

January 16, 2026

Q3FY26 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	900		900	
NBP-APE (Rs mn)	1,93,888	2,22,269	1,94,774	2,24,460
% Chng.	(0.5)	(1.0)		
VNB (Rs mn)	47,890	55,567	47,720	55,666
% Chng.	0.4	(0.2)		
EV (Rs mn)	7,47,534	8,69,093	7,46,760	8,68,351
% Chng.	0.1	0.1		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
NBP (Rs mn)	333,653	379,067	434,461	500,130
APE (Rs mn)	150,150	169,873	193,888	222,269
VNB (Rs mn)	39,600	41,449	47,890	55,567
Margin (%)	25.6	24.4	24.7	25.0
Embedded Value (Rs mn)	554,300	643,204	747,534	869,093
EVOP (Rs mn)	79,200	87,293	101,347	117,122
RoEV (%)	16.7	15.7	15.8	15.7
P/EV (x)	2.9	2.5	2.1	1.8

Key Data

	HDFL.BO HDFCLIFE IN
52-W High / Low	Rs.821 / Rs.585
Sensex / Nifty	83,383 / 25,666
Market Cap	Rs.1,603.3bn/ \$ 17,756.5m
Shares Outstanding	2,157.6m
3M Avg. Daily Value	Rs.2,080.2m

Shareholding Pattern (%)

Promoter's	50.25
Foreign	24.81
Domestic Institution	14.60
Public & Others	10.32
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.8)	(1.8)	25.0
Relative	(3.0)	(3.6)	15.0

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Growth picks up; Q3 margin resilient post GST

Quick Pointers:

- 11% APE growth in Q3 led by uptick in retail protection volume
- Q3 VNB Margin at 24%; drag from GST reform offset by growth in protection

Q3FY26 APE grew 11% YoY driven by a strong uptick in retail protection post GST rationalization. Sustained momentum in ULIP/ PAR with a recovery in credit life and NPAR is likely to result in overall APE growth of 13%/ 14% for FY26/ FY27E. 9MFY26 VNB margin stood at 24.4% and saw an impact of 110 bps due to GST exemption; however company expects to mitigate it further in Q4. Moreover, strong growth in retail protection, recovery in credit life volume and improved margin profile in ULIP is likely to offset some of the drag. We increase our VNB margin estimates by 20-40 bps for FY26-FY28E and remain confident of delivery on growth. We value HDFC Life using the Appraisal Value framework with a TP of Rs 900 (FY27E P/EV unchanged at 2.6x). Reiterate BUY.

- Expect 13% growth in FY26E:** HDFC Life saw a pick-up in growth to 11% YoY in 3QFY26 APE, largely driven by ULIP (+43% YoY) and PAR business (+9% YoY). Retail protection saw a strong uptick of 70% YoY in 3QFY26 post GST rationalization driven by new launches (Click2Protect Supreme), reflecting a shift toward higher sum assured coverage. Company registered a healthy growth of 26% in Credit Protect in Q3 with a recovery in MFI-business. While NPAR saw a de-growth of 19% YoY on account of pricing aggression and increased competitive intensity, company expects it to stabilize in Q4 with a conducive macro environment and launch of new variants. ULIP/PAR/NPAR/Protection/Annuity/Group comprise 40%/19%/20%/10%/5%/3% of APE in 3QFY26. 9MFY26 APE has grown 11% YoY and we expect strong momentum in retail protection (+42% YoY) to sustain. We build a growth of 13%/ 14% for FY26/ FY27E, driven by strong growth in retail protection, recovery in credit life/NPAR and steady growth in PAR and ULIP.
- 110 bps impact on 9M Margin due to GST reform:** 3QFY26 VNB grew 3% YoY to Rs9.5bn. VNB margin stood at 24% for 3QFY26 (vs. 26.1% in 3QFY25) due to the impact of GST exemption and drag of fixed cost absorption. Commentary indicated an impact of ~110 bps on 9MFY26 margin due to the loss of Input Tax Credit and expects to mitigate it further in Q4. Moreover, strong growth in retail protection, recovery in credit life volume and improved margin profile in ULIP (high sum assured/ riders) has helped offset some of the drag. We build a VNB margin of 24.4% for FY26E, considering a moderate impact of GST exemption. Post FY26E, we expect VNB margin to improve to 24.7%/ 25.0% in FY27E/ FY28E as the share of protection and NPAR increases.

