

AU Small Finance Bank

Refer to important disclosures at the end of this report

Lower LLP drives earnings beat; managing cost pressures will be key challenge, hereon

- AU SFB reported higher-than-expected PAT at Rs3.9bn vs. our estimate of Rs3.6bn, mainly due to stable margins and lower LLP, partly offset by higher opex. Bank utilized contingent provisions to the tune of Rs0.3bn, with asset quality in better control as GNPA ratio improved QoQ to 1.8%.
 - Credit growth remained strong at 38% YoY/7% QoQ, mainly led by strong corporate/SME growth and healthy retail growth. Growth in the wheels portfolio remains relatively moderate amid rising rates, while other retail segments report strong traction. Management has guided to balance growth with margins.
 - Bank awaits guidelines from the RBI for applying for the universal banking license, while term-extension applications for MD & CEO Sanjay Agarwal and WTD Uttam Tibrewal are pending with the RBI. We largely retain our earnings estimates and expect RoA/RoE at 1.7%/15-17% over FY23-25E, as leverage improves.
 - We retain our HOLD rating on the stock, with a TP of Rs650/share, given rich valuations. That said, we believe AU's maneuvering the rising rate cycle without taking much impact on its otherwise-higher return ratios as well as raising compliance/governance standards will be closely tracked, as it prepares to apply for the Universal Banking Licence. Recent ECL norms too could be cumbersome for the bank, given its lower PCR and relatively-high risk model.
- Healthy growth continues; sustains margin pressure:** AU SFB registered strong credit growth at 38% YoY/7% QoQ, owing to healthy traction in the corporate book. Retail growth too was decent, led by better growth in HL/BB, while wheels growth has been relatively slower, possibly hurt by rising rates. Deposit growth was healthy at 38% YoY/5% QoQ; however, CASA book de-grew by 5% due to cannibalization and, resultantly, CASA ratio declined by 4% to 38%. Despite a 14bps QoQ jump in CoF to 6%, the bank sustained its NIM at 6.2%, which could be incrementally challenging.
 - Headline NPA ratios moderate; thus, Bank utilizes contingent buffer:** Fresh slippages moderated to Rs2.3bn/2.3% of loans, while better recoveries/growth led to 9bps QoQ reduction in GNPA ratio to 1.8%. The restructured book too moderated QoQ, to 1.4% vs 1.7% in 2Q. With better handle on asset quality, Bank has utilized the contingent provision of Rs0.3bn in 3Q. That said, we believe macro & micro dislocation could cause some pressure on asset quality; thus, the bank needs to be well guarded for coping with any asset-quality hiccups.
 - Outlook and valuations:** We largely retain our earnings estimates and expect RoA/RoE at 1.7%/15-17% over FY23-25E, as leverage improves. That said, we believe AU's maneuvering the rising rate cycle without taking much impact on its otherwise-higher return ratios as well as raising compliance/governance standards will be closely tracked, as it prepares to apply for the Universal Banking Licence. We retain HOLD with TP of Rs650/share, valuing the bank at 3.4x Dec-24E ABV. **Key risks:** Margin impact amid rising interest rate scenario; higher than expected NPA formation in wheels/SBL portfolio; key management attrition.

Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net income	37,863	42,278	54,189	71,211	91,500
Net profit	11,707	11,298	13,956	17,600	22,380
EPS (Rs)	19.0	18.0	21.0	25.2	32.0
ABV (Rs)	92.6	116.6	158.0	170.5	196.5
RoA (%)	2.5	1.9	1.7	1.7	1.7
RoE (%)	22.0	16.4	15.3	15.3	17.0
P/E (x)	32.7	34.5	29.6	24.7	19.4
P/ABV	6.7	5.3	3.9	3.6	3.2

Source: Company, Emkay Research

CMP	Target Price
Rs 621 as of (January 19, 2023)	Rs 650 (■) 12 months
Rating	Upside
HOLD (■)	4.6 %

Change in Estimates

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

Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	21.0	25.2
Consensus	20.6	28.3
Mean Consensus TP (12M)	Rs 720	

Stock Details

Bloomberg Code	AUBANK IN
Face Value (Rs)	10
Shares outstanding (mn)	667
52 Week H/L	733 / 525
M Cap (Rs bn/USD bn)	414 / 5.09
Daily Avg Volume (nos.)	15,30,155
Daily Avg Turnover (USD mn)	11.9

