
























































# HDFC Life Insurance Co Ltd

A frontrunner in a growing industry



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<b>Arvind Fashion</b>	<b>Adani Ports</b>	<b>Indus Towers</b>	<b>Adani Gas</b>	<b>Sunteck</b>

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BUY @ CMP INR 687

Target: INR 870 in 24 months

Upside Potential: 26.7%

## A frontrunner in a growing industry

**Business model – HDFC Life Insurance Co. Ltd. (HDFCLI)** specializes in the collection and management of life insurance premiums. Revenue is generated through new business premiums (NBP), renewal premiums, and investment income from its existing AUM.

Post Covid-19, the Indian insurance sector has shown a remarkable growth, with gross premium growing at a CAGR of 9.7% from INR 5.7 trillion in FY20 to INR 8.3 trillion in FY24. We expect this growth to continue, with the sector poised to expand at a CAGR of 11.4% to INR 11.5 trillion by FY28. The key growth drivers include:

- Rising awareness regarding the need for financial protection among the masses, especially after the pandemic.
- A growing working-age population, currently standing at +900 mn individuals between the ages of 18–60 years.
- A market that is still relatively underpenetrated (\$70 premium per capita), compared to \$274 in China, \$2,245 in Japan, \$8,200 in the US and \$900 of the global average, indicating substantial potential for growth.

LIC, the market leader in India's life insurance space for decades, has faced increasing competition from private players. Aggressive marketing strategies, superior customer service, and innovative product offerings have chipped away at LIC's market share. From FY20 to FY24, LIC's NBP market share fell from 66.2% to 57.3%, and its share in renewal premiums declined from 64.1% to 56.1%. HDFCLI has capitalized on this shift, growing its market share with a diverse product mix, faster claim settlements, and strong customer service. The bancassurance channel, contributing ~50% of individual NBP premiums (compared to the industry average of ~30%), has been a key growth driver, supported by HDFC Bank. However, HDFCLI has lagged in the agency business, contributing ~11% to total NBP versus the industry average of ~21%. The company is now focusing on expanding this channel, offering significant growth opportunities.

During FY20–24, HDFCLI's market share in NBP grew from 6.3% to 7.6%, and its renewal premium share rose from 5.7% to 7.4%. The company reduced its exposure to low-margin ULIP products, shifting focus to higher-margin traditional savings. Looking ahead, HDFCLI's gross premiums are expected to grow at a CAGR of 13.5% to INR 921.5 bn over FY24–27. The NBP premium is projected to grow at a CAGR of 11.4% to INR 409.7 bn, while renewal premiums are expected to rise at a CAGR of 15.2% to INR 511.8 bn. The share of non-linked NBP in total NBP is expected to increase from 76.3% to 81%, boosting the company's overall profitability. VNB (Value of New Business) and PAT are projected to grow at a CAGR of 14.7% to INR 5,278 cr and 22.4% to INR 2,883 cr, respectively, with VNB and PAT as a percentage of gross premium expected to improve by 18bps to 5.7% and 63bps to 3.1%, respectively, by FY27E.

**Valuation call –** On most metrics scores way above its peers and hence is our top pick in the life insurance sector. At the CMP of INR 687 the stock is trading at 1.9X FY27 P/EV. We initiate coverage at 2.4X FY27 P/EV (20% discount to its 3 years average) and recommend BUY with a price target of INR 870, which represents an upside of 26.7% over the next 24 months.

**Key risks –** Change in regulations by IRDA and adverse market dynamics

Key consolidated financial data (INR Cr, unless specified)

	Gross Premium	Net Premium	NBP	VNB	VNB margin(%)	PAT	EPS (₹)	BVPS (₹)	RoE (%)	P/E (X)	P/EV (X)
FY23	57,533	56,879	29,085	3,674	27.5	1,368	6.4	60.4	10.5	108.1	3.7
FY24	63,082	62,112	29,636	3,501	26.3	1,574	7.3	68.1	10.7	94.0	3.1
FY25E	70,888	69,397	33,013	3,915	25.4	1,822	8.5	74.1	11.4	81.2	2.6
FY26E	80,686	78,992	36,785	4,557	26.0	2,412	11.2	81.9	13.7	61.3	2.2
FY27E	92,152	90,309	40,970	5,278	26.0	2,883	13.4	91.3	14.7	51.3	1.9

Industry Life Insurance

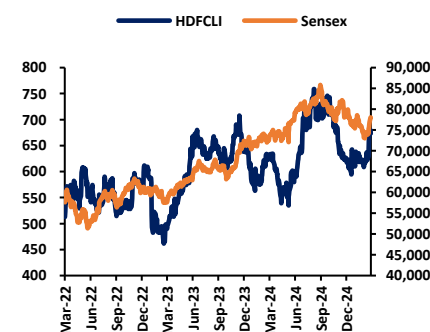
### Scrip Details

Face Value (INR)	10.0
Market Cap (INR Cr)	1,47,898
Price (INR)	687
No of Sh O/S (Cr)	215.3
3M Avg Vol (000)	2624.3
52W H/L (INR)	761/511
Dividend Yield (%)	0.3

### Shareholding (%) Dec 2024

Promoter	50.3
Institution	38.9
Public	10.8
<b>TOTAL</b>	<b>100.0</b>

### Price Chart



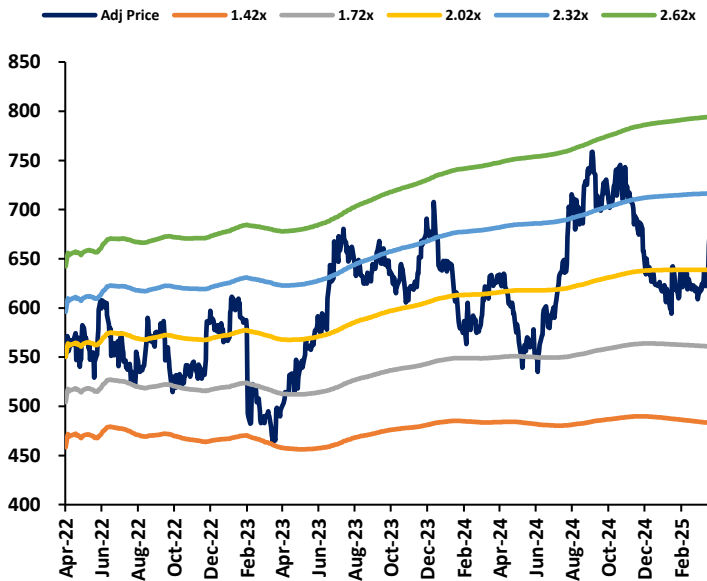
### Consensus vs Ventura estimates

Fig in INR cr, unless specified	FY24	FY25	FY26	FY27	FY24-27E CAGR (%)
<b>Total Income</b>					
Concensus	100,941	103,300	110,200	122,400	6.6
<i>YoY Growth (%)</i>		2.3	6.7	11.1	
Ventura	100,941	98,422	110,533	126,593	7.8
<i>YoY Growth (%)</i>		(2.5)	12.3	14.5	
<b>PAT</b>					
Concensus	1,574	2,066	2,611	3,206	26.8
<i>Concensus margin (%)</i>	1.6	2.0	2.4	2.6	
Ventura	1,574	1,822	2,412	2,883	22.4
<i>Ventura margin (%)</i>	1.6	1.9	2.2	2.3	
<b>EPS</b>					
Concensus	7.3	9.6	12.1	14.9	26.8
Ventura	7.3	8.5	11.2	13.4	22.4
<b>P/E</b>					
Concensus	94.0	71.6	56.6	46.1	
Ventura	94.0	81.2	61.3	51.3	

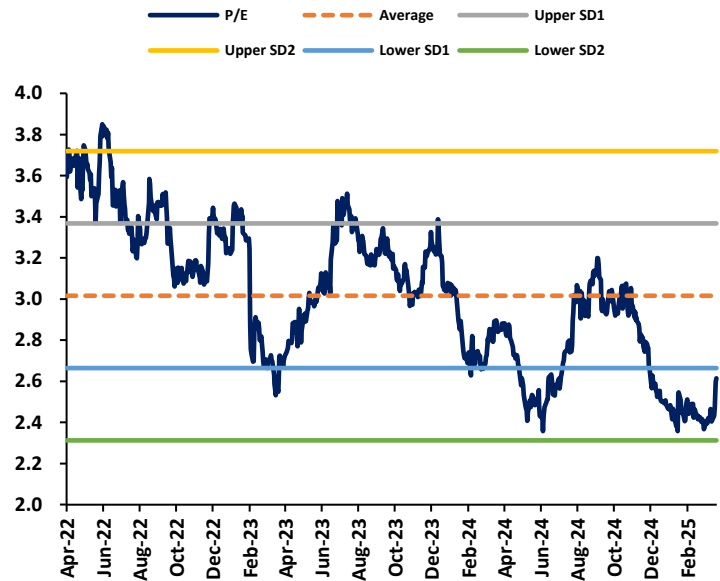


## Strong growth outlook, improving profitability and healthy balance sheet could re-rate the valuation

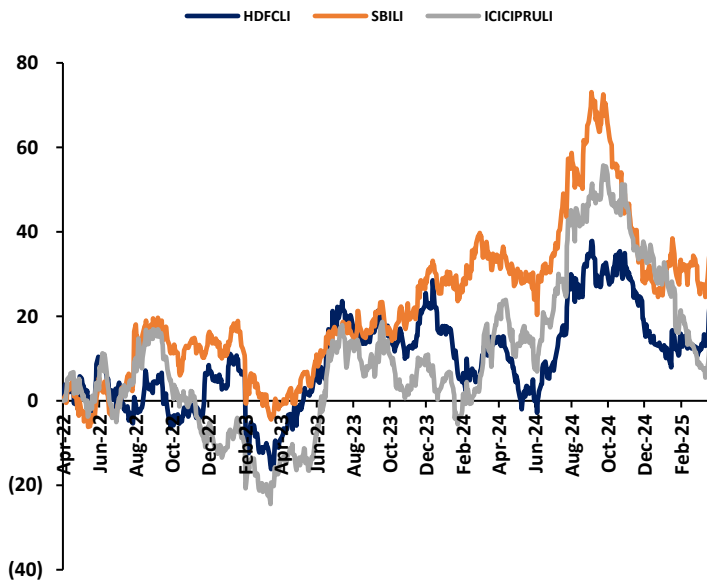
1 year forward P/EV band



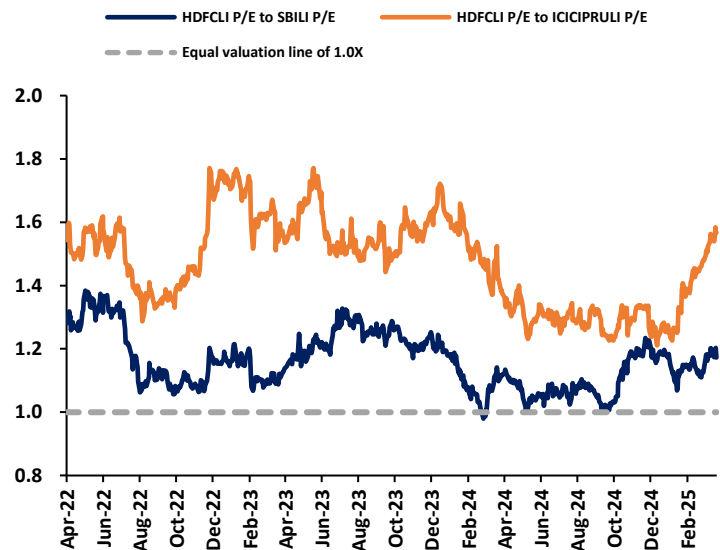
1 year forward P/EV and its standard deviation



