

City Union Bank

Refer to important disclosures at the end of this report

On course to claw back best-ever RoA

- CUBK reported a strong 26% beat on PAT at Rs2.8bn (up 23% YoY) and its best-ever RoA of 1.7% (reported) in Q2. This was mainly led by sharp improvement in margins (up 14bps QoQ to 4.1%) and lower LLP, as NPAs continue to trend down. Bank expects profitability to remain strong in H2 on the back of better growth and continued moderation in NPAs.
- Overall credit growth was modest at 13% YoY/4% QoQ, mainly due to sluggish corporate growth (down 5% QoQ). However, the bank expects growth to see further improvement in H2 which should be led by SME/corporate growth acceleration. That said, we believe deposit growth will need to catch up too and thus lead to slight moderation in margins.
- Fresh NPAs remain elevated at Rs2.6bn/2.8% of loans, but higher recovery/w-off led to 29bps QoQ decline in GNPA, to 4.4%. Spice Jet (o/s at Rs825mn) has started settlement of dues in a phased manner and the last installment will be paid in Jun-23. The bank carries 100% provision on this and should thus see gradual reversal.
- We expect the bank to claw back its highest RoA/RoE so far, of 1.6%/15%, aided by accelerating growth, healthy margins and lower LLP. We retain BUY with revised TP of Rs228/share (Rs200 earlier), based on 2x Sep-24E ABV.

- What we like:** Improvement in asset quality and strong margin delivery. **What we do not like:** Moderate credit-growth vs peers as well as deposits-growth.
- Growth set to improve:** Overall credit growth was moderate at 13% YoY/4% QoQ due to sluggish corporate growth. However, the bank expects growth to improve to 15-18% (mainly back-ended), which will be led by acceleration in the SME/corporate book. Deposits growth too was moderate at 8% YoY/2% QoQ and thus needs to improve, for funding the accelerating credit growth. Bank managed 14bps QoQ improvement in margins to 4.1% in Q2, but could temper a tad in H2, as deposits growth/CoF pick up pace.
- NPAs trend down, led by better recoveries/w-offs:** Fresh slippages remain elevated at Rs2.6bn/2.8% of loans, but better recoveries/upgrades and w-offs led to 29bps reduction in GNPA ratio to 4.4%. As per Management, Spice Jet (o/s at Rs825mn) has started settlement of dues in a phased manner, with the last installment to be paid in Jun-23. Bank carries 100% of provision on this account and hence any recovery would lead to reversal of provisions. The restructured pool too has declined to Rs19.6bn/4.7% of loans, and the performance of the book seems to be satisfactory.

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	25,184	26,756	30,400	33,801	38,767
Net profit	5,929	7,602	10,124	11,607	13,636
EPS (Rs)	8.0	10.3	13.7	15.7	18.4
ABV (Rs)	68.2	77.0	89.5	103.3	119.4
RoA (%)	1.2	1.3	1.6	1.6	1.6
RoE (%)	10.6	12.2	14.5	14.8	15.4
P/E (x)	23.7	18.5	13.9	12.1	10.3
P/ABV	2.8	2.5	2.1	1.8	1.6

Source: Company, Emkay Research

CMP	Target Price
Rs 190 as of (November 5, 2022)	Rs 228 (▲) 12 months
Rating	Upside
BUY (■)	20.0 %

Change in Estimates

EPS Chg FY23E/FY24E (%)	11/16
Target Price change (%)	14.0
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	13.7	15.7
Consensus	12.5	15.0
Mean Consensus TP (12M)	Rs 197	

Stock Details

Bloomberg Code	CUBK IN
Face Value (Rs)	1
Shares outstanding (mn)	740
52 Week H/L	197 / 109
M Cap (Rs bn/USD bn)	141 / 1.71
Daily Avg Volume (nos.)	37,62,983
Daily Avg Turnover (USD mn)	8.2