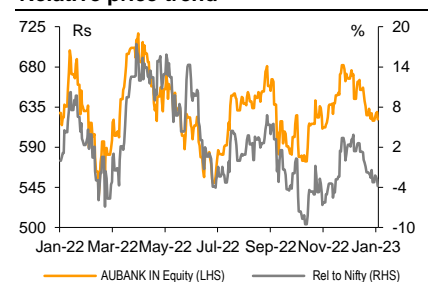
Shareholding Pattern Sep '22

Promoters	25.6%
FIIIs	38.5%
DIIIs	21.3%
Public and Others	14.6%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(7)	(1)	10	(2)
Rel. to Nifty	(6)	(4)	(1)	(3)

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:

Heet Khimawat

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

Dixit Sankharva

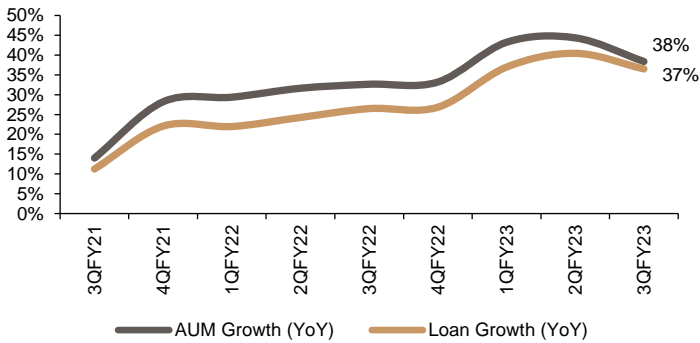
dixit.sankharva@emkayglobal.com
+91 22 6612 1281

Soumya Jain

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

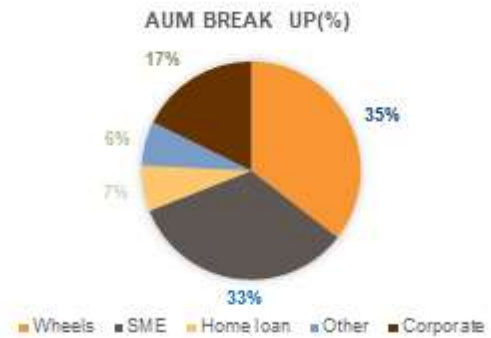
Story in charts

Exhibit 1: Strong credit growth continues



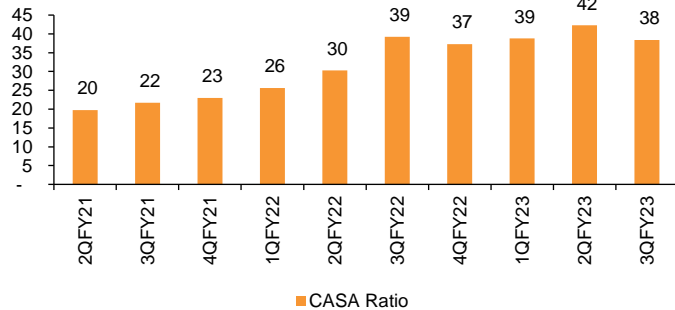
Source: Company, Emkay Research

Exhibit 2: Share of wheels moderates, given strong corporate and non-wheels retail book growth



