

January 14, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

| | Current | | Previous | |
|---------------------|-------------------|----------|-------------|----------|
| | FY27E | FY28E | FY27E | FY28E |
| Rating | ACCUMULATE | | HOLD | |
| Target Price | 725 | | 710 | |
| NBP-APE (Rs mn) | 1,21,856 | 1,37,697 | 1,20,600 | 1,35,700 |
| % Chng. | 1.0 | 1.5 | | |
| VNB (Rs mn) | 29,855 | 34,011 | 29,300 | 33,200 |
| % Chng. | 1.9 | 2.4 | | |
| EV (Rs mn) | 6,19,704 | 7,05,183 | 6,18,600 | 7,03,200 |
| % Chng. | 0.2 | 0.3 | | |

Key Financials - Standalone

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|------------------------|----------|----------|----------|----------|
| NBP (Rs mn) | 2,32,306 | 2,69,252 | 3,02,454 | 3,41,773 |
| APE (Rs mn) | 1,04,070 | 1,08,720 | 1,21,856 | 1,37,697 |
| VNB (Rs mn) | 23,700 | 26,419 | 29,855 | 34,011 |
| Margin (%) | 22.8 | 24.3 | 24.5 | 24.7 |
| Embedded Value (Rs mn) | 4,79,500 | 5,44,989 | 6,19,704 | 7,05,183 |
| EVOP (Rs mn) | 55,330 | 65,549 | 74,724 | 85,357 |
| RoEV (%) | 13.1 | 13.7 | 13.7 | 13.8 |
| P/EV (x) | 2.0 | 1.8 | 1.6 | 1.4 |

Key Data

ICIR.BO | IPRU IN

| | |
|---------------------|---------------------------|
| 52-W High / Low | Rs.707 / Rs.526 |
| Sensex / Nifty | 83,628 / 25,732 |
| Market Cap | Rs.990.4bn / \$ 10,980.8m |
| Shares Outstanding | 1,447.8m |
| 3M Avg. Daily Value | Rs.970.5m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 72.93 |
| Foreign | 13.16 |
| Domestic Institution | 8.65 |
| Public & Others | 5.26 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-----|-------|-------|
| Absolute | 5.8 | 1.7 | 6.5 |
| Relative | 7.0 | (0.9) | (4.6) |

Shreya Khandelwal

shreyakhandelwal@plindia.com | 91-22-66322538

Dhanik Hegde

dhanikhegde@plindia.com |

Growth picks up; structural improvement in margin

Quick Pointers:

- APE growth picking up led by surge in retail protection
- 9MFY26 Margin improves to 24.4% despite drag from GST exemption

While Q3 APE grew 3.5% YoY, company saw a strong surge in retail protection (+41% YoY) due to GST exemption. We expect the momentum to continue in Q4/ FY27E led by strong traction in retail protection, steady growth in NPAR and recovery in credit life. Q3 VNB margin improved to 24.4% driven by an increase in retail protection volume. Moreover, steady growth in NPAR, higher sum assured/ tenure and improved rider attachment helped offset the drag on profitability from GST exemption. We increase our FY26- FY28E VNB margin estimates by 20-50bps, factoring a sustainable improvement in margin profile. We use the appraisal value framework to value IPRU at a TP of Rs725 (1.9x FY27E P/EV). Upgrade to ACCUMULATE as valuation continues to be undemanding.

