



SBI Life is India's leading private life insurer, in terms of New Business Premium generated in each fiscal year, since Fiscal 2010. They have also increased their market share of New Business Premium generated among private life insurers in India, from 15.87% in Fiscal 2015 to 20.04% in Fiscal 2017 (Source: CRISIL Report). Between Fiscal 2015 and Fiscal 2017, their New Business Premium generated increased at a CAGR of 35.45%, which is the highest among the top five private life insurers (in terms of total premium in Fiscal 2017) in India.

In Fiscal 2017, They have enjoyed a market share of Individual Rated Premium of 20.69% among private life insurers in India and 11.16% of the entire life insurance industry in India (Source: CRISIL Report). Between Fiscal 2015 and Fiscal 2017, Individual Rated Premium increased at a CAGR of 37.90 %, the highest among the top five private life insurers (in terms of total premium in Fiscal 2017) in India (Source: CRISIL Report). They have also issued the highest number of individual life policies annually among the top five private life insurers (in terms of total premium in Fiscal 2017) in India since Fiscal 2014

SBI Life was established as a joint venture between the State Bank and BNPPC in 2001. As of March 31, 2017, State Bank was India's largest commercial bank in terms of deposits, advances and number of branches. Following its recent merger with certain of its associate banks and a non-affiliate bank, with effect from April 1, 2017, State Bank had 24,017 branches and 195 international offices in 36 countries and more than 420 million customers. BNPPC, an insurance subsidiary of BNP Paribas, with operations across 36 jurisdictions internationally, is among the leading credit life insurance businesses globally. BNP Paribas was a top 10 global financial institution in terms of revenues in 2016 (Source: Fortune Global 500). They believe their relationship with State Bank and BNPPC has enabled us to enhance our brand, access specialist industry expertise, grow our business and consolidate our market position

As of June 30, 2017, they had a comprehensive product portfolio of 37 individual and group products, including a range of protection and savings products to address the insurance needs of diverse customer segments. The individual products include participating products, non-participating protection products, other non-participating products and unit-linked products.

Brand, business reputation and customer satisfaction are critical factors in developing new business and maintaining the leadership position. They were recognized as among the Most Trusted Brands by The Economic Times Brand Equity - Nielsen survey in Fiscal 2017 for the sixth consecutive year. They were awarded Life Insurance Company of the Year and Bancassurance Leader Life Insurance (Large Category) at the Indian Insurance Awards 2016 organised by Fintelekt, the Economic Times Best Corporate Brand, 2016 and the LIMRA and LOMA Social Media Silver Bowl Awards, 2016 at the Social Business Conference for Financial Services in Boston, Massachusetts. According to the Kantar - IMRB survey 2017, in a survey conducted across more than 15 cities in India, they were jointly top-ranked for customer loyalty in the life Insurance category.

In Fiscal 2017, SBI Life had 13th month and 61st month Persistency Ratios of 81.07% and 67.18%, respectively, with 61st month Persistency Ratio being the highest among the top five private life insurers (in terms of total premium in Fiscal 2017) in India (*Source: CRISIL Report*). In Fiscal 2017, Mis-Selling Ratio of 0.20% was the lowest among the top five private life insurers (in terms of total premium in Fiscal 2017) in India (*Source: CRISIL Report*). Grievance Disposal Rate was 99.96% in Fiscal 2017. Death Claims Settlement Ratio improved from 92.33% in Fiscal 2015 to 97.98% in Fiscal 2017.

