

October 27, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	1,950		1,925	
NBP-APE (Rs mn)	2,40,846	2,72,537	2,39,878	2,71,442
% Chng.	0.4	0.4		
VNB (Rs mn)	65,028	74,130	66,686	76,004
% Chng.	(2.5)	(2.5)		
EV (Rs mn)	8,25,173	9,66,717	8,26,862	9,70,485
% Chng.	(0.2)	(0.4)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
NBP (Rs mn)	355,768	412,216	469,613	532,694
APE (Rs mn)	214,100	240,846	272,537	307,042
VNB (Rs mn)	59,500	65,028	74,130	84,130
Margin (%)	27.8	27.0	27.2	27.4
Embedded Value (Rs mn)	704,583	825,173	966,717	1,131,403
EVOP (Rs mn)	117,800	130,935	147,457	168,700
RoEV (%)	20.2	18.6	17.9	17.5
P/EV (x)	2.6	2.2	1.9	1.6

Key Data

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52-W High / Low	Rs.1,924 / Rs.1,373
Sensex / Nifty	84,779 / 25,966
Market Cap	Rs.1,907.8bn/ \$ 21,620.1m
Shares Outstanding	1,446.8m
3M Avg. Daily Value	Rs.1,002.6m

Shareholding Pattern (%)

Promoter's	55.36
Foreign	21.85
Domestic Institution	18.69
Public & Others	4.10
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	5.8	12.3	17.7
Relative	0.5	4.3	10.3

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Expect growth to pick-up; margins holding well

Quick Pointers:

- 10% APE growth in Q2; expect 12.5% in FY26 led by NPAR and protection
- Q2 VNB Margin resilient; drag from GST exemption likely to be offset

2QFY26 APE grew 10% YoY led by a pick-up in the NPAR and protection portfolio. We expect FY26 APE to grow 12.5% YoY (vs. 10% for H1FY26), in-line with guidance. Q2 VNB margin stood intact at 27.9% after factoring an impact of ~80 bps from GST exemption. Despite headwinds from GST, company has guided margins to range between 26%- 28%. We build 27% for FY26 with a pick-up in share of protection/ NPAR in FY27/ FY28E. We value SBI Life using the Appraisal Value framework with a slight change in multiple to 2.4x FY27 P/EV (vs. 2.3x earlier). Maintain HOLD at a TP of Rs 1,950 as stock price captures all the positives.

- Decent Q2 growth; signs of pick-up visible:** 2Q APE grew 10% YoY to Rs 59.4 bn led by a strong pick-up in the NPAR portfolio (+40% YoY). Commentary highlighted the trend sustaining in October-25 and expects the momentum to continue in Q3/ Q4. Protection grew 18% YoY with a shift towards pure protection and strong traction for newly launched products (Smart Shield). Credit Life grew 25% YoY and the company remains optimistic for stronger growth in H2. ULIP saw a small decline in the quarter (-2% YoY) in-line with guidance. ULIP/ PAR/ NPAR/ Protection/ Annuity/ Group Savings comprised 57.9%/4.7%/19.9%/9.9%/3%/4.5% of APE in 2QFY26. The company reiterated its FY26 growth guidance- Individual APE growth of 13-14% led by a pick-up in protection and strong product pipeline. H1FY26 APE has grown 10% YoY; we expect FY26 APE to grow 12.5% YoY led by a strong growth in protection and NPAR in H2FY26. While signs of pick-up in FY26 are visible, we build a similar APE CAGR of 13% for FY26-28E factoring in slower growth in primary banca channel (SBI).
- VNB margin resilient; least impacted by GST exemption:** VNB grew 14.5% YoY to Rs 16.6 bn while VNB margin stood steady at 27.9%. Commentary indicated a gross impact of 174 bps on FY26 VNB margin due to GST exemption (~80 bps already taken for H1FY26). However, an uptick in the share of pure protection/ NPAR in the mix and attachment of riders to the ULIP portfolio is likely to offset the same. Company has guided VNB margin to range between 26%-28%; we build 27.0%/ 27.2% for FY26/ FY27E with a pick-up in pure protection/ NPAR compensating for the drag of GST.
- Banca growth steady; agency remains a focus area:** Banca/Agency/Others contributed 57%/30%/13% of 2QFY26 APE. Growth in the banca channel was decent (+9% YoY) and company expects a similar range for FY26. While agency grew 4% YoY, the company is making efforts to activate the channel by adding new agents (+27% YoY in H1FY26) and boosting productivity. It also added ~40 new branches in H1 and is seeing strong growth in non-SBI / online channel (+40% YoY).