Price performance (%): HDFCL vs SBIL vs ICICIRULI



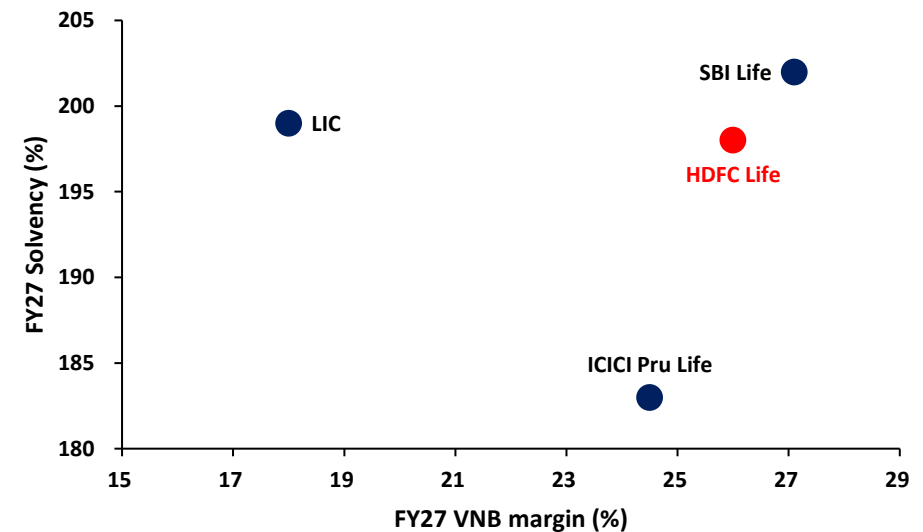
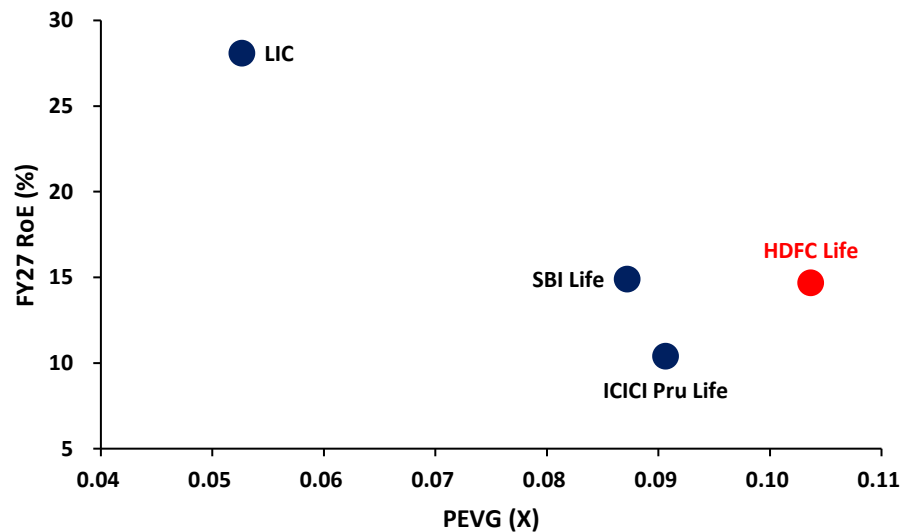
HDFCL deserves premium valuation over peers due to its diverse product mix and operating metrics



Source: Ventura Research

### Valuation and comparable metrics of domestic life insurance companies

Fig in INR bn, unless specified	SBI Life				HDFC Life				ICICI Pru Life				LIC			
	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
NBP	382.0	426.0	481.0	554.0	296.4	330.1	367.9	409.7	187.0	219.0	253.0	289.0	2,227.0	2,467.0	2,742.0	3,049.0
Gross premium	814.0	917.0	1,042.0	1,195.0	630.8	708.9	806.9	921.5	432.0	484.0	545.0	620.0	4,758.0	5,096.0	5,508.0	5,965.0
APE	197.0	222.0	253.0	291.0	132.9	154.0	175.3	203.0	90.0	109.0	129.0	151.0	574.0	616.0	669.0	727.0
Opex ratio (%)	4.9	5.6	5.9	6.1	11.1	9.4	8.9	8.8	9.5	10.7	10.7	10.5	5.5	5.5	5.5	5.5
Commission ratio (%)	4.0	4.6	4.6	4.6	8.5	11.1	12.7	12.1	8.6	11.0	11.0	10.8	10.1	9.8	9.8	9.8
VNB	56.0	59.0	68.0	79.0	35.0	39.1	45.6	52.8	22.0	26.0	31.0	37.0	96.0	105.0	117.0	131.0
VNB margin (%)	28.1	26.6	27.0	27.1	26.3	25.4	26.0	26.0	24.6	23.9	24.1	24.5	16.8	17.0	17.5	18.0
EV	582.0	705.0	826.0	968.0	474.7	563.7	665.0	780.6	423.0	484.0	555.0	639.0	7,273.0	8,134.0	8,851.0	9,639.0
Solvency ratio (%)	196.0	200.0	200.0	202.0	187.0	195.0	198.0	198.0	192.0	187.0	187.0	183.0	198.0	195.0	198.0	199.0
RoE (%)	13.6	14.5	14.3	14.9	10.7	11.4	13.7	14.7	8.1	9.9	10.6	10.4	63.8	44.0	35.2	28.1
P/EV (X)	2.7	2.2	1.9	1.6	3.1	2.6	2.2	1.9	1.9	1.7	1.5	1.3	0.7	0.6	0.6	0.5



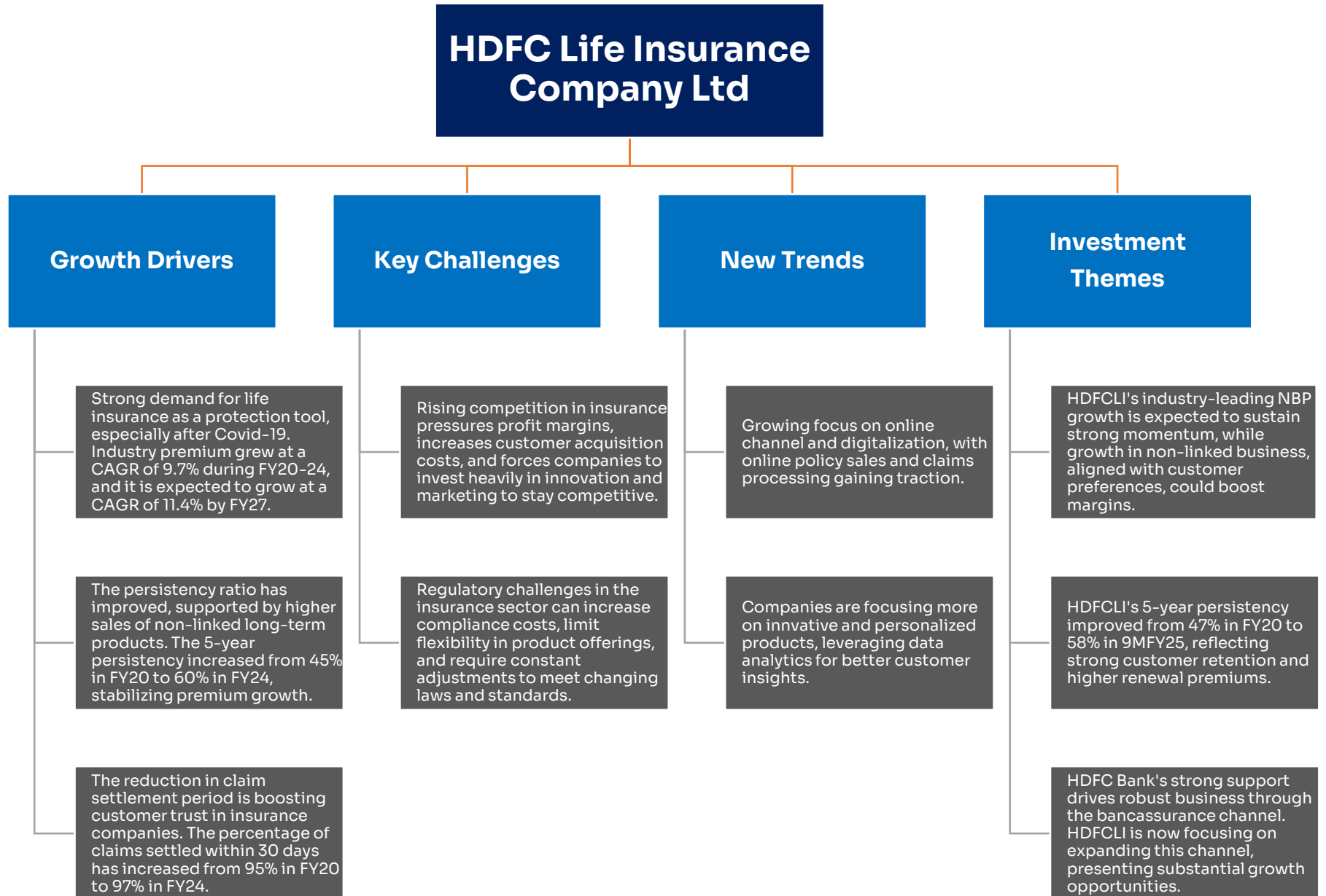
## HDFCLI's Consolidated Financial Summary

Fig in INR cr, unless specified	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Gross premium income</b>							
First Year Premium	6,858	8,357	11,324	11,116	13,097	15,389	18,005
YoY Growth (%)		21.9	35.5	(1.8)	17.8	17.5	17.0
Renewal Premium	18,477	22,793	28,448	33,445	37,875	43,901	51,182
YoY Growth (%)		23.4	24.8	17.6	13.2	15.9	16.6
Single Premium	13,248	16,140	17,761	18,521	19,916	21,397	22,966
YoY Growth (%)		21.8	10.0	4.3	7.5	7.4	7.3
<b>Total gross premium</b>	<b>38,584</b>	<b>47,290</b>	<b>57,533</b>	<b>63,082</b>	<b>70,888</b>	<b>80,686</b>	<b>92,152</b>
YoY Growth (%)		22.6	21.7	9.6	12.4	13.8	14.2
<b>New business premium (NBP)</b>	<b>20,107</b>	<b>24,497</b>	<b>29,085</b>	<b>29,636</b>	<b>33,013</b>	<b>36,785</b>	<b>40,970</b>
<b>Annualized Premium Equivalent (APE)</b>	<b>8,372</b>	<b>9,758</b>	<b>13,336</b>	<b>13,291</b>	<b>15,403</b>	<b>17,528</b>	<b>20,301</b>
YoY Growth (%)		16.6	36.7	(0.3)	15.9	13.8	15.8
Reinsurance Amount	389	489	655	970	1,490	1,694	1,843
Reinsurance Amount as % of gross premium (%)	1.0	1.0	1.1	1.5	2.1	2.1	2.0
<b>Net premium income</b>	<b>38,194</b>	<b>46,801</b>	<b>56,879</b>	<b>62,112</b>	<b>69,397</b>	<b>78,992</b>	<b>90,309</b>
YoY Growth (%)		22.5	21.5	9.2	11.7	13.8	14.3
Investment income from policyholders' account	32,684	19,512	12,604	38,363	28,637	31,202	35,895
Other income from policyholders' account	183	192	465	336	306	340	388
Contribution of funds from Shareholders' A/c	259	554	880	129	82	0	0
<b>Total income from policyholders' account (A)</b>	<b>71,320</b>	<b>67,060</b>	<b>70,828</b>	<b>100,941</b>	<b>98,422</b>	<b>110,533</b>	<b>126,593</b>
YoY Growth		(6.0)	5.6	42.5	(2.5)	12.3	14.5
Commission	1,712	2,008	2,891	5,262	7,686	10,044	10,889
Employee cost	1,680	2,122	3,056	3,252	3,397	3,792	4,239
Other operating expenses	2,913	3,731	5,393	3,669	3,131	3,227	3,686
<b>Total operating cost (B)</b>	<b>6,306</b>	<b>7,861</b>	<b>11,340</b>	<b>12,184</b>	<b>14,214</b>	<b>17,064</b>	<b>18,814</b>
Total operating cost as % of gross premium (%)	16.3	16.6	19.7	19.3	20.1	21.1	20.4
Provisions of doubtful debt	0	0	0	0	0	0	0
Provisions for diminution in value of investments	(189)	(253)	29	(94)	53	0	0
GST	357	371	376	412	517	589	673
Tax	274	185	159	(592)	(603)	0	0
Benefits paid (Inclusive of interim and terminal bonus)	22,630	32,616	38,972	39,805	42,265	47,956	54,408
Change in actuarial liability	40,842	25,237	18,590	48,444	40,909	43,112	50,449
<b>Total provisions, taxes, Δ actuarial liabilities &amp; benefits paid (C)</b>	<b>63,915</b>	<b>58,155</b>	<b>58,126</b>	<b>87,975</b>	<b>83,142</b>	<b>91,657</b>	<b>105,530</b>
<b>Total Cost (D = B+C)</b>	<b>70,221</b>	<b>66,016</b>	<b>69,466</b>	<b>100,158</b>	<b>97,356</b>	<b>108,721</b>	<b>124,345</b>
Total cost as % of total income (%)	98.5	98.4	98.1	99.2	98.9	98.4	98.2
<b>Surplus / (Deficit) (A-D)</b>	<b>1,099</b>	<b>1,043</b>	<b>1,362</b>	<b>783</b>	<b>1,066</b>	<b>1,812</b>	<b>2,248</b>
Transfer to shareholders' account	992	1,106	1,472	807	1,066	1,812	2,248
Investment income from shareholders' account	650	813	724	1,007	1,105	1,260	1,429
Other income from shareholders' account	3	19	93	59	75	81	92
<b>Total income from shareholders' account (A)</b>	<b>1,645</b>	<b>1,938</b>	<b>2,289</b>	<b>1,872</b>	<b>2,246</b>	<b>3,153</b>	<b>3,769</b>
YoY Growth		17.8	18.1	(18.2)	19.9	40.4	19.6
Expenses related to shareholders' account	69	114	152	169	199	315	377
Transfer to policyholders' account	259	554	880	129	82	0	0
Provisions for doubtful debts (including write off)	0	0	0	0	0	0	0
Provisions for diminution in value of investment	(37)	(33)	(25)	4	1	0	0
<b>PBT</b>	<b>1,354</b>	<b>1,303</b>	<b>1,282</b>	<b>1,570</b>	<b>1,964</b>	<b>2,837</b>	<b>3,392</b>
Tax	(7)	(24)	(86)	(4)	142	426	509
<b>PAT</b>	<b>1,361</b>	<b>1,327</b>	<b>1,368</b>	<b>1,574</b>	<b>1,822</b>	<b>2,412</b>	<b>2,883</b>
Networth	8,640	15,613	12,993	14,666	15,944	17,632	19,650
P/BV (X)	17.1	9.5	11.4	10.1	9.3	8.4	7.5
RoE (%)	15.8	8.5	10.5	10.7	11.4	13.7	14.7
Value of new business (VNB)	2,185	2,675	3,674	3,501	3,915	4,557	5,278
VNB as % of APE	26.1	27.4	27.5	26.3	25.4	26.0	26.0
Unwind	1,744	2,300	2,620	3,240	4,035	4,792	5,652
Unwind as % of opening EV	8.4	8.6	7.9	8.2	8.5	8.5	8.5
Operating variances	76	150	150	150	150	150	150
Unwind as % of opening EV	0.4	0.6	0.5	0.4	0.3	0.3	0.2
Economic variances	2,064	(50)	1,590	1,350	1,350	1,350	1,350
Unwind as % of opening EV	10.0	(0.2)	4.8	3.4	2.8	2.4	2.0
Dividends	0	(448)	(399)	(477)	(547)	(724)	(865)
Other adjustments	(99)	1,713	(1,065)	176	0	0	0
<b>Closing Embedded Value</b>	<b>26,620</b>	<b>32,960</b>	<b>39,530</b>	<b>47,470</b>	<b>56,373</b>	<b>66,498</b>	<b>78,064</b>
Closing EV per share (INR)	132	156	184	221	262	309	363
Price to EV (X)	5.2	4.4	3.7	3.1	2.6	2.2	1.9

