ICICI direct Research





July 8, 2022

# Core earnings holding up; treasury to impact PAT…

**In Q1FY23E, we expect core earnings to remain strong with strong traction in advances, healthy margin profile and decline in credit cost across lenders. However, rising yields could play spoilsport resulting in mark to market losses thereby impacting earnings momentum. Expect strong commentary in terms of recovery in credit demand and, thus, outlook on business momentum, which could be positive. While operational performance is expected to remain positive across lenders, higher impact of increasing yields is to be seen on PSU banks thereby arresting earnings momentum.**

**As the impact of the pandemic continues to fade away, credit offtake in the financial system has been gathering momentum. Latest RBI data suggests ~2% sequential growth in March-June 2022, which is generally against the usual trend. However, with underlying demand being strong this time around, Q1FY23E is expected to be exceptional in terms of growth compared to the earlier corresponding years.**

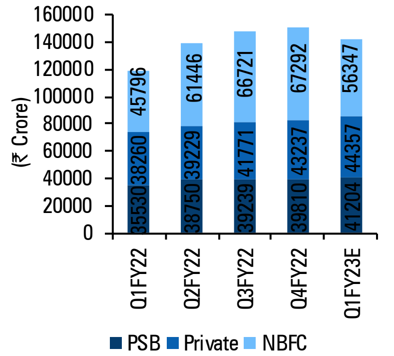
For banks and NBFCs, following are key expected highlights:

- For our coverage universe, credit growth is expected to be above industry at ~16% YoY to ₹ 66.5 lakh crore, driven by retail (home, auto & credit card) and MSME segment. Latest RBI fortnightly data has indicated growth of 12.1% YoY for the overall banking sector compared to ~10% mark in the previous quarter, indicating further pick-up in credit growth trajectory. Thus, NII is expected to grow 16% YoY aided by healthy business growth and steady NIM. A better understanding on growth segments and view on sustainability of credit momentum should remain key
- Deposit traction is expected to remain at ~9% YoY, with slight improvement in CASA YoY though QoQ CASA may decline
- NIMs are expected to be largely steady, with some positive bias of 2-4 bps sequentially as banks have increased lending rates while deposit rates are expected to catch up with a lag
- Asset quality is expected to be less concerning with confidence shown by the management as collection activity are showing improving trends. Stress behaviour in the MSME segment needs to be monitored as increasing interest rates and end of moratorium could have built up pressure. For our coverage universe, we believe GNPA should decline ~10 bps QoQ to 3.4%
- Hardening of interest rates is expected to negatively impact treasury income, especially for PSU banks. However, banks have built investment fluctuation reserve, which could be utilised to offset losses, though bank's stance is to be seen
- Credit cost on a sequential basis should decline as asset quality improves. Also, in the last quarter, few banks had taken excess provisions to strengthen balance sheet and some for write-offs, which may not be the case in Q1FY23. Hence, we expect PAT to report healthy growth of 37% to ₹ 27975 crore due to healthy topline show and low credit cost

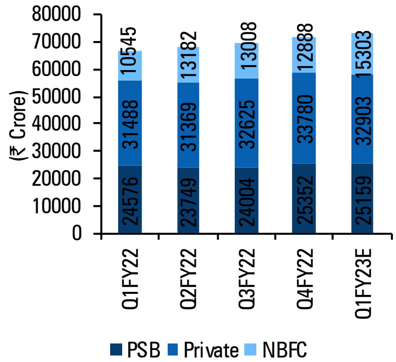
## Guidance on credit growth to be key to watch

**We believe the growth aspect for the current quarter has largely been factored in with announcement of pre-results update. However, management commentary on business growth for FY23E would be key as this would indicate sustainability. Commentary on asset quality, especially book behaviour in the MSME segment, would be key to watch.**