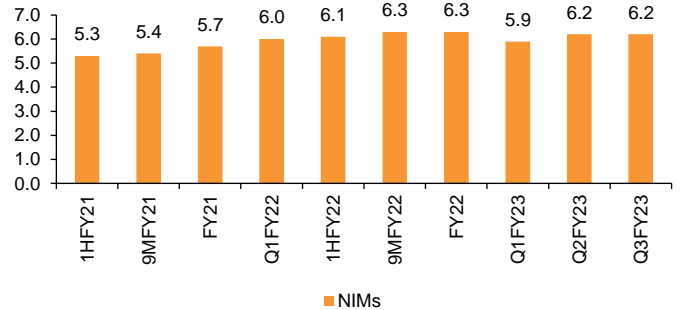
Source: Company, Emkay Research

Exhibit 3: CASA ratio sharply dips due to SA cannibalization



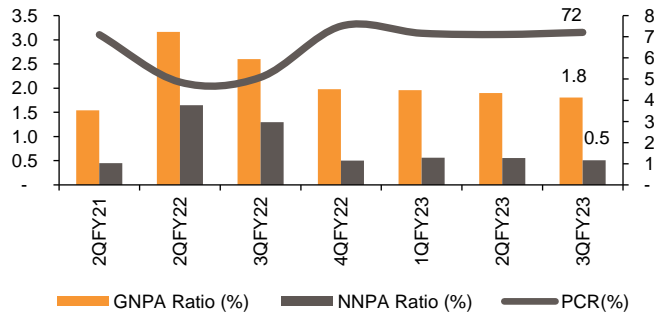
Source: Company, Emkay Research

Exhibit 4: Sustained margin pressure amid rising CoF



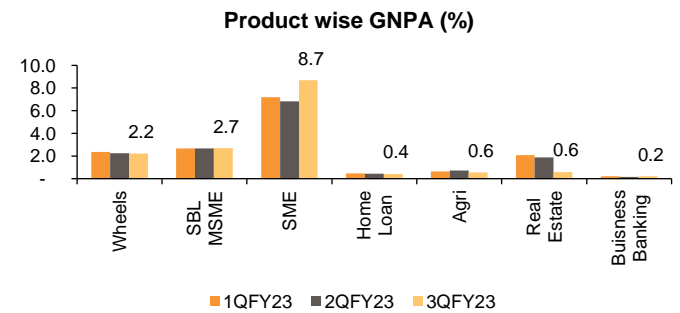
Source: Company, Emkay Research

Exhibit 5: Slippages moderation, along with better recoveries/growth, leads to decline in GNPA ratio to 1.8%



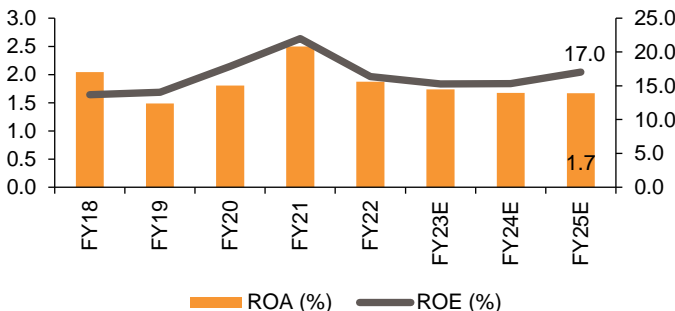
Source: Company, Emkay Research

Exhibit 6: Segmental NPA ratio shows stable-to-improving trend, except in the SME book



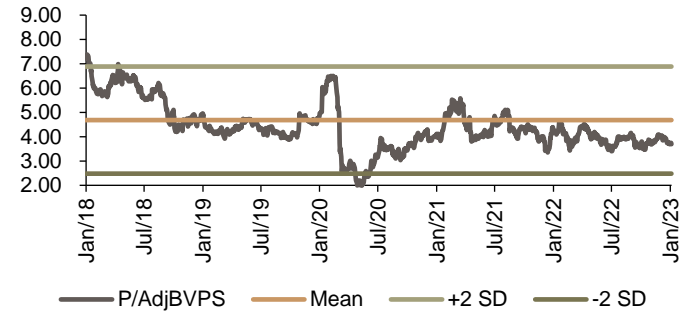
Source: Company, Emkay Research

Exhibit 7: We expect RoA/RoE at 1.7%/15-17% over FY23-25E, as leverage improves



Source: Company, Emkay Research

Exhibit 8: The stock trades at rich valuations of 3.7x – One-year forward ABV



Source: Bloomberg, Emkay Research

Exhibit 9: Actuals vs. Estimates (Q3FY23)

(Rs mn)	Actuals	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net income	14,476	14,437	14,301	0%	1%	Flattish margins led to largely in-line Net Income
PPOP	5,557	5,725	5,250	-3%	6%	Higher opex led to a miss
PAT	3,928	3,634	3,420	8%	15%	Lower provisions led to profitability beat

