

A Strong Quarter

- Federal Bank reported better than expected NII and PPOP growth of 23% and 40% YoY respectively aided by sharp sequential growth in higher yielding gold loans and improved fee lines. NIM improved 6bps QoQ to 3.13%.
- Against a restructuring guidance of 2.5-3% of loans, the bank provided ~Rs4 bn or 10% during the quarter. Additionally, management expects quarterly slippages to rise by 30-50%, ex of any large corporate account, stress in which is not envisaged currently.
- If not for the NPA standstill order, the bank would have had slippages of Rs2.4 bn, against which it has made specific provisions of 15% during the quarter, which partly led to the ~600 bps rise in PCR to 66%. Collection efficiency for Sep month was ~95%, at par with Feb-20 levels.
- Despite a 5% QoQ contraction in corporate book, high sequential loan growth in retail and business loans at 4-6% each aided loan growth. Gold loans grew at 54% YoY and now constitutes 10% of loans.
- Strong CASA traction continued with CASA growth at 6% QoQ and 20% YoY driven by improving digital footprint. Retail deposits constitute over 90% of total deposits for the bank.
- We like the bank for its healthy liability franchise, high quality of corporate book, and improved conservatism on the provisioning front. Though we don't envisage any capital concerns given the low capital consumption with RWA/total assets at 56%, we look for a higher PPOP profile (at ~1.9% of assets) for a stronger stance on the bank.
- We factor in incremental stress (RSA+slippage) of ~6.5%, around a percentage point higher than management guidance. Our estimates for FY21E/22E now factor in delayed stress flow, unlike earlier where we were factoring most pain to accrue in FY21E for banks.
- Rolling over our estimates to Sep-22E, **we maintain our ACCUMULATE recommendation on the stock with a revised TP of Rs62, valuing it at 0.9x P/ABV. The stock currently trades at 0.7x Sep-22E P/ABV.**

Q2FY21 Result (Rs Mn)

Particulars	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)
Net interest income	13,799	11,238	22.8	12,964	6.4
Other income	5,093	4,209	21.0	4,884	4.3
Total Net Income	18,892	15,447	22.3	17,848	5.8
Operating expenses	8,827	8,259	6.9	8,524	3.5
Pre-provision profits	10,065	7,188	40.0	9,324	8.0
Provisions	5,921	2,518	135.2	3,946	50.0
Tax expense	1,069	503	112.3	1,370	(22.0)
Extraordinary gains	0	0		0	
Reported Net Profit	3,076	4,167	(26.2)	4,008	(23.2)
			(bps)		(bps)
Advances Growth (%)	6.1	14.8	(8.8)	8.3	(221)
NIM (%)	3.1	3.0	12	3.1	6
RoA (%)	0.7	1.0	(36)	0.9	(21)
RoE (%)	8.3	12.3	(406)	10.9	(262)
Gross NPA (%)	2.8	3.1	(23)	3.0	(12)

CMP	Rs 52
Target / Upside	Rs 62 / 19%
NIFTY	11,763

Scrip Details

Equity / FV	Rs 3,988mn / Rs 2		
Market Cap	Rs 104bn		
	USD 1bn		
52-week High/Low	Rs 97/ 36		
Avg. Volume (no)	35,470,700		
Bloom Code	FB IN		
Price Performance	1M	3M	12M
Absolute (%)	(3)	0	(37)
Rel to NIFTY (%)	(4)	(9)	(40)

Shareholding Pattern

	Mar'20	Jun'20	Sep'20
Promoters	0.0	0.0	0.0
MF/Banks/FIs	37.1	37.1	37.1
FIIIs	33.3	33.3	33.3
Public / Others	29.9	29.6	30.0

Valuation (x)

	FY21E	FY22E	FY23E
P/E	9.3	10.7	6.5
P/ABV	0.7	0.7	0.7
ROAA	0.6	0.5	0.7
ROAE	7.4	6.1	9.5

Estimates (Rs mn)

