

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 |

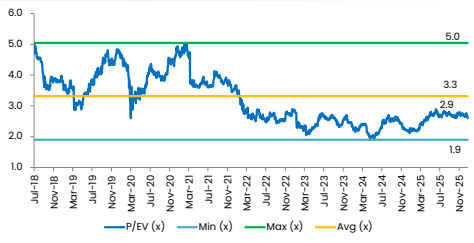
Key Stock Data

| | |
|--------------------|---------------------------------|
| 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 |

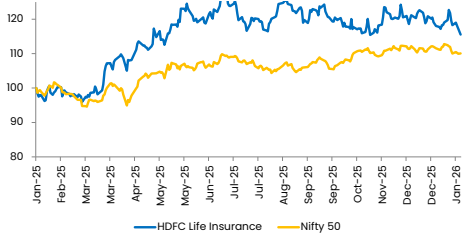
Shareholding Pattern

| | 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



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 | | | | |

Research Analyst

Rajan Gupta

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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 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 | | | | | |

| 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.

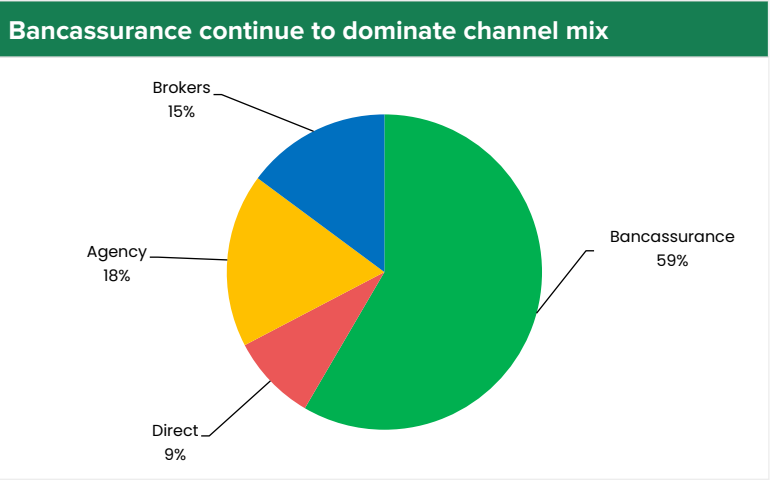
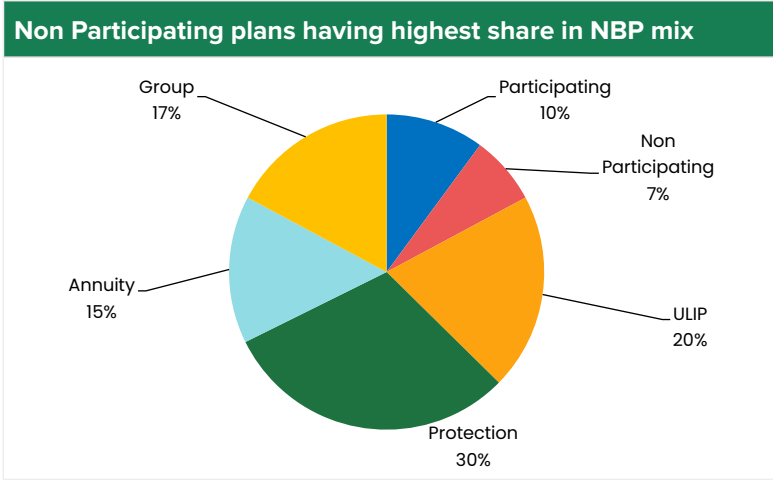
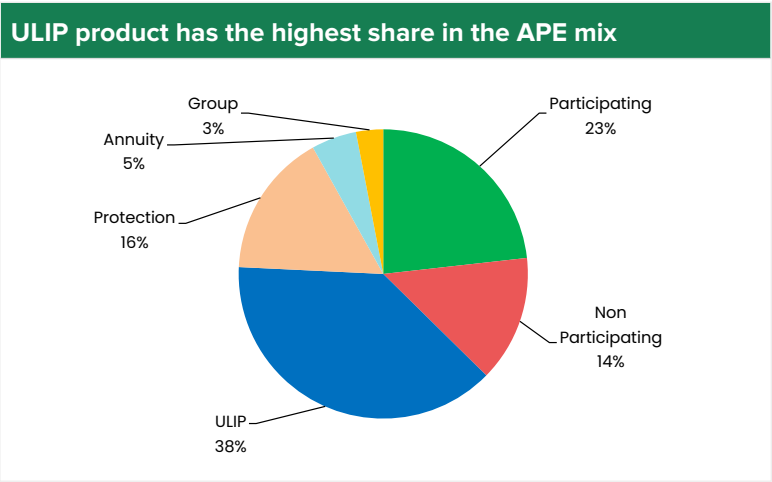
