

HDFC Life Insurance Company Ltd

Respectable Q3 barring one-offs; outlook steady

Reco/View: **BUY**

CMP: **Rs. 735**

Price Target: **Rs. 870**



Sar utha ke jyo!

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Insurance

COMPANY DETAILS

Market cap:	Rs. 1,57,895 cr
52-week high/low:	Rs. 821 / 585
NSE volume: (No of shares)	26.0 lakh
BSE code:	540777
NSE code:	HDFCLIFE
Free float: (No of shares)	107.0 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	50.3
FII	24.8
DII	14.6
Others	10.3

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-2.8	0.0	0.5	15.9
Relative to Sensex	-1.2	0.1	-1.5	7.6

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- APE improved, beating our estimates, driven by individual policies.
- VNB margins fell 10 bps q-o-q to 24% in Q3, for 9MFY26 margins were down 70 bps y-o-y to 24.4%, GST impact was partly countered by changed product mix.
- New labour code led to one-off hit of Rs. 98 crore, investment in resources and tech drove up opex ratio. PAT growth flattish, in-line with estimates.
- Sighting a steady medium-long term outlook, we maintain a Buy with an unchanged PT of Rs. 870.

Result overview

- APE grew 11.2% y-o-y to Rs. 3974 crore, driven by a 12.7% uptick in individual APE business, which in-turn was driven by a 70% y-o-y jump in retail protection business.
- Share of protection in overall product mix rose from 7% in H1FY26 to 9% in Q3FY26, including riders the share to total stood at 11%. Market share in Individual WRP business stood at 10.9% versus 10.8% y-o-y in 9MFY26.
- VNB growth was at 2.7% y-o-y, while for 9MFY26 it stood at 7% y-o-y (adjusted for GST and surrender regulation changes, growth would have been 11% y-o-y in Q3FY26). Company targets to double its VNB in every 4 years.
- New GST rollout hit margins by 300 bps; however, product mix change added 110 bps, and thus overall impact was below 200 bps. Management expects to fully neutralise this impact by Q1FY27, through revised distributor commissions and product mix shifts.
- Implementation of new labour code had a one-time impact of Rs. 98 crore, while investment in manpower, tech and branches led to rise in expense ratio from 20.2% to 24.1% y-o-y in Q3, as a result PAT growth was flattish at 1.4% y-o-y.
- 9MFY26 persistency ratio declined to 85% from 87% y-o-y due to stress in specific cohorts and lower ticket sizes following tax rule changes.

Our Call

The management expressed a constructive near-term outlook, expecting Q4FY26 to build on the current momentum. FY27 growth is expected to be supported by continued strength in protection and sustained demand for savings products. Investment in tech and manpower to boost efficiency. Overall, the outlook for insurer remains steady, we have fine-tuned our estimates, maintain a Buy rating with unchanged PT of Rs. 870.

Key Risks

Slowdown in protection business could dent margins.

Valuation

	Rs cr				
Particulars	FY24	FY25	FY26E	FY27E	FY28E
APE (Rs cr)	13,291	15,479	16,966	19,521	22,371
VNB (Rs cr)	3,501	3,962	4,191	4,908	5,660
VNB Margin (%)	26.3	25.6	24.7	25.1	25.3
EV (Rs cr)	47,468	55,423	63,903	73,652	84,788
PAT (Rs cr)	1,569	1,802	1,705	2,071	2,490
EPS (Rs)	7.3	8.4	7.9	9.6	11.5
ROEV (%)	17.5	16.7	15.7	15.8	15.7
P/EV (x)	3.3	2.9	2.5	2.1	1.9
P/VNB (x)	45.2	39.9	37.8	32.2	28.0

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Jan 14, 2026

Concall Highlights:

Premium and policy Growth

- Renewal premium grew 15% to Rs 28,415 crore for 9M, reflecting the strength of the growing back book.
- Company sold 8.97 lakh individual policies, marking a volume-driven growth compared to 8.76 lakh y-o-y for 9MFY26.
- Following the GST change, first-time buyers accounted for a dominant share of protection sales, at over 80%.
- Customers increasingly opted for higher sum assured covers. This contributed to a 55% growth in retail sum assured specifically during Q3FY26.

Distribution channels

- Bancassurance remains the dominant channel, contributing 59% of the Individual APE mix. Counter share within HDFC Bank remained broadly rangebound. Growth in some bank partnerships was tempered by “irrational pricing” and aggressive competition from unlisted players.
- The agency channel had healthy double-digit growth. The company added over 80,000 agents in 9MFY26, bringing the total to over 2.6 lakh agents.
- Proprietary/direct contributed 9% of the Individual APE mix.

New launches and product innovation

- Recent launches in key new products include the HDFC Life Smart Protect Plan (ULIP), Click 2 Achieve (Non-PAR savings), and Click 2 Protect Supreme (Protection).
- New variable annuity product is expected to launch within the next few months to cater to discerning retirement customers.
- There is higher traction in high sum assured ULIPs (more than 1/4th of the ULIP mix), which offer stronger margin profiles compared to base ULIPs.

Outlook

- Company maintained its aspiration to double VNB every 4 to 4.5 years.
- Strategic Focus include scaling proprietary channels, deepening penetration in Tier-2 and Tier-3 markets, and leveraging AI initiatives for process efficiencies and business expansion.
- Long-term goal for the agency channel is to contribute to more than a 25% share of the company’s business.
- Low insurance penetration, a burgeoning middle class, and favourable demographics to support long-term sustainable growth.

Q3FY26 Result Snapshot:

Particulars	Rs cr				
	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Net Premium	18,242	16,771	8.8%	18,777	-2.8%
APE	3,974	3,573	11.2%	4,188	-5.1%
VNB	955	930	2.7%	1,009	-5.4%
VNB Margin	24.0	26.1	-7.9%	24.1	-0.3%
PAT	421	415	1.4%	447	-5.9%

Source: Company; Mirae Asset Sharekhan Research

Additional Data**Top 10 shareholders**

Sr. No.	Holder Name	Holding (%)
1	HDFC Bank Ltd	50.21
2	Exide Industries	4.03
3	ICICI Pru AMC	3.37
4	SBI Funds Management	2.57
5	FMR LLC	2.42
6	BLACKROCK INC	1.96
7	VANGUARD Group LLC	1.93
8	Capital Group	1.91
9	CAMAS INV	1.69
10	Franklin Resources	1.36

Source: Bloomberg

Key management personnel

Name	Designation
MD & CEO	Vibha Padalkar
CFO & ED	Niraj Shah
Chairman	Keki M Mistry

Source: Company Website

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