

HDFC Bank

Refer to important disclosures at the end of this report

Growth moderates, but lower LLP drives profitability

- HDFCB reported moderate credit growth at 20% YoY/2% QoQ, mainly due to de-growth in the corporate book which, coupled with flattish margin and elevated opex, led to moderate PPop growth at 13%. However, lower than expected provisions led to a beat on earnings at Rs123bn (vs expectations of Rs119bn) up 18.5% YoY.
 - HDFC Bank remains one of the few banks to clock a strong deposit growth amid rising competition for deposits, given its robust franchisee. On the credit front, HDFC Bank remains opportunistic on the corporate side; thus, we are not too worried about the 3Q growth moderation. Bank continues to clock strong growth in the retail/SME segment which we believe should support its margins amid rising cost pressure.
 - The merger process is on the fast track, with shareholder approval now in place; the bank is hopeful of it being completed earlier than guided. That said, clarity on the stake of HDFC Life and other subsidiaries as well as on the merger structure by the RBI remains elusive.
 - Notwithstanding the merger-related regulatory overhang, we believe HDFCB offers the best play on India's consumption story and is also a good defensive bet in current choppy waters. The stock is trading at reasonable valuations, at 2.6x FY24E ABV. We retain our long-term BUY, with a revised TP of Rs1,925/sh (valuing the core bank at 2.8x Dec-24E ABV) and a subs valuation of Rs78/sh.
- Growth moderates, but improving composition towards retail/SME should support margins:** HDFC Bank reported moderate credit growth in 3Q – up 20% YoY/2% QoQ, mainly due to corporate de-growth (down 1% QoQ) amid increased focus on margins and the bank otherwise being opportunistic in corporate lending. Thus, we are not too worried about the growth moderation in the corporate book and hence about the overall growth. However, HDFC Bank has been one of the few players to clock a strong deposit growth (20% YoY/4% QoQ), given its robust franchisee, and has now increased rates to accelerate deposit growth in the run-up to the merger. This could cast some pressure on margin, which has now normalized. That said, the bank has also been clocking strong retail/SME growth leading to a better portfolio composition, which we believe should support margins amid rising cost pressure.
 - Healthy asset quality with a strong provisions-buffer is comforting:** Fresh slippages were elevated QoQ at Rs66bn/2.1% of loans, mainly owing to seasonal agri stress. However, healthy recoveries led to a flattish GNPA at 1.2%. The restructured book has moderated to Rs64bn/0.4%, from 0.5% of loans in Q2FY23 due to recognition/recovery. The bank maintains a specific PCR of 73%, and, despite reversal in Q3 (Rs2bn), the contingent + floating buffer remains healthy at Rs108bn (0.7% of loans), which should keep incremental LLP in check amid the increasing macro-dislocation.
 - Outlook and Valuations:** Notwithstanding the merger-related regulatory overhang, we believe HDFCB offers the best play on India's consumption story and is also a good defensive bet in the current choppy waters. The stock currently trades at reasonable valuations, at 2.6x FY24E ABV. We retain our long-term BUY rating, with a revised TP of Rs1,925/sh (valuing the core bank at 2.8x Dec-24E ABV) and a subs valuation of Rs78/sh. **Key risks:** Unfavorable merger structure and moderation in growth (particularly retail) due to the macro dislocation.

Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net income	900,843	1,015,195	1,183,400	1,420,632	1,694,247
Net profit	311,165	369,614	441,368	529,027	622,152
EPS (Rs)	56.6	66.8	79.5	95.2	112.0
ABV (Rs)	364.3	428.3	497.9	581.5	679.5
RoA (%)	1.9	1.9	2.0	2.0	2.0
RoE (%)	16.6	16.7	17.0	17.4	17.5
P/E (x)	27.1	22.8	19.2	16.0	13.5
P/ABV	4.2	3.6	3.1	2.6	2.2

Source: Company, Emkay Research

CMP	Target Price
Rs 1,601 as of (January 15, 2023)	Rs 1,925 (▲) 12 months
Rating	Upside
BUY (■)	20.3 %

Change in Estimates

EPS Chg FY23E/FY24E (%)	-0.7
Target Price change (%)	6.9
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	79.5	95.2
Consensus	78.3	90.0
Mean Consensus TP (12M)	Rs 1,868	

Stock Details

Bloomberg Code	HDFCB IN
Face Value (Rs)	1
Shares outstanding (mn)	5,577
52 Week H/L	1,722 / 1,272
M Cap (Rs bn/USD bn)	8,926 / 109.74
Daily Avg Volume (nos.)	6,625,978
Daily Avg Turnover (USD mn)	128.2

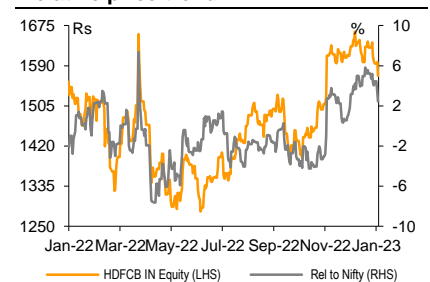
Shareholding Pattern Sep '22

Promoters	20.9%
FIIIs	26.2%
DIIIs	22.6%
Public and Others	30.3%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(3)	15	18	5
Rel. to Nifty	1	9	5	7

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

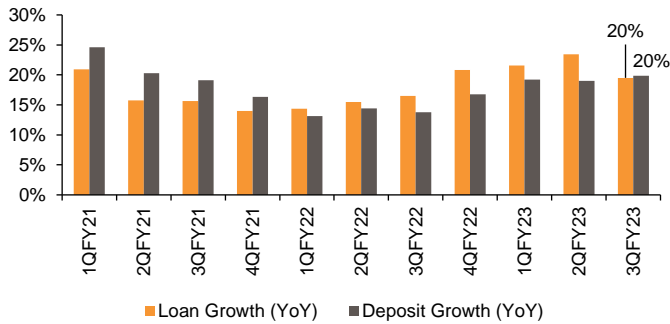
dixit.sankharva@emkayglobal.com
+91 22 6612 1281

Soumya Jain

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

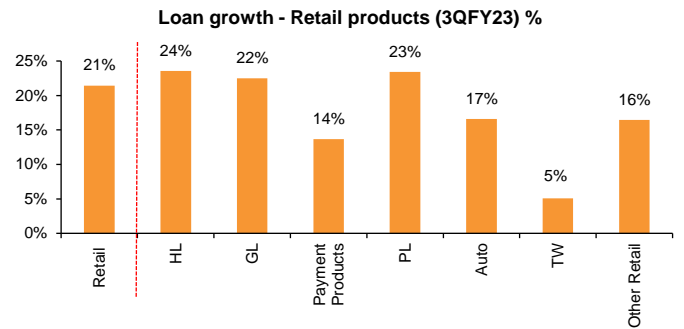
Story in charts

Exhibit 1: Credit growth moderates mainly due to corporate de-growth



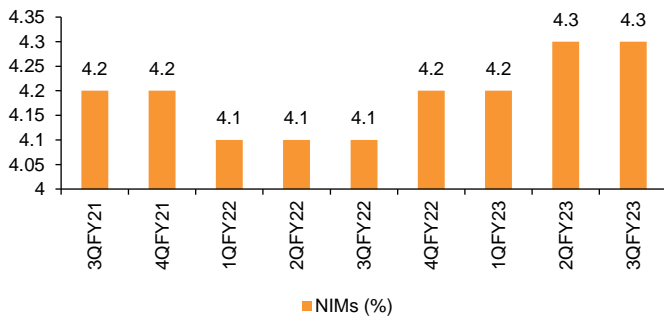
Source: Company, Emkay Research

Exhibit 2: Retail growth remains strong, except for the TW that remains lackluster