- **Impact of Rs 3.3 bn on EV; opex elevated:** Embedded Value grew 15% YoY to Rs 760bn, factoring a negative impact of Rs 3.3bn due to GST exemption. EVOP stood at Rs 59.3bn with an Operating RoEV of 17.6%. Total Cost ratio increased to 10.9% in H1FY26 (vs. 10.6% in H1FY25) due to higher opex from new branches. Company highlighted no change in distributor commissions due to the new GST rules and has passed on the entire benefit of yield curve movement to NPAR customers. 13M/25M/37M/49M/61M persistency stood largely stable at 87.1%/77.3%/72.2%/68.9%/60.6%. AUM grew 10% YoY to Rs 4,814.6 bn and Solvency ratio at 194% remains comfortable.

Exhibit 1: Q2FY26 Result Overview

Financials (Rs mn)	2QFY26	2QFY25	1QFY26	YoY gr. (%)	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
NBP	110,811	86,920	72,676	27.5	52.5	183,487	157,253	16.7
Net premium	248,483	202,661	171,785	22.6	44.6	420,268	353,716	18.8
Investment & other income	(20,391)	197,489	215,174	(110.3)	(109.5)	194,783	390,355	(50.1)
Total income	228,092	400,150	386,959	(43.0)	(41.1)	615,051	744,071	(17.3)
Net commission	12,403	8,372	6,660	48.2	86.2	19,063	14,061	35.6
Opex	15,189	11,421	11,291	33.0	34.5	26,480	20,937	26.5
Total mgmt expenses	27,592	19,792	17,952	39.4	53.7	45,543	34,998	30.1
GST	2,677	2,764	2,611	(3.1)	2.5	5,288	5,034	5.0
Provision for taxes	186	545	453	(65.9)	(58.9)	638	1,160	(45.0)
Claims	134,821	140,102	101,184	(3.8)	33.2	236,005	238,395	(1.0)
Change in actuarial liability	60,392	230,532	258,999	(73.8)	(76.7)	319,392	450,857	(29.2)
Total cost	226,091	395,490	382,278	(42.8)	(40.9)	608,368	733,229	(17.0)
Surplus/(deficit)	2,002	4,661	4,682	(57.1)	(57.2)	6,683	10,842	(38.4)
T/f to s/hs' account	2,057	2,545	3,216	(19.2)	(36.0)	5,273	5,296	(0.4)
Investment & other income	3,223	2,826	2,929	14.1	10.1	6,152	5,475	12.4
Total income	5,281	5,371	6,144	(1.7)	(14.1)	11,425	10,771	6.1
Non-insurance expenses	146	85	76	71.8	93.9	222	169	31.2
PBT	5,132	5,469	6,110	(6.2)	(16.0)	11,241	10,824	3.9
Taxes	186	175	166	6.2	12.1	352	335	5.0
PAT	4,946	5,294	5,944	(6.6)	(16.8)	10,890	10,489	3.8
AUM (Rs bn, Reported)	4,815	4,390	4,758	9.7	1.2	4,815	4,390	9.7
APE	59,400	53,900	39,700	10.2	49.6	99,100	90,300	9.7
Value of New Business	16,600	14,500	10,900	14.5	52.3	27,500	24,200	13.6