- **Growth picking up led by retail protection:** IPRU Life saw an APE growth of 3.5% YoY in 3QFY26 to Rs25.2bn driven by a strong growth in protection (+19% YoY). A surge in retail protection APE post GST exemption (+41% YoY) along with a recovery in credit life contributed to higher volumes in group protection (+6% YoY). While ULIP growth was lukewarm (+8% YoY), non-linked portfolio grew 15% YoY, driven by new launches. Linked / Non-Linked / Annuity / Group / Protection comprised 52% / 18% / 6% / 6% / 18% of APE in 3QFY26. Company expects the momentum to continue in Q4, factoring in a benign base, pick-up in credit life and sustained demand in retail protection/ NPAR. While we build an APE growth of ~5% in FY26E, we expect it to pick-up to 12%/ 13% in FY27/ FY28E respectively.
- **VNB margin seeing structural improvement:** 3QFY26 VNB grew 19% YoY to Rs6.2bn. Q3 VNB margin rose to 24.4% (in-line with 9MFY26 VNB Margin) led by a surge in retail protection and cost optimisation measures. Company continues to engage with distributors on lower commissions and expects higher sum assured/ tenure and rider attachment to offset the drag on profitability from non-availability of ITC credit. We increase our FY26-FY28E VNB Margin estimates by 20-50bps to account for better-than-expected performance in 9MFY26 and long-term alignment in cost structures.
- **13M persistency trend to be monitored:** 13M persistency saw a drop to 84.4% (vs. 85.3% in Sep-25) due to challenges in some channel and product pockets where persistency levels were lower than expected. AUM grew 6% YoY to Rs3,307.3bn and company re-raised sub-debt of Rs 12bn in Nov-25. Solvency ratio stood at 214.8%, sufficiently above the regulatory threshold of 150%.

- **Partnership distribution drives growth; banca steady:** Agency/ Direct/ Banca/ Partnership Distribution/ Group contributed 29%/15%/27%/14%/16% to overall APE in 3QFY26. While growth across proprietary channels (agency and direct) was largely flat YoY, partnership distribution grew 52% YoY led by retail protection. Banca grew 10% YoY with a stable run-rate for ICICIB (Rs ~1 bn per month). 9MFY26 Total Cost/ TWRP improved to 19.3% (vs. 19.8% in 9MFY25) and company highlighted positive operating leverage resulting in an improved margin profile.

Exhibit 1: Q3FY26 Result Overview

| Financials (Rs mn) | 3QFY26 | 3QFY25 | YoY gr. (%) | 2QFY26 | QoQ gr. (%) |
|-------------------------------|----------------|---------------|----------------|----------------|----------------|
| NBP | 56,321 | 64,389 | (12.5) | 54,453 | 3.4 |
| Net premium | 118,093 | 122,614 | (3.7) | 118,431 | (0.3) |
| Investment & other income | 104,928 | (77,449) | (235.5) | 1,725 | 5981.4 |
| Total income | 223,020 | 45,165 | 393.8 | 120,156 | 85.6 |
| Net commission | 12,375 | 11,037 | 12.1 | 12,727 | (2.8) |
| Opex | 11,161 | 9,744 | 14.5 | 8,793 | 26.9 |
| Total mgmt expenses | 23,536 | 20,781 | 13.3 | 21,520 | 9.4 |
| GST | 73 | 1,758 | (95.8) | 1,543 | (95.3) |
| Provision for taxes | 549 | 355 | 54.5 | 468 | 17.3 |
| Claims | 124,019 | 123,110 | 0.7 | 112,767 | 10.0 |
| Change in actuarial liability | 74,939 | (105,013) | (171.4) | (21,194) | (453.6) |
| Total cost | 223,333 | 40,975 | 445.0 | 115,307 | 93.7 |
| Surplus/(deficit) | (313) | 4,190 | (107.5) | 4,849 | (106.4) |
| T/f to s/hs' account | (969) | 3,260 | (129.7) | 4,203 | (123.1) |
| Investment & other income | 2,783 | 1,805 | 54.2 | 3,186 | (12.6) |
| Total income | 1,814 | 5,065 | (64.2) | 7,389 | (75.4) |
| Non-insurance expenses | 447 | 296 | 51.0 | 506 | (11.5) |
| T/f from p/hs' account | (969) | 3,260 | (129.7) | 4,203 | (123.1) |
| PBT | 4,472 | 3,758 | 19.0 | 3,470 | 28.9 |
| Taxes | 570 | 502 | 13.6 | 478 | 19.4 |
| PAT | 3,902 | 3,257 | 19.8 | 2,993 | 30.4 |
| AUM (Rs bn, Reported) | 3,307 | 3,104 | 6.5 | 3,215 | 2.9 |
| APE | 25,250 | 24,390 | 3.5 | 24,220 | 4.3 |
| Value of New Business | 6,150 | 5,170 | 19.0 | 5,920 | 3.9 |

