

## RBL Bank

Refer to important disclosures at the end of this report

## Asset quality risk persists, but shores up provisioning buffer

CMP: Rs 175  
as of (October 28, 2020)TP: Rs 200 (▲)  
12 months

Rating: HOLD (■)

Upside: 14.1 %

- RBL reported a sharp dip in NIMs due to pro-active interest reversal on potentially stressed exposures, but lower opex/better fees led to in-line PAT at Rs1.4bn. RBL also raised the Covid-19 provisioning buffer by Rs3.1bn in Q2, with a cumulative buffer of Rs6.6bn (121bps of loans).
- The overall loan book fell 4% yoy/1% qoq but cards & MFI portfolios gained healthy traction. Collection efficiency has improved in 2Q, but nearly 6.7%/3.2% of MFI/Cards base has not paid any EMI since Apr'20 and remains a potential risk. Management maintained overall LLP guidance similar to FY20 levels at 350bps.
- RBL has granted permission to Mapple II BV (Barings) to increase its stake to 9.99% for Rs10bn, which will enable preferential capital raise of Rs15.6bn and improve banks Tier I to over 17%, strengthening its balance sheet amid Covid-19-induced disruption.
- RBL has bounced back from the deposit scare and in fact, reported healthy traction in CASA. However, its further re-rating is conditioned to its asset quality performance, growth trajectory and sustained improvement in return ratios. Retain Hold with a revised TP of Rs200 (based on 0.9x Dec 20 ABV).

**Focus on retail deposit mobilization yielding results; margin dip mainly due to pro-active interest reversal:** The loan book shrank 1% qoq/4% yoy, owing to the continued strategy of de-bulking the wholesale book. However, retail growth has gained traction (up 22% yoy) with cards & MFI growth being far higher at 41% yoy/10% qoq and 30% yoy/9% qoq, respectively. RBL is now done with de-bulking of the wholesale book, which would lead to a revival of credit growth from Q3. RBL's focus on retail deposit mobilization is reflecting in its deposit growth – up 5% qoq and historically higher CASA ratio at 31%, albeit built with a high rate. However, RBL plans to rationalise SA ratio as it gains more confidence on sustainability of deposits. Margin contraction in Q2, down 51bps qoq to 4.3%, was mainly due to pro-active interest reversal on the potential stress in the non-wholesale book and lower LDR. RBL would do a similar reversal in Q3 after which it expects NIM to stabilize at ~4.5% led by lower CoF and better LDR.

**Asset quality risk persists, but improved provisioning buffer is positive:** Fresh slippages were low at Rs1.45bn (1% of loans) due to SC stay on NPA tagging, leading to low GNPA ratio at 3.3%. Excluding SC stay, GNPA ratio would have been flat at 3.5%. MFI (12%) and Card (20%) portfolios contribute nearly 32% of loans, while the bank has not received any EMI in nearly 6.7% of MFI/3.2% of cards loans and thus run a high risk of default. However, as a prudent measure the bank has accelerated its specific PCR to 59% and increased Covid-19 contingent provision buffer to Rs6.6bn (121bps of loans), which is comparable with large banks. RBL has guided that the credit cost to remain at near FY20 levels, out of which two-third credit cost would be contributed by retail loans.

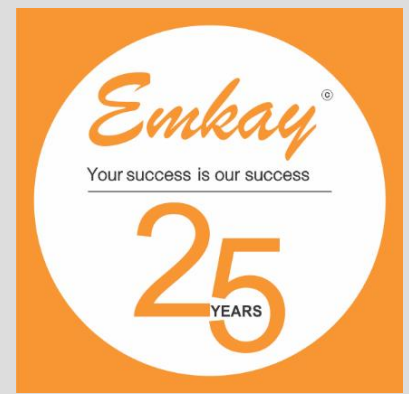
**Outlook and valuations:** We expect RBL's RoA to remain flat and low at 0.6% in FY21, but should improve in FY22/FY23 to 1.1/1.4% as business growth picks up and LLP moderates. However, potential capital raise (Rs15.6bn) should keep the bank's RoE depressed at 5% in FY21E and then improve to a reasonable level of 11%. We retain Hold/UW in EAP with a revised TP of Rs200 (based on 0.9x Dec'22E ABV). Key risks to our call include higher-than-expected stress build-up in corporate/retail portfolios, slower-than-expected growth and senior management attrition.

