Max Financial Services

BSE SENSEX	S&P CNX
72,709	21,885

CMP: INR903 **TP: INR1,020 (+13%)** **Neutral**

Regulatory overhang; fairly valued

- **Max Financial Services (MAXLIFE) is seeing pension as a big opportunity over the medium term. The company is investing in its pension subsidiary and has set up a dedicated vertical to grow the annuity business.**
- **Protection demand has been strong, and with supply-side pressure moderating, growth is likely to be strong as well. The return of premium products has enabled strong growth in the offline channel as well. RoP accounts for 20% of MAXLIFE's retail protection. The group-term business is becoming challenging with hyper-competition, and MAXLIFE is playing this conservatively.**
- **The non-par segment has seen price correction recently, and profitability has moderated. MAXLIFE expects the share of non-par to be stable in FY25.**
- **MAXLIFE has invested in the agency channel (fourth-largest net addition in FY24 at 32k agents) and related branch expansion (132 branches in FY23 and FY24), which will result in productivity improvement going forward.**
- **Axis Bank has increased its skin in the game with a capital infusion and the appointments of two directors to the Board of MAXLIFE. While Axis Bank has committed to maintaining MAXLIFE's wallet share at 60-70%, the addition of Tata AIA (via Citibank acquisition) and the appointment of Aditya Birla Life Insurance as a new partner can act as a constraint.**
- **Regulations are customer-centric and likely to be favorable over the medium term. The surrender charges regulation can adversely impact margins, but insurers can use the levers of product pricing and commissions to cushion this impact. MAXLIFE, with 55% share of business from non-linked and non-protection businesses (the highest among peers), could see the highest impact.**
- **We expect a 13% CAGR in APE and VNB margins for MAXLIFE during FY24-26. RoEVs would be maintained in the 18-19% range. Reiterate Neutral with a TP of INR1,020, based on 2.0x Mar'26E EV and a holdco discount of 20%.**

Pension and retirement planning, a big opportunity

- With the share of middle-aged population rising, pension and retirement solutions are expected to present a notable opportunity over the next decade (last five-year growth has been 25-30% in NPS AUM).
- At superannuation, an NPS subscriber must use at least 40% of the accrued pension corpus to purchase an annuity that provides a regular monthly pension (life insurance products).
- The asset management charges in this segment are significantly lower than ULIP products, and hence, the scale would be the key driver for this segment.
- MAXLIFE has a subsidiary in this segment, Max Life Pension Fund Management, which started operations in 2022.
- Currently, it has an AUM of INR6.5b, but the company has plans to scale this up materially over the next few years.

Stock Info

Bloomberg	MAXF IN
Equity Shares (m)	345
M.Cap.(INRb)/(USDb)	311.5 / 3.7
52-Week Range (INR)	1093 / 660
1, 6, 12 Rel. Per (%)	-7/-18/11
12M Avg Val (INR M)	1067
Free float (%)	93.5

Financials Snapshot (INR b)

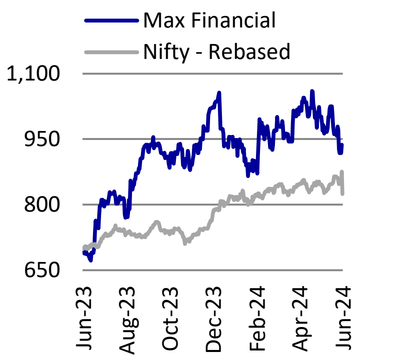
Y/E MARCH	FY24	FY25E	FY26E
Grosss Premium	295.3	341.4	394.6
Sh.PAT	6.9	9.3	11.4
NBP gr - unwtd (%)	20.0	16.0	16.0
NBP gr - APE (%)	14.0	16.0	16.0
Premium gr (%)	16.7	15.4	15.6
VNB margin (%)	26.5	26.4	26.7
Op. RoEV (%)	20.2	19.3	19.2
Total AUMs (INRb)	1,508	1,832	2,077
VNB(INRb)	19.7	21.7	25.4
EV per Share	452	539	641
Valuations			
P/EV (x)	2.5	2.1	1.8
P/EVOP (x)	14.8	12.9	10.9

