BUY (Maintain)

CMP: **INR 209** Target Price: **INR 300** ▲ 44%

ICICI Securities

29 March 2025

India | Equity Research | Company Update

Karur Vysya Bank

Banking

Resilient on growth and RoA with healthy optionality; high comfort on asset quality

We recently met Karur Vysya Bank (KVB)'s top brass, including business heads, at Karur. Our confidence in the quality/longevity of growth and earnings is emboldened. KVB has been furnishing steady loan growth and will likely have at its disposal healthy optionality, as and when liquidity eases/lending to unsecured turns conducive. The bank acknowledges potential moderation in NII growth in the near term due to pressure on yields besieged by an easing rate environment; but it is making sincere efforts to offset this by stepping-up TWO recoveries, TPD and other fees. KVB sports one of the lowest net NPAs (0.2%) and SMA1+2 loans (<0.4%) and has <3% share of unsecured. It may well be among the few banks to see lower credit costs YoY in FY26. Despite factoring in NIM moderation, KVB's RoA/RoE may not only exhibit resilience, but possibly even outpace peers (at ~1.6% /16% for FY26), and be in the same league as large private banks. Retain **BUY**; TP of INR 300 unchanged.

Growth steady and strong; equipped to push once liquidity eases

KVB has been consistently delivering strong ~20% YoY growth in combined retail, MSME and agri segments. However, overall loan growth has been restricted at 14–16% YoY due to a calibrated corporate book with the backdrop of its focus on profitability. Deposits growth has been healthy at 15–16% YoY with Q3FY25 LDR at comfortable 83%. KVB seems to have sharpened its focus on institutional liabilities via niche/differentiated offerings, embedded solutions and additional resources (~1200 feet-on-street deployed). It has untapped ~6mn BNPL customers, offering huge optionality (as macro become more conducive) on unsecured PL/cross-sell, in our view. We believe the bank should report steady ~15% loan CAGR for FY24–27E with upside risks from improving liquidity/leveraging BNPL customers.

Asset quality to remain best-in-class; no concerns on SME

KVB has one of the lowest net NPA ratios, at 20bps, across the industry. It has been among the few banks to disclose the entire SMA1+2 figures, which have been <0.5% for the last several quarters. Net of upgrades and TWO recoveries, slippages have been broadly negative for several quarters now. Share of unsecured loans, including MFI, is miniscule at <3% with reasonable mitigants (have no real credit costs in BNPL). KVB has also been beefing up contingent provisions, O/s contingent at INR 1.75bn; 20bps of loans. The bank acknowledged media reports about signs of rising stress in a few SME pockets. However, it remains confident on SME asset quality, basis its portfolio quality. We estimate FY26 credit costs to decline to ~40bps (vs. ~50bps for FY25E) and believe there is even scope for positive surprise.

Financial Summary

Y/E March	FY24A	FY25E	FY26E	FY27E
NII (INR bn)	38.1	42.5	46.0	54.8
Op. profit (INR bn)	28.3	31.4	31.6	36.8
Net Profit (INR bn)	16.0	19.3	20.6	23.5
EPS (INR)	20.0	24.0	25.6	29.2
EPS % change YoY	44.7	20.1	6.8	14.2
ABV (INR)	122.0	144.4	166.3	191.0
P/BV (x)	1.6	1.4	1.2	1.0
P/ABV (x)	1.6	1.4	1.2	1.0
Return on Assets (%)	1.6	1.7	1.6	1.6
Return on Equity (%)	17.2	17.7	16.3	16.1

Jai Prakash Mundhra
jai.mundhra@icicisecurities.com
+91 22 6807 7572
Hardik Shah
hardik.shah@icicisecurities.com

Market Data

Market Cap (INR)	167bn
Market Cap (USD)	1,956mn
Bloomberg Code	KVB IN
Reuters Code	KARU.BO
52-week Range (INR)	246 /164
Free Float (%)	97.0
ADTV-3M (mn) (USD)	5.1

Price Performance (%)	3m	6m	12m
Absolute	(6.1)	(3.7)	14.5
Relative to Sensex	(4.4)	5.9	9.4

ESG Score	2023	2024	Change
ESG score	73.0	NA	NA
Environment	51.5	NA	NA
Social	74.6	NA	NA
Governance	80.1	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY25E	FY26E
PAT	1	0

Previous Reports

21-01-2025: Q3FY25 results review
06-12-2024: Sector Update

RoA strong and resilient through other income growth and efficiency

KVB acknowledged that the easing rate environment would have downward pressure on yields on advances. In our view, the bank is likely to see downward bias in yields on advances given ~48% share of EBLR loans and ~38% of MCLR loans. NII growth has moderated to ~8% YoY in Q3FY25. In the near term, till H1FY26E, NII growth would likely trend below loan growth, as loan book repricing would be faster than deposits. However, once the rate cut cycle ends around Q3FY26E, NII growth should start outpacing loan growth driven by easing deposits costs.

The bank intends to partly offset the likely slower NII growth through stepping-up efforts on other income. KVB aims to beef-up third-party income and has plans to add one more banca partner in the near term. It is also trying to extract more off-balance sheet fee avenues, within its risk appetite using surplus capital.

The bank has seen a sharp rise in TWO recoveries from INR 3.4bnn in FY24 to INR 4.6bn in 9MFY25. There has been a structural change in the recovery function. Earlier, asset recovery branches were engaged in recovery, now it has been put under a central working team, which includes externally hired personnel. The legal team has been strengthened to avoid delays. There is a separate disposal team as well for quick asset monetization.

We appreciate the banks' preparedness/initiatives to boost other income to offset the likely moderation in NII. Unlike other private banks, TWO recovery can be more recurring at KVB, as PCR including TWO stands at ~97% (one of the highest). The O/s TWO pool is around INR 46bn with a significant share of secured SME NPA. Despite a miniscule unsecured book, KVB seems to have an aggressive write-off policy as well.

