

HDFC Life Insurance Company Limited

Q3FY26 Result Update | Sector: Life Insurance

January 19, 2026





Current Market Price	734
Target Price	870
Upside	18.5%
Nifty	25,535
Sensex	83,040

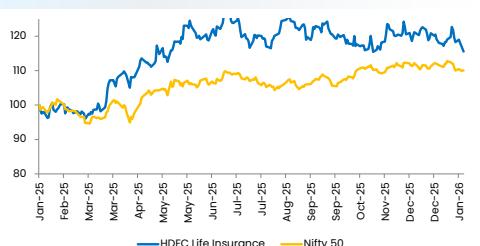
Key Stock Data

Company Name	HDFC Life Insurance Company Ltd
BSE Code	540777
NSE Code	HDFCLIFE
Bloomberg	HDFCLIFE:IN
Shares O/S (Cr)	215.1
Market Cap (Rs.Cr)	1,57,664
3M Avg Vol	24,89,864
52 week H/L	820.75/584.3

Shareholding Pattern

	Mar-25	Jun-25	Sep-25
Promoter	50.3	50.3	50.3
FII	25.0	24.8	24.8
DII	14.1	14.6	14.6
Public	10.6	10.4	10.3

1 year forward P/EV (x)

1 year relative price chart

Research Analyst
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Steady, Broad-based Premium Growth: HDFC Life delivered steady growth in premium income, with net premium rising ~9% YoY to Rs. 182.4 crore in Q3FY26, supported by a healthy 12% growth in renewal premiums and 5% growth in new business premiums. APE increased 11.3% YoY to Rs. 3,974 crore, marking an improvement over H1FY26 and reflecting volume-led growth driven by higher policy counts rather than ticket-size inflation. Growth was supported by strong traction in ULIPs, improving par mix, and a sharp acceleration in protection following GST exemption. Customer acquisition remained robust, with meaningful contribution from first-time buyers and deeper penetration in non-metro markets. Management reiterated confidence in delivering mid-teens growth in APE over FY26, supported by product mix optimisation and a diversified distribution network.

VNB margins remain resilient despite mix headwinds: It reported a VNB margin of 24.4% in Q3FY26, largely stable sequentially despite a higher ULIP mix and the near-term impact of GST on protection. Margin resilience was supported by a richer product mix, led by strong growth in retail protection, higher sum assured policies, longer tenures, and improved rider attachment. New business momentum remained healthy, with APE growing in double digits, while renewal premiums continued to provide stability. Management reiterated confidence in offsetting the GST-related margin impact over the next few quarters through pricing actions, commission realignment, and operating efficiencies. Investments in distribution and digital capabilities continue, without compromising medium-term profitability or return metrics.

Product mix remains balanced with improving protection and non-par traction: HDFC Life maintained a broadly stable and well-diversified product mix in Q3FY26. ULIPs remained the largest contributor, accounting for ~43% of individual APE, supported by favorable equity markets and rising ticket sizes. Participating products contributed ~27% of APE, while non-par savings improved to ~19%, aided by selective repricing and renewed customer interest in long-term guaranteed products. Retail protection continued to gain share, reaching ~7% of APE (and ~9% in Q3), supported by GST exemption, higher sum assured policies, and stronger rider attachment. Annuity remained stable at ~4% of APE. Management expects traditional products, particularly non-par, to gain further traction into Q4 and FY27 as rates stabilize and new launches scale up.

Diversified distribution mix with focus on productivity: Company maintained a well-diversified distribution mix in Q3FY26. Bancassurance remained the largest channel, with HDFC Bank continuing to anchor volumes, though management reiterated its focus on VNB wallet share rather than absolute counter share. The agency channel delivered double-digit growth, with over 80,000 agents added in 9M FY26, supported by network expansion to 700+ branches and a sharper focus on productivity and profitability. Partnerships across brokers, NBFCs and other banks continued to scale steadily. Growth across channels was driven by strong traction in Tier 2 and 3 markets, underpinned by deeper digital integration and technology-led distribution initiatives.