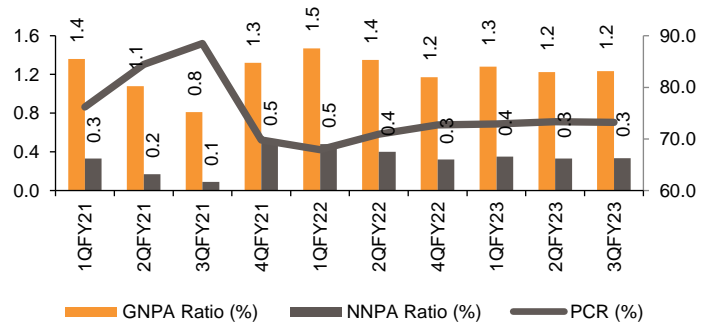
Source: Company, Emkay Research

Exhibit 3: NIMs sustain at Q2 levels of 4.3%



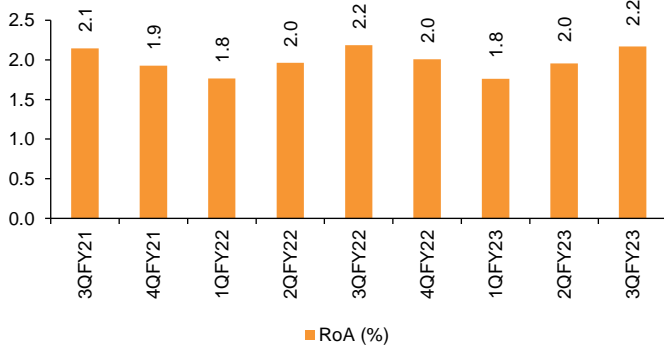
Source: Company, Emkay Research

Exhibit 4: Seasonal agri stress coupled with healthy recoveries leads to flattish NPAs; strong provision cover to reduce LLP



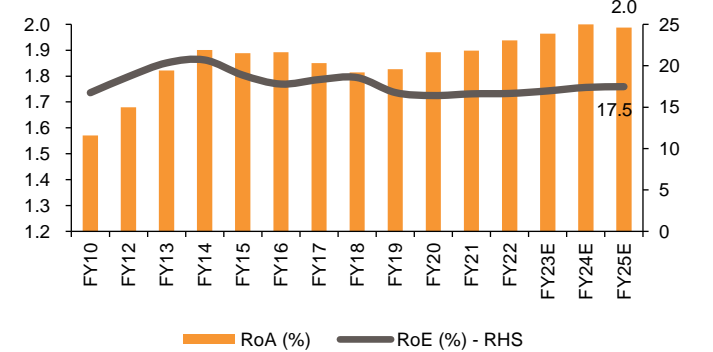
Source: Company, Emkay Research

Exhibit 5: Better margins along with contained LLP result in healthy RoA



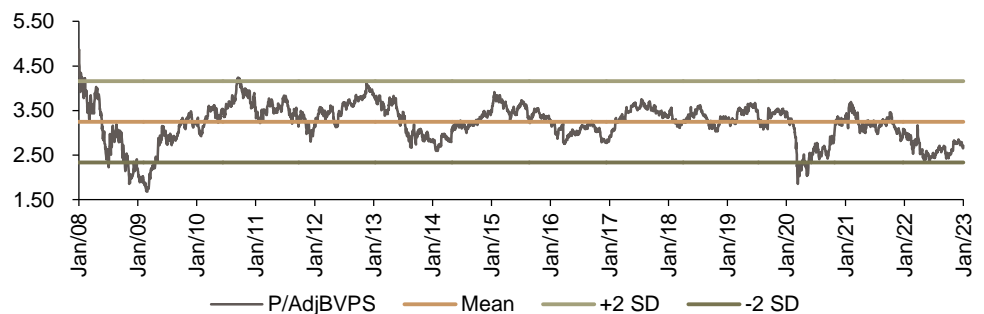
Source: Company, Emkay Research

Exhibit 6: Despite higher opex, Bank should be able to clock stable RoA of around 2.0%, mainly led by lower LLP



Source: Company, Emkay Research

Exhibit 7: HDFCB has largely shed the initial gains after the announcement of the merger with HDFCL and trades below mean valuations



Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 01/16/2023 11:30 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.