Shareholding Pattern Sep '22

Promoters	-%
FII	21.3%
DII	40.1%
Public and Others	38.5%

Price Performance

(%)	1M	3M	6M	12M
Absolute	10	19	44	9
Rel. to Nifty	5	14	32	8

Relative price trend



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

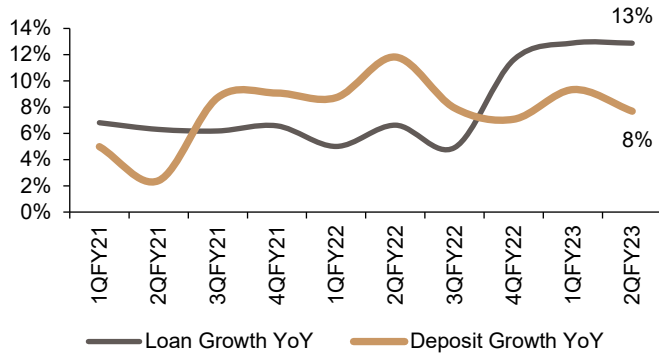
dixit.sankharva@emkayglobal.com
+91 22 6612 1281

Soumya Jain

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

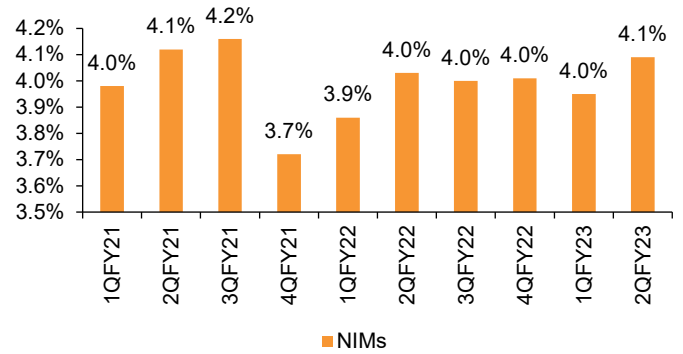
Story in charts

Exhibit 1: Credit growth remains moderate vs peers, but set to improve in H2



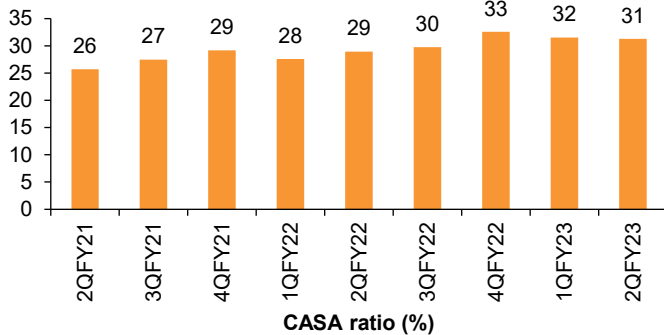
Source: Company, Emkay Research

Exhibit 2: NIM improved by 9bps to 4.1%



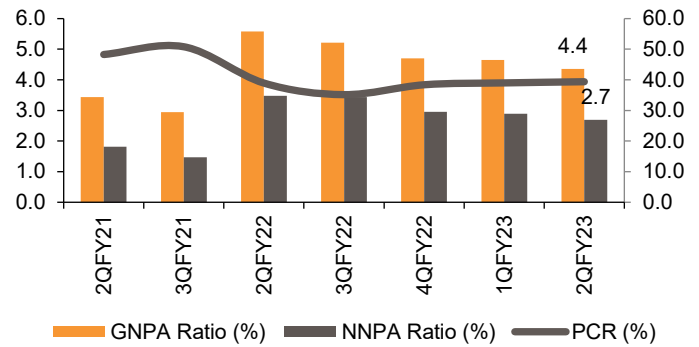
Source: Company, Emkay Research

Exhibit 3: CASA marginally slipped to 31.3%



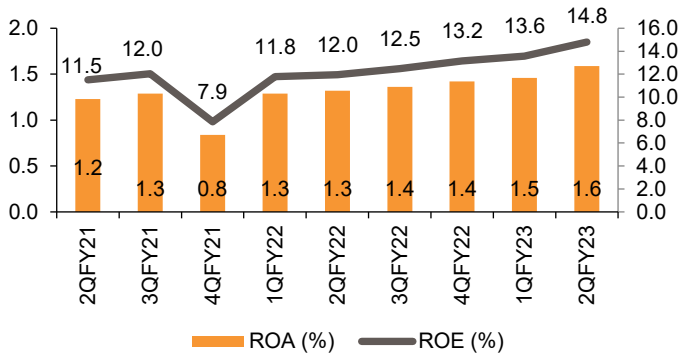
Source: Company, Emkay Research

Exhibit 4: Better recovery/w-off led to 29bps QoQ reduction in GNPA ratio to 4.4%