Please see our sector model portfolio (Emkay Alpha Portfolio): [BFSI-Banks \(page 8\)](#)

## Financial Snapshot (Standalone)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net income	39,818	55,398	59,845	65,853	76,742
Net profit	8,670	5,057	6,032	11,779	16,317
EPS (Rs)	20.5	10.8	10.9	19.7	27.3
ABV (Rs)	172.5	207.1	214.9	215.5	241.7
RoA (%)	1.2	0.6	0.6	1.1	1.4
RoE (%)	12.2	5.6	5.2	8.9	11.2
PE (x)	8.6	16.2	16.1	8.9	6.4
P/ABV	1.0	0.8	0.8	0.8	0.7

Source: Company, Emkay Research



## Change in Estimates

EPS Chg FY21E/FY22E (%)	8.7/2.3
Target Price change (%)	2.6
Target Period (Months)	12
Previous Reco	HOLD

## Emkay vs Consensus

EPS Estimates		
	FY21E	FY22E
Emkay	10.9	19.7
Consensus	9.2	20.1
Mean Consensus TP (12M)	Rs 196	

## Stock Details

Bloomberg Code	RBK IN
Face Value (Rs)	10
Shares outstanding (mn)	509
52 Week H/L	391 / 102
M Cap (Rs bn/USD bn)	89 / 1.21
Daily Avg Volume (nos.)	22,039,960
Daily Avg Turnover (US\$ mn)	54.6

## Shareholding Pattern Sep '20

Promoters	-%
FIIIs	27.8%
DIIIs	18.7%
Public and Others	53.5%

## Price Performance

(%)	1M	3M	6M	12M
Absolute	1	(4)	39	(32)
Rel. to Nifty	(3)	(7)	11	(33)

## 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

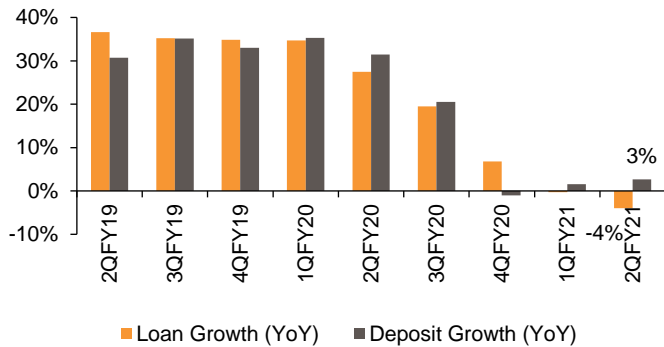
neelam.bhatia@emkayglobal.com  
+91 22 6612 1262

