

October 22, 2024

RESULT REPORT Q2 FY25 | Sector: Insurance (Life)

ICICI Prudential Life

IPRU stagnating at lower RoEV trajectory

Our view – Margin decline tempers benefit from growth traction

VNB margin – Calculated VNB margin declined on sequential basis on the back of product mix change and pricing issues: The VNB margin for 2QFY25 was 23.4%, down -64 bps QoQ and -458bps YoY. While the share of linked business was steady, the share of Par has gone up sequentially. Secondly, in 2Q, the company was not able to change the pricing on Non-Par and Par products as require. While the yield curve had changed, the company was preoccupied with other product changes (presumably pertaining to surrender rule changes). In terms of commission payouts, the company has been talking to distribution partners and most are understanding of the situation (in terms of surrender rule changes). Clawback of commission, deferred commission and reduction of commission are all on the table to protect customer interest. The impact on company is also mitigated by offering longer tenure products, higher sum-assured products and increasing rider attachments.

APE growth – Growth performance continue to be positive with linked business and annuities driving traction: Overall APE in 2Q grew by 21.4% YoY to Rs 25.04bn. Within this, retail APE in 2Q grew by 26.2% YoY to Rs 21.61 bn whereas group APE in 2Q de-grew by -2.3% YoY to Rs 3.43 bn. Linked product APE was up 40.0% YoY in 2Q and contributed 51.8% to APE. Annuity business APE grew 73.0% YoY in 2Q and contributed 8.7% to APE. However, Non-linked savings APE (Par + Non-Par) de-grew -10.2% YoY in 2Q and contributed 18.1% to APE. The partnership distribution channel growth was flat YoY in 1H and contributed 10.6% to APE. The slowdown in partnership distribution channel is temporary and is largely due to the channel prioritizing non-linked products but with the market demanding linked products.

We rate IPRU a relatively cautious 'ADD' with a price target of Rs 850: We value IPRU at 2.2x FY26 P/EV for an FY25/26/27E RoEV profile of 15.4/15.4/15.3%.

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

Other Highlights (See "Our View" above for elaboration and insight)

- **VNB growth:** VNB grew 24.2%/1.6% QoQ/YoY, where the sequential growth was aided by growth in APE
- **Expense control:** Expense ratio fell/rose -392/211bps QoQ/YoY as opex ratio fell -339/-169bps QoQ/YoY and comm. ratio fell/rose -53/379bps QoQ/YoY
- **Persistency:** 13th month, 37th month and 61st month persistency ratio improved/declined sequentially by 90bps, 90bps and -170bps respectively

Exhibit 1: Result table

Rs mn	Q2 FY25	Q2 FY24	% yoy	Q1 FY25	% qoq
NBP	50,895	45,342	12.2%	39,488	28.9%
Renewal premium	60,858	58,917	3.3%	43,350	40.4%
Income from investment	142,770	69,389	105.8%	173,533	-17.7%
Surplus/(Deficit)	927	3,008	-69.2%	2,843	-67.4%
PAT	2,517	2,443	3.1%	2,254	11.7%
Expense ratio	21.3%	19.2%	211bps	25.2%	-392bps
37th mo. Persistency*	73.9%	68.9%	500bps	73.0%	90bps
APE	25,040	20,620	21.4%	19,630	27.6%
VNB	5,860	5,770	1.6%	4,720	24.2%
VNB Margin	23.4%	28.0%	-458bps	24.0%	-64bps

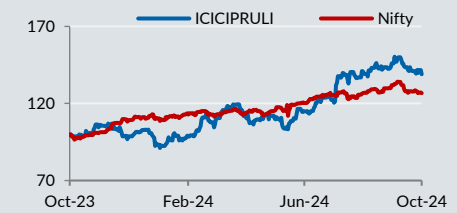
Source: Company, YES Sec-Research; *Regular / Limited Premium Payment under Individual category

Recommendation	: ADD
Current Price	: Rs 731
Target Price	: Rs 850
Potential Return	: +16%

Stock data (as on October 22, 2024)

Nifty	24,472
52 Week h/l (Rs)	797 / 463
Market cap (Rs/USD mn)	1076637 / 12808
Outstanding Shares (mn)	1,444
6m Avg t/o (Rs mn):	1,176
Div yield (%):	0.1
Bloomberg code:	IPRU IN
NSE code:	ICICIPRULI