- EV growth of 16% YoY; sub-debt raised in Q3:** Embedded Value grew 16% YoY to Rs615.7bn, driven by positive VNB growth, favorable unwind and economic variances. Operating variance saw a negative trend due to lower 13M persistency in certain cohorts (85% vs. 87% in 9MFY25). However, company has undertaken corrective measures and expects it to stabilize in subsequent quarters. 9MFY26 EV also saw a negative impact of (1) Rs2.6bn due to GST exemption and (2) Rs1bn due to change in labor code regulations. Operating RoEV on a rolling 12-month basis stood at 15.6%. Persistency trends (ex-13M) remained stable with 25M/37M/49M/61M at 78%/72%/71%/63% respectively. AUM grew 15% YoY to Rs3,776.5bn. Solvency Ratio stood at 180% supported by a sub-debt raise of Rs7.5bn in Q3.
- Strengthening banca; focus on agency intact:** Banca/agency/direct/brokers & others contributed 59%/18%/9%/17% to Individual APE in 3QFY26. While banca APE grew 7% YoY due to high competition, company is focusing on maintaining the right mix and growing VNB wallet share. Agency grew 19% YoY with the addition of 80k agents in 9MFY26 and company expects it to contribute ~25% of the mix in the long-term. Expense of Management (EoM) ratio stood at 22.5% for 9MFY26 (vs. 20.8% in 9MFY25) and we expect opex to be elevated over the near-term as the company invests in new capabilities (Project Inspire).

Exhibit 1: Q3FY26 Result Overview

Financials (Rs mn)	3QFY26	3QFY25	YoY gr. (%)	2QFY26	QoQ gr. (%)
NBP	83,289	78,994	5.4	89,494	(6.9)
Net premium	182,424	167,713	8.8	187,773	(2.8)
Investment & other income	107,956	1,428	7459.4	15,380	601.9
Total income	290,380	169,141	71.7	203,153	42.9
Net commission	22,717	19,325	17.6	23,209	(2.1)
Opex	22,610	15,533	45.6	17,800	27.0
Total mgmt expenses	45,327	34,858	30.0	41,008	10.5
GST	75	1,229	(93.9)	1,211	(93.9)
Provision for taxes	42	(336)	(112.5)	34	21.8
Claims	91,638	91,792	(0.2)	93,289	(1.8)
Change in actuarial liability	153,375	43,005	256.6	69,792	119.8
Total cost	290,503	171,076	69.8	204,875	41.8
Surplus/(deficit)	(123)	(1,935)	(93.7)	(1,722)	(92.9)
T/f to s/hs' account	1,409	982	43.4	2,152	(34.5)
Investment & other income	4,188	2,719	54.0	3,609	16.0
Total income	5,597	3,701	51.2	5,761	(2.9)
Non-insurance expenses	608	445	36.6	638	(4.6)
T/f from p/hs' account	1,409	982	43.4	2,152	(34.5)
PBT	4,428	4,448	(0.5)	4,655	(4.9)
Taxes	220	299	(26.2)	183	20.7
PAT	4,207	4,149	1.4	4,472	(5.9)
AUM (Rs bn, Reported)	3,777	3,287	14.9	3,600	4.9
APE	39,740	35,690	11.3	41,880	(5.1)
Value of New Business	9,550	9,300	2.7	10,090	(5.4)

