

AU Small Finance Bank

Refer to important disclosures at the end of this report

Healthy earnings beat; contingency buffer draw-down boosts PCR

- AU SFB posted a PAT beat at Rs3.4bn (est: Rs3bn) in Q4FY22, led by better NII growth, higher fees and lower taxes, partly offset by higher opex as the bank continued to invest in the franchisee network. The GNPA ratio fell 60bps qoq to 2%, but RSA remained elevated at 2.5%. The bank finally raised its specific PCR to a comfortable level of 75% from 51%, drawing down the contingent buffer.
- AUM growth was strong at 27% yoy/14% qoq on the back of all-time high disbursements across loan products, including wheels, MSME and commercial banking. The bank has built a reasonable CASA ratio of 37%, offering a higher SA rate. However, we believe the bank will face some margin headwinds in a rising rate scenario, given its largely fixed-rate asset book.
- The bank has declared a share bonus in the ratio of 1:1 to improve stock float and also declared a dividend of Re1 (pre-bonus). The bank has also increased the number of independent directors to eight to allay concerns around corporate governance and exits in the audit/risk management team.
- We upgrade our FY23-24 estimates by 5% on better growth trajectory/fees and moderating LLP, leading to healthy RoA/RoE of ~1.9%/18%-21%. Retain Hold with a TP of Rs1,340 (Rs1,275 earlier) rolling fwd to 4.2x FY24E ABV (vs. 4.5x Dec'23E ABV). With the completion of five years, the bank is eligible to apply for universal bank status. But we believe the bank should further strengthen its risk/compliance architecture before the planned transition.

Strong growth momentum but may face margin headwinds in a rising interest rate scenario: The bank registered strong credit growth (AUM) at 27% yoy/14% qoq, led by growth across business segments, including MSME, commercial banking and wheels. It expects to maintain strong credit momentum, with Covid-induced disruption largely behind. However, in a rising interest rate scenario, this would call for equally robust fund mobilization and may lead to some margin headwinds, with its asset side being largely on the fixed rate.

Bank finally shores up specific PCR, drawing down counter-cyclical buffer: The GNPA ratio improved 60bps qoq to 2%, mainly due to lower slippages. The restructured book too has moderated qoq but remained elevated at 2.5%. Specific PCR has finally improved to 75% from 51% in Q3, which otherwise was a major irritant. The contingent provision buffer stood at Rs3bn (0.8% of AUM), which we believe the bank should retain as a counter-cyclical buffer even after the pandemic, given its relatively high-risk/return business model.

Outlook and valuations: We expect the bank to report healthy RoA/RoE of ~1.9%/18%-21% over FY22-25E, led by strong growth and moderating LLP. However, we believe AU SFB runs a high growth-risk model, and thus should strengthen its risk/compliance architecture and build higher counter-cyclical buffers, more so in light of its planned transition toward a universal bank. Retain Hold with a revised TP of Rs1,340 (Rs1,275 earlier) valuing the bank at 4.2x FY24E. Key risks: More-than-expected slowdown in CASA/margins in a rising interest rate scenario; high NPA formation in Wheels/SBL portfolio; and key management attrition.

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

Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net income	38,170	42,278	52,802	65,945	80,602
Net profit	12,448	11,298	14,834	19,580	23,937
EPS (Rs)	40.4	36.0	47.1	62.2	76.0
ABV (Rs)	185.3	234.1	268.1	315.6	375.7
RoA (%)	2.7	1.9	1.9	1.9	1.9
RoE (%)	23.4	16.4	18.3	20.7	21.3
PE (x)	35.0	39.3	30.0	22.8	18.6
P/ABV	7.6	6.0	5.3	4.5	3.8

Source: Company, Emkay Research. www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

CMP	Target Price
Rs 1,416 as of (April 26, 2022)	Rs 1,340 (▲) 12 months
Rating	Upside
HOLD (■)	(5.3) %

Change in Estimates

EPS Chg FY23E/FY24E (%)	-/
Target Price change (%)	5.1
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	47.1	62.2
Consensus	43.8	56.1
Mean Consensus TP (12M)	Rs 1,374	