## Mayank Agarwal

mayank.agarwal@emkayglobal.com

## Story in Charts

**Exhibit 1: Overall loan growth remains subdued due to corporate de-bulking ...**



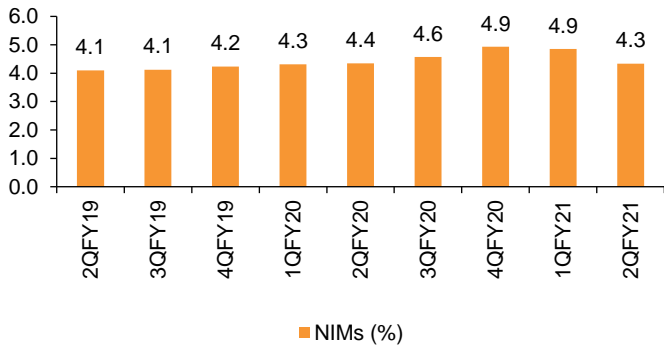
Source: Company, Emkay Research

**Exhibit 2: ...but retail credit growth improved, led by cards/MFI**



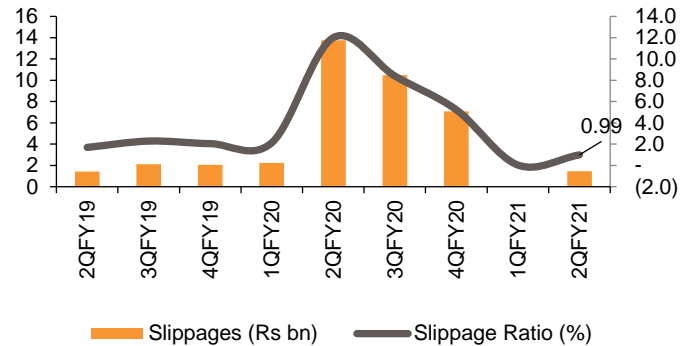
Source: Company, Emkay Research

**Exhibit 3: NIM was lower by 51bps qoq due to interest reversal on potential stress in wholesale book and lower LDR**



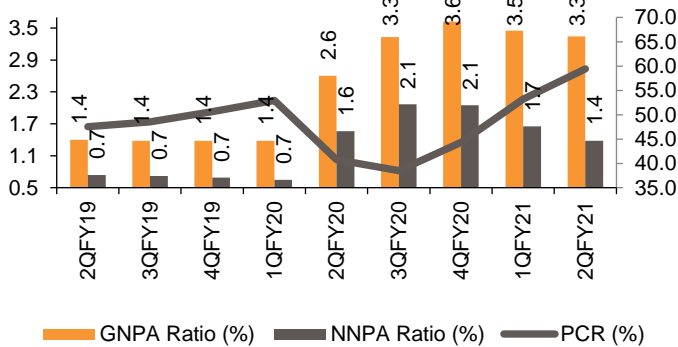
Source: Company, Emkay Research

**Exhibit 4: Lower slippages mainly due to SC stay on NPA tagging**



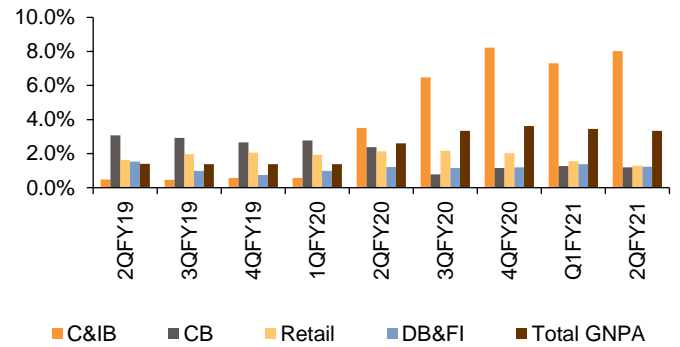
Source: Company, Emkay Research

**Exhibit 5: GNPA ratio improved by 11 bps qoq due to lower slippages, recoveries (Rs 1bn) and w-off (Rs 1.2 bn)**



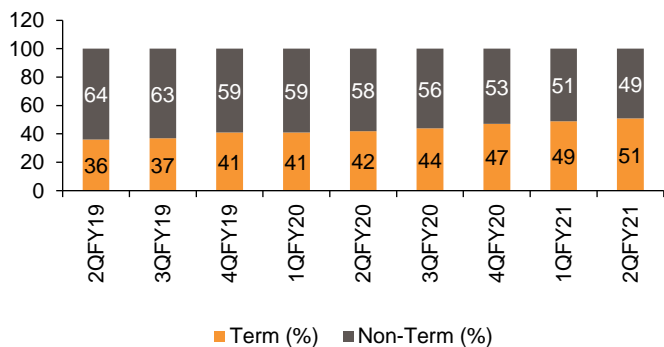
