

October 15, 2022

RESULT REPORT Q2 FY23 | Sector: Banks

HDFC Bank

Margin expands sequentially after a long time due to transient lead-lag effect

Result Highlights

- ✓ **Asset quality:** Annualized gross slippage ratio for 2QFY23 was 1.4% (Rs 57bn), with recoveries and upgrades amounting to Rs 25bn
- ✓ **Margin picture:** NIM at 4.1% was up 10bps QoQ as calculated yield on advances have moved up more than cost of funds
- ✓ **Asset growth:** Advances grew 6.0%/23.4% QoQ/YoY, sequentially driven by Commercial and Rural loans and Corporates & Other Wholesale segments
- ✓ **Opex control:** Total opex rose 6.9%/21% QoQ/YoY, employee exp. grew 0.7%/18.8% QoQ/YoY and other exp. grew 10%/22% QoQ/YoY
- ✓ **Fee income:** Fees and commissions rose 8.3%/17.3% QoQ/YoY, sequentially driven by higher card spends and other business activity

Our view - Margin expands sequentially after a long time due to transient lead-lag effect

While management stopped short of providing margin guidance, they conceded some of the sequential expansion was transient: Management stated that there is a lead-lag effect in terms of rise in loan and deposit interest rates, leading to expansion in margin. On the other hand, they also added that retail lending, which is higher-margin than wholesale lending, has picked up for the bank over a period of time. Furthermore, the penetration of the customer base in terms of term deposits is just 14-15%, which implies that HDFCB may not have to woo rate-shoppers with unduly high TD rates.

While branch openings were tepid during the quarter, the second half is expected to see significantly higher branch openings: 121 branches were added during the quarter and more than 500 branches are in various stages of completion to be opened over the next few months. 900 more branches were activated for gold loans, taking the count to 2960. The C/I ratio was 39.2% but could move up to 40% due to continued investments.

While management flagged the return of retail lending, other segments outperformed core retail growth for the quarter: Core retail (excl Agri) grew 4.1% QoQ whereas Corporate and other wholesale loans grew 4.5% QoQ. Payment products loan growth was tepid at 2.3% QoQ as the revolve rate for credit cards has not picked up and remains at 70-75% of pre-Covid levels. Gold loans, on the other hand, have grown 7.1% QoQ. Commercial and Rural loans grew 8.7% QoQ and Agri loans grew 14.1% QoQ.

We reiterate BUY rating on HDFCB with a revised price target of Rs 1830: We value the standalone bank at 2.7x FY24 P/BV for an FY23E/24E/25E RoE profile of 14.4/14.5/15.4%. We assign a value of Rs 229 per share to the subsidiaries, on SOTP.

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

Exhibit 1: Result table

Particulars (Rs mn)	Q2 FY23	Q1 FY23	% qoq	Q2 FY22	% yoy
Total Interest Income	385,864	351,720	9.7	313,534	23.1
Interest expended	(175,652)	(156,906)	11.9	(136,690)	28.5
Net Interest Income	210,212	194,814	7.9	176,844	18.9
Other income	75,956	63,882	18.9	74,008	2.6
Total Income	286,167	258,697	10.6	250,852	14.1
Operating expenses	(112,246)	(105,018)	6.9	(92,779)	21.0
PPOP	173,922	153,678	13.2	158,073	10.0
Provisions	(32,401)	(31,877)	1.6	(39,247)	(17.4)
PBT	141,520	121,801	16.2	118,826	19.1
Tax	(35,463)	(29,841)	18.8	(30,483)	16.3
PAT	106,058	91,960	15.3	88,343	20.1

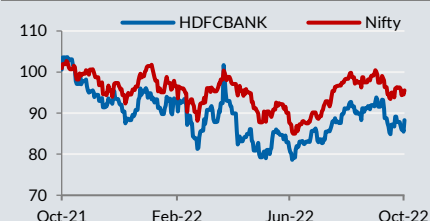
Source: Company, YES Sec-Research

Recommendation : BUY
Current Price : Rs 1439
Target Price : Rs 1830
Potential Return : 27%

Stock data (as on October 14, 2022)