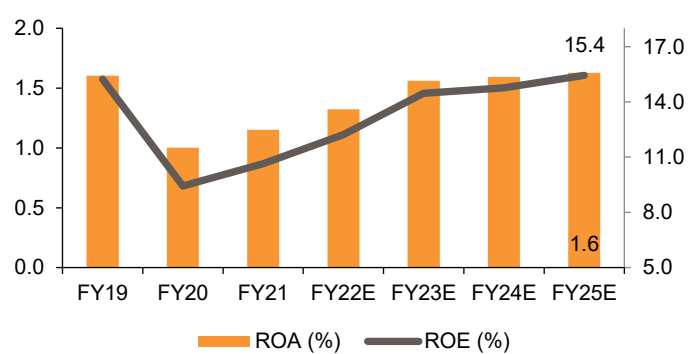
Source: Company, Emkay Research

Exhibit 5: Higher margins, lower LLP led to healthy RoAs



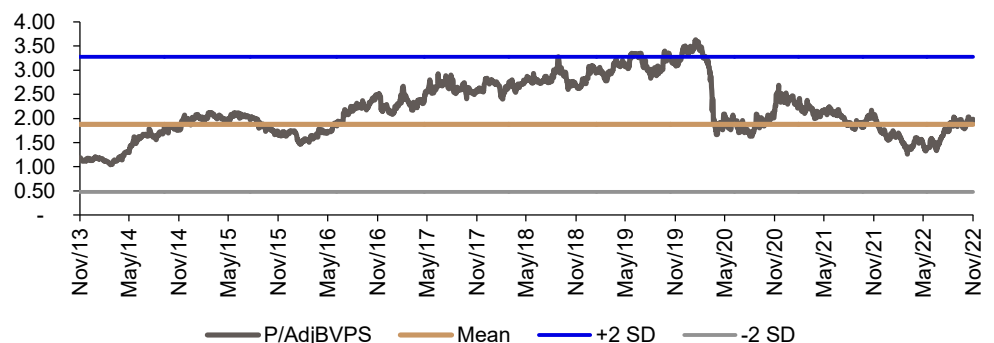
Source: Company, Emkay Research

Exhibit 6: Bank set to claw back its best-ever RoA/RoEs



Source: Company, Emkay Research

Exhibit 7: The stock currently trades at 2x one-year forward ABV



Source: Bloomberg, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 11/07/2022 12:46 PM

Emkay Research is also available on 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.

Exhibit 8: Actuals vs Estimates (Q2FY23)

Rs mn	Actuals	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net income	7,414	7,212	7,417	3%	0%	Better margins led to a beat
PPOP	4,565	4,211	4,416	8%	3%	Higher net income coupled with lower opex led to a beat
PAT	2,765	2,195	2,278	26%	21%	Higher PPOP and contained LLP led to a beat

