SBI LIFE INSURANCE

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	1,615
12 month price target (INR)	1,890
52 Week High/Low	1,936/1,307
Market cap (INR bn/USD bn)	1,618/19.0
Free float (%)	44.6
Avg. daily value traded (INR mn)	1,724.0

SHAREHOLDING PATTERN

	Mar-25	Dec-24	Sep-24
Promoter	55.38%	55.38%	55.39%
FII	21.88%	22.48%	25.18%
DII	18.63%	17.91%	15.32%
Pledge	0%	0%	0%

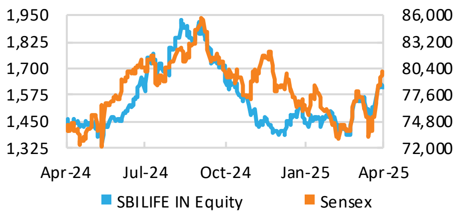
FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
APE	214,100	238,504	269,696	306,211
VNB	59,500	66,900	76,448	87,515
VNB margin (%)	27.8	28.1	28.3	28.6
EV	702,501	823,508	962,327	1,122,453
APAT	24,133	27,443	33,408	39,799
FDEPS	24.1	27.4	33.4	39.8
RoEV (%)	20.9	17.7	17.3	17.1
P/EV (x)	2.3	2.0	1.7	1.4
P/E (x)	66.9	58.8	48.3	40.6

CHANGE IN ESTIMATES

INR bn	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
APE	238.5	269.7	(4.1)	(5.0)
VNB	66.9	76.4	(1.8)	(1.9)
VNB Margin (%)	28.1	28.3	65bp	89bp
Embedded Value	823.5	962.3	0.1	0.1

PRICE PERFORMANCE



Strong showing but for APE growth

Despite moderate 8.5% YoY growth in retail APE in Q4FY25, a 31.8% YoY plunge in group APE resulted in mere 2.1% YoY growth in total APE (5.3% below estimate). NPAR increased strongly by 17.4% QoQ, whereas ULIPs plunged 40.1% QoQ; this along with a change in operating assumptions resulted in an improvement in Q4 VNB margins by 332bp QoQ to 30.4% YoY. Q4 VNB grew 9.7% YoY to INR16.5bn (+11.6% above estimate).

Management is targeting an FY26E APE growth of 13–14% as they expect bank channel growth to remain sluggish. We are tweaking down FY26E/27E VNB estimates by 1.8%/1.9%. Maintain TP at INR1,890 valuing the stock at FY26E/27E P/EV of 2.3x/2x; retain 'BUY'.

APE growth tepid; product mix shifts towards higher margin products

In Q4FY25, overall APE grew mere 2.1% YoY as retail APE growth moderated to just 8.5% YoY and group APE plunged 31.8% YoY as the company reduced exposure to low margin group savings segment. NPAR business growth surged 62% YoY (871bp YoY to 23.5%) while PAR business stayed flat YoY (-6bp YoY to 3.1%). Amid choppy equity markets, linked business fell 5.4% YoY (-431bp YoY to 54.4%). Management highlighted launch of two NPAR products- Smart Platina Supreme and Smart Platina Young and two PAR products- Smart Bachat plus & Achiever and Smart Future Star, which collected NBP of INR11bn. Individual protection business grew mere 3.4% YoY/but surged 42.9% QoQ. Management indicated strong growth prospects for individual protection business in FY26, supported by new product launched in H2FY25. Growth was also lower due to shift in mix towards term (20% from 10% within individual protection). Group protection business rose 41.4% YoY (210bp YoY to 7.5%) as growth improved in credit protect (+12% YoY) and group term insurance (+5% YoY) on NBP basis. Management reiterated FY26 growth guidance of 25% YoY in Agency channel and 10% YoY in banca channel. They expect to deliver 13–14% growth in individual APE in FY26 along with 27–28% VNB margin.

VNB growth slows; operating RoEV strong at 20.2%

FY25 VNB rose 7.2% YoY to INR59.5bn as margin fell 35bp YoY to 27.8%. VNB margin fell due to change in business mix (-40bp YoY), change in economic assumptions (-10bp YoY) and offset by enhanced operating assumptions (+20bp YoY). Aided by positive operating variances (mortality, persistency, expenses) of INR7.3bn, positive assumption changes (INR2.2bn) and economic variances (INR4.2bn), EV rose 20.6% YoY to INR702.5bn, aiding FY25 operating RoEV to 20.2%. For FY25, renewal premiums grew 14.4%, lifting AUM 15.2% YoY to INR4.48tn; APAT surged 27.4% YoY.

