

### In-line

While IPRU's 2QFY20 APE declined 4.3% YoY to Rs 19.0bn, protection share grew to 14.9% (+560bps vs. FY19). VNB and VNBM increased to Rs 4.0bn (+15.6/29.0% YoY/QoQ) and 21.0% (vs. 17.0% in FY19) respectively.

#### HIGHLIGHTS OF THE QUARTER

- IPRU continues diversify its product portfolio: PAR/NPAR/Protection increased 62.2%/4.8x/86.2% YoY to 11.5/3.9/14.9% of APE mix, while ULIP declined 23.3% YoY to 67.2% of APE mix.
- IPRU's 1HFY20 annuity premium is Rs 480mn (2x YoY). IPRU is not selling deferred annuities and more than 50% of sales are of the return of premium product.
- Protection was driven by both indiv. and group, which grew 120.7% and 33.3% respectively.
- Management stated that margin improvement was driven mainly by product mix and not due to changes in operating assumptions. Margin is estimated to hold at 21.0% even with flat premiums.
- Renewal premium growth was low at 2.7% YoY as new policy sales growth was weak in FY19. Management also stated that some of the large ticket size ULIPs were facing higher surrenders.

#### FINANCIAL SUMMARY

(Rs mn)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	FY18	FY19	FY20E	FY21E	FY22E
NBP	29.5	25.8	14.4	22.9	29.1	92.1	103.6	120.8	135.0	149.5
APE	19.0	19.9	-4.3	14.7	29.2	77.9	78.0	81.8	90.2	99.3
VNB	NA	NA	NM	NA	NM	12.9	13.3	17.3	19.3	21.6
VNB Margin (%) #	21.0	17.0	400bps	21.0	0bps	16.5	17.0	21.1	21.4	21.7
EV						187.9	216.2	246.2	276.6	309.9
P/EV (x)						3.7	3.2	2.8	2.5	2.2
P/VNB (x)						41.0	37.7	27.4	22.9	19.1
ROEV (%)						23.4	19.6	17.4	15.8	15.8

# Refers are FYTD margins Source: Company, HDFC sec Inst Research

- AUM increased 13.3/0.9% YoY/QoQ to Rs 1.66tn with 47% equity in mix.
- 2Q channel mix (APE): Banca/agency/direct/CA/group was at 59.2/22.8/11.1/4.8/2.2% of APE.
- Driven by increased investment in the protection segment 1HFY20 total cost/TWRP increased to 16.6% vs. 15.0% in FY19, while total cost/TWRP for the savings segment declined to 11.0% vs. 11.5% for FY19.
- IPRU declared a Sep-19 EV of 226.8bn, just 4.8% over FY19; indicating slightly lower RoEVs. Additionally, negative economic variance in 1HFY20 impacted EV.
- PAT for 1HFY20 was low at Rs 5.9bn (+0.7% YoY), indicating an annualized RoE of 16.4%.
- Near-term outlook:** We expect stock to consolidate.

#### STANCE

**We like IPRU's re-engineered business model which is focused on a more diversified product mix along with an increased protection share. We expect VNB to grow at FY19-22E CAGR of 17.5%. Lower than expected growth and lower protection share remain key risks. We rate IPRU a NEUTRAL with an unchanged TP of Rs 445 (Sep-20E EV + 19.2x Sep-21E VNB).**

INDUSTRY	INSURANCE
<b>CMP (as on 22 Oct 2019)</b>	<b>Rs 480</b>
<b>Target Price</b>	<b>Rs 445</b>
Nifty	11,588
Sensex	38,964
KEY STOCK DATA	
Bloomberg	IPRU IN
No. of Shares (mn)	1,436
MCap (Rs bn) / (\$ mn)	689/9,708
6m avg traded value (Rs mn)	957
STOCK PERFORMANCE (%)	
<b>52 Week high / low</b>	<b>Rs 488/277</b>
	3M 6M 12M
Absolute (%)	27.7 30.1 51.7
Relative (%)	26.1 30.5 38.1
SHAREHOLDING PATTERN (%)	
	Jun-19 Sep-19
Promoters	75.0 75.0
FIs & Local MFs	6.3 6.7
FPIs	11.5 12.1
Public & Others	7.2 6.2
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

## Five Quarters at a Glance

(Rs Bn)	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YOY (%)	QoQ (%)
Premium earned	76.8	75.7	101.6	63.3	81.9	6.6	29.4
Premium on re-insurance	0.8	0.8	1.1	1.2	1.3	55.6	4.1
<b>Net premium earned</b>	<b>76.0</b>	<b>74.8</b>	<b>100.6</b>	<b>62.1</b>	<b>80.7</b>	<b>6.1</b>	<b>29.9</b>
Investment income	13.7	11.9	58.4	20.9	-0.6	-104.2	-102.7
Other income	0.2	0.2	0.3	0.2	0.2	0.0	11.8
<b>Total income</b>	<b>89.9</b>	<b>86.9</b>	<b>159.3</b>	<b>83.2</b>	<b>80.3</b>	<b>-10.7</b>	<b>-3.5</b>
Commission paid	4.0	3.7	5.1	2.7	4.0	0.0	49.1
Expenses	8.3	7.4	9.6	8.1	9.3	11.9	14.5
Tax on policyholder funds	0.3	0.3	0.3	0.3	0.3	-7.1	-10.3
Claim/benefits paid	35.0	33.3	44.9	36.5	41.4	18.2	13.5
Change in actuarial liability	39.4	39.3	96.6	32.9	22.4	-43.1	-31.9
<b>Total expenses</b>	<b>86.9</b>	<b>83.9</b>	<b>156.5</b>	<b>80.3</b>	<b>77.2</b>	<b>-11.1</b>	<b>-3.9</b>
<b>Profit before tax</b>	<b>3.0</b>	<b>3.0</b>	<b>2.8</b>	<b>2.9</b>	<b>3.1</b>	<b>1.0</b>	<b>6.6</b>
Tax	0.0	0.0	0.2	0.0	0.0	100.0	100.0
<b>Profit after tax</b>	<b>3.0</b>	<b>3.0</b>	<b>2.6</b>	<b>2.9</b>	<b>3.0</b>	<b>0.3</b>	<b>6.0</b>

Source: Company, HDFC sec Inst Research

Despite NBP growth of 14.4% YoY, overall premium growth was low at 6.6%, as renewal premiums increased only 2.7%.

Due to challenging equity markets, company has taken impairments in its equity book. Management continues to see NIL NPAs in debt book.

PAT growth was sub-optimal due to high investment impairments.