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	6.5	6.5	10.2
DII	39.9	36.9	34.1
FII	47.7	50.9	47.7
Others	5.9	5.7	8.1

FII Includes depository receipts

Stock performance (one-year)



Research Analyst: **Prayesh Jain** (Prayesh.Jain@MotilalOswal.com) / **Nemin Doshi** (Nemin.Doshi@MotilalOswal.com)
Research Analyst: **Nitin Aggarwal** (Nitin.Aggarwal@MotilalOswal.com) /**Muskan Chopra** (Muskan.Chopra@ MotilalOswal.com)

Non-par competition intense; MAXLIFE's contribution to be steady

- During FY22/FY23, MAXLIFE recorded strong growth in the non-par segment led by innovative product launches, such as the Smart Fixed Return Digital plan, which was sold primarily on the online channel.
- Thesame product was also available in offline channels, but the commissions were paid on a lag basis, which did not go well with the distributors.
- While demand was strong in FY23, the announcement of taxation on INR0.5m+ premium policies buoyed demand further.
- Subsequently, demand trended down, and the competitive intensity accelerated. However, the industry took corrective actions, towards the end of FY24, based on the yield curve movements.
- Considering expectations of interest rate cuts in the future and IRDAI's regulations that allow pricing the product promptly, the responsiveness of the industry is quick, thus enabling stability in margins.
- The company expects to sustain its share of non-par products at FY24 levels going forward.

Product mix likely to be stable in the near term

- For ULIPs, per se, demand is likely to be strong in the near term, aided by favorable equity markets. However, there is an increased focus in the industry on improving the profitability of the product via attaching more riders and increasing the sum assured.
- The focus on scaling up the retirement business has also intensified, where the pension business is in a separate subsidiary and the company is setting up a dedicated vertical for the annuity business.
- Group credit has posted strong growth and will sustain over the medium term as the company continues to increase its tie-ups (30-35 partners in this space).
- The demand for protection has always been strong. However, post-Covid, the supply-side issues restricted business growth. Post-pandemic, after making the assumption changes and increasing risk retention from insurers, the reinsurance capacity has been improving.
- The return of premium has helped grow this segment in offline channels, particularly agency, as the ticket size is higher. From an insurer's perspective too, it becomes a better product as the premium-to-sum assured ratio is higher. For MAXLIFE, the ROPs would contribute about 20% of the overall retail protection.
- The group term business has been hyper competitive. As the product is renewable on a yearly basis, maintaining margins in the segment has become a challenge. Some players, who were aggressive in the past, are now experiencing profitability concerns. MAXLIFE will scale up this business only if it sees healthy underwriting profits.

Strengthening its agency channel; Axis Bank channel growth to be healthy

- MAXLIFE has gone full throttle with the variable-tiered agency concept, which allows them to scale up with a significantly lower fixed cost.
- Variable-tiered agency is a structure where there are multiple layers of agents, who manage other agents and all are on variable compensation. While fixed costs are lower in this channel, variable costs are higher, keeping the overall costs at similar levels.
- In the online channel, traditionally, MAXLIFE has been selling only protection business. Last year onwards, it ventured into the savings segment. It is the No. 2 player in terms of online savings business.
- In the bancassurance channel, MAXLIFE has been present predominantly with Axis Bank and Yes Bank; this has now expanded to a network of six banks (with the addition of Tamilnad Bank and DCB Bank).
- The guidance from Axis Bank is to maintain a 60-70% wallet share. With INR16.1b of investments by the bank and appointments of its directors to the MAXLIFE Board, the skin in the game has increased for Axis Bank.
- Bank branching will continue to grow at a healthy pace with branch addition plans at Axis Bank. Further, there are certain pockets at Axis Bank that are unexplored. Here, MAXLIFE could get exclusive access (direct-to-customer is one such area). These can be deepened without any major investments.
- With respect to competitive intensity within Axis Bank (as there are LIC, Tata AIA, and Aditya Birla Life Insurance), management is confident of maintaining its wallet share in the 60-70% range.