They have consistently maintained their Solvency Ratio at over 2.00 in each of the last five fiscal years, and at 2.04 as of March 31, 2017, compared to the IRDAI mandated minimum Solvency Ratio of at least 1.50.

| | |
|--------------------------------------|---|
| Price Band | Rs. 685-700 per Equity Share |
| Issues Open | Wednesday, Sep 20, 2017 |
| Issue Close | Friday, Sep 22, 2017 |
| Issue Type | 100% Book Built Issue IPO |
| Bid Lot | 21 Equity share and multiple thereafter |
| Maximum Bid amount for Retail | Rs, 2 Lacs |
| Minimum Order Quantity | 21 Shares |
| Total Issue size | 8400 Cr (120,000,000 Equity shares of Rs. 10) |
| Fresh Issue | Nil |
| Reservation of State Bank | up to 12,000,000 Equity Shares |
| Shareholders | |
| QIB* | 50% of the Net offer or 53,000,000 Equity Shares |
| NIB* | 15% of the Net offer or 15,900,000 Equity Shares |
| Retail Portion | 35% of the Net offer or 37,100,000 Equity Shares |
| Mode of Payment | ASBA Mandatory (No cheque will be accepted) |
| Book Running Lead Managers | JM Financial Institutional Securities Limited, Axis Capital Limited, BNP Paribas, Citigroup Global Markets India Private Limited, Deutsche Equities India Private Limited, ICICI Securities Limited, kotak Mahindra Capital Company Limited, SBI Capital Market Limited. |
| Face Value | Rs. 10 per Equity Share |
| Listing At | NSE, BSE |
| Registrar | Karvy Computershare Private Limited |

Competitive Strengths:

- Largest private life insurer with a consistent track record of rapid growth
- Significant brand equity and pre-eminent Promoters
- Expansive multi-channel distribution with pan-India bancassurance channel and high agent productivity
- Superior investment performance
- Effective risk management
- Strong focus on customer service standards
- Professional and Highly Experienced Board of Directors and Senior Management Team
- Diversified product portfolio
- Robust financial position supported by high operating efficiencies.

Company Strategies

- Capitalize on insurance industry growth opportunities
- Ensure profitable growth through balanced product portfolio and expansive distribution network
- Enhance brand equity and continue to focus on customer satisfaction
- Leverage technology to improve operating efficiencies and support growth

Company Promoters:

The Promoters of the Company are State Bank and BNPPC. State Bank and BNPPC have been identified as promoters in previous filings with IRDAI. Further, The Company is an “Indian owned and controlled” company under the Insurance Act and applicable regulations thereunder. State Bank currently holds 701,000,000 Equity Shares and BNPPC holds 260,000,000 Equity Shares, equivalent to 70.10% and 26% of the pre-Offer issued, subscribed and paid-up Share capital of the Company, respectively.

Objects of the Issue:

- To achieve the benefits of listing the Equity Shares of the Company on the Stock Exchanges and
- To carry out the sale of up to 120,000,000 Equity Shares by the Selling Shareholders. The listing of Equity Shares will enhance the “SBI Life” brand name and provide liquidity to the existing Shareholders

Risk Relating to Business:

Internal Risk Factor

- An inability to maintain our market share, implement growth strategies or effectively address the requirements of specific customer segments by maintaining a strategic portfolio of insurance products may materially and adversely affect our business operations and prospects, and consequently our financial condition and results of operations.
- Any termination of, or adverse change in, our bancassurance arrangements, and in particular our bancassurance agreement with the State Bank, or a decline in performance standards of our

bancassurance partners, may have a material adverse effect on our business, results of operations and financial condition.