## Business metrics

	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YOY (%)	QoQ (%)
<b>New Business Premium (Rs bn)</b>	<b>25.8</b>	<b>25.6</b>	<b>40.9</b>	<b>22.9</b>	<b>29.5</b>	<b>14.4</b>	<b>29.1</b>
<b>Product mix on APE basis (Rs bn)</b>							
<b>Individual Savings</b>	<b>18.1</b>	<b>17.4</b>	<b>21.4</b>	<b>12.3</b>	<b>15.7</b>	<b>-13.3</b>	<b>27.4</b>
PAR	1.4	1.7	2.3	1.4	2.2	62.2	54.2
Non-PAR	0.1	0.2	0.3	0.4	0.8	476.9	70.5
ULIP	16.6	15.5	18.9	10.5	12.8	-23.3	22.0
<b>Group Savings</b>	<b>0.2</b>	<b>0.3</b>	<b>0.5</b>	<b>0.2</b>	<b>0.5</b>	<b>123.8</b>	<b>95.8</b>
<b>Protection</b>	<b>1.5</b>	<b>2.0</b>	<b>2.6</b>	<b>2.1</b>	<b>2.8</b>	<b>86.2</b>	<b>32.2</b>
Individual Protection	0.9	1.2	2.0	1.4	2.0	120.7	47.1
Group Protection	0.6	0.8	0.6	0.8	0.8	33.3	5.3
<b>Total</b>	<b>19.8</b>	<b>19.6</b>	<b>24.6</b>	<b>14.7</b>	<b>19.0</b>	<b>-4.2</b>	<b>29.3</b>
<b>Product mix - APE Basis (%)</b>							
<b>Individual Savings</b>	<b>91.3</b>	<b>88.4</b>	<b>87.2</b>	<b>83.8</b>	<b>82.6</b>	<b>-860bps</b>	<b>-120bps</b>
PAR	6.8	8.8	9.3	9.7	11.5	470bps	190bps
Non-PAR	0.7	0.8	1.1	3.0	3.9	330bps	100bps
ULIP	83.8	78.9	76.7	71.2	67.2	-1670bps	-400bps
<b>Group Savings</b>	<b>1.1</b>	<b>1.7</b>	<b>2.2</b>	<b>1.6</b>	<b>2.5</b>	<b>140bps</b>	<b>80bps</b>
<b>Protection</b>	<b>7.7</b>	<b>9.9</b>	<b>10.6</b>	<b>14.6</b>	<b>14.9</b>	<b>720bps</b>	<b>30bps</b>
Individual Protection	4.6	5.9	8.3	9.4	10.7	600bps	130bps
Group Protection	3.0	4.0	2.3	5.2	4.2	120bps	-100bps
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Company continues to maintain a cautious stance on NPAR deferred annuity products (long duration) and is only writing short duration products.

ULIP segment sales declined as equity market conditions remain tepid; management is more focused on lowering ULIP ticket size.

Protection mix improved to highest ever 14.9% contributing to increased VNB and margins.

	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YOY (%)	QoQ (%)
<b>APE (Rs bn)</b>							
Retail APE	19.0	18.5	23.5	13.7	17.7	-6.8	29.4
Group APE	0.8	1.1	1.1	1.0	1.3	56.8	27.0
<b>Total APE</b>	<b>19.8</b>	<b>19.6</b>	<b>24.6</b>	<b>14.7</b>	<b>19.0</b>	<b>-4.2</b>	<b>29.3</b>
<b>VNB Margin (%)#</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>	<b>21.0</b>	<b>21.0</b>	<b>400bps</b>	<b>0bps</b>
<b>Channel Mix-APE basis (%)</b>							
Bancassurance	56.7	57.2	54.2	52.4	59.2	250bps	670bps
Agency	22.3	20.5	21.9	21.2	22.8	40bps	160bps
Direct	11.8	11.3	12.8	12.8	11.1	-70bps	-170bps
Corporate Agents	5.1	5.4	6.5	6.8	4.8	-30bps	-200bps
Group	4.1	5.6	4.6	6.8	2.2	-190bps	-460bps
<b>Cost/TWRP* (overall business) (%)</b>	<b>15.1</b>	<b>12.0</b>	<b>15.9</b>	<b>17.0</b>	<b>16.3</b>	<b>120bps</b>	<b>-70bps</b>
<b>Cost/TWRP (savings business) (%)</b>	<b>12.0</b>	<b>NA</b>	<b>NA</b>	<b>11.3</b>	<b>10.8</b>	<b>-120bps</b>	<b>-50bps</b>
<b>Solvency Ratio (%)</b>	<b>234</b>	<b>224</b>	<b>215</b>	<b>217</b>	<b>211</b>	<b>-2300bps</b>	<b>-570bps</b>
<b>AUM (Rs bn)</b>	<b>1,461</b>	<b>1,500</b>	<b>1,604</b>	<b>1,640</b>	<b>1,655</b>	<b>13.3</b>	<b>0.9</b>
Equity (%)	47	47	48	48	47	0bps	-100bps
Debt (%)	53	53	52	52	53	0bps	100bps
<b>Persistency ex. single premium and group (%)</b>							
13th month persistency	85.2	84.1	86.1	84.4	83.6	-160bps	-80bps
25th month persistency	77.8	76.7	76.3	75.7	75.0	-280bps	-70bps
37th month persistency	68.3	68.7	69.8	69.8	69.1	80bps	-70bps
49th month persistency	63.7	63.2	63.9	64.2	63.7	0bps	-50bps
61st month persistency	54.8	55.6	56.4	57.3	57.2	240bps	-10bps

#Refers to FYTD margins

\*Refers to Total weighted received premium

Source: Company, HDFC sec Inst Research

Management claimed that banca's contribution towards sale of protection remained healthy.

Reduction in cost ratios of savings business continues, however overall costs ratios increased as protection business has higher new business strain.

AUM growth has slowed down, as ULIP sales decline.