Hiring beefed-up post years of stagnation; CTC share now at ~33%

After years of stagnation, the bank has hired ~3,000 employees in the last 2–3 years. ~1,200 feet-on-street have been deployed for its sourcing businesses. The other ~1,800 have been put on 'branch sale and service executive' roles. Apart from service, these staff have a sales target. Instead of housing the staff additions under a separate subsidiary, the bank has added them on-roll. The salary structure is similar to a subsidiary setup, except without the hassle.

Overall, the bank has streamlined staff KRAs, which are transparent and can be tracked on a daily basis. An individual can also map his or her progress and can also compare his relative ranking within the organization. The share of CTC employees has risen from a minuscule single digit few years ago to ~33% currently.

Maintain BUY; INR 300 TP unchanged

In the current cycle, KVB has built strong resilience in growth (strong edge on cost of funds; diversified book), opex (front-loaded investments in manpower, tech) and asset quality (one of the few banks to see improving credit costs), and thus, RoA longevity. We also highlight healthy option value once the deposits/unsecured PL environment improves. We expect KVB to retain its leadership on RoA/RoE among mid-smaller private banks.

Maintain **BUY** with an unchanged target price of INR 300, valuing the stock at ~1.8x FY26E (implied target of ~1.6x FY27E) ABV and ~12x EPS. Our target multiple is reflective of strong resilience in growth, opex and RoA. Key risk is slower-than-expected deposits mobilisation impacting growth.

Takeaways from business heads meetings

Liability – Mr S T Gopal

- Mr Gopal joined in Jul'24. He has earlier worked in banks such as IIB, ING Vysya, ICICI and SBI.
- KVB added INR 20bn of CASA in FY24, broadly spilt equally into branch/sales channel.
- The bank has mapped 1.1mn customers to branches, which roughly corresponds to ~17% of the total deposits.
- The bank has been seeing strong traction in new variant of CASA. Around 6% customers by volume and 23% by value, came from new variants.
- The average ticket size is INR 180k for new variants vs. INR 38k for legacy accounts. Within this, the ATS is higher for sales force channel (INR 253k).
- As compared to the new private banks, KVB has big edge on customer branch servicing. The key reason is the attrition in KVB is miniscule and hence there is uniformity in customer service and experience, which peers may not be able to match.
- The bank believes that 'payment capability' is one of the critical aspects to get institutional CASA business. It has beefed up its TBG (transaction banking group) capabilities and has been targeting various segment such as educational institutes, housing society, hospitals, temples through QR code solutions.
- Temples segment is INR 23bn float. Float in government is INR 20bn and institution is another INR 55bn. This is mostly in the form of TD and the endeavor is to add more CASA here.
- The bank is also trying to make inroads into corporate salary products by niche segmentation. The book is O/s INR 5.5bn. The endeavor is to target boutique firms.
- Self-funding ratio is ~20–25% in SME, which is low. The aim is to ramp this up. Corporate self-funding ratio is slightly better at 40%.
- The bank received tax collection mandate two years back.
- The bank has banca partnership with Birla, Bajaj life, SBI life, HDFC life. It is planning to onboard another partner soon. KVB usually does not sell ULIP.
- 45% of the liability comes from metros; 20% each from semi-urban and urban.
- The bank believes that NRI can be a good opportunity for liabilities. The home state has four international airports and KVB has strong brand recall and presence in the home state. O/s NRI deposits is ~INR 45bn.
- The bank is also looking to add fintech partners on the liability side.

Agri business – Mr Ravi

- Mr Ravi joined the bank in Aug'20. He has earlier worked with banks such as RBL and Axis.
- KCC portfolio is INR 4–4.5bn. The minimum ticket size is above INR 1mn and can go up to INR 10mn. The loans are sourced by RM and selection criteria is income certainty. The average ticket size is INR 2–2.5mn.
- It has started Agri Infra fund (3% subvention); O/s is INR 1.5bn with over 99% standard advances ratio.
- The bank has complied with SMF criteria and achieved 10.4% PSL lending in SMF which is above the mandatory PSL.
- The bank does not see any headwinds due to the Sep'24 gold loan circular. The bank was already compliant with most of the norms such as no cash disbursement, no roll-over for SMA customer etc.

- The bank has restricted gold loans per PAN card to a maximum of 10. Multiple loans are quite common as loans are of varying amount and tenure.
- Average ticket size in gold loans is INR 0.2mn.
- The bank does not offer top-up in gold loans. The customer has to redeem and then take a new loan.
- LTV in agri gold is 63% and yields are 9.75%. Non-agri gold loan yields are higher by 50bps.
- O/s MFI exposure is INR 3.3bn.
- MFI is done via business correspondents as it needs different skill sets, which branch personnel may not have. There are four key business correspondents, including New Opportunity Consultancy Pvt Ltd., Atyati Technology, Bangalore.
- Apart from volume growth, NPA, PSL etc., the bank has added financial inclusion in the KRA.
- The bank, traditionally, has used gold loan for agri loans. Now, it has recruited agri officers and intend to diversify away from gold loans.

Commercial banking – Mr Ramanjaneya Kumar

- KVB's customer retention is very strong. There are many customers who have been banking with it for the multiple generations.
- For business banking (up to INR 50mn ticket size) customers, KVB is the sole banking for 90-95% of the customers.
- The bank introduced business rule engine which has ensured objective oriented lending in Commercial lending. Earlier, a lot of lending was relationship based. After implementation of new rules, the delinquency levels have drastically reduced.
- KVB is revamping its commercial banking vertical. It is focusing on capacity building of the delivery structures of SBG.
- In commercial vertical, focus is also more on WC and traditional loans instead of term loans because cross sell opportunities are higher.
- Business banking unit also has a liability target. To start with, the bank has kept 25-30% target of self-funding.