Source: Company, PL

Exhibit 2: Actual performance v/s. our Estimates

(Rs mn)	3Q FY26	3Q FY25	YoY gr. (%)	2Q FY26	QoQ gr. (%)	3Q FY26E	% Var.
APE	39,740	35,690	11.3	41,880	(5.1)	39,965	(0.6)
VNB	9,550	9,300	2.7	10,090	(5.4)	8,992	6.2
VNB Margin (%)	24.0	26.1	-203 bps	24.1	-6 bps	22.5	153 bps

Source: Company, PL

Exhibit 3: Change in estimates

(Rs mn)	Revised estimate			Earlier estimate			% Revision		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
APE	169,873	193,888	222,269	170,392	194,774	224,460	(0.3)	(0.5)	(1.0)
VNB	41,449	47,890	55,567	40,894	47,720	55,666	1.4	0.4	(0.2)
VNB margin (%)	24.4	24.7	25.0	24.0	24.5	24.8	40bps	20bps	20bps
EV	643,204	747,534	869,093	642,648	746,760	868,351	0.1	0.1	0.1

Source: PL

Exhibit 4: Appraisal Value Framework

	Value (Rs mn)
FY27 VNB	47,890
VNB Multiple	27.1x
Structural Value - (A)	1,295,480
Embedded Value, F26E - (B)	643,204
Appraisal Value- (A) + (B)	1,938,684
No. of shares o/s (#)	2,153.0
Value per share (Rs)	900
Implied P/EV, F27E	2.6x

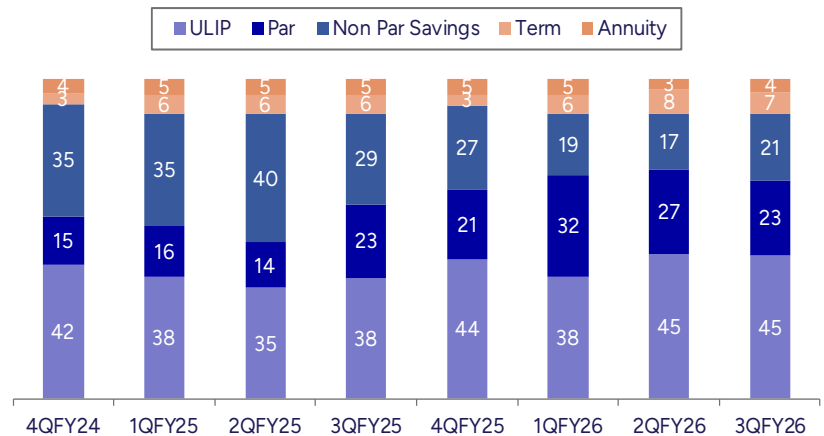
Source: PL

Q3FY26 Concall Highlights

- Company launched new product during the quarter - Click 2 Protect Supreme which drove category expansion with a differentiated offering
- Rider attachment remained strong along with customers increasingly opting for higher sum assured in the ULIP segment leading to high growth in retail sum assured
- Company aims to lead the industry in retail protection while maintaining its VNB margin and expects steady momentum in protection and PAR in coming quarters
- Credit life in the MFI segment saw a pickup while the non-MFI segment delivered steady growth
- The implementation of the new labour code led to a one-time impact of Rs980mn which is fully reflected in EV
- Operating variance was negative primarily due to lower 13-month persistency in certain low-ticket segments
- Commentary suggests that commission-related negotiations with distributors due to ITC unavailability have been completed and are in advanced stage of revision

