

February 4, 2026

Management Meet Update

☒ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Target Price	BUY 900	BUY 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	SHMF.BO HDFCLIFE IN
52-W High / Low	Rs.1,044 / Rs.525
Sensex / Nifty	83,818 / 25,776
Market Cap	Rs.1,879bn/ \$ 20,783m
Shares Outstanding	1,881m
3M Avg. Daily Value	Rs.2,080.2m

Shareholding Pattern (%)

Promoter's	50.21
Foreign	24.27
Domestic Institution	15.23
Public & Others	10.28
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.1)	59.8	73.2
Relative	1.2	54.5	62.4

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Set for steady growth and margin recovery

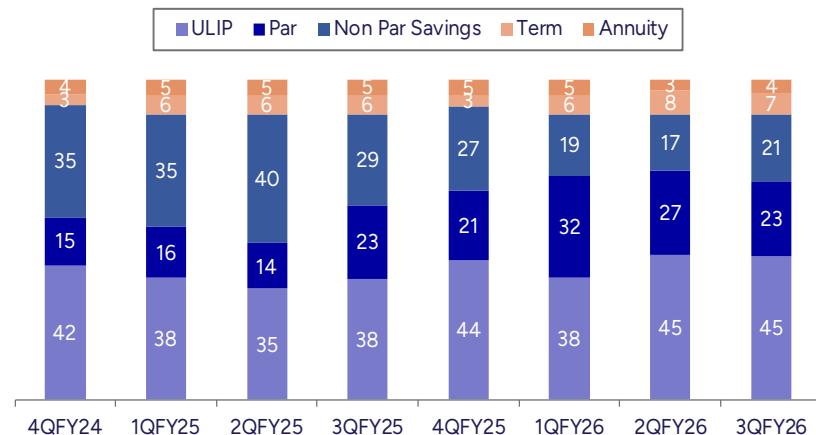
We met the management of HDFCLIFE to understand growth trends, margin outlook, and the evolving regulatory landscape. The company highlighted sustained strength in retail protection demand with volumes seeing a sharp uptick post the GST rate cut, while ULIP traction remains healthy and NPAR is seeing a gradual improvement. The management indicated an impact of ~110bps on 9MFY26 margin due to the loss of Input Tax Credit and expects to mitigate it in Q4. HDFCLIFE remains focused on driving RoEV of 16%-18% with a target to double EV over the next 4-5 years. Protection-led growth, improving rider attachment and cost discipline remain key levers to support VNB growth, despite near-term margin pressure. Retain 'BUY' with TP of Rs900 (2.6x FY27E P/ABV).

- **Protection/ULIP and expansion in Tier 2/3 to anchor growth:** Protection demand continues to remain robust, with the management indicating ~2x growth post GST exemption. However, it expects growth to normalize to 25-30% in subsequent quarters. ULIP continues to see strong traction with ~25% of the book delivering similar margins to PAR due to higher sum assured and rider attachments. NPAR accelerated in the quarter (+60% QoQ), and the company expects it to contribute to ~20% of the mix. Credit protect growth has seen a recovery with a pick-up in MFI disbursals. The company highlighted that 70-80% of new business is sourced from Tier 2/3 markets and ~70% customers are first-time buyers with HDFCLIFE. We build APE 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.

- **Distribution strength intact; agency gaining share:** HDFC Bank remains a dominant partner, with the company focusing more on improving VNB from the channel rather than pure volume growth. It has rationalized feet on street across branches and is focusing more on selling higher margin products (term/ higher sum assured ULIP with riders). The agency channel continues to gain traction (+18% YoY in 9MFY26) and is expected to grow faster than the company. The management highlighted strong digital conversion metrics with ~47% of logins being converted within 0-2 days and ~76% within 7 days – best TAT among peers. Distribution commission re-negotiations are underway following GST rationalization. While future commission cuts could weigh on industry growth, the company does not expect material disruption. It remains confident of maintaining channel stability through productivity improvements and rationalization of feet on street.

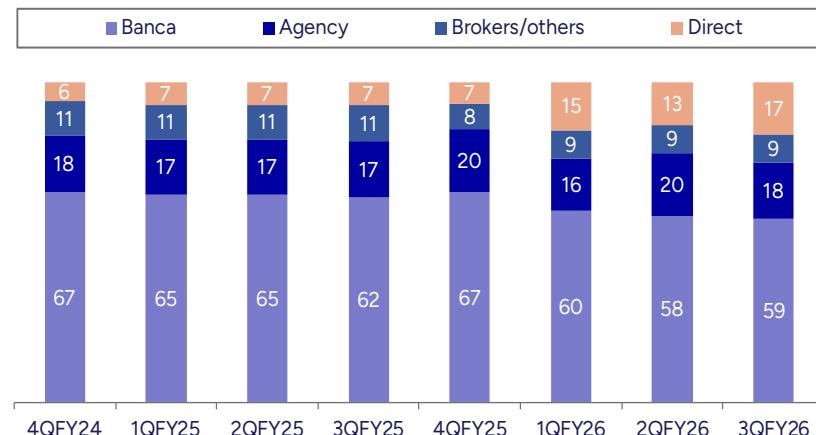
- **Expect RoEV of 16%-18% over the medium term:** Commentary indicated an impact of ~110bps on 9MFY26 margin due to the loss of Input Tax Credit and expects to mitigate it in Q4. Rising share of protection, improved rider attachment and growth in higher sum assured ULIP are likely to offset the drag. 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. The company expects to maintain RoEV of 16%-18% with a target of doubling EV over the next 4-5 years. Solvency ratio is expected to be in the 180%-185% range over a 2-year horizon. On the regulations front, the management expects further calibration around risk-based capital and IFRS implementation in the coming quarters.

