

Beat on combined ratio, offset by lower investment income

ICICIGI's 3QFY20 saw NEP growth of 16.4% YoY (ex crop 22.2% YoY, +10.3% vs. est.) to Rs 24.5bn, decline in COR (calc.) to 99.5% was also better than est., but investment yield of ~7.3% (-80/-114bps YoY/QoQ), weighed on APAT, which at Rs 2.94bn grew +23.0/-14.9% YoY/QoQ, (-2.6% vs. est.)

HIGHLIGHTS OF THE QUARTER

- Driven by 23.0% YoY increase in motor NEP (64.4% of total NEP), total NEP increased to Rs 24.6bn (+16.4/4.2% YoY/QoQ).
- CORs:** Cal. CORs declined to 99.5% (+275/-425bps YoY/QoQ) led by decline in claims ratio (-75/-288bps YoY/QoQ) to 71.7%.
- Reduction in claims ratio** was driven by lower loss ratios across all major segments.
- After increase in rates across 8 occupancies during Apr-19, GICRe has revised rates upwards across almost all the remaining verticals w.e.f. Jan-20. We expect property NEP growth to trend higher alongwith improved profitability.
- Motor:** Management sees no material improvement in Motor OD pricing at the industry level. ICICIGI's 3QFY20 TP GDPI declined 3.4% YoY (vs +11.8% for industry) as

FINANCIAL SUMMARY

(Rs mn)	3QFY20	3QFY19	YoY(%)	2QFY20	QoQ(%)	FY18	FY19	FY20E	FY21E	FY22E
Premium (NEP)	24,562	21,110	16.4	23,569	4.2	69,117	83,753	94,607	109,452	125,930
Operating profit	3,746	3,496	7.2	4,610	(18.7)	12,281	16,241	17,891	23,504	27,940
OP margin (%)	15.3	16.6	-131bps	19.6	-431bps	17.8	19.4	18.9	21.5	22.2
APAT	2,941	2,391	23.0	3,457	(14.9)	8,618	10,493	13,091	17,248	20,533
AEPS	6.5	5.3	23.0	7.6	(14.9)	19.0	23.1	28.8	37.9	45.1
P/E (x)						74.4	61.2	49.1	37.2	31.3
P/B (x)						12.6	11.5	9.9	8.2	6.8
ROE (%)						17.8	19.2	21.4	23.9	23.6

Source: Company, HDFC sec Inst Research estimates

the company continues to focus on writing 2Ws and PV business. CV business declined 39% YoY in 3QFY20.

- Advance premium on motor policies is Rs 27.2bn +19.9% QoQ (22.7% QoQ in 2QFY20). Proportion of PVs buying (3+3) increased to ~12% (vs. 10% for 1HFY20), while proportion of 2Ws buying (5+5) dropped to ~22% vs. ~24% for 1HFY20.
- Investment leverage was at ~4.11x (vs. 4.10x 2QFY20) while investment yield further declined to 7.3% (-80/-114bps YoY/QoQ). Duration of the investment book is just 3.2 yrs. We expect yields to remain low.
- ICICIGI is investing in distribution and has added Karur Vyasa Bank as a partner.

Near term outlook: We expect stock price to time correct.

STANCE

We expect changing regulations in motor to drive down both claims and tariffs, creating supernormal profitability in the short term. We believe that this period (of supernormal profitability) will be short lived, as we expect IRDAI to clamp down on TP pricing restricting profitability. We believe market is not factoring this risk, accordingly we rate ICICIGI a SELL with a reduced TP of Rs 1,126 (Dec-21E P/E of 26x and a P/ABV of 5.7x).

INDUSTRY	GENERAL INSURANCE
CMP (as on 17 Jan 2020)	Rs 1,411
Target Price	Rs 1,126
Nifty	12,352
Sensex	41,945

KEY STOCK DATA

Bloomberg	ICICIGI IN
No. of Shares (mn)	454
MCap (Rs bn) / (\$ mn)	641/9,029
6m avg traded value (Rs mn)	1,417

STOCK PERFORMANCE (%)

52 Week high / low	Rs 1,440/807		
	3M	6M	12M
Absolute (%)	13.4	34.2	61.1
Relative (%)	6.0	27.2	45.8

SHAREHOLDING PATTERN (%)

	Sep-19	Dec-19
Promoters	55.9	55.9
FIs & Local MFs	10.9	12.5
FPIs	20.8	24.0
Public & Others	12.5	7.6
Pledged Shares	Nil	Nil