	FY21E	FY22E	FY23E
NII	52,531	57,427	65,258
PPOP	35,420	35,042	40,631
PAT	11,186	9,768	16,064
Adj BV	69.6	71.1	75.9

VP - Research: Mona Khetan

Tel: +91 22 40969762

E-mail: monak@dolatcapital.com

Associate: Shreesh Chandra

Tel: +91 22 40969714

E-mail: shreeshc@dolatcapital.com

Analyst: Prithvish Uppal

Tel: +91 22 40969714

E-mail: prithvish@dolatcapital.com

Exhibit 1: Actual v/s estimates

(Rs mn)	Actual	Estimated	% Variance	Comments
NII	13,799	12,665	9.0	Sharp sequential growth in higher yielding gold loans aid higher NIM
Operating Profit	10,065	7,669	31.2	Better than expected fee growth and one large recovery from WO account.
PAT	3,076	2,717	13.2	

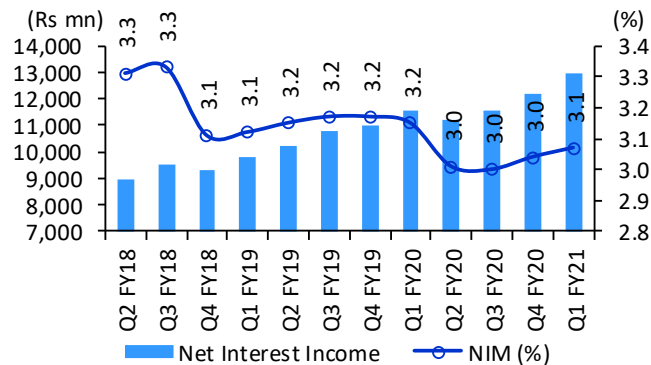
Source: Company, DART

Exhibit 2: Change in estimates

(Rs mn)	Previous		Revised		Change %		
Particulars	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	
Net Operating Revenue	71,409	79,142	71,590	75,219	0.3	(5.0)	
Pre-Provision Profits	36,479	40,220	35,420	35,042	(2.9)	(12.9)	
PAT	8,544	15,721	11,186	9,768	30.9	(37.9)	Sharp change in estimate reflects delayed stress flow vs earlier. Revision in FY22E ABV is limited.