Source: ACE Equity, Company Reports & Ventura Research



## HDFCLI SWOT Analysis in a nutshell



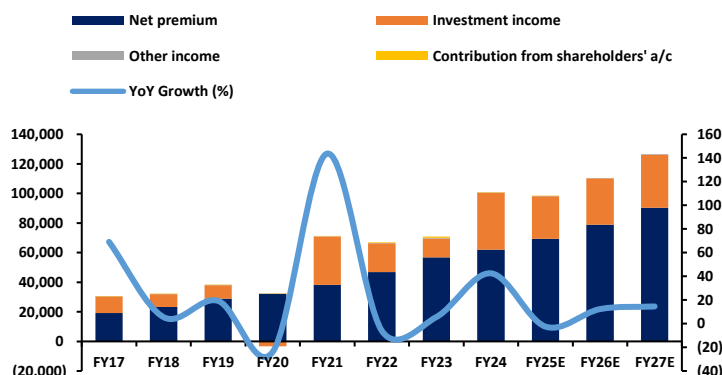
## HDFCLI – A frontrunner in a growing industry

HDFCLI is one of India's leading private life insurance companies, known for its strong brand presence, diversified product portfolio, and consistent financial performance.

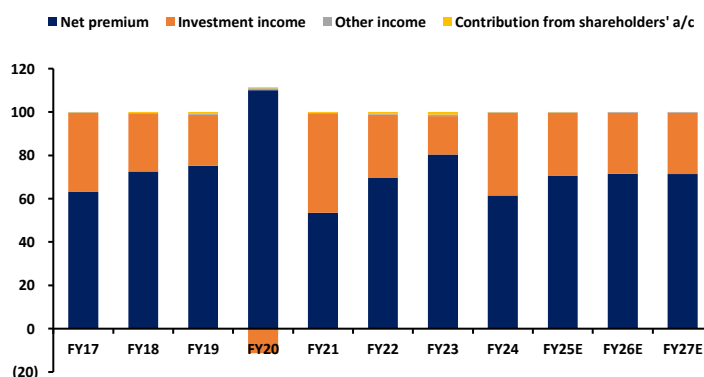
### Consistent business growth with robust revenue trajectory

- During FY17-24, HDFCLI's revenue grew at a CAGR of 18.6% to INR 1,00,941 cr, driven by:
  - Gross premium grew at a CAGR of 18.3%, supported by 19.3% CAGR growth in NBP to INR 29,636 cr and 17.5% CAGR growth in renewal premium to INR 33,445 cr.
  - Investment income increased at a CAGR of 19.3%, aided by 17.7% CAGR growth in AUM to INR 2.9 trillion.
- The management is aiming for mid-to-high teen growth in NBP, while renewal premium is expected to maintain stable growth.
- We expect revenues to grow at a CAGR of 7.8% to INR 1,26,593 cr during FY24-27E, driven by:
  - Premiums are projected to expand at a CAGR of 13.5% to INR 92,152 cr, supported by 11.4% CAGR growth in NBP to INR 40,970 cr and 15.2% CAGR growth in renewal premium to INR 51,182 cr.
  - Investment income is expected to remain flat due to elevated market base in FY24 may moderate investment income growth.

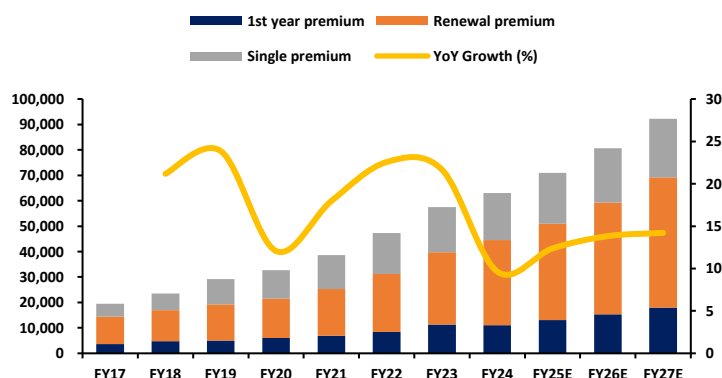
HDFCLI's revenue performance



HDFCLI's revenue split (%)



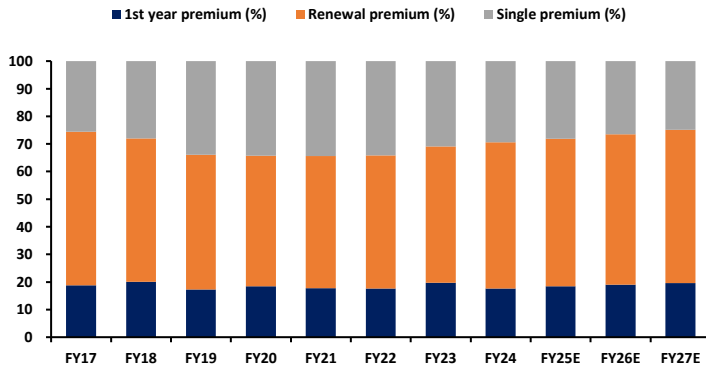
HDFCLI's gross premium performance



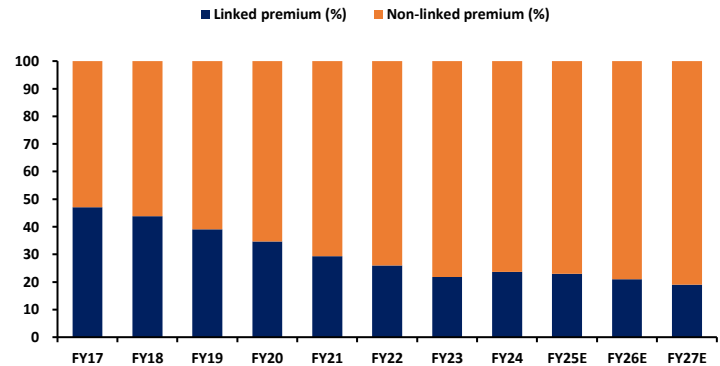
### NBP to propel growth, while renewal premium ensures stability

- NBP is expected to be the primary growth catalyst in the forecast period, supported by robust business generation through the bancassurance channel (HDFC Bank's pan India branches) and the expanding agency network in Tier 2 & Tier 3 cities.
- Renewal premium is anticipated to provide a stable revenue base, driven by improving persistency rates and growing customer trust in HDFCLI's offerings and services.

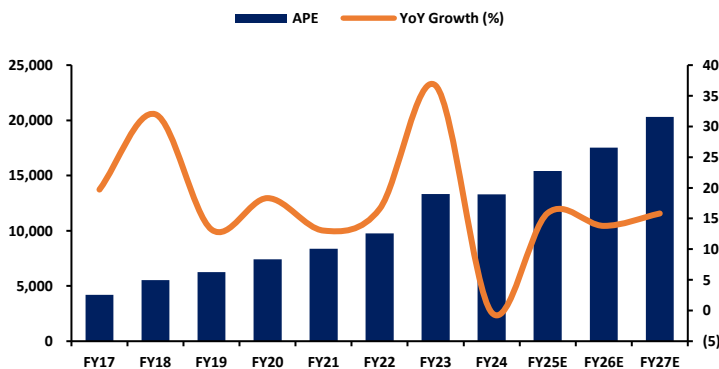
Gross premium category split



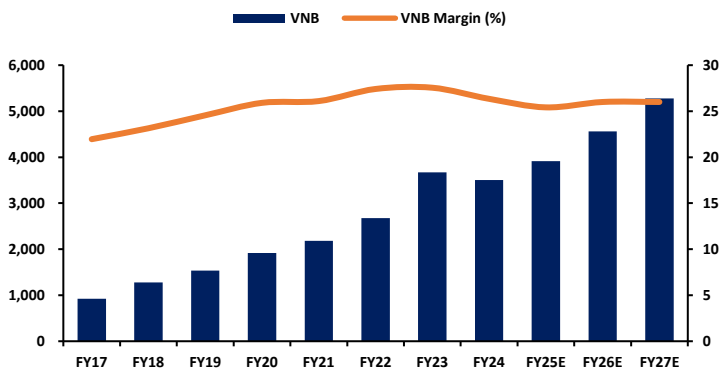
Gross premium product split



HDFCLI's APE performance



HDFCLI's VNB performance



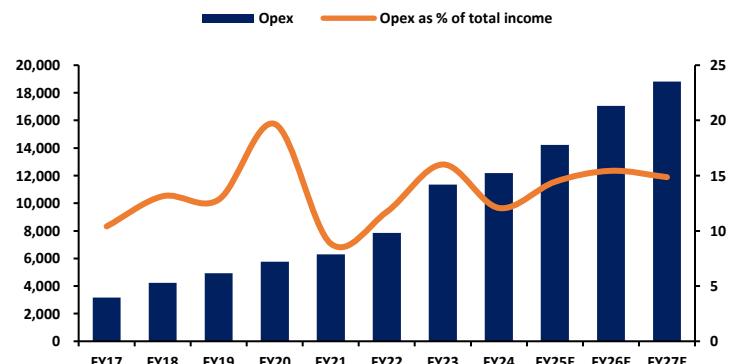
### Robust NBP Growth to Drive APE Expansion; Lower Acquisition Costs to Support VNB Improvement

- HDFCLI's APE grew at a CAGR of 17.9% to INR 13,291 cr during FY17-24, driven by 17.2% CAGR growth in 1<sup>st</sup> year premium to INR 11,116 cr and 20.7% CAGR growth in single premium to INR 18,521 cr.
- The company is actively working to increase the share of first-year premium, which is expected to strengthen the renewal premium base, ensuring sustained future growth.
- We expect APE to grow at a CAGR of 15.2% to INR 20,301 cr during FY24-27 led by 17.4% CAGR growth in 1<sup>st</sup> year premium to INR 18,005 cr and 7.4% CAGR growth in single premium to INR 22,966 cr.
- Strong APE growth, coupled with an expanding renewal premium base, is expected to drive VNB and support VNB margin stability. VNB grew at a CAGR of 21% to INR 3,501 cr during FY17-24, with margins improving by 438bps to 26.3% over the period.
- Over FY24-27E, we expect VNB to grow at a CAGR of 14.7%, with VNB margins expected to remain stable at 26%. Rising competition and higher commission payouts could restrict the expansion in VNB margins.