Financials

Year to March (INR mn)	Q4FY25	Q4FY24	% Change	Q3FY25	% Change
APE	54,400	53,300	2.1	69,400	(21.6)
VNB	16,513	15,056	9.7	18,759	(12.0)
VNB margin (%)	30.4	28.2	210.0	27.0	330.0
EV	702,500	582,600	20.6	681,400	3.1

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Financial Statements

Policyholder AC (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total Premium earned	**840,598**	**966,497**	**1,127,212**	**1,284,425**
Commission	37,388	44,542	52,875	59,848
Operating expenses	44,908	51,742	59,147	67,397
Provisions and taxes	12,927	14,412	15,469	16,548
Benefits Paid	489,018	584,364	671,683	770,419
Other income	(12)	(13)	(14)	(15)
Transfer from shareholders AC	13,459	13,997	14,557	15,140
Net Cash Flow	**269,805**	**285,422**	**342,581**	**385,338**
Income from Investments	317,141	395,422	427,289	489,800
Change in valuation of liabilities	557,001	646,802	731,377	831,381
Surplus/(deficit) after tax	**29,945**	**34,042**	**38,494**	**43,757**
Transfer to shareholders AC	**27,397**	**30,638**	**34,644**	**39,381**

Shareholders AC (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Transfer from Policyholders' a/c	27,397	30,638	34,644	39,381
Investment income and other Income	11,159	12,428	15,270	17,851
Total income	**38,555**	**43,066**	**49,914**	**57,232**
Expenses	342	393	423	454
Contribution to Policyholders' a/c	13,459	13,997	14,557	15,140
Provisions other than taxation	(192)	(212)	(233)	(256)
Profit before tax	**24,947**	**28,887**	**35,167**	**41,894**
Taxes	814	1,444	1,758	2,095
PAT	**24,133**	**27,443**	**33,408**	**39,799**

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	10,023	10,023	10,021	10,021
Reserve and surplus	157,907	182,057	211,456	246,479
Net worth	**167,929**	**192,079**	**221,477**	**256,501**
Borrowings	**0**	**0**	**0**	**0**
Credit/debit balance in fair value a/c	1,924	1,924	1,924	1,924
Policyholders' a/c	4,323,465	4,970,267	5,701,644	6,533,025
Funds for future appropriation	15,914	16,674	17,470	18,306
Total Liabilities	**4,509,232**	**5,180,944**	**5,942,516**	**6,809,756**
Investments	4,474,669	5,144,921	5,904,967	6,770,611
Loans	4,817	4,937	5,061	5,187
Fixed assets + DTA	5,903	6,051	6,202	6,357
Net current assets	23,843	25,035	26,287	27,601
Goodwill	0	0	0	0
Total Assets	**4,509,232**	**5,180,944**	**5,942,516**	**6,809,756**

Source: Company and Nuvama estimates

Key metrics (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
NBP	355,768	406,228	460,901	524,185
APE	214,100	238,504	269,696	306,211
VNB	59,500	66,900	76,448	87,515
EV	702,501	823,508	962,327	1,122,453
EVOP	117,800	124,300	142,829	164,901
PAT	24,133	27,443	33,408	39,799
FDEPS (INR)	24.1	27.4	33.4	39.8
FDBVPS (INR)	167.7	191.9	221.2	256.2
Growth (YoY %)				
NBP	(7.0)	14.2	13.5	13.7
APE	8.6	11.4	13.1	13.5
VNB	7.2	12.4	14.3	14.5
EV	20.6	17.2	16.9	16.6
EVOP	17.2	5.5	14.9	15.5
PAT	27.4	13.7	21.7	19.1
FDEPS	27.4	13.7	21.7	19.1
FDBVPS	15.1	14.4	15.3	15.8
Expense ratios (%)				
Commissions/TWRP	4.4	4.6	4.7	4.7
Opex/TWRP	5.3	5.4	5.2	5.2
Total expenses/TWRP	9.8	10.0	9.9	9.9
Effeciency ratios (%)				
VNB Margin	27.8	28.1	28.3	28.6
ROEV return	20.9	17.7	17.3	17.1
Operating RoEV	20.2	17.7	17.3	17.1
Non-operating RoEV	0.7	0	0	0
RoAA	0.6	0.6	0.6	0.6
RoAE	15.4	15.2	16.2	16.7

Valuation

Year to March	FY25A	FY26E	FY27E	FY28E
P/E (x)	66.9	58.8	48.3	40.6
P/ABV (x)	9.6	8.4	7.3	6.3
P/EV (x)	2.3	2.0	1.7	1.4
P/VNB Multiple (x)	17.3	13.6	10.3	7.4
P/EVOP (x)	13.7	13.0	11.3	9.8
P/VIF (x)	3.0	2.6	2.2	1.9
P/AUM (x)	0.4	0.3	0.3	0.2

Valuation on TP

Year to March	FY25A	FY26E	FY27E	FY28E
P/E (x)	78.4	69.0	56.6	47.5
P/ABV (x)	11.3	9.9	8.5	7.4
P/EV (x)	2.7	2.3	2.0	1.7
P/VNB Multiple (x)	22.0	17.8	14.0	10.6
P/EVOP (x)	16.1	15.2	13.2	11.5
P/VIF (x)	3.6	3.0	2.6	2.2
P/AUM (x)	0.4	0.4	0.3	0.3