- A significant proportion of our New Business Premiums are generated by a certain category of products. Any adverse regulatory or market development that adversely affects the sale of such products could have a material adverse effect on our business, financial condition and results of operations.
- Any adverse change in our relationship with our individual agents and other distribution intermediaries, a decline in performance of our agent or other distribution network or an inability to enter into additional distribution arrangements may have a material adverse effect on our business, results of operations and financial condition.
- Our investment portfolio is subject to liquidity risk and volatility in the market value of such financial instruments and may be concentrated in certain asset classes.
- Changes in interest rates may have a material adverse effect on our business and results of operations.
- Our Company, Directors, Promoters and certain Group Companies are involved in certain legal and other proceedings.
- We are subject to a complex regulatory framework in a highly regulated industry that affects the flexibility of our operations and increases compliance costs and any regulatory action against us, our employees, agents and other intermediaries may result in penalties and/or sanctions that could have an adverse effect on our business, prospects, financial condition and results of operations
- Our risk management policies and procedures may not be adequate or effective in identifying or mitigating significant operational and other risks applicable to us, which could have an adverse effect on our business and financial performance.
- Any actual or alleged misconduct or fraudulent activity, including any mis-selling by our employees, agents or other intermediaries may result in customer claims or regulatory action against us, which could adversely affect our reputation, business prospects, financial condition and results of operations.
- An inability to verify the accuracy and completeness of information provided by or on behalf of our customers and counterparties may subject us to fraud, misrepresentation and other similar risks, which could adversely affect our business, financial condition and results of operations.
- Any catastrophic event, including any major natural disaster, could result in significant claims which could have a material adverse effect on our business, prospects, financial condition and results of operations.
- Any breakdown or inadequacy in our IT systems could materially and adversely affect our operations and consequently our business, prospects, financial condition and results of operations
- We have entered into certain related party transactions, and we may continue to do so in the future.

External Risk Factor

- Financial difficulty and other problems in certain financial institutions in India could have a material adverse effect on our business, results of operations and financial condition.
- The rate of growth of the Indian insurance market may not be as high or as sustainable as we anticipate.
- Adverse macroeconomic conditions and financial markets in India and globally may have a material adverse effect on our business, results of operations and financial condition.
- The limited amounts and types of long-term fixed income products in the Indian capital markets and the legal and regulatory requirements on the types of investment and amount of investment assets that insurance companies are permitted to make could severely limit our ability to closely match the duration of our assets and liabilities.
- Our business is substantially affected by prevailing economic, political and others prevailing conditions in India.

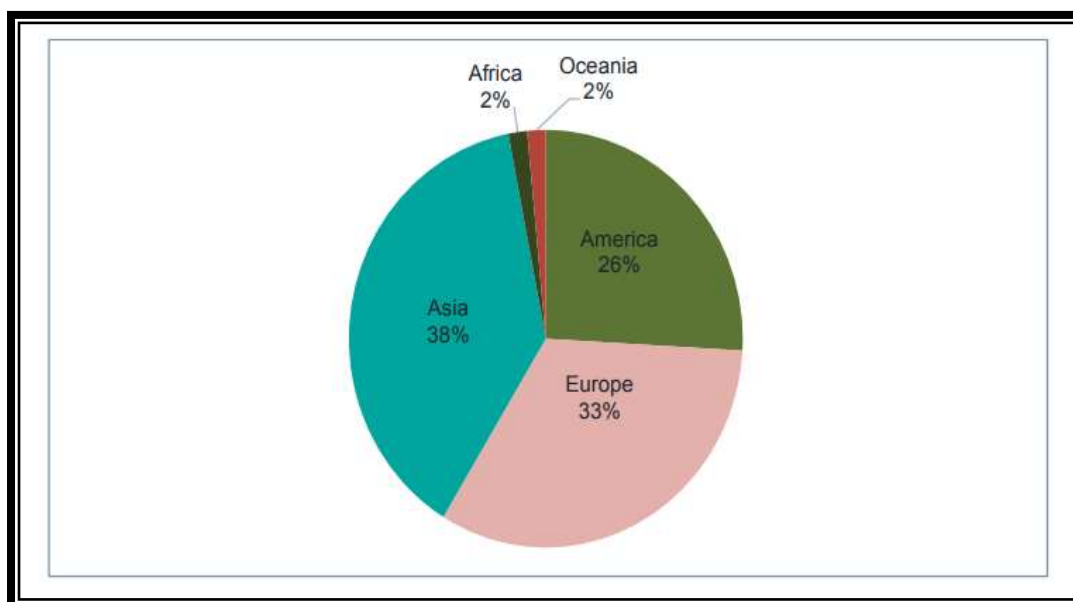
- Differences exist between Indian GAAP and other accounting principles, which may be material to investors' assessments of our financial condition.
- Any anticipated measures undertaken by the Government of India or any regulatory authority such as the recent demonetization measures may adversely affect our business, financial condition and results of operations.
- Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against us, our Directors or officers.

