

SBI Life Insurance (SBILIFE) - BUY

Result Update

Current Market Price (CMP) Rs.1,840	Fair Value (FV) Rs.2,300
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Rationale:

- An improving product mix, tailwinds on protection and accelerating Annualized Premium Equivalent (APE) growth, on a low-cost structure, make SBI Life best-placed to absorb input tax credit (ITC) loss.
- The Q2FY26 VNB was a strong beat; we expect the momentum in protection (term/riders) and savings business to continue.
- We raise FV to Rs2,300 (Rs2,250 earlier); retain BUY—the stock remains our top pick in life insurance.

Q2FY26 Earnings Update:

👍 Positives:

- SBI Life reported 19% yoy APE growth in September, translating to 10% APE growth for the quarter.
- Management remain confident of around 13-14% APE growth for the year.
- SBI Life reported 28% Value of new business (VNB) margin in Q2FY26, about 120 bps ahead of estimates.
- VNB growth stood at 15%, 11% ahead of estimates.

👎 Negatives:

- Co. called out about a 175 bps impact on normalized margins due to input tax credit (ITC) loss on account of GST exemption.
- Return on Embedded Value (RoEV) dipped to 16.4% in 1HFY26 from 20.6% in FY25.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	Not Rated. Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	Not Available or Not Applicable. The information is not available for display or is not applicable
NM	–	Not Meaningful. The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan Head of Research shrikant.chouhan@kotak.com +91 22 6218 5408	Arun Agarwal Auto/Auto Ancillary, Building Material Cement, Consumer Durable arun.agarwal@kotak.com +91 22 6218 6443	Amit Agarwal, CFA Transportation, Paints, FMCG agarwal.amit@kotak.com +91 22 6218 6439
Rini Mehta Research Associate rini.mehta@kotak.com +91 22 6218 6433	Sumit Pokharna Oil and Gas, Information Tech sumit.pokharna@kotak.com +91 22 6218 6438	K. Kathirvelu Support Executive k.kathirvelu@kotak.com +91 22 6218 6427
Pankaj Kumar Construction, Capital Goods & Midcaps pankajr.kumar@kotak.com +91 22 6218 6434	Amarjeet Maurya Internet Software & Services amarjeet.maurya@kotak.com +91 22 6218 6427	Veer Trivedi BFSI veer.trivedi@kotak.com +91 22 6218 6432

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan shrikant.chouhan@kotak.com +91 22 6218 5408	Amol Athawale amol.athawale@kotak.com +91 20 6620 3350	Sayed Haider sayed.haider@kotak.com +91 22 62185458
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DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal sahaj.agrawal@kotak.com +91 79 66041701	Prashanth Lalu prashanth.lalu@kotak.com +91 80 61563691	Prasenjit Biswas, CMT, CFTe prasenjit.biswas@kotak.com +91 33 6638 8331	Karan Kulkarni karan.kulkarni@kotak.com +91 20 66203350
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