Valuation and outlook: We maintain a **BUY** rating on HDFC Life, underpinned by steady Q3FY26 performance with APE growth of 11.3% YoY, supported by improving new business momentum and resilient renewal premiums. A balanced product mix, led by strong ULIP traction and a sharp acceleration in retail protection, has helped sustain VNB margins at 24.4%, despite near-term GST-related headwinds. Distribution momentum remains healthy, with continued scale-up across bancassurance, agency, and partner channels, alongside deeper penetration in Tier 2/3 markets. Management reiterated confidence in delivering mid-teens APE growth in FY26 and offsetting GST impact through pricing, commission realignment, and operating efficiencies. With a stable growth outlook, improving mix, and disciplined capital allocation, we see sustained value creation and maintain our target price of **Rs. 870**, valuing the company at 2.6x FY27E EV.

Financial Summary - Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Net premiums	62,112	69,616	80,266	91,552
Total Income	1,00,941	95,948	1,12,375	1,30,720
Commission	5,262	7,835	7,992	7,832
Surplus/(deficit) before tax	783	1,046	4,561	10,286
Surplus/(Deficit) for the period	701	936	4,083	9,208
Embedded value (EV)	44,592	50,610	60,037	71,249
EV per share (Rs)	207.5	235.5	279.3	331.5
P/EV (x)	2.9	2.6	2.2	1.8

Source : RBL Research

Concall Highlights:

- » **Market Share Expansion:** HDFC Life continued to outperform the industry, with individual WRP market share expanding ~20 bps to 10.9% in 9M FY26, supported by broad-based growth across geographies and accelerated momentum in Q3. Growth outpaced the industry, led by higher policy volumes and strong customer acquisition.
- » **Sharp Acceleration in Protection:** Retail protection delivered 42% YoY growth in 9M FY26 and ~70% YoY in Q3, significantly ahead of company growth, aided by GST exemption, higher sum assured policies, and strong rider attachment. Protection mix improved from ~7% in H1 to ~9% in Q3, with protection contribution (including riders) reaching ~11% of retail business.
- » **Balanced Product Mix with Improving Non-par:** ULIPs remained the largest contributor at ~43% of individual APE, supported by favorable equity markets and higher ticket sizes. Participating products accounted for ~27%, while non-par savings improved to ~19% in Q3, reflecting early traction from repricing and renewed demand for long-term guaranteed products.
- » **VNB Margin Resilience Despite Regulatory Headwinds:** VNB margin stood at 24.4% in Q3FY26, broadly stable sequentially despite GST-related impact. Margin stability was supported by an improved business mix, higher sum assured, longer tenures, and stronger rider attachment. Management expects to largely neutralize the GST impact over the next few quarters.
- » **Strong Customer Franchise & Persistency:** Customer acquisition remained robust, with over 70% of customers being first-time buyers, rising to 80%+ within protection. While 13-month persistency moderated due to cohort-specific stress, 61-month persistency improved by 200 bps YoY to ~63%, underscoring underlying portfolio quality.
- » **Diversified Distribution with Focus on Productivity:** Growth remained healthy across channels. The agency channel delivered double-digit growth, with ~80,000 agents added in 9M FY26 and the branch network expanding to 700+ locations. Bancassurance remained stable, with management emphasizing VNB wallet share over volume amid competitive intensity.
- » **Capital Strength & Outlook:** Solvency remained strong at ~180%, supported by Rs. 749 crore of subordinated debt raised in Q3. Management does not foresee additional capital requirements ahead of the transition to risk-based solvency and reiterated confidence in delivering mid-teens growth with sustained margin discipline into FY27.

Policyholders Account - Consolidated						
Particulars, INR Cr	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %	
Net premium grew by 8.8% YoY						
Net premium income	18,242	16,771	8.8	18,777	(2.8)	
Income from investments (Net)	10,651	192	5,444.7	1,410	655.3	
Other income	91	71	28.7	79	14.4	
Total	29,038	16,914	71.7	20,315	42.9	
Net commission	2,272	1,932	17.5	2,321	(2.1)	
Employees remuneration and welfare expenses	1,105	830	33.1	986	12.1	
Other operating expenses	1,156	723	59.9	794	45.6	
Expenses of Management	4,533	3,486	30.0	4,101	10.5	
Provisions and taxes	4	(34)	-	3	21.8	
Benefits Paid	9,164	9,179	(0.2)	9,329	(1.8)	
Change in actuarial liability	15,338	4,300	256.6	6,979	119.8	
Surplus/Deficit	(12)	(193)	(93.7)	(173)	(93.0)	
Bonus paid	966	820	17.9	857	12.7	
Total Surplus	954	626	52.4	685	39.3	
Source : RBL Research						

Shareholders Account - Consolidated						
Particulars, INR Cr	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %	
Transfer from Policyholders' Account	141	98	43.4	215	(34.5)	
Investment Income	419	272	54.0	361	16.0	
Other income	0	0	100.0	0	60.0	
Expenses other than insurance business	61	45	36.6	64	(4.6)	
Transfer of funds to policyholders account	54	(120)	(145.0)	48	11.3	
Profit before tax	443	445	(0.5)	465	(4.9)	
Provisions for tax	22	30	(26.2)	18	20.7	
Profit after tax	421	415	1.4	447	(5.9)	
Source : RBL Research						

Higher commission expense and employee expenses resulted in overall higher expenses.