Exhibit 1: Product mix on individual APE basis; ULIP contributes ~45%



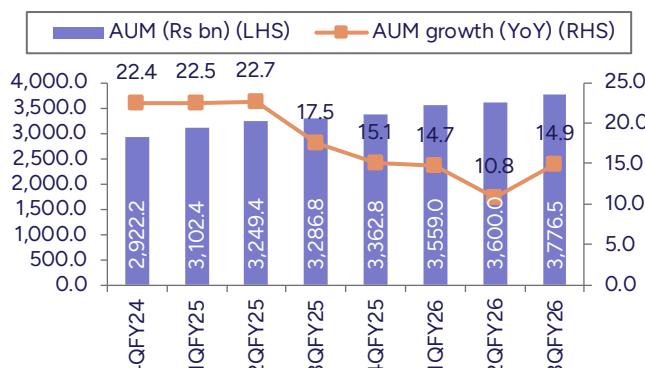
Source: Company, PL

Exhibit 2: Distribution mix – Banca channel dominates



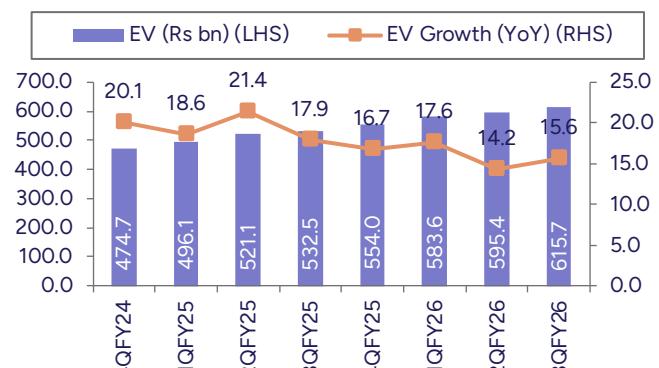
Source: Company, PL

Exhibit 3: Steady AUM growth over the quarters...