Source: Company, Emkay Research

Exhibit 9: Quarterly summary

(Rs mn)	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	YoY (%)	QoQ (%)	FY22	FY23E	YoY (%)
Interest Earned	10,222	10,352	10,499	10,994	11,812	16	7	41,048	47,900	17
Interest Exp	5,439	5,453	5,493	5,745	6,133	13	7	21,883	25,338	16
Net Interest Income	4,783	4,900	5,007	5,249	5,679	19	8	19,165	22,562	18
Global NIMs (reported)	4.03	4.00	4.01	3.95	4.09	6bps	14bps	3.54	3.67	13bps
Non-interest Income	2,028	1,600	2,030	2,175	1,735	-14	-20	7,591	7,838	3
Operating Expenses	2,759	2,804	2,638	2,953	2,849	3	-4	10,803	11,938	11
Pre Provisioning Profit	4,051	3,696	4,399	4,471	4,565	13	2	15,953	18,461	16
Provision & Contingencies	1,480	1,235	1,709	1,520	1,050	-29	-31	6,102	5,314	-13
PBT	2,571	2,461	2,690	2,951	3,515	37	19	9,852	13,147	33
Income Tax Expense (Gain)	750	500	600	700	750	0	7	2,250	3,024	34
Net Profit/(Loss)	1,821	1,961	2,090	2,251	2,765	52	23	7,602	10,124	33
Gross NPA (%)	5.58	5.21	4.70	4.65	4.36	-122bps	-29bps	4.70	3.86	-84bps
Net NPA (%)	3.48	3.44	2.95	2.89	2.69	-79bps	-20bps	2.95	2.28	-68bps
Deposits (Rs in bn)	463	467	477	488	499	8	2	477	537	13
Net Advances (Rs in bn)	371	377	404	402	419	13	4	404	465	15

Source: Company, Emkay Research

Exhibit 10: Revision in(estimates

Y/E Mar (Rs mn)	FY23E			FY24E			FY25E		
	Earlier	Revised	% change	Earlier	Revised	% change	Earlier	Revised	% change
Net income	29,355	30,400	3.6%	32,514	33,801	4.0%	37,128	38,767	4.4%
PPOP	17,314	18,461	6.6%	19,024	20,359	7.0%	21,918	23,540	7.4%
PAT	9,119	10,124	11.0%	10,843	11,607	7.0%	12,946	13,636	5.3%
EPS (Rs)	12.3	13.7	11.0%	14.7	15.7	7.0%	17.5	18.4	5.3%
BV (Rs)	98.9	100.2	1.4%	110.0	112.4	2.2%	123.0	126.4	2.7%

Source: Emkay Research

Exhibit 11: Key Assumptions

(%)	FY22A	FY23E	FY24E	FY25E
Loan Growth	11.6	15.2	17.4	18.4
Deposit Growth	7.1	12.7	15.5	18.3
NIM	3.5	3.7	3.6	3.7
GNPA	4.7	3.9	2.9	2.0
Credit Cost	1.6	1.2	1.0	0.9