Exhibit 1: APE/VNB grow 2.1%/9.7% YoY

Particulars	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (% / bp)	QoQ (% / bp)
Total NBP (INR bn)	**166.6**	**70.4**	**86.8**	**105.4**	**93.1**	**(23.8)**	**(11.7)**
Total APE (INR bn)	**53.3**	**36.4**	**53.9**	**69.4**	54.4	2.1	(21.6)
-Savings	45.9	32.2	47.7	62.6	45.8	(58.2)	13.5
-Protection	5.8	3.0	5.0	5.4	7.1	22.4	31.5
-Annuity	1.6	1.2	1.2	1.4	1.5	(6.2)	7.1
VNB (adjusted for ETR)							
Adjusted VNB (Calculated) (INR bn)	**15.1**	**9.8**	**14.4**	**18.8**	16.5	9.7	(12.0)
Adjusted VNB Margin (%)#	28.2	26.8	26.8	27.0	**30.4**	**211bp**	**332bp**
Adjusted FYTD VNB (INR bn)*	**55.5**	**9.8**	**24.2**	**43.0**	59.5	NA	NA
Adjusted FYTD VNB Margin (%)*	28.1	26.8	26.8	26.9	**27.8**	**NA**	**NA**

Source: Company, Nuvama Research
*#calculated for the quarter, * for FYTD period*

Exhibit 2: ULIP share in product mix falls 431bp YoY to 54.4%

Product mix on APE basis	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (% / bp)	QoQ (% / bp)
Individual Savings (INR bn)	**40.9**	**30.6**	**46.6**	**61.4**	**44.1**	**7.8**	**(28.2)**
Par	1.7	1.4	3.2	1.1	1.7	-	54.5
Non Par	7.9	7.0	8.4	10.9	12.8	62.0	17.4
ULIP	31.3	22.2	35.0	49.4	29.6	(5.4)	(40.1)
Group Savings	**5.0**	**1.6**	**1.1**	**1.2**	**1.7**	**(66.0)**	**41.7**
Protection	**5.8**	**3.0**	**5.0**	**5.4**	**7.1**	**22.4**	**31.5**
Individual Protection	2.9	1.5	1.7	2.1	3.0	3.4	42.9
Group Protection	2.9	1.5	3.3	3.3	4.1	41.4	24.2
Annuity	**1.6**	**1.2**	**1.2**	**1.4**	**1.5**	**(6.2)**	**7.1**
Individual Annuity	1.0	0.9	1.3	1.3	1.5	50.0	15.4
Group Annuity	0.6	0.3	(0.1)	0.1	(0.0)	(100.0)	(100.0)
Total APE	**53.3**	**36.4**	**53.9**	**69.4**	**54.4**	**2.1**	**(21.6)**
Product mix - APE basis (%)							
Individual Savings	**76.7**	**84.1**	**86.5**	**88.5**	**81.1**	**433bp**	**(741)bp**
PAR	3.2	3.8	5.9	1.6	3.1	(6)bp	154bp
Non-PAR	14.8	19.2	15.6	15.7	23.5	871bp	782bp
ULIP	58.7	61.0	64.9	71.2	54.4	(431)bp	(1,677)bp
Group Savings	**9.4**	**4.4**	**2.0**	**1.7**	**3.1**	**(626)bp**	**140bp**
Protection	**10.9**	**8.2**	**9.3**	**7.8**	**13.1**	**217bp**	**527bp**
Individual Protection	5.4	4.1	3.2	3.0	5.5	7bp	249bp
Group Protection	5.4	4.1	6.1	4.8	7.5	210bp	278bp
Annuity	**3.0**	**3.3**	**2.2**	**2.0**	**2.8**	**(24)bp**	**74bp**
Individual Annuity	1.9	2.5	2.4	1.9	2.8	88bp	88bp
Group Annuity	1.1	0.8	(0.2)	0.1	(0.0)	(113)bp	(14)bp
Total APE	100	100	100	**100**	**100**	-	-
Individual APE share (%)	**84.1**	**90.7**	**92.0**	**93.4**	**89.3**	**529bp**	**(403)bp**
Group APE share (%)	15.9	9.3	8.0	6.6	10.7	(529)bp	403bp

Source: Company, Nuvama Research

Exhibit 3: Channel mix dominated by SBI channel; agency grows mere 5.4% YoY

Channel mix-Individual APE basis (INR bn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	*YoY (%/bp)*	*QoQ (%/bp)*
Bancassurance	27.4	20.6	30.3	46.3	30.3	10.6	(34.6)
Agency	14.7	10.7	17.2	16.1	15.5	5.4	(3.7)
Others	2.7	1.7	2.1	2.4	2.8	3.7	16.7
Total	**44.8**	**33.0**	**49.6**	**64.8**	**48.6**	**8.5**	**(25.0)**
Channel Mix-Individual APE basis (%)	-	-	-	-	-	-	-
Bancassurance	61.2	62.4	61.1	71.5	62.3	118bp	(910)bp
Agency	32.8	32.4	34.7	24.8	31.9	(92)bp	705bp
Others	6.0	5.2	4.2	3.7	5.8	(27)bp	206bp
Total	**100**	**100**	**100**	**100**	**100**		

Source: Company, Nuvama Research

Exhibit 4: YoY persistency deteriorates across cohorts except for 13th and 61st months