Stock performance



	1M	3M	1Y
Absolute return	-4.8%	15.3%	38.9%

Shareholding pattern (As of June'24 end)

Promoter	73.2%
FII+DII	22.1%
Others	4.8%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	850	875

Financial Summary

Rs mn	FY25E	FY26E	FY27E
APE	108,905	125,240	144,026
% yoy	20.4%	15.0%	15.0%
VNB	26,011	30,297	34,842
VNB Margin	23.9%	24.2%	24.2%
Reported PAT	8,002	-1,102	1,464
% yoy	-6.1%	-114%	-233%
EPS (Rs)	5.6	-0.8	1.0
EV/Share (Rs)	337.2	387.3	444.7
RoEV	15.4%	15.4%	15.3%
P/EV (x)	2.2	1.9	1.6
P/VNB (x)	40.5	34.8	30.2

Δ in earnings estimates

Rs bn	FY25E	FY26E	FY27E
VNB (New)	26.0	30.3	34.8
VNB (Old)	26.2	30.5	35.0
% change	-0.6%	-0.6%	-0.6%

SHIVAJI THAPLIYAL

Head of Research (Overall)
& Lead Sector Research Analyst
shivaji.thapliyal@ysil.in



SIDDHARTH RAJPUROHIT, Analyst

SURAJ SINGHANIA, Associate

COMPREHENSIVE CON-CALL TAKEAWAYS

VNB margin

- **Margin level**
 - The VNB margin for 1HFY25 was 23.7%, down -513 bps YoY.
 - The 1H margin is more comparable with FY24 margin of 24.6% as it factors in all assumption changes.
- **Reasons for sequential decline**
 - **Product mix aspects**
 - While the share of linked business was steady, the share of Par has gone up sequentially.
 - The Par-Non Par split is roughly two-third to one-third in terms of proportion.
 - For the company, it would be the customers who will determine product mix.
 - **Pricing aspects**
 - Secondly, in 2Q, the company was not able to change the pricing on Non-Par and Par products as require.
 - While the yield curve had changed, the company was preoccupied with other product changes (presumably pertaining to surrender rule changes).
- **Tackling new surrender rule changes**
 - **Commission payouts**
 - The company has been talking to distribution partners and most are understanding of the situation (in terms of surrender rule changes).
 - Clawback of commission, deferred commission and reduction of commission are all on the table to protect customer interest.
 - **Product design**
 - The impact on company is also mitigated by offering longer tenure products, higher sum-assured products and increasing rider attachments.

Channel growth and mix

- **Agency channel**
 - The agency channel has grown 51.1% YoY in 1H and contributed 30.4% to total APE and 35.5% to retail APE.
 - The company has onboarded more than 29,000 agents in 1H and the total agents were at 211,000 plus.
 - **Advisor addition**
 - The company has added more than 100,000 advisors over the past 2.5 years.
- **Bancassurance**
 - The bancassurance APE has grown 30% YoY in 1H and contributed 29.1% to APE.
 - The total banca partners are at 45 which gives the company access to 22,000 branches.
 - **ICICI Bank**
 - The business achieved by ICICI Bank has been consistent at Rs 1-1.1bn in terms of overall topline.
 - ICICI Bank focus on protection and annuity products.
 - **Non-ICICI Bank**
 - The Non-ICICI Bank partners have grown significantly and have driven overall bancassurance growth.
 - **Share aspect**
 - ICICI Bank and Standard Chartered put together contributed 25% to retail business.

(Con call takeaways continue on the next page)

- **Partnership distribution**
 - The partnership distribution channel growth was flat YoY in 1H and contributed 10.6% to APE.
 - The slowdown in partnership distribution channel is temporary and is largely due to the channel prioritizing non-linked products but with the market demanding linked products.
 - This channel has seen a roughly 20% CAGR over the past 5 years.
 - The company continues to add new partners and has added 20 in 1H.
 - The channel is expected to come back on track in terms of growth.
- **Direct channel**
 - The direct channel grew 36.3% YoY in 1H and contributed 15.5% to total APE and 18.1% to retail APE.

