

CMP: ₹ 1830

Target: ₹ 2200 (20%)

Target Period: 12 months

April 23, 2026

BUY

Navigated well in challenging FY26...

About the stock: SBI Life (SBIL) is among the most dominant players in Indian life insurance industry with strong distribution network, parentage, operating metrics.

- Balanced product mix with focus on opex ratio ahead of industry
- Strong parentage led distribution remains key catalyst

Q4FY26 performance: SBI Life delivered steady FY26 performance with NBP growing 20% YoY to ₹42,550 crore, fuelled by strong growth in group savings (₹8,480 crore, +55% YoY), annuity (₹7,030 crore, +34% YoY), and par segment (₹1,670 crore, +123%). While individual savings (₹22,420 crore, +8%) and ULIPs (₹16,500 crore, +2%) showed moderate momentum, protection grew to ₹4,620 crore (+13%) with healthy individual traction (+23%). Despite a rising cost ratio of 10.6% (vs 9.7% YoY) due to GST and labour-code provisions, VNB increased 12% to ₹6,670 crore with margin at 27.5%. Overall, PAT reached ₹2,470 crore (+2%), while balance sheet metrics stayed steady with AUM at ₹4.9 lakh crore (+9% YoY) and solvency at 1.9x.

Investment Rationale

- Focus on favorable product mix and agency channel: Growth outlook remains constructive with management guiding for ~13–14% APE growth over FY27E, supported by consistent execution and more balanced product mix. The company continues to diversify beyond ULIPs, with improving traction in non-par, par and protection, which should support better growth quality as well as profitability. While banca remains the anchor channel with ~60% of APE, regulatory commentary around open architecture has created some overhang on the long-term reliability of exclusive bank-led distribution model. Amidst this backdrop, Management is repositioning the franchise through stronger agency and emerging-channel scale-up, with a gradual 3–4% shift away from banca expected over time. Non-ULIP share in agency improved to ~39% (vs ~34%), aided by stronger traction in protection and savings improving margin profile.
- Margins protected amid regulatory headwinds:** VNB margins held steady at 27.5% in FY26 (vs 27.8% in FY25), hitting the upper end of guidance despite absorbing GST-related ITC losses. While an elevated cost ratio of 10.6% (vs 9.7% YoY)—driven by regulatory changes and tech investments—weighs on the structure, management expects a better product mix and higher rider attachment to provide better margin profile. Going ahead, management keeps margin guidance at 26–28% range (internally targeting >27%) through FY27E, balancing growth with profitability, while a healthy 19–20% RoEV continues to drive steady compounding.

Rating and Target Price

- Management's focus on growth along with product mix, strengthening distribution franchise, is expected to aid margins anticipated within 26–28% range over medium-term. We value the stock at ~2x FY28E EV, thus continuing with BUY rating with revised target price of ₹ 2200 (₹2300).

Key Financial Summary

(₹ Crore)	FY24	FY25	FY26	3 year CAGR (FY23-FY26)	FY27E	FY28E	2 year CAGR (FY26-28E)
New business premium	38238.3	35580.0	42550.0	12.9%	50116.4	56293.0	16.5%
APE	19552.0	21420.0	24270.0	13.4%	28099.1	31949.0	14.3%
Total premium	80587.1	84059.8	99955.9	14.5%	114116.2	132111.4	16.3%
PAT	1893.8	2468.1	2470.3	12.8%	2741.9	3099.6	7.9%
EV	58258.8	69696.6	80790.0	20.6%	94499.2	110325.0	16.5%
P/E (x)	105.6	81.0	81.0		73.0	64.6	
P/BV (x)	13.4	11.8	10.5		9.6	8.5	
P/IEV (x)	3.4	2.9	2.5		2.1	1.8	
RoEV (%)	21.8	17.5	14.9		16.8	16.5	