Focusing on granular growth; investing in expansion

- The revision in taxation rates, adversely impacted premium growth in the higher-income segments. Resultantly, the companies have to focus on granular growth at present in terms of the number of policies.
- MAXLIFE had ceased its expansion plans between 2010-11 and 2019 and during Covid-19. However, over the past two years, there has been a significant branch expansion activity. The number of branches rose to 477 in FY24 from 345 in FY22, and they are present in 200+ cities.

Regulations are customer-centric and favorable in the long term

- The EOM regulations were implemented in FY24, and MAXLIFE has been compliant during the year. Overall costs have been well managed, and budgets are in control for FY25.
- The IFRS implementation appears to be getting delayed and could take some time, as it is still not notified. From notification to implementation, the process would take about 12-18 months.
- The IFRS implementation is a big challenge, given the highly nuanced changes that would be required.
- The risk-based capital regulations are being formulated, and the regulator is in discussions with the insurers to get a granular understanding. The current factor-based approach does not factor in any modalities, such as the use of derivatives or the retention of risks. RBC will definitely be favorable for the industry over the longer term, but currently it is at a nascent stage.

- Surrender charges are in a consultation phase, and several options are being evaluated by the regulator. The aim is to ensure a win-win situation for all three stakeholders – insurers, distributors, and customers. Insurers will have several options to mitigate the risk emanating from the same, such as altering pricing and changing commission constructs.

VNB margin likely to be stable in FY25

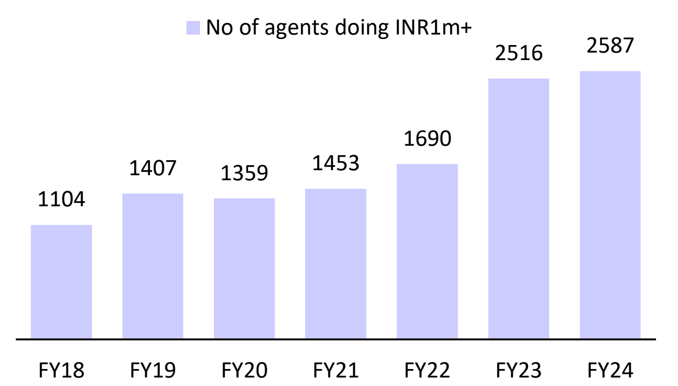
- With the product mix projected to be stable, MAXLIFE's margins are also expected to be similar to FY24.
- In certain pockets, business is becoming competitive, and the product-level margins are under some pressure, which will be partly offset by scale advantages for larger players.
- MAXLIFE has invested in agency count and branch additions over the past couple of years, which will lead to scale benefits.

Surrender charges remain an overhang; Axis Bank growth a key monitorable; reiterate Neutral

- In FY24, the non-linked and non-protection businesses accounted for 55% of the APE for MAXLIFE, the highest among the listed peers. The media (recent MoneyControl article) has been indicating that IRDAI is considering various options with respect to surrender charges. Any option that increases the surrender value to the customer can be detrimental to the VNB margin. MAXLIFE has the highest risk to these changes.
- Axis Bank, with its skin in the game in MAXLIFE, will have to counter various challenges, such as a high credit-to-deposit ratio at the bank and the increased number of life insurance partners.
- We expect a 13% CAGR in APE and VNB margins for MAXLIFE during FY24-26. RoEVs would be maintained in the 18-19% range. Reiterate Neutral with a TP of INR1,020, based on 2.0x Mar'26E EV and a holdco discount of 20%.