Source: Company, PL

Exhibit 2: Actual performance v/s. our Estimates

| (Rs mn) | 3Q FY26 | 3Q FY25 | YoY gr. (%) | 2Q FY26 | QoQ gr. (%) | 3Q FY26E | % Var. |
|----------------|---------|---------|-------------|---------|-------------|----------|--------|
| APE | 25,250 | 24,390 | 3.5 | 24,220 | 4.3 | 22,476 | 12.3 |
| VNB | 6,150 | 5,170 | 19.0 | 5,920 | 3.9 | 5,169 | 19.0 |
| VNB Margin (%) | 24.4 | 21.2 | 320bps | 24.4 | 0bps | 23.0 | 140bps |

Source: Company, PL

Exhibit 3: Change in Estimates

| | Revised estimate | | | Earlier estimate | | | % Revision | | |
|----------------|------------------|----------|----------|------------------|----------|----------|------------|-------|-------|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| NBP-APE | 1,08,720 | 1,21,856 | 1,37,697 | 1,08,700 | 1,20,600 | 1,35,700 | 0.0 | 1.0 | 1.5 |
| VNB | 26,419 | 29,855 | 34,011 | 25,900 | 29,300 | 33,200 | 2.0 | 1.9 | 2.4 |
| VNB margin (%) | 24.3 | 24.5 | 24.7 | 23.8 | 24.3 | 24.5 | 50bps | 20bps | 20bps |
| EV | 5,44,989 | 6,19,704 | 7,05,183 | 5,44,400 | 6,18,600 | 7,03,200 | 0.1 | 0.2 | 0.3 |

Source: PL

Exhibit 4: Appraisal Value Framework

| | Value (Rs mn) |
|-----------------------------------|------------------|
| FY27 VNB | 29,855 |
| VNB Multiple | 16.9x |
| Structural Value - (A) | 503,183 |
| Embedded Value, F26E - (B) | 544,989 |
| Appraisal Value- (A) + (B) | 1,048,172 |
| No. of shares o/s (#) | 1,445.3 |
| Value per share (Rs) | 725 |
| Implied P/EV, F27E | 1.9x |