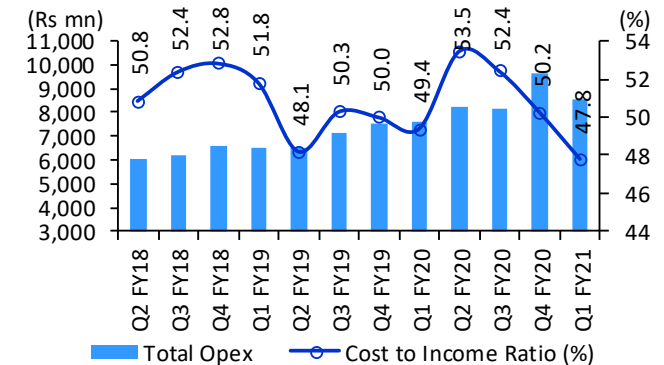
Source: Company, DART

Exhibit 3: NIM benefitted from growth in higher yielding gold loans



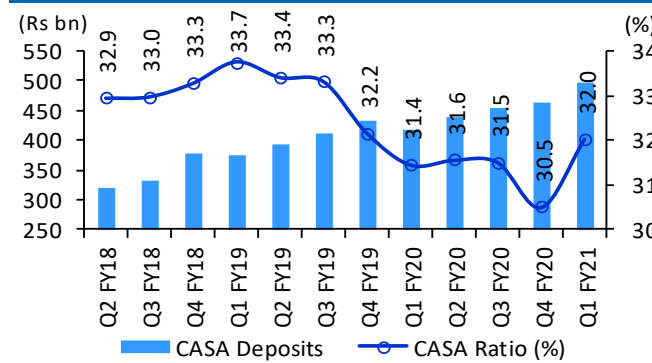
Source: Company, DART

Exhibit 4: Higher net income and stable opex aid C-I ratio



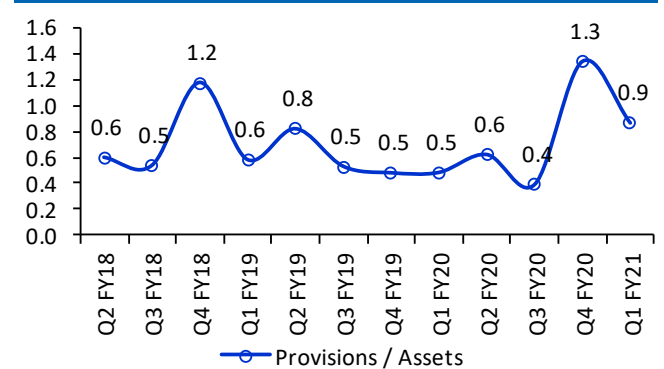
Source: Company, DART

Exhibit 5: Strong CASA gains from digital traction



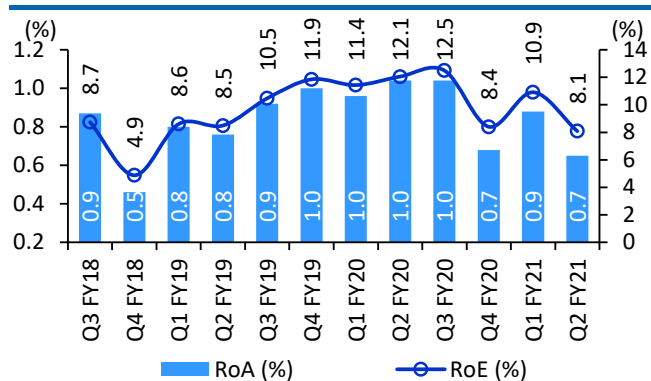
Source: Company, DART

Exhibit 6: Provisions remain elevated due to higher PCR and COVID related provisions



