

# Max Financial

Refer to important disclosures at the end of this report

## Growth to take center stage

Max Life reported a good set of numbers in Q1FY23. VNB growth stood at 23% YoY, led by 1.4ppts YoY VNB margin expansion and 15% APE growth. Struggle in retail protection and the impact of Axis Bank going fully open architecture from Q3FY22 had its bearing on growth. Going forward, retail protection growth and Axis Bank channel performance should improve from Q3FY23. Max Life reiterated its commitment to deliver growth by continued investments in its proprietary distribution channel and Axis Bank-led distribution channel, while responding to competition by improving product attractiveness for customers. In this backdrop, Max Life is guiding for 25-26% VNB margin target, in line with our estimates. On the non-operational front (Max Financial-Max Life merger, purchase of ~5.2% stake in Max Life by Max Financial from Mitsui Sumitomo, and up to 7% additional stake transfer to Axis Bank group), the status was broadly unchanged from FY22. Overall, Q1FY23 performance was good. We reiterate our Buy rating with a revised TP of Rs1,060.

- Max Life delivers satisfactory operational and financial performance:** Max Life, the sole operating company of Max Financial, posted an overall satisfactory set of numbers in Q1FY23, with VNB growth of 23% YoY to Rs2.13bn and VNB margin expanding 1.4ppts YoY to 21.1%. It is important to note that Max Life calculates its APE on actual quarterly costs. Hence, Q1 margins are lower. APE growth was satisfactory at 15% YoY in Q1FY23 but was weaker than peers. However, on a 3Y CAGR basis, APE growth for Max Life at 14% comes better than the sector's growth. The proprietary channel (Agency + Direct) grew at an impressive 32%, but banca growth at 8% was muted. This was largely led by the impact of Axis Bank channel, which should normalize from Q3FY23, when the complete opening of Axis Bank channel for Bajaj Allianz Life is already in base. On the product side, retail protection premium declined ~19% YoY due to demand weakness, led by increased prices and some upfronting of retail protection sales in the past two years in the backdrop of Covid-19. Operating RoEV at 13.5% (20.1% adjusted for excess Covid mortality) was very impressive. Solvency ratio at 196% was quite robust and comfortable to support FY23 growth.
- Growth remains the core of strategy:** In Q1FY23, the company delivered weaker topline growth owing to a host of factors, including stronger base (on 2,3,5Y CAGR, Max Life has one of the best APE growth). The current challenge on the growth front appears to be largely driven by Axis Bank channel, where Bajaj Allianz Life got all branch access starting from Q3FY22. Now with proprietary distribution channels firing up and Axis Bank channel's growth likely returning starting Q3 (on base becoming comparable), management is confident of delivering good growth. Driven by focus on growth leading to investments in distribution and offering competitive products, management has reiterated its 25-26% VNB margin guidance.
- Minor changes to estimates; Reiterate Buy with a revised TP of Rs1,060:** We have slightly tweaked our estimates to reflect Q1FY23 developments. These changes have led to minor reduction in APE estimates and an increase in VNB margins (**Exhibit 10**). Using appraisal value method for valuing Max Life and then applying 20% holdco discount, we have arrived at Sep'23E TP from Max Financial at Rs1,060 (from Jun'23E TP of Rs1,030 earlier). We reiterate our Buy rating on the stock with a new TP of Rs1,060 (implying FY23E P/EV of 2.7x) and find the stock attractively valued, offering a good upside.