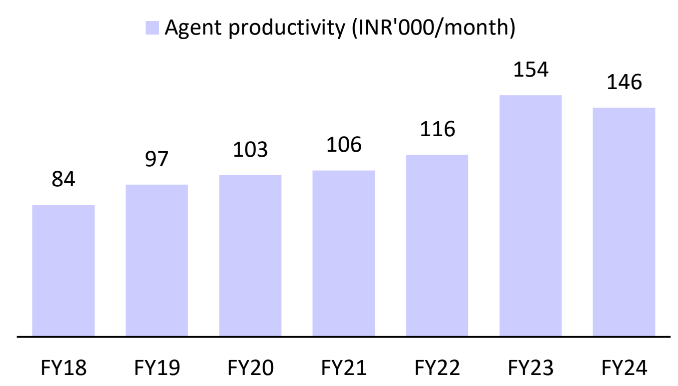
Key exhibits

Exhibit 1: Agent productivity improving



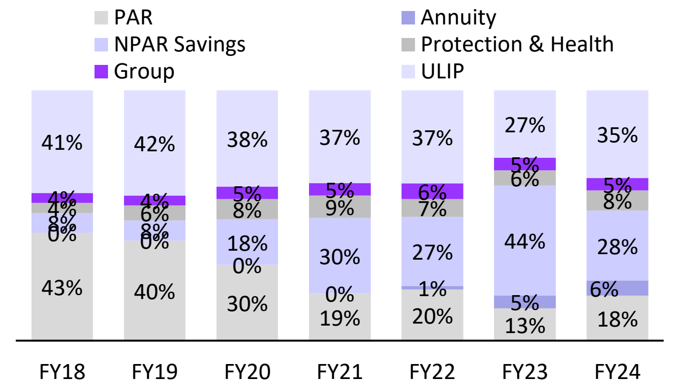
Source: MOFSL, Company

Exhibit 2: FY24 was hit by the non-par segment



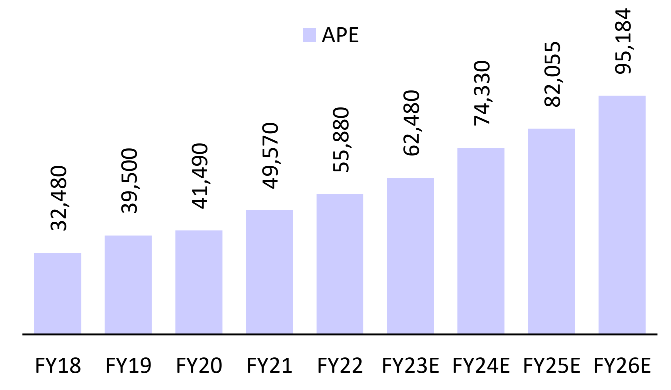
Source: MOFSL, Company

Exhibit 3: Product mix



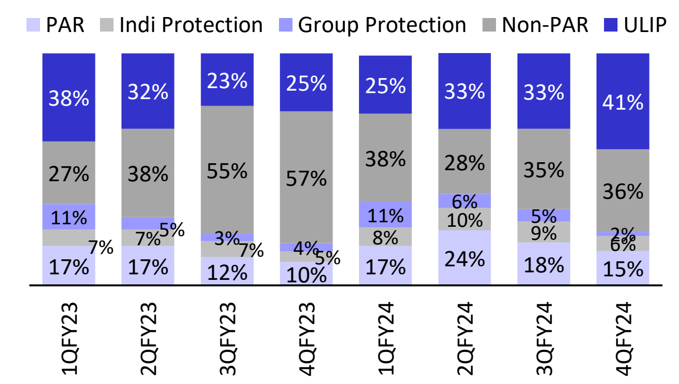
Source: MOFSL, Company

Exhibit 4: APE growth



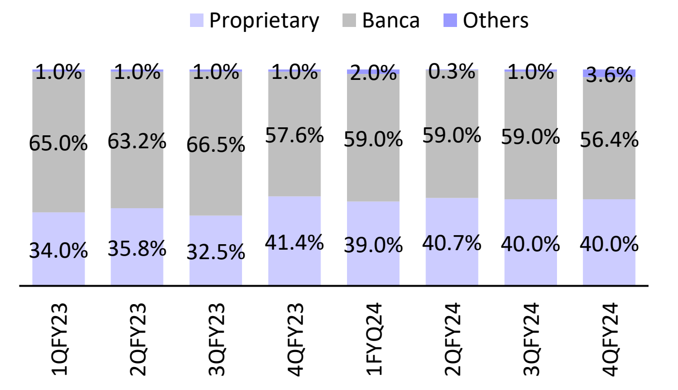
Source: MOFSL, Company

Exhibit 5: Trend in product mix



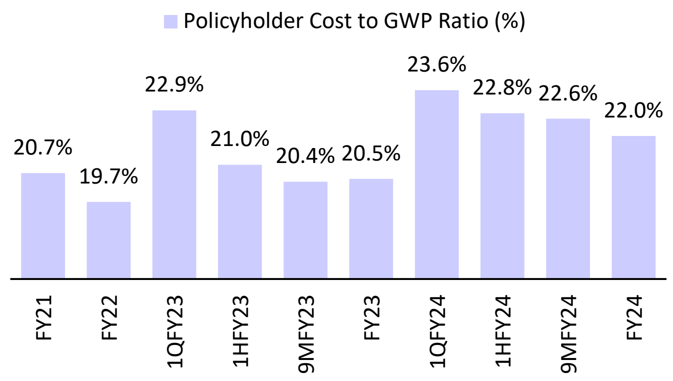
Sources: MOFSL, company reports

Exhibit 6: Banca channel's share reduced



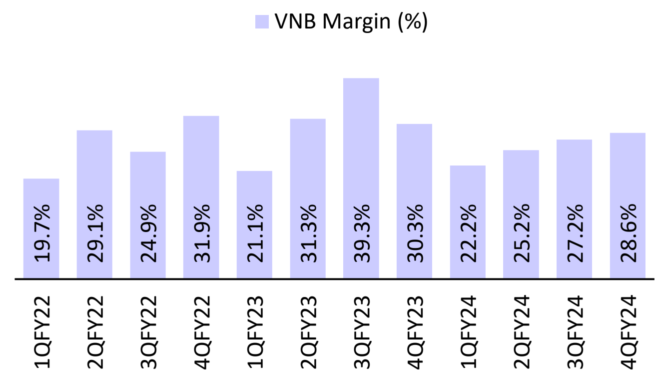
Sources: MOFSL, company reports

Exhibit 7: Opex-to-GWP stood at 22% for FY24



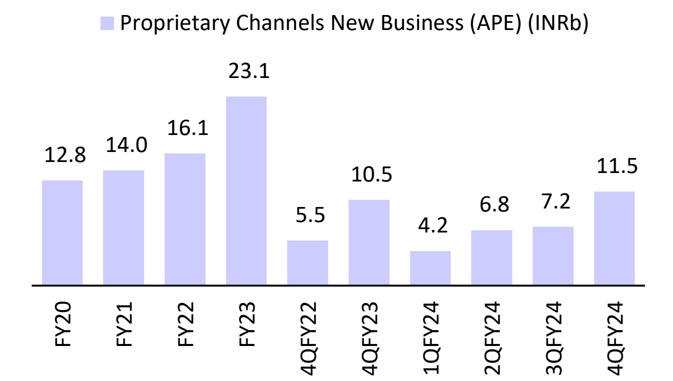
Sources: MOFSL, company reports