Retail assets- Mr Nitin

- NEO was started six years ago. It stands for New Emerging Opportunities. NEO was an ancillary channel for branch network and has seen strong success. Now, it has been merged with Open Market Channel (OMC). Mr Nitin heads the entire retail assets. Merging the entire retail assets (NEO and branch) is helping the bank in bringing out the best practices of the branch and non-branch channels.
- Sourcing done by OMC is entirely NTB customers while branch focuses on ETB customers.
- For OMC, major focus is LAP; the hook product is LAP. However, two years ago, the bank started a concept of HNI branches. It wanted to cater to HNI clients with high ticket size. Hence, the concept of HNI branches was coined – such branches have a premium look and feel. The bank has 12 HNI branches, as of now, in cities such as Hyderabad, Mumbai, Chennai, Jaipur, Bangalore, etc.
- The unique offering by KVB to attract HNI customers is TAT and not interest rates. Though the bank loses customers to big private banks sometimes, but the concept has overall worked well.
- The book size in HNI HL is ~INR 20bn. Book size of total OMC channel incl. HL is ~INR 105bn; rest INR 85bn is LAP. The other assets are INR 180bn. For classification purpose, the bank may classify LAP into MSME as well.
- For home loan, OMC ticket size is INR 20mn vs. INR 4–4.5mn for branch channel.

- 95–98% of HNI clients are self-employed.
- The bank has filled the gap in BNPL; thus, it should start seeing traction on growth in coming quarters.
- No stress witnessed in any of the sub-segments in retail.
- The bank is looking to enter affordable housing as the yields are quite attractive.
- It does not see challenge to sustain growth at 35–40%, as done in earlier years.
- NEO was profitable in year one. The key is that pay-out is a percentage of processing fee. So, it makes the payment to DSA from what the customer gives.
- Has target to get into more partnerships for retail assets.

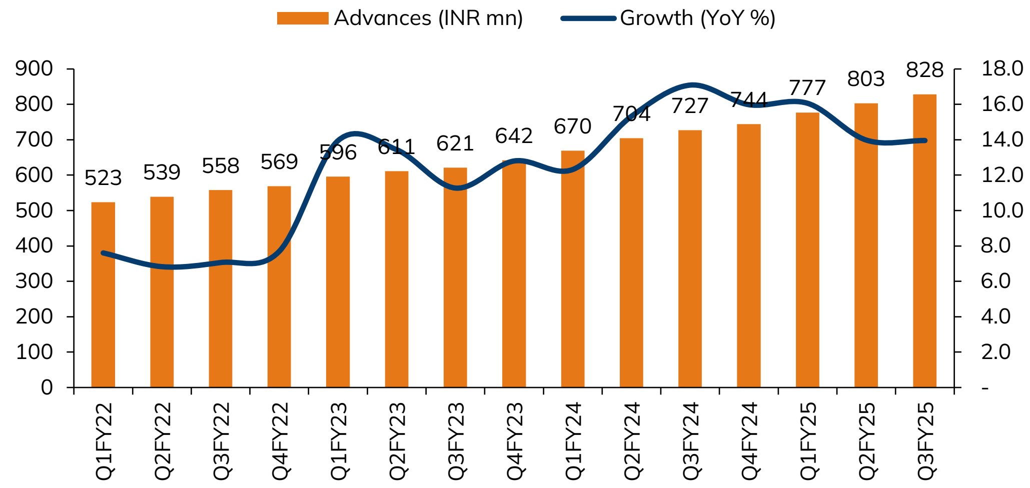
Corporate banking – Mr Shekhar

- Large corporate share has been shrinking due to focus on profitability. The bank has been letting go of the opportunities because of better risk-reward in RAM and LDR constraint.
- Sweet spot is INR 250–500mn ticket size in WC.
- The exposure has been fairly diversified and granular.
- It has been reducing NBFC exposure as the segment is rate sensitive.
- In real estate, most of the exposure is through LRD.
- The bank is seeing no major stress in any of the sub-segments.
- The corporate banking team structure is much leaner; thus, it is easy to stay nimble.

Chief Risk officer – Mr Jatla

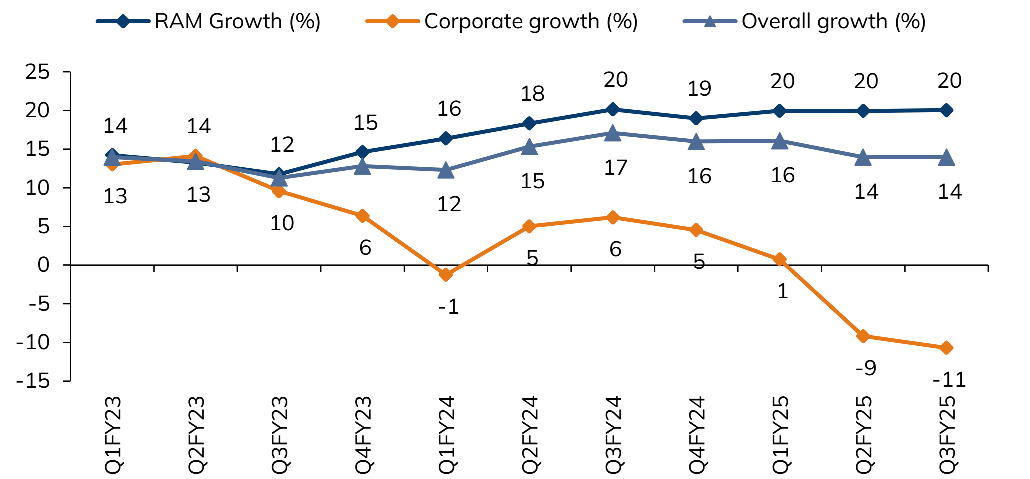
- The bank does not see material stress in most of the sectors/segments.
- It has taken cognizance of the commentary on SME health and keeps conducting thorough scrubs with CIBIL Transunion data. The outcomes have been satisfactory.
- KVB is among the few banks to disclose the bank-level SMA loans.
- SMA 1+2, have been fairly rangebound and one of the best in the industry.
- The underwriting is more objective based vs. being relationship based earlier.
- The bank monitors account health after disbursement as well. If the rating slips below a threshold, the monitoring gets more intense. The system also proactively flags certain accounts for exits (and there is tight follow-up as well).
- The rejection rates pre and post implementation of LOS has changed dramatically suggesting the focus on first time right.
- There is a repository for rejected cases. The system flags if a file has been logged-in again.