Industry Overview

Global Life Insurance Industry

Growth in the global life insurance industry has been almost stagnant after the financial crisis in 2008. Before the crisis, the total premium of the industry grew at 4% CAGR (in nominal dollar terms) during 2003 to 2007. However, there was a revival in growth from 2014 onwards, as the global life insurance industry recorded 3.5% CAGR growth during 2013-2016 on real premium basis. Growth was primarily driven by China, where premium grew over 15% CAGR during the period. (Source: CRISIL Report)

Asia is the largest market for life insurance, accounting for 38% of the premium collected. India's share in the global market was 2%. (Source: CRISIL Report)



Indian Life Insurance Industry

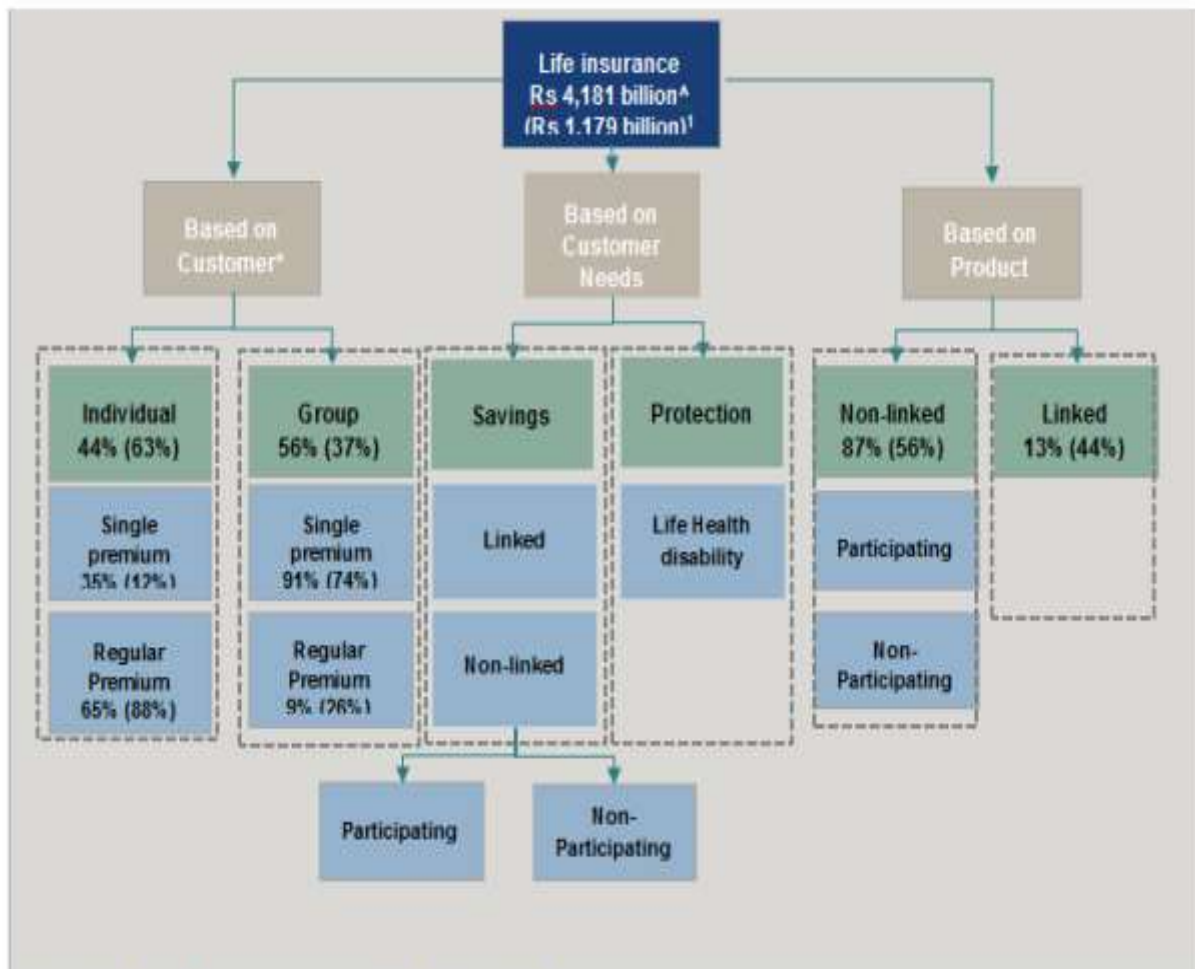
The size of the Indian life insurance industry is Rs 4.2 trillion on a total-premium basis as of fiscal 2017. In terms of total premium, the Indian life insurance industry is the 10th largest market in the world and the fifth largest in Asia based on Swiss Re, sigma No 3/2017 report. New premium constituted 42% of the total premium as of fiscal 2017. The industry's assets under management (AUM) grew at a compound annual rate (CAGR) of 19% during fiscal 2001 to fiscal 2017 to Rs. 30 trillion. Total premium has grown at a stupendous 17% CAGR during fiscal 2001 to fiscal 2017, after the privatization in 2000. (Source: CRISIL Report)