Other key metrics	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%/bp)	QoQ (%/bp)
Opex + commission Ratio (%)	**6.6**	**10.5**	**10.5**	**9.6**	**8.3**	**171bp**	**(128)bp**
AUM (INR bn)	**3,889**	**4,148**	**4,390**	**4,417**	**4,480**	**15**	**1**
Linked (%)	56.0	44.0	57.0	56.0	55.0	(100)bp	(100)bp
Non-Linked (%)	44.0	56.0	43.0	44.0	45.0	100bp	100bp
Equity (%)	35.9	32.0	40.0	39.0	39.0	312bp	-
Debt (%)	64.1	68.0	60.0	61.0	61.0	(312)bp	-
Persistency (%)							
13th month persistency	88.8	86.5	84.2	82.7	86.6	88bp	397bp
25th month persistency	77.4	77.5	77.0	74.8	75.9	(21)bp	112bp
37th month persistency	71.3	71.7	71.3	70.0	70.7	(55)bp	75bp
49th month persistency	72.7	73.0	66.4	65.9	68.1	(479)bp	217bp
61st month persistency	58.6	59.0	66.1	62.3	61.5	261bp	(80)bp
Solvency (%)	**196**	**201**	**204**	**204**	**196**	**-**	**(800)bp**

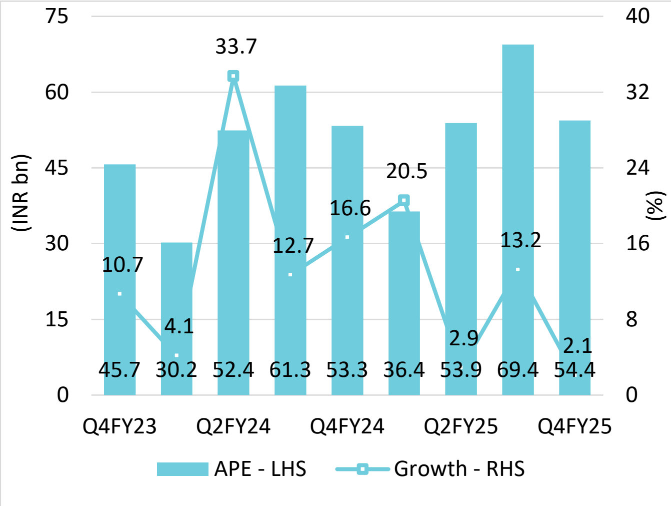
Source: Company, Nuvama Research

Exhibit 5: Q4FY25 APAT flat at just +0.3% YoY

Re-arranged income statement	Q4FY24	Q3FY25	Q4FY25	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)	FY26E	FY27E	FY28E
Policyholder's account											
Reported APE	**53.3**	**69.4**	**54.4**	**2.1**	**(21.6)**	**197.2**	**214.1**	**8.6**	**238.5**	**269.7**	**306.2**
Premiums											
- First Year Premium	45.3	64.5	48.6	7.3	(24.7)	174.8	193.7	10.8	219.9	248.5	282.0
- Renewal Premium	130.0	144.7	146.8	12.9	1.5	431.9	494.1	14.4	570.0	676.5	771.9
- Single Premium	77.1	40.8	44.6	(42.1)	9.4	207.6	162.1	(21.9)	186.4	212.5	242.2
Net premium income	**251.2**	**248.3**	**238.6**	**(5.0)**	**(3.9)**	**805.9**	**840.6**	**4.3**	**966.5**	**1127.2**	**1284.4**
Commissions											
- First Year Premium	4.7	5.9	5.7	20.9	(4.3)	18.5	19.9	7.9	22.6	26.1	29.6
- Renewal Premium	3.3	3.6	3.7	13.2	2.9	10.4	12.0	15.3	16.0	20.3	23.2
- Single Premium	0.5	0.6	0.6	9.3	(2.2)	2.2	2.3	3.9	2.6	3.0	3.4
Net commissions and rewards	**5.7**	**12.6**	**7.8**	**37.3**	**(38.3)**	**32.6**	**37.4**	**14.9**	**44.5**	**52.9**	**59.8**
Operating expenses related to insurance business	11.1	11.6	12.4	11.5	6.9	39.8	44.9	12.8	51.7	59.1	67.4
Provisions and taxes	2.8	3.4	3.6	27.0	6.3	10.6	12.9	21.5	14.4	15.5	16.5
Benefits paid	148.2	125.3	125.3	(15.5)	(0.0)	431.1	489.0	13.4	584.4	671.7	770.4
Other income and trf to shareholders	**16.4**	**(0.0)**	**13.5**	**(17.7)**	**NM**	**16.8**	**13.4**	**(19.8)**	**14.0**	**14.5**	**15.1**
Net cash flow	**99.8**	**95.4**	**103.1**	**3.4**	**8.1**	**308.6**	**269.8**	**(12.6)**	**285.4**	**342.6**	**385.3**
Investment income	108.1	(62.8)	(10.4)	(109.6)	NM	503.7	317.1	(37.0)	395.4	427.3	489.8
Change in liabilities	190.8	29.1	77.1	(59.6)	165.0	784.3	557.0	(29.0)	646.8	731.4	831.4
Surplus	**17.1**	**3.5**	**15.6**	**(8.6)**	**350.5**	**27.9**	**29.9**	**7.3**	**34.0**	**38.5**	**43.8**
- transfer to shareholders	21.6	2.6	19.5	(9.7)	642.5	26.0	27.4	5.5	30.6	34.6	39.4
- FFA	(4.5)	0.8	(3.8)	NM	(553.8)	1.9	2.5	31.5	3.4	3.8	4.4
Shareholder's account											
Transfer from policyholder's account	21.6	2.6	19.5	(9.7)	642.5	26.0	27.4	5.5	30.6	34.6	39.4
Income	3.3	3.2	2.5	(23.1)	(20.7)	10.3	11.2	7.9	12.4	15.3	17.8
Expenses including trfs	16.5	0.1	13.6	(17.6)	17,427.7	16.9	13.6	(19.5)	14.2	14.7	15.3
PBT	**8.4**	**5.7**	**8.4**	**0.5**	**47.1**	**19.4**	**24.9**	**28.5**	**28.9**	**35.2**	**41.9**
Taxes	0.3	0.2	0.3	6.1	30.4	0.5	0.8	68.4	1.4	1.8	2.1
APAT	**8.1**	**5.5**	**8.1**	**0.3**	**47.7**	**18.9**	**24.1**	**27.4**	**27.4**	**33.4**	**39.8**
RPAT	**8.1**	**5.5**	**8.1**	**0.3**	**47.7**	**18.9**	**24.1**	**27.4**	**27.4**	**33.4**	**39.8**
FDEPS	8.1	5.5	8.1	0.3	47.7	18.9	24.1	27.4	27.41	33.37	39.75

