

Bank of Baroda

Refer to important disclosures at the end of this report

Strong earnings beat, retail growth reaccelerating; upgrade to Buy

CMP: Rs 43
as of (October 29, 2020)TP: Rs 55 (■)
12 months

Rating: BUY (■)

Upside: 28.1 %

- BOB posted a strong earnings beat with a PAT of Rs16.8bn vs. est. loss of Rs2.5bn, mainly due to better NIMs/higher fees and contained provisions. The bank carries better-than-peers Covid-19 provisioning buffer at 0.26% of loans but more would have been ideal.
- GNPA ratio was down 25bps qoq to 9.1% due to SC stay on NPA tagging, which otherwise too would have been contained at 9.3%. As a prudent practice, BOB has made provisions @20% on unrecognized NPAs and has deferred interest recognition on stressed loans like select private banks. SMA 1 & 2 book stands at 5.5% vs. 4.3% a year ago.
- Overall credit growth remains subdued at 5% yoy but retail growth is reaccelerating, driven by Home/Car loans as the bank's lending rates are competitive in the market. BOB's Tier I ratio is reasonable at 10.8%, including CET 1 at 9.2% among PSBs, but it plans to raise Rs135bn, including Rs95bn, via equity at an appropriate time.
- We upgrade the stock to Buy/EW in EAP with a TP of Rs55 (based on 0.4x Dec'22E ABV), factoring in better growth/asset-quality outlook, leading to better earnings momentum, higher retail orientation, reasonable capital position and favourable risk-reward at current valuations among PSBs.

Retail growth reviving; NIM surprises positively: Loan growth stood at 5.1% (merged) yoy, mainly driven by organic retail/agri book (excluding pool purchase) growing at 17% yoy. On the corporate front, the bank is reluctant to commit loans at lower yields for the longer term. However, retail growth is showing signs of revival with sanctions/disbursements in Q2 at >120% of last year. Deposit growth stood at 6.7% yoy, driven by significant growth in CASA and RTD. Domestic CASA ratio remains high and healthy at 39.8%, while global CASA stands at 37%. Global NIM improved 31bps qoq to 2.86% due to lower interest reversal and better spreads (COD down 48bps qoq). The bank believes that though lower cost is likely to endure, there will be some pressure on NIM due to restructuring but should be able to sustain near-historical NIM level of 2.8%.

SC stay on NPA tagging, higher w-offs contain NPA ratios: Fresh slippages were moderate at Rs15bn (mainly coming from one steel account in the overseas book and part of BR Shetty group slipping into NPA), while being nil on the domestic front on account of the SC stay on NPA tagging. Recoveries comprised Rs4bn from compromise in one a/c, Rs3bn from the sale of assets, Rs2bn from NCLT and balance from SARFAESI and OTS, while the bank expects to recover further Rs50bn from NCLT in H2FY21. Collection efficiency is back to near BAU levels @91% vs. 95% last year, suggesting returning of normalcy and room for cautious optimism. BOB believes that with existing provisioning buffer of Rs17.5bn on Covid-19 and Rs2.9bn on pro forma slippages, it is in a reasonable position to absorb any stress.

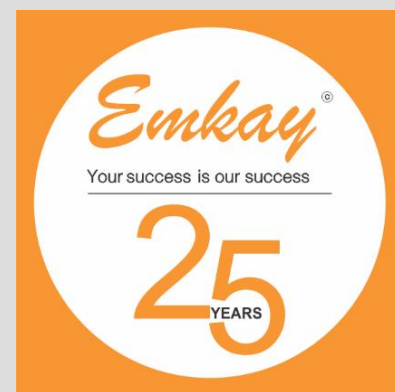
Outlook and valuations: We raise FY21-23 earnings estimates mainly factoring in the strong beat in Q2, steady improvement in growth trajectory and better asset-quality outlook in general. Factoring in earnings upgrade leading to better return ratios, higher retail orientation, reasonable capital position and favourable risk-reward at current valuations among PSBs, we upgrade the stock to Buy/EW in EAP. Our TP at Rs55 is based on 0.4x Dec'22E ABV, implying a decent upside. Key risks: higher NPA formation, mainly in corporate/SME book and slower-than-expected growth trajectory.

