kotak Securities

Dated: 16th January 2026

HDFC Life Insurance (HDFCLIFE) - BUY

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.743	Rs.885

Rationale:

- HDFC Life reported 3% Value of New Business (VNB) growth in Q3FY26 on the back of 11% Annualized Premium Equivalent (APE) growth, with most weakness at the bank.
- The business mix improved to partially offset the drag from GST exemption.
- HDFC Life remains disciplined in maintaining margin but needs to step up on growth now to meet its medium-term VNB guidance.
- Retain BUY with an FV of Rs885 (Rs900 earlier).

Positives:

- ULIP and retail protection APE was up 30-32% yoy, reflecting strong demand from customers, especially after the GST exemption.
- Agency APE growth was strong at 19% yoy in Q3FY26.
- Reported a VNB margin of 24% versus our estimates of 23.1% for Q3FY26.
- Solvency remains comfortable at 180%.

Negatives:

- It reported moderate APE growth of 11% yoy due to weakness in the non-par segment.
- Bancassurance growth was moderate at 11% yoy.
- HDFC Life reported PAT decline of 1% yoy in Q3FY26.
- Operating Return on Embedded Value (RoEV) was moderate at 12.6% in Q3FY26.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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