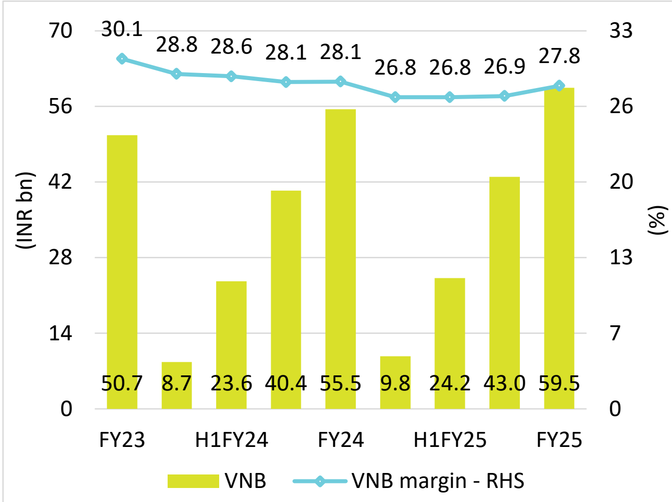
Source: Company, Nuvama Research

Exhibit 6: APE growth sluggish at 2.1% YoY



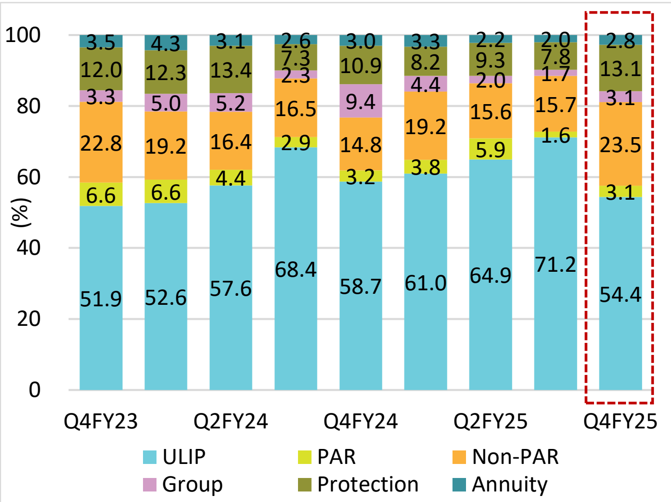
Source: Company, Nuvama Research

Exhibit 7: FY25 VNB margin at 27.8% (-36bp YoY)