Exhibit 8: Actual vs. Estimates (Q3FY23)

(Rs mn)	Actuals	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net income	314,877	304,290	308,220	3%	2%	Higher NII led to a beat
PPOP	190,241	188,994	188,977	1%	1%	Higher Net Income partly offset by higher opex led to a beat
PAT	122,595	118,910	118,333	3%	4%	Lower than expected provisions led to a beat

Source: Company, Emkay Research

Exhibit 9: Quarterly summary

Rs (mn)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	YoY (%)	QoQ (%)	FY22A	FY23E	YoY (%)
Interest Earned	3,24,681	3,34,487	3,51,720	3,85,864	4,27,078	31.5	10.7	12,77,531	16,16,109	26.5
Interest Exp	1,40,246	1,45,760	1,56,906	1,75,652	1,97,199	40.6	12.3	5,57,435	7,38,125	32.4
Net Interest Income	1,84,435	1,88,727	1,94,814	2,10,212	2,29,878	24.6	9.4	7,20,096	8,77,985	21.9
Global NIMs (reported)	4.10	4.20	4.20	4.30	4.30	20bps	0bps	3.93	4.11	18bps
Non-interest Income	81,836	76,371	63,882	75,956	84,998	3.9	11.9	2,95,099	3,05,415	3.5
Operating Expenses	98,511	1,01,528	1,05,018	1,12,246	1,24,636	26.5	11.0	3,74,422	4,70,152	25.6
Pre Provisioning Profit	1,67,760	1,63,570	1,53,678	1,73,922	1,90,241	13.4	9.4	6,40,773	7,13,248	11.3
Provision & Contingencies	29,940	33,124	31,877	32,401	28,064	-6.3	-13.4	1,50,618	1,23,184	-18.2
PBT	1,37,820	1,30,447	1,21,801	1,41,520	1,62,176	17.7	14.6	4,90,155	5,90,064	20.4
Income Tax Expense (Gain)	34,398	29,895	29,841	35,463	39,581	15.1	11.6	1,20,541	1,48,696	23.4
Net Profit/(Loss)	1,03,422	1,00,552	91,960	1,06,058	1,22,595	18.5	15.6	3,69,614	4,41,368	19.4
Gross NPA (%)	1.26	1.17	1.28	1.23	1.23	-3bps	1bps	1.17	1.17	0bps
Net NPA (%)	0.37	0.32	0.35	0.33	0.33	-4bps	0bps	0.32	0.33	1bps
Deposits (Rs in bn)	14,459	15,592	16,048	16,734	17,332	19.9	3.6	15,592	18,509	18.7
Net Advances (Rs in bn)	12,609	13,688	13,951	14,799	15,068	19.5	1.8	13,688	16,222	18.5

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	1,163,508	1,183,400	1.7%	1,416,462	1,420,632	0.3%	1,702,771	1,694,247	-0.5%
PPOP	709,349	713,248	0.5%	863,578	848,272	-1.8%	1,043,741	1,010,615	-3.2%
PAT	441,368	441,368	0.0%	525,230	529,027	0.7%	618,536	622,152	0.6%
EPS (Rs)	79.5	79.5	0.0%	94.6	95.2	0.7%	111.4	112.0	0.6%
BV (Rs)	505.1	505.1	0.0%	590.3	590.9	0.1%	689.6	691.0	0.2%