Exhibit 8: VNB margin contracted 170bp YoY to 28.6%



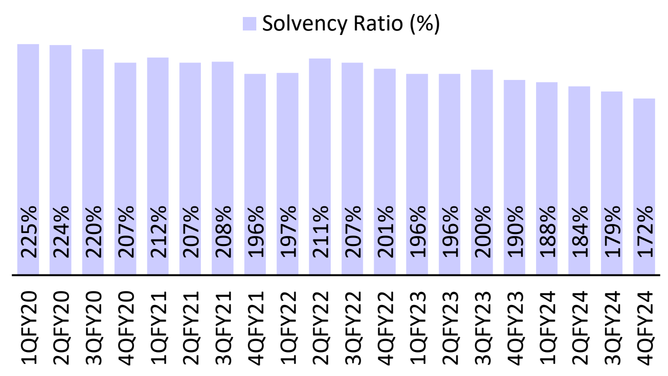
Sources: MOFSL, company reports

Exhibit 9: Proprietary channel's APE up 9.6% YoY in 4QFY24



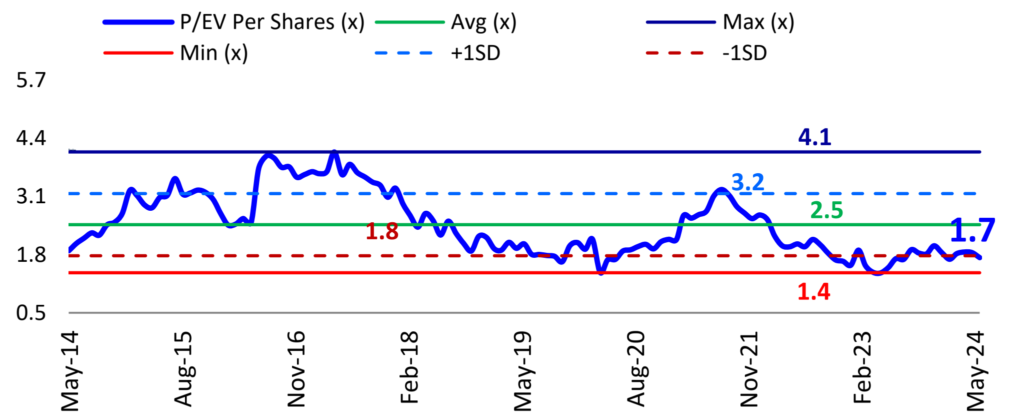
Sources: MOFSL, company reports

Exhibit 10: Solvency ratio stood at 172% as of 4QFY24



Sources: MOFSL, company reports

Exhibit 11: One-year forward P/EV



Source: MOFSL, Company

Financials and valuations

Technical account (INR m)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Gross Premiums	1,90,179	2,24,141	2,53,419	2,95,290	3,41,390	3,94,559
Reinsurance Ceded	2,788	4,272	4,601	5,113	6,054	7,172
Net Premiums	1,87,391	2,19,870	2,48,818	2,90,664	3,35,336	3,87,387
Income from Investments	1,21,657	87,408	60,936	79,655	89,808	1,01,524
Other Income	730	878	792	922	1,073	1,249
Total income (A)	**3,10,230**	**3,08,155**	**3,10,547**	**3,71,241**	**4,26,217**	**4,90,160**
Commission	12,270	14,028	16,138	20,862	24,216	28,120
Operating expenses	27,008	30,192	35,808	43,262	50,259	58,412
Total commission and opex	**39,277**	**44,220**	**51,947**	**64,123**	**74,475**	**86,532**
Benefits Paid (Net)	70,149	92,772	99,792	1,42,549	1,62,054	1,85,953
Chg in reserves	1,96,686	1,64,581	1,50,603	1,52,794	1,75,898	2,02,094
Prov for doubtful debts	40	18	89	48	56	66
Total expenses (B)	**3,06,153**	**3,01,592**	**3,02,430**	**3,59,514**	**4,12,483**	**4,74,645**
(A) - (B)	**4,077**	**6,564**	**8,117**	**11,726**	**13,734**	**15,515**
Prov for Tax	1,857	2,402	2,120	2,912	3,305	3,776
Surplus / Deficit	**2,220**	**4,162**	**5,997**	**8,814**	**10,429**	**11,739**