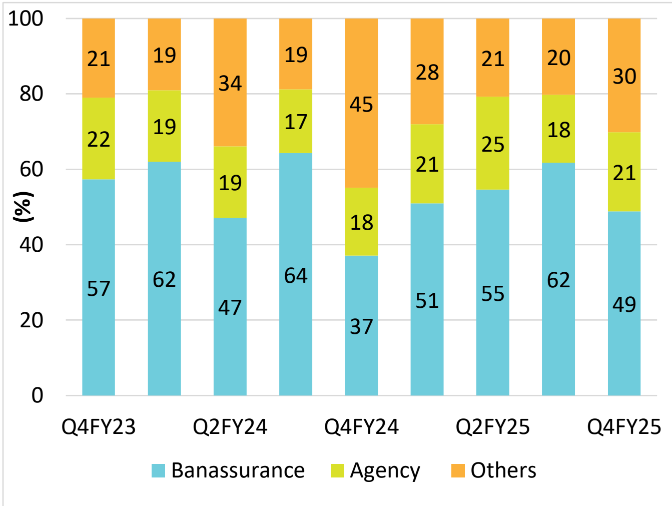
Source: Company, Nuvama Research

Exhibit 8: Product mix: ULIP declines; non-PAR gains



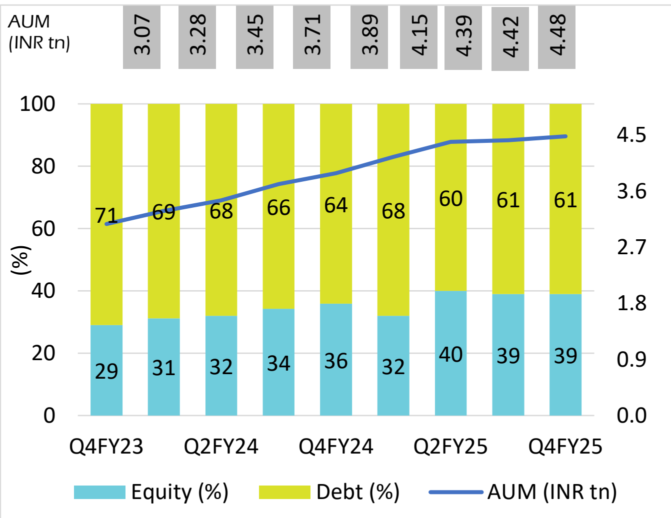
Source: Company, Nuvama Research

Exhibit 9: Banca share decreases to 49% on NBP basis



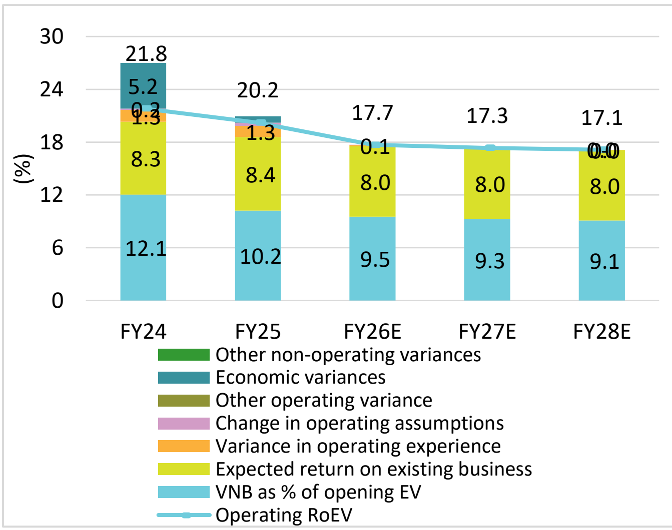
Source: Company, Nuvama Research

Exhibit 10: AUM mix dominated by debt



Source: Company, Nuvama Research

Exhibit 11: RoEV expected at ~17–18%



Source: Company, Nuvama Research

Exhibit 12: Strong unwind and VNB growth to drive EV growth

(INR mn)	FY24	FY25E	FY26E	FY27E	FY28E
Opening IEV	**460,501**	**582,601**	**702,501**	**823,508**	**962,327**
Net VNB	**55,500**	**59,500**	**66,900**	**76,448**	**87,515**
Expected return on existing business	**38,100**	**48,800**	**56,200**	**65,881**	**76,986**
Variance in Operating experience	**6,100**	**7,300**	**1,000**	**500**	**400**
Change in operating assumptions	**800**	**2,200**	**200**	**0**	**0**
IEV operating earnings	**100,500**	**117,800**	**124,300**	**142,829**	**164,901**
Economic variances	**23,900**	**4,200**	**0**	**0**	**0**
Total IEV earnings	**124,400**	**122,000**	**124,300**	**142,829**	**164,901**
Capital contributions / dividend payouts	(2,300)	(2,100)	(3,293)	(4,009)	(4,776)
Closing IEV	**582,601**	**702,501**	**823,508**	**962,327**	**1,122,453**

Source: Company, Nuvama Research

Exhibit 13: EV and VNB sensitivity

Scenario	FY23		FY24		FY25	
	Chg in EV %	Chg in VNB %	Chg in EV %	Chg in VNB %	Chg in EV %	Chg in VNB %
Reference Rate +100 bps	(3.7)	(0.8)	(3.7)	(0.8)	(3.2)	(0.5)
Reference Rate -100 bps	3.3	0.7	3.4	0.7	3.4	0.5
Decrease in Equity Value 10%	(1.6)	(0.2)	(1.8)	(0.2)	(2.1)	(0.4)
Proportionate change in lapse rate +10%	(1.0)	(2.6)	(1.0)	(3.6)	(1.0)	(4.5)
Proportionate change in lapse rate -10%	1.3	3.0	1.1	3.8	1.0	4.8
Mortality / Morbidity +10%	(1.9)	(3.9)	(1.7)	(4.9)	(2.1)	(6.1)
Mortality / Morbidity -10%	1.9	3.9	1.7	4.9	2.1	6.1
Maintenance Expense +10%	(0.6)	(1.4)	(0.6)	(1.8)	(0.6)	(1.8)
Maintenance Expense -10%	0.6	1.4	0.6	1.8	0.6	1.8
Mass Lapse for ULIPs in the year after the surrender penalty period of 25% 1	(2.6)	(4.7)	(2.3)	(6.4)	(2.6)	(9.1)
Mass Lapse for ULIPs in the year after the surrender penalty period of 50% 1	(5.6)	(10.5)	(4.9)	(14.0)	(5.7)	(19.6)
Tax Rate Change to 25% on normal tax rates	(5.0)	(8.3)	(5.2)	(8.4)	(5.4)	(8.9)