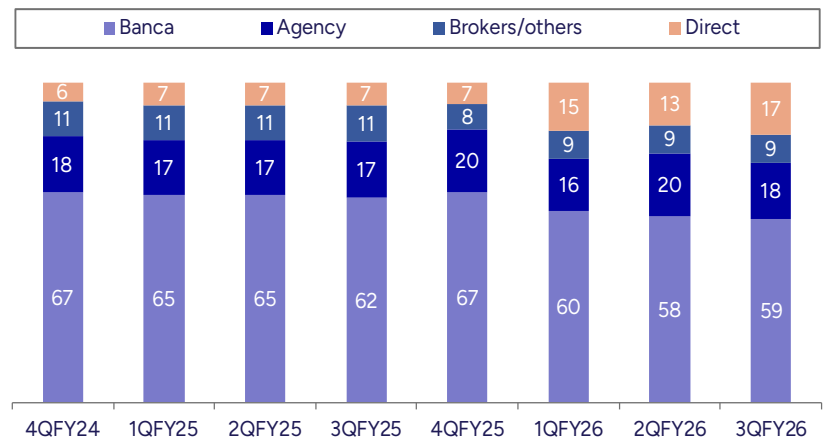
- Management aims to increase the agency/proprietary channel share targeting over 25% in-line with industry benchmarks
- Management highlighted the GST drag on margin has eased to 200bps in Q3 with another 100bps reduction targeted by next quarter
- VNB margin in 9MFY26 considers the adverse impact of GST norms (-1.1%), surrender regulations (-0.2%) and fixed cost absorption (-0.5%) which is offset by increase in new business (+1.1%)
- Solvency ratio stood comfortable at 180% with fresh subordinate debt of Rs7.5bn raised in Q3FY26; no additional further capital requirement envisaged
- Embedded value as of 9MFY26 stood at Rs615.7bn which includes the impact of GST disallowance of Rs2.6bn and new labour code of Rs1bn; Value of in-force business grew by 17% YoY to Rs438.9bn

Exhibit 5: Product mix by Ind. APE basis (%)



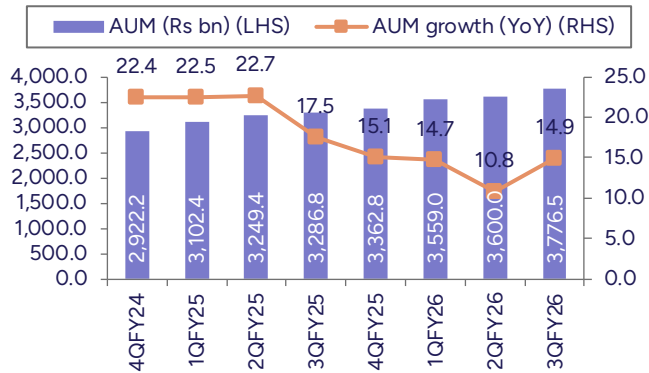
Source: Company, PL

Exhibit 6: Distribution mix by Ind. APE basis (%); banca continues to lead



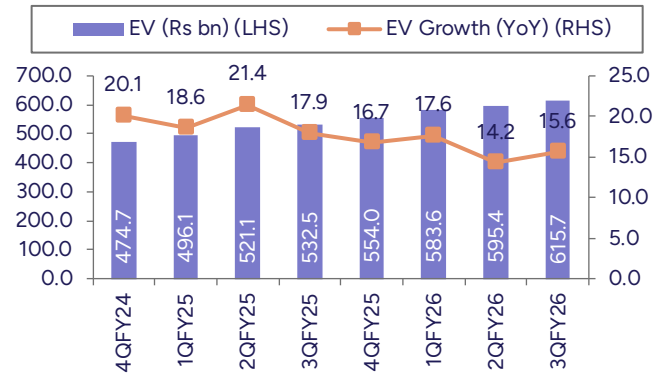
Source: Company, PL

Exhibit 7: AUM grew by ~15% to Rs3,777bn in Q3FY26...