Source: Company, PL

Exhibit 2: Actual performance v/s. our Estimates

(Rs mn)	2Q FY26	2Q FY25	YoY gr. (%)	1Q FY26	QoQ gr. (%)	2Q FY26E	% Var.
APE	59,400	53,900	10.2	39,700	49.6	52,790	12.5
VNB	16,600	14,500	14.5	10,900	52.3	14,517	14.3
VNB Margin (%)	27.9	26.9	100 bps	27.5	40 bps	27.5	40 bps

Source: Company, PL

Exhibit 3: Appraisal Value Framework

	Value (Rs mn)
FY27 VNB	74,130
VNB Multiple	15.2x
Structural Value - (A)	1,126,419
Embedded Value, F26E - (B)	825,173
Appraisal Value- (A) + (B)	1,951,592
No. of shares o/s (#)	1,001.0
Value per share (Rs)	1,950
Implied P/EV, F27E	2.4x

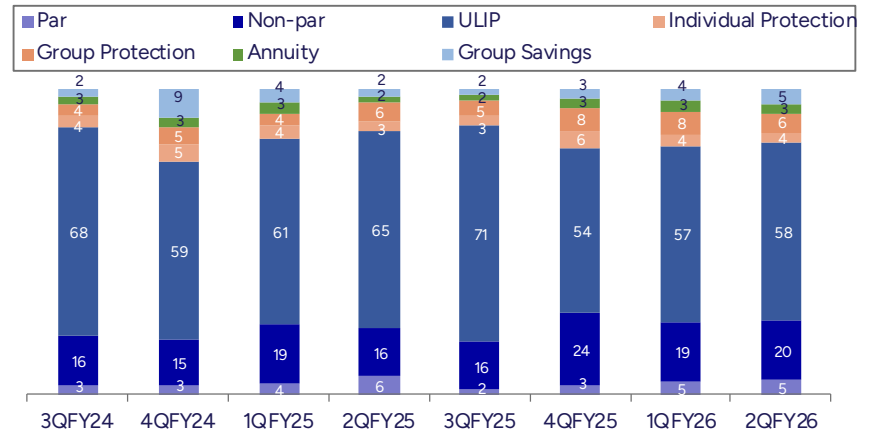
Source: PL

Q2FY26 Concall Highlights

- Company reported the highest NBP among private players, achieving a 3-year NBP CAGR of 12% compared to the industry's 4%, while the protection segment grew 33% YoY on an APE basis
- New product launches included Smart Shield+ (protection product forming 11% of protection sum assured) and Smart Money Back+ (PAR product garnering 8,500 customers within 15 days of launch)
- Non-PAR and PAR segments led growth and the company aims to maintain this focus as these segments are margin accretive. ULIP sales were steady
- The company passed GST and yield curve benefits to customers, with Non-PAR products repriced in September
- The company factored in a 0.8% adverse impact on VNB margin from the GST cut including 0.2% from policies written post-reform
- Embedded value as of H1FY26 stood at Rs760bn which includes the impact of GST disallowance of Rs3.3bn; EVOP stood at Rs59.3bn
- Management expects protection segment to benefit the most from the GST cut and aims to maintain protection business above 10% of total APE
- ULIP margins are not expected to compress in coming quarters and may improve due to new product launches with longer terms and rider attachments, with currently ~40% of new business products including riders
- GST cut impacted VNB margin by 80bps in H1. Management indicated that the GST cut could have a potential margin impact of ~174bps; however that is expected to be offset by improvement in new business mix leading to an impact of around ~100bps
- Management guided for a 13–14% growth in Ind. APE and VNB margin to be maintained around 26–28% by FY26 despite headwinds
- Company opened 44 new branches and added ~3,500 employees in H1FY26 driving higher operating expenses
- Online channel growth stood at 34% for the quarter entirely sourced from the company's own website, driven by a 55% YoY rise in protection business