Within the premium bucket, new business premium (NBP) grew at 9% CAGR during fiscals 2007 to 2017 to ~ Rs.1.8 trillion, with fiscal 2017 seeing a sharp 26% year-on-year rise. Group business premium grew at ~22% CAGR during the period over a relatively low base, whereas individual premium rose at a tepid ~2% CAGR. (Source: CRISIL Report).

Life Insurance Products

The life insurance sector can be classified on the basis of products and customer segments. Historically, life insurance products were savings-oriented, i.e. non-linked products, but after 2000 there was a shift from largely tax savings-based participating product sales to multiple products. (Source: CRISIL Report)

As of fiscal 2017, non-linked products, though, were more popular, accounting for 87% of the total premium collected. However, the share was much lower for private players, constituting 56% of the total premium. (Source: CRISIL Report)



^ Classification based on total premium as of fiscal 2017
 1 Numbers in brackets are for private players
 * Classification based on new business premium as of fiscal 2017
 (Source: IRDAI, CRISIL Report)

History of Life Insurance Development in India

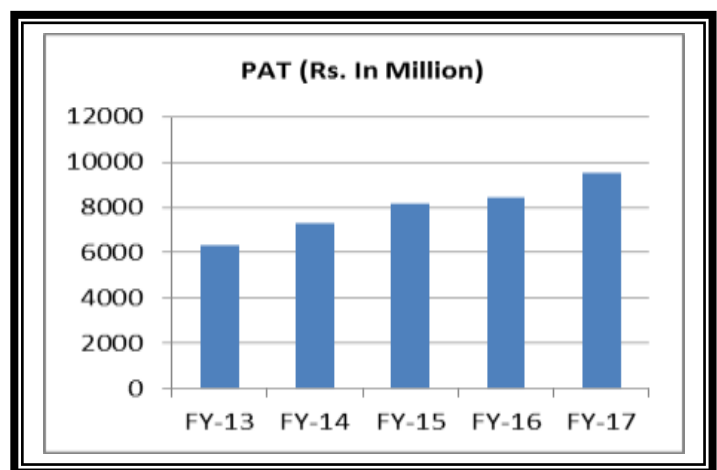
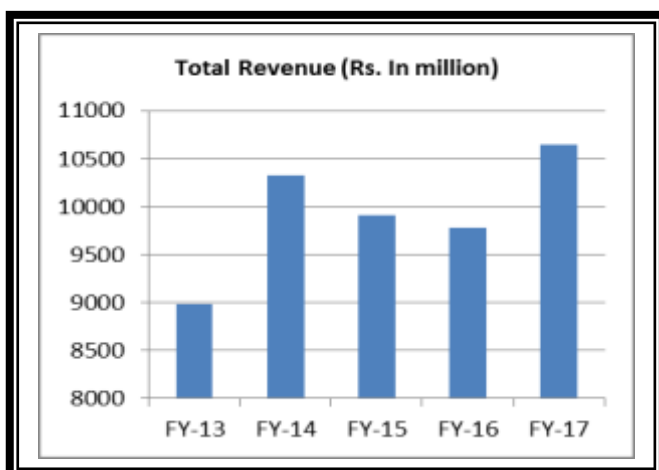
The Indian life insurance industry consisted of only one player –LIC–during 1956 to 2000. Post privatisation in 2000, 10 private players entered the life insurance industry during 2000 to 2001. Among the current top five players in the industry, HDFC Standard Life was the first private company to register in 2000, followed by ICICI Prudential Life and MaxLife Insurance in the same year. SBI Life and Bajaj Allianz entered the industry in 2001. Only four new private players entered between 2002 to 2005, post which there was a surge again, with eight players setting up businesses till 2009. Edelweiss Tokio Life Insurance was the last entrant in the industry in 2011. Out of the 23 private players registered with the IRDAI, 20 players have joint ventures (JVs) with foreign partners. (Source: CRISIL Report)