Stock Details

Bloomberg Code	AUBANK IN
Face Value (Rs)	10
Shares outstanding (mn)	315
52 Week H/L	1,466 / 910
M Cap (Rs bn/USD bn)	446 / 5.82
Daily Avg Volume (nos.)	13,64,606
Daily Avg Turnover (US\$ mn)	22.8

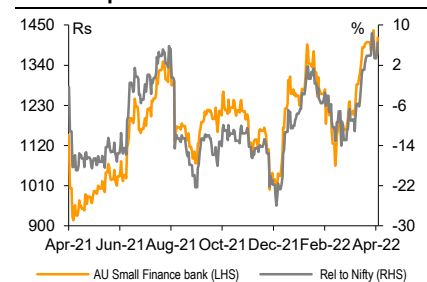
Shareholding Pattern Mar '22

Promoters	28.2%
FIIIs	34.3%
DIIIs	18.8%
Public and Others	18.7%

Price Performance

(%)	1M	3M	6M	12M
Absolute	17	14	12	35
Rel. to Nifty	17	14	19	13

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

Heet Khimawat

heet.khimawat@emkayglobal.com
 +91 22 6612 1275

Dixit Sankharva

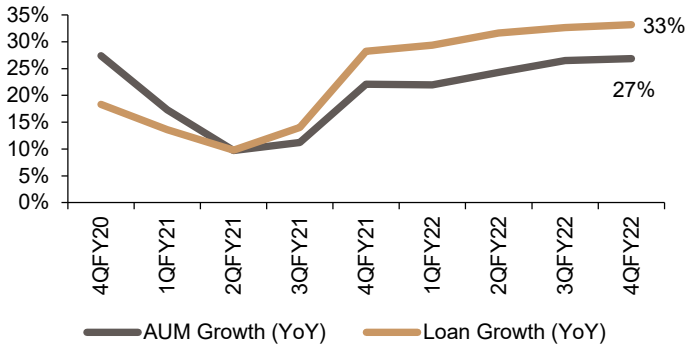
dixit.sankharva@emkayglobal.com
 +91 22 6612 1281

Soumya Jain

soumya.jain@emkayglobal.com
 +91 22 6612 1262

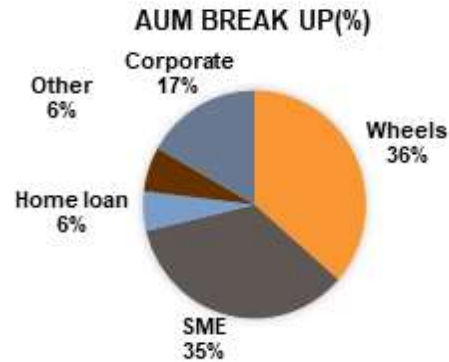
Story in Charts

Exhibit 1: Healthy growth in SBL and commercial banking led to 33% growth in Loan book



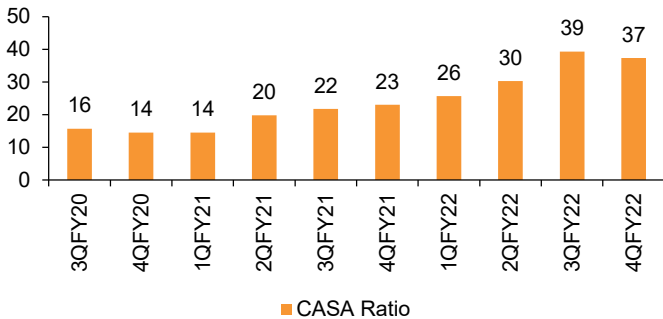
Source: Company, Emkay Research

Exhibit 2: Retail loans driven mainly by wheels, SME and housing, which are largely secured