Product growth and mix

- **Overall growth**
 - Overall APE in 1H grew by 26.8% YoY to Rs 44.67bn
 - Retail APE in 1H grew by 32.7% YoY to Rs 38.27 bn
 - Group APE in 1H grew by 0.2% YoY to Rs 6.4 bn
- **Linked business**
 - Linked product APE was up 54.5% YoY in 1H and contributed 51.6% to APE.
- **Non-linked savings**
 - Non-linked savings APE (Par + Non-Par) de-grew -13.6% YoY in 1H and contributed 18.1% to APE.
- **Annuity business**
 - Annuity business APE grew 99.5% YoY in 1H and contributed 9.7% to APE.
 - Annuity business has seen strong growth on the back of uniqueness of product and not so much due to pricing.
- **Group funds business**
 - Group funds business APE de-grew -0.7% YoY in 1H and contributed 3.2% to APE.
- **Protection business**
 - Total Protection APE grew 5.7% YoY in 1H and contributed 17.4% to APE.
 - **Retail protection**
 - Retail protection APE grew 17.2% YoY in 1H and contributed 6.2% to APE.
 - Retail protection grew by 30.7% YoY in 2QFY25 and contributed 6.6% to APE.
 - **Credit life**
 - Growth in credit life was negatively impacted due to slowdown in microfinance disbursement.
 - The non-MFI led business continues to growth in healthy fashion.
 - **Group term life**
 - Group term life business was negatively impacted due to pricing pressure.

Renewal business

- Products sold 10 years are hitting maturity leading to planned outgo.
- Certain linked business sold 5 years is also seeing full or partial exits since liquidity is available in these products and markets are buoyant (and some are booking profit).
- Also, prior to 2022, the company had a muted growth phase, which is currently impacting renewal business.

(Con call takeaways continue on the next page)

Embedded Value

- The Embedded Value stood at Rs 460.18bn up by 19.4% YoY.
- **Economic variance**
 - While not quantified, there is significant economic variance during the period.

Solvency

- The Solvency Ratio stood at 188.6% as of 1HFY25 compared with 199.4% in 1HFY24.
- The board has approved to raise additional sub debt of Rs 14 bn
- Rs 12bn of debt capital has already been raised through NCDs.
- Rs 14bn more debt is raised, which would enhance Solvency Ratio by 20% points.

Expenses

- Cost to TWRP for 1HFY25 amounted to 29.4% as against 26.2% in 1HFY24.
- The cost to TWRP for the Savings LOB amounted to 17.9% in 1HFY25 as against 17.2% in 1HFY24.

AUM

- The total asset under management stood at Rs 3,204.91bn up by 17.9% YoY.

Persistency

- The 13th month and 49th month persistency figures were 89.8% and 69.9%, respectively.

Exhibit 2: Quarterly Actuals Vs Estimates

Q2FY25 (Rs. mn)	Actuals	Estimates	Diff, %
New Business Premium	50,895	50,495	0.8
Total APE	25,040	26,306	(4.8)
VNB	5,860	6,324	(7.3)

Source: Company, YES Sec – Research

Exhibit 3: Other Business Parameters

	Q2 FY25	Q2 FY24	% yoy	Q1 FY25	% qoq
APE Mix (Rs mn)					
Savings	20,820	16,720	24.5%	16,080	29.5%
Linked	12,970	9,270	39.9%	10,090	28.5%
Non-Linked	4,780	5,320	-10.2%	3,310	44.4%
Annuity	2,190	1,260	73.8%	2,140	2.3%
Group funds	880	880	0.0%	540	63.0%
Protection	4,220	3,900	8.2%	3,550	18.9%
Retail Protection	1,670	1,270	31.5%	1,120	49.1%
Total APE	25,040	20,620	21.4%	19,630	27.6%
APE Mix (% proportion)					
Savings	83.1%	81.1%	206bps	81.9%	123bps
Linked	51.8%	45.0%	684bps	51.4%	40bps
Non-Linked	19.1%	25.8%	-671bps	16.9%	223bps
Annuity	8.7%	6.1%	264bps	10.9%	-216bps
Group funds	3.5%	4.3%	-75bps	2.8%	76bps
Protection	16.9%	18.9%	-206bps	18.1%	-123bps
Retail Protection	6.7%	6.2%	51bps	5.7%	96bps
Total APE	100.0%	100.0%	na	100.0%	na
Distribution mix (Rs mn)					
Bancassurance	7,360	5,780	27.3%	5,650	30.3%
Agency	7,800	5,420	43.9%	5,770	35.2%
Direct	3,960	2,970	33.3%	2,980	32.9%
Partnership distribution	2,490	2,940	-15.3%	2,260	10.2%
Group	3,430	3,510	-2.3%	2,970	15.5%
Distribution mix (% proportion)					
Bancassurance	29.4%	28.0%	136bps	28.8%	61bps
Agency	31.2%	26.3%	486bps	29.4%	176bps
Direct	15.8%	14.4%	141bps	15.2%	63bps
Partnership distribution	9.9%	14.3%	-431bps	11.5%	-157bps
Group	13.7%	17.0%	-332bps	15.1%	-143bps
Persistence Ratios*					
13 th month	86.6%	85.6%	100bps	85.7%	90bps
61 st month	64.1%	63.8%	30bps	65.8%	-170bps
Expense Metrics					
Commission ratio	11.5%	7.7%	379bps	12.0%	-53bps
Opex ratio	9.8%	11.5%	-169bps	13.2%	-339bps
Solvency					
Solvency ratio	189%	199%	-1080bps	188%	70bps

