



Margins Surprise Positively; GST Impact Manageable!

Est. Vs. Actual for Q2FY26: NBP – **BEAT**; APE – **BEAT**; VNB/VNB Margins (%) – **BEAT**
Changes in Estimates post Q2FY26

FY26E/FY27E/FY28E (in %): NBP 0.0/-0.2/-0.5; APE 0.0/-0.4/-0.8; VNB +0.2/-0.4/-0.8

Recommendation Rationale

- **GST Impact to be Offset By Favourable Product Mix Shift:** In Q2, SBILIFE's VNB growth (+14.5% YoY) outpaced APE growth (+10% YoY), **driving VNB margins (calc.) higher at 27.9% vs 26.9%/27.5% YoY/QoQ**. During the quarter, the impact of the GST rate cut was **80bps**, of which **20bps** was attributable to business booked post-GST rationalisation (after 22nd Sep'25) due to Input Tax Credit (ITC) disallowance. Excluding the GST impact, H1 VNB margins would have been strong at **28.5%**. The management indicated that the annual impact of the GST rate cut and ITC disallowance is likely to be **~174 bps**. They also stated that the GST rate cut should improve the affordability and penetration of life insurance. The company does not anticipate any adverse impact of the GST rate cut on ULIP business or margins, which are expected to remain resilient. In fact, ULIP margins could improve, driven by longer-tenure products and rider attachments. **Thus, operational efficiencies, higher rider attachment, and a continued focus on improving product mix and margin profile should help SBILIFE maintain VNB margins in H2 at similar levels. The downside risk to margins is limited to 20–30 bps. The management reiterated its guidance to maintain VNB margins between 26–28% in FY26E.**
- **Protection Business Growth to Remain Healthy:** The management highlighted that the **protection business benefits most from GST rate cuts and expects robust growth in this segment**. Protection business remains a key focus area, and SBILIFE has introduced new products through both the bancassurance and agency channels. Going forward, the company **expects the share of the protection business to increase to over 10%**, which should be margin-accretive.

Sector Outlook: Positive

Company Guidance and Outlook: The management has reiterated guidance for individual APE growth of around **13–14% for FY26**. VNB margins are expected to remain range-bound between **26–28%**, with a positive bias supported by a product mix shift toward non-par and protection products, offsetting the impact of GST input tax credit disallowance. The company remains focused on expanding its agency channel and digital sourcing to drive sustainable growth. Management guided for mid-teen growth in both the banca and agency channels in H2. SBILIFE's ULIP share in the non-SBI channel remains relatively low (<25%), and management expects ~15% growth in H2, in line with H1 performance. **We expect SBILIFE to deliver a healthy 15%/13%/12% CAGR in NBP/APE/VNB over FY26–28E.**

Current Valuation: 2.25x FY27E EV Earlier Valuation: 2.25x FY27E EV

Current TP: Rs 2,160/share. Earlier TP: Rs 2,150/share

Recommendation: We maintain our **BUY** recommendation on the stock

Financial Performance

- SBILIFE's NBP grew by 27/52% YoY/QoQ. Gross Premium (GWP) stood at Rs 250.8 Bn, ahead of our expectations, registering a 23/41% YoY growth. GWP growth was driven by 8/19/53% YoY growth in the First year/Renewal/Single premium, respectively. Commission ratio stood at 4.9% vs 3.7% in Q1FY25. Total opex ratio was steady at 11% vs 10.2% QoQ.
- In Q2FY26, APE stood at Rs 59.5 Bn and grew by 10/50% YoY/QoQ. VNB stood at Rs 16.6 Bn during the quarter, with VNB Margin (calc.) at 27.9% vs 27.5% QoQ. EV stood at Rs 760 Bn (+15/2% YoY/QoQ). 13th-month persistency for H1FY26 stood at 87.1% vs 86.4% YoY, due to the company's focus on improving the quality of business and customer retention. 61st month persistency stood at 60.6% vs 61.9% YoY.
- In H1FY26, APE channel mix for bancassurance channel was 57%, agency channel at 29% & other channels at 14%. The agency channel grew by 2% YoY, while the banca channel grew by 8% YoY. In Q2FY26, SBILIFE saw growth along with strategic product mix shifts and strong performance in Individual and group protection segments.