Exhibit 1: Advances growth has been steady at 15-16% YoY



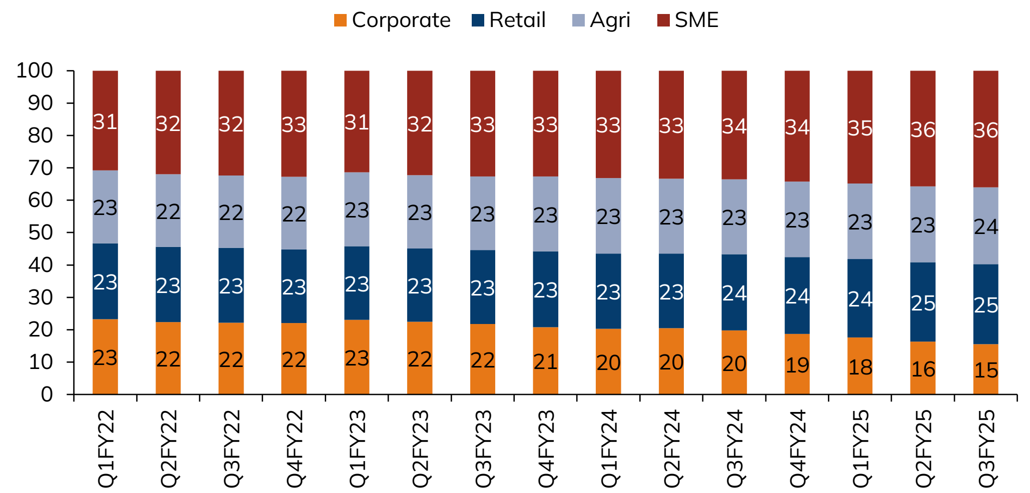
Source: I-Sec research, Company data

Exhibit 2: RAM growth has been strong at ~20% YoY; overall growth constrained by corporate loans