Source: Company, ICICI Direct Research



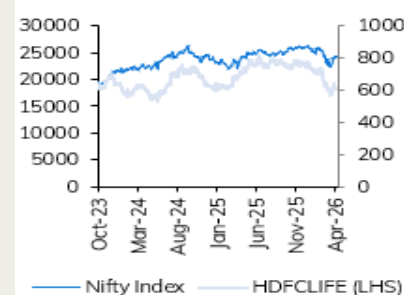
Particulars

Particulars	Amount
Market Capitalisation	1,83,051 crore
EV	80,790 crore
AUM	4,87,160 crore
52 week H/L	2,133 / 1,603
Face value	10.0

Shareholding pattern

(in %)	Jul-25	Sep-25	Dec-25	Mar-26
Promoter	55.4	55.4	55.4	55.3
FII	22.3	21.8	21.9	21.5
DII	18.2	18.7	18.7	19.1
Others	4.1	4.1	4.0	4.1

Price Chart



Key risks

- Unfavourable change in product mix and slower growth
- Adverse regulation impacting profitability or growth

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Concall highlights and outlook

Business performance and outlook

- Management reiterated medium-term growth aspiration of ~13-14%, broadly in line with historical CAGR, with focus on annual rather than quarterly volatility.
- New business premium grew 20% YoY to ₹42,550 crore, while individual rated premium rose 13% YoY to ₹21,900 crore, helping the company retain leadership with 22.9% private market share and 16.5% total market share.
- Gross written premium increased 19% YoY to ₹1,01,290 crore, aided by 19% growth in renewal premium to ₹58,730 crore, which constituted 58% of GWP.
- A total of 22.2 lakh policies were sold during FY26, covering 22.7 million lives, with individual and group new business sum assured growing 61% and 34%, respectively.
- Rider sum assured continued to scale and now accounts for 31% of individual sum assured, reflecting improving rider penetration and greater protection orientation.

Product mix and Distribution

- Product mix (APE) – ULIP : 59%, Non-PAR : 18%, PAR : 7%, Protection : 9%: Annuity : 3% and Group : 4%
- Protection remains a key pillar, with APE at ₹2,240 crore (+10% YoY) and individual protection growing 24% YoY, led by strong traction in pure protection.
- SBI and RRB bancassurance channels contributed ~60% of APE, with ₹14,120 crore individual APE (+11% YoY) and stable productivity.
- Management clarified that banca penetration remains strong, with no signs of saturation, and continues to be a key growth anchor.
- Agency channel remains a strategic focus, with APE at ₹6,860 crore (+15% YoY) supported by:
 - Addition of ~1.2 lakh agents (gross)
 - Opening of 120 branches
 - Improved productivity and training systems
- Agency mix has improved with non-ULIP share rising to 39% (vs 34%), supported by strong growth in protection and savings.
- Other channels (direct, brokers, web aggregators, non-SBI banks) grew ~22% YoY, contributing ~11% of APE, while online channel grew ~48–50% YoY.
- Management expects a gradual 3–4% shift from banca to agency/emerging channels over time, driven by higher growth in these segments.

Margins

- VNB stood at ₹6,670 crore (+12% YoY) with VNB margin at 27.5%, remaining at the upper end of the 26–28% guided range.
- Excluding GST impact, VNB margin would have been ~29%, indicating underlying margin strength.
- Management reiterated margin guidance of 26–28% (internally targeting >27%), balancing growth and profitability.
- Margin resilience driven by:
 - Improved product mix (higher protection and non-ULIP share)
 - Better profile mix and pricing discipline
 - Operating leverage
- Management clarified that channel mix changes are not expected to dilute margins, as higher scale helps absorb fixed costs.

Opex

- Opex ratio increased to 6.1% (vs 5.3%) and total cost ratio to 10.6% (vs 9.7%), driven by:
 - GST on commissions

- Labour code-related one-time impact
- Investments in agency, branches and IT
- Excluding GST and labour code, Opex would have been ~5.5%, indicating limited underlying cost pressure.
- Management indicated that most cost build-up has already played out and cost ratios are expected to remain broadly stable going forward.