Valuation & Recommendation:

We value SBILIFE at 2.25x FY27E EV vs its current valuations of 1.9x FY27E EV, to arrive at a target price of Rs 2,160/share. This implies an upside of 17% from the CMP. **We recommend a BUY on the stock.**

Key Financials

(Rs Bn)	Q2FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Gross Premium Earned	250.8	+40.8	+22.9	239.6	+4.7
New Business Premium	110.8	+52.5	+27.5	107.7	+2.9
VNB	16.6	+52.3	+14.5	15.5	+7.2
VNB Margin (%)	27.8	+40 bps	+100 bps	27.3	+60 bps
APE	58.7	+49.9	+10.4	56.7	4.9

Source: Company, Axis Securities Research

(CMP as of 24th October, 2025)

CMP (Rs)	1,841
Upside /Downside (%)	17%
High/Low (Rs)	1,912/1,373
Market cap (Cr)	1,84,523
Avg. daily vol. (6m) Shrs.	11,08,462
No. of shares (Cr)	100.2

Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	55.4	55.4	55.4
FII's	21.9	22.3	21.8
MFs / UTI	15.0	14.6	15.0
Others	7.7	7.7	7.8

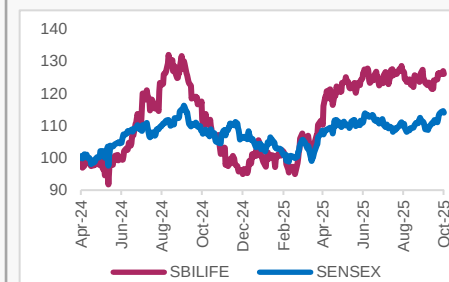
Financial & Valuations

Y/E Mar (Rs Bn)	FY26E	FY27E	FY28E
NBP	406.2	465.7	533.9
APE	236.2	267.1	302.2
VNB	65.9	73.7	82.8
VNB Margin (%)	27.9	27.6	27.4
PAT	30.9	35.5	40.2
EV	823.9	961.3	1,118.0
P/EV (x)	2.2	1.9	1.6
RoEV (%)	18.3	17.2	16.8

Change in Estimates (%)

Y/E Mar	FY26E	FY27E	FY28E
NBP	0.0	-0.2	-0.5
APE	0.0	-0.4	-0.8
VNB	+0.2	-0.4	-0.8

Relative Performance



Source: Ace Equity, Axis Securities Research

Results Gallery

[Q1FY26](#)

[Q4FY25](#)

[Q3FY25](#)

[Q2FY25](#)

Dnyanada Vaidya

Research Analyst

Email: dnyanada.vaidya@axissecurities.in

Abhishek Pandya

Research Associate

Email: abhishek.pandya@axissecurities.in

Key Risks to Our Estimates and TP

- Slowdown in APE growth or an unfavourable change in the product mix could impact VNB margins and resultantly our estimates

Change in Estimates

(Rs Bn)

	Revised Estimates			Old Estimates			% Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
NBP	406.2	465.7	533.9	406.2	466.8	536.5	0.0	-0.2	-0.5
APE	236.2	267.1	302.2	236.2	268.3	304.8	0.0	-0.4	-0.8
VNB	65.9	73.7	82.8	65.8	74.1	83.5	0.2	-0.4	-0.8
VNB Margin (%)	27.9	27.6	27.4	27.8	27.6	27.4	0.2	0.0	0.0

Source: Axis Securities Research

Results Review
(Rs Bn)