Source: Emkay Research

Exhibit 12: Key ratios and trend

(Rs mn)	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
Loans	3,48,248	3,59,188	3,61,578	3,56,023	3,71,314	3,76,845	4,03,585	4,01,918	4,19,130
Loans YoY (%)	6.3	6.2	6.6	5.0	6.6	4.9	11.6	12.9	12.9
Loans QoQ (%)	2.7	3.1	0.7	(1.5)	4.3	1.5	7.1	(0.4)	4.3
Composition (%)									
- Corporate	30.7	28.7	24.9	24.6	24.8	23.6	23.2	19.0	17.3
- SME/BB	35.3	35.4	40.5	38.9	38.2	39.0	39.8	43.5	44.2
- Retail	24.2	26.1	23.6	24.7	23.2	22.1	20.8	20.8	21.1
- Agris	9.7	9.8	10.9	11.8	13.7	15.3	16.1	16.7	17.4
Liability Profile (%)									
Deposits (Rs mn)	4,14,205	4,32,883	4,45,374	4,46,059	4,63,161	4,67,217	4,76,897	4,87,721	4,98,776
growth YoY	2.4	8.7	9.1	8.7	11.8	7.9	7.1	9.3	7.7
growth QoQ	1.0	4.5	2.9	0.2	3.8	0.9	2.1	2.3	2.3
CASA	25.7	27.5	29.1	27.6	29.0	29.8	32.6	31.5	31.3
CA	7.7	7.4	8.4	7.5	8.5	8.8	9.7	9.5	8.7
SA	18.0	20.1	20.7	20.1	20.5	21.0	22.9	22.0	22.6
Branches (no. of)	700	700	702	702	702	702	727	727	727
NIM	4.12	4.16	3.72	3.86	4.03	4.00	4.01	3.95	4.09
Asset Quality (%)									
GNPA	3.4	2.9	5.1	5.6	5.6	5.2	4.7	4.7	4.4
NNPA	1.8	1.5	3.0	3.5	3.5	3.4	3.0	2.9	2.7
PCR	48.3	50.8	43.2	39.0	38.9	35.2	38.4	39.0	39.4
Capital Adequacy									
CAR (%)	17.4	17.4	19.5	19.6	19.2	19.4	20.9	20.5	20.1
ROE Decomposition (%)									
NII	4.3	4.0	3.3	3.6	3.7	3.7	3.6	3.6	3.8
Other Income	0.9	0.9	0.9	0.7	1.2	0.9	1.1	1.4	0.9
Treasury	0.6	0.9	0.3	0.8	0.4	0.3	0.4	0.1	0.3
Opex	2.3	2.2	2.2	2.1	2.2	2.1	1.9	2.0	1.9
PPOP	3.5	3.7	2.3	3.1	3.2	2.8	3.2	3.1	3.1
Provisioning Cost	1.6	1.8	1.9	1.4	1.2	0.9	1.2	1.1	0.7
PBT	1.9	1.9	0.4	1.7	2.0	1.9	1.9	2.0	2.4
ROA	1.4	1.3	0.8	1.4	1.4	1.5	1.5	1.6	1.9
Leverage (x)	8.1	8.6	9.1	8.5	8.5	8.5	8.6	8.6	8.6
ROE	11.6	11.3	7.7	11.8	12.1	12.5	12.9	13.4	16.0

Source: Company, Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net interest income	18,296	19,165	22,562	25,227	29,363
Other income	6,888	7,591	7,838	8,574	9,404
Fee income	514	550	627	727	858
Net income	25,184	26,756	30,400	33,801	38,767
Operating expenses	10,505	10,803	11,938	13,442	15,227
Pre provision profit	14,679	15,953	18,461	20,359	23,540
PPP excl treasury	12,345	15,332	17,716	19,576	22,718
Provisions	7,750	6,102	5,314	5,086	5,358
Profit before tax	6,929	9,852	13,147	15,272	18,182
Tax	1,000	2,250	3,024	3,665	4,545
Tax rate	14	23	23	24	25
Profit after tax	5,929	7,602	10,124	11,607	13,636

Balance Sheet

Y/E Year End (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity	739	740	740	740	740
Reserves	57,686	65,117	73,392	82,410	92,719
Net worth	58,425	65,857	74,132	83,150	93,458
Deposits	4,45,373	4,76,897	5,37,323	6,20,404	7,33,759
Borrowings	13,457	53,118	42,415	38,174	34,356
Total liabilities	5,33,116	6,15,309	6,82,302	7,76,019	8,99,540
Cash and bank	27,927	29,651	31,134	32,690	34,325
Investments	94,360	1,22,212	1,29,110	1,44,973	1,64,556
Loans	3,61,578	4,03,585	4,64,993	5,45,953	6,46,185
Others	18,701	20,496	21,352	22,375	23,487
Total assets	5,33,116	6,15,309	6,82,302	7,76,019	8,99,540

Key Ratios (%)