Persistence

- Persistence trends remained healthy, with:
 - 13th month persistency at 87.9% (+53 bps YoY)
 - 49th month persistency at 69.1% (+107 bps YoY)
- Decline in 61st month persistency at 58.1 (vs 61.5% Q4FY25) attributed to COVID-period cohorts; management does not see it as a structural concern.
- Claims settlement ratio at 99.4% and mis-selling ratio at 0.02%, among the best in the industry.

Others

- On the discussion around bank-led open architecture, management said it has no information beyond what is already available in the public domain and noted that the current RBI draft guidelines do not explicitly mandate open architecture.
- Embedded Value at ₹80,790 crore (+15% YoY); RoEV at 19.7%, indicating strong value creation.
- Management continues to monitor Ind AS transition and risk-based capital framework, with plans to adopt from FY28 (seeking forbearance for FY27).

Exhibit 1: Variance Analysis

	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Comments
First Year Premium	5,092.7	4,858.7	4.8	7,919.3	-35.7	Modest growth due to relatively slower traction on individual saving products
Renewal Premium	16,714.0	14,680.3	13.9	17,471.7	-4.3	Steady persistency except 61st cohort which saw some moderation
Single Premium	6,132.2	4,462.6	37.4	5,058.4	21.2	Led by higher volume in annuity (32% YoY) and group savings (75.8% YoY)
Net Premium income	27,684	23,861	16.0	30,245	-8.5	Par and group seg continued to gain momentum, ULIP remained flat
Income from Investments	-23,938.7	-1,040.8	NA	15,531.0	NA	
Total revenue	3,783.8	24,169.4	-84.3	45,803.0	-91.7	
Commission	859.1	997.8	-13.9	1,610.2	-46.6	
Operating expenses	1,668.3	1,017.3	64.0	1,909.2	-12.6	GST impact, labour code-related one-time costs, and investments in branches, training, customer service and IT
Management Expenses	2,527.4	2,015.1	25.4	3,519.5	-28.2	
Benefits paid	16,254.6	12,528.3	29.7	14,468.4	12.3	
Change in Actuarial Liability	-15,348.4	7,706.0	-299.2	27,347.4	-156.1	
Total Expenses	3,463.7	22,606.6	-84.7	45,375.5	-92.4	
Surplus/ (deficit)	320.2	1,562.8	-79.5	427.5	-25.1	
Transfer to SH's A/c	2,363.6	1,947.7	21.4	269.2	778.0	
Transfer to SH's A/c	2,363.6	1,947.7	21.4	269.2	778.0	
Investment income	326.0	251.1	29.8	356.3	-8.5	
Profit/ (loss) before tax	815.8	840.6	-3.0	597.5	36.5	
PAT	804.6	813.5	-1.1	576.7	39.5	Flat YoY growth due to higher cost and regulatory headwinds

Key Metrics

NBP	11,224.9	9,321.2	20.4	12,977.8	-13.5	Focus on high margin products including protection and PAR
AUM	487,160	448,040	8.7	511,710	-4.8	Moderation led by pressure in equities and debt market