Source: Company, YES Sec – Research; *N.B. Regular / Limited Premium Payment under Individual category

ANNUAL FINANCIALS

Exhibit 4: Policyholder account

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net premium	385,595	417,597	485,165	550,503	626,785
Income from investments	99,646	465,503	401,312	445,476	496,265
Other income	1,516	2,046	2,251	2,476	2,724
Contri from shareholders A/C	18,024	17,926	17,030	16,179	15,370
Total income	504,781	903,073	905,759	1,014,634	1,141,143
Commission	18,639	37,220	43,242	49,065	55,864
Employee expenses	14,459	16,244	18,873	21,360	24,319
Other opex	31,373	25,016	29,063	32,977	37,547
Benefits paid	310,042	400,060	430,949	508,962	598,746
Change in valuation of liability	98,170	406,391	364,423	389,614	408,957
Others	7,235	6,173	7,672	8,705	9,911
Provision for Tax	1,842	1,078	1,941	2,202	2,507
Surplus/(Deficit)	23,021	10,892	9,597	1,750	3,292
Transfer to shareholders A/C	20,162	14,719	12,969	2,364	4,449

Source: Company, YES Sec – Research

Exhibit 5: Shareholder account

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Transfer from Policyholders' account	20,162	14,719	12,969	2,364	4,449
Income from Investments	8,761	13,692	13,726	13,732	13,743
Total A	28,923	28,411	26,695	16,096	18,192
Expenses (apart from insurance)	1,022	1,037	1,140	1,254	1,380
Contribution to Policyholders' Acc	18,024	17,926	17,030	16,179	15,370
Others	933	502	143	143	143
Total B	19,979	19,465	18,313	17,576	16,892
Profit/(Loss) before tax	8,969	9,232	8,667	-1,194	1,586
Provision for Taxation	862	708	665	-92	122
Profit/(Loss) after tax	8,107	8,524	8,002	-1,102	1,464

Source: Company, YES Sec – Research

Exhibit 6: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Shareholders' Funds:					
Share Capital	14,386	14,406	14,406	14,406	14,406
Reserve and surplus	83,730	92,223	99,414	98,424	99,739
Policyholders' Funds					
Policy Liabilities	903,074	1,101,621	1,328,729	1,589,903	1,890,253
Provision for Linked Liabilities	1,352,324	1,579,173	1,862,734	2,188,830	2,563,840
Fair Value change	28,327	50,273	50,273	50,273	50,273
Funds for future appropriation	16,693	12,866	15,439	18,527	22,232
Sources of Funds	2,501,592	2,935,269	3,469,553	4,075,541	4,775,866
Investments - Shareholders	98,514	105,755	106,014	106,062	106,151
Investments Policyholders	2,383,690	2,791,606	3,087,017	3,426,740	3,817,421
Fixed Assets	5,956	7,180	7,430	7,680	7,930
Net Current Assets	291	13,122	251,485	517,453	826,759
Misc. Expenditure	0	0	0	0	0
Application of funds	2,501,592	2,935,269	3,469,553	4,075,541	4,775,866