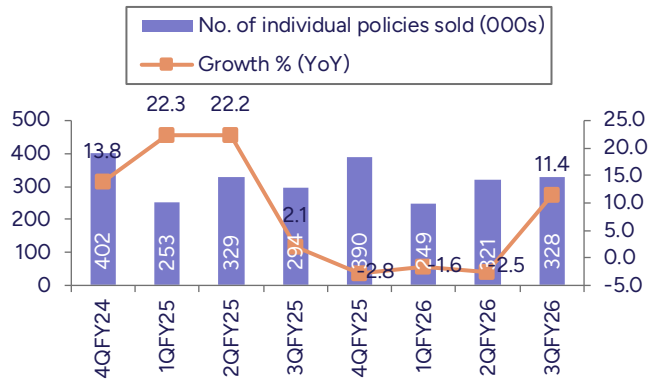
Source: Company, PL

Exhibit 8: ...while EV saw a growth of ~16%



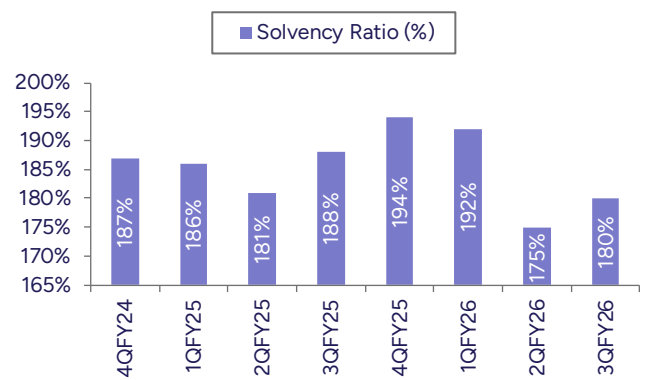
Source: Company, PL

Exhibit 9: Healthy growth in policies sold ~11%



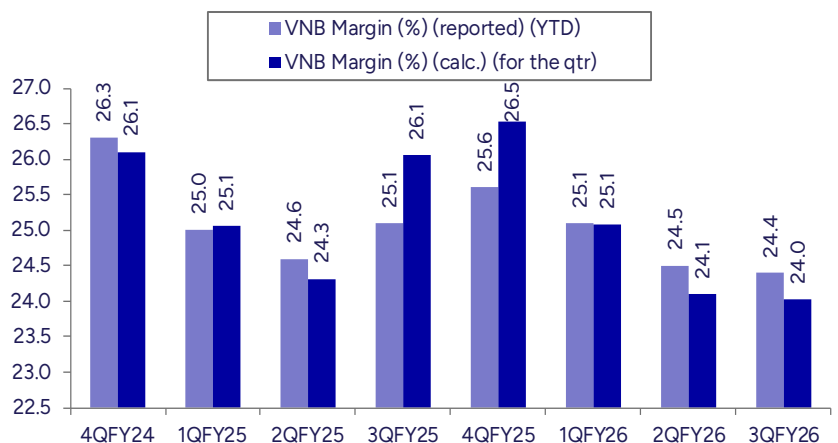
Source: Company, PL

Exhibit 10: Solvency ratio comfortable at 180%



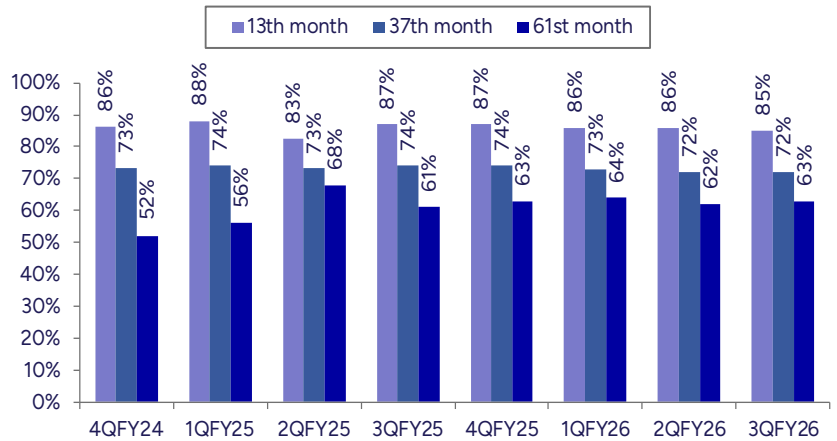
Source: Company, PL

Exhibit 11: VNB margin trajectory (%)



Source: Company, PL

Exhibit 12: 13M persistency saw a dip; others remain stable



Source: Company, PL

Exhibit 13: Persistency across channels (YTD)