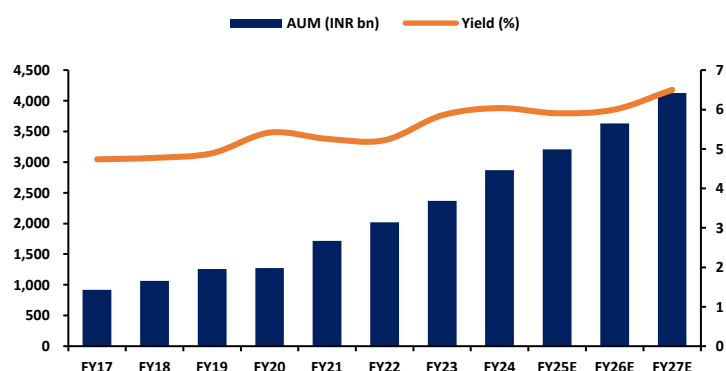
### Higher commission payouts, marketing expenses and technology cost to keep opex elevated

- The company appears to be scaling its operations effectively, with Opex rising in 9MFY25 in line with business expansion.
- The forecasted stability in Opex as a % of total income suggests improved cost control measures and better operating leverage in the future.

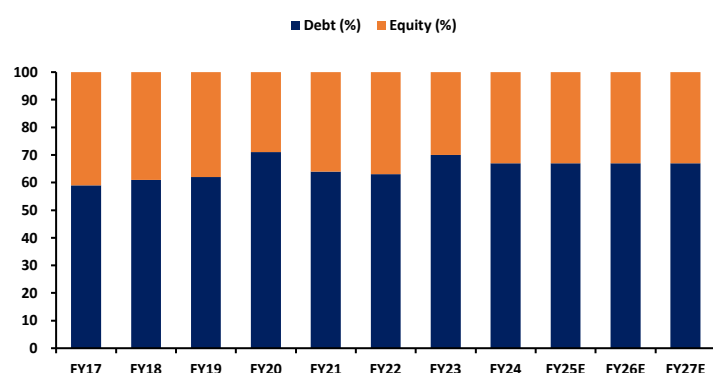
HDFCLI's opex



HDFCLI's AUM performance



HDFCLI's AUM split



### Consistent AUM Growth and Strategic Investment Management at HDFCLI

- HDFCLI has consistently maintained a robust AUM growth through various market cycles, while progressively enhancing the average yields on its investments.
- The company has strategically managed its debt-to-equity ratio to optimize yields. Over 60% of the total AUM is consistently allocated to G-Sec and AAA-rated debt securities, ensuring a strong margin of safety.
- From FY17 to FY24, HDFCLI's policyholder AUM grew at a CAGR of 17.7% to reach INR 2.9 trillion (INR 3.1 trillion as on 31<sup>st</sup> Dec 2024).
- Based on the expected business performance, we forecast the total AUM is expected to grow at a CAGR of 12.9% to INR 4.1 trillion over FY24-27E.

## Key investment rationales

The life insurance industry is experiencing significant growth, driven by increasing awareness of protection plans, particularly non-linked & term insurance, following the pandemic. HDFCLI has been solidifying its market position, and we remain optimistic about the stock for the following reasons:

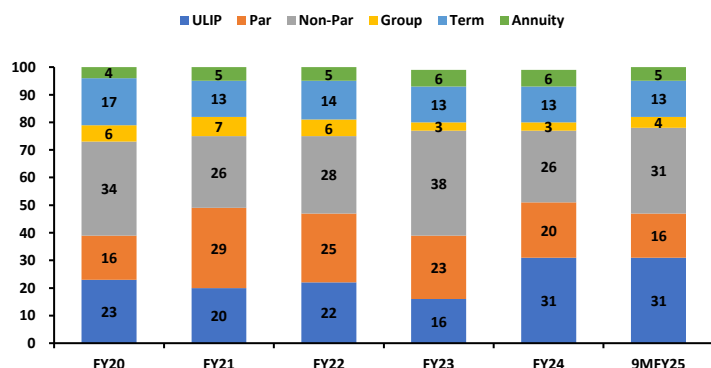
- Optimal product mix compared to peers.
- Industry-leading growth and market share expansion in new business premium (NBP)
- Improving business in non-linked products, aligning with shifting customer preferences
- Strong improvement in the 'Persistency Ratio,' indicating robust customer retention and enhancing the share of renewal premiums.

### Optimal product mix compared to peers

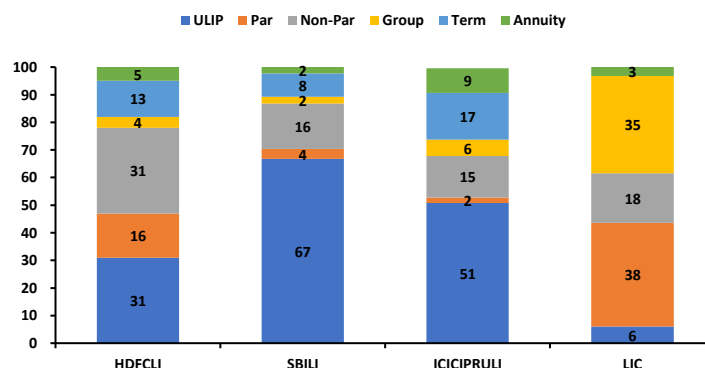
HDFC Life's product mix stands out as one of the most balanced in the Indian life insurance industry. The company derives 31% of its APE from ULIP products and another 31% from non-par products. The remaining 38% is diversified across par (16%), protection (13%), annuity (5%), and group (4%) segments.

This diversified portfolio contrasts sharply with peers — SBILl derives 67% of its APE from ULIP, while ICICIPRULI's ULIP share stands at 51%.

Share of products in HDFCL's APE (%)



9MFY25 share of products in APE (%)



## Life Insurance Products

In life insurance, understanding the various product categories — par, non-par, annuity, ULIP, protection, and group insurance — is crucial for evaluating a company's product mix and risk profile. Here's a detailed explanation of each:

### Par (Participating) Policies

- Definition: Par policies provide both life coverage and a share in the insurer's profits. Policyholders receive bonuses or dividends based on the insurer's financial performance.
- Characteristics:
  - Bonuses are not guaranteed but are typically declared annually.
  - Suitable for individuals seeking stable returns along with life protection.

### Non-Par (Non-Participating) Policies

- Definition: Non-par policies offer fixed benefits without participating in the insurer's profits. The returns are predefined at the time of purchase.
- Characteristics:
  - Guaranteed payouts make these plans less risky.
  - Typically offer fixed maturity benefits or annuity payouts.

### Annuity Policies

- Definition: An annuity is a contract where the insurer provides regular payouts to the policyholder, usually after retirement.
- Characteristics: Designed to provide a steady income stream post-retirement.

### ULIP (Unit-Linked Insurance Plan)

- Definition: ULIPs are market-linked insurance products that combine life cover with investment options across equity, debt, or hybrid funds.
- Characteristics:
  - Premiums are split between life cover and investments.
  - Returns vary based on market performance.
  - Offers flexibility to switch between fund types.

### Protection Policies

- Definition: Protection plans are pure life insurance products that provide financial security to beneficiaries in case of the policyholder's death.
- Characteristics:
  - No maturity benefit if the policyholder survives the term.
  - Offers high coverage at lower premiums.

### Group Insurance

- Definition: Group insurance provides life coverage to a group of individuals under a single master policy, typically purchased by an employer, association, or organization.
- Characteristics:
  - Coverage is uniform for all members, though customization may be available.
  - Cost-effective due to risk pooling.

**Despite heightened competition in the life insurance industry, HDFCLI has successfully expanded its market share in both individual and group NBP. Its individual NBP market share increased from 9.1% in FY20 to 9.8% in FY24, while its group NBP share rose from 5.7% in FY20 to 6.6% in FY24.**

**This growth in market share can be attributed to the company's robust bancassurance channel through the HDFC Bank network, complemented by a strong network of individual agents and a dedicated direct sales force.**

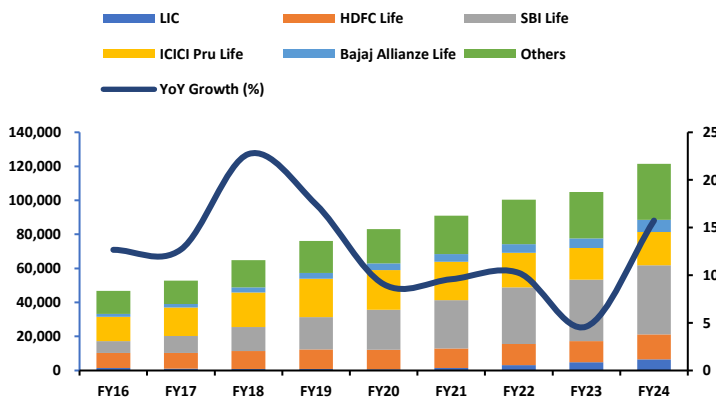
	Life Insurance Corp					HDFC Life Insurance					ICICI Pru Life Insurance					SBI Life Insurance					Bajaj Allianz Life Insurance					Others				
Fig in INR cr, unless specified	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24	FY20	FY21	FY22	FY23	FY24
Individual NBP																														
Policies (nos in cr)	2.19	2.10	2.17	2.04	2.04	0.11	0.11	0.10	0.11	0.12	0.08	0.07	0.07	0.06	0.06	0.16	0.17	0.19	0.22	0.23	0.03	0.04	0.05	0.06	0.07	0.32	0.33	0.33	0.36	0.40
Premium	51,403	56,527	54,847	58,662	57,587	9,237	10,750	12,491	14,842	14,683	7,874	7,847	9,296	8,939	8,851	11,244	12,500	16,501	20,905	23,832	1,999	2,531	3,961	5,714	6,846	19,862	23,735	28,109	35,360	37,866
Market share (%)	50.6	49.6	43.8	40.6	38.5	9.1	9.4	10.0	10.3	9.8			7.4	6.2	5.9	11.1	11.0	13.2	14.5	15.9	2.0	2.2	3.2	4.0	4.6	19.5	20.8	22.5	24.5	25.3
Per policy premium (INR)	23,476	26,949	25,254	28,715	28,244	84,993	95,078	119,771	140,811	125,927	102,905	118,623	142,515	148,570	142,990	72,488	75,466	85,810	95,146	105,401	64,206	59,265	83,402	93,179	91,705	61,382	72,440	85,150	98,896	94,873
Individual NBP channel																														
Individual agents																														
Premium	46,699	53,068	52,789	56,400	55,129	1,548	1,665	2,072	2,571	2,456	1,725	1,937	2,566	2,838	3,032	3,239	3,459	4,395	4,884	5,540	1,142	1,053	1,429	1,923	2,030	4,715	5,076	5,621	7,576	7,836
Share in total individual NBP (%)	94.7	93.9	96.2	96.1	95.7	16.8	15.5	16.6	17.3	16.7	21.9	24.7	27.6	31.7	34.3	28.8	27.7	26.6	23.4	23.2	57.1	41.6	36.1	33.7	29.7	23.7	21.4	20.0	21.4	20.7
Market share (%)	79.7	80.1	76.6	74.0	72.5	2.5	2.5	3.0	3.4	3.2	2.8	2.9	3.7	3.7	4.0	5.3	5.2	6.4	6.4	7.3	1.9	1.6	2.1	2.5	2.7	7.7	7.7	8.2	9.9	10.3
Corporate agents																														
Premium	40	62	51	61	61	379	389	537	939	691	279	395	419	590	336	189	349	507	638	628	74	62	85	145	166	603	702	871	1,005	1,074
Share in total individual NBP (%)	0.1	0.1	0.1	0.1	0.1	4.1	3.6	4.3	6.3	4.7	3.5	5.0	4.5	6.6	3.8	1.7	2.8	3.1	3.1	2.6	3.7	2.4	2.1	2.5	2.4	3.0	3.0	3.1	2.8	2.8
Market share (%)	2.6	3.2	2.1	1.8	2.1	24.2	19.9	21.8	27.8	23.4	17.9	20.2	17.0	17.5	11.4	12.1	17.8	20.5	18.9	21.2	4.7	3.1	3.4	4.3	5.6	38.6	35.8	35.3	29.8	36.3
Bancassurance																														
Premium	1,430	1,734	1,441	1,748	1,640	3,580	4,646	5,221	6,496	7,336	3,916	3,675	4,201	3,065	2,636	7,586	8,172	10,712	13,999	15,288	268	816	1,614	2,307	2,448	11,115	13,984	16,803	19,711	20,153
Share in total individual NBP (%)	2.8	3.1	2.6	3.0	2.8	38.8	43.2	41.8	43.8	50.0	49.7	46.8	45.2	34.3	29.8	67.5	65.4	64.9	67.0	64.1	13.4	32.3	40.7	40.4	35.8	56.0	58.9	59.8	55.7	53.2
Market share (%)	5.1	5.3	3.6	3.7	3.3	12.8	14.1	13.1	13.7	14.8	14.0	11.1	10.5	6.5	5.3	27.2	24.7	26.8	28.6	30.9	1.0	2.5	4.0	4.9	4.9					



