

# Piramal Enterprises

Refer to important disclosures at the end of this report

## Retail business momentum continues; PCR on wholesale book improves

- Result highlights:** Piramal Enterprises (PIEL) reported Q3FY23 consolidated PAT of ~Rs35.5bn (~Rs2.2bn, after adjusting for one-time tax reversal). On an adjusted basis, earnings came in lower than our estimate, primarily on account of higher-than-expected credit costs due to a one-time provisioning buffer and prudential write-offs as well as higher operating expenses. Considering it prudent in the presence of one-off gains from fair-value adjustment of Shriram Group investments (~Rs8.89bn), coupled with the tax reversal of contingent tax liability related to the DHFL acquisition (~Rs33.27bn), Management created additional provision buffers for the Wholesale 1.0 (legacy) book. As per Management, the book is now adequately provided for, with a stage 2 & 3 PCR of 45% (Q2: 40%) on the wholesale book. The focus continues to remain on running down the Wholesale 1.0 book, while simultaneously building-up the more granular Wholesale 2.0 (real estate + corporate mid-market loans) book as well as the Retail loan book, and achieve the stated target of 2/3rd retail and 1/3rd wholesale.
- We roll over our estimates to Mar-24 and retain our BUY rating, with Mar-24E TP of Rs1,300/share (earlier Rs1,200), using the SOTP-methodology for valuation: i) the financial services business using the Excess Return on Equity (ERE) method for a per-share value of Rs1,065, implying 1.0x of Mar-25E BVPS; ii) investments in Shriram Finance based on current market capitalization for Shriram Finance, post holdco discount, at Rs138 per share; iii) investments in the AIF and Insurance at allocated equity book value of Rs45 and Rs60 per share, respectively. **Key risk:** more forward-flows from the Wholesale 1.0 pool remain the key risk to our forecasts.

- Asset quality remains focal point:** In the quarter, PIEL witnessed the following gains: 1) Fair valuation gains of Rs8.89bn, from Shriram Group investments (first-time exercise; will continue in the future). 2) Tax reversal of Rs33.27bn, related to contingent tax liability of Rs34.37bn recognized at the time of DHFL acquisition. 3) PCHFL de-recognition gain on the NCD buyback amounting to Rs1.3bn. Headline asset-quality numbers rose QoQ, with reported GS3 at 4% (Q2: 3.7%) and NS3 at 1.7% (Q2: 1.3%). PCR on stage 3 was flat at 67% QoQ. Within Wholesale, a non-real estate account with an exposure of Rs19.1bn and provision of Rs14.83bn slipped to stage 3. A large part of the exposure (Rs12.55bn) has not been classified as NPA, pursuant to a High Court order. As a result, Management has taken this opportunity to strengthen its provision buffer on the wholesale book, with the following actions: i) Additional provision of Rs10.73bn (including Management overlay of Rs7.27bn) on the Wholesale 1.0 book; and ii) prudential write-off of Rs7.7bn. Combined PCR on stages 2 & 3 of the Wholesale book now stands at 45% (Q2: 40%), whereas PCR on stage 1 stands at 5.1% (Q2: 2.7%).

### Financial Snapshot (Consolidated)

(Rs mn)	FY22	FY23E	FY24E	FY25E
Net income	27,680	45,276	51,318	60,055
Net profit	7,420	1,05,307	20,936	26,160
EPS (Rs)	32.0	55.6*	87.7	109.6
BV (Rs)	913.7	945.4	998.6	1,065.0
RoA (%)	1.1	1.7	2.5	2.8
RoE (%)	3.7	6.0	9.0	10.6
PE (x)	26.4	15.2	9.6	7.7
P/BV	0.9	0.9	0.8	0.8

Source: Company, Emkay Research, \*adjusted for extraordinary income

CMP	Target Price
Rs 844 as of (February 8, 2023)	Rs 1,300 (▲) 12 months
Rating	Upside
BUY (■)	54.0 %

### Change in Estimates

EPS Chg FY23E/FY24E (%)	-/
Target Price change (%)	8.3
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	55.6	87.7
Consensus	-	-
Mean Consensus TP (12M)	Rs 1,093	

### Stock Details

Bloomberg Code	PIEL IN
Face Value (Rs)	2
Shares outstanding (mn)	239
52 Week H/L	1,378 / 785
M Cap (Rs bn/USD bn)	201 / 2.44
Daily Avg Volume (nos.)	11,00,589
Daily Avg Turnover (USD mn)	11.3

### Shareholding Pattern Dec '22

Promoters	43.5%
FIIs	31.3%
DIIIs	8.1%
Public and Others	17.2%

### Price Performance

(%)	1M	3M	6M	12M
Absolute	6	(7)	(13)	(36)
Rel. to Nifty	6	(5)	(15)	(39)