PAT was flat on YoY basis.

HEADING MISSING IN EXCEL						
Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %	
Product mix - APE (%)						
Participating	23.0	16.0	700bps	25.0	-200bps	
Non Participating	14.0	31.0	-1700bps	14.0	0bps	
ULIP	38.0	31.0	700bps	37.0	100bps	
Protection	16.0	13.0	300bps	16.0	0bps	
Annuity	5.0	5.0	0bps	5.0	0bps	
Group	3.0	4.0	-100bps	3.0	0bps	
Product mix - NBP (%)						
Participating	10.0	7.0	300bps	11.0	-100bps	
Non Participating	7.0	14.0	-700bps	7.0	0bps	
ULIP	20.0	17.0	300bps	19.0	100bps	
Protection	30.0	29.0	100bps	29.0	100bps	
Annuity	15.0	15.0	0bps	16.0	-100bps	
Group	17.0	18.0	-100bps	18.0	-100bps	
Channel mix - APE (%)						
Bancassurance	59.0	65.0	-600bps	59.0	0bps	
Direct	9.0	11.0	-200bps	9.0	0bps	
Agency	18.0	17.0	100bps	18.0	0bps	
Brokers	15.0	7.0	800bps	14.0	100bps	
Source : RBL Research						

ULIP continues to increase its share in overall product mix.

Bancassurance remain dominant channel mix but saw meaningful decline.