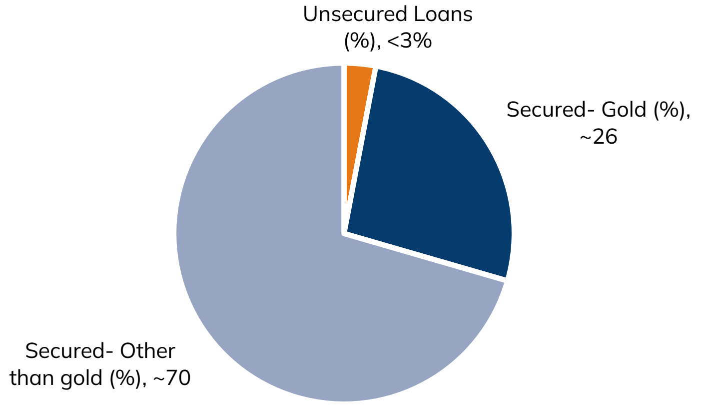
Source: I-Sec research, Company data

Exhibit 3: Loan Mix (%)- Rise in the share of SME at the cost of corporate



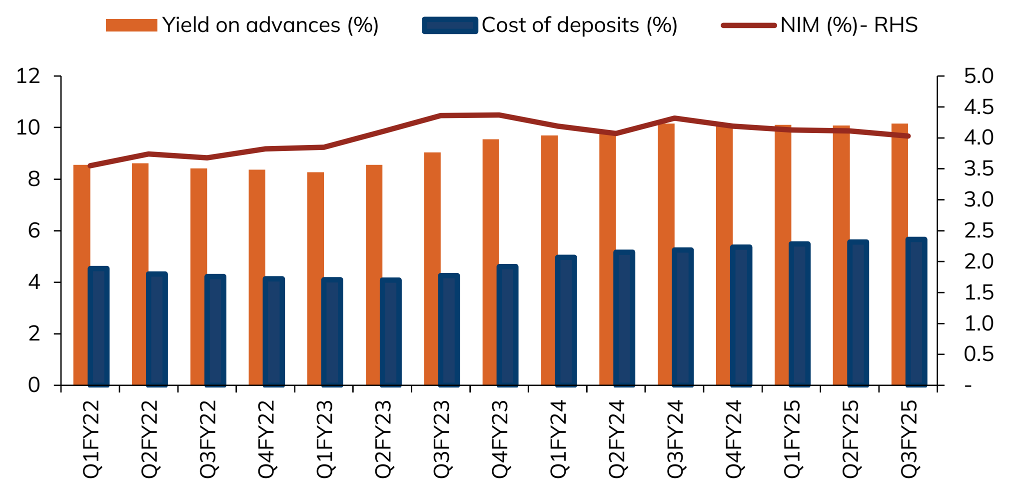
Source: I-Sec research, Company data

Exhibit 4: Unsecured share has been fairly contained



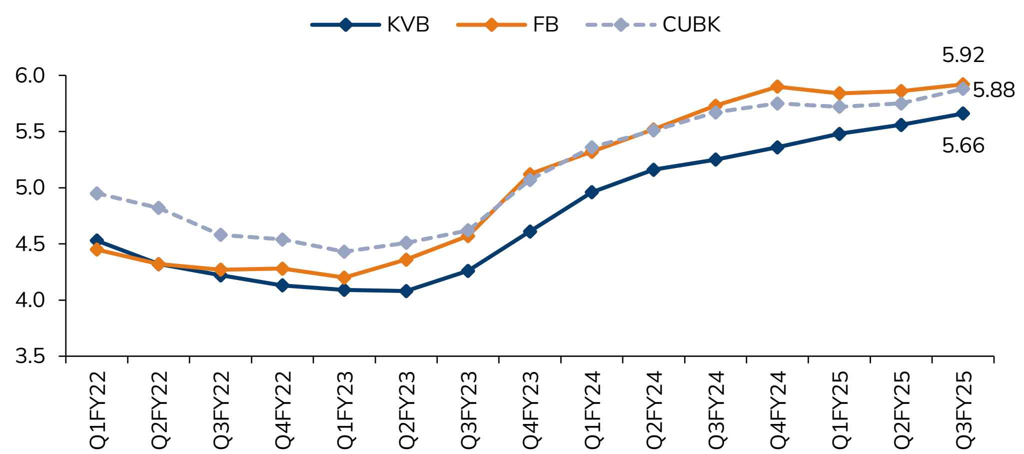
Source: I-Sec research, Company data

Exhibit 5: NIM has been steady with edge of cost of deposits and focused lending



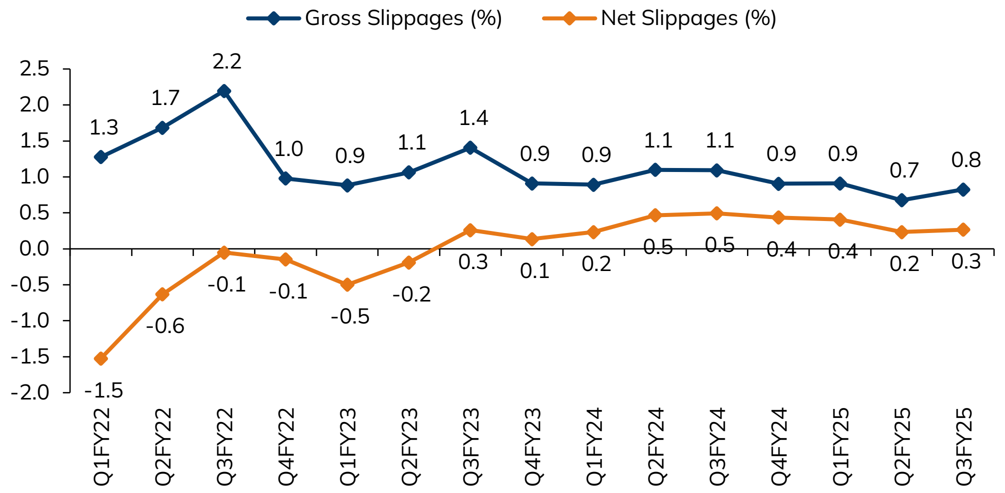
Source: I-Sec research, Company data

Exhibit 6: KVB has consistently delivered better funding cost vs peers



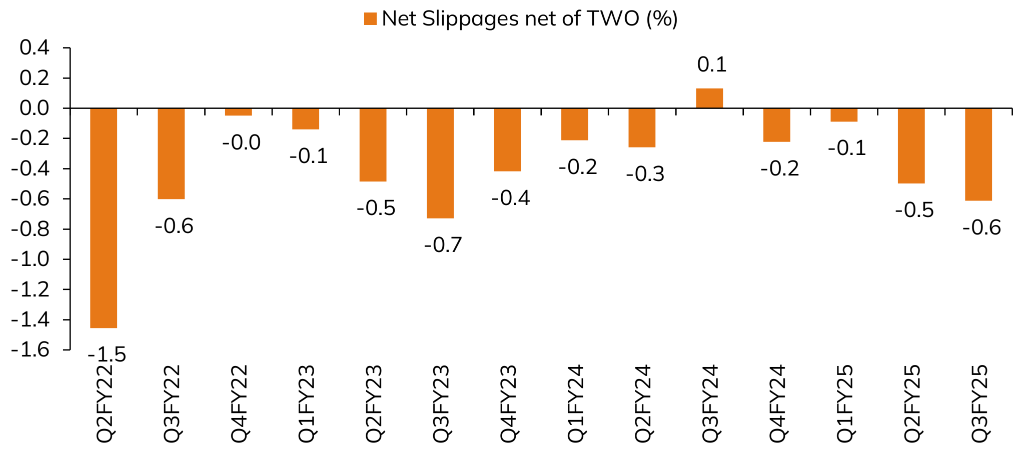
Source: I-Sec research, Company data

Exhibit 7: Gross and Net slippage have been comfortable