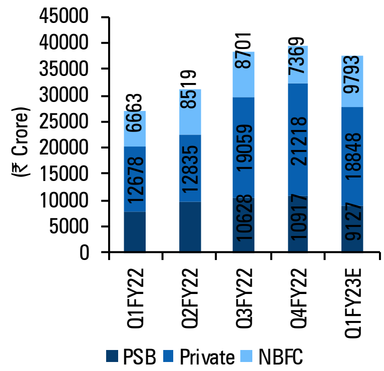
### NII




### PPP




### PAT




### Top Picks

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HDFC Bank

Bajaj Finance

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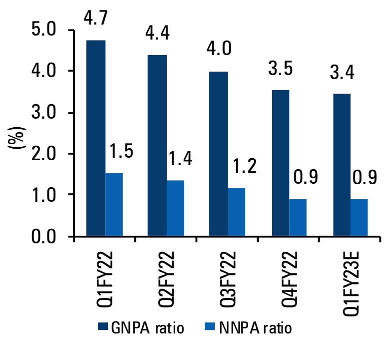
Exhibit 1: Estimates for Q1FY23E (₹ crore)

| | NII | Change (%) | | PPP | Change (%) | | NP | Change (%) | |
|---|---|---|---|---|---|---|---|---|---|
| | Q1FY23E | YoY | QoQ | Q1FY23E | YoY | QoQ | Q1FY23E | YoY | QoQ |
| **Public Sector Banks** | | | | | | | | | |
| Bank of Baroda | 8945.8 | 13.4% | 3.9% | 5267.6 | -6.0% | -6.5% | 1384.9 | 14.6% | -22.1% |
| SBI | 32258.4 | 16.7% | 3.4% | 19891.5 | 4.8% | 0.9% | 7741.7 | 19.0% | -15.3% |
| **Total** | **41204.2** | **16.0%** | **3.5%** | **25159.1** | **2.4%** | **-0.8%** | **9126.6** | **18.3%** | **-16.4%** |
| **Private Banks** | | | | | | | | | |
| Axis Bank | 9093.5 | 17.2% | 3.1% | 5991.3 | -3.2% | -7.3% | 3715.7 | 72.0% | -9.8% |
| Federal Bank | 1641.0 | 15.7% | 7.6% | 815.2 | -21.4% | 2.1% | 536.1 | 46.0% | -0.8% |
| HDFC Bank | 19203.1 | 12.9% | 1.8% | 16169.7 | 6.8% | -1.1% | 9720.9 | 25.8% | -3.3% |
| IDFC Bank | 2756.6 | 26.2% | 3.3% | 727.3 | -26.9% | -12.0% | 277.0 | NA | -19.2% |
| Indusind Bank | 4063.5 | 14.0% | 2.0% | 3311.7 | 5.8% | -0.5% | 1450.6 | 48.8% | 6.6% |
| Kotak Bank | 4724.5 | 19.9% | 4.5% | 3322.9 | 15.0% | -0.5% | 2327.8 | 41.8% | -15.9% |
| Bandhan Bank | 2569.4 | 21.5% | 1.2% | 2418.4 | 24.8% | -4.1% | 728.9 | 95.4% | -61.7% |
| CSB Bank | 305.0 | 13.9% | 0.4% | 146.9 | -16.0% | 3.4% | 91.5 | 50.0% | -30.0% |
| Total | 44356.6 | 15.9% | 2.6% | 32903.4 | 4.5% | -2.6% | 18848.4 | 48.7% | -11.2% |
| **Total Banks** | **85560.9** | **16.0%** | **3.0%** | **58062.5** | **3.6%** | **-1.8%** | **27975.1** | **37.2%** | **-12.9%** |
| | | | | | | | | | |
| HDFC | 4350.2 | 4.9% | -0.4% | 5295.6 | 15.4% | 5.4% | 3469.2 | 15.6% | -6.2% |
| Bajaj Finance | 6315.8 | 40.7% | 4.2% | 4156.2 | 33.4% | 4.8% | 2469.2 | 146.3% | 2.1% |
| Bajaj Finserv | 17542.3 | 25.8% | -7.0% | 3527.1 | 99.6% | 1.9% | 1345.9 | 61.6% | 0.0% |
| SBI Life Insurance | 9852.4 | 18.5% | -43.5% | 262.4 | 135.6% | -79.9% | 281.1 | 25.9% | -58.2% |
| HDFC Life Insurance | 9189.2 | 21.9% | -35.7% | 270.7 | 357.3% | -51.0% | 371.5 | 22.9% | 3.9% |
| HDFC AMC | 569.8 | -6.3% | -1.9% | 427.5 | -8.3% | -3.4% | 322.8 | -6.6% | -6.1% |
| Muthoot Finance | 1824.1 | 7.2% | 6.0% | 1361.5 | 2.1% | 11.4% | 996.6 | 2.6% | 3.8% |
| Star Health | 2628.6 | 17.2% | NA | 196.3 | NA | NA | 142.2 | NA | NA |
| ICICI Lombard | 4074.7 | 45.1% | 2.5% | -194.0 | NA | NA | 394.9 | 103.3% | 26.4% |
| **Total** | **56347.0** | **23.0%** | **-16.3%** | **15303.3** | **45.1%** | **18.7%** | **9793.3** | **47.0%** | **32.9%** |

