

Look beyond COVID-19 A horizon of prosperous equity market



Q1FY21 could be the best time to accumulate quality stocks, based on a scenario that world will revert after lockdown...

Geojit Research

Stay Home, Stay Safe and Buy safe assets to capitalize from the chaos

Dated 13th April 2020

HDFC Life Insurance

CMP: Rs.479

TARGET (12month) : Rs.596

RETURN: +24%

RATING: BUY

HDFC Life Insurance enjoys leading position among private life insurance players with a market share of 21.4% and an AUM of 1.36 trillion.

- Even though economic slowdown and lockdown will impact the sale of new policies in the short-term, strong brand value and being an essential risk management product, recovery will be quick with increase in life insurance penetration post crisis.
- A zero debt company with total premium collection CAGR of 23%, new business premium CAGR at 32% and renewal premium CAGR at 15%, for FY14-FY19.
- Highest sustainability of customers with 90% of policy holders continuing the policy after the 1st year.
- Considering the positive industrial outlook and consistent growth, we value the stock at 3.8x FY22 EV per share and upgrade our rating to Buy with a revised target price of Rs.596.

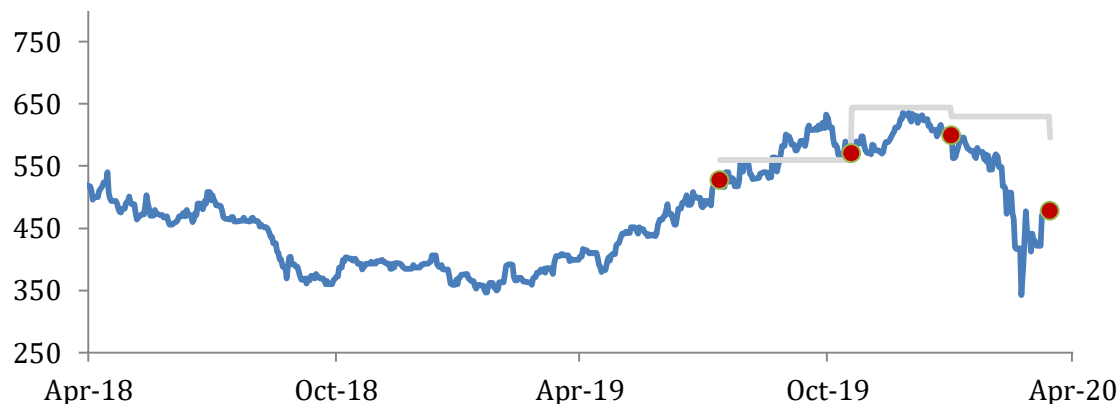
Company Data	
Market Cap (cr)	Rs.95,338
Enterprise Value (Cr)	Rs.94,813
Outstanding Shares (cr)	201.9
Free Float (%)	33.8
Dividend Yield (%)	0.3
52 week high	Rs.646
52 week low	Rs.339
6m average volume (cr)	5.0
Beta	1.03
Face value	Rs.10

Shareholding %	Q1FY20	Q2FY20	Q3FY20
Promoters	74.5	71.2	66.2
FII's	11.8	15.9	19.9
MFs/Insti	4.9	4.4	5.0
Public	6.6	6.5	6.9
Others	2.3	2.0	2.0
Total	100	100	100
Promoters Pledge	Nil	Nil	Nil



General Disclosure and Disclaimer

Recommendation Summary



Source: Bloomberg, Geojit Research.

Dates	Rating	Target
12.Aug.19	HOLD	560
18.Nov.19	BUY	644
31.Jan.20	HOLD	630
13.Apr.20	BUY	596

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note.

Accumulate: Partial buying or to accumulate as CMP dips in the future.

Hold: Hold the stock with the expected target mentioned in the note.

Reduce: Reduce your exposure to the stock due to limited upside.

Sell: Exit from the stock.

Not rated: The analyst has no investment opinion on the stock.

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.



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