

SBI LIFE INSURANCE

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	1,840
12 month price target (INR)	2,320
52 Week High/Low	1,912/1,373
Market cap (INR bn/USD bn)	1,845/21.0
Free float (%)	44.6
Avg. daily value traded (INR mn)	1,734.6

SHAREHOLDING PATTERN

(%)	Sep-25	Jun-25	Mar-25
Promoter	55.4	55.4	55.4
FII	21.9	22.3	21.9
DII	18.7	18.2	18.7
Pledge	-	-	-

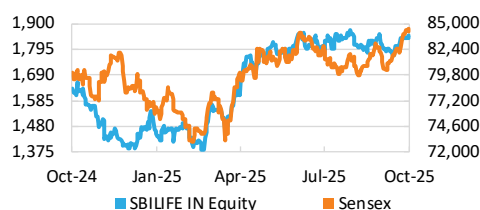
FINANCIALS

	(INR mn)			
Year to March	FY25A	FY26E	FY27E	FY28E
APE	214,100	238,504	269,696	306,211
VNB	59,538	65,760	75,321	86,838
VNB margin (%)	27.8	27.6	27.9	28.4
EV	702,503	828,618	966,758	1,128,541
APAT	24,133	27,171	33,084	39,420
FDEPS	24.1	27.1	33.0	39.4
RoEV (%)	20.9	18.4	17.2	17.2
P/EV (x)	2.6	2.2	1.9	1.6
P/E (x)	76.3	67.8	55.7	46.7

CHANGE IN ESTIMATES

INR bn	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
APE	238.5	269.7	0.0	0.0
VNB	65.8	75.3	(1.7)	(1.5)
VNB Margin (%)	27.6	27.9	(48)bp	(42)bp
Embedded Value	828.6	966.8	(0.6)	(0.7)

PRICE PERFORMANCE



Favourable mix to offset ITC impact

SBI Life posted Q2FY26 total APE growth of 10% YoY as retail APE rose a moderate 6% while group APE shot up 55.8% YoY (group savings up 1.4x YoY). Q2 margin improved 118bp YoY to 28%, as the mix came in favour of higher-margin business (NPAR/protection up 40.5%/16.3% YoY). This resulted in VNB growth of 14.9% YoY at INR16.6bn (+6% versus estimate). ITC impact on margins (174bp for FY26) remains manageable and is likely to be offset by an improved business profile.

Management reiterated guidance of FY26E APE growth of 13–14% along with VNB margin of 26–28%. We are lowering FY26E/27E/28E VNB by 1.7%/1.5%/0.8% and roll forward valuation to Sep-27E, yielding a revised TP of INR2,320 (earlier INR2,250); maintain 'BUY'.

Favourable product mix supports margin; growth guidance intact

During Q2FY26, overall APE expanded 10% YoY as retail APE increased 6% YoY while group APE jumped 55.8% YoY. NPAR business soared 40.5% YoY (product mix up 431bp YoY to 19.9%) while PAR/linked business fell 12.5%/1.7% YoY (-122bp/694bp YoY to 4.7%/58.0%) on APE basis. Growth was also robust for the annuity business at 50% YoY (+81bp YoY to 3.0%). Protection business expanded 16.3% YoY as individual/group protection business clocked growth of 18.4%/15.2% YoY. Group Credit life surged 26% YoY. Group savings business growth was robust at 1.4x YoY (up 251bp to 4.5%). Banca/Agency channel grew just 5.9%/3.5% YoY on APE basis (channel shares down 6bp/84bp YoY to 61%/33.8%). Management noted they had taken corrective action in Aug-25, which resulted in accelerated growth in Sep-25 (+15% YoY on IRP basis) and continues in Oct-25. Management reiterated their guidance of individual APE growth of 13–14% YoY with VNB margin of 26–28%.

Product mix shift to offset non-availability of ITC on GST exemption

H1FY26 VNB increased 13.6% YoY to INR27.5bn as margin improved 70bp YoY to 27.5%. VNB margin improved due to new business mix and profile (+110bp) i.e. product repricing and rider attachment (38%). Management said that GST impact on margin was -80bp in H1FY26 (-20bp for post-September 21, 2025 business and -60bp for business written prior to September 21, 2025). Management estimates FY26 VNB margin impact at 174bp, but it may be offset by a stronger product mix and better efficiency, as the company shall absorb the hit without cutting distributor commissions. EV expanded 15% YoY to INR760bn after accounting for GST-related hit of INR3.3bn, but was aided by positive operating variance (INR2.3bn) and positive economic variance of (INR1bn). For H1FY26, the company reported a 21.2% YoY growth in renewal premiums lifting up AUM by 9.7% YoY to INR4.8tn.