Source: Company, YES Sec – Research

Exhibit 7: Embedded Value (EV) Walk

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Opening EV	316,250	356,340	423,350	485,846	557,940
Unwind of Discount	27,080	30,710	35,985	41,297	47,425
Value of New Business	27,650	22,270	26,011	30,297	34,842
Operating Assumption Changes	(1,610)	700	2,000	2,000	2,000
Operating Experience Variance	1,760	(3,520)	1,000	1,000	1,000
EV Operating Profit (EVOP)	54,880	50,160	64,996	74,594	85,267
Economic Variance	(14,490)	16,910	0	0	0
EV Profit	40,390	67,070	64,996	74,594	85,267
Net Capital Inflow / Outflow	(300)	(60)	(2,500)	(2,500)	(2,500)
Closing EV	356,340	423,350	485,846	557,940	640,707

Source: Company, YES Sec – Research

Exhibit 8: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
APE	108,905	125,240	144,026	104,994	120,743	138,854	3.7	3.7	3.7
VNB	26,011	30,297	34,842	26,172	30,471	35,042	(0.6)	(0.6)	(0.6)

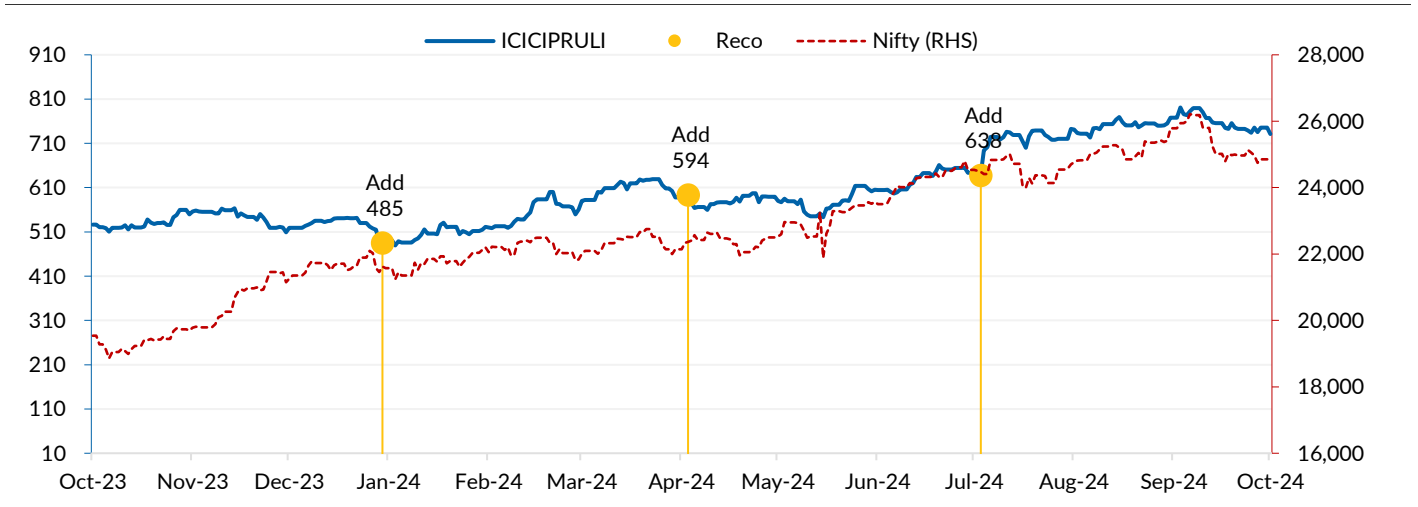
Source: Company, YES Sec – Research

Exhibit 9: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
Growth (%) - P&L					
New business premium	12.3%	7.3%	16.6%	15.0%	15.0%
Renewal premium	2.6%	9.0%	8.9%	12.2%	12.9%
Net premium	6.2%	8.3%	16.2%	13.5%	13.9%
PAT	7.5%	5.1%	-6.1%	-113.8%	-232.8%
VNB	27.8%	-19.5%	16.8%	16.5%	15.0%
Growth (%) - Balance Sheet					
Total AUM	4.2%	16.7%	10.2%	10.6%	11.1%
Total Assets	4.6%	17.3%	18.2%	17.5%	17.2%
Embedded value	12.7%	18.8%	14.8%	14.8%	14.8%
Profitability ratio (%)					
VNB Margin	32.0%	24.6%	23.9%	24.2%	24.2%
Expense metrics (%)					
Commission ratio	4.8%	8.9%	8.9%	8.9%	8.9%
Opex ratio	11.9%	9.9%	9.9%	9.9%	9.9%
Expense ratio	16.7%	18.8%	18.8%	18.8%	18.8%
Persistency (%)					
Conservation Ratio	80.7%	84.6%	84.6%	84.6%	84.6%
Return ratios (%)					
RoEV	17.4%	14.1%	15.4%	15.4%	15.3%
ROE	8.3%	8.0%	7.0%	-1.0%	1.3%
RoA	0.3%	0.3%	0.2%	0.0%	0.0%
Investment Return (%)					
Invest. Yield - Sh.	8.9%	13.5%	13.1%	13.1%	13.1%
Invest. Yield - Ph.	4.3%	18.0%	13.7%	13.7%	13.7%
Solvency					
Solvency Ratio	209%	192%	200%	200%	200%
Underwriting					
Claims ratio	80.4%	95.8%	88.8%	92.5%	95.5%
Claims / AUM	12.5%	13.8%	13.5%	14.4%	15.3%
Per share data (Rs)					
EPS	5.6	5.9	5.6	-0.8	1.0
VNBPS	19.22	15.46	18.06	21.03	24.19
BVPS	68.2	74.0	79.0	78.3	79.2
EVPS	247.7	293.9	337.2	387.3	444.7
Valuation (x)					
P/E	129.7	123.6	131.6	-955.6	719.4
P/VNB	38.0	47.3	40.5	34.8	30.2
P/BV	10.7	9.9	9.3	9.3	9.2
P/EV	3.0	2.5	2.2	1.9	1.6

Source: Company, YES Sec – Research

Recommendation Tracker



STANDARD DISCLAIMER:

YES Securities (India) Limited, Registered Address: 2nd Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400055. Maharashtra, India | **Correspondence Add:** 7th Floor, Urmi Estate Tower A, Ganpatrao Kadam Marg, Opp. Peninsula Business Park, Lower Parel (West), Mumbai - 400 013, Maharashtra, India. | Website: www.yesinvest.in | Email: customer.service@ysil.in