Source: Company, Bloomberg, Emkay Research

Exhibit 10: Quarterly summary

(Rs mn)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	YoY (%)	QoQ (%)	FY22	FY23E	YoY (%)
Interest Earned	14,965	16,670	18,202	19,923	21,181	42	6	59,217	82,247	39
Interest Exp	6,760	7,305	8,442	9,089	9,653	43	6	26,876	38,011	41
Net Interest Income	8,204	9,366	9,760	10,833	11,527	41	6	32,341	44,236	37
Global NIMs (reported)	6.30	6.30	5.90	6.20	6.20	-10bps	0bps	5.15	5.36	21bps
Non-interest Income	2,756	3,114	1,592	2,474	2,949	7	19	9,937	9,954	0
Operating Expenses	6,376	7,656	7,411	8,319	8,919	40	7	24,128	33,796	40
Pre Provisioning Profit	4,584	4,823	3,941	4,988	5,557	21	11	18,150	20,394	12
Provision & Contingencies	560	932	384	430	326	-42	-24	3,610	1,743	-52
PBT	4,025	3,891	3,557	4,558	5,231	30	15	14,541	18,651	28
Income Tax Expense (Gain)	1,004	430	878	1,132	1,302	30	15	3,242	4,694	45
Net Profit/(Loss)	3,020	3,461	2,679	3,426	3,928	30	15	11,298	13,956	24
Gross NPA (%)	2.60	1.98	1.96	1.90	1.81	-79bps	-9bps	1.98	1.70	-28bps
Net NPA (%)	1.30	0.50	0.56	0.56	0.51	-79bps	-5bps	0.59	0.52	-7bps
Deposits (Rs bn)	443	526	546	583	611	38	5	526	687	31
Net Advances (Rs bn)	402	461	486	517	556	38	7	461	624	35

Source: Company, Emkay Research

Exhibit 11: Revision in estimates

Y/E Mar (Rs mn)	FY23E			FY24E			FY25E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
Net income	54,118	54,189	0.1%	70,225	71,211	1.4%	88,240	91,500	3.7%
PPOP	20,973	20,394	-2.8%	28,634	27,954	-2.4%	37,950	38,053	0.3%
PAT	13,882	13,956	0.5%	17,600	17,600	0.0%	22,133	22,380	1.1%
EPS (Rs)	20.9	21.0	0.5%	25.2	25.2	0.0%	31.7	32.0	1.1%
BV (Rs)	161.5	161.6	0.1%	174.7	174.8	0.1%	201.4	201.8	0.2%

Source: Emkay Research

Exhibit 12: Key assumptions

(%)	FY22A	FY23E	FY24E	FY25E
AUM Growth	26.8	36.0	32.0	28.0
Deposit Growth	42.0	30.5	28.0	26.8
NIM	5.2	5.4	5.3	5.4
GNPA	2.0	1.7	1.6	1.5
Credit Cost	0.5	0.3	0.6	0.8