Financials	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
NBP	110.8	86.9	27.5	72.7	52.5
Net premium	248.5	202.7	22.6	171.8	44.6
Investment & other income	-20.6	197.5	(110.4)	215.3	(109.5)
Total income	227.9	400.2	(43.0)	387.0	(41.1)
Net commission	12.4	8.4	48.2	6.7	86.2
Opex	15.2	11.4	33.0	11.3	34.5
Total mgmt expenses	27.6	19.8	39.4	18.0	53.7
GST	2.7	2.8	(3.1)	2.6	2.5
Provision for taxes	0.2	0.5	(65.9)	0.5	(58.9)
Claims	134.8	140.1	(3.8)	101.2	33.2
Change in actuarial liability	60.4	230.5	(73.8)	259.0	(76.7)
Total cost	225.9	394.9	(42.8)	381.8	(40.8)
Surplus/(deficit)	2.0	5.2	(61.4)	5.2	(61.1)
	2.1	2.5	(19.2)	3.2	(36.0)
T/f to s/hs' account	3.2	2.8	14.1	2.9	10.1
Investment & other income	5.3	5.4	(1.7)	6.1	(14.1)
Total income	0.1	0.1	71.8	0.1	93.9
Non-insurance expenses	0.0	0.0	N.A	0.0	N.A
PBT	5.1	5.5	(6.2)	6.1	(16.0)
Taxes	0.2	0.2	6.2	0.2	12.1
PAT	4.9	5.3	(6.6)	5.9	(16.8)
	4,807	4,369	10.0	4,751	1.2
AUM	110.8	86.9	27.5	72.7	52.5

Source: Company, Axis Securities Research

Key metrics	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Commission ratio (%)	3.9	4.6	-68bps	4.2	-30bps
Opex ratio (%)	6.3	6.1	23bps	5.2	118bps
Total expense ratio (%)	10.2	10.7	-46bps	9.3	87bps
Claims ratio (%)	54.3	69.1	-1487bps	58.9	-464bps
Persistency (%)	H1FY26	H1FY25		Q1FY26	
13th month	87.1	86.4	70bps	87.1	-2bps
37th month	72.2	72.2	0bps	72.0	24bps
61st month	60.6	61.9	-130bps	62.8	-220bps
Conservation ratio (%)	84.2	79.4	473bps	90.3	-609bps

Financials

Revenue Account

(Rs Bn)

Y/E March	FY25	FY26E	FY27E	FY28E
Gross premium	849.8	969.5	1,105.5	1,259.1
(-) Reinsurance ceded	9.2	10.5	12.0	13.7
Net premiums	840.6	958.9	1,093.5	1,245.4
Income from investments and other income	330.6	365.0	395.8	441.3
Total income	1,171.2	1,324.0	1,489.3	1,686.8
- Commission expenses	34.2	38.6	43.6	49.0
- Operating expenses	44.9	52.6	60.0	67.7
- Provision for doubtful debts and taxes	10.9	13.4	14.7	16.9
Operating surplus	1,077.9	1,219.3	1,370.9	1,553.2
- Benefits paid (net)	483.3	501.7	563.1	630.0
- Interim & terminal bonuses paid	5.7	5.6	5.8	6.0
- Change in reserves	557.0	673.7	760.0	872.3
Pre-tax surplus / (deficit)	31.9	38.4	42.1	44.9
Provisions for tax	2.0	3.3	3.8	3.8
Post-tax surplus / (deficit)	29.9	35.1	38.3	41.0

Source: Company, Axis Securities Research

Profit & Loss Account

(Rs Bn)

Y/E March	FY25	FY26E	FY27E	FY28E
Transfer from technical a/c	27.4	32.1	35.2	37.8
Investment and other income	11.2	0.0	0.0	0.0
Total income	38.6	44.9	49.1	53.3
Total expenses	13.6	12.9	12.3	11.7
PBT	24.9	32.0	36.8	41.6
Provision for tax	0.8	1.1	1.3	1.5
PAT	24.1	30.9	35.5	40.2

Source: Company, Axis Securities Research

Balance Sheet

(Rs Bn)

Y/E March	FY25	FY26E	FY27E	FY28E
Source of Funds				
Shareholders' fund	170	201	236	276
Policy liabilities	4,323	5,009	5,761	6,590
Funds for future appropriations	16	19	22	25
Total	4,509	5,228	6,019	6,892
Application of Funds				
Shareholders' investments	146	168	188	211
Policyholders' investments	1,852	2,186	2,547	2,930
Asset held to cover linked liabilities	2,476	2,849	3,249	3,672
Net other and current assets	35	25	35	79
Total	4,509	5,228	6,019	6,892

