

CMP: ₹ 1996

Target: ₹ 2300 (15%)

Target Period: 12 months

January 30, 2026

BUY

Operational levers offset regulatory headwinds...

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

Q3FY26 performance: SBI Life reported a strong operating performance, supported by healthy momentum across savings, protection and annuity segments. Total new business premium (NBP) grew 23% YoY to ₹12,970 crore, driven by sharp acceleration in individual savings NBP (19% YoY to ₹8,180 crore). Protection NBP rose 11% YoY to ₹1,200 crore, with individual protection up 40% YoY to ₹280 crore. Annuity business stood out with 46% YoY growth to ₹2,030 crore, highlighting rising demand for retirement products, while group savings NBP increased 30% YoY to ₹1,560 crore. Value of New Business (VNB) rose 22.5% YoY to ₹2,290 crore. VNB margin stood at 26.6% in Q3 (vs 26.9% Q3FY25) remaining within the guided range despite GST on commissions and labour-code related provisioning. Overall profitability and balance sheet strength remained intact, with AUM at ₹5.1 lakh crore (+16% YoY) and solvency comfortable at 1.91x.

Investment Rationale

- **Broad-based growth with improving product mix:** Growth momentum strengthened in Q3FY26, supported by broad-based traction across individual savings, protection and annuity segments. Protection segment continued to gain traction, particularly in individual pure protection (up 40% YoY), aided by GST related exemption. On the distribution front, banca channel constitutes 62% of total APE along with steady agency channel (~30,000 agents added in Q3), strengthening on-ground reach and supporting sustained business growth. Management indicated that total expense ratio is expected to remain stable going forward, although, commission ratio could see a marginal uptick with a shift in product mix.
- **Margin outlook supported by mix optimisation:** Despite regulatory headwinds, margin strength has been aided by a higher share of protection and non-ULIP products, alongside better rider penetration. While management has quantified the gross GST impact at ~150 bps for FY26 (lower than the earlier guidance of ~175 bps), it expects the net impact to be limited to ~30–40 bps, factoring in favourable mix shift and operational efficiencies. Looking ahead, management remains optimistic on business momentum in Q4FY26 and has re-iterated its guidance of ~13–14% APE growth for FY26 while maintaining VNB margins within the 26–28% range, reinforcing medium-term earnings visibility.

Rating and Target Price

- Factoring favourable product mix, strengthening distribution franchise and margins expected to remain within 26–28% range over medium-term. Rolling our estimates to FY28E, we value the company at ~2x FY28E EV, assigning BUY rating (earlier HOLD) with target price of ₹ 2300.

Key Financial Summary

(₹ Crore)	FY24	FY25	3 year CAGR (FY22-FY25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
New business premium	38238.3	41713.9	17.9%	43961.7	49379.9	55482.9	10.0%
APE	19552.0	20992.1	13.9%	24648.3	28025.4	31867.9	14.9%
Total premium	80587.1	84059.8	12.9%	97161.4	111109.6	126744.5	14.7%
PAT	1893.8	2468.1	17.9%	2540.6	2964.5	3465.3	12.0%
EV	58258.8	69696.6	20.7%	82372.9	96845.8	113371.3	17.6%
P/E (x)	105.6	81.0		78.8	67.5	57.8	
P/BV (x)	13.4	11.8		10.8	9.7	8.7	
P/IEV (x)	3.4	2.9		2.4	2.1	1.8	
RoEV (%)	21.8	17.5		17.4	17.1	16.7	

Source: Company, ICICI Direct Research



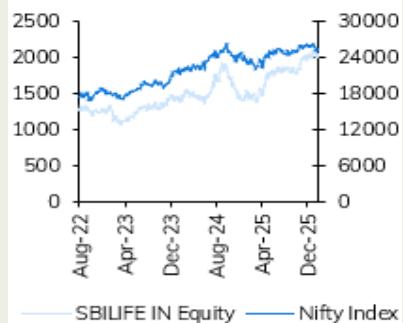
Particulars

Particulars	Amount
Market Capitalisation	1,99,932 crore
EV	80,130 crore
AUM	5,10,000 crore
52 week H/L	2,116 / 1,373
Face value	10.0

Shareholding pattern

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

Price Chart



Key risks

- Slower growth could impact momentum
- Regulatory risk on distribution payout remains an overhang

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Concall highlights and outlook