Source : BSE

Madhukar Ladha, CFA

madhukar.ladha@hdfcsec.com
+91-22-6171-7323

Keshav Binani

keshav.binani@hdfcsec.com
+91-22-6171-7325

5 Quarters at a glance

(Rs mn)	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	YoY (%)	QoQ (%)
Net premium written (NWP)	25,969	24,610	23,850	21,666	26,576	2.3	22.7
Net premiums earned (NEP)	21,110	21,975	22,449	23,569	24,562	16.4	4.2
Claims Incurred (net)	15,289	15,747	16,941	17,571	17,604	15.1	0.2
Commission (net)	921	632	547	619	771	(16.4)	24.6
Operating expenses	5,186	5,852	5,410	5,467	6,407	23.6	17.2
Other expenses	203	431	173	235	210	3.5	(10.6)
Underwriting profit/(loss)	(489)	(686)	(622)	(322)	(430)	(11.9)	33.5
Investment Income	4,005	4,329	5,461	5,012	4,434	10.7	(11.5)
Provisions (Other than taxation)	21	219	87	80	258	1,151.0	220.9
Operating profits	3,496	3,423	4,752	4,610	3,746	7.2	(18.7)
Other income	111	32	1	1	154	38.0	25,483.3
PBT	3,607	3,455	4,753	4,610	3,899	8.1	(15.4)
Tax	1,215	1,178	1,655	1,154	958	(21.2)	(17.0)
APAT	2,391	2,277	3,098	3,457	2,941	23.0	(14.9)
Extraordinary	-	-	-	(378)	-	NM	NM
RPAT	2,391	2,277	3,098	3,079	2,941	23.0	(4.5)
Basic EPS	5.3	5.0	6.8	7.6	6.5	23.0	(14.9)
Tax Rate (%)	33.7	34.1	34.8	25.0	24.6	-912bps	-46bps
Claims ratio	72.4	71.7	75.5	74.6	71.7	-75bps	-288bps
Commission ratio	3.5	2.6	2.3	2.9	2.9	-65bps	4bps
Expenses ratio	20.8	25.5	23.4	26.3	24.9	415bps	-142bps
Combined ratio	96.7	99.8	101.2	103.7	99.5	275bps	-425bps
Combined ratio (ex- CAT)	96.7	99.8	100.5	101.6	99.5	275bps	-217bps
Combined ratio (IRDAI)	95.9	98.0	100.4	102.6	98.7	274bps	-396bps

Note: We include other expenses in operating expenses for calculation of opex ratio. Hence our opex and combined ratios will differ marginally from the company reported numbers.

Source: Company, HDFC sec Inst Research

Claims ratio improved sequentially led by decline in claims ratio across business segments.

Other income grew 38.0 % YoY on account of interest received on income tax refund.

Provision of Rs 258mn was on account of doubtful debts of reinsurers. Company does not see any credit risk here.

We have built in lower underwriting losses in 4QFY20.

APAT grew 15.6% YoY in 9MFY20

(Rs mn)	9MFY20	9MFY19	YoY (%)	FY20E	9MFY20/FY20E (%)
Net premium written (NWP)	72,092	70,775	1.9	97,033	74.3
Net premiums earned (NEP)	70,580	61,779	14.2	94,607	74.6
Claims Incurred (net)	52,116	47,335	10.1	69,983	74.5
Commission (net)	1,936	1,598	21.2	2,324	83.3
Operating expenses	17,284	14,046	23.1	23,318	74.1
Premium deficiency	0	0	-	0	NM
Other expenses	618	580	6.4	884	69.9
Underwriting profit/(loss)	-1,375	-1,780	(22.8)	-1,903	72.3
Investment Income	14,908	14,040	6.2	19,943	74.8
Provisions (Other than taxation)	425	-158	(369.3)	550	77.3
Operating profits	13,108	12,418	5.6	17,891	73.3
Other income	155	111	38.8	200	77.2
PBT	13,262	12,529	5.9	17,691	75.0
Tax	3,767	4,314	(12.7)	4,600	81.9
APAT	9,496	8,215	15.6	13,091	72.5
Extraordinary	-378	0	-	-843	44.8
RPAT	9,118	8,215	11.0	12,249	74.4

Source: Company, HDFC sec Inst Research

Motor premiums grew at a healthy rate of 23.0/4.2% YoY/QoQ.

Motor continues to gain share within the mix; its share stands at 64.4% (+349bps YoY).

Within motor business, Pvt. cars/ 2Ws grew at 20.3/15.4% YoY, while CVs declined 39.0% YoY.