Financials

Year to March (INR mn)	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
APE	59,360	53,940	10.0	39,740	49.4
VNB	16,611	14,456	14.9	10,889	52.6
VNB margin (%)	28.0	26.8	118bp	27.4	58bp
EV	759,900	660,800	15.0	742,550	2.3

Financial Statements

Policyholder AC (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total Premium earned	840,598	959,827	1,119,381	1,275,419
Commission	37,388	44,353	52,638	59,576
Operating expenses	44,908	51,385	58,736	66,924
Provisions and taxes	12,927	14,391	15,446	16,521
Benefits Paid	489,018	584,364	670,867	768,693
Other income	(12)	(13)	(14)	(15)
Transfer from shareholders AC	13,459	13,997	14,557	15,140
Net Cash Flow	269,805	279,319	336,238	378,831
Income from Investments	317,141	395,165	426,536	488,479
Change in valuation of liabilities	557,001	640,760	724,636	823,945
Surplus/(deficit) after tax	29,945	33,724	38,139	43,366
Transfer to shareholders AC	27,397	30,352	34,325	39,029

Shareholders AC (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Transfer from Policyholders' a/c	27,397	30,352	34,325	39,029
Investment income and other Income	11,159	12,428	15,248	17,803
Total income	38,555	42,780	49,573	56,832
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	28,601	34,826	41,494
Taxes	814	1,430	1,741	2,075
PAT	24,133	27,171	33,084	39,420

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	181,817	210,932	245,621
Net worth	167,929	191,840	220,953	255,642
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	4,964,224	5,688,860	6,512,805
Funds for future appropriation	15,914	16,674	17,470	18,306
Total Liabilities	4,509,232	5,174,662	5,929,208	6,788,678
Investments	4,474,669	5,138,639	5,891,659	6,749,533
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	5,174,662	5,929,208	6,788,678

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	59,538	65,760	75,321	86,838
EV	702,503	828,618	966,758	1,128,541
EVOP	117,833	130,176	142,110	166,513
PAT	24,133	27,171	33,084	39,420
FDEPS (INR)	24.1	27.1	33.0	39.4
FDBVPS (INR)	167.7	191.6	220.7	255.3
Growth (YoY %)				
NBP	(7.0)	14.2	13.5	13.7
APE	8.6	11.4	13.1	13.5
VNB	7.3	10.5	14.5	15.3
EV	20.6	18.0	16.7	16.7
EVOP	17.2	10.5	9.2	17.2
PAT	27.4	12.6	21.8	19.1
FDEPS	27.4	12.6	21.8	19.1
FDBVPS	15.1	14.2	15.2	15.7
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
Efficiency ratios (%)				
VNB Margin	27.8	27.6	27.9	28.4
ROEV return	20.9	18.4	17.2	17.2
Operating RoEV	20.2	18.5	17.2	17.2
Non-operating RoEV	0.7	(0.1)	0	0
RoAA	0.6	0.6	0.6	0.6
RoAE	15.4	15.1	16.0	16.5

Valuation

Year to March	FY25A	FY26E	FY27E	FY28E
P/E (x)	76.3	67.8	55.7	46.7
P/ABV (x)	11.0	9.6	8.3	7.2
P/EV (x)	2.6	2.2	1.9	1.6
P/VNB Multiple (x)	21.2	17.3	13.5	10.1
P/EVOP (x)	15.6	14.1	13.0	11.1
P/VIF (x)	3.5	2.9	2.5	2.1
P/AUM (x)	0.4	0.4	0.3	0.3

Valuation on TP

Year to March	FY25A	FY26E	FY27E	FY28E
P/E (x)	96.3	85.5	70.2	58.9
P/ABV (x)	13.8	12.1	10.5	9.1
P/EV (x)	3.3	2.8	2.4	2.1
P/VNB Multiple (x)	29.2	24.6	19.8	15.6
P/EVOP (x)	19.7	17.8	16.3	13.9
P/VIF (x)	4.4	3.7	3.1	2.7
P/AUM (x)	0.5	0.5	0.4	0.3