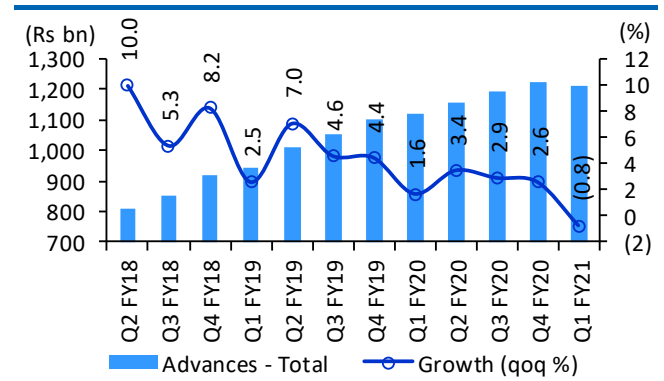
Source: Company, DART

Exhibit 7: Return ratios remain weak



Source: Company, DART

Exhibit 8: Sequential loan growth driven by retail and business loans



Source: Company, DART

Quarterly Financials

Profit and Loss (Rs mn)	Q2FY21	Q2FY20	% yoy / bps	Q1FY21	% qoq / bps	H1FY21	H1FY20	% yoy / bps
Interest Income	34,879	32,543	7.2	34,442	1.3	69,321	64,836	6.9
Yield on Advances (%)	8.90	9.33	(43)	8.98	(8)	8.94	9.44	(50)
Interest Expenses	21,081	21,305	(1.1)	21,477	(1.8)	42,558	42,056	1.2
Cost of Dep. (%)	5.10	5.93	(83)	5.37	(27)	5.24	5.95	(72)
Net Interest Income	13,799	11,238	22.8	12,964	6.4	26,763	22,780	17.5
NII to Net Operative Income	73.0	72.8	29	72.6	40	72.8	73.7	(87)
NIM (%)	3.13	3.01	12	3.07	6	3.10	3.08	2
Risk Adjusted NIM	2.74	2.54	20	2.46	28	2.60	2.61	(0)
Loan Processing Fee	820	610	34.4	440	86.4	1,260	1,100	14.5
Other Fee Income	1,740	1,910	(8.9)	1,030	68.9	2,770	3,600	(23.1)
Forex Opr.	320	640	(50.0)	240	33.3	560	1,070	(47.7)
Core Fee Income	2,880	3,160	(8.9)	1,710	68.4	4,590	5,770	(20.5)
Profit on Sale / Rev of Investments	1,410	820	72.0	3,040	(53.6)	4,450	1,730	157.2
Recovery W/O A/C & SR	800	220	263.6	130	515.4	930	620	50.0
Other Income - Total	5,093	4,209	21.0	4,884	4.3	9,977	8,124	22.8
Other Inc to Net Oper. Income (%)	27.0	27.2	(29)	27.4	(40)	27.2	26.3	87
Net Operating Revenue	18,892	15,447	22.3	17,848	5.8	36,740	30,904	18.9
Employee Expenses	4,875	4,407	10.6	4,959	(1.7)	9,833	8,385	17.3
Empl. Cost/Oper. Exps. (%)	25.8	28.5	(273)	27.8	(198)	26.8	27.1	(37)
Other Opex	3,952	3,852	2.6	3,566	10.8	7,518	7,503	0.2
Other Opex/ Assets (%)	0.2	0.2	(2)	0.2	2	0.4	0.5	(5)
Total Opex	8,827	8,259	6.9	8,524	3.5	17,351	15,888	9.2
Cost to Income Ratio (%)	46.7	53.5	(675)	47.8	(104)	47.2	51.4	(419)
Pre Provision Profits	10,065	7,188	40.0	9,324	8.0	19,389	15,016	29.1
Provisions & Contingencies - Total	5,921	2,518	135.2	3,946	50.0	9,867	4,438	122.3
NPA Provisions as % PPP	58.8	35.0	2,380	42.3	1,650	50.9	29.6	2,133
Profit Before Tax	4,145	4,670	(11.3)	5,378	(22.9)	9,522	10,578	(10.0)
Tax	1,069	503	112.3	1,370	(22.0)	2,831	2,568	10.2
Effective Tax Rate (%)	25.8	10.8	1,500	25.5	30.6	29.7	24.3	545
Reported Profits	3,076	4,167	(26.2)	4,008	(23.2)	6,691	8,009	(16.5)
RoA (%)	0.65	1.04	(39)	0.88	(23.0)	0.76	1.02	(26)
RoE (%)	8.09	12.06	(397)	10.92	(283)	9.51	11.75	(225)
Basic EPS (Rs)	1.54	2.10	(26.7)	2.01	(23.4)	3.55	4.04	(12.1)
Diluted EPS (Rs)	1.54	2.08	(26.0)	2.01	(23.4)	3.55	4.00	(11.3)

Source: Company, DART

Balance Sheet Analysis (Rs mn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	QoQ % / bps	YoY % / bps
Net Worth	1,37,543	1,42,110	1,45,176	1,49,230	1,52,353	2.1	10.8
RoE (%)	12.1	12.5	8.4	10.9	8.1	(283)	(397)
Tier 1 (%)	12.9	12.6	13.3	13.0	13.3	33	46
Total CAR (%)	14.0	13.6	14.4	14.2	14.6	47	66
RWA - Total	9,75,660	9,96,440	10,57,860	10,81,240	10,54,790	(2.4)	8.1
Advances - Total	11,58,932	11,92,220	12,22,679	12,12,970	12,29,120	1.3	6.1
Investments	3,10,944	3,10,260	3,58,927	3,47,490	3,62,526	4.3	16.6
Total Assets	16,64,245	17,27,920	18,06,380	18,58,210	18,90,267	1.7	13.6
RoA (%)	1.04	1.04	0.68	0.88	0.65	(23)	(39)
Deposits	13,95,465	14,45,920	15,22,901	15,49,380	15,67,474	1.2	12.3
CASA Deposits	4,40,230	4,54,842	4,64,500	4,96,160	5,27,860	6.4	19.9
CASA Ratio (%)	31.6	31.5	30.5	32.0	33.7	166	213
Term Deposits	9,55,235	9,91,078	10,58,401	10,53,220	10,39,614	(1.3)	8.8
Interest Bearing Liabilities - Total	14,73,104	15,26,920	16,26,625	16,61,750	16,77,905	1.0	13.9

