

January 23, 2019

Q3FY19 Result Update

Key Financials

| Y/e March | FY18 | FY19E | FY20E | FY21E |
|-----------------------------|---------|---------|---------|---------|
| Net Premiums (Rs m) | 268,107 | 313,753 | 359,943 | 415,407 |
| - Growth (%) | 21.0 | 17.0 | 14.7 | 15.4 |
| Surplus / Deficit (Rs m) | 14,832 | 14,673 | 16,047 | 16,829 |
| PAT (Rs m) | 16,198 | 16,995 | 18,574 | 23,211 |
| - Growth (%) | (3.7) | 4.9 | 9.3 | 25.0 |
| EPS (Rs) | 11.3 | 11.8 | 12.9 | 16.2 |
| Emb. Value (Rs bn) | 187.9 | 209.4 | 238.4 | 272.7 |
| NBP Margin (%) post overrun | 16.5 | 16.9 | 17.8 | 18.6 |
| RoE (%) | 24.4 | 23.2 | 22.6 | 53.2 |
| Operating RoEV (%) | 22.7 | 17.7 | 17.9 | 17.9 |
| RoEV (%) | 16.1 | 11.5 | 13.8 | 14.4 |
| Dividend yield (%) | 1.9 | 1.4 | 1.5 | 1.5 |
| Price/EV (x) | 1.8 | 1.6 | 1.4 | 1.3 |
| Ap. Value/EV (x) | 3.6 | 3.2 | 2.8 | 2.5 |

Key Data

ICIR.BO | IPRULIFE IN

| | |
|---------------------|-------------------------|
| 52-W High / Low | Rs.461 / Rs.301 |
| Sensex / Nifty | 36,445 / 10,923 |
| Market Cap | Rs.495.35bn / \$ 69.53m |
| Shares Outstanding | 1,435.8m |
| 3M Avg. Daily Value | Rs.424.8m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 78.69 |
| Foreign | 8.56 |
| Domestic Institution | 4.61 |
| Public & Others | 8.41 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-----|-------|--------|
| Absolute | 7.6 | (1.2) | (19.6) |
| Relative | 5.6 | (0.7) | (19.6) |

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Weak Quarter

Quick Pointers

- Protection mix see sharp jump in overall mix
- 13th month persistency gets impacted as market related volatility in ULIP

ICICI Prulife's struggled on business growth with overall APE de-growing by 4.2% YoY on back of slowdown in ULIP mainly towards high ticket size affluent clients. While savings was impacted on this phenomena, protection business grew quite strong at 1x in 9MFY19 (1.5x implied 3QFY19). Management explained volatile scenario in financial markets, moving towards lower ticket size and monthly pay option product has led to decline but monthly numbers have shown pick up in business growth. We believe, growth impact is higher and will take some a few quarters to stabilize especially at the agency channel hence we reduce our APE growth assumptions to 3% YoY and slightly reduce margin on cost strain. Persistency has seen marginal weakness on 13th month but surrenders have to be seen which are stable currently. Retain BUY with revised TP of Rs471 (from Rs507) based on 2.6x (from 2.8x) Sep-20 EV.

- Business growth falters:** Overall APE de-grew 4% as RWRP growth continued to be much sluggish as ULIP product struggled mainly on the higher affluent customers who have stayed away from new business while retain existing relationships. Meanwhile, protection focus continued with growth 1x (in 9MFY19) taking mix to 8.6% up by 70bps from H1FY19. In savings, non-PAR segment saw good contribution on back of annuity product growth. Management expects business growth to improve substantially ahead on back of focusing on mass/mass affluent customers, various premium pay option propositions and focus remaining on protection segment.
- 13th Month Persistency sees first line of impact from adverse market conditions on the ULIP product:** IPrulife saw marginal decline in 13th month retail excl. single premium persistency showcasing the stress on ULIP segment while other persistency cohorts remain largely steady indicating lower surrenders as of now which we continue to watch. Overall commissions were high as protection business attract higher commissions while over opex was under control but strain has increased on much slower business. Due to this margins saw some pressure with implied margin in Q3FY19 down by 110bps and down 50bps on 9MFY19 to H1FY19 basis.
- Downward revise our estimates:** We have cut our APE growth numbers sharply to 3% YoY from 10% to reflect the weak business momentum leading to decline in EV assumptions for FY19/FY20/FY21. We see strategy shift towards mass/mass affluent on savings (on ticket size especially in ULIP) will take some time to reflect in business growth and consequently margins, but we are not envisaging large impact on margins as protection share continues to improve and hence retain our BUY on the stock with TP of Rs471 and limited de-rating from hereon which is 40-50% discount from HDFC Life.