Fire business continues to grow at rapid pace (+104.5/30.1% YoY/QoQ)

Product mix

NEP (Rs mn)	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	YoY (%)	QoQ (%)
Motor	12,869	13,660	14,856	15,196	15,830	23.0	4.2
Health (Corporate)	3,454	3,414	3,682	3,963	4,193	21.4	5.8
Health (Retail)	1,668	1,689	1,686	1,757	1,771	6.2	0.8
Health (Government)	(1)	(83)	(1)	-	26	(3,387.5)	-
Crop	1,041	1,247	(10)	124	47	(95.5)	(62.2)
Marine	681	578	584	639	642	(5.8)	0.4
Fire	394	441	477	619	805	104.5	30.1
Miscellaneous (Corporate)	1,003	393	1,030	1,090	1,136	13.3	4.2
Miscellaneous (Retail)	1	635	145	182	112	11,070.0	(38.6)
Total	21,110	21,975	22,449	23,569	24,562	16.4	4.2

(%)	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	YoY (bps)	QoQ (bps)
Motor	61.0	62.2	66.2	64.5	64.4	349	(2)
Health (Corporate)	16.4	15.5	16.4	16.8	17.1	71	26
Health (Retail)	7.9	7.7	7.5	7.5	7.2	(69)	(24)
Health (Government)	(0.0)	(0.4)	(0.0)	-	0.1	11	11
Crop	4.9	5.7	(0.0)	0.5	0.2	(474)	(34)
Marine	3.2	2.6	2.6	2.7	2.6	(61)	(10)
Fire	1.9	2.0	2.1	2.6	3.3	141	65
Miscellaneous (Corporate)	4.7	1.8	4.6	4.6	4.6	(12)	-
Miscellaneous (Retail)	0.0	2.9	0.6	0.8	0.5	45	(32)
Total	100.0	100.0	100.0	100.0	100.0		

Source: Company, HDFC sec Inst Research

Fire business posted underwriting profits.

Improvement in loss ratios of motor TP was significantly ahead of expectations and remains a key monitorable.

Loss ratios improved meaningfully for the fire segment at 50.1% (-840/-2,550 YoY/QoQ)

Underwriting profits

(Rs mn)	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	YoY (%)	QoQ (%)
Motor	(903)	(1,555)	(942)	(1,021)	(1,943)	NM	NM
Health (Retail)	762	676	349	43	(9)	NM	NM
Health (Corporate)	(22)	(12)	265	436	728	NM	67.0
Health (Government)	(13)	(73)	(2)	36	59	NM	63.2
Crop	(397)	216	(13)	(80)	(9)	NM	NM
Marine	6	(65)	(17)	45	47	700.0	5.1
Fire	156	(61)	(76)	(14)	275	76.1	(2,025.2)
Miscellaneous (Retail)	1	162	25	116	493	61,500.0	326.3
Miscellaneous (Group, Corporate)	126	457	(40)	352	139	10.3	(60.7)
Total	(286)	(255)	(449)	(88)	(220)	NM	NM

Claims Ratio (%)

Motor OD	53.0	61.5	68.2	71.8	68.8	1580bps	-300bps
Motor TP	91.7	90.5	90.9	86.4	81.8	-990bps	-460bps
Health	90.4	79.2	76.2	71.0	69.6	-2080bps	-140bps
Crop	116.3	69.6	110.7	111.6	110.4	-590bps	-120bps
Fire	58.5	83.1	87.6	75.6	50.1	-840bps	-2550bps
Marine	65.1	74.1	58.8	65.5	68.2	310bps	270bps
Engineering	34.1	26.0	58.0	26.0	34.5	40bps	850bps
Other	44.5	32.4	63.5	38.1	55.6	1110bps	1750bps
Total	72.4	71.7	75.5	74.6	71.7	-70bps	-290bps

Source: Company, HDFC sec Inst Research

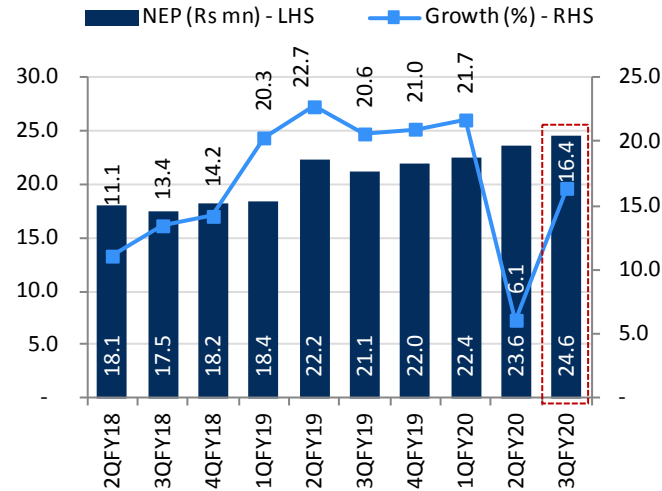
NEP growth accelerated to 16.4% YoY from 6.1% YoY in 2QFY20.