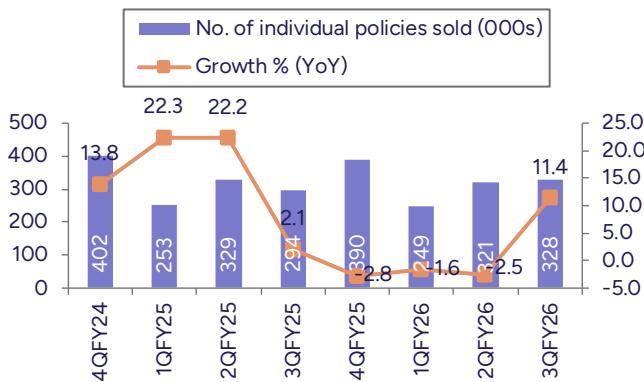
Source: Company, PL

Exhibit 4: ...with healthy EV growth



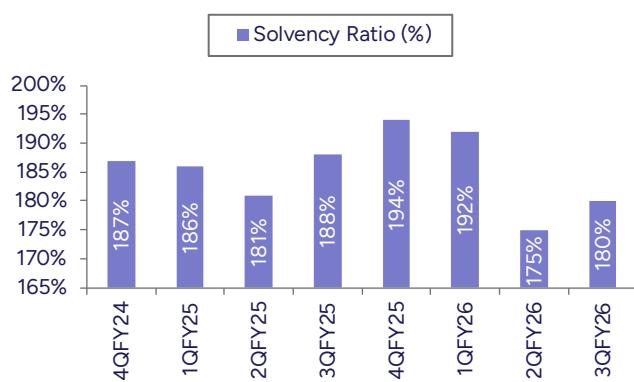
Source: Company, PL

Exhibit 5: Policy growth sees YoY uptick due to GST cut



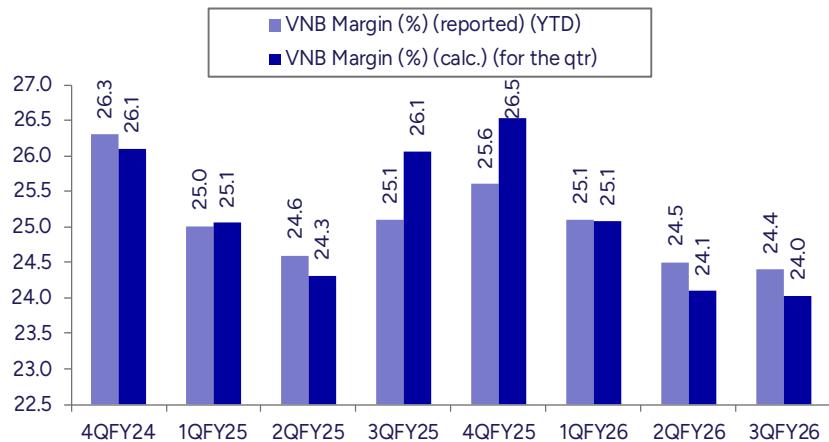
Source: Company, PL

Exhibit 6: Solvency ratio comfortable at 180%



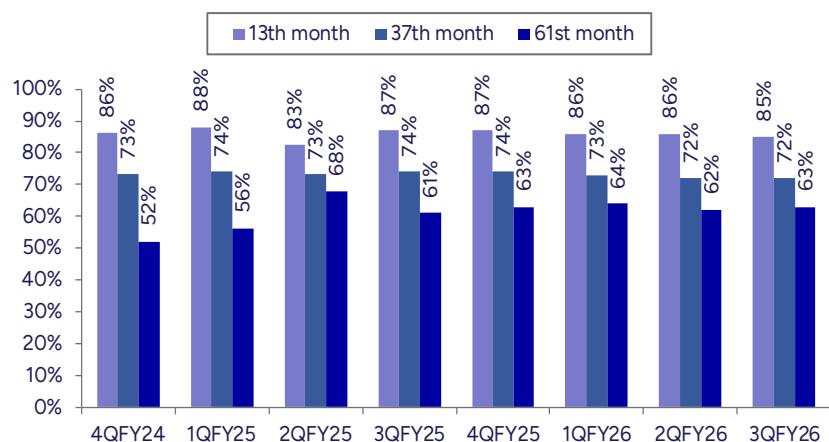
Source: Company, PL

Exhibit 7: VNB margin trajectory over the quarters



Source: Company, PL

Exhibit 8: Persistency remains largely stable across cohorts



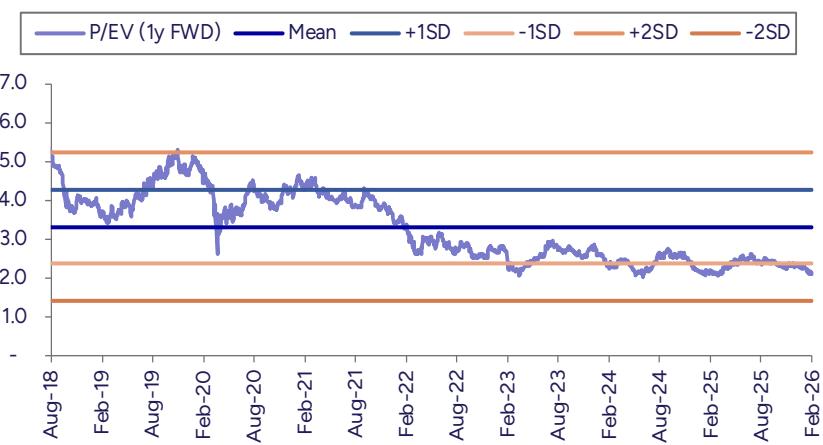
Source: Company, PL

Exhibit 9: Analysis of EV movement across quarters

Rs bn	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 & Labor 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 10: One-year forward P/EV of HDFCLIFE trades at 2.1x



Source: Company, PL

Financials

Exhibit 11: 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 12: 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 13: 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 14: 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 15: 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	98.3	85.7	79.3	59.6	54.8
P/BV	10.9	9.9	11.2	9.4	8.0
P/EV	3.2	2.8	2.4	2.1	1.8

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	16-Jan-26	BUY	900	761
2	05-Jan-26	BUY	900	755
3	16-Oct-25	BUY	900	761
4	06-Oct-25	BUY	900	759
5	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	964
3	Can Fin Homes	Accumulate	1,015	938
4	Cholamandalam Investment and Finance Company	BUY	1,850	1,594
5	HDFC Life Insurance Company	BUY	900	761
6	ICICI Prudential Life Insurance Company	Accumulate	725	684
7	LIC Housing Finance	Accumulate	525	496
8	Mahindra & Mahindra Financial Services	Accumulate	395	371
9	Max Financial Services	BUY	1,925	1,672
10	SBI Life Insurance Company	Hold	2,125	2,053
11	Shriram Finance	BUY	1,175	1,004
12	Sundaram Finance	Hold	5,500	5,359

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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