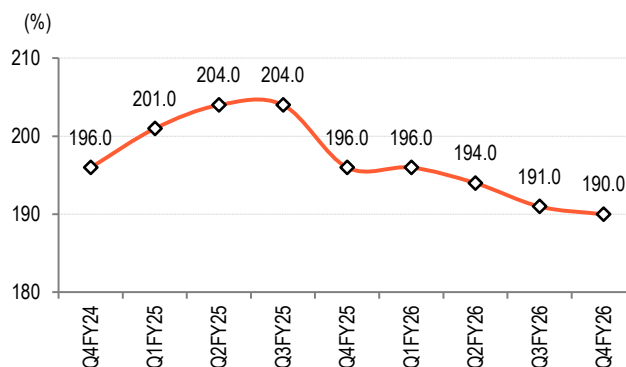
**Fig 6 – Agency channel expansion and mix enhancement remain key focus areas**



Source: Company, BOBCAPS Research

**Fig 7 – 13-month persistency came in at 88%**

Source: Company, BOBCAPS Research

**Fig 8 – Solvency ratio decreased marginally in Q4FY26**

Source: Company, BOBCAPS Research

**Fig 9 – Policyholder's account**

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
<b>Gross premium income</b>	<b>2,79,389</b>	<b>2,40,016</b>	<b>16.4</b>	<b>3,04,495</b>	<b>(8.2)</b>
First Year Premium	50,927	48,587	4.8	79,193	(35.7)
Renewal Premium	1,67,140	1,46,803	13.9	1,74,717	(4.3)
Single Premium	61,322	44,626	37.4	50,584	21.2
Reinsurance	2,551	1,408	81.1	2,041	24.9
<b>Net premium income</b>	<b>2,76,838</b>	<b>2,38,607</b>	<b>16.0</b>	<b>3,02,453</b>	<b>(8.5)</b>
Income from investments (Net)	(2,39,387)	(10,408)	-	1,55,310	-
Other income	388	36	970.4	267	45.3
Contribution of funds from Shareholders' A/c	18,739	13,459	39.2	0	-
<b>Total</b>	<b>56,578</b>	<b>2,41,694</b>	<b>(76.6)</b>	<b>4,58,030</b>	<b>(87.6)</b>
<b>Commission on</b>					
First Year Premium	4,162	3,683	13.0	10,858	(61.7)
Renewal Premium	4,403	3,708	18.7	4,338	1.5
Single Premium	26	377	(93.0)	906	(97.1)
Others	0	0	-	0	-
<b>Net Commission</b>	<b>8,591</b>	<b>7,768</b>	<b>10.6</b>	<b>16,102</b>	<b>(46.6)</b>
Expenses of Management	25,274	20,151	25.4	35,195	(28.2)
<b>Operating Profit</b>	<b>22,713</b>	<b>2,13,775</b>	<b>(89.4)</b>	<b>4,06,733</b>	<b>(94.4)</b>
Provision for taxes	512	600	(14.7)	444	15.3
Benefits Paid (Net)	1,62,546	1,25,283	29.7	1,44,684	12.3
Change in actuarial liability	(1,53,484)	77,060	-	2,73,474	-
<b>Surplus/Deficit</b>	<b>21,938</b>	<b>15,632</b>	<b>40.3</b>	<b>4,273</b>	<b>413.4</b>

Source: Company, BOBCAPS Research

**Fig 10 – Shareholder's account**

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
<b>Transfer from Policyholders' Account</b>	<b>23,636</b>	<b>19,477</b>	<b>21.4</b>	<b>2,692</b>	<b>778.0</b>
Investment Income	3,260	2,511	29.8	3,563	(8.5)
Other income	0	3	-	0	-
Expenses other than those related to insurance business	27	104	(74.0)	49	(44.4)
Transfer of funds to Policyholders' Account	18,739	13,459	39.2	0	-
Provisions for diminution in value of investments	(28)	21	-	231	-
<b>Profit before tax</b>	<b>8,158</b>	<b>8,406</b>	<b>(3.0)</b>	<b>5,975</b>	<b>36.5</b>
Provisions for tax	111	271	(58.9)	208	(46.4)
<b>Profit after tax and before extraordinary items</b>	<b>8,046</b>	<b>8,135</b>	<b>(1.1)</b>	<b>5,767</b>	<b>39.5</b>

Source: Company, BOBCAPS Research

## Earnings Call Highlights

### Business highlights

- Gross premium income came in at Rs 2,79,389 mn in Q4FY26, representing 16.4% YoY growth, supported by strong growth in renewal and single premium growing at 13.9% YoY and 37.4% YoY respectively. First year premium grew 4.8% YoY.
- New business premium stood at Rs 425.5 bn in FY26, reflecting 20% YoY growth, with a private market share of 21.4% and an overall market share of 9.3%.
- Individual-rated new business premium came in at Rs 219 bn in FY26, registering 13% YoY growth, with a private market share of 22.9% and a total market share of 16.9%.
- Management indicated that the increase in costs was primarily driven by the GST impact, expansion through new branch openings, investments in IT and processes, and training of the agency force. Most of these initiatives have already played out, and apart from continued IT spending, no major expenses are expected in the near future.
- PAT stood at Rs 24.7 bn in FY26, up 2.4% YoY. Excluding the impact of GST and the labour code, PAT would have been Rs 31.2 bn, reflecting 29% YoY growth.
- SBI Life expects APE to grow at 14% going ahead.