Please see our sector model portfolio (Emkay Alpha Portfolio): [BFSI-Insurance \(Page 8\)](#)

### Financial Snapshot

Y/E March (Rs bn)	FY21	FY22	FY23E	FY24E	FY25E
Annualised Premium Equivalent (APE)	49.6	55.9	64.1	74.2	86.0
New Business Value (NBV)	12.5	15.3	16.9	20.3	24.0
NBV Margin (% of APE)	25.2	27.3	26.3	27.3	27.8
Embedded Value	118.3	141.7	169.3	202.0	240.6
Operating RoEV (%)	18.6	19.2	20.4	20.4	20.1
EVPS (Rs)	281.2	336.8	392.6	468.4	557.8
EPS (Rs)	14.51	7.34	14.16	19.47	23.27
BVPS (Rs)	96.9	114.0	128.2	147.6	170.9
P/EV (x)	3.1	2.6	2.2	1.9	1.6

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
Rs 876 as of (August 2, 2022)	Rs 1,060 (▲) 12 months
<b>Rating</b>	<b>Upside</b>
BUY (■)	21.0 %

### Change in Estimates

EPS Chg FY23E/FY24E (%)	-/
Target Price change (%)	2.91
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	14.16	19.47
Consensus	10.4	17.86
Mean Consensus TP (12M)	Rs 1,026	

### Stock Details

Bloomberg Code	MAXF IN
Face Value (Rs)	2
Shares outstanding (mn)	345
52 Week H/L	1,140 / 697
M Cap (Rs bn/USD bn)	302 / 3.83
Daily Avg Volume (nos.)	4,97,967
Daily Avg Turnover (US\$ mn)	5.0

### Shareholding Pattern Jun '22

Promoters	14.7%
FIIIs	23.8%
DIIIs	53.3%
Public and Others	8.2%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	9	16	(6)	(22)
<b>Rel. to Nifty</b>	(1)	14	(4)	(29)

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

#### Avinash Singh

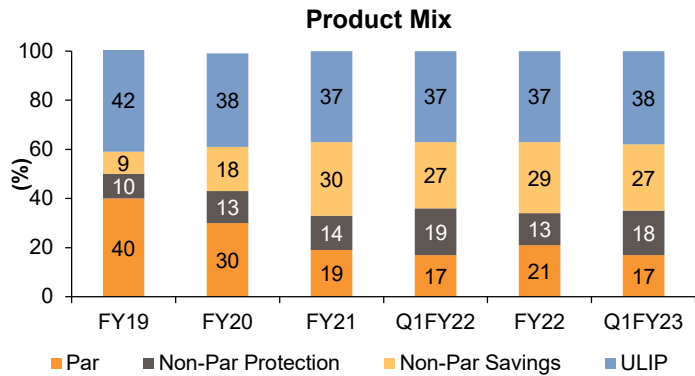
avinash.singh@emkayglobal.com  
+91 22 6612 1327