Exhibit 1: Steady profitability

| (Rs m) | Q3FY19 | Q3FY18 | YoY gr. (%) | Q2FY19 | QoQ gr. (%) |
|--|---------------|-----------------|---------------|---------------|--------------|
| Policyholders' Account | | | | | |
| Gross Premium Income | 75,664 | 68,556 | 10.4 | 76,819 | (1.5) |
| Net Premium Income | 74,830 | 67,951 | 10.1 | 76,012 | (1.6) |
| Inc. from Investments (Net) | 10,478 | 65,442 | (84.0) | 12,278 | (14.7) |
| Total (A) | 86,483 | 1,33,568 | (35.3) | 88,269 | (2.0) |
| Net Commission | 3,671 | 3,773 | (2.7) | 3,951 | (7.1) |
| Opex related to Insurance | 5,785 | 5,211 | 11.0 | 6,585 | (12.2) |
| Benefits Paid (Net) | 33,245 | 46,852 | (29.0) | 35,014 | (5.1) |
| Change in actuarial liability | 38,663 | 72,602 | (46.7) | 38,833 | (0.4) |
| Total (B) | 83,228 | 1,30,196 | (36.1) | 86,265 | (3.5) |
| Surplus / (Deficit) | 3,254 | 3,372 | (3.5) | 2,004 | 62.4 |
| Shareholders' Account | | | | | |
| Trf from Policyholders A/c | 2,662 | 2,742 | (2.9) | 1,479 | 80.0 |
| Investment Income | 1,382 | 2,160 | (36.0) | 1,426 | (3.1) |
| Total | 4,046 | 4,904 | -17.5 | 2,910 | 39.1 |
| Expenses other than related to insurance | 90 | 93 | (3.5) | 85 | 6.1 |
| Trf to Policyholders A/c | 981 | - | | (208) | (572.5) |
| Profit/(Loss) before Tax | 2,975 | 4,810 | (38.2) | 3,032 | (1.9) |
| Provision for Taxation | 8 | 289 | (97.4) | 24 | (68.4) |
| Profit/(Loss) after Tax | 2,968 | 4,521 | (34.4) | 3,009 | (1.4) |
| Ratios | | | | | |
| Expense Ratio | 8.6 | 8.0 | 58 | 9.4 | (81) |
| Commission Ratio | 5.4 | 5.8 | (35) | 5.6 | (19) |
| Cost / TWRP | 14.0 | 13.8 | 23 | 15.0 | (99) |

Source: Company, PL

Exhibit 2: Protection remains focus area

| | Q3FY19 | Q3FY18 | YoY Chg. | Q2FY19 | QoQ Chg. | 9MFY19 | 9MFY18 | YoY Chg. |
|-----------------------|---------------|---------------|----------------|---------------|----------------|---------------|---------------|--------------|
| APE | 19,620 | 20,050 | (2.1) | 19,850 | (1.2) | 53,430 | 55,790 | (4.2) |
| Savings | 17,680 | 19,260 | (8.2) | 18,320 | (3.5) | 48,820 | 53,490 | (8.7) |
| Protection | 1,940 | 790 | 145.6 | 1,530 | 26.8 | 4,610 | 2,300 | 100.4 |
| % | | | | | | | | |
| Savings | 90.1 | 96.1 | (595) | 92.3 | (218) | 91.4 | 95.9 | (451) |
| Protection | 9.9 | 3.9 | 595 | 7.7 | 218 | 8.6 | 4.1 | 451 |
| VNB | 3,200 | 3,500 | (8.6) | 3,460 | (7.5) | 9,100 | 7,670 | 18.6 |
| VNB Margin (%) | 16.3 | 17.5 | (114.6) | 17.4 | (112.1) | 17.0 | 13.7 | 333.2 |

