

SBI Life Insurance Company Ltd.

BUY

Sector: Life Insurance

19th May 2025

Key Changes	Target ▲	Rating ●	Earnings ▲	Target	Rs. 2,048
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	SBILIFE:IN	82,331	SBILIFE	540719	12 Months
				CMP	Rs. 1,772
				Return	+16%

Data as of: 16-May- 2025

Company Data	
Market Cap (Rs. Cr)	175,870
52 Week High — Low (Rs.)	1,935 - 1,307
Outstanding Shares (cr)	100.2
Free Float (%)	45.0
Dividend Yield (%)	0.2
6m average volume (lakhs)	16.1
Beta	0.9
Face value (Rs.)	10.0

Shareholding (%)	Q2FY24	Q3FY25	Q4FY25
Promoters	55.4	55.4	55.4
Fil's	25.2	22.5	21.9
MFs/Institutions	15.3	17.9	18.7
Public	2.1	2.3	2.2
Others	2.0	1.9	1.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	15.5%	8.2%	19.5%
Absolute Sensex	2.0%	0.0%	9.7%
Relative Return	13.4%	8.3%	9.8%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Net Premium	84,060	97,847	112,308
Growth (%)	4.3	16.4	14.8
New Business (%)	27.8	28.0	28.2
Net Profit	2,413	2,908	3,429
Growth (%)	27.4	20.5	17.9
EPS (Rs.)	24.1	29.0	34.2
Growth (%)	27.4	20.5	17.9
BVPS (Rs.)	167.6	170.4	175.6
EVPS (Rs.)	701.0	847.6	1,023.8
RoE	14.4	17.0	19.5
RoEV	20.2	21.3	21.3
P/E	71.9	59.7	50.6
P/EV	2.5	2.0	1.7
Solvency (%)	196.0	199.0	202.2

Non-ULIP driving growth

SBI Life Insurance Company Ltd, a leading life insurance company in India, was incorporated in October 2000. It offers individual and group insurance plans, covering life and health, and annuity, pension and variable products. It also has unit-linked plans.

- In Q4FY25, net premium income declined 5.0% YoY to Rs. 23,861cr, driven by a substantial 42.1% YoY reduction in single premium income to Rs. 4,463cr.
- In FY25, new business premium (NBP) stood at Rs. 35,580cr, with a private market share of 20.8%. Individual NBP reached Rs. 26,360cr, reflecting an increase of 11% YoY and a private market share of 25.3% driven by growing demand for individual life insurance products.
- In FY25, gross written premium came in at Rs. 84,980cr, up 4% YoY, driven by consistency in policy renewals and moderate growth in both new and existing business.
- In FY25, VoNB rose 7.2% YoY to Rs. 5,950cr, with VoNBV margin at 27.8% (vs 28.1% in FY24), driven by volume growth, though partially offset by a slight shift in the product mix towards lower-margin offerings.
- Profit after tax (PAT) slightly increased 0.3% YoY to Rs. 814cr in Q4FY25, driven by operational efficiencies.

Outlook & Valuation

In Q4FY25, SBI Life reported a decline in both net premium and total income. Despite this, the company remains strategically focused on long-term growth through strengthening its agency and bancassurance channels, improving the product mix with increased emphasis on non-ULIP and protection products, advancing digital capabilities, and expanding its presence in underserved regions. These initiatives reflect management's commitment to sustainable and profitable growth. Therefore, **we maintain our BUY rating on the stock, based on 2x FY27E EV, with a revised target price of Rs. 2,048.**

Quarterly Financials Standalone

Rs.cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Premium earned (Net)	23,861	25,116	-5.0	24,828	-3.9	84,060	80,587	4.3
Total income	24,169	37,568	-35.7	18,542	30.3	117,119	132,631	-11.7
Total expenses	22,546	35,843	-37.1	18,173	24.1	113,926	129,704	-12.2
Surplus (Post tax)	1,563	1,710	-8.6	347	350.5	2,994	2,791	7.3
PBT	841	836	0.5	572	47.1	2,495	1,942	28.5
Reported PAT	814	811	0.3	551	47.7	2,413	1,894	27.4
EPS (Rs)	8.1	8.1	0.2	5.5	47.7	24.1	18.9	27.4