#### Mahek Shah

mahek.shah@emkayglobal.com  
+91 22 6612 1218

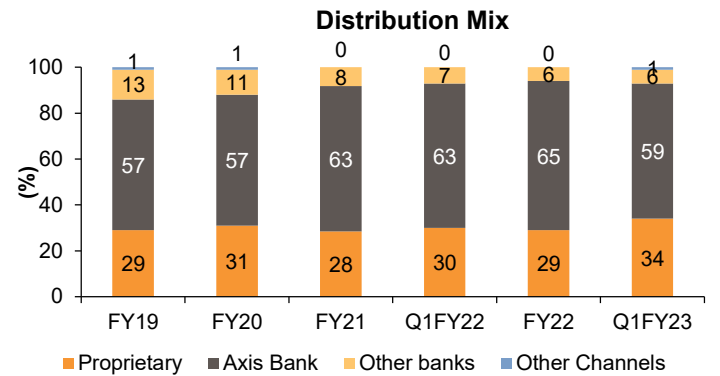
# Story in Charts

**Exhibit 1: Product mix broadly stable with marginal increase in ULIP**



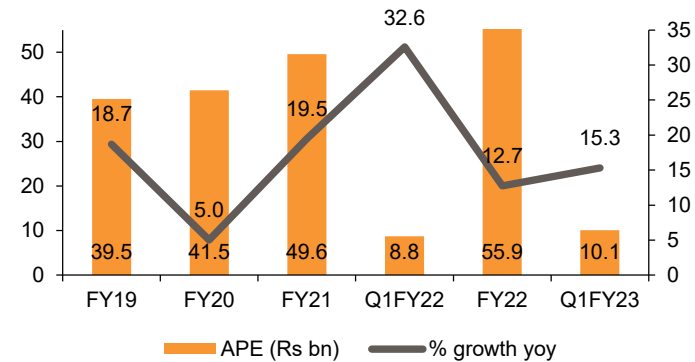
Source: Company, Emkay Research

**Exhibit 2: Proprietary channel gains share**



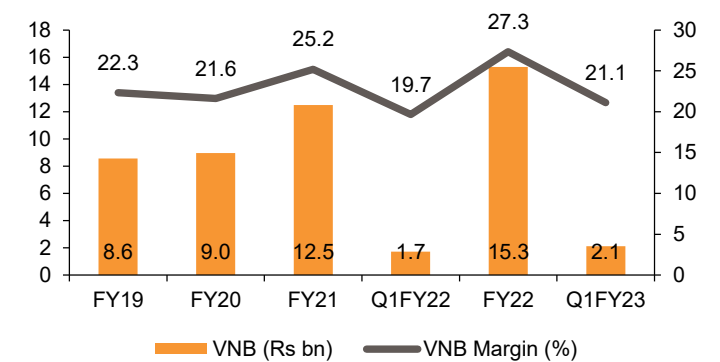
Source: Company, Emkay Research

**Exhibit 3: APE growth remains muted on a favorable base**



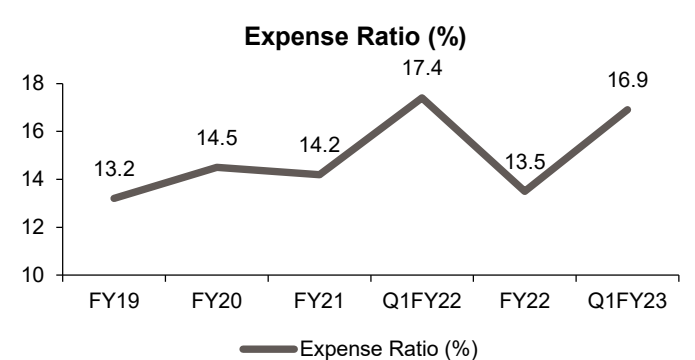
Source: Company, Emkay Research

**Exhibit 4: VNB margins rise to 21.1%**



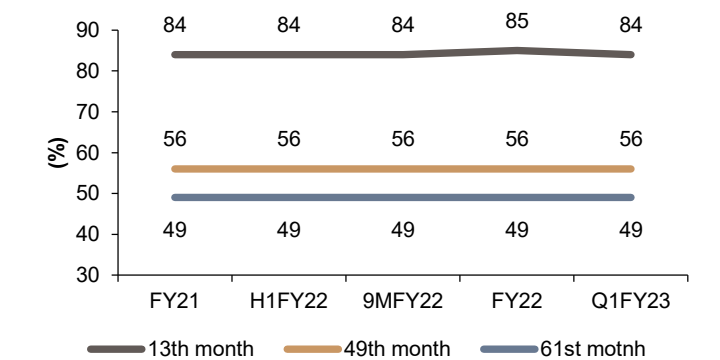
Source: Company, Emkay Research

**Exhibit 5: Expense ratio improves marginally YoY.**



Source: Company, Emkay Research Note: Expense ratio (reported) is policyholders' expense to GWP ratio

**Exhibit 6: Persistency ratios remain broadly stable across levels**



Source: Company, Emkay Research Note: Persistency ratio is calculated on individual policies excluding single premium