Please see our sector model portfolio (Emkay Alpha Portfolio): [BFSI-Banks \(page 7\)](#)

Financial Snapshot (Standalone)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net income	247,748	377,686	391,736	414,108	448,768
Net profit	4,335	5,469	4,723	16,704	50,259
EPS (Rs)	1.6	1.5	1.0	3.6	10.9
ABV (Rs)	153.4	120.5	117.3	117.2	126.5
RoA (%)	0.1	0.1	0.0	0.1	0.4
RoE (%)	1.0	0.9	0.7	2.3	6.6
PE (x)	26.3	28.6	42.1	11.9	4.0
P/ABV	0.3	0.4	0.4	0.4	0.3

Source: Company, Emkay Research



Change in Estimates

EPS Chg FY21E/FY22E (%)	NA/(0.1)
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

EPS Estimates		
	FY21E	FY22E
Emkay	1.0	3.6
Consensus	0.2	6.4
Mean Consensus TP (12M)	Rs 57	

Stock Details

Bloomberg Code	BOB IN
Face Value (Rs)	2
Shares outstanding (mn)	4,621
52 Week H/L	108 / 36
M Cap (Rs bn/USD bn)	198 / 2.68
Daily Avg Volume (nos.)	30,800,890
Daily Avg Turnover (US\$ mn)	18.9

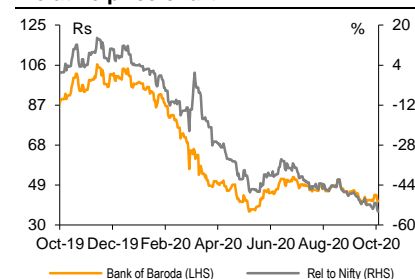
Shareholding Pattern Sep '20

Promoters	71.6%
FIIIs	3.9%
DIIIs	11.4%
Public and Others	13.1%

Price Performance

(%)	1M	3M	6M	12M
Absolute	4	(9)	(11)	(54)
Rel. to Nifty	-	(13)	(27)	(53)

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

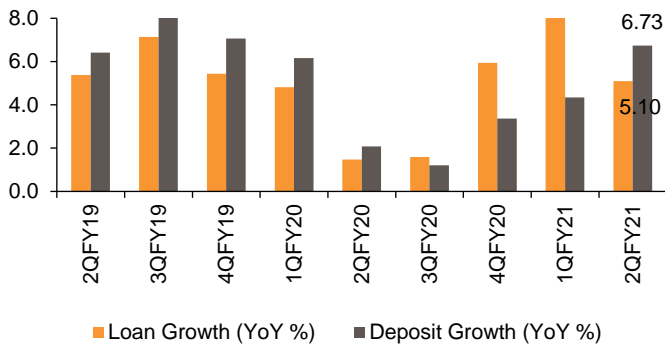
Anand Dama
anand.dama@emkayglobal.com
+91 22 6624 2480

Neelam Bhatia
neelam.bhatia@emkayglobal.com
+91 22 6612 1262

Mayank Agarwal
mayank.agarwal@emkayglobal.com

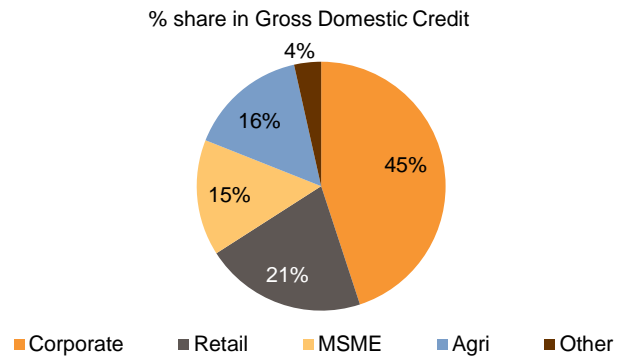
Story in Charts

Exhibit 1: Moderate loan growth but shows signs of revival led by retail



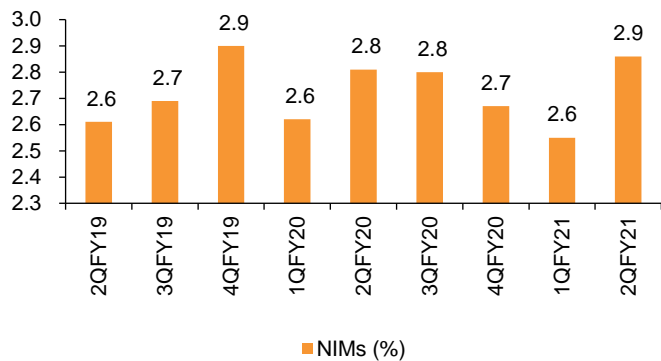
Source: Company, Emkay Research

Exhibit 2: The bank has healthy retail share among PSBs, which should inch up further as retail growth to outpace corporate growth