*Source: Company, ICICI Direct Research*

**Asset Quality (Coverage Universe)**




**NPA trend (Coverage Universe)**

| Q1FY23E (₹ crore) | GNPA | QoQ (%) | NNPA | QoQ (%) |
|---|---|---|---|---|
| **PSB** | | | | |
| Bank of Baroda | 53691 | -0.7 | 13476 | 0.8 |
| SBI | 111523 | -0.4 | 29566 | 5.7 |
| **Private Banks** | | | | |
| Axis Bank | 21386 | -2.0 | 4316 | -21.7 |
| Bandhan Bank | 6365 | -0.2 | 1659 | 6.0 |
| Federal Bank | 3823 | -7.6 | 1322 | -5.1 |
| HDFC Bank | 15389 | -4.7 | 4114 | -6.7 |
| Indusind Bank | 5320 | -3.6 | 1408 | -8.0 |
| Kotak Mahindra Bank | 6028 | -6.8 | 1658 | -4.5 |
| IDFC First Bank | 4380 | -2.0 | 1752 | -3.1 |
| CSB Bank | 289 | -0.2 | 104 | -2.5 |

Exhibit 2: Bank Specific Views

| Banks | Remarks |
|---|---|
| Bank of Baroda | We expect Bank of Baroda to post credit growth of ~18% to ₹ 7.9 lakh crore for Q1FY23E as credit on a YoY basis continues to gather pace. Deposit growth is estimated to be 15% YoY at ₹ 10.7 lakh crore driven by CASA. NII is projected to grow at 13.4% YoY to ₹ 8945 crore as NIMs (calc) should remain steady at 3.2%. Non-interest income to decline 38% YoY, mainly on account of treasury losses as interest rates harden. Sequentially, opex should see some moderation but C/I should see uptick of ~150 bps as topline is impacted by treasury loss. Credit cost to decline to 0.4% due to better asset quality show. As a result, PAT is estimated at ₹ 1384 crore. GNPA ratio should decline ~10 bps QoQ to 6.5% levels |
| State Bank of India | With 10 year yields rising 76 bps to 7.6% in Q1FY23, mark to market (MTM) on G-sec treasury to increase provisions cost. Expect loan growth of 12% YoY to ₹ 28190 billion and deposit growth at 10% YoY. Overall NII growth is seen at 16.7% YoY led by pick-up in loan growth clubbed by higher interest rates. IT refund may come as a surprise. As slippages are expected to remain contained at ~₹ 6000 -7000 crore, NPA provisions seen at ₹ 4000 crore but investment depreciation to impact overall provisions. Hence, expect profit growth 19% YoY to ₹ 7742 crore, a dip of 15% QoQ |
| Axis Bank | For Axis Bank, NII is expected to grow at 3.1% QoQ and 17.2% YoY to ₹ 9094 crore. Margins to be slightly subdued during the quarter. Loan growth is expected to come in at 17% YoY, led by traction in retail segment. Within retail book, growth should be driven by home loans. Deposits growth is expected at 18% YoY with sequential 40 bps rise in CASA ratio. Credit cost should decline YoY as a result of better show on the asset quality front while the bank is estimated to post a profit of ₹ 3715 crore, up 1.7x YoY |
| HDFC Bank | Credit growth is expected to remain strong at 21.6% YoY to ₹ 13.95 lakh crore. Deposit growth is expected at 19% YoY and CASA ratio to be at around 46%. NII growth to be at 12.9% YoY to ₹ 19203 crore and expect margins to be flattish QoQ at 4%. Other income to see improvement YoY and asset quality expected to improve QoQ with GNPA at around 1.1% levels. Expect provision to decline to ₹ 3208 crore. Thus, PAT growth is seen at ~26% YoY to ₹ 9720 crore |
| CSB Bank | Focus on gold loan segment with steady prices is seen to drive overall credit growth at 16.1% YoY to ₹ 16050 crore. NII is expected to grow at 14% YoY with some pressure on margins as competition in gold lending segment has increased meaningfully. NIMs (calc) are estimated to fall 10 bps QoQ to 5.4%. Non-interest income to come in at ₹ 55 crore with some negative impact on treasury due to hardening yields. Opex sequentially to moderate thus C/I to fall to 59.2% from 61.3% QoQ. Credit cost is estimated at 0.15% compared to a negative 0.2% in the previous quarter due to strong recoveries. Thus, PAT should come in at ₹ 91 crore, up 50% YoY |