Total premium rose a sharp 17% CAGR between fiscals 2007 and 2011, owing to aggressive foray by private players. Growth for private players was driven by ULIP sales amid capital-market performance. Also, a favourable commission structure because of high upfront commission to intermediaries led to higher sales of linked products. Therefore, the total premium on linked products grew 18% CAGR during the period. Hence, the share of private players in total premium increased from 18% in fiscal 2007 to 30% in fiscal 2011. The share of banking corporate agents in the individual new business premium increased from 6% to 13% over the period, as private players looked at alternative channels to market their products and increase reach. As of fiscal 2011, private players comprised 64% market share in the linked products segment. (Source: CRISIL Report)

The IRDAI’s new regulation capping products charges resulted, in decline in the commission for linked products, thereby making sales of these products less lucrative for intermediaries. The move had a more adverse impact on private players because of their high exposure to linked products. (Source: CRISIL Report)

Private players relooked at their product offerings, distribution channel mix, and operational efficiency. The focus on traditional products increased, as reflected in the share of linked products in the product mix declining from 71% in fiscal 2011 to 45% in fiscal 2014. The use of the banking channel was enhanced and the industry went slow on branch rollouts, given the significant branch expansion before 2010; these moves reduced upfront infrastructure costs and selling expenses. Additionally, the focus on technology increased. All these moves resulted in the industry’s return on equity (RoE) rising from -3% in fiscal 2011 to 17% in fiscal 2014. (Source: CRISIL Report)

Graphical Representation of Total Revenue and Profit after Tax (Rs. In million)



Management:

| <u>Name of board members</u> | <u>Designation</u> |
|--|--|
| Arundhati Bhattacharya | Chairman (Nominee Director of State Bank) |
| Rajnish Kumar | Nominee Director of State Bank |
| Dinesh Kuamr Khara | Nominee Director of State Bank |
| Pierre de Porties de Villeneuve | Nominee Director of BNPPC |
| Gerard Binet | Nominee Director of BNPPC |
| Arjit Basu | Managing Director & Chief Executive Officer |
| Ravi Rambabu | Independent Director |
| Nilesh S. Vikamsey | Independent Director |
| Raj Narain Bhardwaj | Independent Director |
| Joji Sekhon Gill | Independent Director |
| Deepak Amin | Additional Independent Director |
| Somasekhar Sundaresan | Additional Independent Director |

