

HDFC STANDARD LIFE INSURANCE COMPANY LTD

Feb-19

Cmp Rs. 359 Revised Target Rs: 541

Industry: Life Insurance Recommendation: Accumulate

Key Data

540777
HDFCLIFE
547
345
72399
10

Industry Snapshot

Customers	Open
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

Shareholding Dec 2018

Promoters	80.71%
Public	19.26%

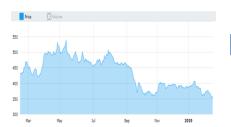
Promoters/ Management

Mrs. Vibha Padalkar	CEO
Mr. Deepak Parekh	Director
Mr. Keki Mistry	Director
Mr. Renu Karnad	Director
Mr. Jamshed Irani	Director

Key Ratios

Mcap/EV x	4.36
Mcap/AUM	64%
Embedded Value Rs Cr	17400

Price Chart



Research Team

022-61507123/142

Dec Quarter Result Update:

Maintaining strong market share: HDFC Life has continued to remain a leader in terms of total new business premium received with market share of 21% in private sector compared to 18.4% YoY. It has also maintained its strong presence as amongst the top three players in the individual and group segments. HDFC Life has achieved a market share of 12.6% based on Individual WRP and 28.20% based on Group business during the 9M FY19. HDFC Life also accomplished the market share of about 21.20% based on total new business received during 1HYFY19.

Healthy Product-mix: HDFC Life has maintained its product mix in line with the stated strategy with ULIPs contributing 59%, Par 20% and Non par 21%. HDFC Life also continued its focus on protection business. Protection APE has increased by 66% from Rs 407 Cr to Rs 673 Cr for 9M FY19. Total protection business policies sold during 1HYFY19 also increased from 27.8% to 28%. Protection business comprises 28.1% of the total new business premium.

Building strong distribution network: HDFC Life is backed by strong presence across country through its wide access to the branches of 209 bancassurance and 37 non traditional partnerships. Cross selling to group customers has remained stable and formed 8.4% of the individual new business policies sold during 9M FY19 thus boosting the distribution.

Continuous improvement in profitability: HDFC Life saw an improvement at the PAT level which showed growth of 20% to Rs 913 Cr for 9M FY19. HDFC Life's networth increased by 31% to Rs 5690 Cr in 9M FY19, also maintaining stable solvency ratio at 191%.

Mview:

We believe HDFC Life quarterly growth was driven by robust growth in the protection and annuity business. The gross written premium (GWP) grew up 27% YoY and new business premiums (NBP) up 37% YoY. We assume HDFCLIFE is focusing on increasing its distribution network with more tie-ups which should result in strong premium growth going forward while Management also expects margins to improve in the near-term with strong growth in the higher margin protection and annuity business. We believe balanced product mix and focus on protection, coupled with the widening distribution reach factors justifies the valuations on high side and will maintain the difference with listed peers. We expect the stock to deliver steady returns over the medium term

About the Company:

Incorporated in 2000, HDFC Standard Life Insurance Company Ltd (HDFC Life) is Mumbai based life insurance provider in India. HDFCLife offers a wide range of individual and group insurance solutions including Protection, Pension, Savings & Investment and Health, along with Children's and Women's Plan. HDFCLife is a joint venture between HDFC and Standard Life Aberdeen plc. HDFC is a leading financial service provider in India offering finance for housing, banking, life and general insurance, asset management, venture capital and education loans. Standard Life is an Edinburgh based investment company offering wide range of financial services across the globe.



QUARTERLY FINANCIAL OVERVIEW

Profit & Loss Statement (Rs Cr)								
Particulars	Q3FY19	Q3FY18	YoY	Q2FY19	QoQ	9MFY19	9MFY18	YoY
Transfer from Policy Holders account	177	150	18%	234	-24%	731	606	21%
Income from investments	83	62	35%	73	14%	236	183	29%
Other income	0	0		0		9	13	
Total A	260	212	23%	307	-15%	976	802	22%
Expenses other than those directly related to biz	2	1		5		10	12	
Bad debts	0	0		0		0	0	
Provisions	9	0		2		11	-1	
Contribution to policyholders fund	-7	-5		4		11	3	
Total B	4	-5	-187%	11	-65%	31	14	126%
PBT	256	216	19%	296	-13%	945	788	20%
provision for tax	11	9		9		32	26	_
PAT	246	207	18%	287	-14%	913	762	20%
EPS	1.22	1.04		1.43		4.53	3.81	

TECHNICAL TREND





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