	FY24	Q1FY25	H1FY25	9MFY25	FY25	Q1FY26	H1FY26	9MFY26
Agency								
13m	88%	89%	88%	88%	87%	86%	86%	86%
25m	79%	79%	78%	78%	78%	80%	80%	79%
37m	71%	71%	72%	72%	73%	72%	72%	72%
49m	68%	69%	66%	67%	68%	68%	69%	69%
61m	55%	58%	63%	63%	64%	65%	62%	62%
Banca								
13m	87%	87%	87%	87%	86%	86%	85%	85%
25m	78%	77%	77%	77%	77%	78%	77%	77%
37m	72%	73%	73%	73%	72%	71%	71%	71%
49m	69%	69%	68%	68%	69%	70%	69%	70%
61m	53%	55%	59%	59%	61%	61%	59%	61%
Direct and broker								
13m	87%	88%	90%	90%	88%	88%	88%	88%
25m	78%	77%	78%	78%	77%	78%	79%	79%
37m	69%	71%	74%	74%	72%	71%	74%	74%
49m	67%	68%	68%	67%	66%	68%	73%	74%
61m	59%	59%	61%	61%	62%	62%	62%	61%
Overall								
13m	87%	88%	88%	87%	87%	86%	86%	85%
25m	79%	79%	78%	78%	78%	79%	78%	78%
37m	73%	74%	74%	74%	74%	73%	72%	72%
49m	70%	70%	69%	70%	70%	71%	71%	71%
61m	53%	56%	60%	61%	63%	64%	62%	63%

Source: Company, PL

Exhibit 14: EV walk over the quarters

EV walk (Rsbn)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Opening EV	451.9	474.7	496.1	521.3	532.7	554.3	583.6	595.4
+ unwinding	8.3	9.3	9.6	9.7	9.8	10.6	10.9	11.0
+ VNB	12.3	7.2	9.4	9.3	13.7	8.1	10.1	9.5
+ Change in operating assumptions	0.3	0	0	0	0	0	0	0
+ Operating variances	0.2	0.9	0.2	0.3	-0.2	0.1	0	-0.8
+ Economic variance	1.6	4	9.6	-8.2	-1.8	9.6	-2.7	0.6
+ Dividend/capital injections	0.1	0	-3.6	0.3	0.1	0.9	-3.7	0.7
+ Impact of GST & Labour code	0	0	0	0	0	0	-2.6	-1.0
Closing EV	474.7	496.1	521.3	532.7	554.3	583.6	595.4	615.7