Restated Summary statement of Balance Sheet

| Annexure - I: Restated Summary Statement of Assets and Liabilities | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Particulars | As at | | | | |
| | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 |
| (₹ in million) | | | | | |
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 |
| Reserves and Surplus | 44,647.82 | 36,906.65 | 29,909.91 | 23,201.17 | 17,093.59 |
| Credit/(Debit) Fair Value Change Account | 872.98 | 424.36 | 653.49 | 362.04 | 270.60 |
| Sub-total | 55,520.80 | 47,331.01 | 40,563.40 | 33,563.21 | 27,364.19 |
| Borrowings | - | - | - | - | - |
| Deferred Tax Liability | - | - | 31.31 | 23.66 | 40.04 |
| Policyholders' Funds | | | | | |
| Credit/(Debit) Fair Value Change Account | 7,763.77 | 3,354.01 | 5,008.21 | 2,618.93 | 829.01 |
| Policy Liabilities (Refer note no. 6 of Annexure V (C) and note no. 24 (f) & (g) of Annexure V (C) for Funds for discontinued policies) | 483,237.57 | 396,341.70 | 328,603.57 | 267,950.40 | 229,360.93 |
| Insurance Reserves | - | - | - | - | - |
| Provision for Linked Liabilities | 388,550.12 | 320,980.07 | 278,743.57 | 242,702.27 | 217,858.89 |
| Add: Fair value change (Linked) | 37,901.61 | 22,701.01 | 52,631.09 | 34,770.53 | 13,919.89 |
| Add: Funds for Discontinued Policies (Refer note no. 24 (e) of Annexure V (C)) | | | | | |
| (i) Discontinued on account of non payment of premium | 18,967.32 | 16,393.76 | 16,456.55 | 8,212.77 | 3,450.06 |
| (ii) Others | 302.28 | 132.71 | 254.88 | 121.94 | 31.34 |
| Total Linked Liabilities | 445,730.33 | 360,216.55 | 348,086.09 | 285,898.51 | 265,260.18 |
| Sub total | 926,731.67 | 789,012.26 | 681,729.28 | 556,493.50 | 498,190.14 |
| Funds for Future Appropriation - Linked | - | 2.31 | 14.63 | 74.26 | 218.11 |
| Funds for Future Appropriation - Other | - | - | 58.62 | 44.95 | 14.23 |
| TOTAL | 992,252.47 | 807,245.58 | 722,366.03 | 590,175.92 | 523,086.99 |
| APPLICATION OF FUNDS | | | | | |
| Investments | | | | | |
| - Shareholders' | 42,955.05 | 35,649.02 | 30,702.38 | 23,534.64 | 18,115.87 |
| - Policyholders' | 469,617.40 | 382,558.97 | 315,044.07 | 253,238.79 | 216,878.56 |
| Assets held to cover Linked Liabilities | 445,730.33 | 360,218.86 | 348,100.72 | 285,972.76 | 265,478.60 |
| Loans | 1,781.99 | 1,235.62 | 17.74 | 6.38 | 1.73 |
| Fixed assets | 5,384.75 | 4,472.49 | 2,984.33 | 3,081.58 | 2,855.45 |
| Current Assets | | | | | |
| Cash and Bank Balances | 24,298.42 | 26,167.63 | 25,237.78 | 25,422.91 | 21,531.86 |
| Advances and Other Assets | 32,627.65 | 23,980.00 | 19,117.65 | 15,146.09 | 12,202.20 |
| Sub-Total (A) | 56,926.07 | 50,155.71 | 44,355.43 | 40,569.00 | 33,814.06 |
| Current Liabilities | 27,640.72 | 25,025.88 | 16,765.92 | 14,513.57 | 13,069.65 |
| Provisions | 2,502.46 | 2,019.21 | 2,073.32 | 1,713.66 | 987.63 |
| Sub-Total (B) | 30,143.18 | 27,045.09 | 18,839.24 | 16,227.23 | 14,057.28 |
| Net Current Assets (C) = (A - B) | 26,782.89 | 23,110.62 | 25,516.19 | 24,341.77 | 19,756.78 |
| Miscellaneous Expenditure (To The Extent Not Written off or Adjusted) | - | - | - | - | - |
| Debit Balance in Profit and Loss Account (Shareholders' Account) | - | - | - | - | - |
| TOTAL | 992,252.47 | 807,245.58 | 722,366.03 | 590,175.92 | 523,086.99 |
| Contingent Liabilities (Refer note no.1 of Annexure V (C)) | | | | | |