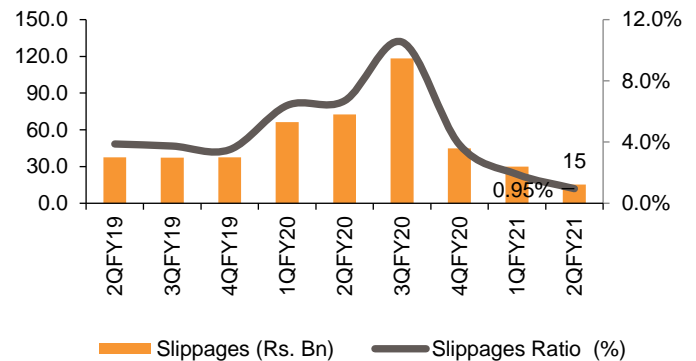
Source: Company, Emkay Research

Exhibit 3: Global NIM improved 31bps qoq to 2.9%, supported by lower interest reversal and better spreads



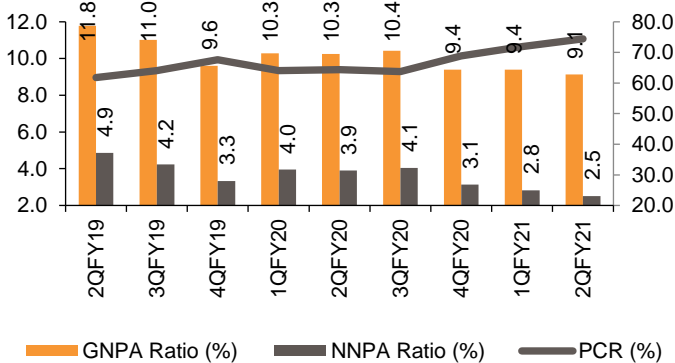
Source: Company, Emkay Research

Exhibit 4: Slippages were lower due to SC stay on NPA tagging



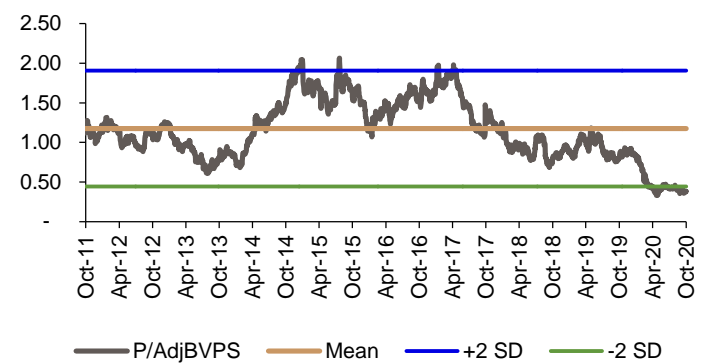
Source: Company, Emkay Research

Exhibit 5: GNPA improved by 25bps due to SC stay, while specific PCR improved to 74%



Source: Company, Emkay Research

Exhibit 6: The stock currently trades at 0.4x – 1-year forward ABV



Source: Bloomberg, Emkay Research

Exhibit 7: Actual vs. Estimates (Q2FY21)

Rs mn	Actuals	Estimates		% Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net income	103,098	94,372	82,012	9%	26%	Better NIM and other income led to a beat
PPOP	55,518	47,882	44,903	16%	24%	Better net income led to a beat
PAT	16,786	-2,525	2,692	NA	524%	Contained provisions led to a beat