Exhibit 1: APE/VNB grow 10.0%/14.9% YoY

Particulars	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (% / bp)	QoQ (% / bp)
Total NBP (INR bn)	86.8	105.4	93.1	72.7	110.8	27.6	52.4
Total APE (INR bn)	53.9	69.4	54.4	39.7	59.4	10.0	49.4
-Savings	47.7	62.6	45.8	33.8	51.7	150.6	131.7
-Protection	5.0	5.4	7.1	4.6	5.9	16.3	26.3
-Annuity	1.2	1.4	1.5	1.3	1.8	50.0	38.5
VNB (adjusted for ETR)							
Adjusted VNB (Calculated) (INR bn)	14.4	18.8	16.5	10.9	16.6	14.9	52.6
Adjusted VNB Margin (%)#	26.8	27.0	30.4	27.4	28.0	118bp	58bp
Adjusted FYTD VNB (INR bn)*	24.2	43.0	59.5	10.9	27.5	NA	NA
Adjusted FYTD VNB Margin (%)*	26.8	26.9	27.8	27.4	27.5	NA	NA

Source: Company, Nuvama Research

#calculated for the quarter, * for FYTD period

Exhibit 2: ULIP share in product mix decreases 694bp YoY to 58.0%

Product mix on APE basis	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (% / bp)	QoQ (% / bp)
Individual Savings (INR bn)	46.6	61.4	44.1	32.3	49.0	5.2	51.7
Par	3.2	1.1	1.7	1.8	2.8	(12.5)	55.6
Non Par	8.4	10.9	12.8	7.7	11.8	40.5	53.2
ULIP	35.0	49.4	29.6	22.8	34.4	(1.7)	50.9
Group Savings	1.1	1.2	1.7	1.5	2.7	145.5	80.0
Protection	5.0	5.4	7.1	4.6	5.9	16.3	26.3
Individual Protection	1.7	2.1	3.0	1.6	2.1	18.4	25.6
Group Protection	3.3	3.3	4.1	3.0	3.8	15.2	26.7
Annuity	1.2	1.4	1.5	1.3	1.8	50.0	38.5
Individual Annuity	1.3	1.3	1.5	1.2	1.5	22.2	32.8
Group Annuity	(0.1)	0.1	(0.0)	0.1	0.3	NM	85.7
Total APE	53.9	69.4	54.4	39.7	59.4	10.0	49.4
Product mix - APE basis (%)							
Individual Savings	86.5	88.5	81.1	81.3	82.5	(385)bp	127bp
PAR	5.9	1.6	3.1	4.5	4.7	(122)bp	19bp
Non-PAR	15.6	15.7	23.5	19.4	19.9	431bp	50bp
ULIP	64.9	71.2	54.4	57.4	58.0	(694)bp	58bp
Group Savings	2.0	1.7	3.1	3.8	4.5	251bp	77bp
Protection	9.3	7.8	13.1	11.7	9.9	53bp	(180)bp
Individual Protection	3.2	3.0	5.5	4.1	3.5	24bp	(66)bp
Group Protection	6.1	4.8	7.5	7.5	6.4	28bp	(115)bp
Annuity	2.2	2.0	2.8	3.3	3.0	81bp	(24)bp
Individual Annuity	2.4	1.9	2.8	2.9	2.6	26bp	(32)bp
Group Annuity	(0.2)	0.1	(0.0)	0.4	0.4	55bp	9bp
Total APE	100	100	100	100	100	-	-
Individual APE share (%)	92.0	93.4	89.3	88.3	88.6	(334)bp	29bp
Group APE share (%)	8.0	6.6	10.7	11.7	11.4	334bp	(29)bp

Source: Company, Nuvama Research

Exhibit 3: Channel mix dominated by SBI channel; agency inches up 3.5% YoY

Channel mix-Individual APE basis (INR bn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%/bp)	QoQ (%/bp)
Bancassurance	30.3	46.3	30.3	22.5	32.1	5.9	42.7
Agency	17.2	16.1	15.5	10.8	17.8	3.5	64.8
Others	2.1	2.4	2.8	1.8	2.7	28.6	50.0
Total	49.6	64.8	48.6	35.1	52.6	6.0	49.9
Channel Mix-Individual APE basis (%)	-	-	-	-	-	-	-
Bancassurance	61.1	71.5	62.3	64.1	61.0	(6)bp	(308)bp
Agency	34.7	24.8	31.9	30.8	33.8	(84)bp	307bp
Others	4.2	3.7	5.8	5.1	5.1	90bp	-
Total	100	100	100	100	100		