Source: Company, PL

Exhibit 3: Group premium and renewal premium steering growth

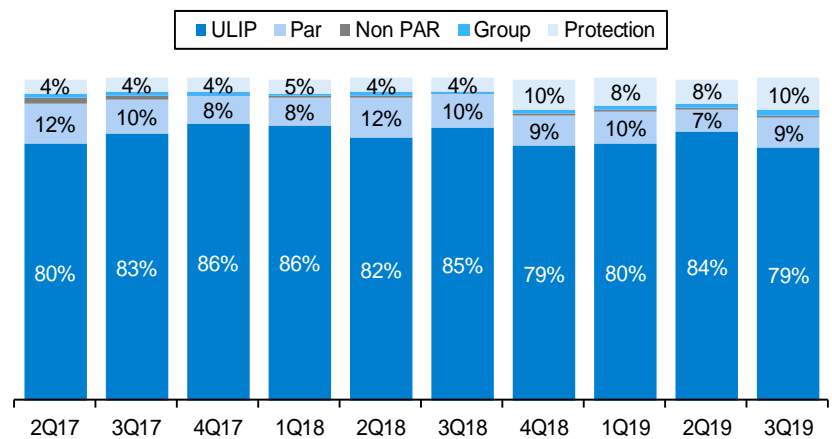
| | Q3FY19 | Q3FY18 | YoY Chg. | Q2FY19 | QoQ Chg. | 9MFY19 | 9MFY18 | YoY Chg. |
|-----------------------------|---------------|---------------|-------------|---------------|--------------|-----------------|-----------------|-------------|
| Retail renewal premium | 49,520 | 44,570 | 11.1 | 50,320 | (1.6) | 1,36,090 | 1,14,890 | 18.5 |
| Retail new business premium | 18,740 | 21,810 | (14.1) | 21,110 | (11.2) | 54,770 | 59,970 | (8.7) |
| Group Premium | 7,420 | 2,180 | 240.4 | 5,370 | 38.2 | 16,800 | 8,540 | 96.7 |
| Total | 75,680 | 68,560 | 10.4 | 76,800 | (1.5) | 2,07,660 | 1,83,400 | 13.2 |

Source: Company, PL

Exhibit 4: Non-Par led by protection; ULIP impacted from higher ticket size business; Par de-growth industry phenomena

| Product Mix | Q3FY19 | Q3FY18 | YoY Chg. | Q2FY19 | QoQ Chg. | 9MFY19 | 9MFY18 | YoY Chg. |
|-------------------|---------------|---------------|----------------|---------------|----------------|---------------|---------------|----------------|
| Rs Mn | | | | | | | | |
| Savings | 17,680 | 19,287 | (8.3) | 18,320 | (3.5) | 48,820 | 53,490 | (8.7) |
| ULIP | 15,480 | 17,015 | (9.0) | 16,630 | (6.9) | 43,250 | 46,250 | (6.5) |
| Par | 1,720 | 2,050 | (16.1) | 1,350 | 27.4 | 4,430 | 6,430 | (31.1) |
| Non PAR | 150 | 67 | 123.7 | 130 | 15.4 | 410 | 210 | 95.2 |
| Group | 330 | 155 | 112.9 | 210 | 57.1 | 730 | 600 | 21.7 |
| Protection | 1,950 | 799 | 144.1 | 1,520 | 28.3 | 4,610 | 2,300 | 100.4 |
| (%) | | | | | | | | |
| Savings | 90.1 | 96.2 | (608.1) | 92.3 | (218.0) | 91.4 | 95.9 | (450.6) |
| ULIP | 78.9 | 84.9 | (596.2) | 83.8 | (487.9) | 80.9 | 82.9 | (195.3) |
| Par | 8.8 | 10.2 | (145.8) | 6.8 | 196.6 | 8.3 | 11.5 | (323.4) |
| Non PAR | 0.8 | 0.3 | 43.0 | 0.7 | 11.0 | 0.8 | 0.4 | 39.1 |
| Group | 1.7 | 0.8 | 90.9 | 1.1 | 62.4 | 1.4 | 1.1 | 29.1 |
| Protection | 9.9 | 4.0 | 595.4 | 7.7 | 228.1 | 8.6 | 4.1 | 450.6 |