Source: Company, Emkay Research

Exhibit 8: Quarterly Summary

Rs mn	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	YoY (%)	QoQ (%)	FY20	FY21E	YoY (%)
Interest Earned	192,740	190,679	186,984	184,936	179,176	-7	-3	759,837	732,495	-4
Interest Exp	122,460	119,389	119,003	116,781	104,101	-15	-11	485,324	441,698	-9
Net Interest Income	70,279	71,291	67,982	68,155	75,075	7	10	274,513	290,796	6
Global NIMs (reported)	2.81	2.80	2.67	2.55	2.86	5bps	31bps	3.07	2.67	-40bps
Non-interest Income	28,239	27,412	28,347	18,183	28,023	-1	54	103,173	100,940	-2
Operating Expenses	45,160	49,118	45,120	43,143	47,580	5	10	180,772	188,205	4
Pre Provisioning Profit	53,359	49,585	51,208	43,195	55,518	4	29	196,914	203,532	3
Provision & Contingencies	42,092	71,554	68,441	56,277	30,016	-29	-47	214,928	197,628	-8
PBT	11,268	-21,970	-17,233	-13,082	25,502	126	-295	-18,014	5,904	-133
Income Tax Expense (Gain)	3,901	-7,900	-22,299	-4,440	8,716	123	-296	-23,483	1,181	-105
Net Profit/(Loss)	7,367	-14,070	5,066	-8,642	16,786	128	-294	5,469	4,723	-14
Gross NPA (%)	10.25	10.43	9.40	9.39	9.14	-111bps	-25bps	9.40	10.27	87bps
Net NPA (%)	3.91	4.05	3.13	2.83	2.51	-140bps	-32bps	3.12	3.32	20bps
Deposits (Rs in bn)	8,941	8,962	9,460	9,345	9,543	7	2	9,460	10,077	7
Net Advances (Rs in bn)	6,373	6,545	6,901	6,867	6,699	5	-2	6,901	7,260	5

Source: Company, Emkay Research

Exhibit 9: Revision in estimates

Y/E Mar (Rs mn)	FY21E			FY22E			FY23		
	Earlier	Revised	% change	Earlier	Revised	% change	Earlier	Revised	% change
Net income	379,918	391,736	3.11%	399,155	414,108	3.75%	433,274	448,768	3.58%
PPOP	196,557	203,532	3.5%	208,015	213,674	2.7%	225,780	226,642	0.4%
PAT	-10,064	4,723	NA	16,726	16,704	-0.1%	42,703	50,259	17.7%
EPS (Rs)	-2.2	1.0	NA	3.6	3.6	-0.1%	9.2	10.9	17.7%
BV (Rs)	153.1	156.3	2.1%	156.5	159.8	2.1%	165.4	170.5	3.1%

Source: Emkay Research

Exhibit 10: Key assumptions

	FY20	FY21E	FY22E	FY23E
Loan Growth %	47.2	5.2	7.9	11.6
Deposit Growth %	48.1	6.5	8.5	11.1
NIM %	3.1	2.7	2.7	2.7
GNPA %	9.4	10.3	10.4	9.7
Credit Cost %	3.2	2.7	2.4	1.7

Source: Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net interest income	186,838	274,513	290,796	306,435	334,585
Other income	60,910	103,173	100,940	107,673	114,183
Fee income	19,894	25,903	41,444	43,516	47,868
Net income	247,748	377,686	391,736	414,108	448,768
Operating expenses	112,880	180,772	188,205	200,434	222,126
Pre provision profit	134,868	196,914	203,532	213,674	226,642
PPP excl treasury	124,974	169,407	173,274	184,929	199,334
Provisions	127,887	214,928	197,628	191,402	159,630
Profit before tax	6,982	(18,014)	5,904	22,272	67,012
Tax	2,646	(23,483)	1,181	5,568	16,753
Tax rate	38	130	20	25	25
Profit after tax	4,335	5,469	4,723	16,704	50,259

Balance Sheet

Y/E Year End (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity	5,304	9,254	9,254	9,254	9,254
Reserves	454,107	709,308	714,032	730,273	779,607
Net worth	459,411	718,562	723,286	739,527	788,860
Deposits	6,386,897	9,459,844	10,076,705	10,928,793	12,141,860
Borrowings	547,833	716,793	609,274	578,810	549,870
Total liabilities	7,809,874	11,579,155	12,165,098	12,997,827	14,343,192
Cash and bank	266,617	326,459	240,302	146,365	65,130
Investments	1,822,981	2,746,146	2,877,543	3,035,569	3,325,719
Loans	4,688,187	6,901,207	7,260,429	7,833,024	8,742,675
Others	336,507	623,912	673,346	728,983	797,554
Total assets	7,809,874	11,579,169	12,165,098	12,997,827	14,343,192