**Total APE declined 4.3% YoY despite low base.**

**Share of ULIP in product mix declined sharply (-1,670bps YoY) as management focus shifted towards protection.**

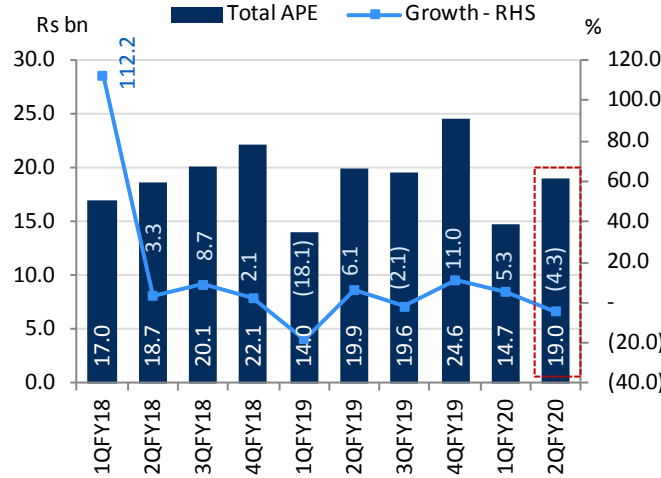
**Current market environment remains tough for ULIP sales.**

**Traditional PAR business showed strong growth at 62.2% YoY, consequentially its share improved to 11.5% (+470bps YoY)**

**Company continues to write only short pay annuity products as management continues to maintain a cautious approach to deferred annuity products.**

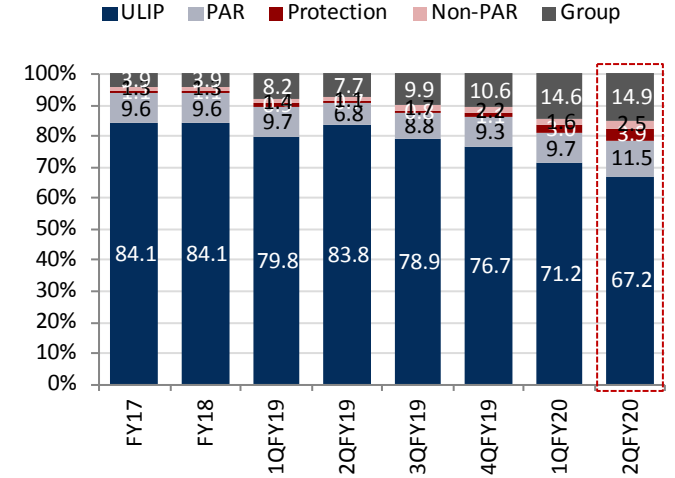
**VNB margin was stable at 21.0% (+400 bps vs. FY19) led by increase of protection in the mix.**

**APE trend**



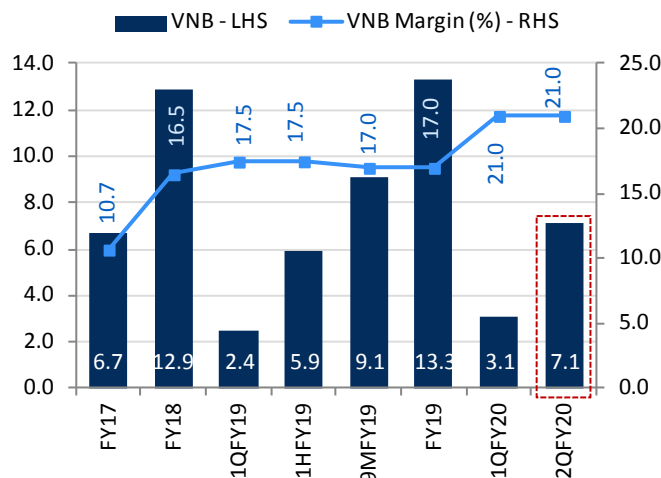
Source: Company, HDFC sec Inst Research

**Product Mix On APE (%)**



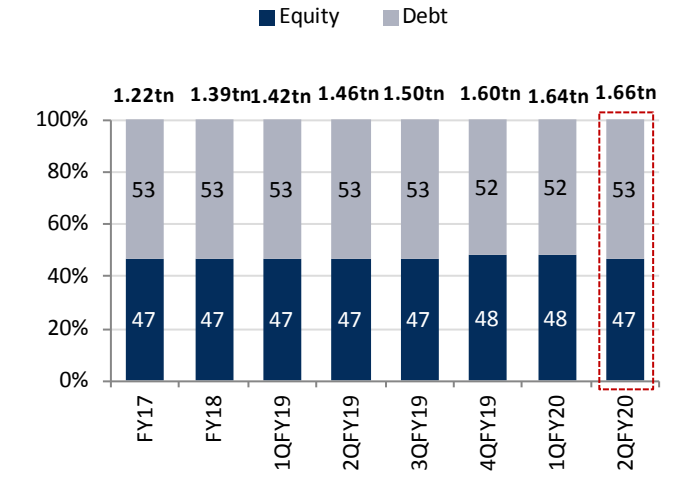
Source: Company, HDFC sec Inst Research

**VNB Trend**



Source: Company, HDFC sec Inst Research

**AUM Mix**



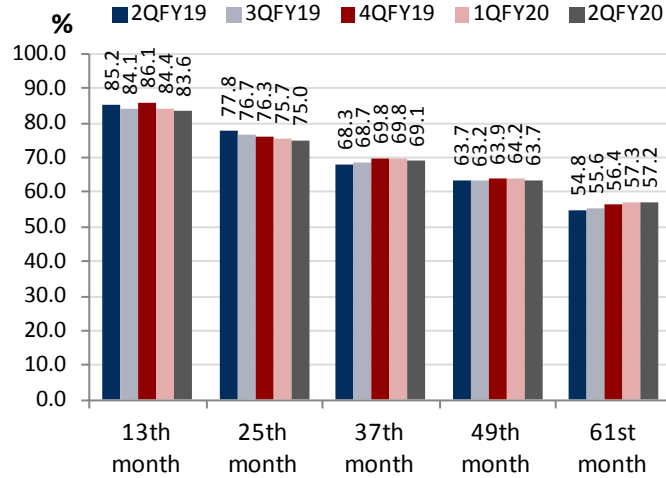
Source: Company, HDFC sec Inst Research

*Persistency trends were mixed as it improved materially for 37th (+80bps YoY) and 61st (+240bps) month while declined for 13<sup>th</sup> (-160bps) and 25th (-280bps).*

*Management reiterated that current persistency experience is better than what is built in, in VNB assumptions.*

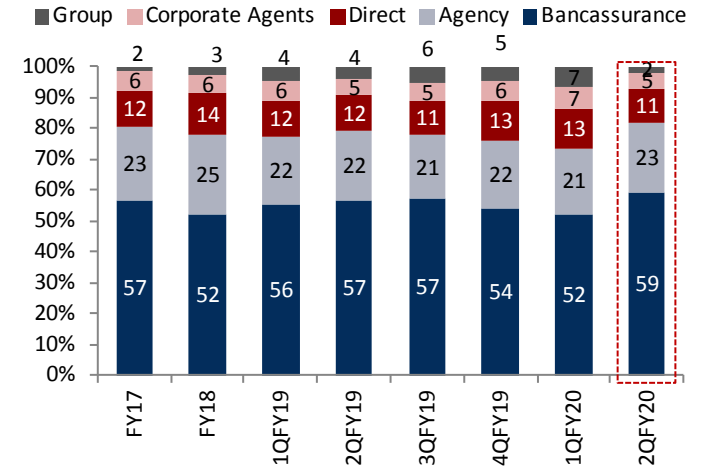
*Within Banca channel, ICICI Bank and Standard Chartered Bank contribute most.*