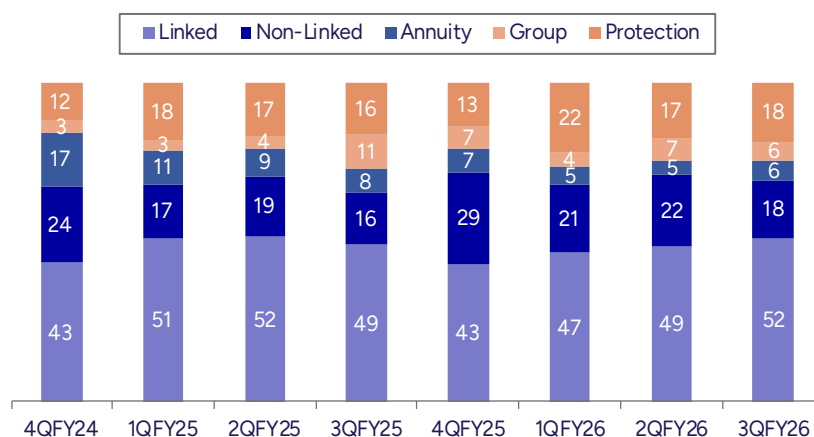
Source: PL

Q3FY26 Concall Highlights

- Company launched new products across the legacy, children and linked segments namely ICICI Wealth Forever, ICICI Pru SmartKid 360 and ICICI Pru Wealth Elite
- VNB margin was supported by a higher retail protection mix, stronger rider attachment, longer policy tenure and favorable yield curve movement
- Management expects annuity performance to improve in the coming quarters as the baseline normalizes
- An impact of Rs110mn on margins has been taken to account for labor law changes; no major impact is foreseen as the labor policy is already aligned with the new laws
- Commentary suggests the mix between PAR to NPAR within non-linked segment is roughly at 60:40
- MFI credit life saw a decline impacting H1FY26 APE; however, the segment is showing signs of recovery
- GST-related negotiations with distributors remain under discussion and are expected to impact only prospective business of the company
- Rider attachment continues to be driven only through new sales for the company and not through existing business
- Company called back sub-debt of Rs12bn and replaced it with fresh subordinate debt
- Cost to Premium ratio improved due to continuous alignment of cost structure with the product mix despite increase in expenses due to unavailability of ITC
- Management indicated that the cost structure remains stable and the company is well placed to manage any macro-level changes
- 13M persistency is expected to sustain at current level or exceed 85% by mid-FY27

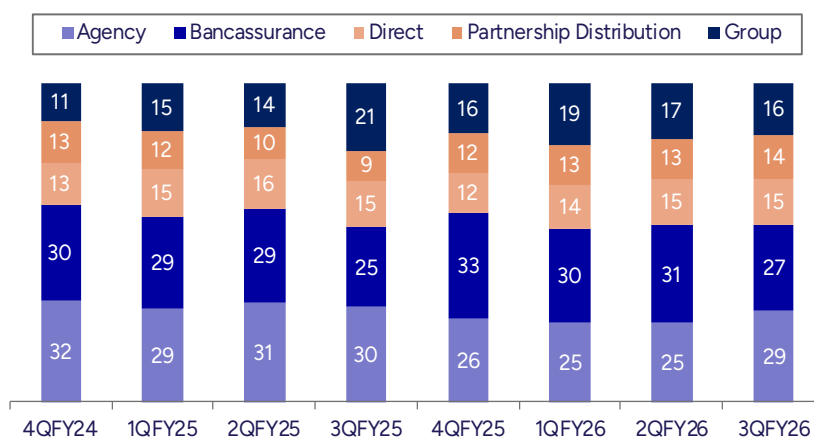
- Company continues to strengthen its diversified distribution franchise with over 0.24mn advisors, 51 banca partners having an access to 24,700 branches and 1,400+ distribution partners
- Product mix by Total APE (ULIP / Non-linked savings / Annuity / Group / Protection) stood at 52% / 18% / 6% / 6% / 18% in Q3FY26
- Distribution mix by Total APE (Banca / Agency / Direct / Partnership distribution / Group) stood at 27% / 29% / 15% / 14% / 16% in Q3FY26
- Solvency ratio remains comfortable at 214.8% as of Q3FY26

Exhibit 5: APE mix by product segment (%)



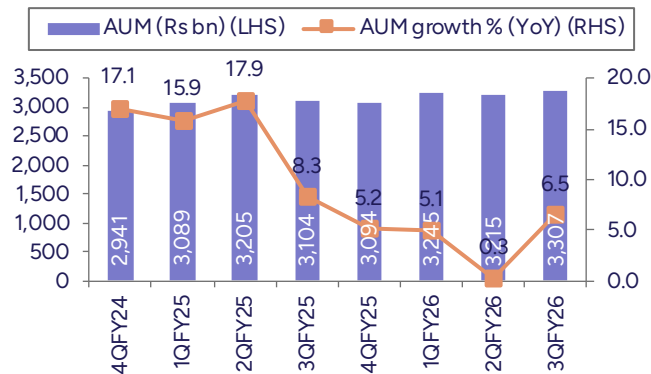
Source: Company, PL

Exhibit 6: Diversified channel-wise APE mix (%)