Business performance and outlook

- Management re-iterated its FY26 APE growth guidance at 13–14%, in-line with the mid-teen trajectory.
- SBI Life outperformed industry growth on IRP basis, gaining ~68 bps private market share in Q3 and ~192 bps on total rated premium basis.
- Gross Written Premium increased 20% YoY to ₹73,350 crore, driven by:
 - 21% YoY growth in renewal premium to ~₹42,020 crore (57% of GWP),
 - Strong traction in single and individual premiums.
- Channel Strategy:
 - Agency:
 - Individual APE of ₹4,880 crore, up 11% YoY.
 - Agent productivity at ~₹3 lakh, stable despite expansion.
 - ~94,000 agents added on gross basis; 66 new branches opened to support long-term agency scale-up.
 - Bancassurance:
 - Contribute 62% of APE, led by SBI and RRBs; SBI branch productivity at ₹64 lakh per branch (+15% YoY).
 - Non-SBI bank partners registered strong 24% YoY growth.
 - New digital and YONO-linked initiatives supporting protection product cross-sell.
 - Other Channels:
 - Grew 33% YoY, contributing 11% of APE.
 - Online channel APE grew ~45% YoY, supported by digital investments.
- Product Mix (NBP basis):
 - Individual saving up 19.1% YoY, driven by PAR segment. ULIP stood at ₹6,290 crore, contributing ~63% of NBP.
 - Protection at ₹1,200 crore (11% YoY); individual protection up 40%.
 - Annuity segment up 46% YoY and group savings up 30% YoY.
- Assets Under Management (AUM) crossed a key milestone of ₹5.1 lakh crore, growing 16% YoY.
- The management highlighted strong demand for PAR products in the Child and Money-back segments.

Margin and Opex

- VNB margin stood at 26.6% in Q3 (vs 26.9% Q3FY25) remaining within the guided range despite GST on commissions and labour-code related provisioning.
- Management reiterated VNB margin guidance of 26–28%, despite 80 bps GST-related impact in H1.
- Impact of GST estimated at ~175 bps for full year, however, change in product mix is expected to offset majority of impact with net hit at 30-40 bps, without any substantial change in distribution commission.
- Adjusted PAT (excluding GST + labour code impact) would have been ~₹2,150 crore, implying ~34% YoY growth.
- Rider attachment has improved in ULIP to 35-40% on policy count basis. Going ahead, strategy to improve protection rider is to be continue. Credit-life attachment stands at ~52%.
- Management noted that VoNB margin excluding GST impact would be ~28.3%.
- Opex ratio increased to 6.2% (vs 5.3% YoY),
- Total cost ratio rose to 11.2% (vs 10.2% YoY), reflecting:
 - GST on commissions,

- Labour law impact,
- Higher investment in distribution and growth infrastructure.
- New labour code provisioning impact quantified at ~₹135 crore

Exhibit 1: Variance Analysis

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments
First Year Premium	7,919.3	6,450.8	22.8	5,289.5	49.7	Driven by higher individual savings volumes and traction in newly launched par product
Renewal Premium	17,471.7	14,467.6	20.8	14,002.8	24.8	
Single Premium	5,058.4	4,079.4	24.0	5,791.6	-12.7	Led by higher annuity and group savings sales
Net Premium income	30,245	24,828	21.8	24,848	21.7	Par and protection continued to gain momentum, ULIP remained flat
Income from Investments	15,531.0	-6,281.6		NA	-2,055.3	NA
Total revenue	45,803.0	18,542.2		147.0	22,809.2	100.8
Commission	1,610.2	1,014.3	58.7	1,240.3	29.8	
Operating expenses	1,909.2	1,402.8	36.1	1,518.9	25.7	Driven by business scale-up, distribution expansion
Management Expenses	3,519.5	2,417.2	45.6	2,759.2	27.6	Includes ~135 crore labour code provisioning
Benefits paid	14,468.4	12,534.1	15.4	13,482.1	7.3	
Change in Actuarial Liability	27,347.4	2,908.4	840.3	6,039.2	352.8	
Total Expenses	45,375.5	18,195.0	149.4	22,608.9	100.7	
Surplus/ (deficit)	427.5	347.2	23.1	200.4	113.4	
Transfer to SH's A/c	269.2	262.3	2.6	205.7	30.9	
Transfer to SH's A/c	269.2	262.3	2.6	205.7	30.9	
Investment income	356.3	316.1	12.7	322.3	10.5	
Profit/ (loss) before tax	597.5	570.8	4.7	513.2	16.4	
PAT	576.7	550.0	4.9	494.6	16.6	Healthy profitability despite elevated commission cost and labour code impact
Key Metrics						
NBP	12,977.8	10,530.2	23.2	11,081.1	17.1	Focus on high margin products including protection and PAR
AUM	511,710	441,680	15.9	481,500	6.3	Healthy growth of 16% YoY

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 2: Profit and loss statement