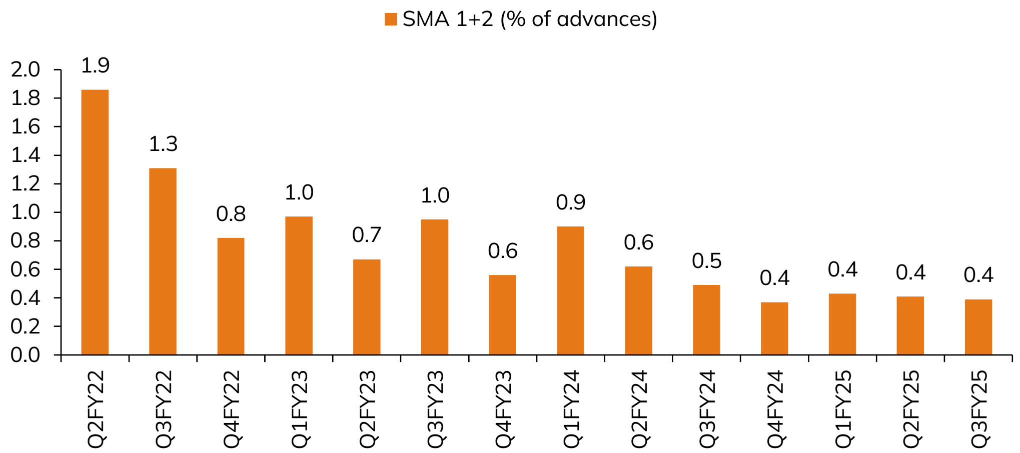
Source: I-Sec research, Company data

Exhibit 8: Net slippages (net of TWO) have been negative for many quarters now



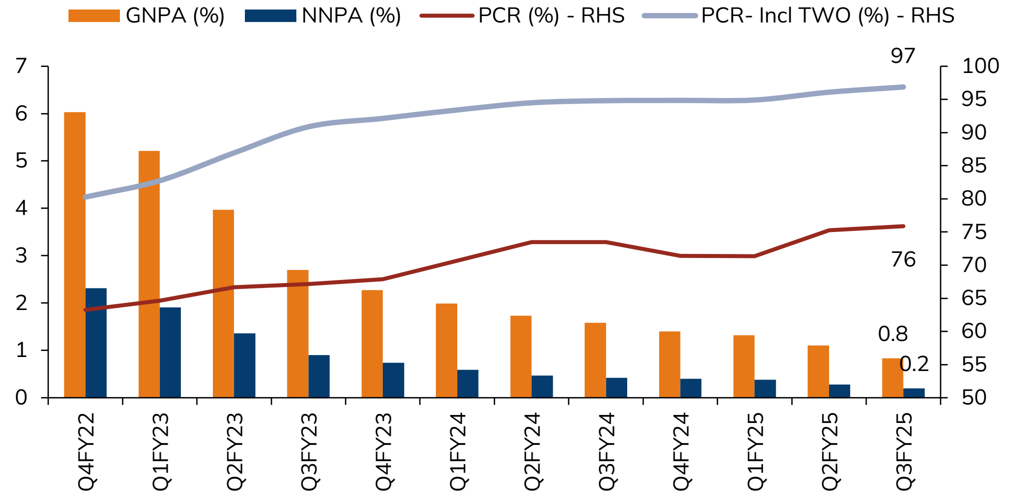
Source: Company data, I-Sec research

Exhibit 9: All-inclusive SMA 1+2 loans have been one of the lowest at <0.5%



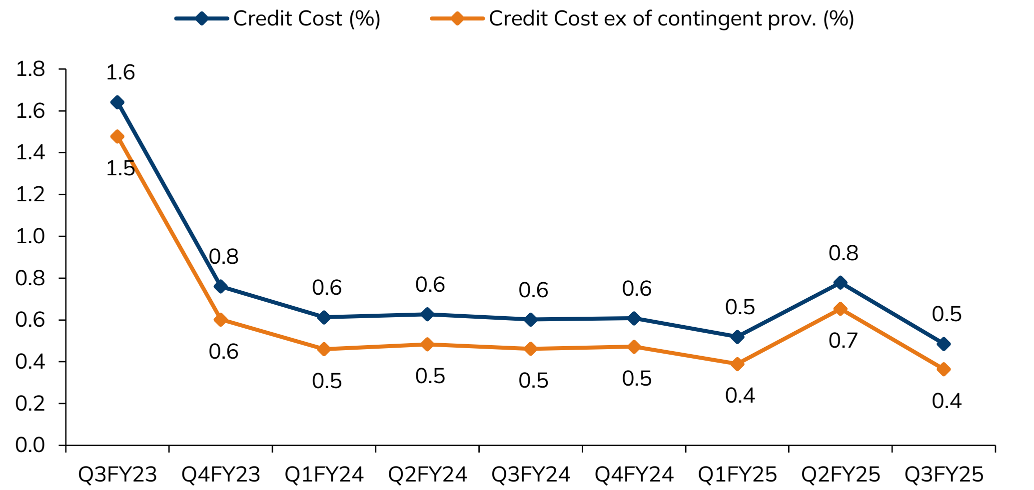
Source: I-Sec research, Company data

Exhibit 10: Net NPA ratio at ~0.2%, is one of the lowest across banks. PCR including TWO is one of the highest across banks at 97%



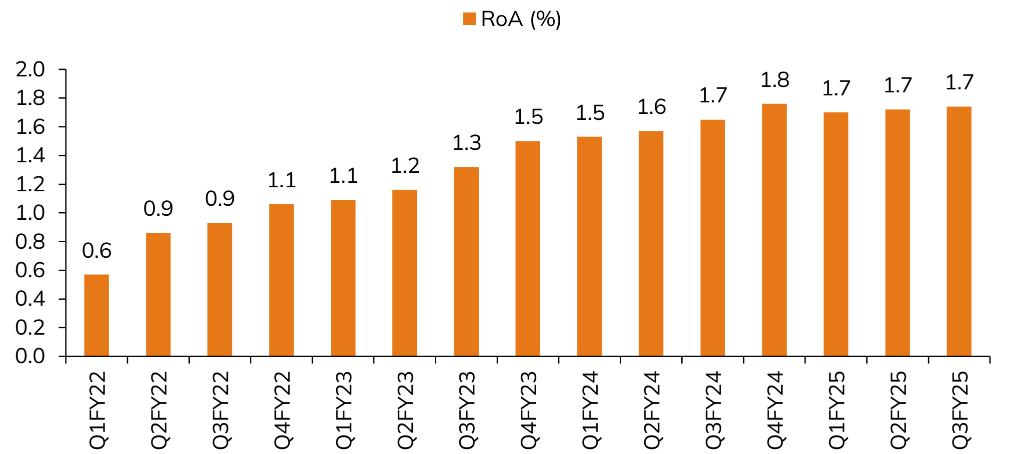
Source: I-Sec research, Company data

Exhibit 11: Credit cost have been benign; bank has been making INR250mn contingent provisions for the last 7 quarters now