Source: DART, Company

Loan Book Analysis (Rs mn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	QoQ % / bps	YoY % / bps
Corporates	4,86,170	4,93,218	5,07,250	4,95,420	4,70,930	(4.9)	(3.1)
SME	2,17,870	2,25,202	2,26,760	2,23,420	2,35,500	5.4	8.1
Agri	1,23,550	1,24,690	1,28,740	1,36,450	1,49,150	9.3	20.7
Retail	3,49,960	3,65,510	3,78,780	3,79,080	3,96,490	4.6	13.3
Advances - Total	11,58,932	11,92,220	12,22,679	12,12,970	12,29,120	1.3	6.1

Conference Call Highlights

- Large part of growth in the quarter came from field work-related products like gold loans, savings products, and fee intensive products. Growth was led by MSME GECL loans followed by Retail loans. Fee and treasury income lines also had strong traction.
- Outlook – worse is behind us, economic activity levels are picking up from a volume perspective. From a healthcare perspective, all safeguards are being implemented while there have been few isolated cases of branch shutdowns for a few days.
- Nonetheless, there has been a demand destruction. Banks will have to brace for lower levels of income in the short term. Demand is back to 75%-85% of pre-COVID levels.

Asset Quality

- Rs 2.37bn would have been the potential slippages during the quarter if not for the standstill. Bank has adjusted interest income by ~Rs 300mn against the same in the quarter and provided 15% as specific provisions against these.
- The bank also made ~Rs 4bn of additional standard asset provisions against potential restructurings expected at 2.5-3% of loans. ~Rs 35bn of portfolio is likely to be restructured against which the bank has made provisions @10% in the quarter.
- Customers who did not paid any EMI are less than 1.5% of the moratorium book or less than 0.7% of loans.
- Slippages are expected go up by 30-50% over the normal run rate of Rs3-3.5 bn per quarter over the next few quarters. This excludes any large corporate slippages, though there is none in pipeline currently.
- Sept collection efficiency was ~95% and at par with Feb 20 levels. Non moratorium book collection efficiency was 99% in September. Collection efficiency in CoB, BuB and corporate segments stood at 93%, 95% and 99.1% respectively.
- Collection efficiency also depends on the type of relationship with the customer. Where the bank is a sole lender, efficiency has been higher. Bank's exposure largely is to semi-urban customers where recovery has been quicker.
- SMA book stood at sub 1% levels. The bank has comparatively lower exposure to sectors that are highly stressed like hotels and tourism.
- Bank's LGD was <40% pre-COVID; management does not expect this to move materially as only 1.25% of the loan book is unsecured (credit card and personal loans to existing customers). LGDs will also depend on level of demand disruption in the respective sectors.
- As such the bank has been gradually improving its PCR over the past few quarters. Management aims to maintain PCR at 65-70% levels.
- Bank has no exposure builder loans. Most RE exposures are LRD based – where the loan tenures are lower than the lease tenure.

Other highlights

- CA traction due to underlying growth in branch/relationship enhancement by means of digital products, cash flow management services etc. Benefit of RBI circular was not that material.
- Gold loan business was positioned for growth as it is a counter cyclical product. Growth was largely branch led. Bank has not increased LTV beyond 80%, 85% at the higher end. 6 to 8 gold loan variants in digital and physical channels
- 54 new names added in corporate business in the last few months.
- Two possible outcomes of the SC case – one that the bank will be reimbursed for the interest by the govt/RBI or, two, the bank will bear the interest. There would be an impact of Rs 97mn if the bank must bear the interest on interest (on loans less than Rs 20mn), which the bank has already provided for.
- Loan processing fees/card fees up as the branch employees have begun pushing products in wake of the festive season
- NR business continues to fare well. Share gain in remittances (~17%) also visible, in part due to implementation of automated processes
- Employee pension provisions and wage costs are expected to be stable depending on yield movement
- The bank is targeting a 55:45 retail to wholesale mix.
- Gold loans stood at 10.2% of loan book. Have a 15% cap on exposure.
- C/I ratio is expected to be between 46-50% as the bank continues to make incremental investments in technology infrastructure
- NIMs expected to be in the range of 3.1-3.2%
- Do not expect cost of deposits/funds to go down further from current levels
- The bank is well capitalised and has no capital raising plans as of now. Will look at raising capital post 4QFY21. CRAR has improved partly due to reduction in risk weights as well.
- Other income benefitted from Rs 530mn of recoveries from one completely written off account during the quarter.