## Exhibit 7: Quarterly Financials

Rs bn except %	Q1FY23	Q1FY22	%yoy	Q1FY21	Q1FY20	3Y CAGR (%)	Q4FY22
<b>Annualised Premium Equivalent (APE)</b>	<b>10.1</b>	<b>8.8</b>	<b>15.3</b>	<b>6.6</b>	<b>6.9</b>	<b>13.8</b>	<b>18.4</b>
--o/w Savings	8.3	7.1	16.7	5.0	5.7	13.2	16.4
--o/w Protection	1.8	1.7	9.2	1.7	1.1	16.8	2.0
Protection (% of APE)	18.0	19.0	-1.0ppts	25.0	16.6	1.4ppts	11.0
<b>Value of New Business</b>	<b>2.1</b>	<b>1.7</b>	<b>23.8</b>	<b>1.1</b>	<b>1.3</b>	<b>16.7</b>	<b>5.9</b>
<b>New Business Margin (%)</b>	<b>21.1</b>	<b>19.7</b>	<b>1.5ppts</b>	<b>17.1</b>	<b>19.6</b>	<b>1.5ppts</b>	<b>31.9%</b>
<b>Embedded Value</b>	<b>141.5</b>	<b>122.9</b>	<b>15.2</b>	<b>106.7</b>	<b>93.1</b>	<b>15.0</b>	<b>141.7</b>
Operating RoEV (%)	13.5	13.5	0.0ppts	15.9	14.8	-1.3ppts	-
Total New Business Premium	14.8	12.4	19.8	9.0	9.1	17.7	26.2
Renewal premium	26.2	22.4	16.7	18.5	17.4	14.6	53.8
Gross written premium	41.0	34.8	17.8	27.5	26.5	15.7	80.0
<b>PBT - Max Life</b>	<b>0.91</b>	<b>0.77</b>	<b>18.2</b>	<b>2.63</b>	<b>4.17</b>	<b>(39.79)</b>	<b>1.5</b>
<b>PAT - MAXF</b>	<b>0.56</b>	<b>0.21</b>	<b>166.0</b>	<b>1.36</b>	<b>2.53</b>	<b>(39.41)</b>	<b>1.2</b>
AUM	1,071	937	14.3	732	639	18.8	1075.1
13th month persistency (%)	84.0	84.0	0.0ppts	-	-	-	-
49th month persistency (%)	56.0	55.0	1.0ppts	-	-	-	-
61st month persistency (%)	50.0	50.0	0.0ppts	-	-	-	-
Solvency ratio (%)	196	197	-1ppts	212	225	-28ppts	201

Source: Company, Emkay Research

## Exhibit 8: Appraisal value method valuation of Max Financial

Parameter (Rs bn)	Value
FY23E-38E APE CAGR	10.1%
FY23E-38E VNB CAGR	10.4%
Terminal growth rate	4.5%
Cost of Equity	13.5%
FY23 EV	169
Present value of future new business	367
FY 23 Appraisal value	536
Max Financial ownership in Max Life	80.0%
FY23 Fair value of Max Financials (20% Holdco discount)	343
No. Of shares	345.1
FV per share (Rs)	994
Sep-23 Target Price (Rs)	<b>1060</b>

Source: Company, Emkay Research

## Exhibit 9: Implied valuation multiples

Target multiples on FY23 estimates	1060
Implied P/EV	2.7x
RoEV (%)	20.4
P/EVoP	15.8x
Implied FY24E VNB multiple	17.0x
<b>Current price multiple on FY23 estimates</b>	<b>876</b>
P/EV	2.2x
RoEV (%)	20.4
P/EVOP	13.1x
Implied FY24E VNB multiple	10.3x

Source: Company, Emkay Research

## Exhibit 10: Changes in estimates

(Rs bn)	Old			Revised			(% Var)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
APE	65.2	75.5	87.4	64.1	74.2	86.0	-1.6	-1.6	-1.6
VNB	17.2	19.9	23.5	16.9	20.3	24.0	-1.6	2.1	2.1
VNB margin (%)	26.3	26.3	26.8	26.3	27.3	27.8	0.0pts	1.0pts	1.0pts
Embedded Value	169.6	201.9	240.0	169.3	202.0	240.6	-0.2	0.1	0.3
Consolidated EPS (Rs)	14.2	19.6	23.4	14.2	19.5	23.3	-0.3	-0.5	-0.7