We remain watchful of motor premium growth post the initial spur in sales after implementation of MVA w.e.f. Sep-19.

We expect company to post lower underwriting losses in 4QFY20.

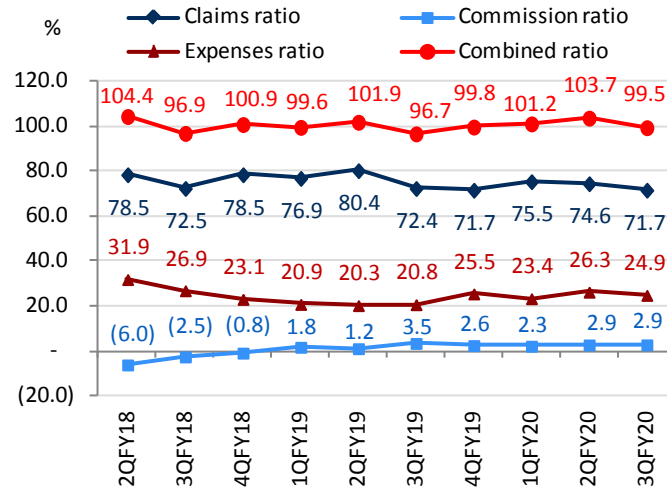
Solvency ratio remains strong.

NEP growth accelerated led by motor segment



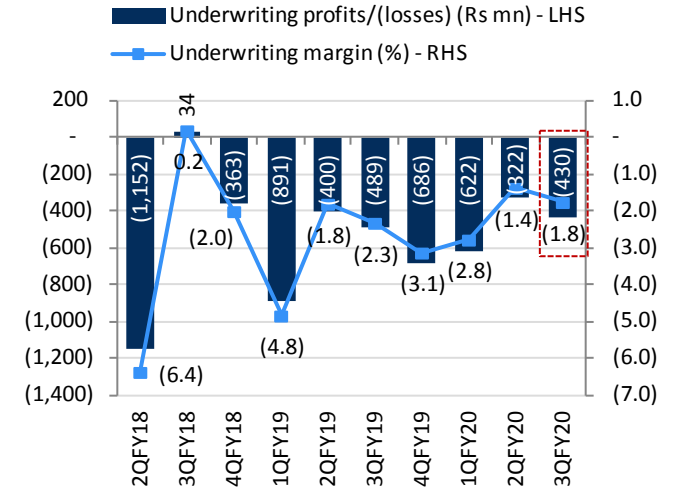
Source: Company, HDFC sec Inst Research

Combined ratios declined in 3QFY20



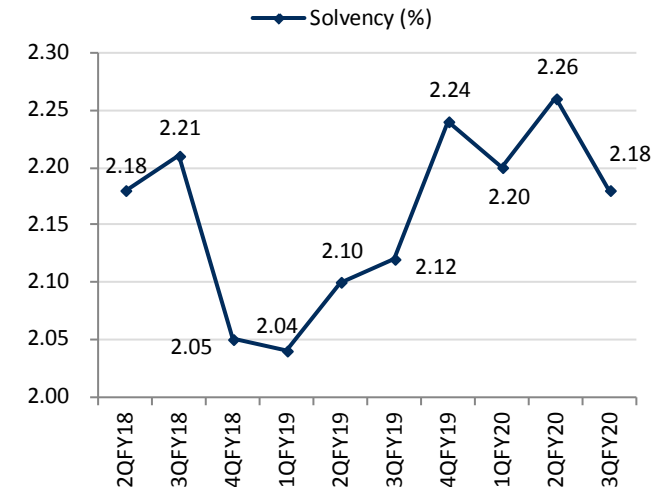
Source: Company, HDFC sec Inst Research
We include other expenses for calculation of opex ratio.

Underwriting losses increased in 3QFY20



Source: Company, HDFC sec Inst Research
We include other expenses (shareholders a/c) in calculation of underwriting profits.