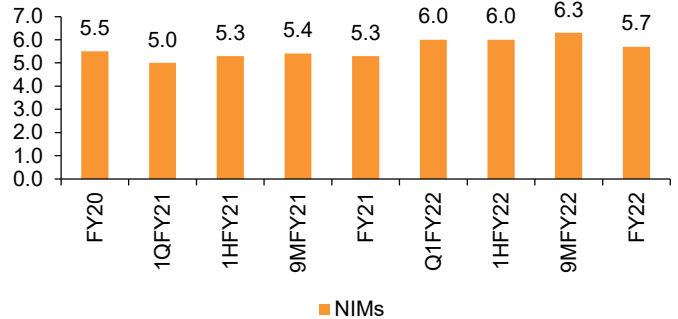
Source: Company, Emkay Research

Exhibit 3: CASA ratio remains robust



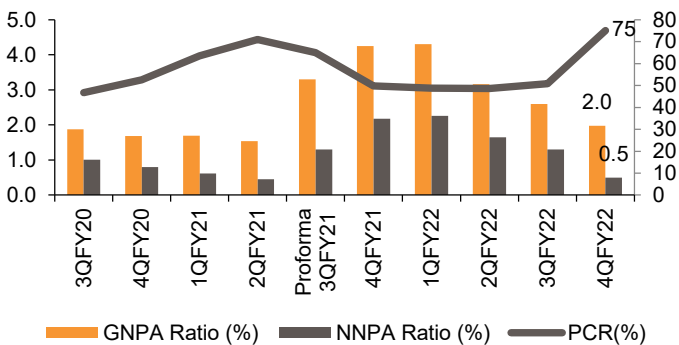
Source: Company, Emkay Research

Exhibit 4: NIM moderates marginally for FY22



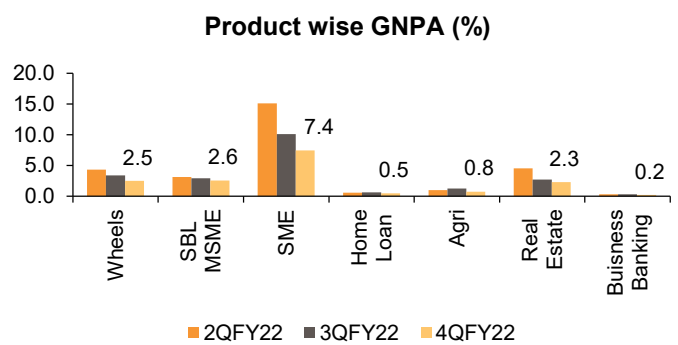
Source: Company, Emkay Research

Exhibit 5: GNPA ratio improves by 62bps qoq due to lower slippages and higher write-offs; PCR improves to 75%



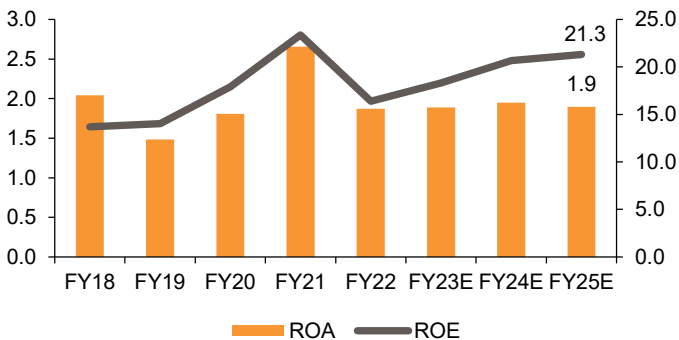
Source: Company, Emkay Research

Exhibit 6: Asset quality improves across the segments



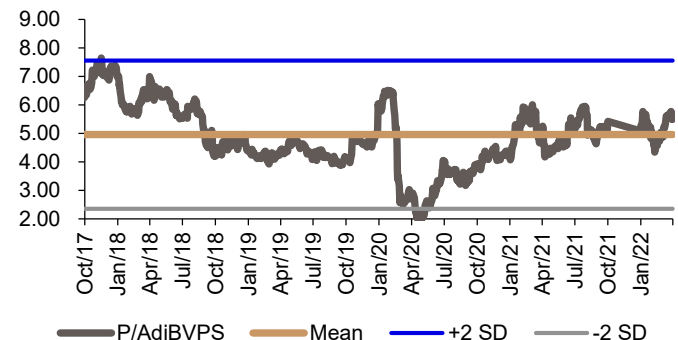
Source: Company, Emkay Research

Exhibit 7: Return ratios to improve due to lower LLP and growth



Source: Company, Emkay Research

Exhibit 8: The stock trades at 5.7x -1-year forward ABV



Source: Company, Emkay Research

Exhibit 9: Actual vs. Estimates (Q4FY22)