**Persistency Trend (ex-single premium)**



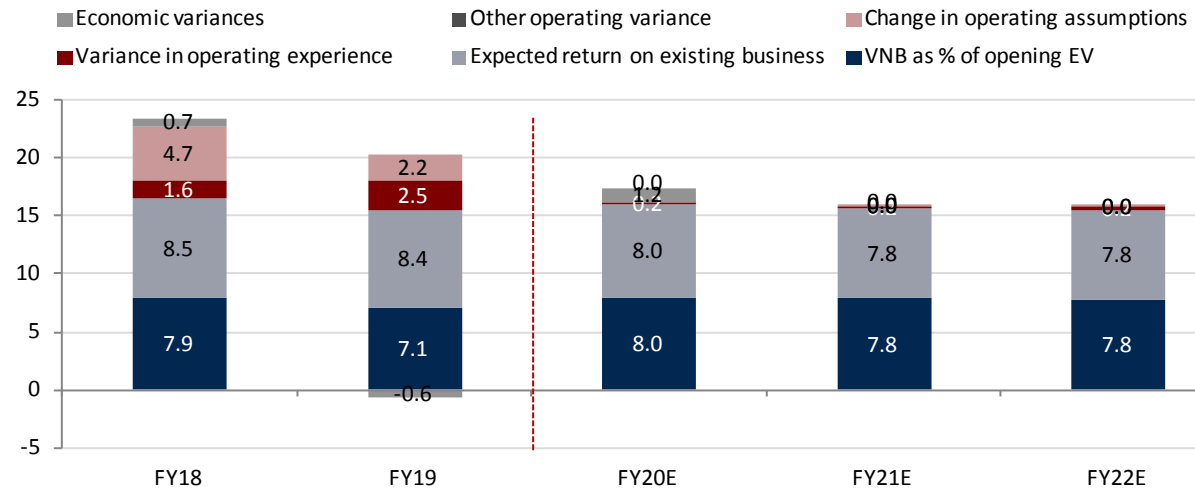
Source: Company, HDFC sec Inst Research

**Channel Mix On APE**



Source: Company, HDFC sec Inst Research

**RoEV stack-up**



Source: Company, HDFC sec Inst Research

*Downward movement in reference rates will lead to lower unwinding.*

### Embedded Value movement

Particulars (Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>Opening IEV</b>	<b>161,840</b>	<b>187,880</b>	<b>216,220</b>	<b>246,203</b>	<b>276,567</b>
Value of new business	12,860	13,280	17,259	19,301	21,550
<b>Expected return on existing business</b>	<b>13,720</b>	<b>15,840</b>	<b>17,216</b>	<b>19,111</b>	<b>21,468</b>
<b>Variance in Operating experience</b>	<b>2,580</b>	<b>4,670</b>	<b>500</b>	<b>500</b>	<b>500</b>
Change in operating assumptions	7,640	4,200	100	100	100
Other operating variance	0	0	0	0	0
<b>IEV operating earnings</b>	<b>36,800</b>	<b>37,990</b>	<b>35,075</b>	<b>39,012</b>	<b>43,619</b>
Economic variances	1,120	(1,220)	2,500	0	0
<b>Total IEV earnings</b>	<b>37,920</b>	<b>36,770</b>	<b>37,575</b>	<b>39,012</b>	<b>43,619</b>
Capital contributions / dividend payouts	(11,880)	(8,430)	(7,593)	(8,648)	(10,279)
<b>Closing IEV</b>	<b>187,880</b>	<b>216,220</b>	<b>246,203</b>	<b>276,567</b>	<b>309,907</b>

Source: Company, HDFC sec Inst Research

### Sensitivity Analysis

Particulars	FY18		FY19	
	% change in VNB	% change in EV	% change in VNB	% change in EV
Increase by 100bps in the reference rates	(4.9)	(2.1)	(4.3)	(2.0)
Decrease by 100bps in the reference rates	5.2	2.2	4.4	2.0
10% increase in the discontinuance rates	(8.6)	(1.3)	(8.5)	(1.3)
10% decrease in the discontinuance rates	9.1	1.4	8.9	1.4
10% increase in mortality/ morbidity rates	(5.4)	(1.0)	(9.4)	(1.4)
10% decrease in mortality/ morbidity rates	5.5	1.0	9.4	1.4
10% increase in acquisition expenses	(9.2)	Nil	(13.0)	Nil
10% decrease in acquisition expenses	9.2	Nil	13.0	Nil
10% increase in maintenance expenses	(3.5)	(1.0)	(3.6)	(0.9)
10% decrease in maintenance expenses	3.5	1.0	3.6	0.9
Tax rates increased to 25%	(7.9)	(4.6)	(7.5)	(4.0)

Source: Company, HDFC sec Inst Research

*VNB is most sensitive to rise in acquisition costs and tax rate.*

*Increase in sum-assured drives higher sensitivity to mortality.*

*As share of protection in the mix is increases, overall VNB sensitivity to mortality will increase.*