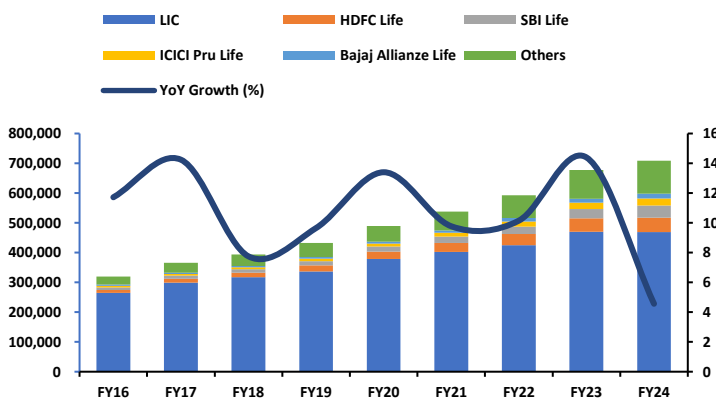
## Improving business in non-linked products, aligning with shifting customer preferences

**Non-linked life insurance products, including traditional life insurance plans, are increasingly preferred by customers in India.**

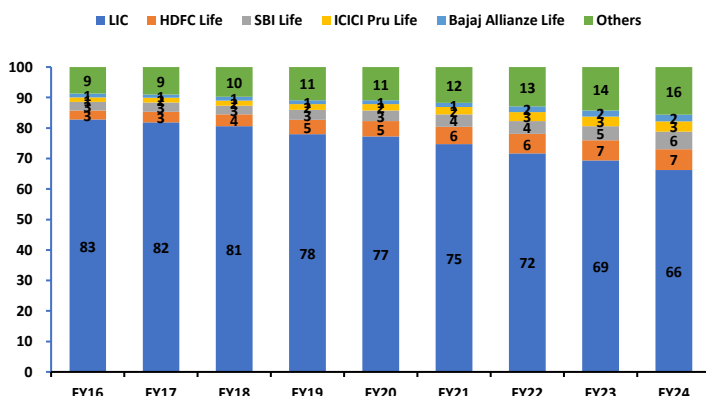
Linked policy total premium



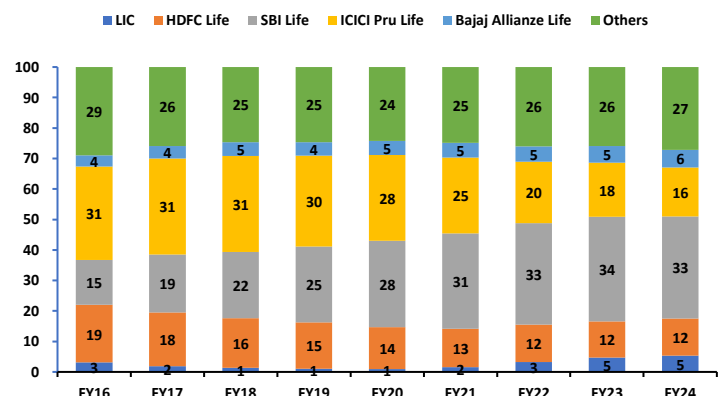
Non-Linked policy total premium



Non-Linked policy total premium market share (%)



Linked policy total premium market share (%)

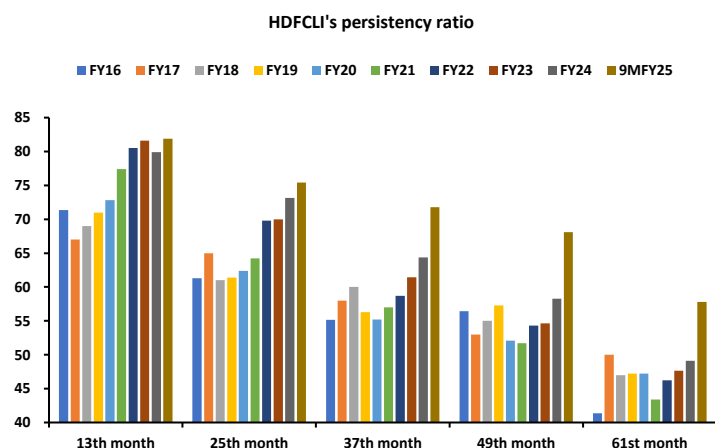


**Non-linked life insurance products, including traditional life insurance plans, are increasingly preferred by customers in India for several compelling reasons:**

- Non-linked plans typically offer larger sum-assured and more substantial death benefits compared to ULIPs.
- These plans provide capital protection and ensure guaranteed returns or maturity benefits, offering policyholders financial security.
- Non-linked products are easier to understand, as they focus solely on insurance coverage without the complexity of combining insurance with investment elements, unlike ULIPs.
- HDFCLI has successfully reduced its market share in linked business from 14% in FY20 to 12% in FY24 and improved its market share in non-linked business from 5% to 7%.

**Strong improvement in the 'Persistency Ratio,' indicating robust customer retention and enhancing the share of renewal premiums.**

**HDFCLI has one of the best persistency ratio in the industry, which reflects its higher customer retention.**



#### Improved 'Persistency Ratio' highlights enhanced client retention

- HDFCLI's 13th-month persistency ratio has improved significantly from 71.3% in FY16 to 81.9% in 9MFY25, while its 61st-month persistency increased from 41.4% to 57.8% during the same period. This reflects enhanced customer stickiness and improved policy retention.
- While HDFCLI has demonstrated substantial progress in its persistency ratios — outperforming industry leader LIC — its metrics still trail behind those of SBI Life and ICICI Prudential Life.

#### Life insurance persistency ratio

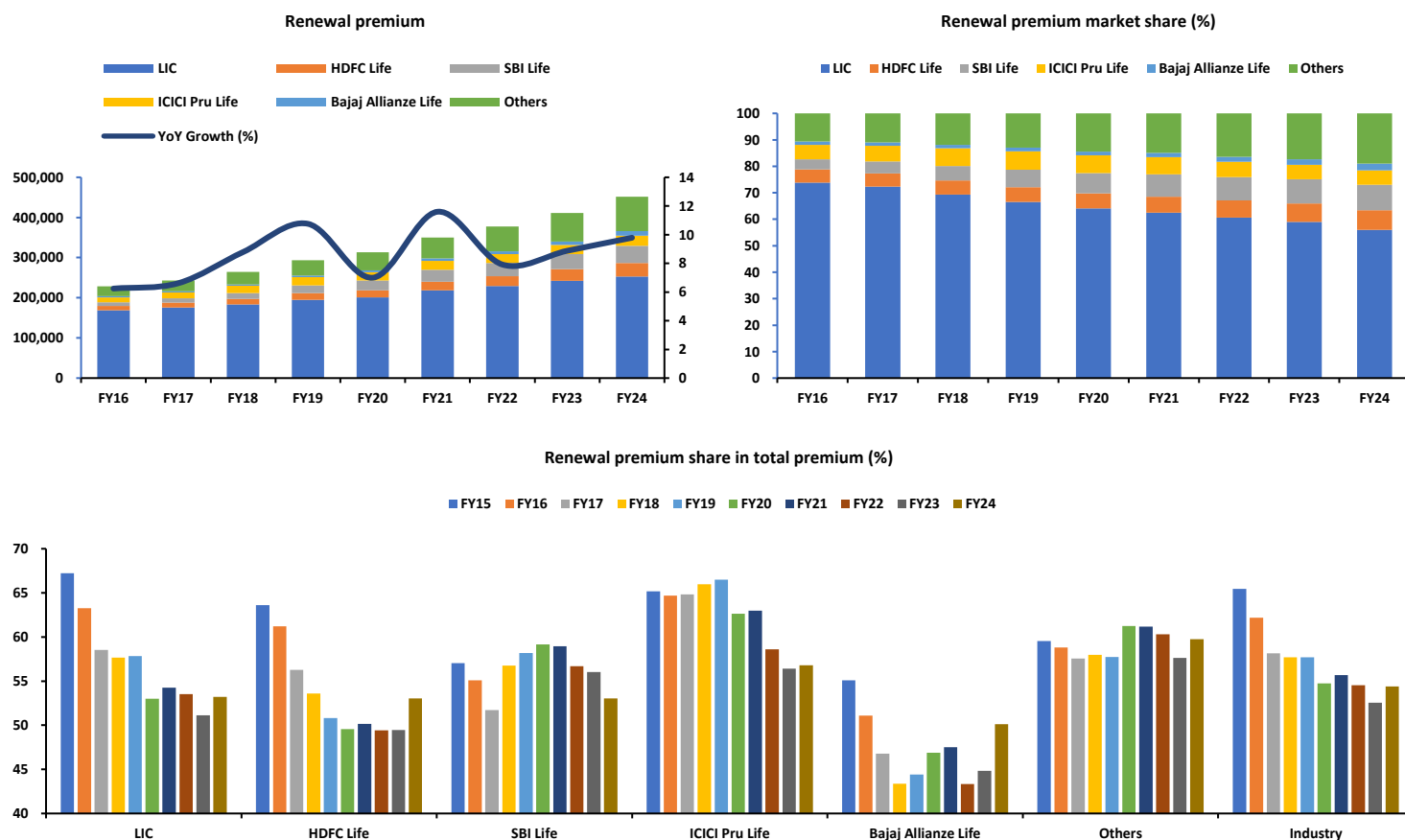
Fig in %	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	9MFY25
<b>Life Insurance Corp</b>										
13th month	63.0	64.0	66.0	66.0	61.0	67.0	63.4	64.3	67.0	68.6
25th month	60.0	56.0	58.0	60.0	56.0	58.0	60.7	57.0	57.5	64.7
37th month	48.0	56.0	53.0	54.0	52.0	55.0	54.1	56.9	52.5	60.9
49th month	47.0	45.0	53.0	50.0	48.0	52.0	51.9	51.1	53.2	56.0
61st month	44.0	44.0	43.0	51.0	44.0	48.0	49.9	49.9	48.6	59.7
<b>HDFC Life Insurance</b>										
13th month	71.3	67.0	69.0	71.0	72.8	77.4	80.5	81.6	79.9	81.9
25th month	61.3	65.0	61.0	61.4	62.4	64.2	69.8	70.0	73.2	75.4
37th month	55.2	58.0	60.0	56.3	55.2	57.0	58.7	61.4	64.4	71.8
49th month	56.4	53.0	55.0	57.3	52.1	51.7	54.3	54.6	58.3	68.1
61st month	41.4	50.0	47.0	47.2	47.2	43.4	46.2	47.7	49.1	57.8
<b>SBI Life Insurance</b>										
13th month	69.3	68.8	69.9	70.9	71.2	79.3	79.0	77.8	80.1	82.7
25th month	59.3	58.0	59.8	62.0	63.3	66.2	70.2	68.1	70.1	74.8
37th month	50.0	55.5	53.1	55.2	56.3	54.3	62.2	65.8	63.7	70.0
49th month	42.5	39.5	50.4	48.0	49.2	50.6	50.7	59.6	63.6	65.9
61st month	23.4	37.2	38.0	42.3	42.6	38.9	40.3	48.5	51.1	62.3
<b>ICICI Pru Life Insurance</b>										
13th month	78.7	80.6	80.7	78.8	81.9	80.9	78.0	81.5	84.7	85.8
25th month	66.4	71.3	73.2	72.0	71.7	72.6	74.0	71.5	77.8	80.3
37th month	56.4	61.8	66.3	66.5	66.0	64.5	67.4	69.3	69.0	73.1
49th month	55.3	53.9	59.4	62.5	63.0	61.8	61.8	64.5	68.0	66.8
61st month	35.2	49.1	49.1	53.3	56.5	56.4	59.8	55.3	58.2	63.1
<b>Bajaj Allianz Life Insurance</b>										
13th month	54.0	59.6	64.5	63.4	66.3	70.1	74.6	76.8	79.8	84.8
25th month	42.2	44.7	50.1	50.5	51.0	58.8	62.4	65.5	67.8	72.2
37th month	33.4	35.9	41.3	45.5	41.8	46.0	54.0	56.4	59.3	64.5
49th month	28.2	29.8	34.1	39.1	39.5	40.2	44.6	52.0	54.3	63.0
61st month	14.9	24.3	27.1	30.7	29.8	35.1	40.6	44.0	46.4	61.5

Customer retention is higher in HDFCLI due to its better customer service, which is visible in its claim settlement.