Registration Nos.: CIN: U74992MH2013PLC240971 | SEBI Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | CDSL & NSDL: IN-DP-653-2021 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (Cat III AIF) and YES Wealth Maximiser AIF (Cat III AIF) SEBI Registration No.: IN/AIF3/20- 21/0818 | AMFI ARN Code - 94338

Details of Compliance Officer: Aditya Goenka | Email: compliance@ysil.in / Contact No.: 022-65078127 | **Grievances Redressal Cell:** customer.service@ysil.in / igc@ysil.in

Standard Disclaimer: Investment in securities market are subject to market risks; read all the related documents carefully before investing. Above representation provides an overview related to our past performance neither does it provide any guarantee of future performance, nor we are ensuring any guaranteed returns. Actual Client returns may vary depending upon time premium, volatility Index, intrinsic value of the script, open interest, other geopolitical conditions and choice of the customer to execute the recommendation in full or part. All recommendations are published under Research Analyst License of YES Securities (India) Limited (YSIL); execution of the recommendation is at complete discretion of customer without any intervention by the research publisher.

Contents which are exclusively for Non-Broking Products/Services e.g. Mutual Fund, Mutual Fund-SIP, Research reports, Insurance, etc. where the YSIL is just a distributor. These are not Exchange traded product and the YSIL is just acting as distributor. Kindly note that all disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

YSIL is a wholly owned subsidiary of YES Bank Limited. Savings, Current, PIS and Demat Account are offered by YES Bank Limited. Please note Brokerage would not exceed the SEBI prescribed limit. YSIL also acts in the capacity of distributor for Products such as IPOs, Mutual Funds, Mutual Fund-SIPs, NCD/Bonds, etc., All disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

Margin Trading Funding (MTF) is an exchange approved product offered to YSIL trading account holders, as per the regulation and guideline of SEBI Circular: CIR/MRD/DP/54/2017 dated June 13, 2017. For product specification, T&C, rights and obligations statement issued by the YSIL visit https://yesinvest.in/standard_documents_policies

DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSIL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSIL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that Price of each of the securities or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. YES Securities (India) Limited conforms with the rules and regulations enumerated in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 as amended from time to time.