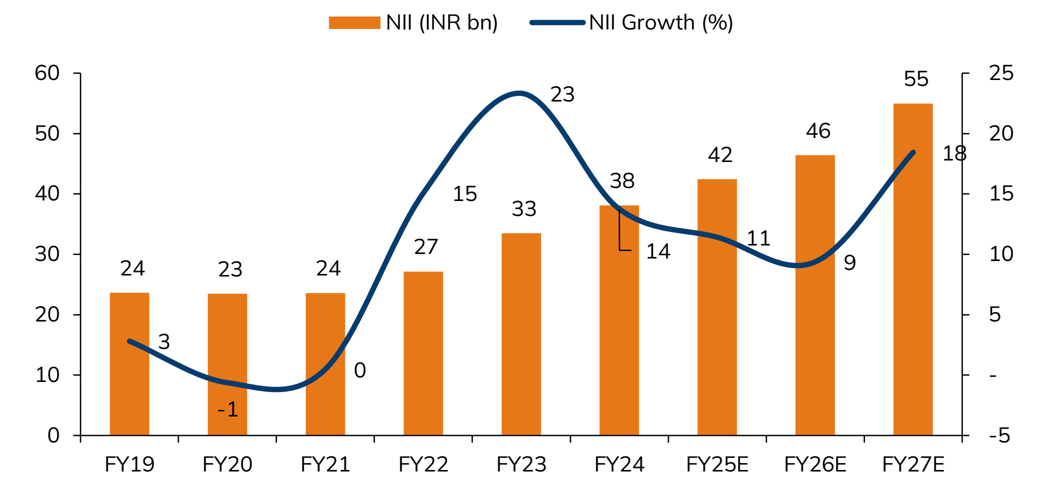
Source: I-Sec research, Company data

Exhibit 12: RoAs have been strong and resilient at ~1.7%



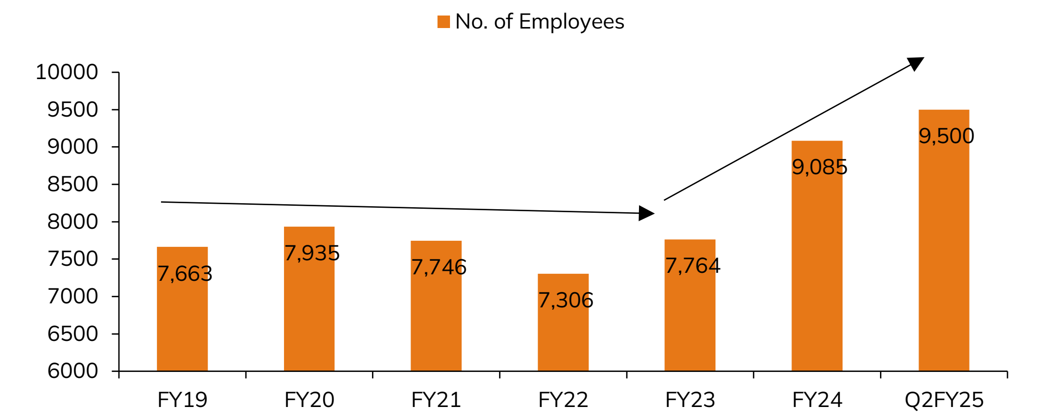
Source: I-Sec research, Company data

Exhibit 13: NII growth is likely to be slower than loan growth in FY26 but should be ahead of the loan growth in FY27



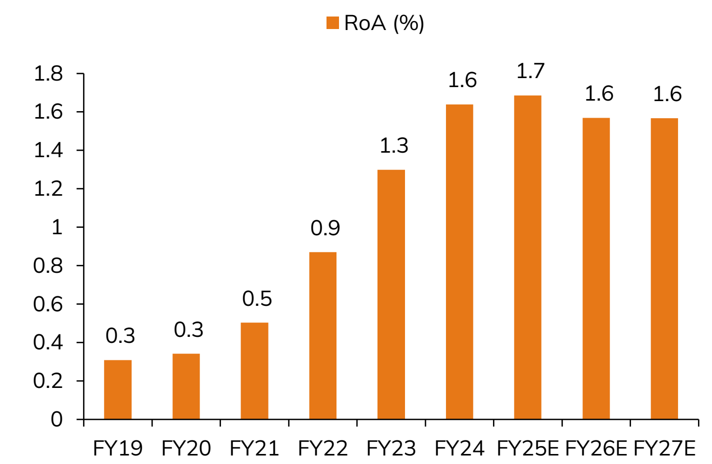
Source: I-Sec research, Company data

Exhibit 14: Workforce has increased substantially in the last 2 years after remaining stagnant for years



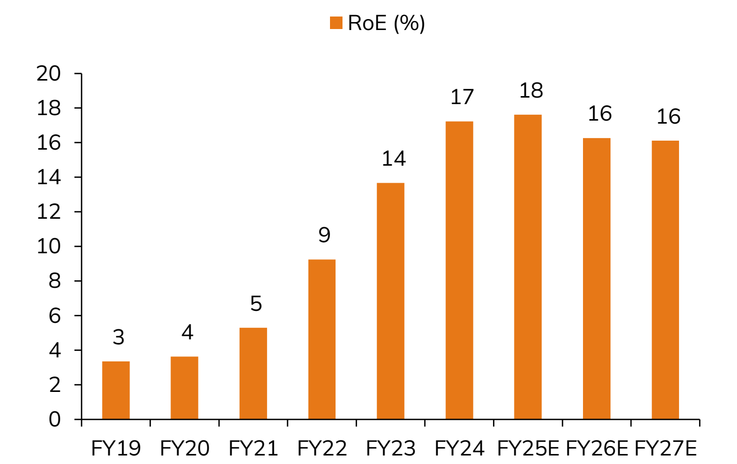
Source: I-Sec research, Company data

Exhibit 15: We estimate the bank to deliver broadly stable RoA at 1.6% for FY26-27E.