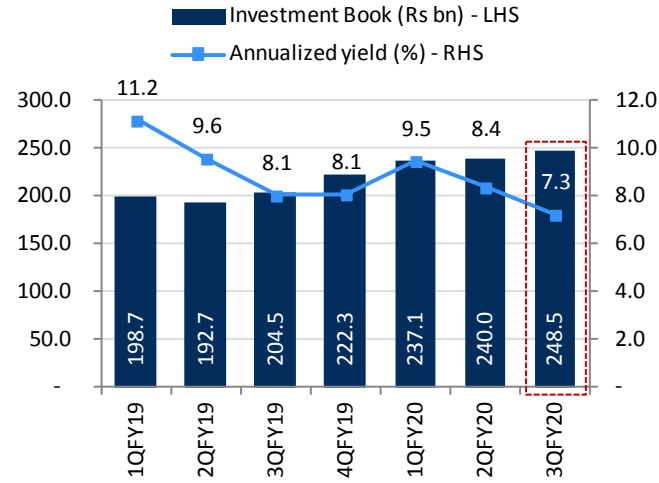
Solvency continues to remain strong



Source: Company, HDFC sec Inst Research

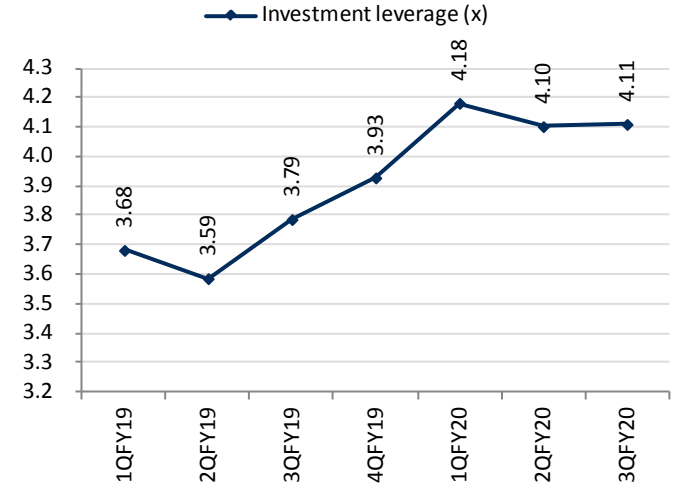
Investment book growth fell short of expectations at 21.5/3.5% YoY/QoQ to Rs 248bn, despite good jump in advance premium.

Investment yields declined in 3QFY20



Source: Company, HDFC sec Inst Research

Investment leverage declined marginally



Source: Company, HDFC sec Inst Research
We include FV reserve in net worth.

Motor OD loss ratios improved sequentially however company highlighted that pricing environment has not improved.

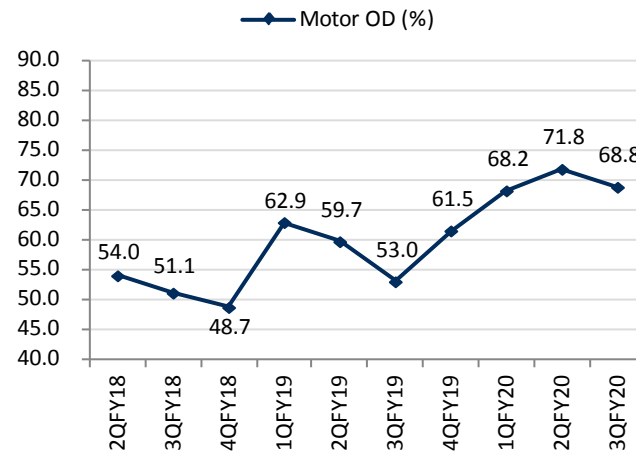
Improvement in motor TP loss ratio was ahead of our expectations.

Improvement was lead by change in vehicle mix.

Health loss ratios continue to trend lower.