Shareholder's a/c (INR m)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Transfer from technical a/c	3,864	2,781	4,563	7,206	9,153	10,219
Income From Investments	2,360	3,212	3,143	3,949	5,331	7,197
Total Income	**6,351**	**6,033**	**7,858**	**11,156**	**14,485**	**17,416**
Other expenses	739	707	785	887	1,003	1,133
Contribution to technical a/c	502	1,168	1,999	2,500	3,000	3,500
Total Expenses	**1,249**	**1,862**	**2,789**	**3,387**	**4,003**	**4,633**
PBT	**5,102**	**4,170**	**5,069**	**7,768**	**10,482**	**12,783**
Prov for Tax	(131)	303	694	855	1,153	1,406
PAT	**5,232**	**3,867**	**4,374**	**6,914**	**9,329**	**11,377**
Growth	***-3%***	***-26%***	***13%***	***58%***	***35%***	***22%***

Premium (INR m) & growth (%)	FY21	FY22	FY23	FY24E	FY25E	FY26E
New business prem - unwtd	68,262	79,049	89,586	1,07,503	1,24,704	1,44,656
New business prem - WRP	50,327	55,762	62,046	70,737	82,055	95,184
Renewal premium	1,21,917	1,45,092	1,63,823	1,88,274	2,16,687	2,49,903
Total premium - unwtd	1,90,179	2,24,142	2,53,409	2,95,777	3,41,390	3,94,559
New bus. growth - unwtd	22.3%	15.8%	13.3%	20.0%	16.0%	16.0%
New business growth - wrp	18.8%	10.8%	11.3%	14.0%	16.0%	16.0%
Renewal premium growth	15.0%	19.0%	12.9%	14.9%	15.1%	15.3%
Total prem growth - unwtd	17.5%	17.9%	13.1%	16.7%	15.4%	15.6%

Premium mix (%)	FY21	FY22	FY23	FY24E	FY25E	FY26E
New business - unwtd						
- Individual mix	91.2%	89.8%	90.2%	90.0%	90.0%	90.0%
- Group mix	8.8%	10.2%	9.8%	10.0%	10.0%	10.0%
New business mix - WRP						
- Participating	20.7%	22.6%	14.8%	20.6%	20.5%	20.4%
- Non-participating	41.6%	38.5%	57.3%	40.3%	40.6%	40.9%
- ULIPs	37.7%	39.0%	27.9%	39.1%	38.9%	38.8%
Total premium mix - unwtd						
- Participating	41.3%	NA	32.6%	41.2%	41.0%	40.6%
- Non-participating	27.7%	NA	41.7%	26.0%	26.8%	27.5%
- ULIPs	30.9%	NA	25.7%	32.8%	32.3%	31.9%

Individual prem sourcing mix (%)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Individual agents	25.2%	23.0%	22.4%	23.4%	24.4%	25.4%
Corporate Agents-Banks	63.5%	64.4%	58.9%	63.0%	63.0%	63.0%
Direct Business	7.0%	8.4%	13.1%	11.6%	10.6%	9.6%
Others	4.2%	4.2%	5.6%	2.0%	2.0%	2.0%

