



# MSEARCH

## RESULT UPDATE

HDFC STANDARD LIFE INSURANCE COMPANY LTD

Feb-19

Industry: Life Insurance

Cmp Rs. 359

Recommendation: Accumulate

Revised Target Rs: 541

### Key Data

BSE Code	540777
NSE Code	HDFCLIFE
52 Week High (Rs)	547
52 Week Low (Rs)	345
Market Cap (Rs Cr)	72399
Face Value	10

### 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.

### Industry Snapshot

Customers	Open
Market Presence	Domestic
Govt Regulations	Medium
Msearch View	Positive

**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.

### Shareholding Dec 2018

Promoters	80.71%
Public	19.26%

**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.

### Promoters/ Management

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

**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%.

### Key Ratios

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

### 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

### Price Chart



### 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.

### Research Team

022-61507123/142



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### 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	
<b>Total A</b>	<b>260</b>	<b>212</b>	<b>23%</b>	<b>307</b>	<b>-15%</b>	<b>976</b>	<b>802</b>	<b>22%</b>
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	
<b>Total B</b>	<b>4</b>	<b>-5</b>	<b>-187%</b>	<b>11</b>	<b>-65%</b>	<b>31</b>	<b>14</b>	<b>126%</b>
<b>PBT</b>	<b>256</b>	<b>216</b>	<b>19%</b>	<b>296</b>	<b>-13%</b>	<b>945</b>	<b>788</b>	<b>20%</b>
provision for tax	11	9		9		32	26	
<b>PAT</b>	<b>246</b>	<b>207</b>	<b>18%</b>	<b>287</b>	<b>-14%</b>	<b>913</b>	<b>762</b>	<b>20%</b>
<b>EPS</b>	<b>1.22</b>	<b>1.04</b>		<b>1.43</b>		<b>4.53</b>	<b>3.81</b>	

### TECHNICAL TREND





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BSE: - Membership Clearing No. 122 - SEBI Regn. No. INB010683856, NSE: - Membership Clearing No. 13512- SEBI Regn. No. INB231351231, NSE FO SEBI Regn. No. INF231351231, CIN No: U65990MH1994PLC078478

MSEI: - Membership Clearing No. 51800 - SEBI Regn. No. INB261351234  
SEBI registered RA Reg No INH000000552

Mehta Equities Limited, 903, 9th Floor, Lodha Supremus, Dr.E.Moses Road, Worli Naka, Worli,  
Mumbai 400 018, India

Tel: +91 22 6150 7101, Fax: +91 22 6150 7102

Email: [info@mehtagroup.in](mailto:info@mehtagroup.in), Website: [www.mehtagroup.in](http://www.mehtagroup.in)