Source: Company, PL

Exhibit 5: ULIP's share slipped while Protection continues to see improvement


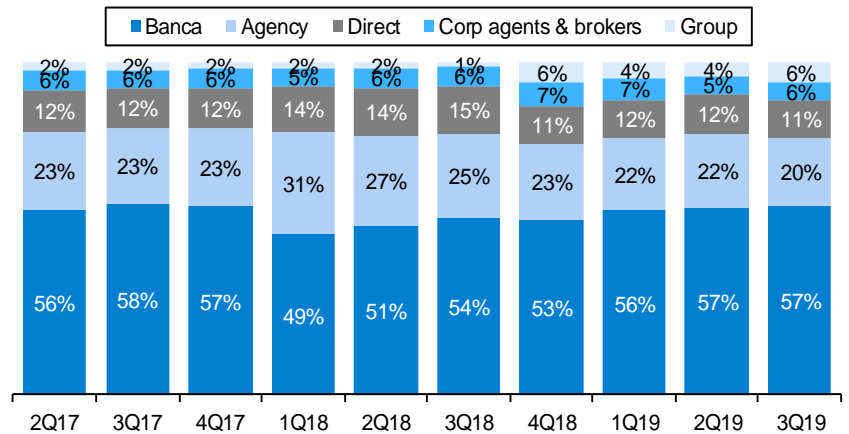
Source: Company, PL

Exhibit 6: Agency channel struggling on back of high ticket customer business

| Sourcing Mix | Q3FY19 | Q3FY18 | YoY Chg. | Q2FY19 | QoQ Chg. | 9MFY19 | 9MFY18 | YoY Chg. |
|----------------------|--------|--------|----------|--------|----------|--------|--------|----------|
| Rs Mn | | | | | | | | |
| Banca | 11,190 | 10,735 | 4 | 11,250 | (1) | 30,200 | 29,070 | 4 |
| Agency | 4,020 | 5,014 | (20) | 4,420 | (9) | 11,480 | 14,700 | (22) |
| Direct | 2,200 | 2,933 | (25) | 2,360 | (7) | 6,200 | 8,080 | (23) |
| Corp Agent & Brokers | 1,090 | 1,124 | (3) | 1,010 | 8 | 3,010 | 3,090 | (3) |
| Group | 1,120 | 207 | 442 | 810 | 38 | 2,540 | 850 | 199 |
| (%) | | | | | | | | |
| Banca | 57.0 | 53.5 | 349 | 56.7 | 36 | 56.5 | 52.1 | 442 |
| Agency | 20.5 | 25.0 | (452) | 22.3 | (178) | 21.5 | 26.3 | (486) |
| Direct | 11.2 | 14.6 | (342) | 11.9 | (68) | 11.6 | 14.5 | (288) |
| Corp Agent & Brokers | 5.6 | 5.6 | (5) | 5.1 | 47 | 5.6 | 5.5 | 9 |
| Group | 5.7 | 1.0 | 468 | 4.1 | 163 | 4.8 | 1.5 | 323 |