Source: Emkay Research

Exhibit 13: Key Ratios and Trends

	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Loans (Rs mn)	332,220	377,120	366,350	380,110	420,230	478,310	501,790	533,835	573,629
Growth YoY (%)	11.2	22.1	22.0	24.3	26.5	26.8	37.0	40.4	36.5
Growth QoQ (%)	8.6	13.5	(2.9)	3.8	10.6	13.8	4.9	6.4	7.5
Composition (%)									
Corporate (%)	14	14	14	14	15	17	17	18	19
Retail & Treasury (%)	86	86	86	86	85	83	83	82	81
Liability Profile									
Deposits (Rs mn)	297,080	359,793	370,140	390,340	442,780	525,846	546,310	583,354	611,010
Growth YoY (%)	24.5	37.5	38.5	44.7	49.0	46.2	47.6	49.4	38.0
Growth QoQ (%)	10.1	21.1	2.9	5.5	13.4	18.8	3.9	6.8	4.7
Liability Profile (%)									
CASA	21.7	23.0	25.6	30.3	39.2	37.3	38.8	42.3	38.4
CA	4.2	4.5	3.7	4.1	4.0	4.9	4.0	4.9	4.6
SA	17.5	18.5	21.9	26.2	35.2	32.4	34.8	37.4	33.8
No. of Branches	714	729	742	794	830	863	953	980	1,015
NIM	5.4	5.7	6.0	6.1	6.3	6.3	5.9	6.2	6.2
Asset Quality									
GNPA (%)	1.0	4.3	4.3	3.2	2.6	2.0	2.0	1.9	1.8
NNPA (%)	0.2	2.2	2.3	1.7	1.3	0.5	0.6	0.6	0.5
PCR (%)	76.0	49.7	48.8	48.6	50.8	75.0	71.7	71.1	72.1
Slippages (Rs mn)	60	12,440	2,500	2,100	2,490	1,950	2,530	2,620	2,310
Slippages - annualized (%)	0.1	16.1	3.3	2.7	3.0	2.1	2.8	2.8	2.2
CAR (%)	18.8	23.4	23.1	22.0	19.5	21.0	19.4	23.4	22.0
Tier I (%)	16.3	21.5	21.6	20.5	18.2	19.7	18.4	21.3	20.0
ROE Decomposition (on total assets) - %									
NII	5.6	5.3	5.6	5.8	5.9	5.9	5.6	5.8	5.8
Other Income (Ex Treasury)	5.5	2.3	0.9	1.4	1.9	2.0	1.2	1.3	1.5
Opex	3.7	4.6	3.6	4.2	4.6	4.8	4.2	4.5	4.5
PPOP	7.7	3.0	3.7	3.0	3.3	3.0	2.3	2.7	2.8
Provisioning Cost	2.5	1.4	1.6	0.0	0.4	0.6	0.2	0.2	0.2
PBT	5.2	1.6	2.1	3.0	2.9	2.4	2.0	2.4	2.6
Tax	1.0	0.2	0.6	0.8	0.7	0.3	0.5	0.6	0.7
ROA	4.23	1.38	1.58	2.13	2.16	2.17	1.53	1.84	1.98
ROE	39.0	12.1	12.7	16.8	17.4	18.9	14.0	15.3	15.2

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	44,236	57,515	74,098
Other income	14,209	9,937	9,954	13,696	17,401
Fee income	4,283	6,126	7,828	10,176	13,229
Net income	37,863	42,278	54,189	71,211	91,500
Operating expenses	16,584	24,128	33,796	43,257	53,447
Pre provision profit	21,279	18,150	20,394	27,954	38,053
PPP excl treasury	12,737	16,721	20,894	27,454	37,353
Provisions	6,695	3,610	1,743	4,434	8,145
Profit before tax	14,585	14,541	18,651	23,520	29,908
Tax	2,878	3,242	4,694	5,920	7,528
Tax rate	20	22	25	25	25
Profit after tax	11,707	11,298	13,956	17,600	22,380

Balance Sheet

Y/E Year End (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity	3,122	3,149	3,494	3,494	3,494
Reserves	59,630	71,991	1,03,856	1,18,661	1,37,547
Net worth	62,752	75,140	1,07,350	1,22,155	1,41,041
Deposits	3,59,793	5,25,846	6,87,075	8,79,891	11,15,634
Borrowings	64,147	54,908	57,653	49,005	41,654
Total liabilities	5,15,912	6,90,778	9,15,019	11,88,101	14,97,920
Cash and bank	15,693	24,684	33,054	45,120	65,052
Investments	1,08,154	1,53,065	1,93,791	2,34,434	2,84,141
Loans	3,46,089	4,60,953	6,24,482	8,32,902	10,77,106
Others	9,033	11,250	20,912	30,412	23,197
Total assets	5,15,912	6,90,778	9,15,019	11,88,101	14,97,920

Key Ratios (%)

Y/E Year End	FY21	FY22	FY23E	FY24E	FY25E
NIM	5.2	5.6	5.7	5.7	5.7
Non-ll/avg assets	3.0	1.6	1.2	1.3	1.3
Fee income/avg assets	0.9	1.0	1.0	1.0	1.0
Opex/avg assets	3.5	4.0	4.2	4.1	4.0
Provisions/avg assets	1.4	0.6	0.2	0.4	0.6
PBT/avg assets	3.1	2.4	2.3	2.2	2.2
Tax/avg assets	0.6	0.5	0.6	0.6	0.6
RoA	2.5	1.9	1.7	1.7	1.7
RoAE	22.0	16.4	15.3	15.3	17.0
GNPA (%)	4.3	2.0	1.7	1.6	1.5
NNPA (%)	2.2	0.6	0.5	0.5	0.5