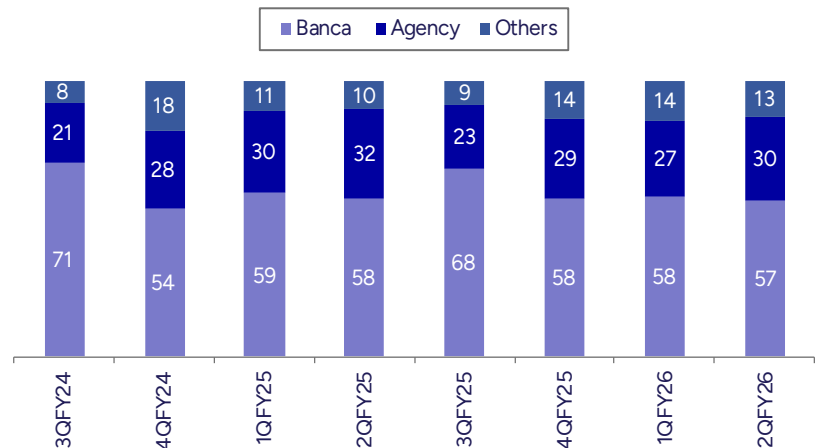
- The company has a network of 27,100+ SBI and RRB branches, 13,300+ partner branches, and 149 brokers supported by 2,68,000+ agents. In H1FY26, the company added over 64,000 agents on a gross basis
- Product mix by Total APE ULIP/ PAR/ NPAR/ Protection/ Annuity/ Group Savings stood at around 58%/ 5%/ 20%/ 10%/ 3%/ 4% while the distribution mix by Total APE for Banca/ Agency/ Others stood at 57%/ 30%/ 13% in Q2FY26

Exhibit 4: APE mix trend by product segment (%)