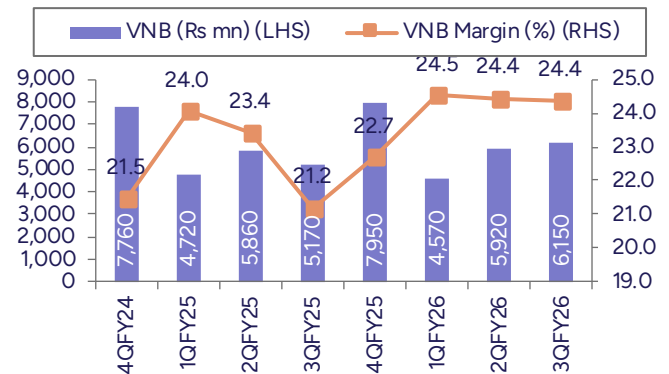
Source: Company, PL

Exhibit 7: AUM saw a growth of 6.5% YoY



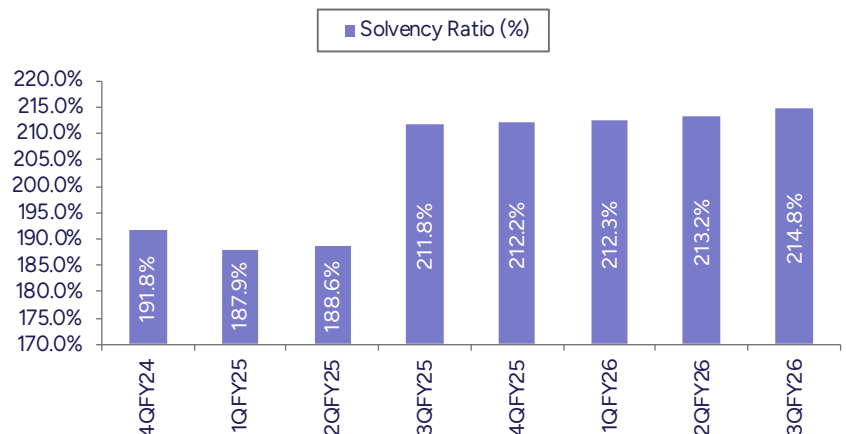
Source: Company, PL

Exhibit 8: VNB was at Rs6.1bn while margin stood at 24.4%



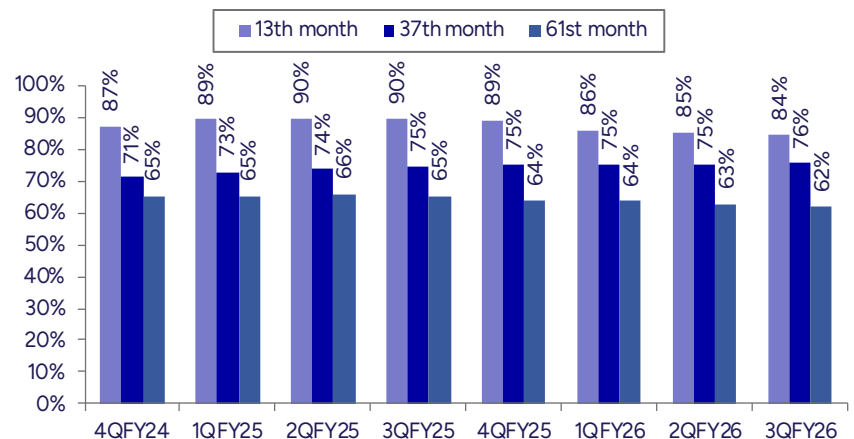
Source: Company, PL

Exhibit 9: Solvency ratio comfortable at ~215%



Source: Company, PL

Exhibit 10: Persistency trends remain healthy; seeing a drop in 13M



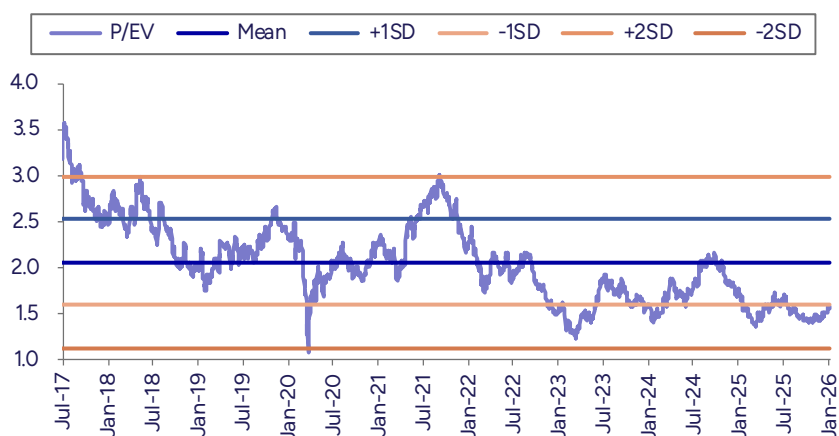
Source: Company, PL

Exhibit 11: Key Metrics

| | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 |
|------------------------------|--------|--------|--------|--------|--------|
| Commission ratio (%) | 9.0 | 9.6 | 11.6 | 10.7 | 10.5 |
| Opex ratio (%) | 7.9 | 5.5 | 10.7 | 12.0 | 9.5 |
| Mgmt expense ratio (%) | 16.9 | 15.1 | 22.2 | 22.8 | 19.9 |
| Claims ratio (%) | 100.4 | 75.3 | 114.8 | 95.2 | 105.0 |
| Solvency ratio (%) | 211.8 | 212.2 | 212.3 | 213.2 | 214.8 |
| Yield on s/hs' funds | | | | | |
| with unrealized gains (%) | 5.0 | 6.2 | 19.1 | 1.1 | 14.5 |
| without unrealized gains (%) | 6.2 | 6.6 | 6.4 | 8.2 | 7.3 |
| Persistency (%) | | | | | |
| 13th month | 89.8 | 89.1 | 86.0 | 85.3 | 84.4 |
| 37th month | 74.5 | 75.2 | 75.1 | 75.2 | 75.5 |
| 61st month | 65.3 | 64.1 | 63.8 | 62.9 | 61.8 |
| Conservation ratio (%) | 81.7 | 81.0 | 84.4 | 84.1 | 81.1 |

Source: Company, PL

Exhibit 12: One-year forward P/EV of IPRU Life trades at 1.6x



Source: Company, PL

Financials

Exhibit 13: Revenue Account