Nifty	17,271
52 Week h/l (Rs)	1725 / 1272
Market cap (Rs/USD mn)	8015171 / 97345
Outstanding Shares (mn)	5,570
6m Avg t/o (Rs mn):	10,748
Div yield (%):	1.1
Bloomberg code:	HDFCB IN
NSE code:	HDFCBANK

Stock performance



	1M	3M	1Y
Absolute return	-5.9%	6.5%	-13.7%

Shareholding pattern (As of Jun'22 end)

Promoter	25.7%
FII+DII	59.4%
Others	14.7%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1,830	1,825

Financial Summary

(Rs mn)	FY23E	FY24E	FY25E
NII	829,461	1,152,877	1,564,302
PPOP	655,921	955,137	1,300,028
Net Profit	366,103	522,106	736,360
Growth (%)	(0.9)	42.6	41.0
EPS (Rs)	66.0	70.3	99.1
BVPS (Rs)	486.2	604.0	683.9
P/E (x)	18.3	17.2	12.2
P/BV (x)	2.5	2.0	1.8
ROE (%)	14.4	14.5	15.4
ROA (%)	1.6	1.6	1.7
Tier-1 (%)	16.9	17.0	16.0

Δ in earnings estimates

Rs.	FY23E	FY24E	FY25E
EPS (New)	66.0	70.3	99.1
EPS (Old)	64.7	69.3	98.0
% change	2.0%	1.5%	1.1%

SHIVAJI THAPLIYAL

Head of Research

& Lead Analyst

shivaji.thapliyal@ysil.in

+91 22 6885 0521


SIDDHARTH RAJPUROHIT, Analyst

COMPREHENSIVE CON-CALL TAKEAWAYS

Asset quality

- ✓ **Slippages and other NPA movement**
 - **Slippages**
 - The slippages were Rs 57bn, which translated to a non-annualised slippage ratio of 36 bps.
 - **Recoveries and upgrades**
 - Recoveries and upgrades were Rs 25bn, which translated to a non-annualised ratio of 19 bps.
 - **Write offs**
 - Write offs were Rs 30bn, which translated to a non-annualised ratio of 22 bps.
- ✓ **GNPA ratio**
 - Of the GNPA ratio of 1.23%, 19 bps are standard loans where some other facility of the same borrower is NPA.
- ✓ **Provisions**
 - **P&L provisions**
 - Provisions were Rs 32.4bn, up by 1.6% QoQ but down -17.4% YoY.
 - Gross credit cost for the quarter amounted to 87 bps.
 - Net credit cost for the quarter amounted to 64 bps.
 - **Provision coverage**
 - The PCR amounted to 73%.
 - The contingent and floating provisions amounted to Rs 110bn.
 - The general provisions amounted to Rs 68bn.
 - Together, all provisions amounted to a provision coverage of 171% of GNPA.
 - Non-specific provisions amounted to 1.19% of advances.
- ✓ **Restructuring**
 - Restructuring under Covid-19 is Rs 78.51bn or 53 bps of advances.
 - Certain facilities of the same borrowers not restructured amount to 9 bps.

Operating expenses

- ✓ **Other operating expenses**
 - **Branch and distribution addition**
 - 121 branches were added during the quarter and more than 500 branches are in various stages of completion to be opened over the next few months.
 - 900 more branches were activated for gold loans, taking the count to 2960.
 - 145 locations were opened up for wealth management, taking the count to 502 locations.
 - Number of ATMs added during the quarter amounted to 248.
- ✓ **Overall operating expenses**
 - Total opex was up 6.9% QoQ.
 - The cost to income ratio was 39.2%.
 - **Cost to income ratio guidance**
 - The ratio could move up to 40% due to continued investments.

(Con call takeaways continue on the next page)

Net interest margin

- ✓ Comments pertaining to margin outlook
 - Retail lending, which is higher-margin than wholesale lending, has picked up for the bank over a period of time.
 - There is a lead-lag effect in terms of rise in loan and deposit interest rates, leading to expansion in margin.

Merger with HDFC Limited

- ✓ The bank is on-track to receive approvals to execute the merger and may achieve the same a few months ahead of time.

Deposits traction

- ✓ 2.9mn new liability relationships were opened during the quarter, up 11% QoQ.
- ✓ Deposits rose 4.3% QoQ.
- ✓ Share of retail deposits in total deposits is 83%.
- ✓ Term deposits
 - Term deposits have grown 22% YoY.
 - The penetration of the customer base in terms of term deposits is just 14-15%, which is indicative of a large opportunity.