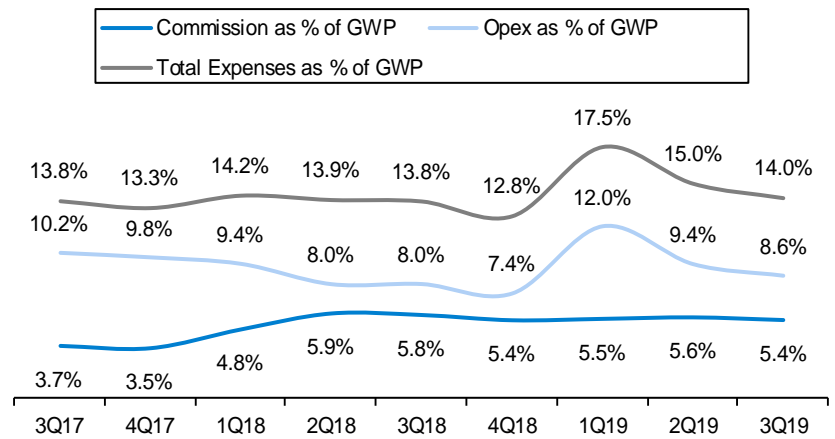
Source: Company, PL

Exhibit 7: Banca remains key channel of sourcing and growth



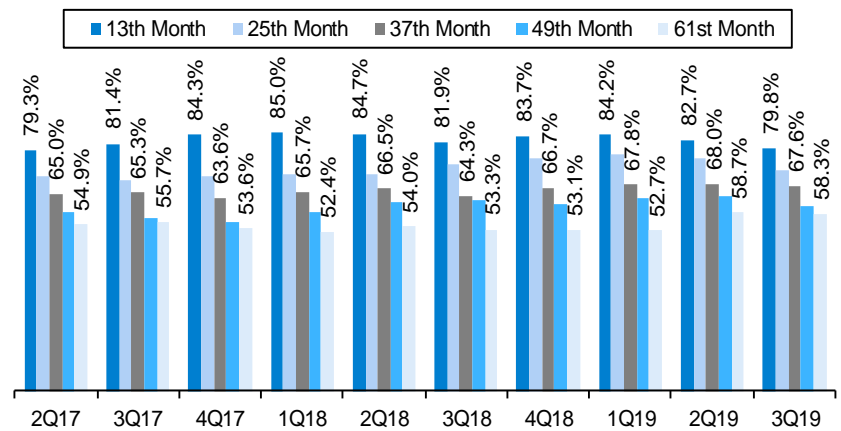
Source: Company, PL

Exhibit 8: Commission ratio steady, opex sees improvement on slow growth

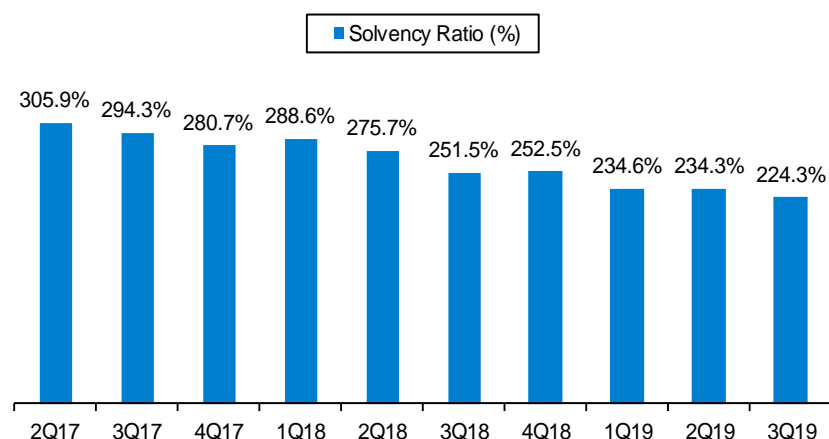


Source: Company, PL

Exhibit 9: Persistency Ratio sees impact on 13th month bucket



Source: Company, PL

Exhibit 10: Solvency ratio remained stable with dividend payout


Source: Company, PL

Exhibit 11: Key Metrics and EV movement

| Rs bn | FY16 | FY17 | FY18 | FY19E | FY20E | FY21E |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| APE | 51.7 | 66.3 | 77.9 | 80.2 | 87.9 | 101.1 |
| YoY growth (%) | 9.0 | 28.1 | 17.6 | 2.9 | 9.6 | 15.0 |
| NBV | 4.1 | 6.7 | 12.9 | 13.6 | 15.7 | 18.8 |
| YoY growth (%) | 52.7 | 61.5 | 93.1 | 5.5 | 15.7 | 19.7 |
| EV Movement | | | | | | |
| Opening IEV | 137.2 | 139.4 | 161.8 | 187.9 | 209.4 | 238.4 |
| New Business Value | 22.2 | 23.0 | 36.8 | 33.2 | 37.5 | 42.6 |
| EVOP | 4.1 | 6.7 | 12.9 | 13.6 | 15.7 | 18.8 |
| Dividend payout | 14.4 | 6.3 | 11.9 | 8.6 | 9.0 | 9.3 |
| Closing EV | 139.4 | 161.8 | 187.9 | 209.4 | 238.4 | 272.7 |
| Adjusted Net worth | 55.1 | 67.6 | 70.2 | 77.4 | 87.3 | 101.6 |
| Value in force (VIF) | 84.2 | 94.3 | 117.6 | 132.0 | 151.1 | 171.1 |
| Ratios (%) | | | | | | |
| NBAP margins | 8.0 | 10.1 | 16.5 | 16.9 | 17.8 | 18.6 |