| Y/E March (Rs mn) | FY24 | FY25 | FY26E | FY27E | FY28E |
|--|----------------|----------------|----------------|----------------|----------------|
| FYP (first year premium) | 70,315 | 81,146 | 90,883 | 101,789 | 115,022 |
| SP (single premium) | 116,473 | 151,160 | 178,369 | 200,665 | 226,751 |
| NBP (new business premium) | 186,788 | 232,306 | 269,252 | 302,454 | 341,773 |
| RP (renewal premium) | 245,568 | 257,202 | 277,445 | 303,870 | 336,697 |
| Gross premium | 432,356 | 489,507 | 546,696 | 606,324 | 678,470 |
| (-) Reinsurance ceded | 14,760 | 16,913 | 19,134 | 21,221 | 23,746 |
| Net premiums | 417,597 | 472,594 | 527,562 | 585,103 | 654,724 |
| Investment & other income | 485,476 | 233,605 | 246,298 | 270,994 | 297,540 |
| Total income | 903,073 | 706,199 | 773,861 | 856,097 | 952,264 |
| - Commission expenses | 37,220 | 48,594 | 52,724 | 57,048 | 61,612 |
| - Operating expenses | 41,260 | 39,716 | 46,469 | 48,506 | 54,278 |
| - Provision for doubtful debts and taxes | 6,173 | 6,953 | 8,741 | 9,585 | 10,605 |
| Operating surplus | 818,420 | 610,937 | 665,925 | 740,959 | 825,769 |
| - Benefits paid (net) | 397,459 | 454,711 | 464,692 | 485,059 | 597,054 |
| - Interim & terminal bonuses paid | 2,601 | 7,114 | 2,000 | 2,000 | 2,000 |
| - Change in reserves | 406,390 | 135,714 | 182,598 | 233,409 | 199,533 |
| Pre-tax surplus / (deficit) | 11,970 | 13,398 | 16,635 | 20,490 | 27,183 |
| Provisions for tax | 1,079 | 2,502 | 3,106 | 3,826 | 5,076 |
| Post-tax surplus / (deficit) | 10,891 | 10,896 | 13,529 | 16,664 | 22,107 |