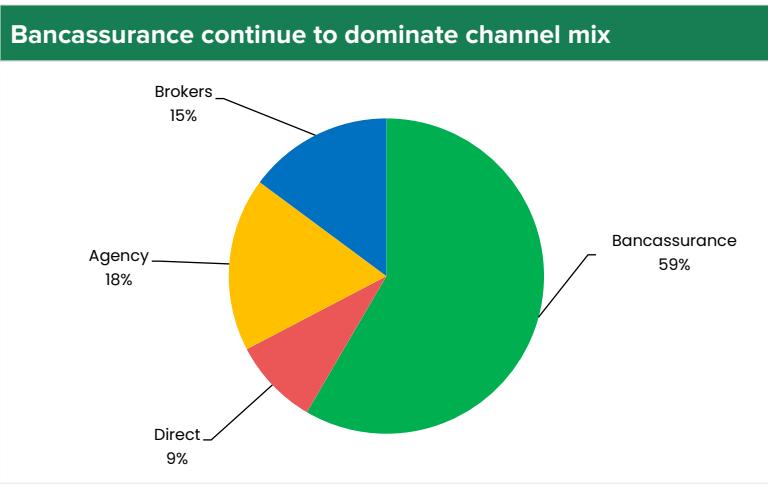
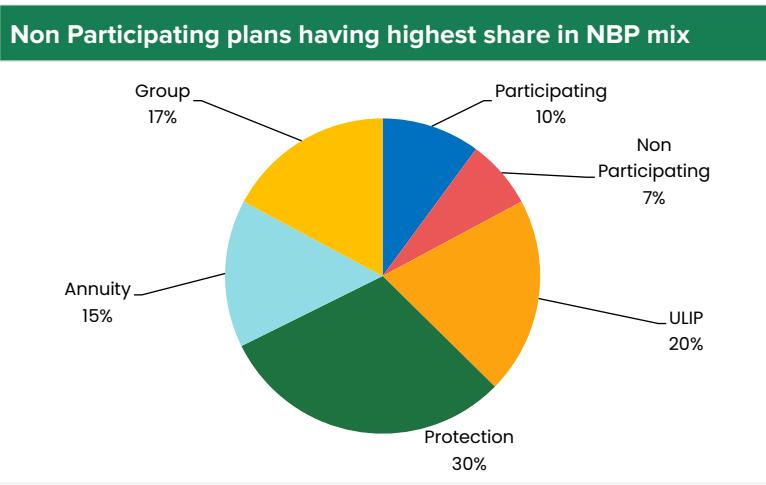
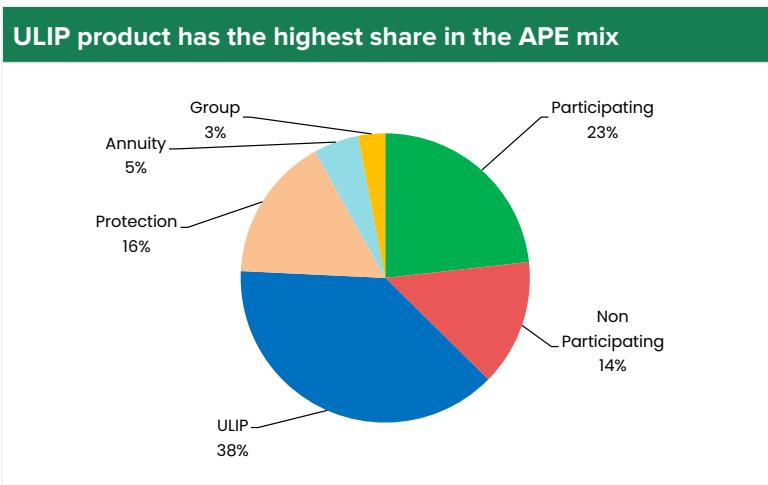
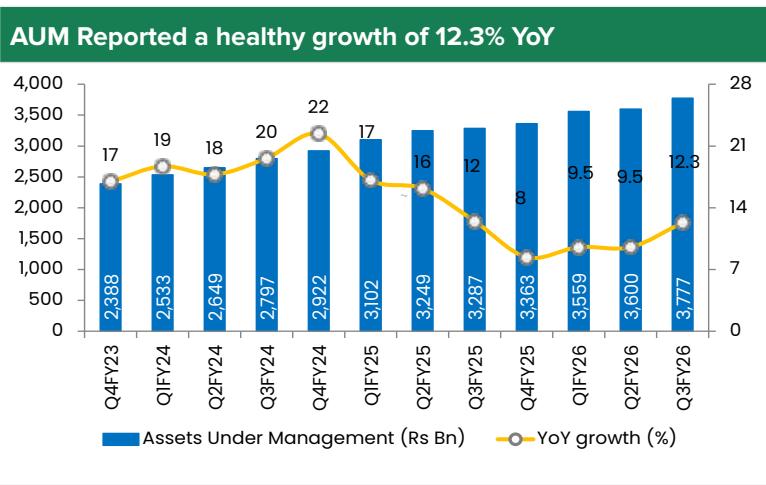
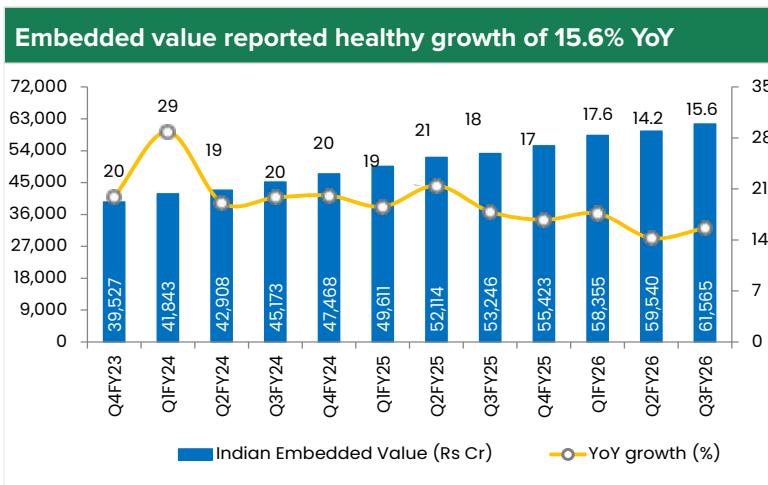
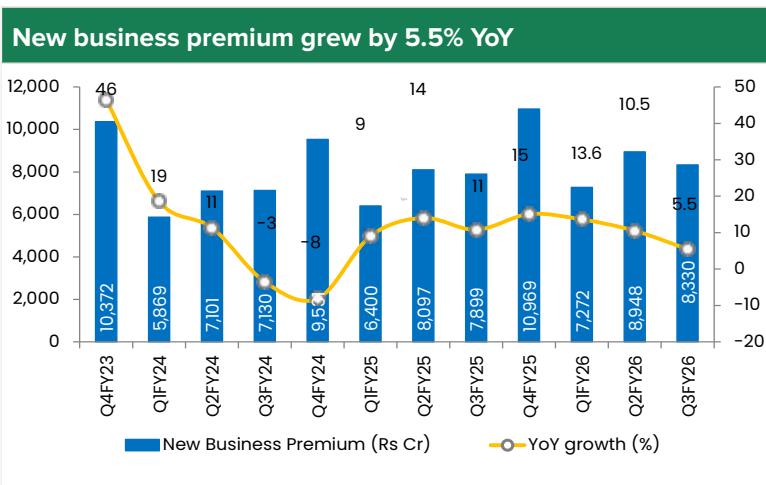
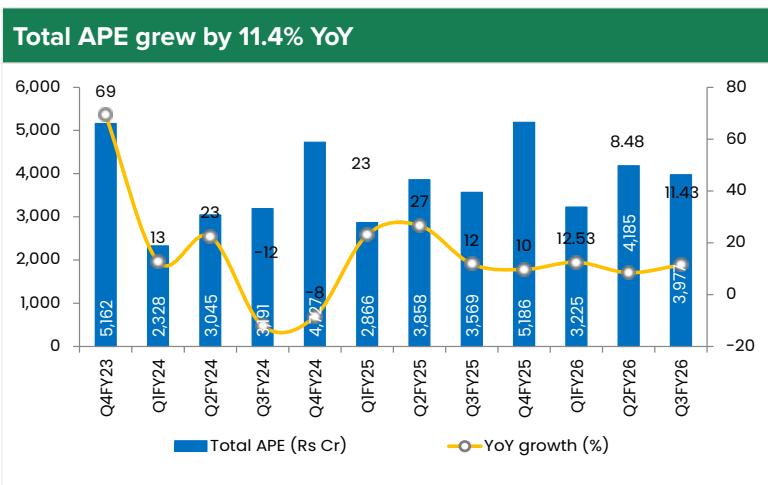
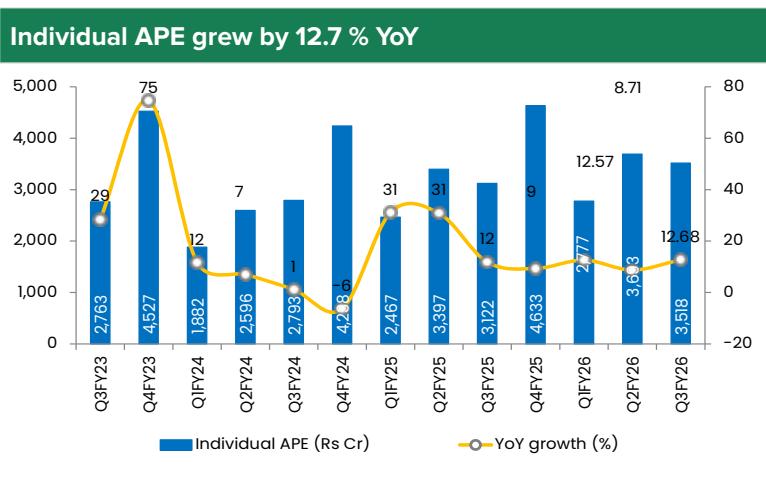
Business Parameters - Consolidated					
Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Individual APE	3,518	3,122	12.7	3,693	(4.7)
Total APE	3,977	3,569	11.4	4,185	(5.0)
New Business Premium	8,330	7,899	5.5	8,948	(6.9)
Renewal Premium	10,475	9,375	11.7	10,337	1.3
Assets Under Management	3,77,652	3,28,684	14.9	3,60,000	4.9
Indian Embedded Value	61,565	53,246	15.6	59,540	3.4
Value of new business	913	930	(1.8)	1,011	(9.7)
VNB Margin (%)	22.96	26.1	-310bps	24.2	-120bps