### 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:

**Manjith Nair**  
manjith.nair@emkayglobal.com  
+91 22 661 21358

**Rhave Shah**  
rhava.shah@emkayglobal.com  
+91 22 6612 1284

**Kishan Rungta**  
kishan.rungta@emkayglobal.com  
+91 22 6624 2490

- **What we liked:** 1) Strong retail lending traction, with the share of organic in-house originated retail loan book now at 53%. 2) Provision buffers created on Wholesale 1.0 further strengthen the book. 3) Stage 2 and Stage 3 loans in the Wholesale portfolio declined to Rs10.37bn (2QFY23: Rs11.04bn). **What we did not like:** Continued elevated operating expenses weighing down on profitability.
- **Retail portfolio increases in prominence:** Retail AUM grew at 12% QoQ/29% YoY, contributing 43% of the total AUM, with the in-house originated book (53% of retail) now being larger than the acquired retail book. Within Retail, housing remains the dominant contributor, with 59% share of the portfolio. PIEL has introduced two new retail products, in the form of budget HL and LAP plus, during the quarter. The Wholesale AUM (incl. AIF + DHFL acquired) stood at ~Rs370bn (-5% QoQ/16.4% YoY).
- **Calculated NIM** improved by 125bps QoQ, on account of rising yields owing to higher retail share, coupled with sequentially lower CoF. Operating expense remained elevated, with opex-to-AUM at 3.56% (Q2: 3.45%), as PIEL continues to invest in manpower and branch expansion for driving its retail business. Management guided for opex-to-assets of 2.5-3% in the medium term, given the retail nature of the business and investment towards branch expansion, technology improvement, and additional manpower. In the quarter, 34 new active disbursement branches were added; Company has plans to achieve a branch-count of 500-600 in 5 years, spread across 1,000 locations.
- **Management Guidance:** 1) Credit-cost guidance of 1-2% on the Wholesale book in the medium term. In the short term, given the heavy provisioning and the run-down of the Wholesale book, credit costs may vary from the guidance. 2) Opex-to-asset should be 2.5-3% when the book becomes 2/3rd retail and 1/3rd wholesale. Within this, retail opex-to-AUM would be ~3% and wholesale opex-to-AUM at ~1.25%. Over a year, opex might be higher, as retail investments and branch expansion continue.
- **Change in Estimate:** We have revised upwards our AUM growth estimates for the retail portfolio, and now expect FY22-25E retail AUM CAGR at 32% (earlier 28%). We broadly retain our NIM estimates (including fee estimates) over the forecast period. Our opex-to-AUM estimates have been revised upwards, to account for the continued investment in the retail business and branch expansion. Factoring in the additional provisions created, we have raised our credit-cost estimates for FY23E, and broadly retain them for FY24-25E. We have built in credit costs over the forecast period, such that as of FY25E, the PCR on Wholesale stage 2 & 3 assets, stands at ~68%. While our PBT estimates for FY25E remain flat, our PAT has been revised downwards, considering the lower share of net profit from associates. The net worth has increased, mainly on account of the impact of tax reversal of Rs33.27bn pertaining to contingency tax liability created during the DHFL acquisition (tax liability of DHFL for FY20 & FY21) that has, subsequently, been reversed during the quarter, pursuant to judgments from the tax authority.

**Exhibit 1: Quarterly Financials**

Rs mn	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	YoY (%)	QoQ (%)	FY23E	FY24E	YoY (%)
Net Interest Income	7,610	6,990	9,955	8,432	10,469	37.6%	24.2%	40,515	45,979	13.5%
Other Income	880	1,050	816	1,126	1,431	62.6%	27.1%	4,760	5,340	12.2%
Total Income	8,490	8,040	10,771	9,558	11,900	40.2%	24.5%	45,276	51,318	13.3%
Operating Expenses	2,730	4,250	4,493	5,536	5,727	109.8%	3.4%	21,519	21,729	1.0%
Operating Profit	5,760	3,790	6,278	4,022	6,173	7.2%	53.5%	23,757	29,589	24.5%
Provisions	-60	8,170	902	32,567	16,958	NA	-47.9%	53,509	4,324	-91.9%
Credit costs (%)	-5	542	60	2,209	1,100			86	6	
PBT	5,820	-4,380	5,376	-28,545	-10,785	-285.3%	-62.2%	-29,752	25,265	NA
Tax	1,470	-1,170	1,454	-6,938	-34,319			-38,722	6,493	-116.8%
Share of net profit of associates and joint ventures	-	-	1,493	1,721	541			4,296	2,164	
Exceptional Items (net of tax)	-	-	76,140	4,523	11,378			92,041	-	
PAT	4,350	-3,210	81,555	-15,364	35,454	NA	NA	1,05,307	20,936	NA
Disbursements – Retail	7,390	14,800	24,590	39,730	51,110	591.6%	28.6%	1,78,800	2,50,113	39.9%
Total AUM	6,57,920	6,51,850	6,45,900	6,37,800	6,48,670	-1.4%	1.7%	6,47,945	7,26,654	12.1%
GS3 (%)	3.28	3.42	3.66	3.47	6.57			6.58	6.58	
NS3 (%)	1.78	1.62	1.78	1.26	2.39			2.42	2.42	
PCR (%)	48.01	55.19	54.28	66.74	67.24			66.74	66.74	