Key Ratios (%)

Y/E Year End	FY19	FY20	FY21E	FY22E	FY23E
NIM	2.7	3.1	2.7	2.7	2.7
Non-II/avg assets	0.8	1.1	0.9	0.9	0.8
Fee income/avg assets	0.3	0.3	0.3	0.3	0.4
Opex/avg assets	1.5	1.9	1.6	1.6	1.6
Provisions/avg assets	1.7	2.2	1.7	1.5	1.2
PBT/avg assets	0.1	(0.2)	0.0	0.2	0.5
Tax/avg assets	0.0	(0.2)	0.0	0.0	0.1
RoA	0.1	0.1	0.0	0.1	0.4
RoAE	1.0	0.9	0.7	2.3	6.6
GNPA (%)	9.6	9.4	10.3	10.4	9.7
NNPA (%)	3.3	3.1	3.3	3.4	3.1

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	1.6	1.5	1.0	3.6	10.9
BVPS	192.3	155.3	156.3	159.8	170.5
ABVPS	153.4	120.5	117.3	117.2	126.5
DPS	0.0	0.0	0.0	0.1	0.2

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	26.3	28.6	42.1	11.9	4.0
P/BV	0.3	0.4	0.4	0.4	0.3
P/ABV	0.3	0.4	0.4	0.4	0.3
P/PPOP	0.8	1.0	1.0	0.9	0.9
Dividend Yield (%)	0.0	0.0	0.0	0.2	0.5

Source: Company, Emkay Research

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
NII	20.4	46.9	5.9	5.4	9.2
PPOP	12.3	46.0	3.4	5.0	6.1
PAT	(117.8)	26.2	(13.6)	253.6	200.9
Loans	9.7	47.2	5.2	7.9	11.6

Quarterly (Rs mn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
NII	70,279	71,291	67,982	68,155	75,075
NIM(%)	2.8	2.8	2.7	2.6	2.9
PPOP	53,359	49,585	51,208	43,195	55,518
PAT	7,367	(14,070)	5,066	(8,642)	16,786
EPS (Rs)	1.91	(3.04)	1.09	(1.87)	3.63

Source: Company, Emkay Research

Shareholding Pattern (%)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Promoters	71.6	71.6	71.6	71.6	71.6
FIIIs	4.8	4.9	4.6	4.1	3.9
DIIIs	13.9	13.7	14.0	12.7	11.4
Public and Others	9.7	9.8	9.9	11.7	13.1

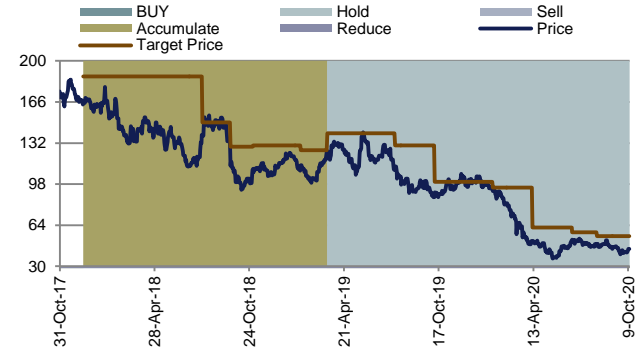
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
11-Aug-20	47	55	12m	Hold	Aanad Dama
25-Jun-20	52	58	12m	Hold	Aanad Dama
11-Apr-20	51	62	12m	Hold	Aanad Dama
27-Jan-20	92	95	12m	Hold	Aanad Dama
9-Nov-19	94	100	12m	Hold	Aanad Dama
9-Oct-19	91	100	12m	Hold	Aanad Dama
23-Sep-19	101	130	12m	Hold	Aanad Dama
3-Sep-19	91	130	12m	Hold	Aanad Dama
26-Jul-19	113	130	12m	Hold	Aanad Dama
24-May-19	137	140	12m	Hold	Aanad Dama
20-Mar-19	125	140	12m	Hold	Aanad Dama
29-Jan-19	114	126	12m	Accumulate	Aanad Dama
31-Oct-18	111	130	12m	Accumulate	Jignesh Shial
18-Sep-18	113	129	12m	Accumulate	Jignesh Shial
27-Jul-18	138	149	12m	Accumulate	Jignesh Shial
21-May-18	130	187	12m	Accumulate	Ravikant Bhat
24-Jan-18	178	187	12m	Accumulate	Ravikant Bhat
14-Dec-17	166	187	12m	Accumulate	Ravikant Bhat