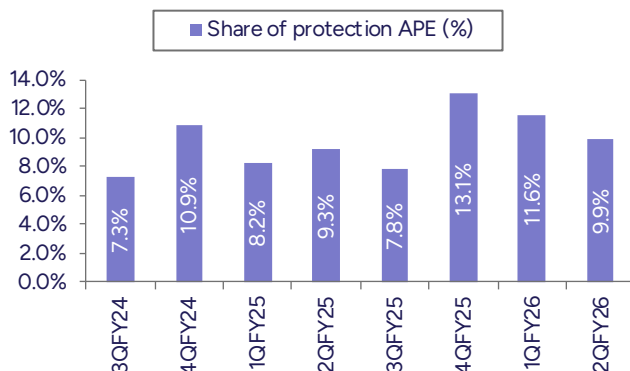
Source: Company, PL

Exhibit 5: Channel-wise APE mix (%) – Banca continues to lead



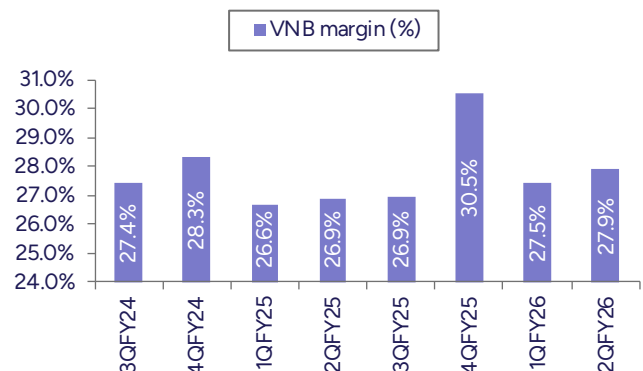
Source: Company, PL

Exhibit 6: Share of protection APE stood at 9.9% in 2QFY26



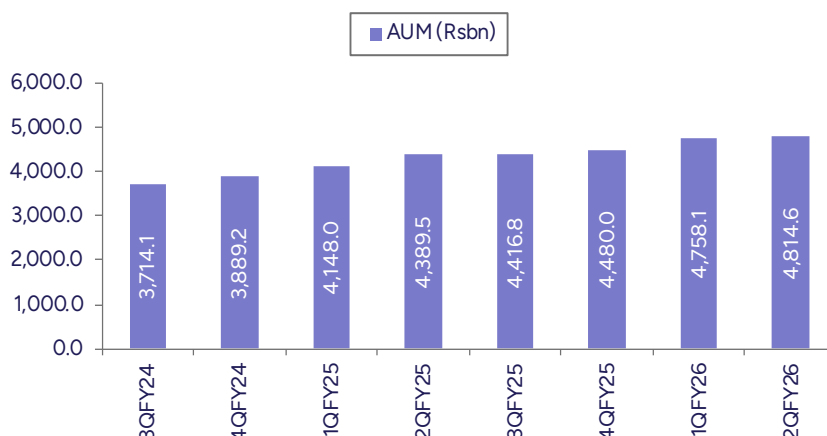
Source: Company, PL

Exhibit 7: VNB margin increased ~40bps QoQ



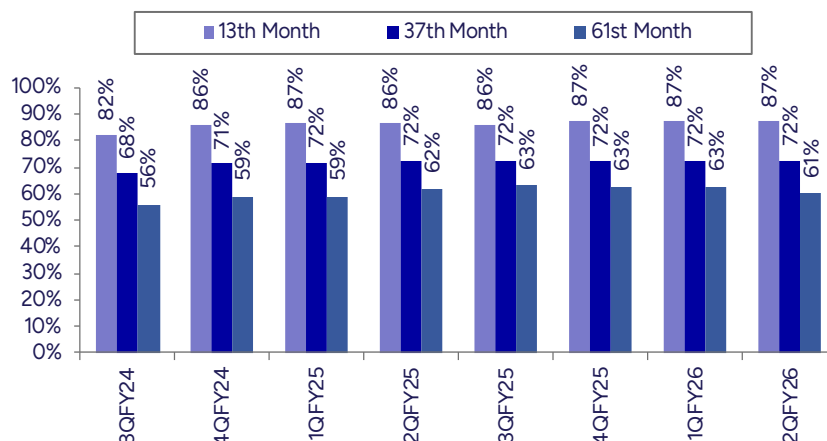
Source: Company, PL

Exhibit 8: AUM saw a growth of ~10% YoY



Source: Company, PL

Exhibit 9: Persistency Trends on regular premium (%)