### Product and Channel Mix

- Non-ULIP share rose from 34% to 39% in FY26, supported by a strong 76% growth in agency individual sum assured.
- Par segment recorded robust growth of 33.8% YoY to Rs 17.3 bn, driven by successful new product launches and a lower base in FY25.
- Management highlighted that the company currently does not offer ULIPs with higher sum assured but may introduce them if opportunities arise.
- Credit Life APE increased by 14% YoY to Rs 2.9 bn in FY26.
- Management emphasised a continued focus on improving the product mix toward the non-ULIP segment.
- Management will focus on expanding its agency business and increasing contribution to APE.

### VNB and VNB Margin

- VNB came in at Rs 66.7 bn in FY26, marking 12% YoY growth, driven primarily by strong volume growth and a favourable shift in product mix. Despite the GST impact, margins were 27.5% for FY26. Excluding GST, VNB would have been Rs 70.3 bn with margins of 29%.
- The company reiterated its VNB margin guidance of 27–28% for FY27.

### Embedded Value

- EV as of FY26 stood at Rs 807.9 bn, growing 15% YoY. Excluding the one-time impact, EV stands at Rs 813.6 bn, up 16%.
- A significant portion of economic variance is attributed to equities, with the remainder coming from bonds.
- Management highlighted that operating variance is primarily driven by mortality & persistency.

### Others

- Solvency ratio remained healthy at 1.90x — well above the regulatory requirement of 1.50x, supported entirely by internal accruals with no fresh capital raise.
- Rider sum assured continued to grow and now accounts for 31% of the individual sum assured.
- 99.7% of individual proposals were submitted digitally, and 57% of individual policies were processed through automated underwriting, reflecting strong digital adoption.
- Rider sum assured continued to grow and now accounts for 31% of the individual sum assured.
- Attachment rate on home loans stood at around 50%.
- With respect to the implementation of Ind AS 117, the company plans to seek forbearance for FY27, with full adoption targeted from FY28 onward.

## Valuation Methodology

Management guided for a healthy APE going forward, with GST impact to be fully negated by 1HFY27. Additionally, VNB margins are expected to be in the range of 26-28%. Further, it is gradually shifting product mix toward higher-margin traditional products while reducing the ULIP share, which is likely to aid margins going forward. Hence, we maintain BUY with TP of Rs 2,415, from Rs 2,503, assigning a multiple of 2.2x to its Mar'28E P/EV.

**Fig 11 – Revised estimates**

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
APE	2,75,465	3,14,030	3,59,564	2,81,466	3,24,869	-	(2.1)	(3.3)	-
VNB Margin (%)	27.9	28.3	28.7	28.0	28.3	-	(10bps)	0bps	-

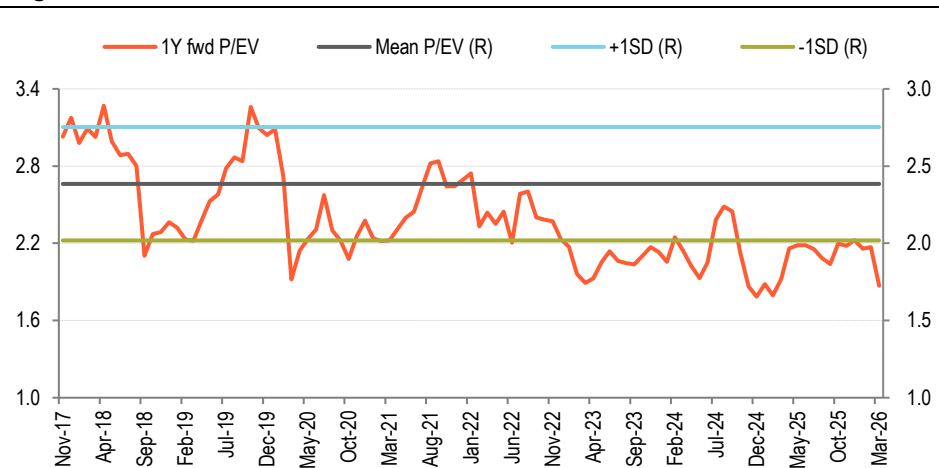
Source: BOBCAPS Research

**Fig 12 – Actual vs Estimates**

(Rs mn)	Q4FY26A	Q4FY26E	Variance (%)
Gross Premium	2,79,389	2,50,650	11.5
APE	57,500	59,794	(3.8)
VNB	16,300	16,973	(4.0)
VNB Margin (%)	28.3	28.4	(4bps)