*Source: Company, ICICI Direct Research*

Exhibit 3: Bank Specific views (continued)…

| | |
|---|---|
| Federal Bank | Federal Bank's provisional numbers indicate healthy advances growth at 4.6% QoQ (up 16.3% YoY) to ₹ 15.4 lakh crore. Deposits registered growth of 1% QoQ (8.2% YoY) to ₹ 18.3 lakh crore with CASA ratio at 36.84%. NII is expected to grow 15.7% YoY and 7.6% QoQ to ₹ 1641 crore. Margins are likely to be flattish QoQ. Other income is expected to moderate YoY and QoQ. Credit cost on a YoY basis may improve leading to PAT growth of ~46% YoY (flattish QoQ) at ₹ 536 crore. Management commentary on business banking segment would be watched |
| Kotak Mahindra Bank | Kotak Mahindra Bank is expected to report healthy growth in advances at 26% YoY to ₹ 2.74 lakh crore while deposits are expected to grow 12% YoY to ₹ 3.2 lakh crore. CASA ratio is seen steady at ~61% of deposits. NII is estimated to grow at 19.9% YoY and 4.5% QoQ to ₹ 4724 crore while NIMs are expected to be flattish at 4.8%. C/I ratio to inch up marginally to ~48.2%. Lower credit cost may result in healthy growth in earnings to ₹ 2328 crore (41.8% YoY growth). GNPA is expected to decline ~14 bps QoQ to 2.2%, as improvement is likely to be expected in retail segment |
| IndusInd Bank | IndusInd Bank reported robust business numbers with advance growth at 18.4% YoY to ₹ 2.49 lakh crore and traction in deposit at 13.4% YoY to ₹ 3.03 lakh crore. NII is expected to grow 14% YoY to ₹ 4063 crore with NIMs expected to be flat QoQ while non-interest income is expected to grow 9.8% YoY to ₹ 1955 crore. Cost to income ratio is likely to increase marginally QoQ to ~45% levels. Decline in credit cost to ~50 bps is likely to boost PAT by ~48% YoY at ₹ 1451 crore |
| Bandhan Bank | For Q1FY23E, Bandhan Bank could witness slight deterioration in asset quality especially towards its Assam exposure (EEB exposure at ₹ 5812 crore) due to recent floods affecting business for at least two to three weeks at the end of June 2022. YoY loan growth should be at 20% to ₹ 96432 crore driven by housing and EEB segment in other states excluding Assam. NII growth is projected at 21% YoY to ₹ 2569 crore driven by healthy NIMs of ~8.1%. Other income may come in at ₹ 780 crore, down from ₹ 964 crore QoQ as we expect lower recoveries and impact on treasury. C/I is estimated to remain largely steady ~28% mark. Credit cost could inch up slightly at 1.5% due to weakening of asset quality. We expect PAT at ₹ 728 crore up 95% YoY due to better topline performance YoY as prior year quarter was impacted due to Covid. GNPA should rise ~14 bps QoQ to 6.6% as fresh accretion is seen |
| IDFC First Bank | IDFC First Bank is expected to post NII growth of 26% YoY led by growth in retail assets. NIMs to increase ~8 bps on a QoQ basis. Other income at ₹ 773 crore to report de growth YoY, QoQ. Provisions are expected to decline slightly compared to previous quarter to ₹ 358 crore. The bank is expected to post profit of ₹ 277 crore vs. profit of ₹ 342 in Q4FY22. Overall asset quality performance is expected to improve with GNPA ratio at ~3.4% vs 3.7% in Q4FY22. Management commentary on business growth outlook would be key monitorable |