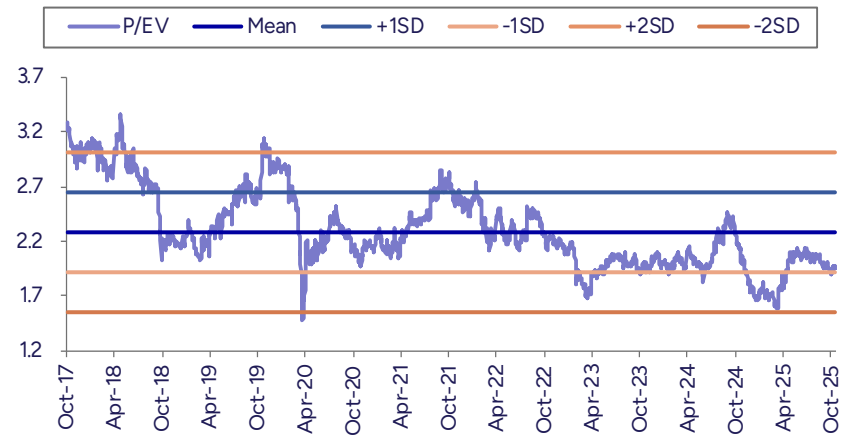
Source: Company, PL

Exhibit 10: Key Metrics

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Commission ratio (%)	4.1	4.1	4.2	3.9	5.0
Opex ratio (%)	5.6	4.7	5.2	6.6	6.1
Mgmt expense ratio (%)	9.8	8.8	9.4	10.4	11.1
Claims ratio (%)	69.1	50.5	51.7	58.9	54.3
Solvency ratio (%)	204.0	204.0	196.0	196.0	194.0
Yield on s/hs' funds					
with unrealized gains (%)	17.3	(0.1)	6.1	14.9	2.0
without unrealized gains (%)	8.0	8.8	7.0	8.2	8.0
Persistency (%)					
13th month	86.4	86.1	87.4	87.1	87.1
37th month	72.2	72.4	72.1	72.0	72.2
61st month	61.9	63.3	62.7	62.8	60.6
Conservation ratio (%)	79.4	78.6	83.7	90.3	84.2

Source: Company, PL

Exhibit 11: One- year forward P/EV of SBI Life trades at 2.0x



Source: Company, PL

Financials

Exhibit 12: Revenue Account

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
FYP (first year premium)	174,758	193,716	221,805	250,640	281,970
SP (single premium)	207,626	162,052	190,411	218,973	250,724
NBP (new business premium)	382,383	355,768	412,216	469,613	532,694
RP (renewal premium)	431,923	494,078	567,430	647,173	736,206
Gross premium	814,306	849,846	979,646	1,116,786	1,268,900
(-) Reinsurance ceded	8,435	9,248	10,660	12,153	13,808
Net premiums	805,871	840,598	968,986	1,104,633	1,255,092
Investment & other income	520,443	330,589	337,688	352,924	405,972
Total income	1,326,314	1,171,187	1,306,674	1,457,557	1,661,064
- Commission expenses	32,553	37,388	39,186	45,230	52,025
- Operating expenses	39,819	44,908	49,962	57,514	65,983
- Provision for doubtful debts and taxes	9,283	10,926	13,757	15,542	17,521
Operating surplus	1,244,659	1,077,966	1,203,769	1,339,271	1,525,535
- Benefits paid (net)	431,074	483,295	538,806	586,312	631,912
- Interim & terminal bonuses paid	0	5,723	650	650	650
- Change in reserves	784,313	557,001	626,066	708,678	845,426
Pre-tax surplus / (deficit)	29,272	31,946	38,247	43,630	47,547
Provisions for tax	1,357	1,979	2,371	2,705	2,948
Post-tax surplus / (deficit)	27,915	29,967	35,876	40,925	44,599

Source: Company, PL

Exhibit 13: P&L Account

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
T/f from technical a/c	25,977	27,397	34,082	38,879	42,369
Investment and other income	10,341	11,159	10,064	11,698	14,038
Total income	36,317	38,555	44,146	50,577	56,407
Total expenses	16,896	13,609	14,228	14,503	14,783
PBT	19,421	24,947	29,918	36,074	41,624
Provision for tax	483	814	976	1,177	1,358
PAT	18,938	24,133	28,942	34,898	40,267

Source: Company, PL

Exhibit 14: Balance Sheet

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds					
Shareholders' fund	149,086	169,854	193,937	224,922	260,674
Policy liabilities	3,765,379	4,323,465	4,696,175	5,404,854	6,250,279
Funds for future appropriations	13,366	15,914	1,794	2,046	2,230
Total	3,927,830	4,509,232	4,891,906	5,631,822	6,513,184
Application of Funds					
Shareholders' investments	130,364	146,045	163,612	196,334	235,601
Policyholders' investments	1,565,436	1,852,268	2,170,361	2,566,952	3,044,477
Asset held to cover linked liabilities	2,160,103	2,476,357	2,522,005	2,824,645	3,163,603
Net other and current assets	71,927	34,563	35,928	43,891	69,503
Total	3,927,830	4,509,232	4,891,906	5,631,822	6,513,184

Source: Company, PL

Exhibit 15: Embedded Value (EV)