| RoEV | 1.6 | 16.1 | 16.1 | 11.5 | 13.8 | 14.4 |
| Operating RoEV | 16.2 | 16.5 | 22.7 | 17.7 | 17.9 | 17.9 |

Source: Company, PL

Exhibit 12: Change in estimates table – We tweak business growth sharply and increase strain of cost on margin

| (Rs bn) | Old | | | Revised | | | % Change | | |
|--------------------------|------------|-------|-------|------------|-------|-------|--------------|--------|--------|
| | FY19E | FY20E | FY21E | FY19E | FY20E | FY21E | FY19E | FY20E | FY21E |
| APE | 88.4 | 104.5 | 124.3 | 80.2 | 87.9 | 101.1 | (9.3) | (15.8) | (18.7) |
| VNB | 15.3 | 19.1 | 23.6 | 13.6 | 15.7 | 18.8 | (11.5) | (17.7) | (20.4) |
| VNB Margin (%) | 17.3 | 18.3 | 19.0 | 16.9 | 17.8 | 18.6 | (0.4) | (0.4) | (0.4) |
| EV | 211.2 | 243.7 | 283.2 | 209.4 | 238.4 | 272.7 | (0.8) | (2.2) | (3.7) |
| Price target (Rs) | 507 | | | 471 | | | (7.1) | | |
| Reco | BUY | | | BUY | | | | | |

Source: Company, PL



Exhibit 13: We revise our TP to Rs571 (from Rs507) based on 2.6x (from 2.8x) P/EV Sep FY21E on back of weaker business growth

| PT calculation and upside | |
|----------------------------------|------------|
| Op RoEV | 17.9% |
| CoE | 13.8% |
| Terminal Growth | 5.0% |
| Embedded value | 256 |
| Price / Embedded value | 2.6 |
| Appraisal Value | 676 |
| Number of shares, mn | 1,435 |
| Valuation per share | 471 |
| CMP | 354 |
| <i>Upside (%)</i> | 33% |