Profit and Loss Account (Rs Mn)

Particulars	FY20A	FY21E	FY22E	FY23E
Interest Income	132,108	139,246	150,615	170,713
Interest expenses	85,619	86,715	93,188	105,455
Net interest income	46,489	52,531	57,427	65,258
Other incomes	19,316	19,059	17,792	20,371
Total expenses	33,756	36,170	40,177	44,998
- Employee cost	17,724	19,496	21,835	24,456
- Other	16,033	16,674	18,341	20,542
Pre provisioning profit	32,048	35,420	35,042	40,631
Provisions	11,722	20,474	21,991	19,167
Profit before taxes	20,327	14,946	13,051	21,464
Tax provision	4,898	3,760	3,284	5,400
Profit after tax	15,429	11,186	9,768	16,064
Adjusted profit	15,429	11,186	9,768	16,064

Balance Sheet (Rs Mn)

Particulars	FY20A	FY21E	FY22E	FY23E
Sources of Funds				
Equity Capital	3,988	3,988	3,988	3,988
Reserves & Surplus	141,191	152,376	159,264	172,449
Minority Interest	0	0	0	0
Net worth	145,179	156,364	163,252	176,437
Borrowings	103,724	104,006	113,432	127,607
- Deposits	1,522,901	1,629,420	1,777,095	1,999,179
- Other interest bearing liabilities	0	0	0	0
Current liabilities & provisions	34,579	35,310	52,248	73,877
Total Liabilities	1,806,383	1,925,099	2,106,027	2,377,099
Application of Funds				
Cash and balances with RBI	125,746	134,626	147,556	147,685
Investments	358,927	386,789	418,812	470,296
Advances	1,222,679	1,296,040	1,425,644	1,639,490
Fixed assets	3,380	4,935	5,143	5,312
Other current assets, loans and advances	94,229	102,710	108,872	114,316
Total Assets	1,804,961	1,925,099	2,106,027	2,377,099

E – Estimates

Important Ratios

Particulars	FY20A	FY21E	FY22E	FY23E
(A) Margins (%)				
Yield on advances	9.2	9.0	9.0	9.1
Yields on interest earning assets	8.2	7.9	7.9	8.0
Yield on investments	6.5	6.0	5.9	6.0
Costs of funds	5.6	5.2	5.1	5.3
Cost of deposits	5.6	5.2	5.2	5.3
NIMs	2.9	3.0	3.0	3.1
(B) Asset quality and capital ratios (%)				
GNPA	2.8	3.5	4.3	4.3
NNPA	1.3	1.3	1.5	1.5
PCR	54.5	62.0	65.0	65.0
Slippages	1.7	1.9	2.5	2.1
NNPA to NW	11.1	11.1	13.1	14.1
CASA	30.7	33.5	33.0	33.0
CAR	14.3	13.9	13.2	12.5
Tier 1	13.3	12.9	12.3	11.7
Credit - Deposit	80.3	79.5	80.2	82.0
(C) Dupont as a percentage of average assets				
Interest income	7.8	7.5	7.5	7.6
Interest expenses	5.0	4.6	4.6	4.7
Net interest income	2.7	2.8	2.8	2.9
Non interest Income	1.1	1.0	0.9	0.9
Total expenses	2.0	1.9	2.0	2.0
- cost to income	51.3	50.5	53.4	52.6
Provisions	0.7	1.1	1.1	0.9
Tax	0.3	0.2	0.2	0.2
RoA	0.9	0.6	0.5	0.7
Leverage	12.4	12.3	12.9	13.5
RoE	11.1	7.4	6.1	9.5
RoRwa	1.5	1.0	0.8	1.1
(D) Measures of Investments				
EPS - adjusted	7.7	5.6	4.9	8.1
BV	72.8	78.4	81.8	88.5
ABV	64.6	69.6	71.1	75.9
DPS	0.0	1.2	1.2	1.2
Dividend payout ratio	0.0	0.0	0.0	0.0
(E) Growth Ratios (%)				
Net interest income	11.3	13.0	9.3	13.6
PPoP	16.0	10.5	(1.1)	15.9
Adj PAT	24.0	(27.5)	(12.7)	64.5
Advances	10.9	6.0	10.0	15.0
Total borrowings	33.3	0.3	9.1	12.5
Total assets	13.4	6.7	9.4	12.9
(F) Valuation Ratios				
Market Cap (Rs. mn)	104,087	104,087	104,087	104,087
CMP (Rs.)	52	52	52	52
P/E (x)	6.7	9.3	10.7	6.5
P/BV (x)	0.7	0.7	0.6	0.6
P/ABV (x)	0.8	0.7	0.7	0.7
Div Yield (%)	0.0	2.3	2.3	2.3