**Industry NBP data**

Particulars	Individual (Rs bn)					Group (Rs bn)					Total (Rs bn)				
	FY17	FY18	FY19	FYTD	YOY (%)	FY17	FY18	FY19	FYTD	YOY (%)	FY17	FY18	FY19	FYTD	YOY (%)
Aditya Birla Sun Life	9.6	11.5	22.0	7.4	18.9	15.7	15.1	21.9	6.8	-35.3	25.3	26.6	43.9	14.2	-15.0
Bajaj Allianz Life	10.7	14.6	18.0	8.1	23.2	22.2	28.4	31.2	14.4	12.8	32.9	42.9	49.2	22.5	16.3
Bharti Axa Life	4.0	4.7	6.4	2.9	11.3	2.1	2.6	2.7	1.2	-9.7	6.1	7.3	9.1	4.1	4.2
DHFL Pramerica Life	2.2	3.6	3.2	0.9	-52.3	6.6	10.9	9.1	2.1	-64.6	8.8	14.5	12.2	3.0	-61.7
HDFC Standard Life	42.0	59.4	76.4	39.4	27.6	45.0	54.0	73.3	40.6	27.2	87.0	113.4	149.7	80.1	27.4
ICICI Prudential Life	69.8	84.0	81.4	36.0	0.0	8.9	7.2	21.1	15.5	129.5	78.6	91.3	102.5	51.5	20.5
Kotak Mahindra Life	14.4	19.7	21.3	8.2	25.2	14.1	14.5	18.5	12.2	47.3	28.5	34.3	39.8	20.4	37.6
Max Life	33.1	39.8	47.5	21.1	22.3	3.6	3.6	4.1	1.8	-1.1	36.7	43.5	51.6	22.9	20.0
<b>SBI Life</b>	<b>64.7</b>	<b>84.1</b>	<b>96.4</b>	<b>48.5</b>	<b>30.4</b>	<b>36.8</b>	<b>25.6</b>	<b>41.6</b>	<b>29.7</b>	<b>60.2</b>	<b>101.5</b>	<b>109.7</b>	<b>137.9</b>	<b>78.1</b>	<b>40.3</b>
Tata AIA Life	10.5	14.0	23.5	12.4	68.2	0.8	0.9	1.3	0.7	46.3	11.3	14.9	24.8	13.1	66.9
<b>Private players Total</b>	<b>321</b>	<b>404</b>	<b>471</b>	<b>217</b>	<b>19.2</b>	<b>186</b>	<b>190</b>	<b>259</b>	<b>141</b>	<b>23.6</b>	<b>507</b>	<b>593</b>	<b>730</b>	<b>358</b>	<b>20.9</b>
LIC	456	517	510	249	22.0	788	828	912	651	51.1	1,244	1,346	1,422	900	41.7
<b>Industry total*</b>	<b>777</b>	<b>921</b>	<b>981</b>	<b>466</b>	<b>20.7</b>	<b>974</b>	<b>1,018</b>	<b>1,171</b>	<b>792</b>	<b>45.3</b>	<b>1,751</b>	<b>1,939</b>	<b>2,152</b>	<b>1,258</b>	<b>35.1</b>

Source: IRDAI data, HDFC sec Inst Research \* Total will not add up since we have excluded smaller sized private players

**Market share on NBP basis (%)**

Particulars	Individual					Group				
	FY17	FY18	FY19	FYTD	YOY (bps)	FY17	FY18	FY19	FYTD	YOY (bps)
Aditya Birla Sun Life	3.0	2.9	4.7	3.4	-1	8.5	8.0	8.4	4.8	-438
Bajaj Allianz Life	3.3	3.6	3.8	3.7	12	12.0	14.9	12.0	10.2	-98
Bharti Axa Life	1.3	1.2	1.4	1.4	-10	1.1	1.4	1.0	0.9	-32
DHFL Pramerica Life	0.7	0.9	0.7	0.4	-60	3.5	5.7	3.5	1.5	-376
HDFC Standard Life	13.1	14.7	16.2	18.2	120	24.2	28.5	28.2	28.9	81
ICICI Prudential Life	21.7	20.8	17.3	16.6	-318	4.8	3.8	8.1	11.0	508
Kotak Mahindra Life	4.5	4.9	4.5	3.8	18	7.6	7.7	7.1	8.7	140
Max Life	10.3	9.9	10.1	9.7	25	1.9	1.9	1.6	1.3	-32
<b>SBI Life</b>	<b>20.2</b>	<b>20.8</b>	<b>20.5</b>	<b>22.3</b>	<b>192</b>	<b>19.8</b>	<b>13.5</b>	<b>16.0</b>	<b>21.1</b>	<b>482</b>
Tata AIA Life	3.3	3.5	5.0	5.7	166	0.4	0.5	0.5	0.5	8
<b>Private players*</b>	<b>41.3</b>	<b>43.8</b>	<b>48.0</b>	<b>46.6</b>	<b>-59</b>	<b>19.1</b>	<b>18.6</b>	<b>22.2</b>	<b>17.8</b>	<b>-313</b>
LIC	58.7	56.2	52.0	53.4	59	80.9	81.4	77.8	82.2	313
<b>Industry</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>0</b>

Source: IRDAI data, HDFC sec Inst Research \* Total private insurers' market share with respect to total market, whereas individual private insurers market share is with respect to total private market.



**Valuation Comps**

	Unit												
Bloomberg Ticker		IPRU			MAXF			SBILIFE			HDFCLIFE		
Rating		NEUTRAL			BUY			BUY			Not Rated		
Current market price	Rs	486			423			996			617		
Market Capitalisation	Rs bn	697			139			996			1240		
Target price	Rs	445			599			940			464*		
Upside/(Downside)	%	(8.3)			41.7			(5.6)			(24.7)		
<b>Profitability</b>													
		FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
VNB Margin	%	17.0	21.1	21.4	21.7	22.2	22.8	19.8	20.8	21.6	24.6	28.5	29.1
Total RoEV	%	19.6	17.4	15.8	27.1	22.4	22.0	18.8	19.3	17.3	22.5	21.4	19.7
Operating RoEV	%	20.2	16.2	15.8	21.9	21.3	22.0	17.6	17.2	17.3	20.1	20.3	19.7
Non-operating RoEV	%	-0.6	1.2	0.0	5.1	1.1	0.0	1.2	2.1	0.0	2.4	1.1	0.0
RoE	%	17.1	21.1	21.6	30.9	29.5	28.3	19.2	17.5	16.4	23.0	26.5	26.2
<b>Valuation at CMP</b>													
		FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
P/EV	x	3.2	2.8	2.5	1.7	1.5	1.3	4.2	3.5	3.1	6.8	5.7	4.8
P/EVOP	x	18.3	19.9	17.9	10.5	9.2	7.8	28.0	24.4	20.6	40.5	33.4	28.9
Implied P/VNB	x	38.3	27.9	23.4	12.0	7.5	4.8	41.4	32.6	25.8	70.7	49.1	39.5
Implied P/VIF	x	4.9	4.4	3.9	3.3	2.8	2.4	6.6	5.7	4.9	10.0	8.5	7.2
P/B	x	10.1	9.1	8.2	5.8	4.7	3.8	13.4	11.6	10.1	19.4	16.1	13.4
P/E	x	60.7	45.6	40.1	21.7	19.4	16.2	75.1	71.0	65.8	97.3	66.5	55.8
P/AUM	x	0.4	0.4	0.3	0.2	0.2	0.2	0.7	0.6	0.5	1.0	0.8	0.7
<b>Valuation at TP/FV</b>													
		FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
P/EV	x	3.0	2.6	2.3	2.5	2.2	1.9	4.0	3.4	2.9	5.1	4.3	3.6
P/EVOP	x	16.8	18.2	16.4	15.4	13.5	11.4	26.5	23.0	19.4	30.5	25.1	21.7
Implied P/VNB	x	34.0	24.5	20.3	23.1	16.2	11.9	38.5	30.2	23.8	50.7	34.9	27.6
Implied P/VIF	x	4.5	4.0	3.6	4.9	4.1	3.5	6.2	5.4	4.7	7.5	6.4	5.4
P/B	x	9.3	8.4	7.5	8.5	6.9	5.6	12.6	10.9	9.5	14.6	12.1	10.1
P/E	x	55.6	41.8	36.7	32.0	28.6	23.8	70.8	67.0	62.1	73.3	50.1	42.0
P/AUM	x	0.4	0.3	0.3	0.3	0.3	0.2	0.7	0.6	0.5	0.7	0.6	0.5