Loan growth

- ✓ Sequential growth
 - Overall loan growth was 6.1% QoQ.
 - Retail loan growth was 4.9% QoQ.
- ✓ Unsecured lending
 - Credit cards
 - 1.2mn new credit cards were added during the quarter, taking the count to 16.3mn.
 - 2.4mn inactive cards were closed down as per RBI guidelines.
 - The revolve rate has not picked up and remains at 70-75% of pre-Covid levels.

Treasury income

- ✓ The treasury loss for the quarter amounted to Rs 2.53bn.
- ✓ There were losses on corporate bonds and pass through certificates.

Subsidiaries

- ✓ HDB Financial
 - Stage 3 assets ratio amounted to 4.9%, which includes a 1.1% impact due to new RBI guidelines.
 - The RoA and RoE amount to 3%+ and 18.5%, respectively.
- ✓ HDFC Securities
 - The revenue and PAT amounted to Rs 4.68bn and Rs 1.91bn, respectively.

(Con call takeaways continue on the next page)

Fee income

- ✓ Overall fee income
 - Overall fee income was up 8% QoQ.
 - Share of retail business in fee income was 93%.
- ✓ Credit cards
 - Card spends are up 9% QoQ.
 - The spends are transactor-driven.

Exhibit 2: Key quarterly balance sheet / business data

Particulars (Rs mn)	Q2 FY23	Q1 FY23	% qoq	Q2 FY22	% yoy
Gross Advances	14,932,500	14,081,750	6.0	12,103,890	23.4
Retail Excl. Agri	5,805,460	5,578,800	4.1	4,829,420	20.2
Commercial & Rural Excl. Agri	4,744,620	4,364,850	8.7	3,590,200	32.2
Agriculture	702,780	615,790	14.1	560,040	25.5
Corporates & Other Wholesale	3,679,640	3,522,300	4.5	3,124,230	17.8
Total Deposits	16,734,080	16,047,600	4.3	14,063,433	19.0
CA deposits	2,299,510	2,205,840	4.2	2,058,510	11.7
SA deposits	5,297,450	5,140,630	3.1	4,523,810	17.1
Term deposits	9,137,120	8,701,130	5.0	7,481,113	22.1
Investments	5,191,159	4,961,567	4.6	4,162,926	24.7
Borrowings	2,068,783	1,736,059	19.2	1,498,135	38.1
Risk-weighted assets	14,778,550	13,984,420	5.7	11,902,700	24.2

Source: Company, YES Sec – Research

Exhibit 3: Key quarterly ratios

(%)	Q2 FY23	Q1 FY23	chg qoq	Q2 FY22	chg yoy
Net Interest Margin	4.10	4.00	10bps	4.10	0bps
Non-interest income/Total income	26.5	24.7	185bps	29.5	-296bps
Cost to Income ratio	39.2	40.6	-137bps	37.0	224bps
CASA ratio	45.4	45.8	-38bps	46.8	-141bps
Loan to Deposit ratio	88.4	86.9	150bps	85.2	319bps
Capital adequacy ratio	18.0	18.1	-10bps	20.0	-200bps
Tier I capital ratio	17.1	17.1	0bps	18.7	-160bps
Common equity tier 1	16.3	16.5	-20bps	17.4	-110bps
Annualised Slippage Ratio	1.4	2.0	-56bps	1.8	-36bps
Provisions /Avg. Advances	0.9	0.9	-2bps	1.3	-44bps
RoA	2.0	1.8	20bps	2.0	4bps
Gross NPA	1.2	1.3	-5bps	1.4	-12bps
Net NPA	0.3	0.4	-2bps	0.4	-7bps

Source: Company, YES Sec – Research

Exhibit 4: Quarterly Actuals Vs Estimates

Q2FY23 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	210,212	206,314	1.9
Pre-Prov. Operating Profit	173,922	178,419	(2.5)
Profit After Tax	106,058	106,814	(0.7)