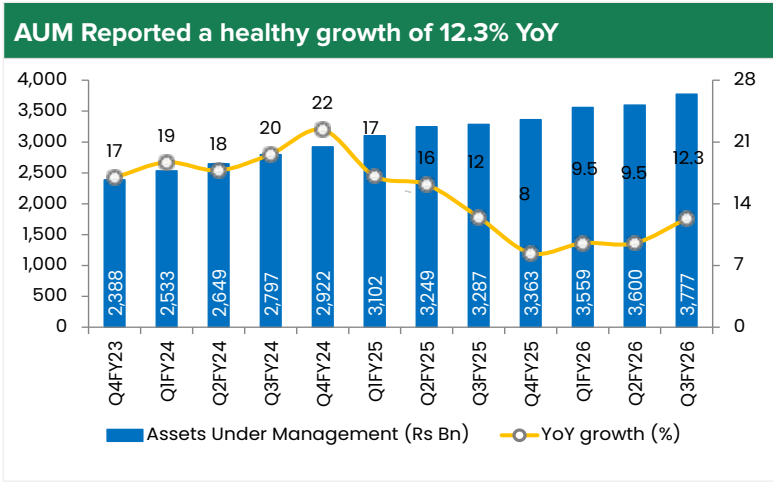
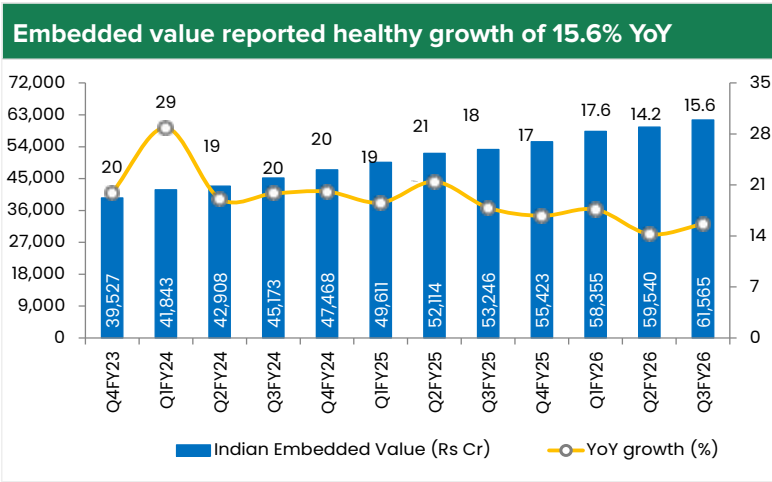
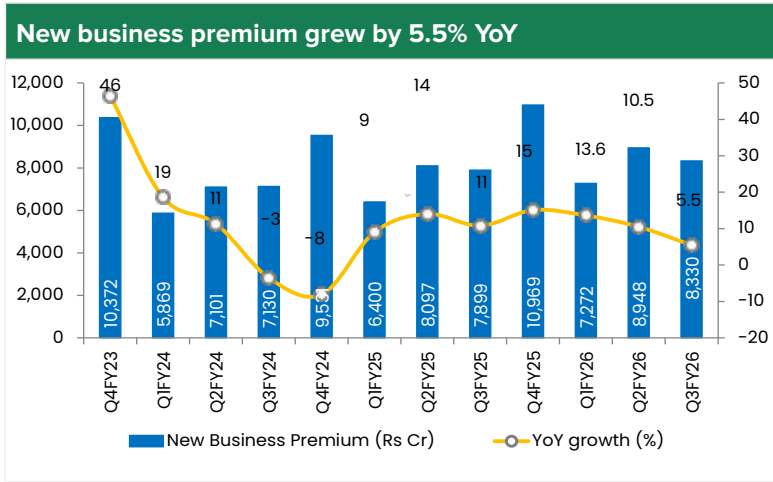
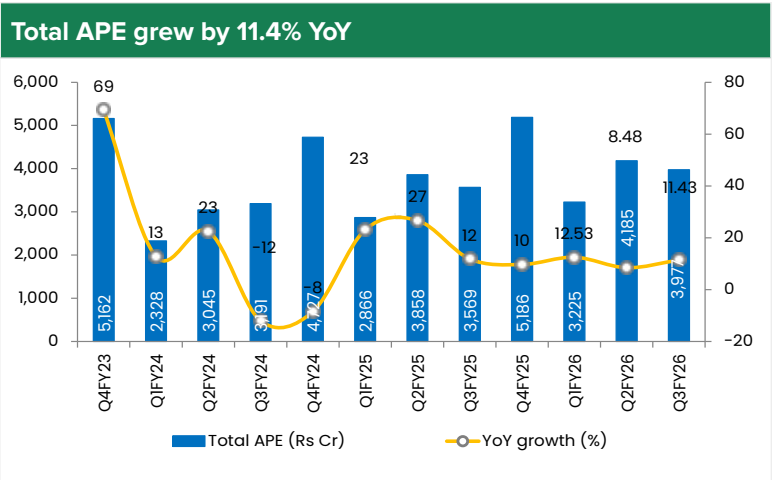
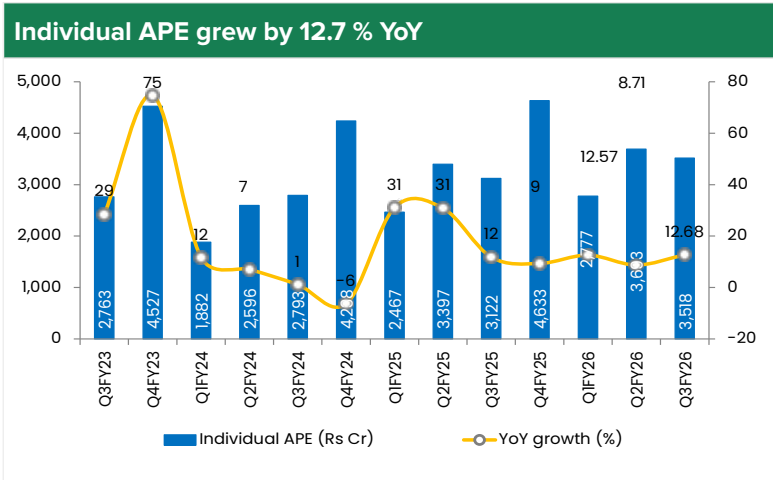
Bancassurance remain dominant channel mix but saw meaningful decline.

| 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 | | | | |

| 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 |
| 6. | I/we have received any compensation for brokerage services from the subject company in the past twelve months? | | No |
| 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 |

2014 is/are as under:

Statements of ownership and material conflicts of interest, compensation – Research Analyst (RA)

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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