Source: Company, Nuvama Research

Exhibit 14: Change in estimates

	Earlier		Revised		Change (%/bps)	
(INR mn)	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
APE	248.6	283.9	238.5	269.7	(4.1)	(5.0)
VNB	68.1	77.9	66.9	76.4	(1.8)	(1.9)
VNB Margin (%)	27.4	27.5	28.1	28.3	65bp	89bp
Embedded Value	822.9	961.2	823.5	962.3	0.1	0.1
Operating RoEV (%)	17.8	17.5	17.7	17.3	(14)bp	(20)bp
Target Price (INR)	**1,890**		**1,890**		**0.0**	
Rating	**BUY**		**Buy**			

Source: Company, Nuvama Research

Q4FY25 conference call highlights

- **Guidance:** Management guided for growth at around 13–14% next year on individual APE basis, slightly higher than the expected industry growth of 12%.

- **VNB and VNB margin**: Management attributed the decrease in VNB margin for FY25 to the increase in share of ULIP business compared with the previous year. It highlighted that the company had doubled its VNB in the last four years. In Q4FY25, VNB margin came in at 30.4%, an increase of 210bp YoY. Management attributed this improvement to a shift in product mix towards traditional products. It clarified that the change in operating assumption was in mortality and persistency because as a company it used sustainable assumptions for future, and it was continuously making operating surpluses on account of both mortality and persistency. Management guided for a FY26E VNB margin of 27–28%.

- **Product mix**: Management guided that on individual APE basis it expected the product mix to move to 65:35 product mix in favour of ULIPs: traditional. On individual APE basis non-par segment now contributes 20% to the product portfolio. Management attributed the downward movement of ULIP to the movements in equity market and stated that this trend was evident across industry. Protection business contributed 10% of APE and stood at INR20.5bn. Individual protection declined 11% YoY as business mix changed to lower ticket term versus RoP from 10:90 to 20:80. This supported margins but is negative for overall premium growth. The company has also launched new products in H2, which it expects to scale up in FY26E. Management also said that two NPAR products- Smart Platina Supreme and Smart Platina Young and two PAR products- Smart Bachat plus & Achiever and Smart Future Star collected NBP of INR11bn and sold more than 0.15mn policies.

- **Group business**: Management attributed the strong quarterly growth in this product to: i) new group credit linked business deals; and ii) new employer employee deals. Group savings business had declined in Q4FY25. It mentioned that credit life business had recorded an APE of around INR2.5bn for FY25, with majority of business coming from home loan customers.

- **Bancassurance**: Management mentioned that SBI branch productivity on individual APE terms was INR5.4mn/branch for FY25 and registered growth of 9% YoY. It guided for FY26 growth of 10% in this channel. Management clarified that it had not received any official guidelines or consultation papers from IRDAI regarding any potential regulation of the banca channels.

- **Agency channel**: Management highlighted that with enhanced focus on this channel and launch of Agency 2.0 in FY24, it had witnessed impressive strides in agent activation, agency channel productivity and onboarding of new agents and better collaboration between agents. It stated that agent productivity for the year stood at INR0.29mn on individual NBP terms registering a growth of 20% YoY. It said that the company had added 97,500 agents in FY25 on a gross basis, although net addition was negative due to removal of inactive agents. Management stated that in Q4FY25, there was substantial growth in contribution of non ULIP products from this channel. It guided for a 25% growth in this channel, even on a strong base, due to increased branch openings, additional agents, increased agent productivity as well as improved activation. It stated that it was aiming for a 65:35 (ULIP: Traditional) product mix in this channel, although it cautioned that this channel's ULIP could be lower than the company average.

- **Online business channel**: Management stated that it was investing in building this channel and that individual APE through this channel had grown 66% YoY while protection business had grown 31% YoY.
- **Embedded value**: In EV, the positive change of INR7.3bn in operating assumptions was attributed to: i) INR2.8bn on account of persistency; ii) INR4.3bn on account of mortality; and iii) INR0.2bn on account of expenses.
- **Expansion**: Management stated that they had added over 70 new branches in FY25, highlighting that its expansion strategy catered not only to Tier-1 and Tier-2 cities, but also to the underserved Tier-3 and Tier-4 regions. It highlighted that it was investing heavily in infrastructure, and it aims to open 85–90 branches in FY26 while also adding around 1,500 employees.
- **Net commission**: Management attributed the slight uptick in net commissions to a product mix change towards traditional products in H2FY25. It stated that cost ratios were under control, and it was comfortable with them going forward.
- **Persistency**: Management clarified that the dip in 49th-month persistency was due to customers acquired during the COVID period. However, it noted that corrective measures have been implemented and expects these to start yielding positive results.
- **Mis-selling ratio**: Management highlighted that its mis-selling ratio stands at just 0.02%—one of the lowest in the industry. This achievement is attributed to the company’s consistent efforts to ensure responsible and transparent selling practices.

Company Description

SBI Life has been consistently rated as one of the top players in India's life insurance sector on the basis of Annual Premium Equivalent (APE) as well as New Business Premium (NBP). It was established in FY01 as a joint venture between State Bank of India (SBI) and BNP Paribas Cardif. SBI Life was the second life insurance company in India to be listed on NSE and BSE in FY18.