Source: I-Sec research, Company data

Exhibit 16: RoE at ~16% are likely to remain strong



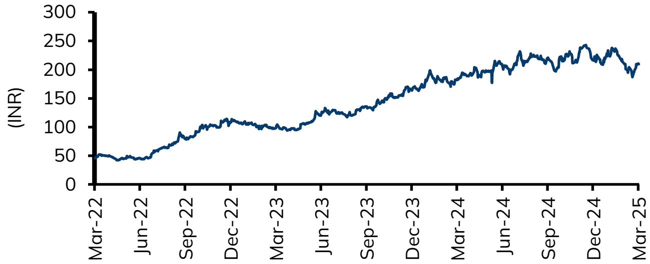
Source: I-Sec research, Company data

Exhibit 17: Shareholding pattern

%	Jun'24	Sep'24	Dec'24
Promoters	2.2	2.1	2.1
Institutional investors	50.8	52.1	53.2
MFs and other	28.9	30.2	31.6
Banks/ FIs	0.0	0.0	2.8
Insurance Cos.	4.8	4.8	4.9
FIIs	17.1	17.1	13.9
Others	47.0	45.8	44.7

Source: Bloomberg, I-Sec research

Exhibit 18: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 19: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Interest income	82,039	96,804	1,07,796	1,24,393
Interest expense	43,947	54,348	61,775	69,616
Net interest income	**38,092**	**42,456**	**46,021**	**54,777**
Non-interest income	16,587	17,507	18,337	19,406
Operating income	**54,679**	**59,963**	**64,357**	**74,183**
Operating expense	26,388	28,606	32,743	37,402
Staff expense	14,610	14,464	16,489	18,963
Operating profit	**28,291**	**31,357**	**31,615**	**36,781**
Core operating profit	**25,348**	**29,907**	**30,315**	**35,681**
Provisions & Contingencies	7,290	5,596	4,089	5,359
Pre-tax profit	**21,002**	**25,761**	**27,525**	**31,422**
Tax (current + deferred)	4,954	6,484	6,928	7,909
Net Profit	**16,048**	**19,277**	**20,597**	**23,513**
Adjusted net profit	**16,048**	**19,277**	**20,597**	**23,513**

Source Company data, I-Sec research

Exhibit 20: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Cash and balance with RBI/Banks	56,586	73,323	84,278	96,947
Investments	2,23,435	2,43,886	2,72,857	3,00,393
Advances	7,36,675	8,47,057	9,74,380	11,17,975
Fixed assets	4,329	5,528	6,314	7,214
Other assets	34,828	47,929	63,437	71,697
Total assets	**10,55,852**	**12,17,724**	**14,01,266**	**15,94,227**
Deposits	8,91,127	10,23,000	11,79,678	13,60,856
Borrowings	24,784	24,472	24,287	24,103
Other liabilities and provisions	39,540	52,887	61,811	53,086
Share capital	1,609	1,609	1,609	1,609
Reserve & surplus	98,792	1,15,756	1,33,881	1,54,572
Total equity & liabilities	**10,55,852**	**12,17,724**	**14,01,266**	**15,94,227**
% Growth	17.1	15.3	15.1	13.8

Source Company data, I-Sec research

Exhibit 21: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
No. of shares and per share data				
No. of shares (mn)	804	804	804	804
Adjusted EPS	20.0	24.0	25.6	29.2
Book Value per share	125	146	168	194
Adjusted BVPS	122	144	166	191
Valuation ratio				
PER (x)	10.5	8.7	8.2	7.2
Price/ Book (x)	1.7	1.4	1.2	1.1
Price/ Adjusted book (x)	1.6	1.4	1.2	1.0
Dividend Yield (%)	1.1	1.4	1.5	1.7
Profitability ratios (%)				
Yield on advances	10.0	10.1	9.8	9.9
Yields on Assets	8.4	8.5	8.2	8.3
Cost of deposits	5.1	5.4	5.3	5.3
Cost of funds	4.5	4.8	4.7	4.6
NIMs	4.1	3.9	3.7	3.9
Cost/Income	48.3	47.7	50.9	50.4
Dupont Analysis (as % of Avg Assets)				
Interest Income	8.4	8.5	8.2	8.3
Interest expended	4.5	4.8	4.7	4.6
Net Interest Income	**3.9**	**3.7**	**3.5**	**3.7**
Non-interest income	1.7	1.5	1.4	1.3
Trading gains	0.3	0.1	0.1	0.1
Fee income	1.4	1.4	1.3	1.2
Total Income	**5.6**	**5.3**	**4.9**	**5.0**
Total Cost	**2.7**	**2.5**	**2.5**	**2.5**
Staff costs	1.5	1.3	1.3	1.3
Non-staff costs	1.2	1.2	1.2	1.2
Operating Profit	**2.9**	**2.8**	**2.4**	**2.5**
Core Operating Profit	2.6	2.6	2.3	2.4
Non-tax Provisions	0.7	0.5	0.3	0.4
PBT	**2.1**	**2.3**	**2.1**	**2.1**
Tax Provisions	0.5	0.6	0.5	0.5
Return on Assets (%)	**1.6**	**1.7**	**1.6**	**1.6**
Leverage (x)	10.5	10.4	10.4	10.3
Return on Equity (%)	**17.2**	**17.7**	**16.3**	**16.1**
Asset quality ratios (%)				
Gross NPA	1.4	0.8	1.0	1.3
Net NPA	0.4	0.2	0.2	0.3
PCR	71.4	76.0	76.0	76.0
Gross Slippages	0.8	0.9	1.1	1.2
LLP / Avg loans	0.6	0.6	0.6	0.6
Total provisions / Avg loans	1.1	0.7	0.4	0.5
Net NPA / Networth	3.0	1.3	1.7	2.2
Capitalisation ratios (%)				
Core Equity Tier 1	15.5	15.8	15.4	15.2
Tier 1 cap. adequacy	15.5	15.8	15.4	15.2
Total cap. adequacy	16.7	16.8	16.3	16.0

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com and Kadambari_balachandran@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Jai Prakash Mundhra, MBA; Hardik Shah, CA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

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

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

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed 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, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.