Source: Company, BOBCAPS Research

**Fig 13 – P/EV Band**



Source: Company, BOBCAPS Research

## Key Risks

Key downside risks to our estimates:

- **Change in regulatory framework:** Any unfavourable change in regulations can affect the business growth.
- **Losses from capital and bond markets:** Prolonged weakness in capital markets could hamper the growth of ULIPs. Although insurance companies are opting for balanced product mixes, many of them have sizeable business coming from ULIPs.

- **Increasing interest rates:** Guaranteed-return businesses could be affected by a rise in interest rates as other financial instruments (e.g. deposits) become more attractive.
- **Adverse economic events:** A significant economic decline may result in financial difficulties or defaults by issuers of bonds in investment portfolios. The shareholders' equity and earnings and policyholders' funds may also be affected by fair valuation of bonds held in the portfolios.
- **High surrender of policies:** Life insurance companies face the risk of surrendered policies. In ULIPs, customers can withdraw policies after five years, despite longer durations. Policies can also be surrendered in case of a job loss and monetary requirements, among other factors — all of which lower persistency ratios.

## Glossary

Glossary of Abbreviations			
<b>APE</b>	Annual Premium Equivalent	<b>NBP</b>	New Business Premium
<b>EOM</b>	Expenses of Management	<b>ROEV</b>	Return on Embedded Value
<b>EV</b>	Embedded Value	<b>ROP</b>	Return of Premium
<b>EVOP</b>	Embedded Value Operating Profit	<b>RWRP</b>	Retail Weighted Received Premium
<b>HNI</b>	High Net Worth Individuals	<b>ULIP</b>	Unit Linked Insurance Plan
<b>IRDAI</b>	Insurance Regulatory and Development Authority	<b>VNB</b>	Value of New Business

## Financials

### Revenue Account (Technical)

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Gross premium income</b>	<b>8,49,846</b>	<b>10,12,861</b>	<b>11,34,404</b>	<b>12,81,877</b>	<b>14,48,521</b>
First year premium	1,93,716	2,18,410	2,60,913	2,94,832	3,33,160
Renewal premium	4,94,078	5,87,348	6,57,955	7,43,489	8,40,142
Single premium	1,62,052	2,07,103	2,15,537	2,43,557	2,75,219
<b>Net written premium</b>	<b>8,40,598</b>	<b>9,99,559</b>	<b>11,20,791</b>	<b>12,66,494</b>	<b>14,31,139</b>
Income from investments	3,17,141	1,10,621	1,33,148	1,46,811	1,75,071
Other Income	13,448	19,479	23,374	27,960	33,455
<b>Total income</b>	<b>11,71,187</b>	<b>11,29,659</b>	<b>12,77,314</b>	<b>14,41,266</b>	<b>16,39,665</b>
Commissions	37,388	44,957	47,655	50,990	54,560
Operating expenses	44,908	62,255	80,931	1,05,210	1,36,773
Benefits and bonuses paid	4,89,018	5,43,235	6,16,435	6,96,572	7,87,126
Change in liabilities (net)	5,57,001	4,39,382	4,87,714	5,38,924	6,03,594
Others	0	0	0	0	0
<b>Total expenses</b>	<b>11,28,315</b>	<b>10,89,828</b>	<b>12,32,734</b>	<b>13,91,696</b>	<b>15,82,054</b>
<b>Surplus before tax</b>	<b>42,872</b>	<b>39,831</b>	<b>44,579</b>	<b>49,570</b>	<b>57,611</b>
Provision for tax	13,038	6,848	7,693	8,606	9,699
<b>Surplus after tax</b>	<b>29,945</b>	<b>32,894</b>	<b>36,770</b>	<b>40,813</b>	<b>47,715</b>
Trf to shareholders' a/c	27,397	31,601	34,217	37,979	44,402
Balance being FFA	2,548	1,293	-	-	-

### Income Statement (Non-technical)

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Trf from policyholders' a/c	27,397	31,601	34,217	37,979	44,402
Income from investments	11,145	12,974	15,038	18,012	21,614
Contr. to policyholders' fund	(13,459)	(18,739)	(22,487)	(26,985)	(32,382)
Others	(136)	(462)	(492)	(492)	(492)
<b>PBT</b>	<b>24,947</b>	<b>25,374</b>	<b>26,276</b>	<b>28,515</b>	<b>33,143</b>
Provision for taxation	(814)	(671)	(657)	(713)	(829)
<b>PAT</b>	<b>24,133</b>	<b>24,703</b>	<b>25,619</b>	<b>27,802</b>	<b>32,315</b>
Dividend+Interim div.+DDT	2,707	2,709	2,709	2,709	3,010