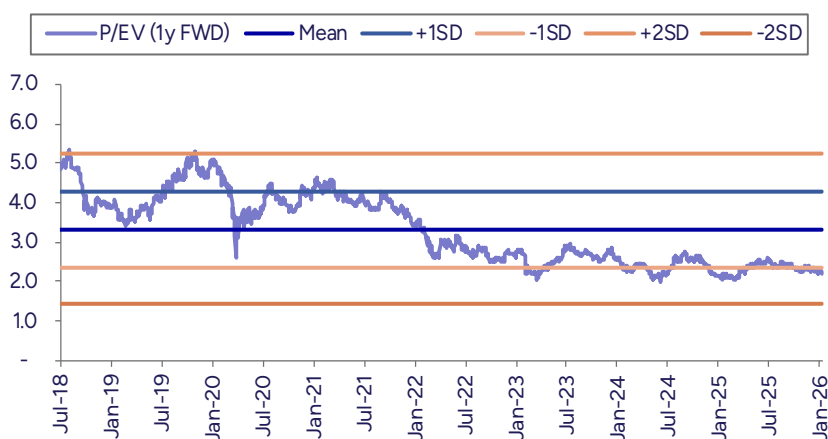
Source: Company, PL

Exhibit 15: Key Metrics

	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Commission ratio (%)	11.5	10.9	12.1	12.4	12.5
Opex ratio (%)	9.3	7.2	10.4	9.5	12.4
Mgmt expense ratio (%)	20.8	18.1	22.5	21.8	24.8
Claims ratio (%)	54.7	46.5	60.0	49.7	50.2
Solvency ratio (%)	188.0	194.0	192.0	175.0	180.0
Yield on s/hs' funds					
with unrealized gains (%)	0.0	1.8	3.6	0.5	2.8
without unrealized gains (%)	1.7	1.9	1.7	2.0	2.2
Persistency (%)					
13th month	87.0	87.0	86.0	86.0	85.0
37th month	74.0	74.0	73.0	72.0	72.0
61st month	61.0	63.0	64.0	62.0	63.0
Conservation ratio (%)	84.7	84.7	86.7	85.5	84.9

Source: Company, PL

Exhibit 16: One- year forward P/EV of HDFC Life trades at 2.2x



Source: Company, PL

Financials

Exhibit 17: Revenue Account

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
FYP (first year premium)	111,108	129,761	146,630	167,158	191,396
SP (single premium)	185,205	203,892	232,437	267,303	308,735
NBP (new business premium)	296,314	333,653	379,067	434,461	500,130
RP (renewal premium)	334,451	376,796	427,664	487,536	558,229
Gross premium	630,765	710,449	806,730	921,997	1,058,360
(-) Reinsurance ceded	11,173	14,288	16,224	18,542	21,284
Net premiums	619,592	696,161	790,506	903,455	1,037,075
Investment & other income	388,151	263,287	273,810	290,424	331,491
Total income	1,007,743	959,448	1,064,316	1,193,879	1,368,566
- Commission expenses	52,563	78,353	72,606	78,370	84,669
- Operating expenses	69,011	62,218	68,572	78,370	89,961
- Provision for doubtful debts and taxes	3,183	5,715	6,378	7,172	8,111
Operating surplus	882,986	813,162	916,760	1,029,968	1,185,826
- Benefits paid (net)	396,965	369,109	443,702	502,488	571,514
- Change in reserves	484,194	415,156	440,252	486,946	570,532
Pre-tax surplus / (deficit)	1,828	28,897	32,806	40,533	43,779
Provisions for tax	-5,924	-5,882	4,921	6,080	6,567
Post-tax surplus / (deficit)	7,751	34,779	27,885	34,453	37,212

Source: Company, PL

Exhibit 18: P&L Account

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
T/f from technical a/c	7,991	9,968	15,337	20,672	22,327
Investment and other income	9,104	11,252	13,370	14,661	15,394
Total income	17,095	21,220	28,707	35,333	37,721
Total expenses	5,500	2,559	8,562	8,562	8,562
PBT	15,638	18,661	20,145	26,770	29,159
Provision for tax	-50	640	690	918	999
PAT	15,689	18,021	19,454	25,853	28,159

Source: Company, PL

Exhibit 19: Balance Sheet

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds					
Shareholders' fund	146,517	161,256	142,102	168,472	197,194
Policy liabilities	2,778,661	3,221,509	3,632,591	4,119,537	4,690,069
Funds for future appropriations	12,115	12,576	12,548	13,781	14,885
Total	2,937,293	3,395,342	3,787,241	4,301,790	4,902,149
Application of Funds					
Shareholders' investments	148,819	183,863	211,443	222,015	233,116
Policyholders' investments	1,817,966	2,162,671	2,493,976	2,929,051	3,443,485
Asset held to cover linked liabilities	955,416	1,016,282	1,067,096	1,131,121	1,198,989
Net other and current assets	15,092	32,526	14,726	19,603	26,559
Total	2,937,293	3,395,342	3,787,241	4,301,790	4,902,149

Source: Company, PL

Exhibit 20: Embedded Value (EV)

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Opening EV	395,300	474,700	554,300	643,204	747,534
Unwind	32,400	38,400	44,344	51,456	59,055
VNB	35,000	39,600	41,449	47,890	55,567
Operating variance	1,800	1,200	1,500	2,000	2,500
EV Operating Profit (EVOP)	69,200	79,200	87,293	101,347	117,122
Non-operating variance	13,500	3,600	2,000	3,500	5,000
EV Profit	82,700	82,800	89,293	104,847	122,122
Net capital injection	-3,300	-3,200	-389	-517	-563
Closing EV	474,700	554,300	643,204	747,534	869,093