*Source: Company, ICICI Direct Research*

## Exhibit 4: NBFC Specific views

| | |
|---|---|
| HDFC Ltd | HDFC Ltd is expected to post healthy growth in business led by improving traction in real estate sales. AUM is seen increasing at 14% YoY to ₹ 5.70 lakh crore, with major traction in retail portfolio. NIMs should remain subdued QoQ at ~3.4%. Dividend income during the quarter was ₹ 687 crore vs ₹ 16 crore Q1FY22. C/I ratio expected to be largely flat at ~9% levels. Credit cost for the quarter is likely to be on the higher side. Thus, HDFC Ltd is estimated to post a net profit of ₹ 3469 crore, up ~16% YoY. We need to watch any additional commentary by management with respect to merger process. |
| HDFC AMC | For HDFC AMC, recent correction in equities and outflow from debt segment is expected to impact AUM. We expect a decline of ~4% QoQ in AUM at ~₹ 4 lakh crore. Revenue from operation is expected at ₹ 507 crore, with yield remaining flat at ~51 bps. PAT to remain moderate with decline of 7% YoY growth at ₹ 323 crore; (~32 bps as percentage of AUM). With restriction being relaxed, commentary on product launches to remain key |
| Bajaj Finance | Better than expected AUM growth at 31% YOY (ex IPO) and 6% QoQ to ₹ 204000 crore was reported by BAF. New loan addition is back to 74 lakh from 62.8 lakh QoQ. Accordingly, NII growth to surge 41% YoY to ₹ 6315 crore. NIMs are expected to stabilise with both consumer and mortgage book seen to be strong. IPO financing segment will not be material from Q1. Provisions may witness marginal uptick to ₹ 841 crore. With C/I ratio under control, PAT is estimated to increase 146% YoY and flat QoQ to ₹ 2469 crore |
| Bajaj Finserv | Bajaj Finserv's consolidated revenue is expected to grow at 25.8% YoY to ₹ 17542 crore, led by pick up in lending business coupled with continued healthy traction in premium accretion in insurance businesses. Healthy growth in AUM is expected to boost operational performance. Focus on individual business in life insurance & continued revival in health & credit protect business in general insurance may support premium accretion. Moderation in slippages (in lending business), claims (in insurance business) and base effect is expected to result in 61% YoY growth in earnings at ₹ 1346 crore |
| SBI Life Insurance | SBI Life Insurance is expected to witness healthy growth in premium accretion at 19% YoY to ₹ 9852 crore, led by traction in non-par products for both individual and group. Renewal premium is seen to be healthy with pick-up in conservation ratio at 86%. Decline in Covid cases and base effect are expected to lead to reduction in claims leading to surplus of ₹ 262 crore. Healthy premium accretion, steady efficiency and decline in claims to lead to earnings growth at 26% YoY to ₹ 281 crore. Guidance on VNB margin and increasing competitive intensity in non-par segment need to be watched |
| HDFC Life Insurance | For HDFC Life Insurance, continued focus on non-par individual business, protection segment (both individual and group) and base effect of last year is expected to keep new business premium accretion healthy at 28.1% YoY to ₹ 4826 crore. Lower infections and mortality rate is expected to keep stab on claims leading to surplus expected at ₹ 271 crore in Q1FY23E vs. ₹ 59 crore in Q1FY22. Thus, healthy premium growth, steady efficiency and moderation in claims to lead to earnings growth at 23% YoY to ₹ 371 crore |
| MCX | For MCX, cannibalisation is expected to continue with options gaining traction at the expense of de-growth in futures turnover. Thus, yields are expected to decline, though topline is seen remaining stable. Crude is expected to remain at the top of the volume chart. Sequentially, overall turnover is seen to increase, aided by options volume, revenue growth is seen to remain steady at ~3% QoQ to ₹ 110 crore. Inching up of interest rates is to impact other income trajectory. Opex is seen remaining steady leading to 16.5% YoY rise in earnings at ₹ 46.4 crore; sequential increase at 27% led by one-off in Q4FY22 |
| Muthoot Finance | For Muthoot Finance, we expect loan growth to be 12% YoY and 3% QoQ as per management guidance at ₹ 61392 crore. Gold prices have shown strength. We believe this would be beneficial for the company in terms of LTVs, credit growth and asset quality. We expect margins to revive sequentially, though still remain moderate compared to normalised run rate. NII is expected to grow by modest 7.2% YoY at ₹ 1824 crore. C/I to remain largely steady at ~30% levels while credit cost is seen at 0.04%. Thus PAT for the quarter is expected at ₹ 997 crore; up 3% YoY, mainly due to sluggish topline growth. Asset quality should improve as healthy gold prices should help better recoveries. We expect GNPA to fall 9 bps QoQ to 2.90% |