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Equity	1,69,854	1,90,860	2,13,772	2,38,864	2,68,169
Policyholders' funds	41,80,690	45,48,687	52,86,618	61,51,389	71,65,095
FFA	15,914	17,207	17,551	17,902	18,260
Others	1,42,775	1,63,780	1,67,056	1,70,397	1,73,805
<b>Total liabilities</b>	<b>45,09,232</b>	<b>49,20,534</b>	<b>56,84,996</b>	<b>65,78,552</b>	<b>76,25,328</b>
Shareholders' funds	1,46,045	1,67,101	1,99,685	2,39,623	2,87,547
Policyholders' funds	18,52,268	21,07,130	25,03,270	29,73,885	35,32,975
Assets to cover linked liab.	24,76,357	25,89,445	29,62,325	33,99,267	38,71,766
Others	0	0	0	0	0
<b>Total assets</b>	<b>45,09,232</b>	<b>49,20,534</b>	<b>56,84,996</b>	<b>65,78,552</b>	<b>76,25,328</b>

### Key Metrics

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
AUM (Rs mn)	44,80,400	48,71,600	56,02,340	65,54,738	76,69,043
NBP (Rs mn)	3,55,768	4,25,513	4,76,450	5,38,388	6,08,379
APE (Rs mn)	2,14,200	2,42,700	2,75,465	3,14,030	3,59,564
VNB (Rs mn)	59,500	66,700	76,855	88,870	1,03,195
VNB margin (%)	27.8	27.5	27.9	28.3	28.7
Embedded value (Rs mn)	7,02,500	8,08,000	9,53,727	11,23,710	13,22,296
ROEV (%)	20.2	19.7	17.9	17.7	17.6
ROE (%)	15.1	13.7	12.7	12.3	12.7
Opex ratio (%)	5.3	6.1	7.1	8.2	9.4
Cost ratio (%)	9.7	10.6	11.3	12.2	13.2
Solvency ratio (%)	-	-	-	-	-
EPS (Rs)	24.1	24.6	25.6	27.7	32.2
BVPS (Rs)	169.6	190.4	213.2	238.3	267.5
EVPS (Rs)	701.2	805.3	950.5	1,119.9	1,317.9

Source: Company, BOBCAPS Research

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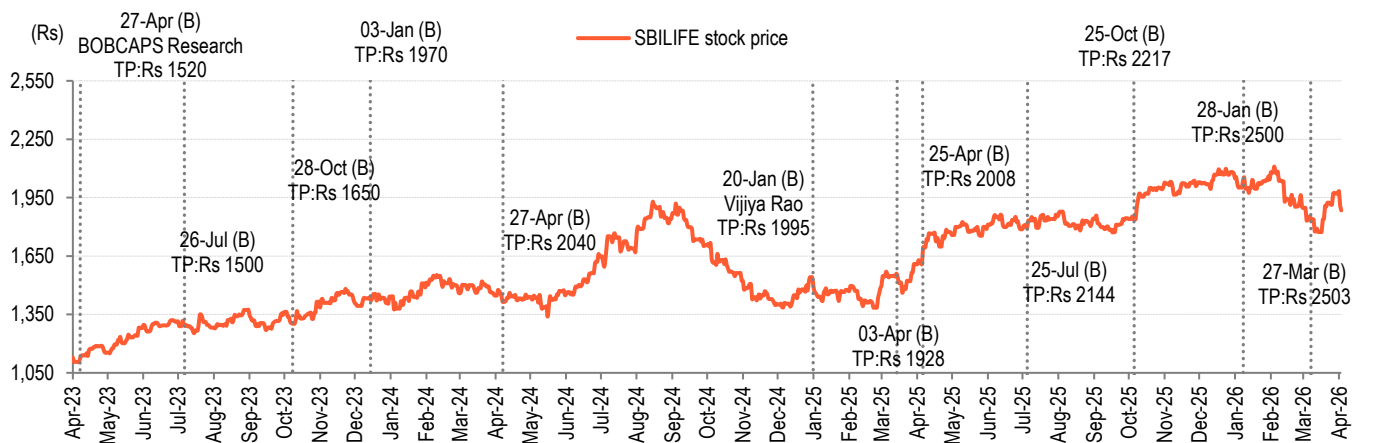
### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%  
**HOLD** – Expected return from -6% to +15%  
**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): SBI LIFE (SBILIFE IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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