Source: Company, PL

Appendix

Exhibit 14: Policyholders' Account (Technical Account)

| Policyholders' Account | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19E | FY20E | FY21E |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net earned premium | 134,172 | 122,827 | 151,604 | 189,987 | 221,552 | 268,107 | 313,753 | 359,943 | 415,407 |
| Investment income | 61,804 | 92,168 | 187,244 | 12,084 | 149,769 | 112,615 | 138,011 | 186,100 | 226,869 |
| Other income | 5,653 | 1,119 | 594 | 209 | 490 | 594 | 665 | 762 | 873 |
| Total Revenue | 201,630 | 216,113 | 339,443 | 202,279 | 371,812 | 381,315 | 452,428 | 546,806 | 643,149 |
| Commission expense | 7,655 | 6,275 | 5,532 | 6,200 | 7,589 | 14,033 | 16,396 | 18,745 | 21,850 |
| Operating expense | 20,386 | 16,169 | 16,520 | 18,883 | 23,572 | 20,299 | 22,909 | 24,831 | 28,924 |
| Benefit Cost | 158,784 | 177,443 | 302,132 | 159,425 | 324,954 | 327,283 | 391,300 | 478,256 | 564,399 |
| Total expense | 186,895 | 203,068 | 327,315 | 188,152 | 360,404 | 367,342 | 437,755 | 530,759 | 626,320 |
| Surplus / Deficit | 14,735 | 13,045 | 12,127 | 14,128 | 11,408 | 13,973 | 14,673 | 16,047 | 16,829 |

Source: Company, PL

Exhibit 15: Shareholders' Account (Revenue Account)

| Shareholders' Account | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19E | FY20E | FY21E |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Transfer from policholders' account | 17,006 | 12,642 | 11,386 | 12,076 | 11,315 | 10,892 | 11,665 | 12,670 | 13,074 |
| Investment income | 4,173 | 3,897 | 5,358 | 6,019 | 6,647 | 7,395 | 7,708 | 8,677 | 13,318 |
| Expenses | 5,489 | 1,360 | 896 | 382 | 398 | 1,140 | 1,347 | 1,646 | 2,025 |
| Profit before tax | 15,695 | 15,281 | 15,854 | 17,714 | 17,850 | 17,196 | 18,080 | 19,759 | 24,433 |
| Tax expenses | 737 | (374) | (490) | (1,212) | (1,028) | (997) | (1,085) | 1,186 | 1,222 |
| Profit after tax | 14,958 | 15,656 | 16,344 | 18,926 | 18,878 | 18,193 | 19,164 | 18,574 | 23,211 |

Source: Company, PL

Exhibit 16: Balance Sheet

| Balance Sheet | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19E | FY20E | FY21E |
|---|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Sources of Fund | | | | | | | | | |
| Shareholders' Fund | 51,292 | 49,817 | 52,655 | 53,233 | 64,080 | 68,845 | 77,416 | 87,270 | 101,579 |
| Borrowings | - | - | - | - | - | - | - | - | - |
| Policyholders' Funds: Insurance reserves and provisions | 687,344 | 746,243 | 932,657 | 965,784 | 1,148,941 | 1,306,111 | 1,538,237 | 1,829,517 | 2,194,223 |
| Others | 5,083 | 5,040 | 5,275 | 6,619 | 6,042 | 8,782 | 9,659 | 10,624 | 11,686 |
| Total | 743,719 | 801,101 | 990,587 | 1,025,636 | 1,219,063 | 1,383,737 | 1,625,312 | 1,927,411 | 2,307,487 |
| Application of Funds | | | | | | | | | |
| Shareholders' inv | 49,200 | 53,528 | 58,552 | 62,124 | 66,403 | 77,493 | 93,790 | 123,124 | 179,560 |
| Policyholders' inv | 112,870 | 144,567 | 188,580 | 215,156 | 270,674 | 332,889 | 401,997 | 483,056 | 576,141 |
| Assets to cover linked liab. | 575,208 | 603,104 | 747,775 | 752,958 | 878,783 | 975,020 | 1,131,023 | 1,323,297 | 1,548,257 |
| Net Current Assets | (7,090) | (8,140) | (6,661) | (7,240) | 259 | (7,336) | (7,937) | (9,423) | (4,565) |
| Other Assets | 13,440 | 8,050 | 2,353 | 2,639 | 2,945 | 5,672 | 6,439 | 7,357 | 8,093 |
| Total | 743,628 | 801,109 | 990,599 | 1,025,637 | 1,219,063 | 1,383,737 | 1,625,312 | 1,927,411 | 2,307,487 |