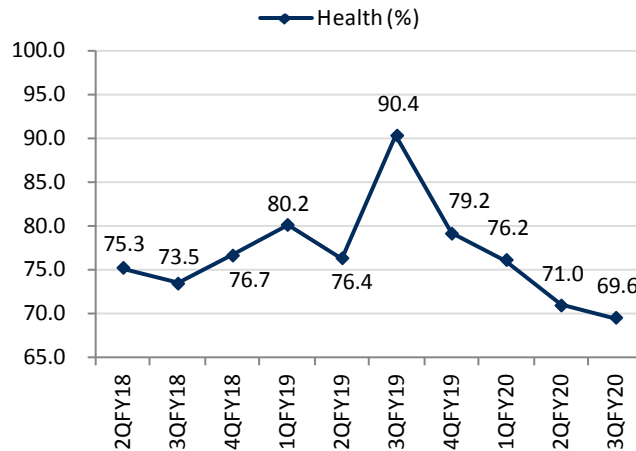
Claims ratios across segments

OD loss ratios deteriorating



Source: Company, HDFC sec Inst Research

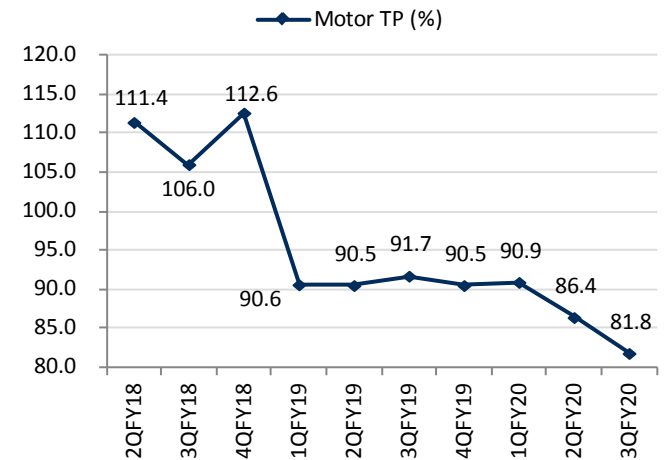
Loss ratios trend downwards



Source: Company, HDFC sec Inst Research

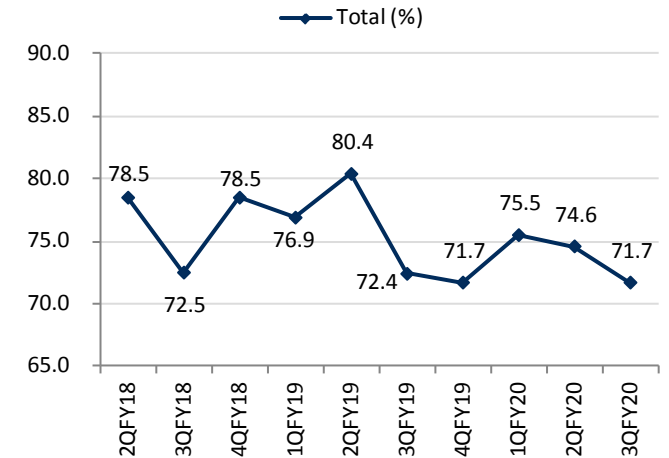
Note: Company has included PA in health for claims ratio reporting in 2QFY20.

TP loss ratios improved 410bps YoY



Source: Company, HDFC sec Inst Research

Reduction largely due to improving mix



Source: Company, HDFC sec Inst Research

Change in estimates lead to minor decline in APAT by 1.1/2.0% for FY21/22E.

We build in lower investment book growth and lower investment yields.

Change in estimates

Rs mn	FY20E			FY21E			FY22E		
	Revised	Old	Change (%)	Revised	Old	Change (%)	Revised	Old	Change (%)
Net written premium	97,033	104,913	(7.5)	112,374	121,027	(7.2)	129,424	138,805	(6.8)
Net earned premium	94,607	92,113	2.7	109,452	106,504	2.8	125,930	122,426	2.9
COR (%)	100.9	98.4	252bps	98.4	97.7	69bps	97.7	97.7	4bps
COR (%) IRDAI	100.0	97.5	246bps	98.3	97.5	83bps	97.6	97.5	13bps
Underwriting profits #	(1,502)	(1,565)	NM	1,058	(782)	NM	2,029	(780)	NM
PAT	13,091	14,015	(6.6)	17,248	17,442	(1.1)	20,533	20,950	(2.0)
Investment book	256,785	268,674	(4.4)	304,171	331,591	(8.3)	349,621	389,041	(10.1)
ROE (%)	21.4	22.7	-128bps	23.9	23.7	17bps	23.6	23.7	-5bps

Source: Company, HDFC sec Inst Research

*We include management expenses in operating expenses to calculate underwriting profits.

Assumptions

(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
Net earned premium	69.1	83.8	94.6	109.5	125.9
Premium growth (%)	12.1	21.2	13.0	15.7	15.1
Product mix (%)					
Fire	2.1	1.9	2.8	2.7	2.7
Marine	2.8	2.8	2.8	2.7	2.5
Motor OD	33.3	32.4	31.0	28.9	27.1
Motor TP	26.7	27.7	31.9	34.5	36.9
Health	16.1	18.0	21.4	21.8	22.0
PA	3.4	3.8	3.3	3.2	3.0
Crop	7.9	6.8	0.5	0.5	0.5
Others	7.7	6.6	6.3	5.7	5.2
Total	100.0	100.0	100.0	100.0	100.0
Premium growth (%)					
Fire	16.5	9.6	65.0	15.0	15.0
Marine	1.9	20.9	12.0	10.0	10.0
Motor OD	16.6	18.0	8.0	8.0	8.0
Motor TP	17.5	26.0	30.0	25.0	23.0
Health	(3.5)	35.5	34.0	18.0	16.0
PA	30.1	34.8	-	10.0	10.0
Crop	7.6	4.3	(91.0)	8.0	8.0
Others	14.9	2.7	8.0	5.0	5.0
Total	12.1	21.2	13.0	15.7	15.1
Combined ratio (%)*	100.6	99.6	100.9	98.4	97.7

Source: Company, HDFC sec Inst Research

*We include other expenses for calculation of combined ratio.