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Opening EV	460,440	582,583	702,483	825,173	966,717
Unwind	38,080	48,800	58,306	68,077	79,271
VNB	55,476	59,500	65,028	74,130	84,130
Operating variance	6,954	9,500	7,600	5,250	5,300
EV Operating Profit (EVOP)	100,511	117,800	130,935	147,457	168,700
Non-operating variance	23,900	4,200	-5,000	-2,000	500
EV Profit	124,410	122,000	125,935	145,457	169,200
Net capital injection	-2,267	-2,100	-3,245	-3,913	-4,515
Closing EV	582,583	702,483	825,173	966,717	1,131,403

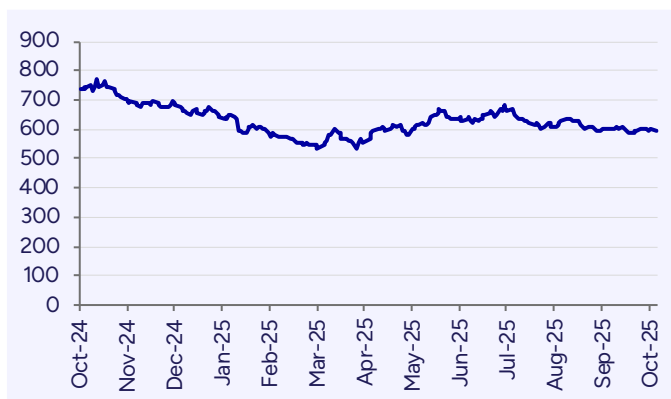
Source: Company, PL

Exhibit 16: Key Ratios

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Growth (%)					
APE	17.2	8.6	12.5	13.2	12.7
Renewal premium	14.5	14.4	14.8	14.1	13.8
Net premium	21.0	4.3	15.3	14.0	13.6
PAT	10.1	27.4	19.9	20.6	15.4
Total AUM	26.7	16.0	8.5	15.1	15.3
Total Assets	26.9	14.8	8.5	15.1	15.6
Expense analysis (%)					
Commission ratio	3.8	4.0	4.0	4.1	4.1
Opex ratio	4.9	5.3	5.1	5.2	5.2
Claims ratio	53.5	57.5	55.0	52.5	49.8
P/hs' opex / Avg P/hs' AUM	1.2	1.1	1.1	1.1	1.1
Profitability analysis (%)					
RoA	0.5	0.6	0.6	0.7	0.7
RoE	13.8	15.4	16.1	16.8	16.7
RoEV	21.8	20.2	18.6	17.9	17.5
VNB margin	28.1	27.8	27.0	27.2	27.4
S/hs' AUM yield	8.5	8.1	6.5	6.5	6.5
P/hs' AUM yield	15.1	7.9	7.5	7.0	7.0
Balance sheet analysis					
P/hs' funds / P/hs' AUM (x)	1.0	1.0	1.0	1.0	1.0
P/hs' liabilities / Net worth (x)	24.4	25.8	25.1	24.3	24.2
Per share data (Rs)					
EPS	19	24	29	35	40
BVPS	146	168	192	223	258
EVPS	582	702	824	966	1,130
Valuation data (x)					
P/E	97.3	76.3	63.7	52.8	45.8
P/BV	12.6	11.0	9.6	8.3	7.1
P/EV	3.2	2.6	2.2	1.9	1.6

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Oct-25	HOLD	1,925	1,758
2	10-Sep-25	HOLD	1,925	1,806

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	Hold	950	1,017
2	Cholamandalam Investment and Finance Company	Hold	1,550	1,632
3	HDFC Life Insurance Company	BUY	900	761
4	ICICI Prudential Life Insurance Company	BUY	710	597
5	Mahindra & Mahindra Financial Services	Hold	300	283
6	Max Financial Services	BUY	1,850	1,604
7	SBI Life Insurance Company	Hold	1,925	1,758
8	Shriram Finance	Hold	685	667
9	Sundaram Finance	Hold	4,750	4,427

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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