(₹ Crore)	FY25	FY26E	FY27E	₹ crore FY28E
Premiums earned - Net	84059.8	97161.4	111109.6	126744.5
Income from Investments	31714.1	41286.5	47056.1	54369.6
Other income	-1.2	-1.3	-1.4	-1.5
Contribution from the Shareholders' account	1345.9	1463.6	1610.0	1771.0
Total	117118.7	139910.2	159774.3	182883.5
Commission	3738.8	4696.2	5388.4	6170.3
Operating expenses	4490.8	5893.8	6627.6	7432.1
Benefits paid (Net)	48329.5	56205.0	64824.8	74833.6
Change in valuation of policy liabilities	55700.0	68231.2	77287.7	88078.0
Others	572.5	380.0	380.0	380.0
Provision for tax	1292.7	1696.6	1907.8	2139.4
Surplus/(deficit) after tax	2994.5	2807.3	3358.0	3850.2
Transfer to Shareholders' account	2794.5	2802.3	3208.0	3700.2
(₹ Crore)	FY25	FY26E	FY27E	FY28E
Amounts transferred from Policyholders	2794.5	2802.3	3208.0	3700.2
Income from investments	1100.5	1297.0	1482.4	1670.4
Total	3895	4099	4690	5371
Expenses other than insurance	15.0	19.4	19.6	19.8
Contribution to Policyholders' account	1330.6	1463.6	1610.0	1771.0
Others	15.9	15.9	15.9	15.9
Profit before Tax	2549.5	2616.2	3060.8	3579.8
Provision for tax	81.4	75.6	96.3	114.4
PAT	2468.1	2540.6	2964.5	3465.3

Source: Company, ICICI Direct Research

Exhibit 3: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
Valuation				
No. of Equity Shares (Crore)	100.2	100.3	100.3	100.3
Diluted EPS (₹)	24.6	25.3	29.6	34.6
DPS (₹)	27.0	37.4	47.6	56.6
BV (₹)	169.5	184.1	204.9	229.5
EV per share	695	822	966	1131
P/E	81.0	78.8	67.5	57.8
P/BV	11.8	10.8	9.7	8.7
P/IEV	2.9	2.4	2.1	1.8
Efficiency Ratios (%)				
Commission expenses as a % of Gross Premium	4.4	4.8	4.8	4.8
Management expenses incl con	9.7	10.8	10.7	10.6
Return Ratios and capital (%)				
Return on Net worth	15.1	11.8	13.6	14.5
Operating RoEV	20.2	19.8	20.2	20.6
Solvency Ratio	200	200	200	200
Key Ratios (%)				
Conservation Ratio	81.4	78.9	82.0	82.0
VNB Margin	27.8	27.2	27.4	27.6
Surrender Ratio	5.1	5.2	5.2	5.2
Benefits paid as a % of Openin	12.8	13.0	12.9	12.9

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet

(₹ Crore)	FY25	FY26E	FY27E	₹ crore FY28E
Sources of Funds				
Share capital	1002	1003	1003	1003
Reserve and surplus	15791	17265	19345	21819
Credit/[debit] fair value change account	193	193	193	193
Networth	16985	18460	20541	23014
Policyholders' funds	432346	500578	577865	665943
Total Liabilities	450923	521129	600998	692049
Applications of Funds				
Shareholders' investments	14604	17537	19514	21863
Policyholders' investments	185227	221085	261021	305030
Asset held to cover linked liabilities	247636	263530	300054	342109
Loans	482	544	615	695
Fixed assets - net block	590	661	741	829
Net current assets	2384	17771	19053	21523
Total Assets	450923	521129	600998	692049

Source: Company, ICICI Direct Research

Exhibit 5: Growth ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
NBP	35576.8	43961.7	49379.9	55482.9
Growth (%)	-7.0	23.6	12.3	12.4
Linked	16447.6	18198.9	20746.7	23651.2
Growth (%)	18.7	10.6	14.0	14.0
Non Linked	25773.2	25762.9	28633.2	31831.6
Growth (%)	5.7	0.0	11.1	11.2
APE	20992.1	24648.3	28025.4	31867.9
Growth (%)	7.4	17.4	13.7	13.7
VNB	5835.8	6901.5	7875.1	8954.9
Growth (%)	5.2	18.3	14.1	13.7
EV	69696.6	82372.9	96845.8	113371.3
Growth (%)	19.6	18.2	17.6	17.1
AUM	447466.9	502152.3	580588.7	669001.7
Growth (%)	16.0	12.2	15.6	15.2
PH Funds	432862.4	484615.2	561075.1	647138.2
Growth (%)	16.2	12.0	15.8	15.3
SH Funds	14604.5	17537.1	19513.6	21863.4
Growth (%)	12.0	20.1	11.3	12.0

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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