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	19.0	18.0	21.0	25.2	32.0
BVPS	101.8	119.8	161.6	174.8	201.8
ABVPS	92.6	116.6	158.0	170.5	196.5
DPS	0.0	0.5	2.6	4.0	5.0

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	32.7	34.5	29.6	24.7	19.4
P/BV	6.7	5.3	3.9	3.6	3.2
P/ABV	6.7	5.3	3.9	3.6	3.2
P/PPOP	9.1	10.8	10.6	7.8	5.7
Dividend Yield (%)	0.0	0.1	0.4	0.6	0.8

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 01/20/2023 11:54 AM

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	23.9	36.7	36.8	30.0	28.8
PPOP	77.7	(14.7)	12.4	37.1	36.1
PAT	73.5	(3.5)	23.5	26.1	27.2
Loans	28.2	33.2	35.5	33.4	29.3

Quarterly (Rs mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
NII	8,204	9,366	9,760	10,833	11,527
NIM (%)	6.3	6.3	5.9	6.2	6.2
PPOP	4,584	4,823	3,941	4,988	5,557
PAT	3,020	3,461	2,679	3,426	3,928
EPS (Rs)	9.63	10.99	8.51	5.15	5.90

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-22	Jun-22	Jun-22	Aug-22	Sep-22
Promoters	28.2	28.2	28.2	26.8	25.6
FII	34.3	35.1	34.8	35.9	38.5
DII	18.8	18.4	18.7	19.8	21.3
Public and Others	18.7	18.3	18.3	17.5	14.6

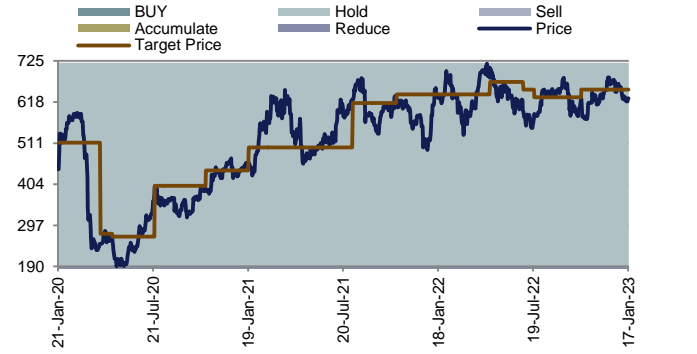
Source: Capitaline

RECOMMENDATION HISTORY (Rs/share)

Date	Closing Price	TP	Period	Rating	Analyst
19-Oct-22	626	650	12m	Hold	Anand Dama
21-Jul-22	587	630	12m	Hold	Anand Dama
30-Jun-22	592	650	12m	Hold	Anand Dama
27-Apr-22	681	670	12m	Hold	Anand Dama
11-Feb-22	660	638	12m	Hold	Anand Dama
29-Jan-22	636	638	12m	Hold	Anand Dama
04-Jan-22	548	638	12m	Hold	Anand Dama
30-Oct-21	608	638	12m	Hold	Anand Dama
31-Aug-21	565	615	12m	Hold	Anand Dama
07-Aug-21	624	615	12m	Hold	Anand Dama
01-May-21	502	500	12m	Hold	Anand Dama
30-Apr-21	502	500	12m	Hold	Anand Dama
09-Mar-21	616	500	12m	Hold	Anand Dama
30-Jan-21	436	500	12m	Hold	Anand Dama
20-Jan-21	460	500	12m	Hold	Anand Dama
30-Oct-20	388	440	12m	Hold	Anand Dama
24-Jul-20	396	400	12m	Hold	Anand Dama
04-May-20	259	268	12m	Hold	Anand Dama
11-Apr-20	248	275	12m	Hold	Anand Dama
23-Jan-20	487	513	12m	Hold	Anand Dama

Source: Company, Emkay Research

RECOMMENDATION HISTORY (Rs/share)



Source: Bloomberg, Company, Emkay Research

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: 20 Jan 2023 02:58:06 (SGT)

Dissemination Date: 20 Jan 2023 02:59:06 (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 January 20, 2023
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 January 20, 2023.
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 January 20, 2023
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 January 20, 2023

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