Source: Company, Emkay Research

**Exhibit 6: Expect incremental stress in FY21 to largely flow from Retail and MFI book**



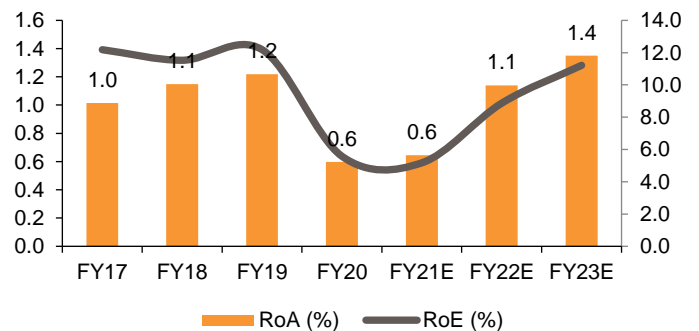
Source: Company, Emkay Research

**Exhibit 7: Low risk term balances continue to see an increase within the credit card book**

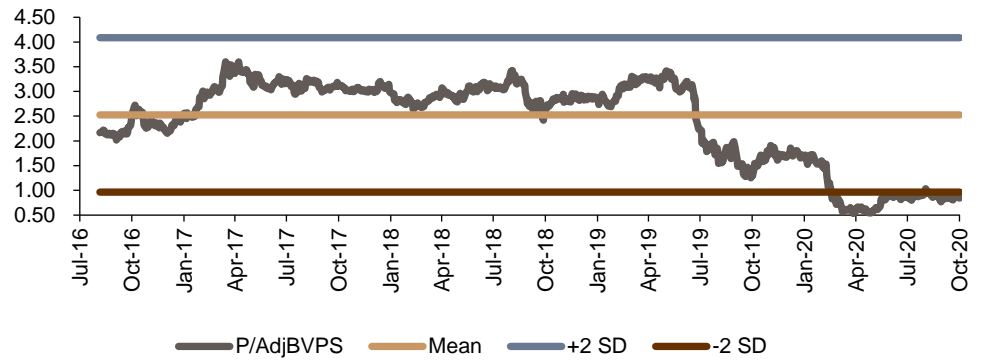


Source: Company, Emkay Research, Company

**Exhibit 8: ROA normalization to be pushed back to FY23E**



Source: Company, Emkay Research, Company

**Exhibit 9: The stock trades at 0.9x -1 year forward ABV**

Source: Company, Emkay Research

**Exhibit 10: Actual vs Estimates –Q2FY21**

Rs mn	Actuals	Estimates		% Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net income	13,883	14,624	14,600	-5%	-5%	Interest reversal drag NII
PPOP	7,198	7,484	6,955	-4%	3%	Lower NII drag PPOP
PAT	1,442	1,485	1,168	-3%	23%	Lower PPOP drag earnings