Source: Emkay Research

Exhibit 11: Key assumptions

	FY22A	FY23E	FY24E	FY25E
Loan Growth (%)	20.8	18.5	18.0	19.0
Deposit Growth (%)	16.8	18.7	17.7	18.4
NIM (%)	3.9	4.1	4.1	4.1
GNPA (%)	1.2	1.2	1.2	1.2
Credit Cost (%)	1.2	0.8	0.8	0.8

Source: Emkay Research

Exhibit 12: Key Ratios and Trends

	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Loans (Rs bn)	10,823	11,328	11,477	11,988	12,609	13,688	13,951	14,799	15,068
YoY growth (%)	15.6	14.0	14.4	15.5	16.5	20.8	21.6	23.4	19.5
Loans QoQ (%)	4.2	4.7	1.3	4.5	5.2	8.6	1.9	6.1	1.8
Composition (%)									
- Corporate	49.0	50.0	51.4	50.8	49.9	52.1	50.9	52.0	49.8
- Retail	48.0	47.0	45.6	45.7	46.7	44.8	45.6	44.9	47.4
- Overseas	3.0	3.0	3.0	3.5	3.4	3.1	3.5	3.1	2.8
QoQ growth (%)	4.2	4.7	1.3	4.5	5.2	8.6	1.9	6.1	1.8
Liability Profile & Margins									
Deposits (Rs bn)	12,711	13,351	13,458	14,063	14,459	15,592	16,048	16,734	17,332
YoY growth (%)	19.1	16.3	13.2	14.4	13.8	16.8	19.2	19.0	19.9
QoQ growth (%)	3.4	5.0	0.8	4.5	2.8	7.8	2.9	4.3	3.6
CA (Rs bn)	1,721	2,122	1,857	2,059	2,102	2,393	2,206	2,300	2,277
SA (Rs bn)	3,746	4,035	4,261	4,524	4,710	5,117	5,141	5,297	5,352
CASA (%)	43.0	46.1	45.5	46.8	47.1	48.2	45.8	45.4	44.0
CA (%)	13.5	15.9	13.8	14.6	14.5	15.3	13.7	13.7	13.1
SA (%)	29.5	30.2	31.7	32.2	32.6	32.8	32.0	31.7	30.9
NIM (%)	4.2	4.2	4.1	4.1	4.1	4.2	4.2	4.3	4.3
Branches (No. of)	5,485	5,608	5,653	5,686	5,779	6,342	6,378	6,499	7,183
Asset Quality & Capital Adequacy (%)									
GNPA	0.81	1.32	1.47	1.35	1.26	1.17	1.28	1.23	1.23
NNPA	0.09	0.50	0.48	0.40	0.37	0.32	0.35	0.33	0.33
PCR	88.9	62.1	67.3	70.4	70.6	72.6	72.6	73.1	73.0
CAR	18.9	18.8	19.1	20.0	19.5	18.9	18.1	18.0	19.4
Tier I	17.6	17.6	17.9	18.7	18.4	17.9	17.1	17.1	17.2
ROE Decomposition (%)									
NII	4.0	4.0	3.9	3.9	3.9	3.8	3.7	3.9	4.1
Other Income (Ex Treasury)	1.6	1.6	1.3	1.5	1.5	1.5	1.5	1.4	1.5
Opex	2.1	2.2	1.9	2.1	2.1	2.0	2.0	2.1	2.2
PPOP	3.7	3.7	3.5	3.5	3.5	3.3	2.9	3.2	3.4
Provisioning Cost	0.8	1.1	1.1	0.9	0.6	0.7	0.6	0.6	0.5
PBT	2.9	2.5	2.4	2.6	2.9	2.6	2.3	2.6	2.9
ROA	2.1	1.9	1.8	2.0	2.2	2.0	1.8	2.0	2.2
Leverage (x)	8.4	8.3	8.2	8.2	8.2	8.3	8.3	8.5	8.5
ROE	18.0	16.1	14.6	16.2	18.0	16.8	14.7	16.7	18.3