Adj. ROE is healthy at 19.8%.

Du-pont

%	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20
Claims	72.4	71.7	75.5	74.6	71.7
Commission	4.4	2.9	2.4	2.6	3.1
Opex	25.5	28.6	24.9	24.2	26.9
Underwriting margin	(2.3)	(3.1)	(2.8)	(1.4)	(1.8)
Investment income (net of provisions)	18.9	18.7	23.9	20.9	17.0
EBIT	16.6	15.6	21.2	19.6	15.3
Interest	(0.5)	(0.1)	(0.0)	(0.0)	(0.6)
PBT	17.1	15.7	21.2	19.6	15.9
Tax	5.8	5.4	7.4	4.9	3.9
APAT (%)	11.3	10.4	13.8	14.7	12.0
Extraordinary	-	-	-	(1.6)	-
RPAT (%)	11.3	10.4	13.8	13.1	12.0
Asset turnover (x)	1.4	1.5	1.5	1.5	1.5
Assets/Shareholders equity (x)	1.1	1.1	1.1	1.1	1.1
Adj ROE (%)	17.8	16.5	21.9	24.0	19.8
Reported ROE (%)	17.8	16.5	21.9	21.4	19.8

Source: HDFC sec Inst Research

Income statement

(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
Net earned premiums	69,117	83,753	94,607	109,452	125,930
Growth (%)	12.1%	21.2%	13.0%	15.7%	15.1%
Claims incurred	53,147	63,081	69,983	80,327	92,015
Commission (net)	(2,840)	2,229	2,324	2,630	2,671
Operating expenses	21,455	20,976	23,802	25,437	29,216
Underwriting profit/(loss)	(2,645)	(2,533)	(1,502)	1,058	2,029
Investment Income	15,605	18,369	19,943	22,940	26,431
Provisions (Other than taxation)	679	(405)	550	495	520
Operating profit	12,281	16,241	17,891	23,504	27,940
Operating profit margin (%)	17.8	19.4	18.9	21.5	22.2
Interest expense	400	400	400	400	400
Other income	82	143	200	204	208
PBT	11,962	15,984	17,691	23,308	27,748
Tax	3,345	5,492	4,600	6,060	7,214
APAT	8,618	10,493	13,091	17,248	20,533
APAT Growth (%)	22.8%	21.8%	24.8%	31.7%	19.0%
RPAT	8,618	10,493	12,249	17,248	20,533
RPAT Growth (%)	22.8%	21.8%	16.7%	40.8%	19.0%
AEPS	19.0	23.1	28.8	37.9	45.1
EPS Growth (%)	21.9%	21.6%	24.8%	31.7%	19.0%