Source: Company, Emkay Research

**Exhibit 11: Quarterly summary**

Rs (mn)	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	YoY (%)	QoQ (%)	FY20	FY21E	YoY (%)
Interest Earned	21,262	21,573	22,082	22,350	20,773	-2	-7	85,144	88,312	4
Interest Exp	12,575	12,347	11,873	11,937	11,452	-9	-4	48,847	48,116	-1
Net Interest Income	8,687	9,227	10,210	10,413	9,321	7	-10	36,297	40,196	11
Global NIMs (reported)	4.35	4.57	4.93	4.85	4.34	-1bpt	-51bps	4.50	4.59	8bps
Non-interest Income	4,415	4,870	5,005	3,333	4,562	3	37	19,101	19,649	3
Operating Expenses	6,744	6,775	7,696	6,849	6,685	-1	-2	27,882	29,427	6
Pre Provisioning Profit	6,358	7,322	7,519	6,897	7,198	13	4	27,516	30,418	11
Provision & Contingencies	5,333	6,383	6,012	5,002	5,256	-1	5	19,989	22,357	12
PBT	1,025	939	1,507	1,896	1,942	89	2	7,528	8,061	7
Income Tax Expense (Gain)	482	239	364	483	500	4	3	2,471	2,029	-18
Net Profit/(Loss)	543	700	1,143	1,412	1,442	165	2	5,057	6,032	19
Gross NPA (%)	2.60	3.33	3.62	3.45	3.34	74bpt	-11bps	3.62	4.55	93bps
Net NPA (%)	1.56	2.07	2.05	1.65	1.38	-18bpt	-27bps	2.05	1.87	-18bps
Deposits (Rs in bn)	628	629	578	617	645	3	4	578	682	18
Net Advances (Rs in bn)	585	596	580	567	562	-4	-1	580	619	7

Source: Company, Emkay Research

**Exhibit 12: Estimates revision**

Y/E Mar (Rs mn)	FY21E			FY22E			FY23E		
	Earlier	Revised	% change	Earlier	Revised	% change	Earlier	Revised	% change
Net income	60,410	59,845	-0.9%	66,100	65,853	-0.4%	77,061	76,742	-0.4%
PPOP	30,983	30,418	-1.8%	32,356	32,876	1.6%	37,009	37,648	1.7%
PAT	5,549	6,032	8.7%	11,512	11,779	2.3%	16,554	16,317	-1.4%
EPS (Rs)	10.0	10.9	8.7%	19.3	19.7	2.3%	19.3	19.7	2.3%
BV (Rs)	229.7	230.6	0.4%	229.9	231.1	0.5%	229.9	231.1	0.5%

Source: Company, Emkay Research

**Exhibit 13: Key assumptions**

	FY20	FY21E	FY22E	FY23E
Loan Growth %	6.8	6.8	14.5	25.3
Deposit Growth %	(1.0)	17.9	14.4	23.9
NIM %	4.5	4.6	4.6	4.6
GNPA %	3.6	4.6	4.9	4.1
Credit Cost %	3.6	3.6	2.6	1.8