Source: Company financials and disclosures, HDFC sec Inst Research



Per Share data		IPRU			MAXF			SBILIFE			HDFCLIFE		
		FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
EV	Rs	151	172	193	240	276	317	237	281	326	91	109	128
EVOP	Rs	26	24	27	44	51	61	36	41	48	15	18	21
VNB	Rs	9	12	13	22	28	35	19	23	28	8	11	13
VIF	Rs	99	111	125	157	186	220	152	175	202	62	73	86
Book Value	Rs	48	53	59	70	87	108	75	86	98	32	38	46
Earnings	Rs	8	11	12	19	21	25	13	14	15	6	9	11
AUM	Rs	1,117	1,287	1,486	1,685	1,981	2,346	1,410	1,685	2,022	625	757	918
ANW	Rs	51	58	66	77	83	90	86	101	120	29	35	42
<b>Key parameters</b>													
APE	Rs bn	78	82	90	40	48	57	97	112	128	60	76	89
VNB	Rs bn	13	17	19	8	11	13	19	23	28	15	22	26
Total EVOP	Rs bn	37	38	39	16	19	23	36	41	48	34	39	43
Operating EVOP	Rs bn	38	35	39	16	19	23	36	41	48	31	37	43
Non- operating EVOP	Rs bn	(1)	3	0	4	1	0	3	5	0	4	2	0
EV	Rs bn	216	246	277	89	103	118	237	281	326	183	218	258
Net worth	Rs bn	69	76	85	34	43	53	75	86	98	64	77	93
Net Profit	Rs bn	11	15	17	9	10	12	13	14	15	13	19	22
AUM		1,604	1,847	2,134	628	738	874	1,410	1,685	2,022	1,258	1,522	1,846
<b>Growth YOY</b>													
APE	%	0.1	4.9	10.3	21.6	21.0	19.0	13.5	15.3	15.0	12.0	24.9	17.8
VNB	%	3.3	30.0	11.8	25.5	28.9	22.2	22.3	21.1	19.4	20.3	39.8	20.3
Total EVOP	%	(3.0)	2.2	3.8	26.9	15.8	18.6	13.5	15.0	18.7	16.3	14.5	9.8
Operating EVOP	%	3.2	(7.7)	11.2	26.9	15.8	18.6	13.5	15.0	18.7	14.2	21.4	15.7
Non- operating EVOP	%	NM	NM	NM	NM	NM	NM	NM	NM	NM	38.5	NM	NM
EV	%	15.1	13.9	12.3	19.3	15.1	14.9	17.7	18.2	16.3	20.2	19.4	17.9
Net worth	%	4.5	11.0	11.3	27.4	24.2	23.8	17.0	15.4	14.4	35.6	20.6	20.3
Net Profit	%	(29.3)	33.1	13.8	73.7	11.9	20.0	15.3	5.8	7.8	16.2	46.3	19.3
AUM	%	15.0	15.2	15.5	20.2	17.5	18.4	21.3	19.5	20.0	18.0	21.0	21.3