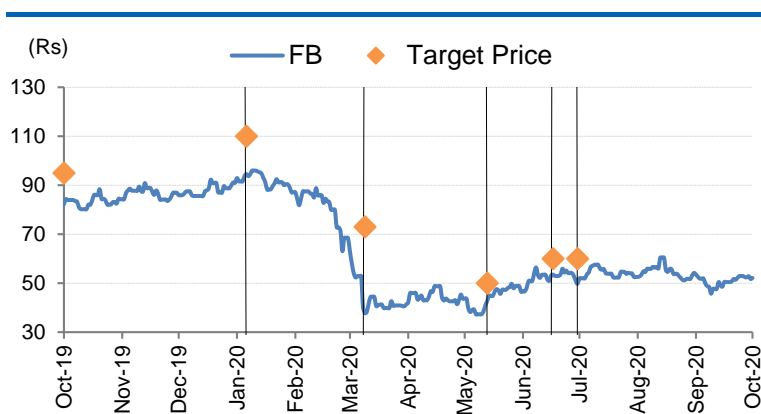
E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Oct-19	Accumulate	95	82
Jan-20	Accumulate	110	95
Mar-20	Buy	73	38
May-20	Accumulate	50	43
Jul-20	Accumulate	60	54
Jul-20	Accumulate	60	50

*Price as on recommendation date

DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
--------------------	--------------------------	--------------------------------	------------------------

Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
--------------------------	-------------------------	------------------------------	------------------------

CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Yomika Agarwal	VP - Equity Sales	yomika@dolatcapital.com	+9122 4096 9772
Jubbin Shah	VP - Derivatives Sales	jubbins@dolatcapital.com	+9122 4096 9779
Ashwani Kandoi	AVP - Equity Sales	ashwanik@dolatcapital.com	+9122 4096 9725
Lekha Nahar	AVP - Equity Sales	lekhan@dolatcapital.com	+9122 4096 9740
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Dinesh Mehta	Co- Head Asia Derivatives	dinesh.mehta@dolatcapital.com	+9122 4096 9765
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

Dolat Capital Market Private Limited.

Sunshine Tower, 28th Floor, Senapati Bapat Marg, Dadar (West), Mumbai 400013

Analyst(s) Certification

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)

II. Disclaimer:

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. 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 Dolat Capital Market Private Limited. and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

For U.S. Entity/ persons only: This research report is a product of Dolat Capital Market Private Limited., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Dolat Capital Market Private Limited. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person or entity.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Dolat Capital Market Private Limited. has entered into an agreement with a U.S. registered broker-dealer Ltd Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer/Entity as informed by Dolat Capital Market Private Limited. from time to time.



Dolat Capital Market Private Limited.

Corporate Identity Number: U65990DD1993PTC009797

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INB010710052 & INF010710052, NSE - INB230710031& INF230710031, Research: INH000000685

Registered office: Unit no PO6-02A - PO6-02D, Tower A, WTC, Block 51, Zone-5, Road 5E, Gift City, Gandhinagar, Gujarat – 382355

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com