Source: Company, Nuvama Research

Exhibit 4: YoY persistency improves across cohorts except 61st month

Other key metrics	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%/bp)	QoQ (%/bp)
Opex + commission Ratio (%)	10.5	9.6	8.3	10.8	11.0	48bp	24bp
AUM (INR bn)	4,390	4,417	4,480	4,758	4,815	10	1
Linked (%)	57.0	56.0	55.0	56.0	55.0	(200)bp	(100)bp
Non-Linked (%)	43.0	44.0	45.0	44.0	45.0	200bp	100bp
Equity (%)	40.0	39.0	39.0	37.0	36.0	(400)bp	(100)bp
Debt (%)	60.0	61.0	61.0	63.0	64.0	400bp	100bp
Persistency (%)							
13th month persistency	84.2	82.7	86.6	87.1	87.1	294bp	(2)bp
25th month persistency	77.0	74.8	75.9	77.4	77.3	34bp	(14)bp
37th month persistency	71.3	70.0	70.7	72.0	72.2	91bp	24bp
49th month persistency	66.4	65.9	68.1	68.4	68.9	253bp	50bp
61st month persistency	66.1	62.3	61.5	62.8	60.6	(554)bp	(220)bp
Solvency (%)	204	204	196	196	194	(1,000)bp	(200)bp

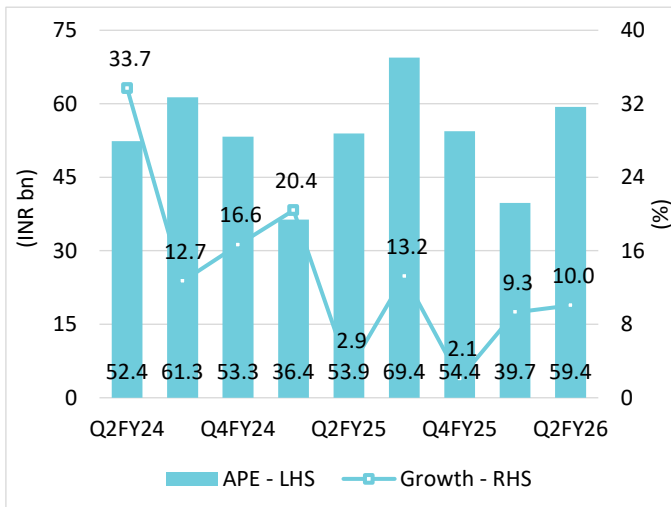
Source: Company, Nuvama Research

Exhibit 5: H1FY26 APAT improves 3.8% YoY

Re-arranged income statement	Q2FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)	H1FY25	H1FY26	YoY (%)	FY26E	FY27E	FY28E
Policyholder's account											
Reported APE	53.9	39.7	59.4	10.0	49.4	90.3	99.1	9.7	238.5	269.7	306.2
Premiums											
- First Year Premium	49.2	35.4	52.9	7.6	49.4	80.6	88.3	9.5	219.9	248.5	282.0
- Renewal Premium	117.2	105.5	140.0	19.5	32.8	202.6	245.5	21.2	563.3	668.6	762.8
- Single Premium	37.8	37.3	57.9	53.4	55.3	76.6	95.2	24.2	186.4	212.5	242.2
Net premium income	202.7	171.8	248.5	22.6	44.6	353.7	420.3	18.8	959.8	1,119.4	1,275.4
Commissions											
- First Year Premium	4.9	3.9	8.0	63.7	102.1	8.3	11.9	42.7	22.6	26.1	29.6
- Renewal Premium	2.9	2.2	3.5	20.6	58.2	4.7	5.8	23.4	15.8	20.1	22.9
- Single Premium	0.6	0.5	0.9	57.6	86.6	1.0	1.4	33.4	2.6	3.0	3.4
Net commissions and rewards	10.1	7.9	12.4	22.2	57.8	17.0	20.3	18.9	44.4	52.6	59.6
Operating expenses related to insurance business	11.4	11.3	15.2	33.0	34.5	20.9	26.5	26.5	51.4	58.7	66.9
Provisions and taxes	3.3	2.9	3.3	(0.0)	11.7	6.0	6.2	3.7	14.4	15.4	16.5
Benefits paid	140.1	101.2	134.8	(3.8)	33.2	238.4	236.0	(1.0)	584.4	670.9	768.7
Other income and trf to shareholders	(0.0)	(0.1)	0.2	NM	NM	(0.0)	0.1	NM	14.0	14.5	15.1
Net cash flow	37.7	48.4	82.9	120.2	71.3	71.3	131.4	84.2	279.3	336.2	378.8
Investment income	197.5	215.3	(20.6)	(110.4)	(109.5)	390.4	194.7	(50.1)	395.2	426.5	488.5
Change in liabilities	230.5	259.0	60.4	(73.8)	(76.7)	450.9	319.4	(29.2)	640.8	724.6	823.9
Surplus	4.7	4.7	2.0	(57.1)	(57.2)	10.8	6.7	(38.4)	33.7	38.1	43.4
- transfer to shareholders	2.5	3.2	2.1	(19.2)	(36.0)	5.3	5.3	(0.4)	30.4	34.3	39.0
- FFA	2.1	1.5	(0.1)	(102.6)	(103.8)	5.5	1.4	(74.6)	3.4	3.8	4.3
Shareholder's account											
Transfer from policyholder's account	2.5	3.2	2.1	(19.2)	(36.0)	5.3	5.3	(0.4)	30.4	34.3	39.0
Income	2.8	2.9	3.2	14.1	10.1	5.5	6.2	12.4	12.4	15.2	17.8
Expenses including trfs	(0.1)	0.0	0.1	NM	329.8	(0.1)	0.2	NM	14.2	14.7	15.3
PBT	5.5	6.1	5.1	(6.2)	(16.0)	10.8	11.2	3.9	28.6	34.8	41.5
Taxes	0.2	0.2	0.2	6.2	12.1	0.3	0.4	5.0	1.4	1.7	2.1
APAT	5.3	5.9	4.9	(6.6)	(16.8)	10.5	10.9	3.8	27.2	33.1	39.4
RPAT	5.3	5.9	4.9	(6.6)	(16.8)	10.5	10.9	3.8	27.2	33.1	39.4
FDEPS	5.3	5.9	4.9	(6.6)	(16.8)	10.5	10.9	3.8	27.1	33.0	39.4