Source: Company, Emkay Research

## Conference Call Highlights

---

- Management is focusing on building a predictable and sustainable growth engine and the company has maintained its growth trajectory during the quarter. On the distribution side, management is focusing on building the proprietary channel and has experienced strong growth momentum in the online as well as offline channel.
- Management stated that the impact of the open architecture of the banca partners led to slow growth in the banca channel for the quarter.
- As per management, the base impact of the counter share in the Axis Bank channel is expected to run off by Q3FY23. Management stated that the counter share in Axis Bank is being maintained since January 2022 and multiple initiatives are being taken to ensure the return of growth momentum.
- The company received certificate of registration from PFRDA for Max Life Pension Fund Management and all necessary requirements for obtaining certificate of commencement were complied. Management expects operations to start in Q2FY23.
- The company launched small fix return digital plan with simplified on-boarding purpose along with instant confirmation offers.
- Management said that ULIP grew by 21%, led by the launch of the new Flexi Well Advantage Plan with industry-first features such as auto debit boosters.
- NPS scores improved by 2 points from 49 to 51.
- Management said that it expects some moderation in growth as the company progresses to the coming quarters on account of moderation in ULIP owing to volatility in markets and the macroeconomic scenario.
- Management stated that online sales accounted for 5-6% of the APE, of which 40% was contributed by the direct channel and the rest by other online partners. The online channel contributed to ~22% of the total number of policies sold.
- Retail protection volumes are expected to recover by Q2FY23.
- Management said that the increase in interest rates would not result in a major impact on margins from non-par products, as the company passes on the benefits to customers to stay competitive in the market.
- Management reiterated margin guidance of ~26% by FY23-end.
- The economic variance amounted to negative Rs4.77bn.
- Management stated that, over a period of 2-3 years, the share of proprietary channel would increase to 35% from current levels on annual basis.

