

HDFC Life Insurance (HDFCLIFE) - BUY

Result Update

Current Market Price (CMP)

Rs. 716

Target Price

Rs. 805

Rationale:

- High ULIP growth, mostly through bancassurance, led to 18% VNB and 23% APE growth in Q1FY25.
- HDFC Life smartly managed margins by accelerating non-par, term products and increasing protection coverage in ULIPs.
- Valuations remain favorable; we tweak forecasts and remain assertive.
- Retain BUY with a Fair Value of Rs.805 (up from Rs775).

Q1FY25 Earnings Update:

👍 Positives:

- HDFC Life reported 18% VNB growth in Q1FY25, driven by 23% APE growth.
- HDFC Life reported 40% APE growth in bancassurance.
- Non-par APE was up 39% yoy for Q1FY25.
- Annuities APE was up 23% yoy in Q1FY25, driven by direct/online channel.

👎 Negatives:

- Lower margins drag down operating RoEV in Q1FY25.
- We expect surrender penalty guidelines to impact Co.'s margins by about 1.5%

(EV – Enterprise Value, VNB – Value of New Business, APE – Annual Premium Equivalent)

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For detailed report dated 16th July 2024. Note: CMP & valuation may differ due to difference in dates.



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