Y/E Year End	FY21	FY22	FY23E	FY24E	FY25E
NIM	3.8	3.5	3.7	3.6	3.7
Non-II/avg assets	1.3	1.3	1.2	1.2	1.1
Fee income/avg assets	0.1	0.1	0.1	0.1	0.1
Opex/avg assets	2.0	1.9	1.8	1.8	1.8
Provisions/avg assets	1.5	1.1	0.8	0.7	0.6
PBT/avg assets	1.3	1.7	2.0	2.1	2.2
Tax/avg assets	0.2	0.4	0.5	0.5	0.5
RoA	1.2	1.3	1.6	1.6	1.6
RoAE	10.6	12.2	14.5	14.8	15.4
GNPA (%)	5.1	4.7	3.9	2.9	2.0
NNPA (%)	3.0	3.0	2.3	1.6	1.1

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	8.0	10.3	13.7	15.7	18.4
BVPS	79.1	89.0	100.2	112.4	126.4
ABVPS	68.2	77.0	89.5	103.3	119.4
DPS	0.0	1.0	2.5	3.5	4.5

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	23.7	18.5	13.9	12.1	10.3
P/BV	2.8	2.5	2.1	1.8	1.6
P/ABV	2.8	2.5	2.1	1.8	1.6
P/PPOP	9.6	8.8	7.6	6.9	6.0
Dividend Yield (%)	0.0	0.5	1.3	1.8	2.4

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 11/07/2022 12:46 PM

Emkay Research is also available on 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.

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
NII	9.2	4.7	17.7	11.8	16.4
PPOP	9.4	8.7	15.7	10.3	15.6
PAT	24.5	28.2	33.2	14.7	17.5
Loans	6.6	11.6	15.2	17.4	18.4

Quarterly (Rs mn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
NII	4,783	4,900	5,007	5,249	5,679
NIM (%)	4.0	4.0	4.0	4.0	4.1
PPOP	4,051	3,696	4,399	4,471	4,565
PAT	1,821	1,961	2,090	2,251	2,765
EPS (Rs)	2.46	2.65	2.83	3.04	3.74

Source: Company, Emkay Research

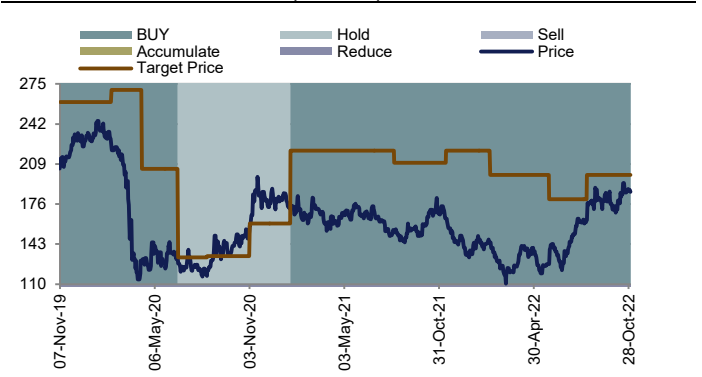
Shareholding Pattern (%)	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
Promoters	-	-	-	-	-
FIIIs	16.1	16.0	18.1	18.2	21.3
DIIIs	42.1	43.9	41.2	41.6	40.1
Public and Others	41.8	40.1	40.7	40.2	38.5

Source: Capitaline

RECOMMENDATION HISTORY (Rs/share)

Date	Closing Price	TP	Period	Rating	Analyst
09-Aug-22	163	200	12m	Buy	Anand Dama
29-May-22	127	180	12m	Buy	Anand Dama
05-Feb-22	144	200	12m	Buy	Anand Dama
13-Nov-21	164	220	12m	Buy	Anand Dama
06-Aug-21	153	210	12m	Buy	Anand Dama
28-May-21	174	220	12m	Buy	Anand Dama
04-Feb-21	176	220	12m	Buy	Anand Dama
20-Jan-21	175	220	12m	Buy	Anand Dama
03-Nov-20	158	160	12m	Hold	Anand Dama
14-Aug-20	121	133	12m	Hold	Anand Dama
19-Jun-20	127	132	12m	Hold	Anand Dama
11-Apr-20	130	205	12m	Buy	Anand Dama
14-Mar-20	195	270	12m	Buy	Anand Dama
13-Feb-20	223	270	12m	Buy	Anand Dama
07-Nov-19	212	260	12m	Buy	Anand Dama