*Source: Company, ICICI Direct Research*

| | |
|---|---|
| ICICI Lombard | We expect ICICI Lombard to post healthy growth of 29% YoY in gross written premium (GWP) at ₹ 5500 crore, partly due to merger of Bharti Axa. Motor insurance segment, forming 45% of total premium pie, should see premium growth of 18% YoY. ICICI Lombard has seen stability in its health segment market share in the past few months after some deterioration in previous year. We expect health premium to grow at industry levels at ~33-35% levels. Commissions to come in at ~5% while claims to rise sequentially from 60% to 65% partially driven by health segment. The insurer is expected to post underwriting loss of ₹194 crore and with investment income (shareholder + policyholder) of ₹ 757 crore, PAT is estimated at ₹ 394 crore for Q1FY23E |
| Star Health Insurance | Resurgence of pandemic, though with lesser impact, and increased awareness should keep health insurance growth strong. We expect Star Health, leader among SAHI, to post 17% YoY growth in NWP to ₹ 2628 crore. Claims ratio on a sequential basis should increase to around 60% and commissions ratio to be ~14% mark. Star Health is expected to post modest underwriting profit of ₹ 46.3 crore. Investment income of ₹ 1500 crore should help the insurer to post net profit of ₹ 142 crore against loss of ₹ 209.8 crore YoY |