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 2: Profit and loss statement ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Premiums earned - Net	84059.8	99955.9	114116.2	132111.4
Income from Investments	31714.1	11062.1	38760.3	44162.1
Other income	-1.2	73.9	-1.4	-1.5
Contribution from the Shareholders' account	1345.9	1873.9	1610.0	1771.0
Total	117118.7	112965.9	154485.0	178042.9
Commission	3738.8	4495.7	5215.8	6043.1
Operating expenses	4490.8	6225.5	7037.7	8147.5
Benefits paid (Net)	48329.5	54323.5	68579.1	77820.1
Change in valuation of policy liabilities	55700.0	43938.2	67452.0	79128.7
Others	572.5	0.0	380.0	380.0
Provision for tax	1292.7	693.7	2025.8	2345.3
Surplus/(deficit) after tax	2994.5	3289.4	3794.6	4178.4
Transfer to Shareholders' account	2794.5	3289.4	3644.6	4028.4
(₹ Crore)	FY25	FY26	FY27E	FY28E
Amounts transferred from Policyholder	2794.5	3160.1	3644.6	4028.4
Income from investments	1100.5	1297.4	1482.4	1697.2
Total	3895	4458	5127	5726
Expenses other than insurance	15.0	0.0	19.6	19.8
Contribution to Policyholders' account	1330.6	1873.9	2254.0	2479.3
Others	15.9	0.0	0.0	0.0
Profit before Tax	2494.7	2537.4	2853.4	3226.4
Provision for tax	81.4	67.1	111.5	126.9
PAT	2468.1	2470.3	2741.9	3099.6

Source: Company, ICICI Direct Research

Exhibit 3: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Valuation				
No. of Equity Shares (Crore)	100.2	100.3	100.3	100.3
Diluted EPS (₹)	24.6	24.6	27.3	30.9
DPS (₹)	27.0	37.4	55.2	62.8
BV (₹)	169.5	190.3	208.2	235.5
EV per share	695	804	943	1100
P/E	81.0	81.0	73.0	64.6
P/BV	11.8	10.5	9.6	8.5
P/IEV	2.9	2.5	2.1	1.8
Efficiency Ratios (%)				
Commission expenses as a % of Gross Premium	4.4	4.8	4.5	4.5
Management expenses incl con	9.7	10.8	10.6	10.6
Return Ratios and capital (%)				
Return on Net worth	15.1	11.8	15.6	15.7
Operating RoEV	20.2	18.9	18.7	18.5
Solvency Ratio	200	190	190	190
Key Ratios (%)				
Conservation Ratio	81.4	78.9	85.0	85.0
VNB Margin	27.8	27.5	27.7	27.9
Surrender Ratio	5.1	5.2	5.5	5.5
Benefits paid as a % of Opening	12.8	13.0	13.6	13.6

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Sources of Funds				
Share capital	1002	1003	1003	1003
Reserve and surplus	15791	18084	19676	22418
Credit/(debit) fair value change account	193	-1	193	193
Networth	16985	19086	20871	23613
Policyholders' funds	433938	472968	568030	647158
Total Liabilities	450923	492054	591492	673863
Applications of Funds				
Shareholders' investments	14604	16710	19827	22432
Policyholders' investments	185227	210713	256950	299156
Asset held to cover linked liabilities	247636	258944	292042	329509
Loans	482	605	615	695
Fixed assets - net block	590	688	741	829
Net current assets	2384	4393	21317	21241
Total Assets	450923	492054	591492	673863

Source: Company, ICICI Direct Research

Exhibit 5: Growth ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
NBP	35576.8	43961.7	50116.4	56293.0
Growth (%)	-7.0	23.6	14.0	12.3
Linked	16447.6	18198.9	20746.7	23651.2
Growth (%)	18.7	10.6	14.0	14.0
Non Linked	25773.2	25762.9	29369.7	32641.8
Growth (%)	5.7	0.0	14.0	11.1
APE	20992.1	24648.3	28099.1	31949.0
Growth (%)	7.4	17.4	14.0	13.7
VNB	5835.8	6901.5	7895.8	8977.7
Growth (%)	5.2	18.3	14.4	13.7
EV	69696.6	82372.9	96775.4	113244.5
Growth (%)	19.6	18.2	17.5	17.0
AUM	447466.9	502152.3	568819.5	651097.6
Growth (%)	16.0	12.2	13.3	14.5
PH Funds	432862.4	469657.4	548992.1	628665.2
Growth (%)	16.2	8.5	16.9	14.5
SH Funds	14604.5	16710.1	19827.4	22432.5
Growth (%)	12.0	14.4	18.7	13.1

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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