Source: Company, Emkay Research

RECOMMENDATION HISTORY (Rs/share)

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	20.87	20.82	-0.2%	-4	100.00	
Axis Bank	2.22	2.34	5%	12	11.21	0
AU Small Finance Bank	0.27	0.25	-7%	-2	1.20	0
Bandhan Bank	0.16	0.17	1%	0	0.79	0
Bank of Baroda	0.26	0.24	-6%	-2	1.15	0
Canara Bank	0.18	0.23	27%	5	1.12	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	0.04	NA	4	0.20	0
Federal Bank	0.25	0.25	0%	0	1.22	0
HDFC Bank	6.16	6.21	1%	5	29.75	0
ICICI Bank	5.88	6.03	3%	15	28.90	0
Indian Bank	0.00	0.00	NA	0	0.00	0
Indusind Bank	0.70	0.82	18%	12	3.92	0
Karur Vysya Bank	0.00	0.10	NA	10	0.47	0
Kotak Mahindra Bank	2.53	2.00	-21%	-52	9.60	0
Punjab National Bank	0.11	0.00	-100%	-11	0.00	0
RBL Bank	0.00	0.00	NA	0	0.00	0
State Bank of India	2.04	2.04	0%	0	9.78	0
Ujjivan Small Finance Bank	0.00	0.00	NA	0	0.00	0
Union Bank of India	0.06	0.06	0%	0	0.28	0
Yes Bank	0.05	0.05	1%	0	0.22	0
Cash	0.00	0.04	NA	4	0.21	0

Source: Emkay Research

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

Sector portfolio NAV

	Base 1-Apr-19	3-Nov-21	4-May-22	3-Aug-22	3-Oct-22	Latest 3-Nov-22
EAP - BFSI-Banks	100.0	134.8	120.5	130.0	129.9	141.2
BSE200 Neutral Weighted Portfolio (ETF)	100.0	132.1	118.2	127.5	127.2	138.2

*Performance measurement base date 1st April 2019

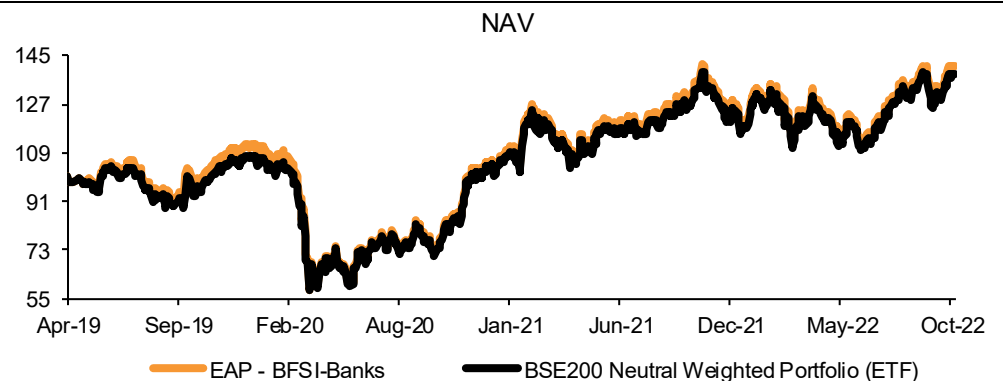
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-Banks	8.8%	8.6%	17.3%	4.8%
BSE200 Neutral Weighted Portfolio (ETF)	8.7%	8.4%	17.0%	4.7%

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 11/07/2022 12:46 PM

Emkay Research is also available on 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.

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: 06 Nov 2022 16:52:26 (SGT)

Dissemination Date: 06 Nov 2022 16:53:26 (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. Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are 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 distributed in Canada or 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 November 6, 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
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 November 6, 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 November 6, 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 November 6, 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