Rs mn	Actual	Estimates		% Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net income	12,497	11,248	12,097	11%	3%	Higher fee income led to a beat
PPOP	4,841	4,815	4,815	1%	1%	Increase in opex led to largely inline PPOP
PAT	3,162	2,999	3,071	5%	3%	Lower tax exp due to tax refund led to PAT beat

Source: Company, Emkay Research

Exhibit 10: Quarterly Summary

Rs (mn)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	YoY (%)	QoQ (%)	FY22	FY23E	YoY (%)
Interest Earned	12,924	13,535	14,048	14,965	16,670	29	11	59,217	78,483	33
Interest Exp	6,365	6,295	6,516	6,760	7,305	15	8	26,876	37,476	39
Net Interest Income	6,558	7,240	7,531	8,204	9,366	43	14	32,341	41,007	27
Global NIMs (reported)	5.30	6.00	6.00	6.30	6.30	40bps	0bps	5.15	5.08	-7bps
Non-interest Income	2,766	2,140	1,909	2,756	3,114	13	13	9,937	11,795	19
Operating Expenses	5,586	4,569	5,526	6,376	7,656	37	20	24,128	29,027	20
Pre Provisioning Profit	3,739	4,811	3,914	4,584	4,823	29	5	18,151	23,775	31
Provision & Contingencies	1,778	1,766	36	560	932	-48	67	3,610	3,951	9
PBT	1,961	3,045	3,878	4,025	3,891	98	-3	14,541	19,824	36
Income Tax Expense (Gain)	271	715	1,093	1,004	430	59	-57	3,242	4,990	54
Net Profit/(Loss)	1,690	2,331	2,785	3,020	3,461	105	15	11,298	14,834	31
Gross NPA (%)	4.25	4.30	3.16	2.60	1.98	-227bps	-62bps	1.98	1.76	-21bps
Net NPA (%)	2.18	2.26	1.65	1.30	0.50	-168bps	-80bps	0.50	0.53	3bps
Deposits (Rs in bn)	360	370	390	443	526	46	19	526	694	32
Net Advances (Rs in bn)	346	340	358	402	461	33	15	461	597	29

Source: Company, Emkay Research

Exhibit 11: Revision in estimates

Y/E Mar (Rs mn)	FY23E			FY24E			FY25E
	Earlier	Revised	% change	Earlier	Revised	% change	Introduced
Net income	49,772	52,802	6.1%	62,351	65,945	5.76%	80,602
PPOP	22,247.0	23,775	6.9%	29,689	31,247	5.2%	39,800
PAT	14,133.0	14,834	5.0%	18,725	19,580	4.6%	23,937
EPS (Rs)	45.3	47.1	4.0%	60.0	62.2	3.6%	76.0
BV (Rs)	263.9	275.7	4.5%	311.9	325.9	4.5%	387.9

Source: Emkay Research

Exhibit 12: Key Assumptions

	FY22	FY23E	FY24E	FY25E
AUM Growth %	26.8	30.0	28.0	25.0
Deposit Growth %	42.0	32.1	32.1	26.6
NIM %	5.2	5.1	5.0	4.9
GNPA %	2.0	1.8	1.6	1.5
Credit Cost %	0.3	0.9	0.9	0.9