Source : RBL Research

Total APE increased by 11.4% YoY.

VNB margins saw contraction for the quarter.

Story in Charts



Source: RBL Research

Technical Account - Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Net premiums	62,112	69,616	80,266	91,552
Investment income	38,363	25,945	31,714	38,764
Contribution from the Shareholders' A/c	129	102	104	106
Other Income	336	285	291	297
Total Income	1,00,941	95,948	1,12,375	1,30,720
Commissions	5,262	7,835	7,992	7,832
Operating expenses	6,922	6,222	7,103	8,094
Service tax on linked charges	(275)	(17)	613	636
Total expenses	11,909	14,040	15,708	16,562
Benefits paid	39,805	39,346	41,457	46,638
Change in valuation of life reserves	48,444	41,516	50,649	57,233
Surplus/(deficit) before tax	783	1,046	4,561	10,286
Provision For Tax & Others	82	110	478	1,078
Surplus/(Deficit) for the period	701	936	4,083	9,208

Source: RBL Research

Shareholders Account - Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Transfer from policyholder's a/c	807	1,007	4,740	10,465
Investment income	1,007	1,130	1,315	1,530
Other income	59	71	73	74
Total income	1,873	2,208	6,127	12,069
Total expenses	303	330	377	430
Profit before tax	1,570	1,878	5,750	11,639
Tax	(4)	67.12	287.52	581.95
Profit after tax	1,574	1,811	5,463	11,057

Source: RBL Research

Balance Sheet - Consolidated

Particulars, INR Cr	FY24	FY25	FY26E	FY27E
Share capital	2,151	2,154	2,154	2,154
Reserves and surplus	12,065	13,526	18,530	29,085
Fair value change account	451	446	588	889
Shareholder's equity	14,666	16,126	21,272	32,127
Borrowings	950	2,950	2,950	2,950
Fair value change account	6,026	6,795	5,887	6,715
Policy liabilities	1,75,444	2,10,778	1,82,608	2,08,284
Linked liabilities	95,547	1,01,628	1,31,310	1,37,113
Funds for future appropriations	1,211	1,258	31,209	36,182
Total liabilities	2,79,178	3,23,409	3,53,965	3,91,243
Total liabilities and shareholders equity	2,93,845	3,39,534	3,75,237	4,23,371
Shareholders investments	14,685	18,386	13,817	15,410
Policyholders investments	1,82,053	2,16,267	2,28,072	2,69,372
Unit linked investments	95,547	1,01,628	1,31,310	1,37,113
Loans	1,897	2,378	1,787	1,993
Fixed assets	420	601	673	725
Net current assets/(liabilities)	(757)	273	(422)	(1,242)
Total assets	2,93,845	3,39,534	3,75,237	4,23,371

Source: RBL Research

Key Ratios - Consolidated

Particulars, Rs Bn	FY24	FY25	FY26E	FY27E
Opening IEV	39,527	44,592	50,610	60,037
Unwind	3,543	4,355	4,943	5,864
Change in operating assumptions	48	54	61	73
VNB	3,501	3,962	4,684	5,537
Operating variances	150	150	150	150
Dividend and capital injection	(270)	(352)	(412)	(412)
Closing IEV	44,592	50,610	60,037	71,249

Source: RBL Research

Business Parameters

Particulars, Rs Cr	FY24	FY25	FY26E	FY27E
AuM	2,92,220	3,22,903	3,65,247	4,13,144
Indian Embedded Value	44,592	50,610	60,037	71,249
APE	13,291	15,479	17,419	20,265
VNB	3,501	3,962	4,684	5,537
NBP	29,631	33,365	38,155	43,489
VNB margin (%)	26.3	25.6	26.9	27.3
EV per share (Rs)	207.5	235.5	279.3	331.5
VNB per share (Rs)	16.3	18.4	21.8	25.8
BVPS (Rs)	68.2	75.0	99.0	149.5
EPS (Rs)	7.3	8.4	25.4	51.4

Source: RBL Research

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Ratings Methodology

Ratings	Upside
Buy	More than 15%
Accumulate	5% - 15%
Hold	0% - 5%
Sell	Below 0%

Note: RBL Investment ratings (All ratings based on absolute return; All ratings and target price refers to 12 month performance horizon, unless mentioned otherwise).

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S No.	Statement	Answer	
		Tick Appropriate	
		Yes	No
1.	I/we or any of my/our relative has any financial interest in the subject company? (If answer is yes, nature of interest is given below this table)		No
2.	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of the research report or date of the public appearance?		No
3.	I/we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of the public appearance?		
4.	I/we have received any compensation from the subject company in the past twelve months?		No
5.	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
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7.	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
8.	I/we have served as an officer, director or employee of the subject company?		No
9.	I/we have been engaged in market making activity for the subject company?		No

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Nature of Interest [If answer to f (a) above conflicts is Yes

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to

S. No.	Name of RA	Signature of RA	Serial Question of question which the signing RA needs to make a separate declaration	Answer	Answer

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