It reported AUM of INR 4.5tn in FY25 and solvency ratio of 196%, well above the regulatory threshold of 150%. The company's product mix has been tilted towards linked (45.5%), but the company has gradually been reducing dependency on this segment. Protection contributes 11.5% to total NBP. On the distribution front, bancassurance contributes 65.1% of individual APE, while the balance is derived from agency (30.4%) and others—corporate agents, brokers, online etc. (4.5%).

The company's strategy is to maximise opportunities available by focusing on geographical expansion through distribution channels, cost discipline, customer-first approach, digital transformation and enhanced training.

Investment Theme

SBI Life Insurance (SBI Life) is the largest private life insurer in India with an individual APE market share of 16.1% in FY25. It is the one of the lowest cost players on an overall basis and well-poised to notch up market share gains by straddling the entire gamut of products fully backed by the deep nation-wide distribution of its parent, banking behemoth SBI.

Key Risks

- Protracted weakness in capital markets affecting ULIP persistency: Limited renewals obviously hurt a largely fixed cost-quasi asset management business—through a rundown in asset size and consequent cost-driven profitability pressures
- Interest rates and rate curves, may impact availability and attractiveness of FRAs which may consequently impact insurers ability to design and sell products. Lower sale of high margin products may impact VNB growth
- Regulatory changes may have a profound impact- especially with increased adoption of open architecture, changes in commission and expenses of management limits, use and file of products, introduction of composite insurance licenses etc.
- Operational challenges such as managing activations across the massive branch network and management continuity given its PSU parentage

Additional Data

Management

CEO	Amit Jhingran
CFO	Sangramjit Sarangi
COO	
Other	
Auditor	K.S. Aiyar & Co. and A. John Moris & Co.

Holdings – Top 10*

	% Holding		% Holding
ICICI Prudentia	4.35	Macritchie INVS	1.51
HDFC Asset Mana	4.03	Nippon Life Ind	1.19
Republic of Sin	3.46	SBI Funds Manag	0.96
Vangaurd Inc	1.74	Norges bank	0.93
Blackrock Inc	1.57	Mirae Asset Fin	0.89

**Latest public data*

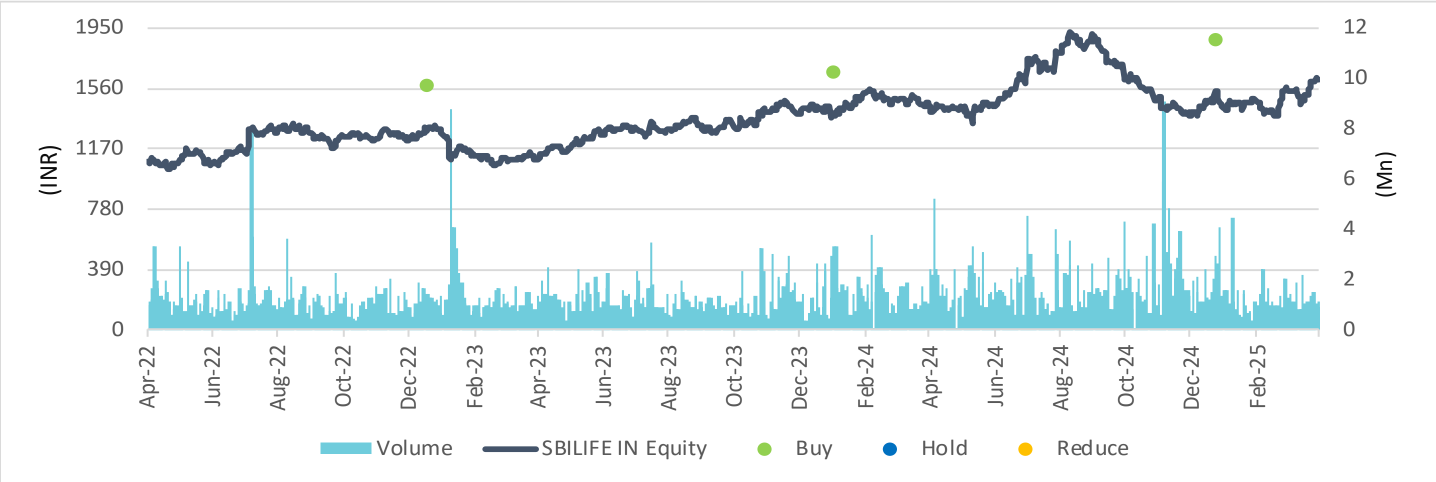
Recent Company Research

Date	Title	Price	Reco
17-Jan-25	Margins hold, but growth guidance cut; *Result Update*	1473	Buy
23-Oct-24	Growth stutters; *Result Update*	1716	Buy
24-Jul-24	Decent showing but for few hiccups; *Result Update*	1633	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
23-Apr-25	Life Insurance	Mar-25: Growth stalls; *Sector Update*
17-Apr-25	HDFC Life Insurance	Growth moderation leads to miss; *Result Update*
15-Apr-25	ICICI Prudential Life	In-line performance; *Result Update*

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	210
Hold	<15% and >-5%	59
Reduce	<-5%	35

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