**Exhibit 11: Key Financials (Max Life)**

Y/E March (Rs mn)	2019	2020	2021	2022	2023E	2024E	2025E
<b>Policyholders' account</b>							
Gross written premium	1,45,752	1,61,836	1,90,179	2,24,142	2,63,205	3,09,073	3,63,135
Net earned premium	1,44,184	1,59,788	1,87,390	2,19,870	2,60,573	3,05,982	3,59,504
Investment income	48,643	21,589	1,21,656	87,615	94,057	1,10,959	1,30,801
Total revenue	1,93,578	1,81,989	3,09,628	3,08,157	3,54,630	4,16,941	4,90,305
Commission expense	9,901	10,244	12,270	14,028	16,625	19,522	22,937
Operating expenses	19,261	23,441	27,006	30,192	35,782	42,017	49,367
Benefits cost	1,54,544	1,32,616	2,66,234	2,57,354	2,94,566	3,46,411	4,07,438
Total expense	1,85,334	1,69,073	3,07,412	3,03,994	3,49,206	4,10,573	4,82,823
Surplus/Deficit	8,244	12,916	2,217	4,163	5,423	6,368	7,482
<b>Shareholders' account</b>							
Transfer from policyholders' account	4,402	4,690	3,862	2,780	5,163	6,368	7,482
Investment income	2,177	2,074	2,360	3,204	2,510	3,608	4,290
Expenses	377	802	1,249	1,862	695	721	763
Profit before tax	6,226	5,978	5,099	4,170	6,978	9,465	11,255
Tax expense	662	585	-131	303	507	688	818
<b>Profit after tax</b>	<b>5,564</b>	<b>5,394</b>	<b>5,230</b>	<b>3,867</b>	<b>6,471</b>	<b>8,777</b>	<b>10,437</b>
<b>Balance Sheet</b>							
<b>Sources of Funds</b>							
Shareholders' Funds	27,609	25,739	30,079	31,960	37,136	44,157	52,507
Borrowings	0	0	0	4,960	4,960	4,960	4,960
Policyholders' Funds: Insurance reserves and provisions	5,85,765	6,40,747	8,52,331	10,19,007	12,02,704	14,18,259	16,71,388
Others	22,498	30,962	29,819	27,408	-4,960	-4,960	-4,960
<b>Total</b>	<b>6,35,872</b>	<b>6,97,448</b>	<b>9,12,228</b>	<b>10,83,335</b>	<b>12,39,840</b>	<b>14,62,417</b>	<b>17,23,895</b>
<b>Application of Funds</b>							
Shareholders' Investments	35,187	32,581	38,484	51,477	59,813	71,123	84,571
Policyholders' Investments	3,94,173	4,60,484	5,81,847	6,89,187	8,13,427	9,59,214	11,30,413
Assets Held to Cover Linked Liabilities	1,98,619	1,91,642	2,83,736	3,34,432	3,94,720	4,65,464	5,48,539
Net Current Assets (C) = (A – B)	2,706	6,290	626	-1,025	-38,724	-45,891	-54,371
Other Asset	5,186	6,452	7,535	9,265	10,603	12,507	14,743
<b>Total</b>	<b>6,35,872</b>	<b>6,97,448</b>	<b>9,12,228</b>	<b>10,83,335</b>	<b>12,39,840</b>	<b>14,62,417</b>	<b>17,23,895</b>
<b>Embedded Value Account</b>							
Embedded Value	89,710	99,770	1,18,340	1,41,740	1,69,331	2,02,034	2,40,594
--o/w Adjusted Net Worth	23,980	25,450	27,690	31,110	36,286	43,307	51,657
--o/w Value-in-Force	65,730	74,320	90,650	1,10,630	1,33,045	1,58,727	1,88,937
Annualised Premium Equivalent (APE)	39,500	41,490	49,570	55,880	64,118	74,241	86,035
New Business value	8,560	8,970	12,490	15,280	16,891	20,301	23,956
New Business Margin (%)	21.7	21.6	25.2	27.3	26.3	27.3	27.8
EV Operating Profit	16,790	18,130	18,510	22,760	28,885	34,459	40,647
Operating RoEV (%)	22.4	20.2	18.6	19.2	20.4	20.4	20.1
<b>Per share data (Rs)</b>							
EPS	2.9	2.8	2.7	2.0	3.4	4.6	5.4
DPS	2.1	3.4	1.0	0.9	0.7	0.9	1.1
EVPS	46.8	52.0	61.7	73.9	88.3	105.3	125.4
BVPS	14.4	13.4	15.7	16.7	19.4	23.0	27.4
EV Op. Profit per share	8.8	9.5	9.7	11.9	15.1	18.0	21.2
<b>Key Ratio</b>							
Return on Equity (%)	20.4	20.2	18.7	12.5	18.7	21.6	21.6
Commission expense/TWRP (%)	7.5	7.0	7.2	7.0	7.1	7.2	7.4
Operating expenses/TWRP (%)	14.8	16.9	16.1	15.0	15.4	15.6	15.8
Total expense (% of TWRP)	22.2	23.9	23.3	22.0	22.5	22.8	23.2
Total expense (% of Avg AUM)	5.1	5.1	4.9	4.5	4.5	4.5	4.4
Calculated conservation ratio (%)	83.0	79.8	83.0	85.2	85.2	85.2	85.2

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 08/03/2022 11:40 AM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY&lt;GO&gt;. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