Source: Company, PL

Exhibit 14: P&L Account

| Y/E March (Rs mn) | FY24 | FY25 | FY26E | FY27E | FY28E |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| T/f from technical a/c | 14,719 | 10,931 | 12,176 | 15,831 | 21,002 |
| Investment and other income | 13,835 | 7,304 | 14,883 | 16,669 | 18,669 |
| Total income | 28,554 | 18,234 | 27,059 | 32,500 | 39,671 |
| Total expenses | 19,322 | 4,917 | 13,048 | 15,558 | 18,569 |
| PBT | 9,232 | 13,317 | 14,011 | 16,942 | 21,102 |
| Provision for tax | 708 | 1,462 | 1,538 | 1,859 | 2,316 |
| PAT | 8,524 | 11,855 | 12,473 | 15,083 | 18,786 |

Source: Company, PL

Exhibit 15: Balance Sheet

| Y/E March (Rs mn) | FY24 | FY25 | FY26E | FY27E | FY28E |
|--|------------------|------------------|------------------|------------------|------------------|
| Sources of Funds | | | | | |
| Shareholders' fund | 110,086 | 119,338 | 126,903 | 140,477 | 157,385 |
| Policy liabilities | 2,812,318 | 2,956,225 | 3,248,722 | 3,582,275 | 3,904,305 |
| Funds for future appropriations | 12,866 | 12,832 | 1,353 | 833 | 1,105 |
| Total | 2,935,270 | 3,088,395 | 3,376,979 | 3,723,586 | 4,062,795 |
| Application of Funds | | | | | |
| Shareholders' investments | 105,755 | 140,404 | 157,253 | 176,123 | 197,258 |
| Policyholders' investments | 1,143,182 | 1,286,988 | 1,539,917 | 1,748,800 | 1,994,544 |
| Asset held to cover linked liabilities | 1,648,424 | 1,612,399 | 1,644,647 | 1,776,219 | 1,847,267 |
| Net other and current assets | 37,909 | 48,604 | 35,162 | 22,444 | 23,725 |
| Total | 2,935,270 | 3,088,395 | 3,376,979 | 3,723,586 | 4,062,795 |

Source: Company, PL

Exhibit 16: Embedded Value (EV)

| Y/E March (Rs mn) | FY24 | FY25 | FY26E | FY27E | FY28E |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Opening EV | 356,380 | 423,370 | 479,500 | 544,989 | 619,704 |
| Unwind | 30,710 | 33,900 | 38,360 | 43,599 | 49,576 |
| VNB | 22,270 | 23,700 | 26,419 | 29,855 | 34,011 |
| Operating variance | -2,820 | -2,270 | 770 | 1,270 | 1,770 |
| EV Operating Profit (EVOP) | 50,160 | 55,330 | 65,549 | 74,724 | 85,357 |
| Non-operating variance | 16,910 | -240 | 1,000 | 1,500 | 2,000 |
| EV Profit | 67,070 | 55,090 | 66,549 | 76,224 | 87,357 |
| Net capital injection | -60 | 1,040 | -1,060 | -1,508 | -1,879 |
| Closing EV | 423,390 | 479,500 | 544,989 | 619,704 | 705,183 |