Source: Company, Emkay Research

**Exhibit 14: Key ratio and trends**

	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21
<b>Loans Rs mn</b>	<b>458,727</b>	<b>498,926</b>	<b>543,082</b>	<b>568,367</b>	<b>584,761</b>	<b>596,350</b>	<b>580,191</b>	<b>566,830</b>	<b>561,621</b>
Loans YoY %	36.6	35.2	34.9	34.7	27.5	19.5	6.8	(0.3)	(4.0)
Loans QoQ %	8.7	8.8	8.9	4.7	2.9	2.0	(2.7)	(2.3)	(0.9)
<b>Composition %</b>									
Corporate	41	40	39	42	41	36	31	35	32
SME	18	17	16	15	14	13	13	12	11
Retail	24	26	27	30	32	34	37	38	41
Agri	3	3	3	2	2	3	3	2	2
DB & FI	14	14	14	11	11	14	16	13	14
<b>Liability Profile</b>									
CASA %	24.5	24.6	25.0	25.8	26.5	26.8	29.6	30.1	31.1
CA %	11.9	12.1	10.9	9.3	10.4	10.4	13.0	10.8	11.4
SA %	12.6	12.5	14.1	16.5	16.1	16.4	16.6	19.3	19.7
No. of Branches	268	288	324	332	332	371	386	392	398
NIM %	4.08	4.12	4.23	4.31	4.35	4.57	4.93	4.85	4.34
Yield on Advances %	10.90	11.20	11.80	12.00	12.10	12.30	12.50	13.00	12.30
Cost of Deposits %	6.70	6.80	6.90	7.00	6.90	6.70	6.40	6.30	6.00
<b>Asset Quality</b>									
GNPA (%)	1.4	1.4	1.4	1.4	2.6	3.3	3.6	3.5	3.3
NNPA (%)	0.7	0.7	0.7	0.7	1.6	2.1	2.1	1.7	1.4
PCR (%)	47.5	48.5	50.6	52.9	40.7	38.5	44.3	53.2	59.4
Slippages (Rs mn)	1,420	2,110	2,060	2,250	13,770	10,480	7,090	50	1,450
Slippages - annualized (%)	1.7	2.3	2.0	2.1	12.0	8.4	5.2	0.0	1.0
CAR %	13.1	12.9	13.5	12.1	12.3	15.7	16.4	16.4	16.1
Tier I %	12.5	11.6	12.1	11.3	11.3	15.0	15.3	15.2	15.1
<b>ROE Decomposition % (on total assets)</b>									
NII	3.7	3.8	3.9	4.0	4.0	4.1	4.5	4.6	4.0
Other Income (Ex Treasury)	2.0	2.0	2.0	2.2	2.0	2.3	2.2	1.1	1.7
Treasury	0.0	0.2	0.1	0.1	0.1	(0.1)	(0.0)	0.3	0.3
Opex	2.9	3.0	3.1	3.3	3.1	3.0	3.4	3.0	2.9
PPOP	2.8	2.9	2.9	3.0	3.0	3.3	3.3	3.0	3.1
Provisioning Cost	0.9	0.9	1.0	1.0	2.5	2.9	2.7	2.2	2.3
PBT	1.9	1.9	1.9	2.0	0.5	0.4	0.7	0.8	0.8
Tax	0.6	0.6	0.6	0.7	0.2	0.1	0.2	0.2	0.2
ROA	1.26	1.29	1.30	1.30	0.25	0.31	0.51	0.62	0.62
ROE	11.7	12.6	13.3	13.9	2.8	3.1	4.3	5.3	5.3

Source: Company, Emkay Research

**Key Financials (Standalone)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Net interest income</b>	<b>25,395</b>	<b>36,297</b>	<b>40,196</b>	<b>44,133</b>	<b>51,924</b>
<b>Other income</b>	<b>14,424</b>	<b>19,101</b>	<b>19,649</b>	<b>21,721</b>	<b>24,819</b>
Fee income	11,656	15,231	15,840	17,741	20,402
<b>Net income</b>	<b>39,818</b>	<b>55,398</b>	<b>59,845</b>	<b>65,853</b>	<b>76,742</b>
Operating expenses	20,420	27,882	29,427	32,977	39,095
<b>Pre provision profit</b>	<b>19,398</b>	<b>27,516</b>	<b>30,418</b>	<b>32,876</b>	<b>37,648</b>
<b>PPP excl treasury</b>	<b>18,615</b>	<b>25,921</b>	<b>28,823</b>	<b>31,201</b>	<b>36,057</b>
Provisions	6,407	19,989	22,357	17,135	15,842
<b>Profit before tax</b>	<b>12,992</b>	<b>7,528</b>	<b>8,061</b>	<b>15,740</b>	<b>21,806</b>
Tax	4,322	2,471	2,029	3,962	5,489
Tax rate	33	33	25	25	25
<b>Profit after tax</b>	<b>8,670</b>	<b>5,057</b>	<b>6,032</b>	<b>11,779</b>	<b>16,317</b>