**Exhibit 12: Key Financials (Max Financial - Consolidated)**

Y/E March (Rs mn)	2019	2020	2021	2022	2023E	2024E	2025E
<b>Income statement</b>							
Max Life Profit before Tax	6,190	5,978	5,099	4,170	6,978	9,465	11,255
Holding company expenses net of income	1,382	1,554	-830	284	298	313	328
Profit before Tax	4,808	4,425	5,929	3,887	6,681	9,153	10,927
Tax expense	644	1,696	332	703	507	688	818
Profit after Tax	4,165	2,729	5,598	3,184	6,173	8,465	10,109
Minorities	1,539	1,279	1,344	650	1,288	1,747	2,077
Group Net Income	2,626	1,450	4,254	2,534	4,886	6,718	8,032
<b>Balance Sheet</b>							
<b>Source of Funds</b>							
Shareholders' Equity	20,590	21,465	33,430	39,346	44,232	50,950	58,982
Minorities	7,741	6,723	2,621	5,503	11,137	13,243	15,747
Financial Liabilities	6,20,750	7,09,710	9,35,352	11,24,176	11,42,569	13,47,346	15,87,819
Non-financial Liabilities	23,026	7,364	9,253	8,461	1,45,699	1,72,024	2,03,010
<b>Total</b>	<b>6,72,107</b>	<b>7,45,262</b>	<b>9,80,656</b>	<b>11,77,486</b>	<b>13,43,637</b>	<b>15,83,563</b>	<b>18,65,557</b>
<b>Application of Funds</b>							
Investments	6,14,060	7,08,703	9,55,071	11,49,688	12,08,147	14,24,678	16,78,952
Other Financial Assets	34,997	216	509	2,361	93,657	1,11,043	1,31,629
Cash and Bank balance	5,084	4,475	5,072	5,689	7,573	8,932	10,529
Non-financial Assets	17,967	31,869	20,004	19,747	34,260	38,910	44,447
<b>Total</b>	<b>6,72,107</b>	<b>7,45,262</b>	<b>9,80,656</b>	<b>11,77,486</b>	<b>13,43,637</b>	<b>15,83,563</b>	<b>18,65,557</b>
No. Of shares outstanding (mn)	269.4	269.4	345.1	345.1	345.1	345.1	345.1
Weighted average number of shares (mn)	269.4	269.4	293.2	345.1	345.1	345.1	345.1
Weighted average diluted shares (mn)	268.7	268.7	293.2	345.1	345.1	345.1	345.1
<b>Return on Equity (%)</b>	<b>13.54</b>	<b>6.90</b>	<b>15.50</b>	<b>6.96</b>	<b>11.69</b>	<b>14.12</b>	<b>14.61</b>
BVPS	76.4	79.7	96.9	114.0	128.2	147.6	170.9
Basic EPS (Rs)	9.77	5.38	14.51	7.34	14.16	19.47	23.27
Diluted EPS (Rs)	9.77	5.38	14.51	7.34	14.16	19.47	23.27

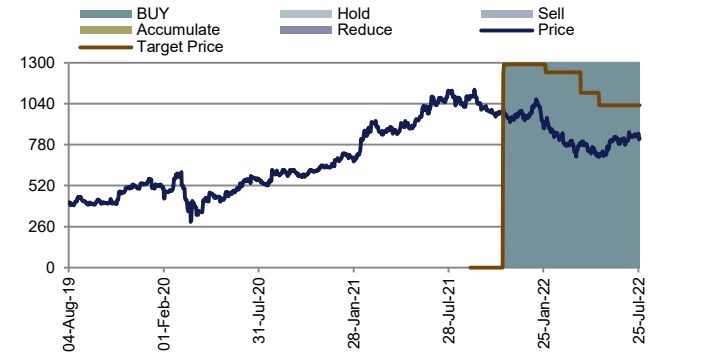
Source: Company, Emkay Research

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
09-Jun-22	830	1,030	12m	Buy	Avinash Singh
08-Jun-22	825	1,030	12m	Buy	Avinash Singh
17-May-22	739	1,030	12m	Buy	Avinash Singh
12-May-22	709	1,030	12m	Buy	Avinash Singh
11-May-22	721	1,030	12m	Buy	Avinash Singh
09-May-22	708	1,110	12m	Buy	Avinash Singh
06-May-22	710	1,110	12m	Buy	Avinash Singh
19-Apr-22	741	1,110	12m	Buy	Avinash Singh
06-Apr-22	777	1,110	12m	Buy	Avinash Singh
08-Feb-22	859	1,240	12m	Buy	Avinash Singh
29-Jan-22	913	1,240	12m	Buy	Avinash Singh
18-Jan-22	1,018	1,290	12m	Buy	Avinash Singh
07-Dec-21	969	1,290	12m	Buy	Avinash Singh
10-Nov-21	993	1,290	12m	Buy	Avinash Singh
09-Nov-21	1,001	1,230	12m	Buy	Avinash Singh
07-Sep-21	1,091	-	12m	UR	Avinash Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research