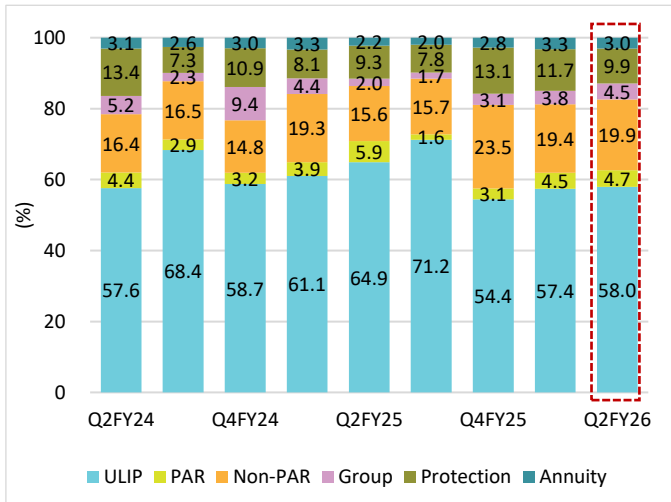
Source: Company, Nuvama Research

Exhibit 6: APE expands 10% YoY in Q2FY26



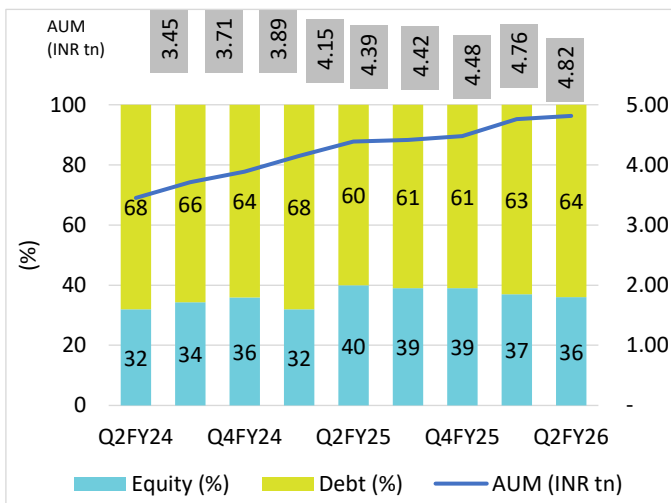
Source: Company, Nuvama Research

Exhibit 8: Product mix: ULIP decreases YoY; non-PAR gains



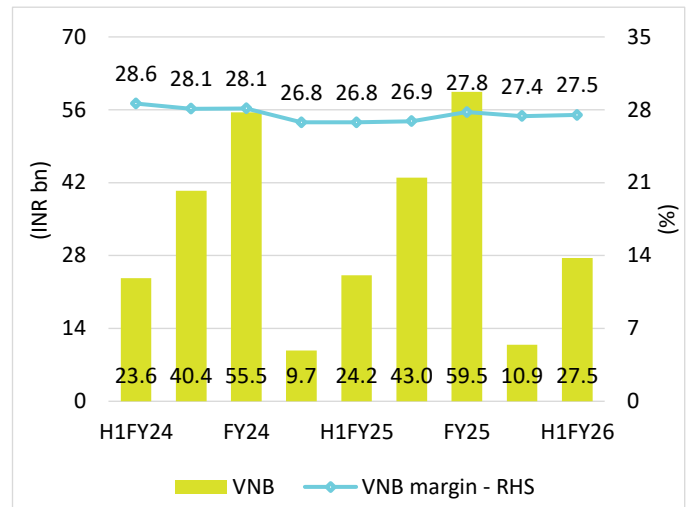
Source: Company, Nuvama Research

Exhibit 10: AUM mix dominated by debt



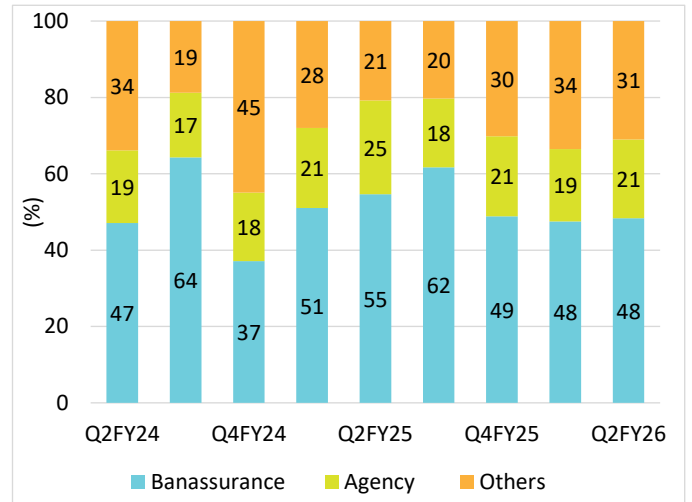
Source: Company, Nuvama Research

Exhibit 7: H1FY26 VNB margin at 27.5% (+70bp YoY)



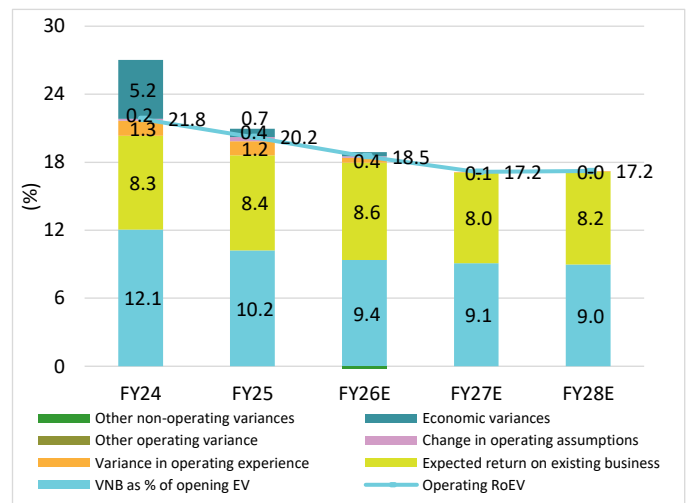
Source: Company, Nuvama Research

Exhibit 9: Banca share decreases to 48% YoY on NBP basis



Source: Company, Nuvama Research

Exhibit 11: RoEV likely at ~17-18%



Source: Company, Nuvama Research

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

(INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Opening IEV	460,501	582,601	702,503	828,618	966,758
Net VNB	55,500	59,538	65,760	75,321	86,838
Expected return on existing business	38,100	48,841	60,415	66,289	79,274
Variance in Operating experience	6,100	7,259	3,000	500	400
Change in operating assumptions	800	2,195	1,000	0	0
IEV operating earnings	100,500	117,833	130,176	142,110	166,513
Economic variances	23,900	4,190	2,500	0	0
Total IEV earnings	124,400	122,023	129,376	142,110	166,513
Capital contributions / dividend payouts	(2,300)	(2,120)	(3,261)	(3,970)	(4,730)
Closing IEV	582,601	702,503	828,618	966,758	1,128,541