Restated Summary statement of Profit & Loss

| Particulars | For the year ended | | | | |
|---|--------------------|------------------|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 |
| Amount transferred from Policyholder Account (Technical Account) | 6,545.94 | 6,517.23 | 7,072.69 | 8,233.45 | 7,410.51 |
| Income from Investments: | | | | | |
| (a) Interest, Dividend & Rent - Gross | 3,143.62 | 2,756.86 | 2,316.15 | 1,739.90 | 1,333.09 |
| (b) Profit on sale / redemption of investments | 843.60 | 368.71 | 343.45 | 207.97 | 176.12 |
| (c) (Loss on sale / redemption of investments) | (30.41) | (84.64) | (14.12) | (23.40) | (38.64) |
| (d) Accretion of discount/(amortisation of premium) (net) | 58.78 | 136.94 | 115.65 | 97.34 | 34.62 |
| Other Income | 82.14 | 79.30 | 74.61 | 73.55 | 65.51 |
| Total (A) | 10,643.67 | 9,774.40 | 9,908.43 | 10,328.81 | 8,981.21 |
| Expenses other than those directly related to the insurance business | | | | | |
| (a) Rates and Taxes | - | - | - | - | - |
| (b) Directors' sitting fees | 4.38 | 2.05 | 2.15 | 0.88 | 0.56 |
| (c) Board meeting related expenses | 11.23 | 8.17 | 6.73 | 6.75 | 2.70 |
| (d) Depreciation | 3.17 | 2.87 | 3.02 | 3.02 | 2.41 |
| (e) Other Expenses | 128.04 | 170.06 | 35.81 | 40.42 | 210.95 |
| (f) Corporate Social Responsibility expenses (Refer note no. 31 of Annexure V (C)) | 128.45 | 99.43 | 81.17 | - | - |
| Bad debts written off | - | - | - | - | - |
| Contribution to the Policyholders' Account (Refer note no. 25 of Annexure V (C)) | 626.83 | 936.65 | 1,496.78 | 3,010.65 | 2,442.51 |
| Provisions (Other than taxation) | | | | | |
| (a) For diminution in the value of Investment (Net) (Refer note no. 19 of Annexure V (C)) | (4.12) | 4.12 | (10.53) | (10.44) | 20.96 |
| (b) Provision for doubtful debts | - | - | - | - | - |
| Total (B) | 897.98 | 1,223.35 | 1,615.13 | 3,051.28 | 2,680.09 |
| Profit / (Loss) Before Tax | 9,745.69 | 8,551.05 | 8,293.30 | 7,277.53 | 6,301.12 |
| Provision for Taxation | | | | | |
| (a) Current Tax (Refer note no. 14 of Annexure V (C)) | 199.16 | 127.47 | 144.32 | - | - |
| (b) Deferred Tax Charge/ (Credit) (Refer note no. 14 of Annexure V (C)) | - | (17.45) | 0.31 | - | - |
| Profit / (Loss) After Tax | 9,546.53 | 8,441.03 | 8,148.67 | 7,277.53 | 6,301.12 |
| APPROPRIATIONS | | | | | |
| (a) Balance at the beginning of the year | 36,906.65 | 29,909.91 | 23,201.17 | 17,093.59 | 11,373.60 |
| (b) Interim dividend during the year | 1,500.00 | 1,200.00 | 1,200.00 | 1,000.00 | 500.00 |
| (c) Proposed final dividend | - | - | - | - | - |
| (d) Dividend distribution tax | 305.36 | 244.29 | 239.93 | 169.95 | 81.13 |
| Profit / (Loss) carried to the Balance Sheet | 44,647.82 | 36,906.65 | 29,909.91 | 23,201.17 | 17,093.59 |
| Earnings per equity share: | | | | | |
| Basic per equity share in ₹ | 9.55 | 8.44 | 8.15 | 7.28 | 6.30 |
| Diluted per equity share in ₹ | 9.55 | 8.44 | 8.15 | 7.28 | 6.30 |
| Face value per equity share in ₹ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

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