## Emkay Alpha Portfolio – BFSI-Insurance



### Analyst: Avinash Singh

#### Contact Details

avinash.singh@emkayglobal.com  
+91 22 66121327

#### Sector

Insurance and Non-lending Financials

#### Analyst bio

Avinash Singh holds a PGDM and CFA. He has over 13 years of experience, including 10 years of research experience on the sell side. His team currently covers four insurance and one asset management stocks.

#### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
<b>BFSI-Insurance</b>	<b>1.62</b>	<b>1.54</b>	<b>-5%</b>	<b>-8</b>	<b>100.00</b>	
HDFC Life Insurance	0.52	0.51	-2%	-1	31.42	0
ICICI Pru Life	0.21	0.11	-47%	-10	6.96	0
LIC	0.11	0.08	-25%	-3	5.04	0
Max Financial	0.19	0.20	6%	1	12.20	0
SBI Life	0.57	0.64	13%	8	39.52	0
Star Health	0.03	0.08	142%	5	4.78	0
<b>Cash</b>	<b>0.00</b>	<b>0.08</b>	<b>NA</b>	<b>8</b>	<b>4.88</b>	<b>0</b>

Source: Emkay Research

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

#### Sector portfolio NAV

	Base					Latest	
	1-Apr-19	2-Aug-21	1-Feb-22	2-May-22	1-Jul-22	1-Aug-22	
EAP - BFSI-Insurance	100.0	179.3	172.5	154.9	156.1	176.6	
BSE200 Neutral Weighted Portfolio (ETF)	100.0	180.3	172.6	155.2	155.4	169.0	

\*Performance measurement base date 1<sup>st</sup> April 2019

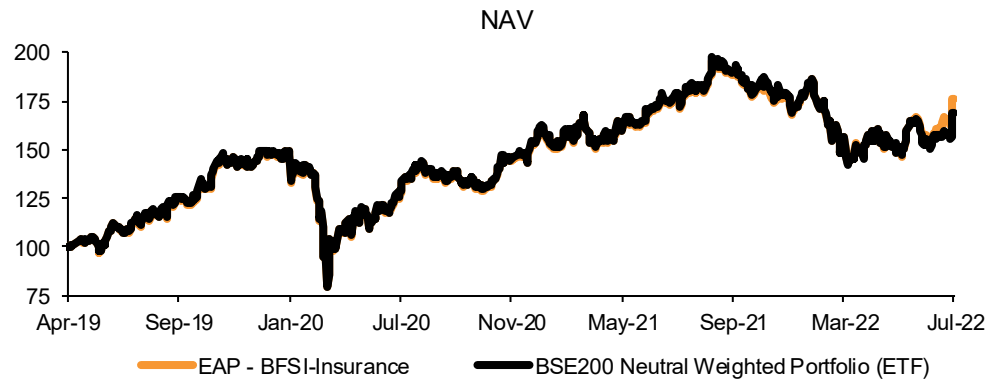
Source: Emkay Research

#### Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-Insurance	13.1%	14.0%	2.3%	-1.6%
BSE200 Neutral Weighted Portfolio (ETF)	8.7%	8.9%	-2.1%	-6.3%

Source: Emkay Research

#### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”



## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 02 Aug 2022 17:46:53 (SGT)

Dissemination Date: 02 Aug 2022 17:47:53 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

### GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.emkayglobal.com](http://www.emkayglobal.com)

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, 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 or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.

- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

**Disclaimer for U.S. persons only:** This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and 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 Financial Institutions Regulatory Authority (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. This report is intended for distribution 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). 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, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

**COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):**

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of August 2, 2022
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of August 2, 2022.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the August 2, 2022
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the August 2, 2022

**RESTRICTIONS ON DISTRIBUTION**

General	This report is not directed to, 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 or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 <sup>th</sup> Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com