Source: Company, PL

**Exhibit 17: Embedded Value**

| Embedded Value | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19E | FY20E | FY21E |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Embedded Value | | 117,750 | 137,210 | 139,383 | 161,833 | 187,883 | 209,448 | 238,415 | 272,683 |
| Annualised Premium Equivalent (APE) | 35,320 | 34,440 | 47,440 | 51,700 | 66,250 | 77,920 | 80,205 | 87,933 | 101,085 |
| New Business Value | | 2,280 | 2,700 | 4,123 | 6,660 | 12,860 | 13,561 | 15,695 | 18,788 |
| New Business Margin (%) | | 6.6 | 5.7 | 8.0 | 10.1 | 16.5 | 16.9 | 17.8 | 18.6 |
| EV Operating Profit | | | 18,120 | 22,223 | 22,950 | 36,800 | 33,204 | 37,451 | 42,598 |
| Operating RoEV (%) | | | 15.4 | 16.2 | 16.5 | 22.7 | 17.7 | 17.9 | 17.9 |

Source: Company, PL

Exhibit 18: Key Ratios

| Key Ratio | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19E | FY20E | FY21E |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Commission expense/GWP (%) | 5.7 | 5.0 | 3.6 | 3.2 | 3.4 | 5.2 | 5.2 | 5.2 | 5.2 |
| Operating expense/GWP (%) | 15.1 | 13.0 | 10.8 | 9.9 | 10.5 | 7.5 | 7.2 | 6.8 | 6.9 |
| Total expense/GWP (%) | 20.7 | 18.1 | 14.4 | 13.1 | 13.9 | 12.7 | 12.4 | 12.0 | 12.1 |

Source: Company, PL

**Analyst Coverage Universe**

| Sr. No. | CompanyName | Rating | TP (Rs) | Share Price (Rs) |
|---------|---|------------|---------|------------------|
| 1 | Axis Bank | Accumulate | 681 | 637 |
| 2 | Bank of Baroda | BUY | 161 | 123 |
| 3 | Bank of India | Reduce | 89 | 106 |
| 4 | Federal Bank | BUY | 102 | 89 |
| 5 | HDFC Bank | BUY | 2,371 | 2,130 |
| 6 | HDFC Standard Life Insurance Company | BUY | 440 | 393 |
| 7 | ICICI Bank | BUY | 415 | 368 |
| 8 | ICICI Prudential Life Insurance Company | BUY | 507 | 320 |
| 9 | IDFC Bank | Accumulate | 55 | 46 |
| 10 | IndusInd Bank | BUY | 1,765 | 1,602 |
| 11 | Jammu & Kashmir Bank | BUY | 76 | 37 |
| 12 | Kotak Mahindra Bank | Hold | 1,291 | 1,268 |
| 13 | Max Financial Services | BUY | 629 | 436 |
| 14 | Punjab National Bank | Hold | 79 | 81 |
| 15 | SBI Life Insurance Company | BUY | 779 | 620 |
| 16 | South Indian Bank | BUY | 22 | 16 |
| 17 | State Bank of India | BUY | 355 | 296 |
| 18 | Union Bank of India | Reduce | 79 | 91 |
| 19 | YES Bank | Accumulate | 231 | 187 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |



ANALYST CERTIFICATION

(Indian Clients)

We/I, Ms. Pritesh Bumb- MBA, M.com, Mr. Prabal Gandhi- BTech, CFA Level II Research Analysts, 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. 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.

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