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – BFSI-Banks



Analyst: Anand Dama

Contact Details

anand.dama@emkayglobal.com
+91 22 6624 2480

Sector

Banks

Analyst bio

Anand Dama is a CA, CPM (ICFAI) with total 12 years of research experience, in addition to 3 years in the finance/rating industry. His team currently covers 21 banks and 15 stocks in the NBFC/Insurance space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
BFSI-Banks	19.92	19.92	0.0%	0	100.00
Axis Bank	2.05	2.17	6%	12	10.90
AU Small Finance Bank	0.26	0.22	-16%	-4	1.08
Bandhan Bank	0.32	0.47	44%	14	2.34
Bank of Baroda	0.08	0.08	0%	0	0.42
Canara Bank	0.04	0.00	-100%	-4	0.00
City Union Bank	0.17	0.17	1%	0	0.88
DCB Bank	0.00	0.00	NA	0	0.00
Equitas Holdings	0.00	0.00	NA	0	0.00
Federal Bank	0.16	0.16	0%	0	0.81
HDFC Bank	7.59	7.83	3%	25	39.33
ICICI Bank	4.22	4.38	4%	16	21.99
Indian Bank	0.00	0.00	NA	0	0.00
Indusind Bank	0.55	0.55	0%	0	2.78
Karur Vysya Bank	0.00	0.00	NA	0	0.00
Kotak Mahindra Bank	3.13	2.53	-19%	-61	12.68
Punjab National Bank	0.06	0.00	-100%	-6	0.00
RBL Bank	0.12	0.14	19%	2	0.69
State Bank of India	1.13	1.21	7%	8	6.10
Ujjivan Small Finance Bank	0.00	0.00	NA	0	0.00
Union Bank of India	0.03	0.00	-100%	-3	0.00
Yes Bank	0.00	0.00	NA	0	0.00
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

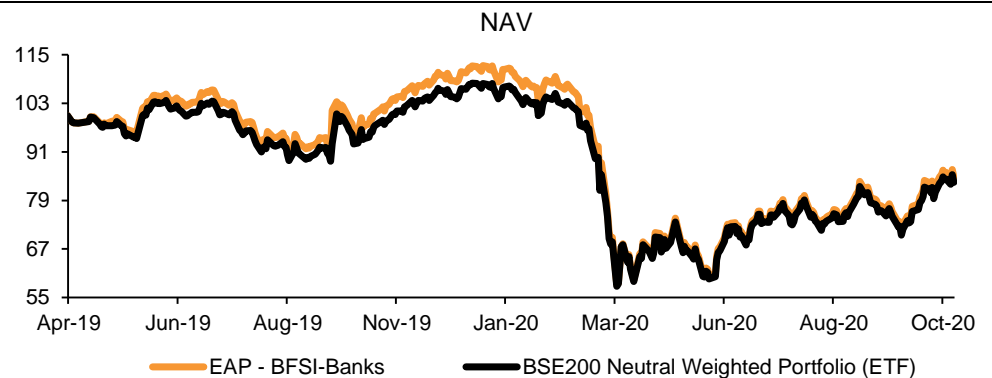
Sector portfolio NAV

	Base					Latest
	1-Apr-19	29-Jan-20	29-Apr-20	29-Jul-20	28-Sep-20	28-Oct-20
EAP - BFSI-Banks	100.0	107.3	72.9	76.0	75.2	84.7
BSE200 Neutral Weighted Portfolio (ETF)	100.0	103.3	72.0	75.1	74.0	83.4

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 30 Oct 2020 02:22:39 (SGT)

Dissemination Date: 30 Oct 2020 02:23:39 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, 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 or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.

- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), 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 Financial Institutions Regulatory Authority (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 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, which is not the Major Institutional Investor. 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.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of October 29, 2020
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
3. **Disclosure of previous investment recommendation produced:** EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of October 29, 2020.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the October 29, 2020
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the October 29, 2020

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, 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 or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.**CIN - L67120MH1995PLC084899**

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com