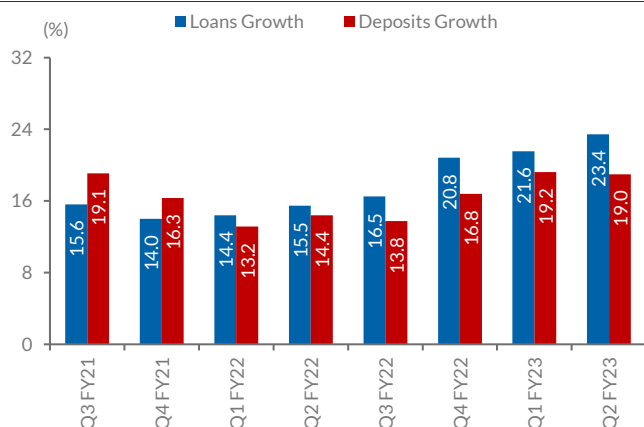
Source: Company, YES Sec – Research

Exhibit 5: Gross Advances Mix - Quarterly

Particulars (Rs mn)	Q2 FY23	Q1 FY23	% qoq	Q2 FY22	% yoy
Personal Loans	1,548,200	1,479,280	4.7	1,263,580	22.5
Auto Loans	1,087,880	1,040,030	4.6	951,950	14.3
Home Loans	930,500	882,490	5.4	757,540	22.8
Payment Products	819,660	801,420	2.3	677,830	20.9
Loan against Property	693,130	651,160	6.4	544,260	27.4
Two Wheelers	95,970	91,950	4.4	97,130	(1.2)
Gold Loans	94,340	88,080	7.1	81,090	16.3
Other Retail	535,800	544,400	(1.6)	456,040	17.5
Total Retail Assets	5,805,460	5,578,800	4.1	4,829,420	20.2
Emerging Corporates	1,645,580	1,527,810	7.7	1,296,120	27.0
Business Banking	2,180,140	1,991,680	9.5	1,598,070	36.4
Commercial Transportation	918,900	845,370	8.7	696,010	32.0
Agriculture	702,780	615,790	14.1	560,040	25.5
Total Commercial & Rural Banking	5,447,400	4,980,640	9.4	4,150,240	31.3
Corporates & Other Wholesale	3,967,790	3,639,390	9.0	3,124,230	27.0
IBPC/BRDS	(288,150)	(117,090)	NA	0	NA
Total Gross Advances	14,932,500	14,081,750	6.0	12,103,890	23.4

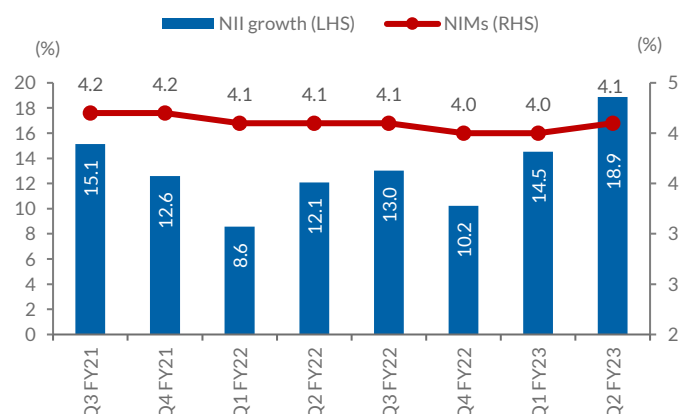
Source: Company, YES Sec – Research

Exhibit 6: Loans and Deposits growth (YoY %)