Source: Company, HDFC sec Inst Research

Balance sheet

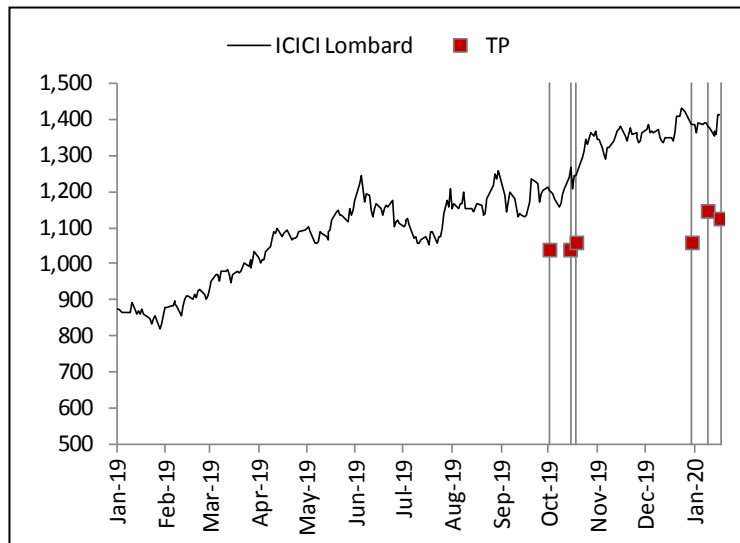
(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
SOURCES OF FUNDS					
Share Capital	4,539	4,543	4,543	4,543	4,543
Reserves	40,872	48,662	58,605	71,706	87,302
Total Shareholders Funds	45,412	53,205	63,148	76,249	91,845
Fair Value Change Account	7,339	3,384	2,435	2,666	2,933
Long-term Debt	4,850	4,850	4,850	4,850	4,850
Short-term Debt	-	-	-	-	-
Total Debt	4,850	4,850	4,850	4,850	4,850
Net Deferred Tax Liability	(2,114)	(3,013)	(3,615)	(3,977)	(4,374)
TOTAL SOURCES OF FUNDS	55,486	58,426	66,818	79,789	95,254
APPLICATION OF FUNDS					
Net Block	4,060	4,652	6,667	6,458	6,283
Investments	181,927	222,308	256,785	304,171	349,621
Total Non-current Assets					
Cash & Equivalents	5,918	4,017	4,257	4,706	5,289
Advances and Other assets	103,478	100,037	105,107	110,618	125,774
Total Current Assets	109,396	104,053	109,364	115,324	131,063
Current Liabilities	195,112	216,228	247,148	284,328	326,308
Provisions	44,784	56,359	58,850	61,837	65,404
Total Current Liabilities	239,896	272,587	305,998	346,165	391,712
Net Current Assets	(130,500)	(168,534)	(196,635)	(230,841)	(260,649)
TOTAL APPLICATION OF FUNDS	55,486	58,426	66,818	79,789	95,254

Source: Company, HDFC sec Inst Research

Key Ratios

	FY18	FY19	FY20E	FY21E	FY22E
PROFITABILITY (%)					
Claims ratio	76.9	75.3	74.0	73.4	73.1
Commission ratio	(3.6)	2.3	2.4	2.3	2.1
Expenses ratio	27.3	22.0	24.5	22.6	22.6
Combined ratio	100.6	99.6	100.9	98.4	97.7
Underwriting profit	(3.8)	(3.0)	(1.6)	1.0	1.6
Investment yield	9.8	7.1	7.9	8.3	8.2
Investment Income /NEP	21.6	22.4	20.5	20.5	20.6
EBIT	17.8	19.4	18.9	21.5	22.2
PAT	12.5	12.5	13.8	15.8	16.3
ROE	17.8	19.2	21.4	23.9	23.6
Adjusted ROE	19.5	14.6	20.6	24.4	24.1
Core RoCE	17.9	19.5	21.4	24.0	23.8
RoCE	16.7	18.1	20.3	22.8	22.7
EFFICIENCY					
Tax Rate (%)	28.0	34.4	26.0	26.0	26.0
Asset Turnover (x)	1.3	1.4	1.4	1.4	1.4
Claims os/NEP (x)	1.28	1.23	1.21	1.20	1.20
Technical reserves/NEP (x)	2.9	2.6	2.6	2.5	2.4
Investment leverage (x)	3.8	4.1	4.2	4.2	4.0
NWC (ex-cash) (days)	-720	-752	-775	-786	-771
Debt/EBIT (x)	0.4	0.3	0.3	0.2	0.2
Net D/E	(0.0)	0.0	0.0	0.0	(0.0)
Interest Coverage	30.7	40.6	44.7	58.7	69.8
PER SHARE DATA					
AEPS (Rs/sh)	19.0	23.1	28.8	37.9	45.1
DPS (Rs/sh)	1.5	5.0	5.8	7.6	9.0
BV (Rs/sh)	112.0	122.6	143.0	172.2	206.9
VALUATION					
P/E	74.4	61.2	49.1	37.2	31.3
P/ABV	12.6	11.5	9.9	8.2	6.8
Dividend Yield (%)	0.1	0.4	0.4	0.5	0.6

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY


Date	CMP	Reco	Target
1-Oct-19	1,203	SELL	1,040
14-Oct-19	1,207	SELL	1,040
21-Oct-19	1,244	SELL	1,060
30-Dec-19	1,411	SELL	1,060
9-Jan-20	1,381	SELL	1,147
19-Jan-20	1,411	SELL	1,126

Rating Definitions

- BUY** : Where the stock is expected to deliver more than 10% returns over the next 12 month period
NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period
SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

INSTITUTIONAL RESEARCH
Disclosure:

We, **Madhukar Ladha, CFA & Keshav Binani, CA**, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. HSL has no material adverse disciplinary history as on the date of publication of this report. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. **does not have** any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate **does not have** any material conflict of interest.

Any holding in stock –No

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066 Compliance Officer: Binkle R. Oza Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: IN2000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: HDF 2806925/HDF C000222657; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.