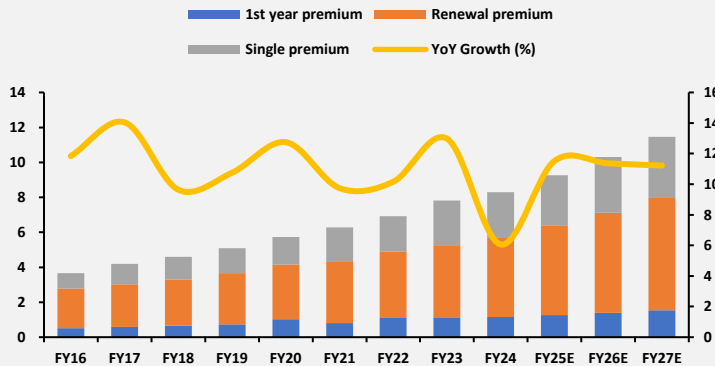
### Fastest claim settlement in the life insurance industry

Fig in INR cr, unless specified	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>Life Insurance Corp</b>										
Within 30 Days of Intimation	660,288	675,857	696,481	681,371	688,351	690,210	888,355	951,256	862,225	799,612
<i>Within 30 Days of Intimation (%)</i>	<i>89.0</i>	<i>90.2</i>	<i>92.1</i>	<i>94.0</i>	<i>93.7</i>	<i>94.1</i>	<i>95.1</i>	<i>70.5</i>	<i>94.9</i>	<i>96.4</i>
31 to 90 Days	49,723	44,568	36,631	29,904	32,246	33,635	29,805	360,504	31,777	20,851
<i>31 to 90 Days (%)</i>	<i>6.7</i>	<i>5.9</i>	<i>4.8</i>	<i>4.1</i>	<i>4.4</i>	<i>4.6</i>	<i>3.2</i>	<i>26.7</i>	<i>3.5</i>	<i>2.5</i>
91 to 180 Days	20,965	19,404	14,279	13,131	13,458	9,948	15,729	38,105	14,574	8,855
<i>91 to 180 Days (%)</i>	<i>2.8</i>	<i>2.6</i>	<i>1.9</i>	<i>1.8</i>	<i>1.8</i>	<i>1.4</i>	<i>1.7</i>	<i>2.8</i>	<i>1.6</i>	<i>1.1</i>
181 Days to 1 Year	9,481	8,291	7,560	142	239	12	0	0	0	0
<i>181 Days to 1 Year (%)</i>	<i>1.3</i>	<i>1.1</i>	<i>1.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
More than 1 Year	1,786	1,129	1,448	48	34	4	0	0	0	0
<i>More than 1 Year (%)</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Total Claims Settled</b>	<b>742,243</b>	<b>749,249</b>	<b>756,399</b>	<b>724,596</b>	<b>734,328</b>	<b>733,809</b>	<b>933,889</b>	<b>1,349,865</b>	<b>908,576</b>	<b>829,318</b>
<b>HDFC Life Insurance</b>										
Within 30 Days of Intimation	9,571	10,160	11,083	10,744	11,448	11,904	15,308	26,164	17,430	19,333
<i>Within 30 Days of Intimation (%)</i>	<i>86.8</i>	<i>86.0</i>	<i>89.2</i>	<i>87.4</i>	<i>89.3</i>	<i>95.2</i>	<i>92.0</i>	<i>97.8</i>	<i>99.9</i>	<i>100.0</i>
31 to 90 Days	947	1,066	1,082	1,383	1,262	550	1,067	455	20	5
<i>31 to 90 Days (%)</i>	<i>8.6</i>	<i>9.0</i>	<i>8.7</i>	<i>11.3</i>	<i>9.8</i>	<i>4.4</i>	<i>6.4</i>	<i>1.7</i>	<i>0.1</i>	<i>0.0</i>
91 to 180 Days	512	585	256	162	112	55	264	139	0	0
<i>91 to 180 Days (%)</i>	<i>4.6</i>	<i>5.0</i>	<i>2.1</i>	<i>1.3</i>	<i>0.9</i>	<i>0.4</i>	<i>1.6</i>	<i>0.5</i>	<i>0.0</i>	<i>0.0</i>
181 Days to 1 Year	1	0	0	0	0	0	0	0	1	0
<i>181 Days to 1 Year (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
More than 1 Year	0	0	0	0	0	0	0	0	0	0
<i>More than 1 Year (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Total Claims Settled</b>	<b>11,031</b>	<b>11,811</b>	<b>12,421</b>	<b>12,289</b>	<b>12,822</b>	<b>12,509</b>	<b>16,639</b>	<b>26,758</b>	<b>17,451</b>	<b>19,338</b>
<b>SBI Life Insurance</b>										
Within 30 Days of Intimation	11,456	12,996	15,319	16,046	17,261	18,970	29,559	46,647	35,319	37,344
<i>Within 30 Days of Intimation (%)</i>	<i>86.1</i>	<i>86.4</i>	<i>90.0</i>	<i>87.8</i>	<i>91.3</i>	<i>89.2</i>	<i>92.8</i>	<i>86.2</i>	<i>98.6</i>	<i>99.0</i>
31 to 90 Days	1,751	1,858	1,494	1,649	1,454	1,935	2,053	6,010	448	326
<i>31 to 90 Days (%)</i>	<i>13.2</i>	<i>12.4</i>	<i>8.8</i>	<i>9.0</i>	<i>7.7</i>	<i>9.1</i>	<i>6.4</i>	<i>11.1</i>	<i>1.3</i>	<i>0.9</i>
91 to 180 Days	92	177	206	486	163	327	239	1,409	38	53
<i>91 to 180 Days (%)</i>	<i>0.7</i>	<i>1.2</i>	<i>1.2</i>	<i>2.7</i>	<i>0.9</i>	<i>1.5</i>	<i>0.8</i>	<i>2.6</i>	<i>0.1</i>	<i>0.1</i>
181 Days to 1 Year	4	4	5	60	23	25	4	74	2	1
<i>181 Days to 1 Year (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.3</i>	<i>0.1</i>	<i>0.1</i>	<i>0.0</i>	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>
More than 1 Year	0	2	3	33	12	0	0	0	0	0
<i>More than 1 Year (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.2</i>	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Total Claims Settled</b>	<b>13,303</b>	<b>15,037</b>	<b>17,027</b>	<b>18,274</b>	<b>18,913</b>	<b>21,257</b>	<b>31,855</b>	<b>54,140</b>	<b>35,807</b>	<b>37,724</b>
<b>ICICI Pru Life Insurance</b>										
Within 30 Days of Intimation	10,793	10,094	10,059	10,816	10,555	10,379	13,916	19,394	13,258	12,997
<i>Within 30 Days of Intimation (%)</i>	<i>93.5</i>	<i>95.1</i>	<i>95.4</i>	<i>96.4</i>	<i>98.9</i>	<i>92.6</i>	<i>95.9</i>	<i>89.0</i>	<i>97.1</i>	<i>96.9</i>
31 to 90 Days	401	320	366	305	106	745	475	1,138	338	368
<i>31 to 90 Days (%)</i>	<i>3.5</i>	<i>3.0</i>	<i>3.5</i>	<i>2.7</i>	<i>1.0</i>	<i>6.6</i>	<i>3.3</i>	<i>5.2</i>	<i>2.5</i>	<i>2.7</i>
91 to 180 Days	345	187	105	89	7	74	123	1,185	33	29
<i>91 to 180 Days (%)</i>	<i>3.0</i>	<i>1.8</i>	<i>1.0</i>	<i>0.8</i>	<i>0.1</i>	<i>0.7</i>	<i>0.8</i>	<i>5.4</i>	<i>0.2</i>	<i>0.2</i>
181 Days to 1 Year	7	13	5	4	3	6	4	66	12	2
<i>181 Days to 1 Year (%)</i>	<i>0.1</i>	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.0</i>	<i>0.3</i>	<i>0.1</i>	<i>0.0</i>
More than 1 Year	0	1	4	2	1	8	0	12	15	15
<i>More than 1 Year (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>
<b>Total Claims Settled</b>	<b>11,546</b>	<b>10,615</b>	<b>10,539</b>	<b>11,216</b>	<b>10,672</b>	<b>11,212</b>	<b>14,518</b>	<b>21,795</b>	<b>13,656</b>	<b>13,411</b>
<b>Bajaj Allianz Life Insurance</b>										
Within 30 Days of Intimation	14,937	13,135	13,131	10,218	10,600	11,509	13,610	17,741	15,111	14,662
<i>Within 30 Days of Intimation (%)</i>	<i>78.7</i>	<i>80.1</i>	<i>88.2</i>	<i>77.6</i>	<i>87.4</i>	<i>96.8</i>	<i>96.4</i>	<i>85.1</i>	<i>98.4</i>	<i>99.8</i>
31 to 90 Days	3,110	2,193	1,666	2,109	1,277	376	453	3,103	242	33
<i>31 to 90 Days (%)</i>	<i>16.4</i>	<i>13.4</i>	<i>11.2</i>	<i>16.0</i>	<i>10.5</i>	<i>3.2</i>	<i>3.2</i>	<i>14.9</i>	<i>1.6</i>	<i>0.2</i>
91 to 180 Days	928	1,075	90	839	244	2	28	0	0	0
<i>91 to 180 Days (%)</i>	<i>4.9</i>	<i>6.6</i>	<i>0.6</i>	<i>6.4</i>	<i>2.0</i>	<i>0.0</i>	<i>0.2</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
181 Days to 1 Year	3	1	0	10	9	0	24	0	0	0
<i>181 Days to 1 Year (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.0</i>	<i>0.2</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
More than 1 Year	0	0	0	0	0	0	0	0	0	0
<i>More than 1 Year (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Total Claims Settled</b>	<b>18,978</b>	<b>16,404</b>	<b>14,887</b>	<b>13,176</b>	<b>12,130</b>	<b>11,887</b>	<b>14,115</b>	<b>20,844</b>	<b>15,353</b>	<b>14,695</b>
<b>Others</b>										
Within 30 Days of Intimation	41,514	40,589	40,773	43,483	50,696	53,557	69,774	108,623	67,671	67,434
<i>Within 30 Days of Intimation (%)</i>	<i>76.7</i>	<i>79.5</i>	<i>84.4</i>	<i>89.2</i>	<i>93.9</i>	<i>96.0</i>	<i>96.1</i>	<i>95.5</i>	<i>97.3</i>	<i>99.0</i>
31 to 90 Days	9,454	6,903	5,160	4,233	2,755	1,965	2,134	3,723	1,516	636
<i>31 to 90 Days (%)</i>	<i>17.5</i>	<i>13.5</i>	<i>10.7</i>	<i>8.7</i>	<i>5.1</i>	<i>3.5</i>	<i>2.9</i>	<i>3.3</i>	<i>2.2</i>	<i>0.9</i>
91 to 180 Days	2,335	1,798	1,999	963	486	224	660	1,260	321	47
<i>91 to 180 Days (%)</i>	<i>4.3</i>	<i>3.5</i>	<i>4.1</i>	<i>2.0</i>	<i>0.9</i>	<i>0.4</i>	<i>0.9</i>	<i>1.1</i>	<i>0.5</i>	<i>0.1</i>
181 Days to 1 Year	379	390	187	68	33	50	37	91	39	6
<i>181 Days to 1 Year (%)</i>	<i>0.7</i>	<i>0.8</i>	<i>0.4</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>	<i>0.0</i>
More than 1 Year	467	1,375	201	16	12	6	2	11	29	6
<i>More than 1 Year (%)</i>	<i>0.9</i>	<i>2.7</i>	<i>0.4</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Total Claims Settled</b>	<b>54,149</b>	<b>51,055</b>	<b>48,320</b>	<b>48,763</b>	<b>53,982</b>	<b>55,802</b>	<b>72,607</b>	<b>113,708</b>	<b>69,576</b>	<b>68,129</b>

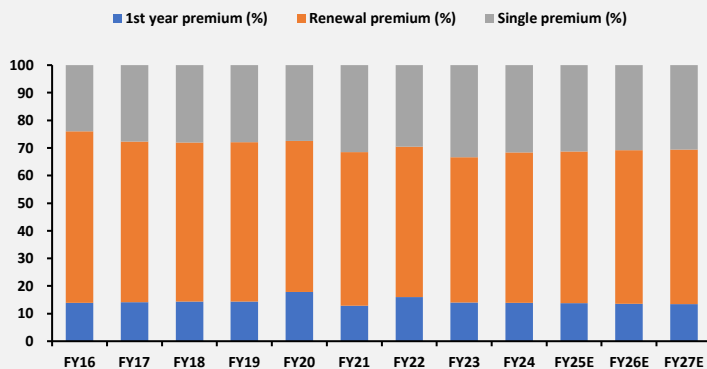
Due to its higher 'persistency ratio', HDFCLI has improved its market share in renewal premium from 6% in FY20 to 7% in FY24.