Technical analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSIL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSIL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through Rule 15a-6 under the Securities Exchange Act of 1934 (the "Exchange Act")^[1] and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This research report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s), the authors of this research report. YES Securities (India) Limited is the concerned representatives (employees) of YES Securities (India) Limited, are responsible for the content of this research report including but not limited to any material conflict of interest of YES Securities (India) Limited in relation to the issuer(s) or securities as listed in this research report. This YES Securities (India) Limited research report is distributed in the United States through Brasil Plural Securities LLC (BPS). The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and is/ are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. As per SEC Rule 15a-6, the U.S. broker-dealer must accompany any third party research report it distributes with, or provide a web address that directs a recipient to, disclosure of any material conflict of interest that can reasonably be expected to have influenced the choice of a third-party research report provider or the subject company of a third-party research.

FINRA Rules 2241 and 2242, which govern the conduct of research analysts and the content of equity and debt research reports, respectively, apply to all research distributed by a FINRA member firm, including research prepared by a foreign broker-dealer under Rule 15a-6.

- Research reports prepared by a foreign broker-dealer and distributed by a U.S. broker-dealer are deemed to be third party research reports, as reports produced by a person other than a FINRA member.
- Prior to distributing any third party research, a U.S. broker-dealer must assure that such report contains the required disclosures under FINRA Rule 2241(h) or 2242(g)(3), as applicable.

This report is intended for distribution by YES Securities (India) Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). As per Rule 15a-6(b)(4) of the Exchange Act, 1934, "Major U.S. institutional investor" means a U.S. institutional investor with assets, or assets under management, in excess of US\$100 million, or a registered investment adviser with assets under management in excess of US\$100 million. If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person or entity. Transactions in securities discussed in this research report should be effected through Brasil Plural Securities LLC (BPS) or another U.S. registered broker dealer/Entity as informed by YES Securities (India) Limited from time to time.

^[1] Rule 15a-6 under the Securities Exchange Act of 1934 provides conditional exemptions from broker-dealer registration for foreign broker-dealers that engage in certain specified activities involving U.S. investors. These activities include:

- (a) Effecting unsolicited securities transactions;
- (b) Providing research reports to major U.S. institutional investors, and effecting transactions in the subject securities with or for those investors;
- (c) Soliciting and effecting transactions with or for U.S. institutional investors or major U.S. institutional investors through a "chaperoning broker-dealer"; and
- (d) Soliciting and effecting transactions with or for registered broker-dealers, banks³ acting in a broker or dealer capacity, certain international organizations, foreign persons temporarily present in the U.S., U.S. citizens resident abroad, and foreign branches and agencies of U.S. persons.

In adopting Rule 15a-6, the SEC sought "to facilitate access to foreign markets by U.S. institutional investors through foreign broker-dealers and the research that they provide, consistent with maintaining the safeguards afforded by broker-dealer registration." [Rule 15a-6 Adopting Release at 54 FR 30013; see also Registration Requirements for Foreign Broker-Dealers, Exchange Act Release No. 25801 (June 14, 1988), 53 FR 23645 (June 23, 1988)].

DISCLOSURE OF INTEREST

Name of the Research Analyst : Shivaji Thapliyal, Siddharth Rajpurohit, Suraj Singhania

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSIL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSIL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report	No
3	Research Analyst or his/her relative or YSIL has any other material conflict of interest at the time of publication of the research report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSIL has received any compensation from the subject company in the past twelve months	No
6	YSIL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSIL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	YSIL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSIL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSIL has been engaged in market making activity for the subject company(ies)	No

Since YSIL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSIL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSIL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

BUY: Upside greater than 20% over 12 months

ADD: Upside between 10% to 20% over 12 months

NEUTRAL: Upside between 0% to 10% over 12 months

REDUCE: Downside between 0% to -10% over 12 months

SELL: Downside greater than -10% over 12 months

NOT RATED / UNDER REVIEW

Lead Analyst signature

Analyst signature

Associate signature

ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSIL") is a wholly owned subsidiary of YES BANK LIMITED. YSIL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSIL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL. YSIL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSIL by SEBI/Stock Exchanges.