Source: Company, Nuvama Research

Exhibit 13: EV and VNB sensitivity

Scenario	FY24		FY25		H1FY26	
	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)	(3.2)	(0.5)	(0.3)	(3.4)
Reference Rate -100 bps	3.4	0.7	3.4	0.5	0.1	3.8
Decrease in Equity Value 10%	(1.8)	(0.2)	(2.1)	(0.4)	(0.5)	(2.4)
Proportionate change in lapse rate +10%	(1.0)	(3.6)	(1.0)	(4.5)	(4.6)	(1.1)
Proportionate change in lapse rate -10%	1.1	3.8	1.0	4.8	4.9	1.2
Mortality / Morbidity +10%	(1.7)	(4.9)	(2.1)	(6.1)	(6.1)	(2.1)
Mortality / Morbidity -10%	1.7	4.9	2.1	6.1	6.2	2.1
Maintenance Expense +10%	(0.6)	(1.8)	(0.6)	(1.8)	(1.8)	(0.6)
Maintenance Expense -10%	0.6	1.8	0.6	1.8	1.8	0.6
Mass Lapse for ULIPs in the year after the surrender penalty period of 25% 1	(2.3)	(6.4)	(2.6)	(9.1)	(8.5)	(2.6)
Mass Lapse for ULIPs in the year after the surrender penalty period of 50% 1	(4.9)	(14.0)	(5.7)	(19.6)	(18.4)	(5.7)
Tax Rate Change to 25% on normal tax rates	(5.2)	(8.4)	(5.4)	(8.9)	(9.2)	(5.5)

Source: Company, Nuvama Research

Exhibit 14: Change in estimates

(INR mn)	Earlier			Revised			Change (%/bps)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
APE	238.5	269.7	306.2	238.5	269.7	306.2	0.0	0.0	0.0
VNB	66.9	76.4	87.5	65.8	75.3	86.8	(1.7)	(1.5)	(0.8)
VNB Margin (%)	28.1	28.3	28.6	27.6	27.9	28.4	(48)bp	(42)bp	(22)bp
Embedded Value	833.5	973.2	1,134.2	828.6	966.8	1,128.5	(0.6)	(0.7)	(0.5)
Operating RoEV (%)	17.7	17.2	17.0	18.5	17.2	17.2	84bp	(8)bp	19bp
Target Price (INR)	2,250			2,320			3.1		
Rating	Buy			Buy					

Source: Company, Nuvama Research

Q2FY26 conference call: Key highlights

Guidance: Management reiterated guidance in APE growth at 13–14% for FY26.

VNB and VNB margin: Management maintained guidance on VNB margin at 26–28%. The H1FY26 margin improvement was driven by a better new business mix and profile (+110bp) i.e. product repricing and rider attachment (38%), operating assumptions (+50bp), economic assumptions (+20bp) and GST impact (-80bp). Rider attachment has increased since H2FY25 and currently applies only to new business. The company aims to exceed the 40% rate and extend rider attachment to renewal policies going forward.

GST impact

Management highlighted that excluding GST impact, H1FY26 VoNB expanded 17% with a margin of 28.5%. The recent GST cut shall benefit the protection segment most. The total GST impact was 80bp in H1 with 20 bp for business written after September 21, 2025. Based on the current product mix, FY26 VNB margin impact is estimated at 174bp, but could be offset through a better business profile. The company shall not reduce distributor commissions and plans to absorb the impact through enhanced operational efficiency and a more profitable product mix. ULIP margins are likely to remain stable or improve due to longer-tenure products and rider additions.

Product mix

During Q2FY26, the company launched two new products — Smart Shield Plus, a protection plan, and Smart Money Back Plus, a PAR product. Smart Money Back Plus evoked a strong response with over 8,500 customers opting for it within 15 days of launch while Smart Shield Plus contributed 11% of the total protection sum assured.

The company maintained pricing discipline in non-PAR savings products despite aggressive industry pricing and it continued to focus on the protection segment, a key pillar of its growth strategy, which is likely to exceed 10% of overall APE.

Credit Life APE surged 26% YoY. Management noted that the group savings business is inherently lumpy and the strong Q2FY26 growth may be unsustainable. However, growth momentum in both PAR and NPAR segments has continued into October.

Channel mix

Bancassurance: Management reported SBI branch productivity at INR3.8mn (individual APE) in FY25, up 6% YoY, driven by improved efficiency.

Management also clarified that within other channels, 3% share comes from non-SBI bank channels while the remainder pertains to the group business.