Industry gross premium performance



Industry gross premium split

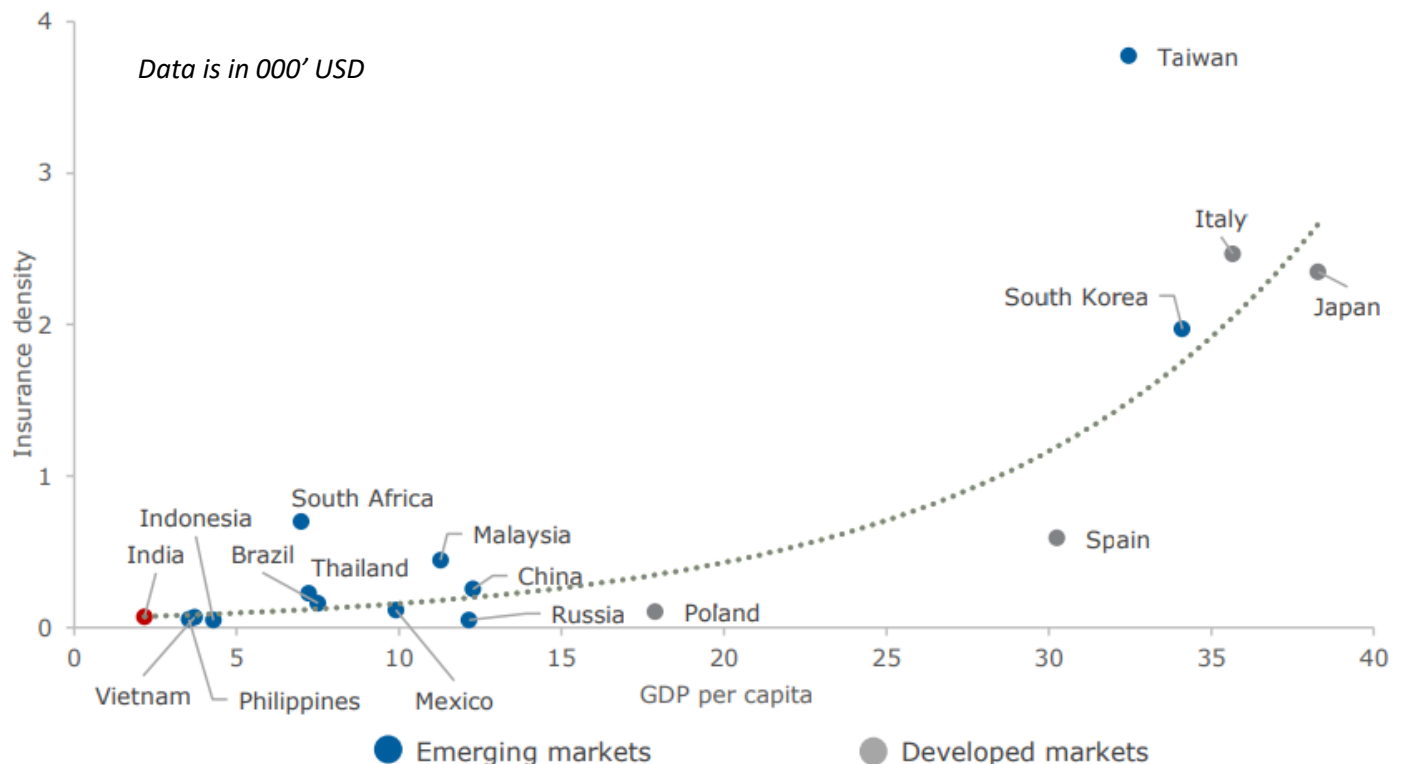


### Growth in India's life insurance premium and market dynamics

- During FY17-24, India's life insurance premium expanded at a CAGR of 9.7% to INR 8.3 trillion, driven by 9.9% CAGR growth in NBP to INR 3.8 trillion and 9.5% CAGR growth in renewal premium to INR 4.5 trillion.
- The share of NBP premium increased by 373bps to 45.6% during FY17-24, while the share of renewal premium declined to 54.4%.
- While the robust growth in NBP has elevated its share of the total premium, renewal premium continues to provide stability to the overall premium growth.
- Despite remarkable growth in gross life insurance premiums, India's life insurance market remains underpenetrated compared to both developed and other emerging markets.

### Insurance density and GDP per capita of emerging & developed markets

(Insurance density is likely to improve in India with GDP)



## Ventura Business Quality Score

Key Criteria	Score	Risk	Comments
<b>Management &amp; Leadership</b>			
Management Quality	8	Low	The management is of high quality. It has been able to deliver on guidance; investor-friendly with timely updates on developments
Promoters Holding Pledge	8	Low	The promoter holding is 50.3% and there is no pledge against this holding.
Board of Directors Profile	8	Low	The average experience of directors is >20 years with significant experience in their respective sectors and expert areas
<b>Industry Consideration</b>			
Industry Growth	8	Low	The life insurance industry is poised for strong growth, driven by increasing awareness of life insurance protection, with projections indicating an increase in premiums and market size in the coming years.
Regulatory Environment or Risk	5	Medium	The industry is highly regulated by IRDA.
Entry Barriers / Competition	8	Low	Insurance businesses operate on customer trust and claim settlement track record. Building and maintaining trust is a key entry barrier. Additionally, evolving customer expectations and robust risk management are the other entry barriers.
<b>Business Prospects</b>			
New Business / Client Potential	8	Low	HDFCLI has a strong bancassurance channel and now it is expanding its agency distribution channel, especially in Tier 2 & 3 cities.
Business Diversification	8	Low	HDFCLI is exploring new opportunities with innovative products in the non-linked space. Customers are more interested in non-linked protection products compared to linked plans.
Market Share Potential	8	Low	HDFCLI has been gaining market share from LIC due to its excellent customer service, significant bancassurance channel and fastest claim settlement.
Margin Expansion Potential	8	Low	The management is expecting mid-high teen NBP growth, stable renewal premiums due to improving persistency ratio and gradual improvement in profitability due to the benefits of operating leverage. This is expected to enhance profitability in the coming years.
Earnings Growth	8	Low	Strong premium growth along with margin expansion is expected to deliver strong earnings growth.
<b>Valuation and Risk</b>			
Balance Sheet Strength	8	Low	With over INR 3.1 trillion of AUM, HDFCLI has a strong balance sheet. The AUM base is expected to grow with APE.
Debt Profile	8	Low	HDFCLI has a negligible debt of INR 1,950 cr.
FCF Generation	8	Low	Strong premium growth along with margin expansion is expected to deliver strong FCF growth in the coming years.
Dividend Policy	8	Low	HDFCLI has been paying ~30% of its net profit as dividend, which is expected to sustain in the coming years.
<b>Total Score</b>	<b>117</b>	<b>Low</b>	<b>The overall risk profile of the company is good and we consider it as a LOW risk company for investments</b>
<b>Ventura Score (%)</b>	<b>78</b>		

Source: Company Reports & Ventura Research



## Management Team

Key Person	Designation	Details
Mr. Keki M Mistry	Non-Executive Director, Chairman	He has been associated with the HDFCLI since Dec 2000. He is a qualified CA and a Fellow Member of the ICAI. He is also a Director in HDFC Bank Ltd., HDFC Capital Advisors Ltd., HDFC ERGO General Insurance Co Ltd., Tata Consultancy Services Ltd., The Great Eastern Shipping Co Ltd., KATB Consultant Pvt. Ltd. and Flipkart Private Ltd., Singapore.
Ms. Vibha Padalkar	Managing Director & CEO	She joined HDFCLI in 2008, and before becoming MD & CEO in 2018, she served as Executive Director & CFO, playing a key role in the successful listing of HDFCLI in 2017. She is also a member of the Executive Committee of the Life Insurance Council. She became a member of the ICA of England & Wales in 1992 and is also a member of the ICAI. She is also a Director in Tata Power Co Ltd. and HDFC Pension Fund Management Ltd.
Mr. Niraj Shah	Executive Director & CFO	He has been associated with HDFCLI since Feb 2019. He has over 20 years of experience in financial services, primarily in life insurance, corporate finance advisory and audit. Prior to joining HDFCLI, He was associated with PNB MetLife, ICICI Pru Life, EY and BNP Paribas. He holds a PGDM from the IIM, Bangalore and is a member of the ICAI. He is also a Director in HDFC Pension Fund Management Ltd.

Source: Company Reports

## Key Risks & Concerns

- Rising competition in insurance pressures profit margins, increases customer acquisition costs, and forces companies to invest heavily in innovation and marketing to stay competitive.
- Regulatory challenges in the insurance sector can increase compliance costs, limit flexibility in product offerings, and require constant adjustments to meet changing laws and standards.
- Lower returns on AUM due to adverse market conditions (equity & debt) could impact the financial performance of the company