*Source: Company, ICICI Direct Research*

## Exhibit 5: ICICI Direct Research coverage universe (BFSI)

| Sector / Company | CMP | | | M Cap | EPS (₹) | | | P/E (x) | | | P/ABV (x) | | | RoE (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (₹) | TP(₹) | Rating | (₹ Bn) | FY22 | FY23E | FY24E | FY22 | FY23E | FY24E | FY22 | FY23E | FY24E | FY22 | FY23E | FY24E |
| BoB (BANBAR) | 105 | 115 | Buy | 540 | 14.0 | 19.3 | 20.9 | 7.4 | 5.4 | 5.0 | 0.7 | 0.6 | 0.5 | 8.9 | 10.9 | 10.4 |
| SBI (STABAN) | 487 | 605 | Buy | 4,341 | 35.5 | 40.1 | 47.2 | 13.7 | 12.1 | 10.3 | 1.7 | 1.5 | 1.3 | 11.9 | 12.0 | 12.6 |
| Axis Bank (AXIBAN) | 670 | 970 | Buy | 2055 | 42.4 | 39.7 | 55.9 | 15.8 | 16.9 | 12.0 | 1.9 | 1.7 | 1.7 | 12.0 | 10.1 | 13.5 |
| Federal Bank (FEDBAN) | 97 | 100 | Hold | 203 | 9.0 | 10.7 | 13.0 | 10.8 | 9.0 | 7.5 | 1.3 | 1.1 | 1.0 | 10.8 | 11.5 | 12.6 |
| HDFC Bank (HDFBAN) | 1,402 | 1,650 | Buy | 7,790 | 66.7 | 72.9 | 89.8 | 21.0 | 19.2 | 15.6 | 3.3 | 2.9 | 2.7 | 16.7 | 15.8 | 17.3 |
| IndusInd Bank (INDBA) | 850 | 1150 | Buy | 658 | 59.5 | 82.4 | 101.0 | 14.3 | 10.3 | 8.4 | 1.4 | 1.4 | 1.2 | 10.1 | 13.1 | 15.1 |
| Kotak Bank (KOTMAH) | 1,746 | 2,150 | Buy | 3,465 | 43.0 | 49.6 | 57.8 | 40.6 | 35.2 | 30.2 | 5.0 | 4.3 | 3.8 | 12.6 | 12.9 | 13.1 |
| CSB Bank (CSBBAN) | 190 | 270 | Buy | 33 | 28.2 | 29.4 | 34.8 | 6.7 | 6.5 | 5.4 | 1.4 | 1.1 | 1.0 | 20.2 | 17.6 | 17.6 |
| Bandhan (BANBAN) | 277 | 365 | Buy | 447 | 0.8 | 19.7 | 22.3 | 355.1 | 14.1 | 12.4 | 2.8 | 2.4 | 2.0 | 0.7 | 16.9 | 16.5 |
| IDFC First (IDFBAN) | 34 | 56 | Buy | 210 | 0.2 | 2.4 | 3.6 | 144.7 | 14.3 | 9.4 | 1.1 | 0.9 | 0.8 | 0.7 | 6.4 | 8.7 |
| HDFC (HDFC) | 2235 | 2840 | Buy | 4056 | 75.8 | 85.7 | 101.5 | 29.5 | 26.1 | 22.0 | 3.4 | 3.3 | 3.1 | 12.0 | 12.8 | 14.5 |
| Bajaj Finserv (BAFINS) | 11904 | 18900 | Buy | 1894 | 708.4 | 416.3 | 531.0 | 16.8 | 28.6 | 22.4 | 4.1 | 3.6 | 3.1 | 27.7 | 13.4 | 14.8 |
| Bajaj Finance (BAJFI) | 5,812 | 9,500 | Buy | 3,519 | 116.5 | 158.7 | 201.4 | 49.9 | 36.6 | 28.9 | 8.3 | 6.9 | 5.2 | 17.4 | 19.9 | 20.0 |
| Muthoot Finance (MUTFIN) | 1033 | 1300 | Buy | 414 | 9.5 | 12.0 | 13.0 | 108.4 | 85.8 | 79.2 | 2.5 | 2.1 | 1.7 | 23.5 | 22.9 | 23.1 |
| HDFC AMC (HDFAMC) | 1,941 | 2,400 | Buy | 414 | 65.4 | 75.8 | 87.4 | 29.7 | 25.6 | 22.2 | 7.5 | 6.6 | 5.8 | 25.2 | 25.8 | 26.2 |
| SBI Life Insurance | 1145 | 1400 | Buy | 1146 | 15.1 | 16.6 | 18.9 | 76.1 | 69.0 | 60.6 | 2.9 | 2.5 | 2.2 | 8.5 | 11.1 | 12.0 |
| HDFC Life | 544 | 670 | Buy | 1150 | 5.7 | 7.3 | 5.4 | 95.1 | 74.1 | 100.8 | 3.8 | 3.1 | 2.5 | 18.0 | 18.1 | 18.2 |
| Star Health | 534 | 825 | Buy | 307 | -20.5 | 10.7 | 15.1 | -26.0 | 49.8 | 35.4 | 7.2 | 6.1 | 4.9 | -27.8 | 12.2 | 13.9 |
| ICICI Lombard | 1277 | 1550 | Buy | 626 | -20.0 | 22.9 | 21.9 | -63.7 | 55.7 | 58.2 | 6.8 | 5.9 | 5.1 | 14.5 | 14.8 | 15.7 |
| MCX | 1,307 | 1,600 | Buy | 6,667 | 28.2 | 34.3 | 47.2 | 46.4 | 38.1 | 27.7 | 4.7 | 4.5 | 3.9 | 10.1 | 11.8 | 14.0 |

*Source: Bloomberg, ICICI Direct Research*

## RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%
Hold: -5% to 15%;
Reduce: -15% to -5%;
Sell: <-15%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