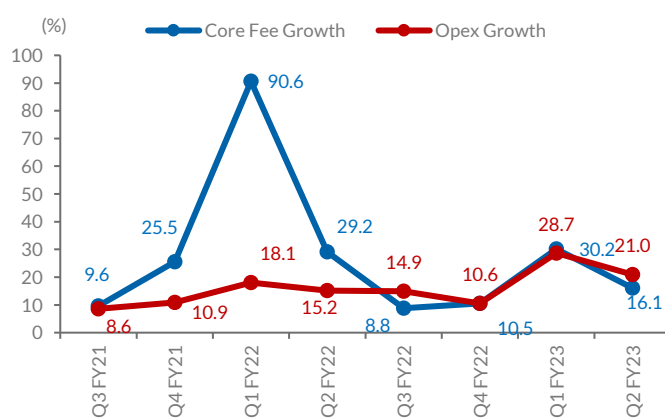
Source: Company, YES Sec - Research

Exhibit 7: NII growth (YoY %) and NIM



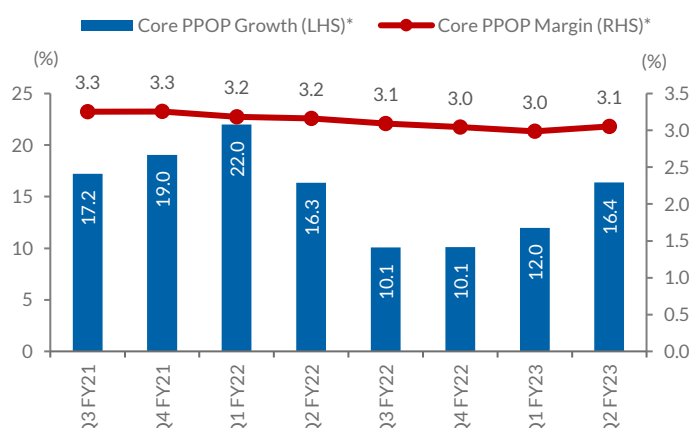
Source: Company, YES Sec - Research

Exhibit 8: Core Fee and Opex growth (YoY %)



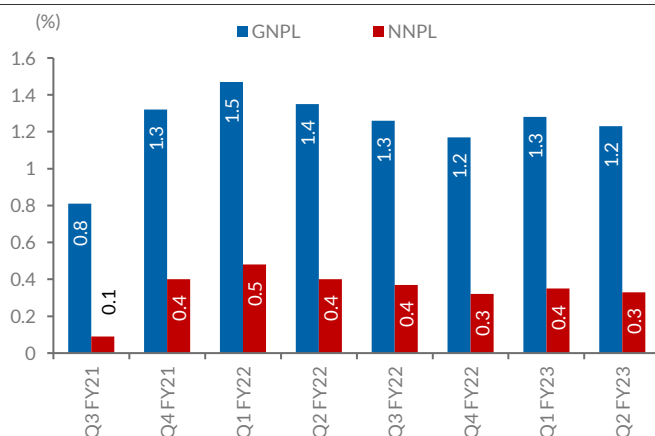
Source: Company, YES Sec - Research

Exhibit 9: Core PPOP growth (YoY %) and Core PPOP margin



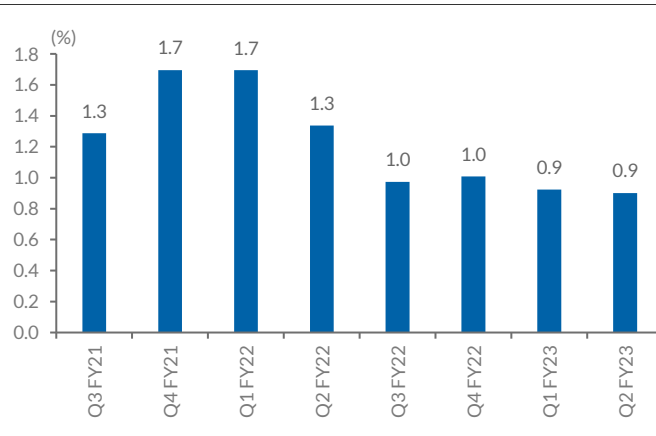
Source: Company, YES Sec - Research, * Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

Exhibit 10: Gross NPA and Net NPA (%)



Source: Company, YES Sec - Research

Exhibit 11: Provisions/Average Advances (%)