**Balance Sheet**

Y/E Year End (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity	4,267	5,087	5,975	5,975	5,975
Reserves	71,201	100,670	121,550	132,133	146,957
<b>Net worth</b>	<b>75,468</b>	<b>105,757</b>	<b>127,524</b>	<b>138,108</b>	<b>152,932</b>
Deposits	583,944	578,121	681,678	779,875	965,923
Borrowings	111,021	162,767	143,235	136,073	142,877
<b>Total liabilities</b>	<b>803,588</b>	<b>889,703</b>	<b>979,299</b>	<b>1,088,194</b>	<b>1,328,530</b>
Cash and bank	48,395	64,150	67,358	70,725	74,262
Investments	168,404	181,497	206,926	220,346	260,291
Loans	543,082	580,190	619,431	709,221	888,993
Others	22,056	34,820	47,858	55,881	72,229
<b>Total assets</b>	<b>803,588</b>	<b>889,776</b>	<b>979,299</b>	<b>1,088,194</b>	<b>1,328,530</b>

**Key Ratios (%)**

Y/E Year End	FY19	FY20	FY21E	FY22E	FY23E
NIM	3.7	4.5	4.6	4.6	4.6
Non-II/avg assets	2.0	2.3	2.1	2.1	2.1
Fee income/avg assets	1.6	1.8	1.7	1.7	1.7
Opex/avg assets	2.9	3.3	3.1	3.2	3.2
Provisions/avg assets	0.9	2.4	2.4	1.7	1.3
PBT/avg assets	1.8	0.9	0.9	1.5	1.8
Tax/avg assets	0.6	0.3	0.2	0.4	0.5
RoA	1.2	0.6	0.6	1.1	1.4
RoAE	12.2	5.6	5.2	8.9	11.2
GNPA (%)	1.4	3.6	4.6	4.9	4.1
NNPA (%)	0.7	2.0	1.9	1.8	1.3

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	20.5	10.8	10.9	19.7	27.3
BVPS	178.3	226.1	230.6	231.1	255.9
ABVPS	172.5	207.1	214.9	215.5	241.7
DPS	2.7	0.0	0.0	2.0	2.5

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	8.6	16.2	16.1	8.9	6.4
P/BV	1.0	0.8	0.8	0.8	0.7
P/ABV	1.0	0.8	0.8	0.8	0.7
P/PPOP	3.9	3.3	3.5	3.2	2.8
Dividend Yield (%)	1.6	0.0	0.0	1.1	1.4

Source: Company, Emkay Research

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
NII	43.8	42.9	10.7	9.8	17.7
PPOP	45.7	41.8	10.5	8.1	14.5
PAT	36.5	(41.7)	19.3	95.3	38.5
Loans	34.9	6.8	6.8	14.5	25.3

Quarterly (Rs mn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
NII	8,687	9,227	10,210	10,413	9,321
NIM(%)	4.4	4.6	4.9	4.9	4.3
PPOP	6,358	7,322	7,519	6,897	7,198
PAT	543	700	1,143	1,412	1,442
EPS (Rs)	1.26	1.38	2.25	2.77	2.41

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-19	Dec-19	Mar-20	Jun-20	Sep-20
Promoters	-	-	-	-	-
FII	24.3	24.3	25.5	29.3	27.8
DII	27.0	27.1	27.2	19.2	18.7
Public and Others	48.7	48.6	47.3	51.5	53.5

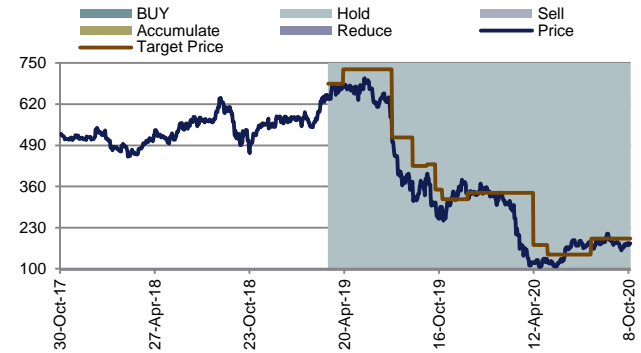
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
29-Jul-20	177	195	12m	Hold	Anand Dama
8-May-20	119	145	12m	Hold	Anand Dama
11-Apr-20	121	175	12m	Hold	Anand Dama
23-Jan-20	339	340	12m	Hold	Anand Dama
9-Dec-19	335	340	12m	Hold	Anand Dama
22-Oct-19	287	320	12m	Hold	Anand Dama
9-Oct-19	310	350	12m	Hold	Anand Dama
23-Sep-19	398	430	12m	Hold	Anand Dama
27-Aug-19	357	425	12m	Hold	Anand Dama
19-Jul-19	500	515	12m	Hold	Anand Dama
18-Apr-19	675	730	12m	Hold	Anand Dama
20-Mar-19	645	685	12m	Hold	Anand Dama