Source: Company, Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net interest income	6,48,795	7,20,096	8,77,985	10,28,530	12,15,259
Other income	2,52,048	2,95,099	3,05,415	3,92,102	4,78,988
Fee income	1,61,693	1,95,366	2,36,393	2,88,399	3,51,847
Net income	9,00,843	10,15,195	11,83,400	14,20,632	16,94,247
Operating expenses	3,27,225	3,74,422	4,70,152	5,72,360	6,83,632
Pre provision profit	5,73,619	6,40,773	7,13,248	8,48,272	10,10,615
PPP excl treasury	5,34,949	6,17,947	7,31,509	8,44,620	10,00,249
Provisions	1,57,029	1,50,618	1,23,184	1,41,017	1,78,861
Profit before tax	4,16,590	4,90,155	5,90,064	7,07,256	8,31,754
Tax	1,05,425	1,20,541	1,48,696	1,78,228	2,09,602
Tax rate	25	25	25	25	25
Profit after tax	3,11,165	3,69,614	4,41,368	5,29,027	6,22,152

Balance Sheet

Y/E Year End (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity	5,513	5,546	5,555	5,555	5,555
Reserves	20,31,695	23,95,384	27,97,870	32,76,905	38,32,402
Net worth	20,37,208	24,00,929	28,03,424	32,82,460	38,37,957
Deposits	133,50,601	155,92,174	185,09,054	217,82,435	257,82,760
Borrowings	11,83,602	17,13,402	18,56,726	21,35,234	24,55,519
Total liabilities	174,68,704	206,85,351	242,64,372	286,45,860	339,70,325
Cash and bank	9,73,407	12,99,956	13,64,954	14,33,202	15,04,862
Investments	44,37,282	45,55,357	52,81,629	60,81,307	70,85,389
Loans	113,28,366	136,88,209	162,21,726	191,40,887	227,73,727
Others	4,59,260	8,57,678	11,44,873	14,03,663	17,26,666
Total assets	174,68,705	206,85,351	242,64,372	286,45,860	339,70,325

Key Ratios (%)

Y/E Year End	FY21	FY22	FY23E	FY24E	FY25E
NIM	4.1	3.9	4.1	4.1	4.1
Non-II/avg assets	1.5	1.5	1.4	1.5	1.5
Fee income/avg assets	1.0	1.0	1.1	1.1	1.1
Opex/avg assets	2.0	2.0	2.1	2.2	2.2
Provisions/avg assets	1.0	0.8	0.5	0.5	0.6
PBT/avg assets	2.5	2.6	2.6	2.7	2.7
Tax/avg assets	0.6	0.6	0.7	0.7	0.7
RoA	1.9	1.9	2.0	2.0	2.0
RoAE	16.6	16.7	17.0	17.4	17.5
GNPA (%)	1.3	1.2	1.2	1.2	1.2
NNPA (%)	0.4	0.3	0.3	0.4	0.4

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	56.6	66.8	79.5	95.2	112.0
BVPS	370.5	434.2	505.1	590.9	691.0
ABVPS	364.3	428.3	497.9	581.5	679.5
DPS	6.5	15.5	7.0	9.0	12.0

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	27.1	22.8	19.2	16.0	13.5
P/BV	4.1	3.5	3.0	2.6	2.2
P/ABV	4.2	3.6	3.1	2.6	2.2
P/PPOP	14.8	13.4	12.0	10.1	8.5
Dividend Yield (%)	0.4	1.0	0.4	0.6	0.7

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 01/16/2023 11:30 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	15.5	11.0	21.9	17.1	18.2
PPOP	17.7	11.7	11.3	18.9	19.1
PAT	18.5	18.8	19.4	19.9	17.6
Loans	14.0	20.8	18.5	18.0	19.0