Financials and valuations

Balance sheet (INR m)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Sources of Fund						
Share Capital	19,188	19,188	19,188	19,188	20,608	20,608
Reserves And Surplus	10,589	12,760	16,208	22,087	44,938	55,142
Shareholders' Fund	**30,079**	**31,959**	**35,467**	**41,354**	**65,633**	**75,847**
Policy Liabilities	5,58,936	6,72,822	8,05,354	7,22,072	7,85,026	8,51,976
Prov. for Linked Liab.	2,54,703	2,94,035	3,03,656	7,17,983	8,25,971	9,79,011
Funds For Future App.	29,819	32,369	35,803	35	197	422
Current liabilities & prov.	28,853	37,214	38,656	42,521	46,774	51,451
Total	**9,41,082**	**11,20,549**	**12,81,208**	**15,94,421**	**18,10,354**	**20,65,688**
Application of Funds						
Shareholders’ inv	38,484	51,477	55,042	74,307	1,00,315	1,35,425
Policyholders’ inv	5,81,847	6,89,187	8,21,021	10,85,135	12,41,004	14,21,460
Assets to cover linked liab.	2,83,736	3,34,432	3,52,502	3,73,652	3,96,072	4,19,836
Loans	5,322	6,661	9,248	14,150	21,649	33,123
Fixed Assets	2,213	2,604	3,452	4,039	4,725	5,528
Current assets	29,480	36,189	39,942	43,138	46,589	50,316
Total	**9,41,082**	**11,20,550**	**12,81,208**	**15,94,421**	**18,10,354**	**20,65,688**

Operating ratios (%)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Investment yield	15.2%	9.0%	5.1%	5.8%	5.8%	5.8%
Commissions / GWP	**6.5%**	**6.3%**	**6.3%**	**7.1%**	**7.1%**	**7.1%**
- first year premiums	17.5%	18.0%	18.7%	23.6%	23.7%	23.8%
- renewal premiums	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%
- single premiums	1.4%	1.8%	1.6%	1.0%	1.0%	1.0%
Operating expenses / GWP	14.2%	13.5%	14.2%	14.7%	14.7%	14.8%
Total expense ratio	**20.7%**	**19.7%**	**20.5%**	**22.0%**	**21.8%**	**21.9%**
Claims / NWP	37.4%	42.2%	40.1%	49.0%	48.3%	48.0%
Solvency ratio	202%	201%	193%	172%	195%	190%

Persistency ratios (%)	FY21	FY22	FY23	FY24E	FY25E	FY26E
13th Month	84.0%	85.0%	84.0%	87.0%	88.0%	89.0%
25th Month	71.0%	68.0%	68.0%	70.0%	71.0%	72.0%
37th Month	63.0%	61.0%	62.0%	63.0%	63.5%	64.0%
49th Month	58.0%	56.0%	63.0%	66.0%	66.5%	67.0%
61st Month	54.0%	50.0%	58.0%	58.0%	58.5%	59.0%

Profitability ratios (%)	FY21	FY22	FY23	FY24E	FY25E	FY26E
New business margin (%)	25.2%	27.4%	31.2%	26.5%	26.4%	26.7%
RoE (%)	18.7%	12.5%	13.0%	18.0%	17.4%	16.1%
Operating RoEV	18.5%	19.2%	22.1%	20.2%	19.3%	19.2%
RoEV (%)	18.6%	19.8%	14.7%	19.9%	19.2%	18.9%

Valuation ratios	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total AUMs (INR bn)	904	1,075	1,229	1,508	1,832	2,077
EPS (Rs)	11.0	8.1	9.2	16.0	21.6	26.4
Value of new business (INRb)	12.5	15.3	19.5	19.7	21.7	25.4
Embedded Value (INR bn)	118.4	141.8	162.6	194.9	232.4	276.5
EV Per share (INR)	274.3	328.6	377.0	451.9	538.8	640.8
P/EV (x) - after 20% holdco disc	4.1	3.4	3.0	2.5	2.1	1.8
P/EPS (x)	102.4	138.6	122.5	70.2	52.1	42.7
P/EVOP(x)	26.2	21.3	15.5	14.8	12.9	10.9
P/VNB(x)	38.9	31.8	24.9	24.6	22.4	19.1

Note: Valuation ratios adjusted for the MFS stake (80%) and holdco discount (20%)

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

.

Specific Disclosures

1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
5 Research Analyst has not served as director/officer/employee in the subject company
6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

- 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)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

Disclaimer:

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.