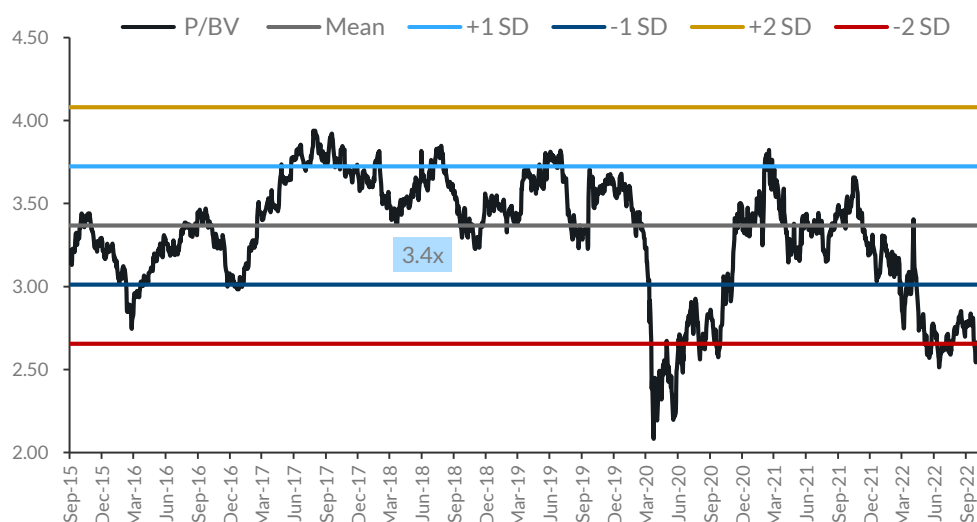
Source: Company, YES Sec - Research

Exhibit 12: 1-year rolling P/BV band



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

Exhibit 13: 1-yr rolling P/BV vis-a-vis the mean and standard deviations



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

ANNUAL FINANCIALS

Exhibit 14: Balance sheet

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Total cash & equivalents	1,194,704	1,523,269	1,791,787	2,966,409	3,559,691
Investments	4,437,283	4,555,357	5,085,889	7,969,054	9,425,291
Advances	11,328,366	13,688,209	16,288,969	26,967,358	32,360,829
Fixed assets	49,093	60,837	66,920	73,612	80,974
Other assets	459,259	857,678	1,029,214	1,235,057	1,482,068
Total assets	17,468,705	20,685,351	24,262,779	39,211,490	46,908,854
Net worth	2,037,208	2,400,929	2,696,009	4,488,070	5,081,576
Deposits	13,350,602	15,592,174	18,453,010	29,665,318	35,058,790
Borrowings	1,354,873	1,848,172	2,160,263	3,441,670	4,088,886
Other liabilities	726,022	844,075	953,497	1,616,432	2,679,602
Total liabilities incl. Equity	17,468,705	20,685,351	24,262,779	39,211,490	46,908,854

Source: Company, YES Sec – Research

Exhibit 15: Income statement

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Interest income	1,208,582	1,277,531	1,542,956	2,230,003	3,083,325
Interest expense	(559,787)	(557,435)	(713,495)	(1,077,126)	(1,519,022)
Net interest income	648,796	720,096	829,461	1,152,877	1,564,302
Non-interest income	252,049	295,099	309,150	454,387	607,104
Total income	900,845	1,015,195	1,138,611	1,607,264	2,171,406
Operating expenses	(327,226)	(374,422)	(482,689)	(652,127)	(871,378)
PPoP	573,618	640,773	655,921	955,137	1,300,028
Provisions	(157,029)	(150,618)	(167,783)	(258,995)	(318,215)
Profit before tax	416,590	490,155	488,138	696,142	981,813
Taxes	(105,425)	(120,541)	(122,034)	(174,035)	(245,453)
Net profit	311,165	369,614	366,103	522,106	736,360

Source: Company, YES Sec – Research

Exhibit 16: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Interest income	7.4	6.7	6.9	7.0	7.2
Interest expense	-3.4	-2.9	-3.2	-3.4	-3.5
Net interest income	4.0	3.8	3.7	3.6	3.6
Non-interest income	1.5	1.5	1.4	1.4	1.4
Total income	5.5	5.3	5.1	5.1	5.0
Operating expenses	-2.0	-2.0	-2.1	-2.1	-2.0
PPoP	3.5	3.4	2.9	3.0	3.0
Provisions	-1.0	-0.8	-0.7	-0.8	-0.7
Profit before tax	2.5	2.6	2.2	2.2	2.3
Taxes	-0.6	-0.6	-0.5	-0.5	-0.6
Net profit	1.9	1.9	1.6	1.6	1.7