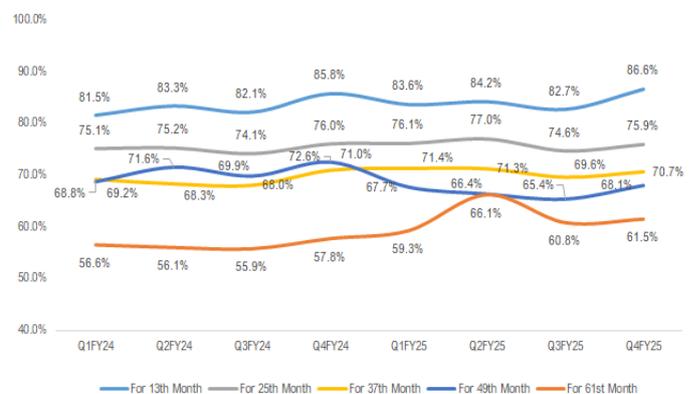
Key Highlights

- In FY25, annualised premium equivalent (APE) rose 9% YoY to Rs. 21,420cr, with individual APE up 13% YoY to Rs. 19,590cr, driven by higher demand for retail protection and savings products. The company issued 22.03 lakh policies, covering 25.5 mn lives, reflecting strong consumer confidence and rising awareness of financial protection.
- In FY25, the company introduced four non-ULIP products — Smart Platina Supreme, Smart Bachat Plus, Smart Platina Young Achiever, and Smart Future Star — collectively generating over Rs. 1,100cr in NBP from 1.5 lakh policy sales, indicating strong market acceptance.
- The company has guided for a VoNB margin of approximately 28% and has successfully maintained margins within this range for the year 2025. Barring quarterly fluctuations, it expects to sustain a stable full-year VoNB margin of 27–28%.
- The Embedded value has seen a significant 21% YoY growth, reaching Rs. 70,250cr as of March 31, 2025. Overall, the company's financial performance is strong, with a 20% growth in embedded value operating profit and a robust operating return on embedded value of 20.2%.

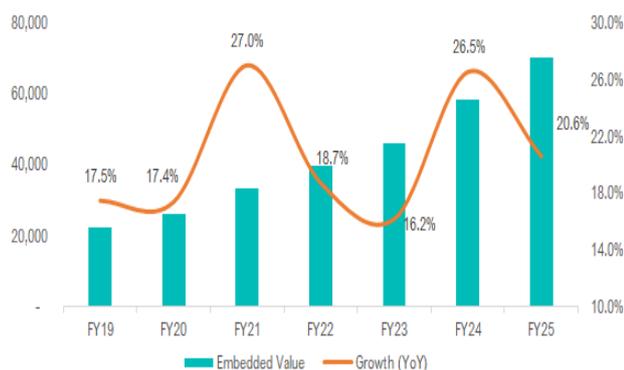
Net Premium



Persistency Ratio



Embedded value (EV)



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)
	FY26E	FY27E	FY26E	FY27E	
Premium earned (net)	105,251	-	97,847	112,308	-7.0
Profit before tax	2,578	-	2,982	3,516	15.7
Net Profit	2,514	-	2,908	3,429	15.7
EPS	25.1	-	29.0	34.2	15.6



Standalone Financials

Policyholder's Profit & Loss Account

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net Premium	66,581	80,587	84,060	97,847	112,308
% change	13.9	21.0	4.3	16.4	14.8
Income from Inv.	13,260	50,367	31,714	32,348	32,995
Transfer of funds from shareholder's account	1,707	1,628	1,346	1,400	1,456
Other income	50	50	-1	37	38
Total Income	81,598	132,631	117,119	131,594	146,758
Commission	2,936	3,105	3,418	3,290	3,669
Operating Expenses	3,409	3,982	4,491	4,606	5,019
Other Expenses	959	1,079	1,415	1,053	1,174
Operating Profit	74,294	124,466	107,794	122,646	136,896
% change	-3.7	67.5	-13.4	13.8	11.6
Benefits Paid (Net)	30,287	43,107	48,902	46,650	52,026
Change in Reserves	41,003	78,431	55,700	72,377	80,717
Tax	147	136	198	168	193
Tax Rate (%)	4.9	4.6	6.2	4.6	4.6
Surplus/Deficit	2,856	2,791	2,994	3,451	3,961
% change	51.6	-2.3	7.3	15.3	14.8