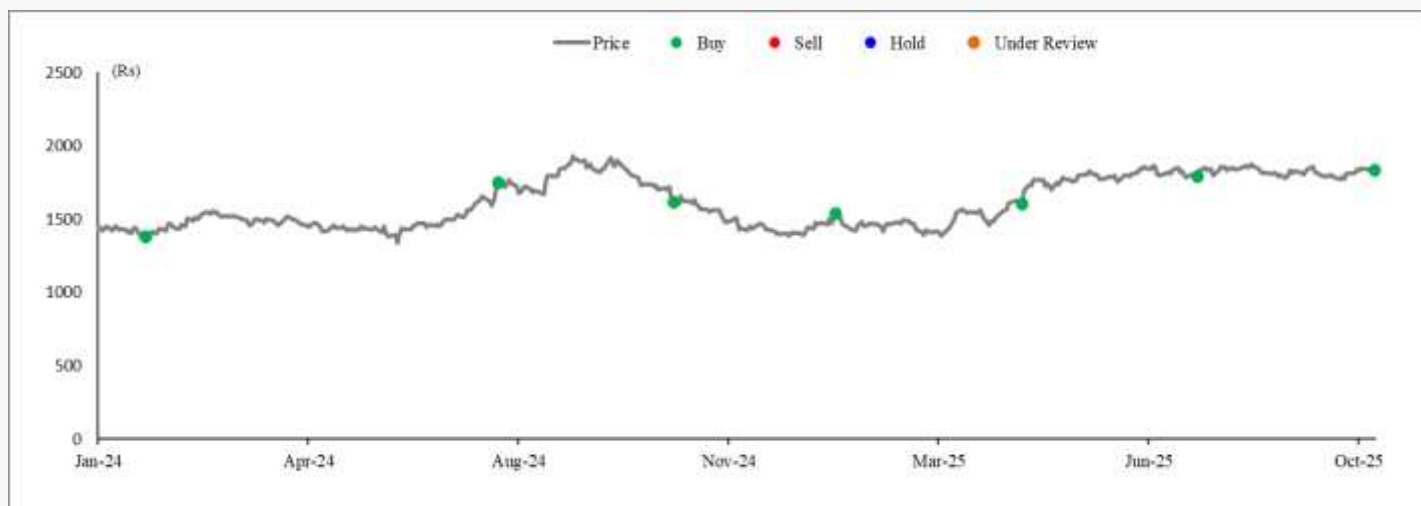
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY25	FY26E	FY27E	FY28E
Growth (%)				
New business premium	-7.0	14.2	14.7	14.7
Renewal premium	14.4	14.0	13.6	13.3
Net premium	4.3	14.1	14.0	13.9
PAT	27.4	28.0	15.0	13.1
Total AUM	16.0	16.3	15.0	13.9
Total Assets	14.8	15.9	15.1	14.5
Expense analysis (%)				
Commission ratio	4.0	4.0	3.9	3.9
Opex ratio	5.3	5.4	5.4	5.4
Claims ratio	57.5	52.3	51.5	50.6
P/hs' opex / Avg P/hs' AUM	1.9	2.0	2.0	2.0
Profitability analysis (%)				
RoA	0.6	0.6	0.6	0.6
RoE	15.1	16.7	16.3	15.7
RoEV	20.2	18.3	17.2	16.8
VNB margin	28.3	27.9	27.6	27.4
Per share data (Rs)				
EPS	24.1	30.8	35.5	40.1
BVPS	167.7	198.5	234.0	274.1
EVPS	701.5	822.7	959.9	1116.3
Valuation data (x)				
P/E	76.4	59.6	51.9	45.9
P/BV	10.9	9.2	7.8	6.7
P/EV	2.6	2.2	1.9	1.6

Source: Company, Axis Securities Research

SBI Life Insurance Price Chart and Recommendation History



Date	Reco	TP	Research
29-Jan-24	BUY	1,630	Result Update
29-Jul-24	BUY	1,955	Result Update
28-Oct-24	BUY	2,050	Result Update
20-Jan-25	BUY	1,850	Result Update
25-Apr-25	BUY	1,900	Result Update
28-Jul-25	BUY	2,150	Result Update
27-Oct-25	BUY	2,160	Result Update

Source: Axis Securities Research

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Compliance Officer Details: Name – Mr Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Arium Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

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