## HDFCL's quarterly and annual performance

Fig in INR cr, unless specified	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	FY25E	FY26E	FY27E
<b>Gross premium income</b>														
First Year Premium	6,858	8,357	11,324	1,851	2,566	2,680	4,018	11,116	2,362	3,260	2,975	13,097	15,389	18,005
YoY Growth (%)		21.9	35.5					(1.8)	27.6	27.0	11.0	17.8	17.5	17.0
Renewal Premium	18,477	22,793	28,448	5,804	7,839	8,396	11,406	33,445	6,411	8,831	9,377	37,875	43,901	51,182
YoY Growth (%)		23.4	24.8					17.6	10.5	12.7	11.7	13.2	15.9	16.6
Single Premium	13,248	16,140	17,761	4,017	4,536	4,450	5,517	18,521	4,042	4,843	4,931	19,916	21,397	22,966
YoY Growth (%)		21.8	10.0					4.3	0.6	6.8	10.8	7.5	7.4	7.3
<b>Total gross premium</b>	<b>38,584</b>	<b>47,290</b>	<b>57,533</b>	<b>11,673</b>	<b>14,941</b>	<b>15,527</b>	<b>20,941</b>	<b>63,082</b>	<b>12,815</b>	<b>16,934</b>	<b>17,282</b>	<b>70,888</b>	<b>80,686</b>	<b>92,152</b>
YoY Growth (%)		22.6	21.7					9.6	9.8	13.3	11.3	12.4	13.8	14.2
New business premium (NBP)	20,107	24,497	29,085	5,869	7,102	7,131	9,535	29,636	6,404	8,103	7,906	33,013	36,785	40,970
Annualized Premium Equivalent (APE)	8,372	9,758	13,336	2,328	3,045	3,191	4,727	13,291	2,866	3,858	3,569	15,403	17,528	20,301
YoY Growth (%)		16.6	36.7					(0.3)	23.1	26.7	11.8	15.9	13.8	15.8
Reinsurance Amount	389	489	655	165	143	254	407	970	266	320	450	1,490	1,694	1,843
Reinsurance Amount as % of gross premium (%)	1.0	1.0	1.1	1.4	1.0	1.6	1.9	1.5	2.1	1.9	2.6	2.1	2.1	2.0
<b>Net premium income</b>	<b>38,194</b>	<b>46,801</b>	<b>56,879</b>	<b>11,508</b>	<b>14,797</b>	<b>15,273</b>	<b>20,534</b>	<b>62,112</b>	<b>12,548</b>	<b>16,614</b>	<b>16,832</b>	<b>69,397</b>	<b>78,992</b>	<b>90,309</b>
YoY Growth (%)		22.5	21.5					9.2	9.0	12.3	10.2	11.7	13.8	14.3
Investment income from policyholders' account	32,684	19,512	12,604	11,631	8,107	11,372	7,254	38,363	14,127	11,613	195	28,637	31,202	35,895
Other income from policyholders' account	183	192	465	86	101	71	79	336	67	69	71	306	340	388
Contribution of funds from Shareholders' A/c	259	554	880	18	12	20	79	129	8	193	(119)	82	0	0
<b>Total income from policyholders' account (A)</b>	<b>71,320</b>	<b>67,060</b>	<b>70,828</b>	<b>23,243</b>	<b>23,017</b>	<b>26,736</b>	<b>27,945</b>	<b>100,941</b>	<b>26,750</b>	<b>28,489</b>	<b>16,979</b>	<b>98,422</b>	<b>110,533</b>	<b>126,593</b>
YoY Growth		(6.0)	5.6					42.5	15.1	23.8	(36.5)	(2.5)	12.3	14.5
Commission	1,712	2,008	2,891	663	1,188	1,247	2,164	5,262	1,472	1,855	1,934	7,686	10,044	10,889
Employee cost	1,680	2,122	3,056	899	830	794	729	3,252	698	815	834	3,397	3,792	4,239
Other operating expenses	2,913	3,731	5,393	731	914	987	1,037	3,669	576	873	728	3,131	3,227	3,686
<b>Total operating cost (B)</b>	<b>6,306</b>	<b>7,861</b>	<b>11,340</b>	<b>2,294</b>	<b>2,932</b>	<b>3,028</b>	<b>3,931</b>	<b>12,184</b>	<b>2,745</b>	<b>3,543</b>	<b>3,496</b>	<b>14,214</b>	<b>17,064</b>	<b>18,814</b>
Total operating cost as % of gross premium (%)	16.3	16.6	19.7	19.6	19.6	19.5	18.8	19.3	21.4	20.9	20.2	20.1	21.1	20.4
Provisions of doubtful debt	0	0	0	0	0	0	(0)	0	0	0	0	0	0	0
Provisions for diminution in value of investments	(189)	(253)	29	(36)	(23)	(37)	3	(94)	3	(3)	53	53	0	0
GST	357	371	376	91	99	104	118	412	108	119	123	517	589	673
Tax	274	185	159	22	(611)	(2)	(0)	(592)	(98)	(471)	(34)	(603)	0	0
Benefits paid (Inclusive of interim and terminal bonus)	22,630	32,616	38,972	8,095	9,357	9,895	12,458	39,805	8,853	10,339	9,209	42,265	47,956	54,408
Change in actuarial liability	40,842	25,237	18,590	12,565	11,033	13,686	11,160	48,444	14,574	14,449	4,322	40,909	43,112	50,449
<b>Total provisions, taxes, &amp; actuarial liabilities &amp; benefits paid (C)</b>	<b>63,915</b>	<b>58,155</b>	<b>58,126</b>	<b>20,737</b>	<b>19,854</b>	<b>23,645</b>	<b>23,738</b>	<b>87,975</b>	<b>23,441</b>	<b>24,434</b>	<b>13,673</b>	<b>83,142</b>	<b>91,657</b>	<b>105,530</b>
<b>Total Cost (D = B+C)</b>	<b>70,221</b>	<b>66,016</b>	<b>69,466</b>	<b>23,030</b>	<b>22,786</b>	<b>26,673</b>	<b>27,669</b>	<b>100,158</b>	<b>26,186</b>	<b>27,977</b>	<b>17,169</b>	<b>97,356</b>	<b>108,721</b>	<b>124,345</b>
Total cost as % of total income (%)	98.5	98.4	98.1	99.1	99.0	99.8	99.0	99.2	97.9	98.2	101.1	98.9	98.4	98.2
<b>Surplus / (Deficit) (A-D)</b>	<b>1,099</b>	<b>1,043</b>	<b>1,362</b>	<b>213</b>	<b>230</b>	<b>63</b>	<b>276</b>	<b>783</b>	<b>564</b>	<b>512</b>	<b>(190)</b>	<b>1,066</b>	<b>1,812</b>	<b>2,248</b>
Transfer to shareholders' account	992	1,106	1,472	233	137	131	306	807	268	387	102	1,066	1,812	2,248
Investment income from shareholders' account	650	813	724	233	238	282	254	1,007	258	270	273	1,105	1,260	1,429
Other income from shareholders' account	3	19	93	10	21	12	17	59	15	17	19	75	81	92
<b>Total income from shareholders' account (A)</b>	<b>1,645</b>	<b>1,938</b>	<b>2,289</b>	<b>475</b>	<b>395</b>	<b>425</b>	<b>577</b>	<b>1,872</b>	<b>541</b>	<b>675</b>	<b>394</b>	<b>2,246</b>	<b>3,153</b>	<b>3,769</b>
YoY Growth		17.8	18.1					(18.2)	13.9	70.6	(7.4)	19.9	40.4	19.6
Expenses related to shareholders' account	69	114	152	46	38	39	47	169	35	41	60	199	315	377
Transfer to policyholders' account	259	554	880	18	12	20	79	129	8	193	(119)	82	0	0
Provisions for doubtful debts (including write off)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions for diminution in value of investment	(37)	(33)	(25)	(7)	14	(3)	1	4	0	0	1	1	0	0
<b>PBT</b>	<b>1,354</b>	<b>1,303</b>	<b>1,282</b>	<b>418</b>	<b>332</b>	<b>369</b>	<b>450</b>	<b>1,570</b>	<b>499</b>	<b>440</b>	<b>452</b>	<b>1,964</b>	<b>2,837</b>	<b>3,392</b>
Tax	(7)	(24)	(86)	1	(46)	2	38	(4)	20	5	31	142	426	509
<b>PAT</b>	<b>1,361</b>	<b>1,327</b>	<b>1,368</b>	<b>417</b>	<b>378</b>	<b>368</b>	<b>412</b>	<b>1,574</b>	<b>479</b>	<b>435</b>	<b>421</b>	<b>1,822</b>	<b>2,412</b>	<b>2,883</b>
Networth	8,640	15,613	12,993	13,611	13,669	14,181	14,666	14,666	15,350	15,604	15,807	15,944	17,632	19,650
P/BV (X)	17.1	9.5	11.4					10.1				9.3	8.4	7.5
RoE (%)	15.8	8.5	10.5					10.7				11.4	13.7	14.7
Value of new business (VNB)	2,185	2,675	3,674	610	801	856	1,234	3,501	718	938	930	3,915	4,557	5,278
VNB as % of APE	26.1	27.4	27.5	26.2	26.3	26.8	26.1	26.3	25.1	24.3	26.1	25.4	26.0	26.0
Unwind	1,744	2,300	2,620					3,240				4,035	4,792	5,652
Unwind as % of opening EV	8.4	8.6	7.9					8.2				8.5	8.5	8.5
Operating variances	76	150	150					150				150	150	150
Unwind as % of opening EV	0.4	0.6	0.5					0.4				0.3	0.3	0.2
Economic variances	2,064	(50)	1,590					1,350				1,350	1,350	1,350
Unwind as % of opening EV	10.0	(0.2)	4.8					3.4				2.8	2.4	2.0
Dividends	0	(448)	(399)					(477)				(547)	(724)	(865)
Other adjustments	(99)	1,713	(1,065)					176				0	0	0
<b>Closing Embedded Value</b>	<b>26,620</b>	<b>32,960</b>	<b>39,530</b>					<b>47,470</b>				<b>56,373</b>	<b>66,498</b>	<b>78,064</b>
Closing EV per share (INR)	132	156	184					221				262	309	363
Price to EV (X)	5.2	4.4	3.7					3.1				2.6	2.2	1.9

Source: ACE Equity, Company Reports & Ventura Research

## HDFCLI's consolidated financials & projections

Fig in INR cr, unless specified	FY23	FY24	FY25E	FY26E	FY27E	Fig in INR cr, unless specified	FY23	FY24	FY25E	FY26E	FY27E
<u>Policyholders' account</u>						<u>Key metrics</u>					
Gross premium	57,533	63,082	70,888	80,686	92,152	AUM (INR billion)	2,256	2,776	3,209	3,631	4,127
YoY Growth (%)	21.7	9.6	12.4	13.8	14.2	NBP	29,085	29,636	33,013	36,785	40,970
- First year premium	11,324	11,116	13,097	15,389	18,005	APE	13,336	13,291	15,403	17,528	20,301
- Renewal premium	28,448	33,445	37,875	43,901	51,182	VNB	3,674	3,501	3,915	4,557	5,278
- Single premium	17,761	18,521	19,916	21,397	22,966	VNB margins (%)	27.5	26.3	25.4	26.0	26.0
Reinsurance Amount	655	970	1,490	1,694	1,843	Embedded value	39,530	47,470	56,373	66,498	78,064
Net premium income	56,879	62,112	69,397	78,992	90,309	EV per share (INR)	184	221	262	309	363
YoY Growth (%)	21.5	9.2	11.7	13.8	14.3	<u>Balance sheet</u>					
Income from investments	12,604	38,363	28,637	31,202	35,895	Networth	12,993	14,666	15,944	17,632	19,650
Other income	465	336	306	340	388	Borrowings	950	950	1,950	1,950	1,950
Contribution from shareholders' a/c	880	129	82	0	0	Policyholders' funds	224,522	277,017	320,190	363,302	413,752
Total income	70,828	100,941	98,422	110,533	126,593	Funds for future appropriations	1,235	1,211	1,361	1,550	1,770
YoY Growth (%)	5.6	42.5	(2.5)	12.3	14.5	Current liabilities	8,043	8,729	9,809	11,165	12,751
Commission	2,891	5,262	7,686	10,044	10,889	Provisions	128	114	128	145	166
Employee cost	3,056	3,252	3,397	3,792	4,239	Total equity & liabilities	247,872	302,687	349,382	395,744	450,039
Operating expenses	5,393	3,669	3,131	3,227	3,686	Investments	238,843	292,284	337,801	382,194	434,439
Benefits paid	38,972	39,805	42,265	47,956	54,408	Loans	1,585	1,897	2,132	2,427	2,772
Change in liabilities	18,590	48,444	40,909	43,112	50,449	Fixed assets	382	420	562	723	908
Provisions	29	(94)	53	0	0	Cash & bank balance	1,169	1,559	1,553	2,052	2,386
GST	376	412	517	589	673	Advances & other assets	5,893	6,527	7,334	8,348	9,534
Tax	159	(592)	(603)	0	0	Total assets	247,872	302,687	349,382	395,744	450,039
Surplus/ (Deficit)	1,362	783	1,066	1,812	2,248	<u>Ratios</u>					
Transfer to shareholders' a/c	1,472	807	1,066	1,812	2,248	RoE (%)	10.5	10.7	11.4	13.7	14.7
<u>Shareholders' account</u>						PAT/EV (%)	3.5	3.3	3.2	3.6	3.7
Transfer to shareholders' a/c	1,472	807	1,066	1,812	2,248	Opex as % of Net Premium (%)	14.9	11.1	9.4	8.9	8.8
Income from investments	724	1,007	1,105	1,260	1,429	Commission as % of Net Premium (%)	5.1	8.5	11.1	12.7	12.1
Other income	93	59	75	81	92	<u>Valuations</u>					
Expenses related to shareholders' a/c	152	169	199	315	377	P/BV	11.4	10.1	9.3	8.4	7.5
Transfer to policyholders' account	880	129	82	0	0	P/E	108.1	94.0	81.2	61.3	51.3
Provisions	(25)	4	1	0	0	P/VNB	40.3	42.2	37.8	32.5	28.0
PBT	1,282	1,570	1,964	2,837	3,392	P/EV	3.7	3.1	2.6	2.2	1.9
Tax	(86)	(4)	142	426	509						
PAT	1,368	1,574	1,822	2,412	2,883						

Source: Company Reports & Ventura Research

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