Source: Emkay Research

Exhibit 13: Key ratios and trends

	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Loans Rs mn	3,08,930	3,00,360	3,05,900	3,32,220	3,77,120	3,66,350	3,80,110	4,20,230	4,78,310
Growth YoY %	27.4	17.3	9.7	11.2	22.1	22.0	24.3	26.5	26.8
Growth QoQ %	3.4	(2.8)	1.8	8.6	13.5	(2.9)	3.8	10.6	13.8
Composition %									
Corporate	16	15	16	14	14	14	14	15	17
Retail & Treasury	84	85	84	86	86	86	86	85	83
Liability Profile									
Deposits	2,61,639	2,67,340	2,69,804	2,97,080	3,59,793	3,70,140	3,90,340	4,42,780	5,25,846
Growth YoY %	34.7	34.7	21.8	24.5	37.5	38.5	44.7	49.0	46.2
Growth QoQ %	9.6	2.2	0.9	10.1	21.1	2.9	5.5	13.4	18.8
Liability Profile									
CASA %	14.5	14.5	19.8	21.7	23.0	25.6	30.3	39.2	37.3
CA %	4.3	3.1	3.9	4.2	4.5	3.7	4.1	4.0	4.9
SA %	10.2	11.4	15.9	17.5	18.5	21.9	26.2	35.2	32.4
No. of Branches	528	594	686	714	729	742	794	830	863
NIM %	5.5	5.0	5.3	5.4	5.3	6.0	6.0	6.3	6.3
Asset Quality									
GNPA (%)	1.7	1.7	1.5	1.0	4.3	4.3	3.2	2.6	2.0
NNPA (%)	0.8	0.6	0.5	0.2	2.2	2.3	1.7	1.3	0.5
PCR (%)	52.5	63.5	71.0	76.0	49.7	48.8	48.6	50.8	75.0
Slippages (Rs mn)	810	50	230	60	12,440	2,500	2,100	2,490	1,950
Slippages - annualized (%)	1.3	0.1	0.3	0.1	16.1	3.3	2.7	3.0	2.1
CAR %	21.3	21.7	21.5	18.8	23.4	23.1	22.0	19.5	21.0
Tier I %	18.5	18.5	18.3	16.3	21.5	21.6	20.5	18.2	19.7
ROE Decomposition % (on total assets)									
NII	5.5	4.8	5.1	5.6	5.3	5.6	5.8	5.9	5.9
Other Income (Ex Treasury)	1.7	0.6	1.9	5.5	2.3	0.9	1.4	1.9	2.0
Opex	4.2	2.7	3.4	3.7	4.6	3.6	4.2	4.6	4.8
PPOP	3.1	4.1	4.0	7.7	3.0	3.7	3.0	3.3	3.0
Provisioning Cost	1.5	1.7	0.5	2.5	1.4	1.4	0.0	0.4	0.6
PBT	1.6	2.4	3.5	5.2	1.6	2.4	3.0	2.9	2.4
Tax	0.4	0.6	0.8	1.0	0.2	0.6	0.8	0.7	0.3
ROA	1.21	1.86	2.69	4.23	1.38	1.81	2.13	2.16	2.17
ROE	11.4	17.9	25.0	39.0	12.1	14.6	16.8	17.4	18.9

Source: Company, Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net interest income	23,654	32,341	41,007	51,240	62,558
Other income	14,516	9,937	11,795	14,705	18,044
Fee income	4,283	5,930	7,590	9,640	12,050
Net income	38,170	42,278	52,802	65,945	80,602
Operating expenses	16,582	24,128	29,027	34,698	40,802
Pre provision profit	21,587	18,151	23,775	31,247	39,800
PPP excl treasury	12,739	16,721	22,775	30,047	38,300
Provisions	6,262	3,610	3,951	5,081	7,812
Profit before tax	15,326	14,541	19,824	26,165	31,988
Tax	2,878	3,242	4,990	6,586	8,051
Tax rate	19	22	25	25	25
Profit after tax	12,448	11,298	14,834	19,580	23,937

Balance Sheet

Y/E Year End (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity	3,122	3,149	3,149	3,149	3,149
Reserves	59,630	71,991	83,676	99,477	1,19,005
Net worth	62,752	75,140	86,825	1,02,626	1,22,154
Deposits	3,59,793	5,25,846	6,94,043	9,15,999	11,59,610
Borrowings	64,147	50,683	43,080	36,618	31,126
Total liabilities	5,15,912	6,90,778	8,81,008	11,30,259	13,95,776
Cash and bank	15,693	24,684	36,492	52,325	67,906
Investments	1,08,154	1,53,065	1,84,626	2,30,639	2,81,400
Loans	3,46,089	4,60,952	5,96,931	7,72,031	9,74,987
Others	9,033	11,249	20,179	30,032	23,060
Total assets	5,15,912	6,90,778	8,81,008	11,30,259	13,95,776

Key Ratios (%)