Source: Company financials and disclosures, HDFC sec Inst Research

**Operational Comps**

		IPRU				MAXF				SBILIFE				HDFCLIFE			
		FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19
<b>APE mix</b>																	
Individual	Rs bn	49.7	65.2	75.8	74.4	21.0	26.4	32.2	39.2	44.9	60.2	77.9	90.8	34.3	37.4	48.9	52.0
Group	Rs bn	1.4	1.1	2.1	3.7	0.1	0.2	0.3	0.3	3.9	5.8	7.5	6.1	1.9	3.5	6.3	10.6
<b>APE (Rs bn)</b>	<b>Rs bn</b>	<b>51.1</b>	<b>66.3</b>	<b>77.9</b>	<b>78.0</b>	<b>21.1</b>	<b>26.6</b>	<b>32.5</b>	<b>39.5</b>	<b>48.8</b>	<b>66.0</b>	<b>85.4</b>	<b>96.9</b>	<b>36.2</b>	<b>40.9</b>	<b>55.2</b>	<b>62.6</b>
YoY Growth	%		30	18	0		26	22	22		35	29	13		13	35	13
CAGR 3 years	%				15				22				25				20
CAGR 5 years	%				19				31				24				20
<b>Business mix- product wise</b>																	
		FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19
		<b>*Total</b>	<b>*Total</b>	<b>*Total</b>	<b>*Total</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>
		<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>
<b>Individual</b>	%	<b>97.1</b>	<b>98.4</b>	<b>97.3</b>	<b>95.3</b>	<b>96.0</b>	<b>97.0</b>	<b>96.0</b>	<b>96.0</b>	<b>87.3</b>	<b>89.5</b>	<b>92.5</b>	<b>93.7</b>	<b>100.0</b>	<b>89.3</b>	<b>88.4</b>	<b>83.1</b>
PAR	%	14.1	9.6	10.9	8.6	58.0	54.0	43.0	39.5	30.7	16.6	24.4	18.7	30.0	31.2	24.8	15.0
Non-PAR	%	0.4	1.1	0.5	0.9	9.0	9.0	8.0	9.0	1.2	0.7	0.8	0.4	14.0	8.0	8.0	16.6
ULIP	%	80.8	84.1	81.9	79.6	26.0	30.0	41.0	41.5	53.3	70.9	66.5	70.8	56.0	46.4	51.3	45.7
Protection	%	1.8	3.6	4.0	6.2	3.0	4.0	4.0	6.0	2.2	1.2	0.7	3.8	NA	3.6	4.4	5.8
<b>Group</b>	%	<b>2.9</b>	<b>1.6</b>	<b>2.7</b>	<b>4.7</b>	<b>4.0</b>	<b>3.0</b>	<b>4.0</b>	<b>4.0</b>	<b>12.3</b>	<b>10.5</b>	<b>7.5</b>	<b>6.3</b>	<b>NA</b>	<b>10.7</b>	<b>11.6</b>	<b>16.9</b>
Savings	%	2.0	1.3	1.0	1.6	NIL	NIL	NIL	NIL	4.2	5.5	2.8	3.3	NA	6.5	4.7	6.0
Protection	%	0.9	0.3	1.7	3.1	4.0	3.0	4.0	4.0	8.1	5.1	4.7	3.0	NA	4.2	6.9	10.9
<b>Total</b>	%	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Channel mix (Overall)</b>																	
		FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19
		<b>*Total</b>	<b>*Total</b>	<b>*Total</b>	<b>*Total</b>	<b>* Ind</b>	<b>* Ind</b>	<b>* Ind</b>	<b>* Ind</b>	<b>*NBP</b>	<b>*NBP</b>	<b>*NBP</b>	<b>*NBP</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>	<b>* Total</b>
		<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>APE</b>	<b>NBP</b>	<b>NBP</b>	<b>NBP</b>	<b>NBP</b>
Bancassurance	%	58.4	57.3	52.3	55.8	68.0	70.0	72.0	69.6	60.3	53.0	62.0	64.0	43.0	52.0	48.0	49.0
Agency	%	24.4	23.8	25.4	21.7	31.0	29.0	27.0	29.8	24.9	22.0	25.0	21.0	40.0	32.0	33.0	26.0
Direct	%	8.6	9.8	13.5	12.0	-	-	-	-	-	-	-	-	7.0	7.0	10.0	16.0
Brokers and others	%	8.6	9.1	8.8	10.6	1.0	1.0	1.0	1.0	14.8	25.0	13.0	15.0	10.0	9.0	9.0	9.0
<b>Total</b>	%	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Banca channel partners		ICICIB and SCB				AXIS, YES, LVB				SBI, P&SB, SIB, SYB, ALB				HDFCB, RBL, IDFCB, BFL			
AUM		FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19
AUM	Rs bn	1,039	1,229	1,395	1,604	358	444	522	628	798	977	1,163	1,410	742	917	1,066	1,256
Equity	%	46.8	46.8	47.0	48.0	29.0	24.0	22.0	22.0	22.5	23.2	23.0	23.0	39.0	41.0	39.0	38.0
Debt	%	53.2	53.2	53.0	52.0	71.0	76.0	78.0	78.0	77.5	76.8	77.0	77.0	61.0	59.0	61.0	62.0
Linked	%	72.4	71.5	69.9	NA	37.0	35.0	33.0	32.0	55.0	54.0	53.0	49.0	62.0	52.0	57.0	NA
Non-linked	%	27.6	28.5	30.1	NA	63.0	65.0	67.0	68.0	45.0	46.0	47.0	51.0	38.0	48.0	43.0	NA
Solvency ratio		FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19
Solvency	%	320	281	252	215	343	309	275	242	212	204	206	213	198	192	192	188
Market Share		FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19
Individual NBP Private Market Share	%	20.8	21.7	20.8	17.3	9.9	10.3	9.9	10.1	20.8	20.2	20.8	20.4	14.7	13.1	14.7	14.7
Individual APE Private Market Share	%	21.9	22.3	20.9	17.6	9.3	9.2	9.0	9.6	18.8	20.7	21.8	22.3	14.7	12.7	13.3	13.3
VNB Margin		FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19
Margin	%	8.1	10.1	16.5	17.0	17.9	18.2	20.2	21.7	14.3	15.7	18.4	19.8	19.9	22.3	23.2	24.6
Persistency		FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19
13th month	%	82.4	85.7	87.8	87.4	79.0	80.0	80.0	83.0	80.7	81.1	83.0	85.1	78.9	80.9	87.0	87.3
25th month	%	71.2	73.9	78.8	78.0	67.0	70.0	72.0	71.0	73.2	73.9	75.2	76.7	67.4	73.3	77.0	77.3
37th month	%	61.6	66.8	68.9	71.3	58.0	60.0	62.0	64.0	69.2	67.4	70.0	71.4	60.1	63.9	71.0	71.3
49th month	%	62.2	59.3	63.6	65.2	56.0	55.0	57.0	58.0	76.9	62.5	63.9	66.4	63.4	58.3	62.0	62.3
61th month	%	46.0	56.2	54.8	57.6	43.0	53.0	53.0	53.0	53.8	67.2	58.4	57.2	50.1	56.8	51.0	51.3

Source: Company financials and disclosures, HDFC sec Inst Research

**Performance metrics, growth and ratios**

Particulars	FY18	FY19	FY20E	FY21E	FY22E
<b>Performance metrics (Rs mn)</b>					
NBP	92,118	103,644	120,800	135,047	149,549
APE	77,920	77,990	81,796	90,192	99,311
VNB	12,860	13,280	17,259	19,301	21,550
EV	187,880	216,220	246,203	276,567	309,907
EVOP	36,800	37,990	35,075	39,012	43,619
<b>Rs/share</b>					
EPS	11.3	8.0	10.6	12.1	14.4
BV	45.8	47.9	53.1	59.2	66.3
DPS	2.8	1.3	4.4	5.0	6.0
<b>Growth (%)</b>					
Premium growth	41.1	14.1	15.5	12.0	11.2
Total income growth	2.8	8.3	17.1	11.6	13.4
Commissions growth	126.3	10.5	15.9	10.2	9.9
Opex growth	7.5	28.3	20.6	12.0	11.2
PAT growth	(1.8)	(29.3)	33.1	13.8	18.8
<b>Performance metrics growth (%)</b>					
NBP	17.1	12.5	16.6	11.8	10.7
APE	17.6	0.1	4.9	10.3	10.1
VNB	93.1	3.3	30.0	11.8	11.7
EV	16.1	15.1	13.9	12.3	12.1
EVOP	60.3	3.2	(7.7)	11.2	11.8
EPS	(5.0)	(29.3)	33.1	13.8	18.8
BV	7.2	4.5	11.0	11.3	12.1
DPS	(11.6)	(52.9)	230.6	13.9	18.9
<b>Expense ratios (%)</b>					
Commissions/premium	5.2	5.1	5.1	5.0	5.0
Opex/premium	7.6	8.5	8.9	8.9	8.9
Total expenses/premium	12.8	13.6	14.0	13.9	13.9
<b>Efficiency ratios (%)</b>					
RoAA	1.3	0.8	0.9	0.9	0.9
RoE	27.9	17.1	21.1	21.6	22.9
ROEV return	23.4	19.6	17.4	15.8	15.8
Operating RoEV	22.7	20.2	16.2	15.8	15.8
Non-operating RoEV	0.7	(0.6)	1.2	-	-