Source: Company, YES Sec – Research

Exhibit 17: Sum of the Parts (SOTP) - Subsidiaries

Subsidiary	Market Cap / Assigned value (Rs mn)	Valuation metric	Metric value (Rs mn)	Trailing multiple (Implied / Assigned)	Stake (%)	Stake value (Rs mn)	Per share (Rs)
HDB Financial Services	392,944	BV	98236	4.0x	95.0%	373,140	67.3
HDFC Securities	49,341	BV	16,447	3.0x	96.3%	47,535	8.6
HDFC AMC	404,620	Mcap	404,570	1.0x	52.6%	212,790	38.4
HDFC Life	1,123,980	Mcap	1,265,620	1.0x	47.8%	537,150	96.9
HDFC ERGO	150,039	PE	5,001	30.0x	50.6%	75,920	13.7
Bandhan Bank	427,590	Mcap	525,030	1.0x	5.0%	21,166	3.8
Value of Subsidiaries						420,675	228.6

Source: Company, YES Sec – Research

Exhibit 18: Change in Annual Estimates

Y/e 31 Mar (Rs. mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Net Interest Income	829,461	1,152,877	1,564,302	829,461	1,152,877	1,564,302	0.0	0.0	0.0
Pre-Prov. Operating Profit	655,921	955,137	1,300,028	646,463	945,111	1,289,400	1.5	1.1	0.8
Profit after tax	366,103	522,106	736,360	359,010	514,587	728,389	2.0	1.5	1.1