Y/E Year End	FY21	FY22	FY23E	FY24E	FY25E
NIM	5.2	5.5	5.4	5.3	5.1
Non-ll/avg assets	3.1	1.6	1.5	1.5	1.4
Fee income/avg assets	0.9	1.0	1.0	1.0	1.0
Opex/avg assets	3.5	4.0	3.7	3.5	3.2
Provisions/avg assets	1.3	0.6	0.5	0.5	0.6
PBT/avg assets	3.3	2.4	2.5	2.6	2.5
Tax/avg assets	0.6	0.5	0.6	0.7	0.6
RoA	2.7	1.9	1.9	1.9	1.9
RoAE	23.4	16.4	18.3	20.7	21.3
GNPA (%)	4.3	2.0	1.8	1.6	1.5
NNPA (%)	2.2	0.5	0.5	0.6	0.5

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	40.4	36.0	47.1	62.2	76.0
BVPS	203.6	239.6	275.7	325.9	387.9
ABVPS	185.3	234.1	268.1	315.6	375.7
DPS	0.0	1.0	10.0	12.0	14.0

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	35.0	39.3	30.0	22.8	18.6
P/BV	7.6	6.0	5.3	4.5	3.8
P/ABV	7.6	6.0	5.3	4.5	3.8
P/PPOP	20.5	24.6	18.8	14.3	11.2
Dividend Yield (%)	0.0	0.1	0.7	0.8	1.0

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 04/27/2022 02:34 PM

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
NII	23.9	36.7	26.8	25.0	22.1
PPOP	80.3	(15.9)	31.0	31.4	27.4
PAT	84.5	(9.2)	31.3	32.0	22.3
Loans	28.2	33.2	29.5	29.3	26.3

Quarterly (Rs mn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
NII	6,558	7,240	7,531	8,204	9,366
NIM(%)	5.3	6.0	6.0	6.3	6.3
PPOP	3,739	4,811	3,914	4,584	4,841
PAT	1,690	2,331	2,785	3,020	3,162
EPS (Rs)	5.41	7.47	8.92	9.67	10.13

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Promoters	28.5	28.4	28.4	28.3	28.2
FII	32.1	31.9	32.5	33.2	34.3
DII	20.5	21.4	20.9	20.0	18.8
Public and Others	19.0	18.3	18.3	18.5	18.7