Agency channel: Management highlighted strong progress in the agency channel, driven by the Agency 2.0 initiative launched in FY24. This led to improved agent activation, productivity, onboarding, and collaboration. Agent productivity was INR0.27mn (individual NBP), with 64,000 agents added on a gross basis in H1FY26.

In September, growth was 15% on an IRP basis (versus 7% in H1FY26), aided by engagement with distributors—a trend that has continued into October.

Online channel: The company is actively investing in strengthening its online business channel. In Q2FY26, individual rated premium from this channel surged 34% YoY while the protection business on an IRP basis soared 55% YoY.

Expense: The operating expense ratio was 6.2% while the total cost ratio was 10.9% for H1FY26, compared with 5.8% and 10.6%, respectively, in the same period last year. The increase was driven by around 3,500 new hires, 44 new branch additions, and higher IT investments. Management expects cost ratios to normalise as business scales up on these investments.

EV: EV increased 15% YoY to INR760bn after accounting for GST related hit of INR3.3bn, but was aided by positive operating variance (INR2.3bn) and positive economic variance of (INR1bn).

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 affect availability and attractiveness of FRAs, which may consequently hurt 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 Prudential	4.29	Macritchie INVS	1.51
HDFC Asset Mana	4.06	NPS Trust A/c U	1.37
Republic of Sin	3.34	Nippon Life Ind	1.29
Vanguard Inc	1.85	SBI Funds Manag	1.25
Blackrock Inc	1.62	Norges bank	0.93

*Latest public data

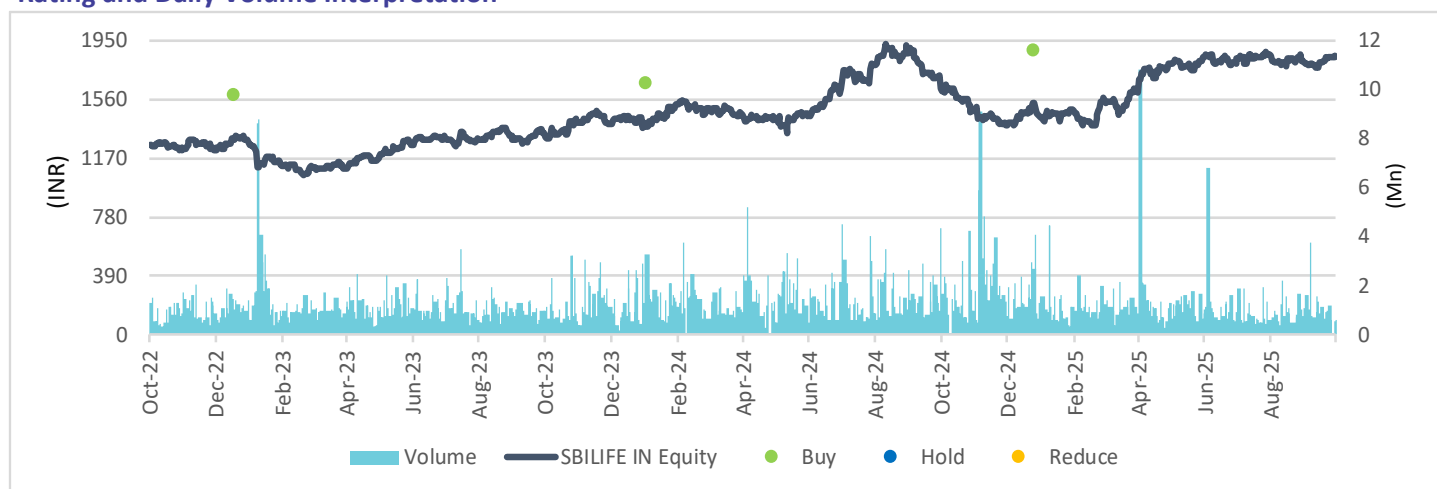
Recent Company Research

Date	Title	Price	Reco
24-Jul-25	Strong margins drive beat; <i>Result Update</i>	1,794	Buy
24-Apr-25	Strong showing but for APE growth; <i>Result Update</i>	1,615	Buy
17-Jan-25	Margins hold, but growth guidance cut; <i>Result Update</i>	1,473	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
15-Oct-25	HDFC Life Insurance	GST transition ahead; <i>Result Update</i>
14-Oct-25	ICICI Prudential Life	Weak print; <i>Result Update</i>
09-Oct-25	Life Insurance	Growth to improve; margins tighten; <i>Sector Update</i>

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%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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