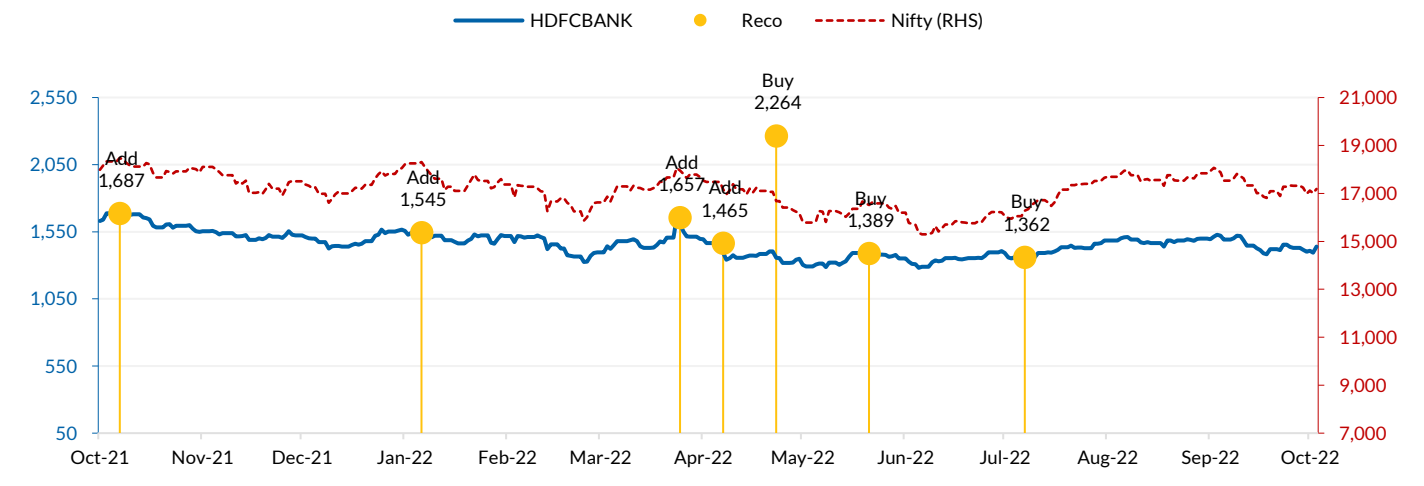
Source: Company, YES Sec – Research

Exhibit 19: Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23E	FY24E	FY25E
Growth matrix (%)					
Net interest income	15.5	11.0	15.2	39.0	35.7
PPoP	17.7	11.7	2.4	45.6	36.1
Net profit	18.5	18.8	-0.9	42.6	41.0
Loans	14.0	20.8	19.0	65.6	20.0
Deposits	16.3	16.8	18.3	60.8	18.2
Profitability Ratios (%)					
Net interest margin	4.2	4.0	4.0	3.9	3.8
Return on Average Equity	16.6	16.7	14.4	14.5	15.4
Return on Average Assets	1.9	1.9	1.6	1.6	1.7
Per share figures (Rs)					
EPS	56.4	66.7	66.0	70.3	99.1
BVPS	370	433	486	604	684
ABVPS	361	425	475	596	677
Valuation multiples					
P/E	21	18.2	18.3	17.2	12.2
P/BV	3.3	2.8	2.5	2.0	1.8
P/ABV	3.4	2.8	2.5	2.0	1.8
NIM internals (%)					
Yield on loans	8.9	7.9	8.1	8.2	8.3
Cost of deposits	4.0	3.4	3.7	3.9	4.1
Loan-deposit ratio	84.9	87.8	88.3	90.9	92.3
CASA ratio	46.1	48.2	46.6	37.0	37.0
Opex control (%)					
Cost/Income ratio	36.3	36.9	42.4	40.6	40.1
Cost to average assets	2.0	2.0	2.1	2.1	2.0
Capital adequacy (%)					
Tier 1 capital ratio	17.6	17.9	16.9	17.0	16.0
Asset quality (%)					
Slippage ratio	1.5	2.1	1.4	1.2	1.2
Gross NPL ratio	1.3	1.2	1.6	1.3	1.5
Credit cost	1.5	1.2	1.1	1.0	1.0
Net NPL ratio	0.4	0.3	0.4	0.2	0.2

Source: Company, YES Sec – Research; Valuations are the implied valuation of standalone entity net of subsidiaries

Recommendation Tracker



DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that each security's price or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections.

Technical Analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all

jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through SEC 15a-6 rules and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This Research Report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s) who has prepared the research report. YES Securities (India) Limited is the employer of the YES Securities (India) Limited Representative who is responsible for the report, are responsible for the content of the YES Securities (India) Limited Research Report; any material conflicts of interest of YES Securities (India) Limited in relation to the issuer(s) or securities discussed in the YES Securities (India) Limited Research Report. This YES Securities (India) Limited Research Report is distributed in the United States through Brasil Plural Securities LLC (BPS). The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and is/ are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution by YES Securities (India) Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person or entity. Transactions in securities discussed in this research report should be effected through Brasil Plural Securities LLC (BPS) or another U.S. registered broker dealer/Entity as informed by YES Securities (India) Limited from time to time.

YES Securities (India) Limited

Registered Address: 2nd Floor, North Side, YES BANK House,
Off Western Express Highway, Santacruz East,
Mumbai - 400 055, Maharashtra, India.

Correspondence Address: 4th Floor, AFL House,
Lok Bharti Complex, Marol Maroshi Road, Andheri East,
Mumbai - 400059, Maharashtra, India.

☎ +91 22 68850521 | ✉ research@ysil.in
Website: www.yesinvest.in

Registration Nos.: CIN: U74992MH2013PLC240971 | SEBI Single
Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member
Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | CDSL: IN-
DP-653-2021 | MERCHANT BANKER: INM000012227 | RESEARCH
ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 |
Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (CAT
III AIF) SEBI Registration No.: IN/AIF3/20-21/0818 |
AMFI ARN Code - 94338.

Details of Compliance Officer: Name: Aditya Goenka,
Email id: compliance@ysil.in, **Contact No:** 022- 65078127 (Extn: 718127)

DISCLOSURE OF INTEREST

Name of the Research Analyst: Shivaji Thapliyal, Siddharth Rajpurohit

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report	No
3	Research Analyst or his/her relative or YSL has any other material conflict of interest at the time of publication of the Research Report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSL has received any compensation from the subject company in the past twelve months	No
6	YSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	YSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSL has been engaged in market making activity for the subject company(ies)	No

Since YSL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

BUY: Upside greater than 20% over 12 months

ADD: Upside between 10% to 20% over 12 months

NEUTRAL: Upside between 0% to 10% over 12 months

REDUCE: Downside between 0% to -10% over 12 months

SELL: Downside greater than -10% over 12 months

NOT RATED / UNDER REVIEW

ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSL") is a wholly owned subsidiary of YES BANK LIMITED. YSL is a SEBI registered stock broker holding membership of NSE, BSE, MCX & NCDEX. YSL is also a SEBI registered Category I Merchant Banker, Investment Adviser and a Research Analyst. YSL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSL by SEBI/Stock Exchanges.