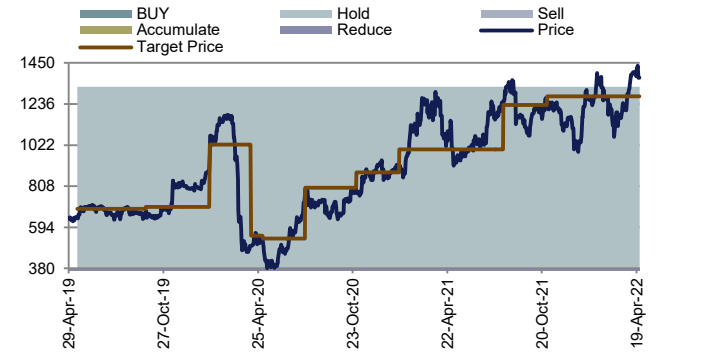
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
11-Feb-22	1,320	1,275	12m	Hold	Anand Dama
29-Jan-22	1,272	1,275	12m	Hold	Anand Dama
04-Jan-22	1,096	1,275	12m	Hold	Anand Dama
30-Oct-21	1,216	1,275	12m	Hold	Anand Dama
31-Aug-21	1,131	1,230	12m	Hold	Anand Dama
07-Aug-21	1,249	1,230	12m	Hold	Anand Dama
01-May-21	1,004	1,000	12m	Hold	Anand Dama
30-Apr-21	1,004	1,000	12m	Hold	Anand Dama
09-Mar-21	1,233	1,000	12m	Hold	Anand Dama
30-Jan-21	873	1,000	12m	Hold	Anand Dama
20-Jan-21	920	1,000	12m	Hold	Anand Dama
30-Oct-20	775	880	12m	Hold	Anand Dama
24-Jul-20	791	800	12m	Hold	Anand Dama
04-May-20	517	535	12m	Hold	Anand Dama
11-Apr-20	496	550	12m	Hold	Anand Dama
23-Jan-20	975	1,025	12m	Hold	Anand Dama
22-Oct-19	689	700	12m	Hold	Anand Dama
09-Oct-19	641	700	12m	Hold	Anand Dama
23-Sep-19	683	700	12m	Hold	Anand Dama
26-Jul-19	659	690	12m	Hold	Anand Dama
15-May-19	651	690	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 13 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 based on Current NAV	Change vs last published EAP (bps)
BFSI-Banks	19.30	19.30	0.0%	0	100.00	
Axis Bank	2.13	2.24	5%	12	11.62	0
AU Small Finance Bank	0.31	0.25	-17%	-5	1.32	0
Bandhan Bank	0.22	0.22	0%	0	1.16	0
Bank of Baroda	0.21	0.21	0%	0	1.07	0
Canara Bank	0.13	0.06	-54%	-7	0.30	0
City Union Bank	0.00	0.00	NA	0	0.00	0
DCB Bank	0.00	0.00	NA	0	0.00	0
Equitas Small Finance Bank	0.00	0.00	NA	0	0.00	0
Federal Bank	0.19	0.26	39%	7	1.37	0
HDFC Bank	5.97	6.05	1%	8	31.33	0
ICICI Bank	5.22	5.38	3%	15	27.85	0
Indian Bank	0.00	0.00	NA	0	0.00	0
Indusind Bank	0.57	0.57	0%	0	2.95	0
Karur Vysya Bank	0.00	0.00	NA	0	0.00	0
Kotak Mahindra Bank	2.26	2.02	-11%	-24	10.48	0
Punjab National Bank	0.10	0.00	-100%	-10	0.00	0
RBL Bank	0.00	0.00	NA	0	0.00	0
State Bank of India	1.90	2.04	7%	14	10.55	0
Ujjivan Small Finance Bank	0.00	0.00	NA	0	0.00	0
Union Bank of India	0.05	0.00	-100%	-5	0.00	0
Yes Bank	0.04	0.00	-100%	-4	0.00	0
Cash	0.00	0.00	NA	0	0.00	0

Source: Emkay Research

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

Sector portfolio NAV

	Base					Latest
	1-Apr-19	26-Apr-21	25-Oct-21	25-Jan-22	25-Mar-22	25-Apr-22
EAP - BFSI-Banks	100.0	110.7	141.5	129.5	121.2	123.5
BSE200 Neutral Weighted Portfolio (ETF)	100.0	108.6	138.6	126.9	118.8	121.0

*Performance measurement base date 1st April 2019

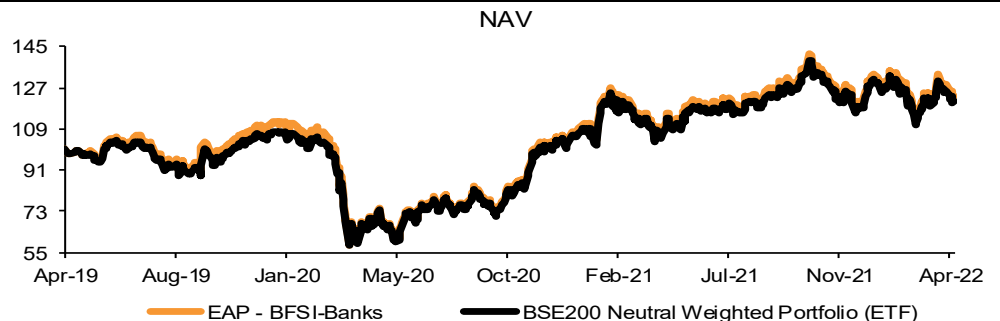
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-Banks	1.9%	-4.7%	-12.8%	11.5%
BSE200 Neutral Weighted Portfolio (ETF)	1.8%	-4.7%	-12.7%	11.4%

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”

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 04/27/2022 02:34 PM

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: 27 Apr 2022 11:15:31 (SGT)

Dissemination Date: 27 Apr 2022 11:16:31 (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 April 27, 2022
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
- Disclosure of previous investment recommendation produced:**
3. 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 April 27, 2022.
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 April 27, 2022
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 April 27, 2022

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