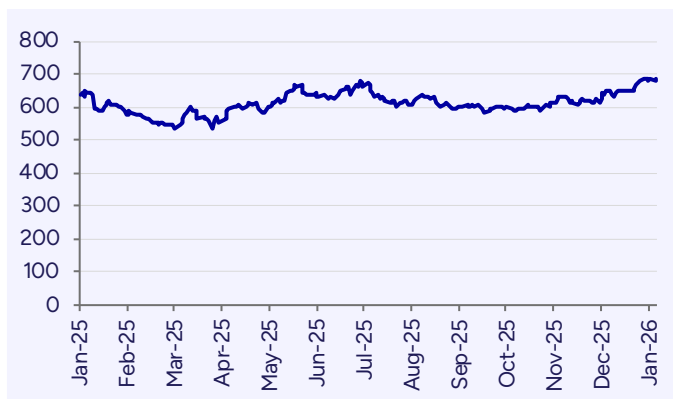
Source: Company, PL

Exhibit 17: Key Ratios

| Y/E March | FY24 | FY25 | FY26E | FY27E | FY28E |
|-----------------------------------|-------|------|-------|-------|-------|
| Growth (%) | | | | | |
| APE | 4.7 | 15.0 | 4.5 | 12.1 | 13.0 |
| Renewal premium | 9.0 | 4.7 | 7.9 | 9.5 | 10.8 |
| Net premium | 8.3 | 13.2 | 11.6 | 10.9 | 11.9 |
| PAT | 5.1 | 39.1 | 5.2 | 20.9 | 24.6 |
| Total AUM | 16.7 | 4.9 | 9.9 | 10.8 | 9.1 |
| Total Assets | 17.3 | 5.2 | 9.3 | 10.3 | 9.1 |
| Expense analysis (%) | | | | | |
| Commission ratio | 7.2 | 8.4 | 8.5 | 8.2 | 8.0 |
| Opex ratio | 9.5 | 8.1 | 8.5 | 8.0 | 8.0 |
| Claims ratio | 95.2 | 96.2 | 85.0 | 80.0 | 88.0 |
| P/hs' opex / Avg P/hs' AUM | 1.6 | 1.4 | 1.5 | 1.4 | 1.5 |
| Profitability analysis (%) | | | | | |
| RoA | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 |
| RoE | 8.3 | 10.5 | 10.1 | 11.2 | 12.6 |
| RoEV | 14.1 | 13.1 | 13.7 | 13.7 | 13.8 |
| VNB margin | 24.6 | 22.8 | 24.3 | 24.5 | 24.7 |
| S/hs' AUM yield | 13.5 | 5.9 | 10.0 | 10.0 | 10.0 |
| P/hs' AUM yield | 18.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| Balance sheet analysis | | | | | |
| P/hs' funds / P/hs' AUM (x) | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| P/hs' liabilities / Net worth (x) | 25.4 | 25.5 | 25.1 | 25.4 | 25.0 |
| Per share data (Rs) | | | | | |
| EPS | 5.9 | 8 | 9 | 10 | 13 |
| BVPS | 74 | 83 | 88 | 98 | 109 |
| EVPS | 294 | 332 | 377 | 429 | 488 |
| Valuation data (x) | | | | | |
| P/E | 114.7 | 82.8 | 78.7 | 65.1 | 52.2 |
| P/BV | 9.2 | 8.2 | 7.7 | 7.0 | 6.2 |
| P/EV | 2.3 | 2.0 | 1.8 | 1.6 | 1.4 |

Source: Company, PL

Price Chart



Recommendation History

| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|--------|----------|-------------------|
| 1 | 05-Jan-26 | HOLD | 710 | 679 |
| 2 | 15-Oct-25 | BUY | 710 | 597 |
| 3 | 06-Oct-25 | BUY | 725 | 601 |
| 4 | 10-Sep-25 | BUY | 725 | 598 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|--|------------|---------|------------------|
| 1 | AAVAS Financiers | BUY | 1,700 | 1,470 |
| 2 | Bajaj Finance | BUY | 1,125 | 969 |
| 3 | Can Fin Homes | Accumulate | 1,015 | 927 |
| 4 | Cholamandalam Investment and Finance Company | Accumulate | 1,850 | 1,787 |
| 5 | HDFC Life Insurance Company | BUY | 900 | 755 |
| 6 | ICICI Prudential Life Insurance Company | Hold | 710 | 679 |
| 7 | LIC Housing Finance | BUY | 645 | 538 |
| 8 | Mahindra & Mahindra Financial Services | Accumulate | 375 | 360 |
| 9 | Max Financial Services | BUY | 1,925 | 1,672 |
| 10 | SBI Life Insurance Company | Hold | 1,950 | 2,067 |
| 11 | Shriram Finance | BUY | 1,150 | 996 |
| 12 | Sundaram Finance | Hold | 5,000 | 5,288 |

PL's Recommendation Nomenclature (Absolute Performance)

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

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(Indian Clients)

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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