Shareholder's Profit & Loss Account

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Transfer from Technical A/c	2,707	2,598	2,740	3,244	3,723
Investment Inc.	795	1,034	1,116	1,227	1,350
Total Income	3,502	3,632	3,856	4,472	5,073
% change	28.7	3.7	6.2	16.0	13.5
Other Expenses	36	62	15	89	101
Contri to Technical A/c	1,707	1,628	1,346	1,400	1,456
Total Expenses	1,744	1,690	1,361	1,489	1,557
PBT	1,758	1,942	2,495	2,982	3,516
% change	12.7	10.4	28.5	19.5	17.9
Tax	38	48	81	74	87
Tax Rate (%)	2.2	2.5	3.3	2.5	2.5
Reported PAT	1,721	1,894	2,413	2,908	3,429
Adj*	0	0	0	0	0
Adj PAT	1,721	1,894	2,413	2,908	3,429
% change	14.2	10.1	27.4	20.5	17.9
No. of shares (cr)	100	100	100.2	100	100
Adj EPS (Rs.)	17.2	18.9	24.1	29.0	34.2
% change	14.2	10.0	27.4	20.5	17.9
DPS (Rs.)	2.5	2.7	2.7	4.4	5.1

Balance Sheet

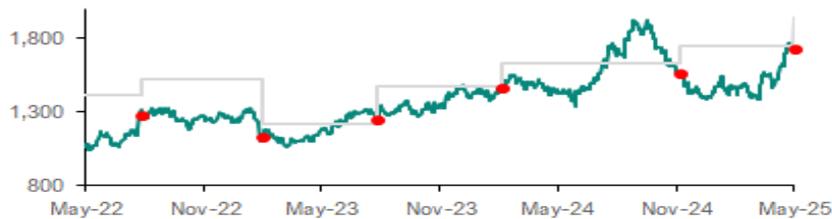
Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Source of Funds					
Share Capital	1,001	1,001	1,002	1,002	1,002
Reserves & Surplus	11,924	13,590	15,791	16,071	16,592
Fair Value Change	93	317	192	212	233
Shareholders' Fund	13,017	14,908	16,985	17,285	17,827
Policy Liabilities	130,132	155,809	179,883	209,564	244,142
Others	165,294	220,729	252,463	315,147	399,262
Policyholders' Fund	295,426	376,538	432,346	524,711	643,404
Funds for Future appropriations	1,143	1,337	1,448	1,655	1,893
Total	309,587	392,783	450,923	543,651	663,124
Application of Funds					
Shareholders'	11,209	13,036	14,604	16,357	18,320
Policyholders'	129,870	156,544	185,227	219,494	260,100
Assets held to cover linked liabilities	163,256	216,010	247,636	310,740	389,120
Loans	389	389	482	494	506
Fixed assets	522	557	590	630	673
Net Current assets	4,342	6,247	2,384	-4,064	-5,595
Total	309,587	392,783	450,923	543,651	663,124
BVPS (Rs.)	129.1	145.7	167.6	170.4	175.6
% change	13.1	12.8	15.0	1.7	3.0

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Per Share (Rs.)					
EPS	17.2	18.9	24.1	29.0	34.2
DPS	2.5	2.7	2.7	4.4	5.1
EVPS	460.0	581.7	701.0	847.6	1023.8
Earnings (%)					
RoE	13.3	13.0	14.4	17.0	19.5
RoEV	22.8	21.8	20.2	21.3	21.3
Valuation (x)					
P/E (x)	64.0	79.2	71.9	59.7	50.6
P/EV (x)	2.4	2.6	2.5	2.0	1.7
Div. Yield (%)	0.2	0.2	0.2	0.3	0.3
Exps. (% of premium)					
Commission	4.4	3.8	4.0	3.3	3.2
Operating Ex-penses	5.1	4.9	5.3	4.7	4.4
Total Expenses	10.9	10.0	11.0	9.1	8.7
Margin (%)					
New Business	30.1	28.1	27.8	28.0	28.2
Solvency (%)					
Solvency	215.0	196.0	196.0	199.0	202.2



Recommendation Summary (last 3 years)



Dates	Rating	Target
28-Jan-21	BUY	985
30-Jul-21	BUY	1,276
3-Feb-22	BUY	1,412
4-Aug-22	BUY	1,520
7-Feb-23	HOLD	1,218
3-Aug-23	BUY	1,471
13-Feb-24	BUY	1,625
14-Nov-24	BUY	1,748
19-May-25	BUY	2,048

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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