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)
<b>BFSI-Banks</b>	<b>20.12</b>	<b>20.12</b>	<b>0.0%</b>	<b>0</b>	<b>100.00</b>
Axis Bank	2.04	2.16	6%	12	10.72
AU Small Finance Bank	0.25	0.21	-16%	-4	1.04
Bandhan Bank	0.33	0.47	44%	14	2.34
Bank of Baroda	0.08	0.00	-100%	-8	0.00
Canara Bank	0.04	0.00	-100%	-4	0.00
City Union Bank	0.17	0.17	1%	0	0.87
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	0.82
HDFC Bank	7.66	8.00	4%	34	39.74
ICICI Bank	4.31	4.47	4%	16	22.22
Indian Bank	0.00	0.00	NA	0	0.00
Indusind Bank	0.56	0.57	0%	0	2.81
Karur Vysya Bank	0.00	0.00	NA	0	0.00
Kotak Mahindra Bank	3.17	2.55	-19%	-62	12.67
Punjab National Bank	0.06	0.00	-100%	-6	0.00
RBL Bank	0.11	0.14	19%	2	0.67
State Bank of India	1.14	1.22	7%	8	6.08
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
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

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

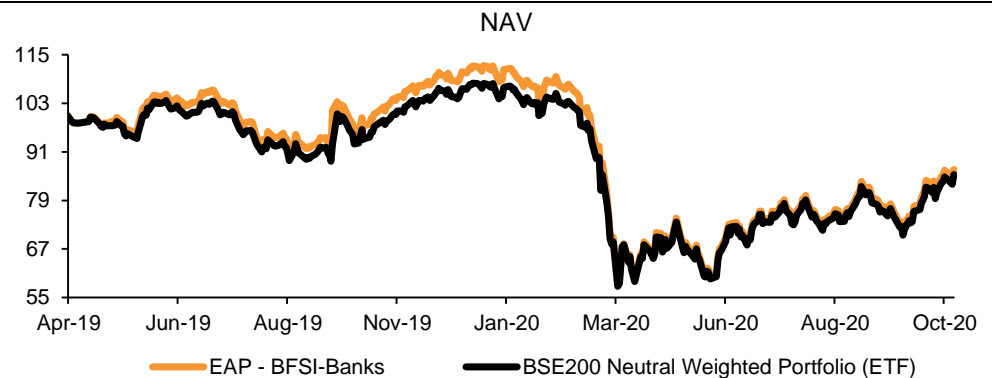
### Sector portfolio NAV

	Base					Latest
	1-Apr-19	28-Jan-20	28-Apr-20	28-Jul-20	25-Sep-20	27-Oct-20
EAP - BFSI-Banks	100.0	107.0	71.1	76.5	73.1	86.7
BSE200 Neutral Weighted Portfolio (ETF)	100.0	102.9	70.2	75.5	72.0	85.4

\*Performance measurement base date 1<sup>st</sup> 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: 29 Oct 2020 04:14:22 (SGT)

Dissemination Date: 29 Oct 2020 04:15:22 (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](http://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 associate<sup>1</sup> 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 interests<sup>2</sup> 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.

<sup>1</sup> 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.

<sup>2</sup> 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 28, 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 28, 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 28, 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 28, 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 <sup>th</sup> 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](http://www.emkayglobal.com)