Source: Company, HDFC sec Inst Research

*Lower base will kick in 2HFY20, hence we build acceleration in growth in 2HFY20.*

**Profit and Loss Account**

(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>Policyholder Account</b>					
Total premium earned	268,107	305,783	353,161	395,595	439,918
Income from investments and other income	113,315	102,948	128,400	143,330	172,091
Transfer from shareholders account	753	5,272	3,163	1,898	1,139
<b>Total income</b>	<b>382,174</b>	<b>414,003</b>	<b>484,724</b>	<b>540,822</b>	<b>613,149</b>
Commission	14,033	15,513	17,983	19,816	21,784
Operating expenses	20,299	26,053	31,427	35,203	39,148
Provisions	31	(1)	(1)	(1)	(1)
<b>Total expenses</b>	<b>34,363</b>	<b>41,565</b>	<b>49,409</b>	<b>55,018</b>	<b>60,931</b>
Benefits paid	172,808	142,591	163,098	184,744	213,857
Change in valuation of liabilities	154,475	210,030	249,299	277,268	311,710
<b>Total</b>	<b>327,283</b>	<b>352,621</b>	<b>412,397</b>	<b>462,013</b>	<b>525,568</b>
<b>Surplus</b>	<b>20,529</b>	<b>19,817</b>	<b>22,917</b>	<b>23,792</b>	<b>26,650</b>
Tax	1,201	1,132	1,332	1,377	1,582
<b>Net surplus</b>	<b>19,328</b>	<b>18,685</b>	<b>21,585</b>	<b>22,415</b>	<b>25,068</b>
<b>Transfer to shareholders account</b>	<b>10,892</b>	<b>10,770</b>	<b>12,976</b>	<b>13,408</b>	<b>15,412</b>

**Shareholders account (Rs mn)**

Transfer from policyholders' a/c	10,892	10,770	12,976	13,408	15,412
Investment income	7,469	6,536	6,881	7,475	8,238
Other income	50	93	93	93	93
<b>Total income</b>	<b>18,412</b>	<b>17,400</b>	<b>19,951</b>	<b>20,976</b>	<b>23,743</b>
Expenses	420	422	454	488	524
Contribution to policyholders' a/c	753	5,272	3,163	1,898	1,139
<b>Profit before tax</b>	<b>17,239</b>	<b>11,705</b>	<b>16,334</b>	<b>18,591</b>	<b>22,080</b>
Taxes	997	223	1,056	1,202	1,429
<b>PAT</b>	<b>16,242</b>	<b>11,482</b>	<b>15,278</b>	<b>17,388</b>	<b>20,651</b>

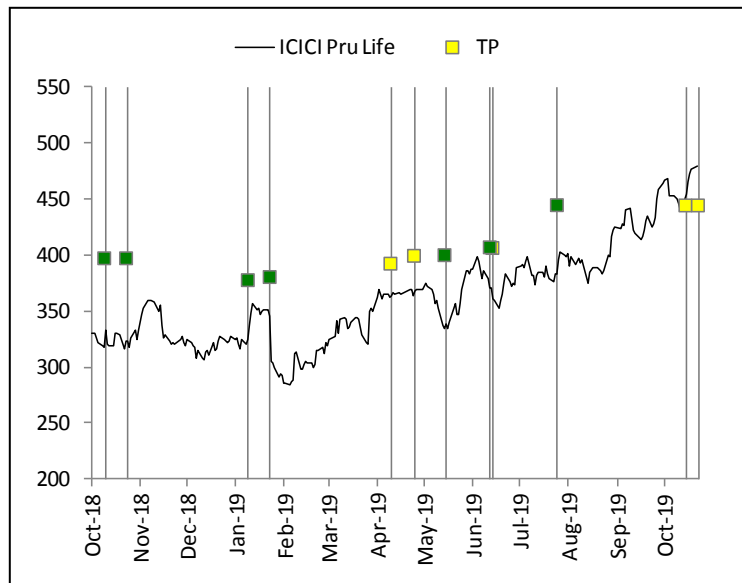
Source: Company, HDFC sec Inst Research

**Balance Sheet**

(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>Source</b>					
Share capital	14,355	14,358	14,358	14,358	14,358
Reserve and surplus	51,382	54,353	61,946	70,594	80,872
<b>Net worth</b>	<b>65,737</b>	<b>68,711</b>	<b>76,304</b>	<b>84,951</b>	<b>95,230</b>
Credit/debit balance in fair value a/c	3,081	1,712	1,712	1,712	1,712
Policyholders' a/c	1,306,111	1,513,451	1,762,750	2,040,018	2,351,728
Funds for future appropriation	8,782	10,344	10,603	10,868	11,139
<b>Total Liabilities</b>	<b>1,383,710</b>	<b>1,594,218</b>	<b>1,851,368</b>	<b>2,137,549</b>	<b>2,459,810</b>
<b>Application</b>					
Shareholders' Investments	77,466	79,862	87,876	96,961	107,692
Policyholders' investments	332,889	400,712	-	-	-
Asset to cover linked liabilities	975,020	1,109,458	1,759,469	2,036,737	2,348,448
Loans	1,451	2,702	2,702	2,702	2,702
Fixed assets + DTA	4,221	4,757	4,757	4,757	4,757
Net current assets	(7,336)	(3,273)	(3,436)	(3,608)	(3,788)
Debit balance in P&L	-	-	-	-	-
<b>Total Assets</b>	<b>1,383,710</b>	<b>1,594,218</b>	<b>1,851,368</b>	<b>2,137,549</b>	<b>2,459,810</b>

Source: Company, HDFC sec Inst Research

**RECOMMENDATION HISTORY**



Date	CMP	Reco	Target
9-Oct-18	316	BUY	397
24-Oct-18	324	BUY	397
8-Jan-19	320	BUY	378
23-Jan-19	345	BUY	380
9-Apr-19	365	NEU	393
25-Apr-19	363	NEU	400
14-May-19	334	BUY	400
9-Jul-19	381	BUY	407
13-Jul-19	385	NEU	407
25-Jul-19	383	BUY	445
14-Oct-19	440	NEU	445
23-Oct-19	480	NEU	445

**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](mailto: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.