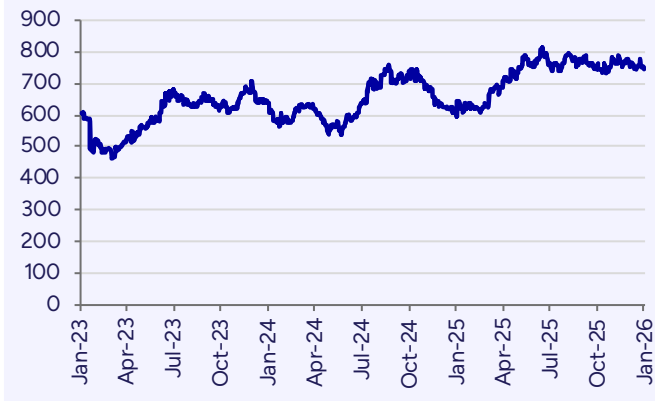
Source: Company, PL

Exhibit 21: Key Ratios

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Growth (%)					
APE	-1.0	15.8	13.1	14.1	14.6
Renewal premium	17.6	12.7	13.5	14.0	14.5
Net premium	9.2	12.4	13.6	14.3	14.8
PAT	15.3	14.9	8.0	32.9	8.9
Total AUM	22.4	15.1	12.2	13.5	13.9
Total Assets	22.6	15.6	11.5	13.6	14.0
Expense analysis (%)					
Commission ratio	8.3	11.0	9.0	8.5	8.0
Opex ratio	10.9	8.8	8.5	8.5	8.5
Claims ratio	64.1	53.0	55.0	54.5	54.0
P/hs' opex / Avg P/hs' AUM	2.7	2.1	2.0	2.1	2.1
Profitability analysis (%)					
RoA	0.6	0.6	0.5	0.6	0.6
RoE	11.6	12.1	13.2	17.1	15.8
RoEV	17.5	16.7	15.7	15.8	15.7
VNB margin	26.3	25.6	24.4	24.7	25.0
S/hs' AUM yield	6.5	6.8	6.8	6.8	6.8
P/hs' AUM yield	15.3	8.7	8.0	7.5	7.5
Balance sheet analysis					
P/hs' funds / P/hs' AUM (x)	1.0	1.0	1.0	1.0	1.0
P/hs' liabilities / Net worth (x)	18.5	20.1	23.3	25.7	24.7
Per share data (Rs)					
EPS	7.3	8.4	9.1	12.0	13.1
BVPS	66.1	72.8	64.0	76.3	89.7
EVPS	220.9	257.5	299.2	347.8	404.3
Valuation data (x)					
P/E	101.8	88.8	82.1	61.8	56.7
P/BV	11.2	10.2	11.6	9.7	8.3
P/EV	3.4	2.9	2.5	2.1	1.8

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Jan-26	BUY	900	755
2	16-Oct-25	BUY	900	761
3	06-Oct-25	BUY	900	759
4	10-Sep-25	BUY	900	761

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	BUY	1,700	1,470
2	Bajaj Finance	BUY	1,125	969
3	Can Fin Homes	Accumulate	1,015	927
4	Cholamandalam Investment and Finance Company	Accumulate	1,850	1,787
5	HDFC Life Insurance Company	BUY	900	755
6	ICICI Prudential Life Insurance Company	Accumulate	725	684
7	LIC Housing Finance	BUY	645	538
8	Mahindra & Mahindra Financial Services	Accumulate	375	360
9	Max Financial Services	BUY	1,925	1,672
10	SBI Life Insurance Company	Hold	1,950	2,067
11	Shriram Finance	BUY	1,150	996
12	Sundaram Finance	Hold	5,000	5,288

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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