Quarterly (Rs mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
NII	1,84,435	1,88,727	1,94,814	2,10,212	2,29,878
NIM (%)	4.1	4.2	4.2	4.3	4.3
PPOP	1,67,760	1,63,570	1,53,678	1,73,922	1,90,241
PAT	1,03,422	1,00,552	91,960	1,06,058	1,22,595
EPS (Rs)	18.66	18.13	16.56	19.04	21.98

Source: Company, Emkay Research

Shareholding Pattern (%)	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
Promoters	21.0	21.0	21.0	21.0	20.9
FIIIs	31.1	30.5	29.0	26.3	26.2
DIIIs	18.4	18.7	20.0	22.1	22.6
Public and Others	29.5	29.8	30.0	30.6	30.3

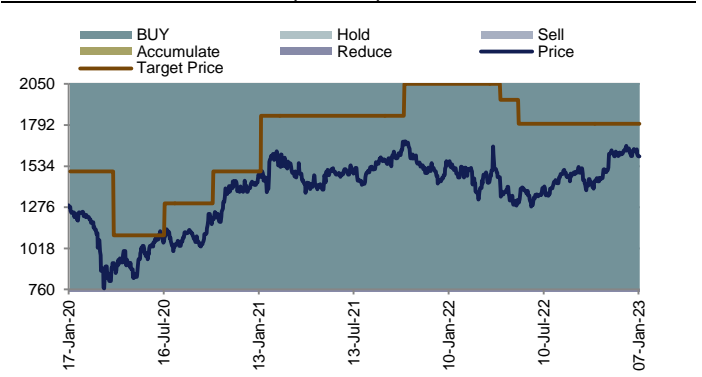
Source: Capitaline

RECOMMENDATION HISTORY (Rs/share)

Date	Closing Price	TP	Period	Rating	Analyst
04-Jan-23	1,610	1,800	12m	Buy	Anand Dama
16-Oct-22	1,439	1,800	12m	Buy	Anand Dama
04-Oct-22	1,453	1,800	12m	Buy	Anand Dama
17-Jul-22	1,362	1,800	12m	Buy	Anand Dama
01-Jun-22	1,395	1,800	12m	Buy	Anand Dama
23-May-22	1,304	1,800	12m	Buy	Anand Dama
18-Apr-22	1,395	1,950	12m	Buy	Anand Dama
05-Apr-22	1,608	2,050	12m	Buy	Anand Dama
04-Apr-22	1,657	2,050	12m	Buy	Anand Dama
16-Jan-22	1,545	2,050	12m	Buy	Anand Dama
04-Jan-22	1,529	2,050	12m	Buy	Anand Dama
17-Oct-21	1,687	2,050	12m	Buy	Anand Dama
05-Oct-21	1,595	1,850	12m	Buy	Anand Dama
18-Jul-21	1,522	1,850	12m	Buy	Anand Dama
18-Apr-21	1,429	1,850	12m	Buy	Anand Dama
05-Apr-21	1,450	1,850	12m	Buy	Anand Dama
20-Jan-21	1,492	1,850	12m	Buy	Anand Dama
17-Jan-21	1,467	1,850	12m	Buy	Anand Dama
06-Jan-21	1,421	1,500	12m	Buy	Anand Dama
18-Oct-20	1,199	1,500	12m	Buy	Anand Dama
05-Oct-20	1,114	1,300	12m	Buy	Anand Dama
27-Aug-20	1,112	1,300	12m	Buy	Anand Dama
17-Jul-20	1,098	1,300	12m	Buy	Anand Dama
18-Apr-20	910	1,100	12m	Buy	Anand Dama
11-Apr-20	925	1,100	12m	Buy	Anand Dama
19-Jan-20	1,278	1,500	12m	Buy	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: 16 Jan 2023 12:18:45 (SGT)

Dissemination Date: 16 Jan 2023 12:19:45 (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 15, 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
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 January 15, 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 15, 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 15, 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