Source: Company, Emkay Research

**Exhibit 2: Actual vs. Estimate**

Rs mn	Actual	Emkay (estimate)	Variation	Comments
Disbursement - Retail	51,110	39,000	31.1%	
AUM	6,48,670	6,51,266	-0.4%	
NII	10,469	10,458	0.1%	
PPOP	6,173	6,774	-8.9%	Higher than expected operating expenses
PAT	35,454	4,632	NA	Higher than expected provision and one-time tax reversal

Source: Company, Emkay Research

**Exhibit 3: Revision in earnings estimates**

Y/e Mar (Rs mn)	FY23E			FY24E			FY25E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
Loan book	6,27,893	6,47,944	3.2%	6,99,894	7,26,653	3.8%	8,01,687	8,43,364	5.2%
Net interest income	39,290	40,515	3.1%	45,574	45,979	0.9%	53,432	54,514	2.0%
PPOP	23,971	23,757	-0.9%	30,786	29,589	-3.9%	35,653	35,741	0.2%
PBT	-15,237	-29,752	95.3%	26,937	25,265	-6.2%	31,490	32,295	2.6%
PAT	75,555	1,05,307	39.4%	26,014	20,936	-19.5%	29,397	26,160	-11.0%
EPS (Rs)	-21	56	NA	109	88	-19.5%	123	110	-11.0%
BV (Rs)	859	945	10.0%	925	999	7.9%	1,000	1,065	6.5%
NIM on loan book (%)	6.4%	6.5%	9bps	6.9%	6.7%	-17bps	7.1%	6.9%	-17bps
Cost-to-income ratio (%)	44.8%	47.5%	277bps	38.4%	42.3%	398bps	38.1%	40.5%	243bps
Opex-to-Loan assets (%)	3.2%	3.5%	29bps	2.9%	3.2%	28bps	2.9%	3.1%	18bps
Loan book growth (%)	4.9%	8.2%	335bps	11.5%	12.1%	68bps	14.5%	16.1%	152bps
Credit costs (bps)	639	858	219bps	58	63	5bps	55	44	-12bps

Source: Company, Emkay Research

**Exhibit 4: Stage-wise comparison of Total assets and Wholesale assets**

Total Assets (mn)	Dec-21	Sep-22	Dec-22	Total Wholesale Assets (mn)	Dec-21	Sep-22	Dec-22
Stage-1	6,01,950	4,81,340	4,97,250	Stage-1	3,94,650	2,78,650	2,66,030
Stage-2	34,390	1,02,310	77,410	Stage-2	27,890	92,080	65,980
Stage-3	21,580	22,100	42,640	Stage-3	19,950	18,360	37,700
Sub-total	6,57,920	6,05,750	6,17,300	Total	4,42,480	3,89,090	3,69,710
POCI	0	32,040	31,370				
Total	6,57,920	6,37,790	6,48,670				

Source: Company, Emkay Research

**Exhibit 5: Stage-wise comparison of Total provisions and Wholesale provisions**

Total Assets (mn)	Dec-21	Sep-22	Dec-22	Total Wholesale Provision (mn)	Dec-21	Sep-22	Dec-22
Stage-1	10,760	9,780	16,590		9,530	7,420	13,460
Stage-2	5,440	30,390	19,600		5,180	30,010	19,150
Stage-3	10,350	14,750	28,670		9,810	13,660	27,220
Total	26,550	54,920	64,850	Total	24,520	51,090	59,830

Source: Company, Emkay Research

**Exhibit 6: Overall asset quality ratios and Wholesale asset quality ratios**

Overall Asset Quality Ratios (%)	Dec-21	Sep-22	Dec-22	Wholesale - Asset Quality Ratios (%)	Dec-21	Sep-22	Dec-22
GNPA Ratio (% of total AUM in Stage-3)	3.3%	3.7%	4.0%	GNPA Ratio (% of total AUM in Stage-3)	4.9%	4.7%	10.2%
NNPA Ratio	1.8%	1.3%	1.7%	NNPA Ratio	1.8%	1.3%	2.4%
Total Provisions as a % of Total AUM	4.0%	8.6%	10.0%	Total Provisions as a % of Total AUM	5.5%	13.1%	16.2%
Total ECL	4.0%	8.6%	10.0%	Total Provision as a % of GNPA's	122.9%	278.3%	158.7%
PCR – Stage 1	1.8%	2.0%	3.3%	PCR – Stage 1	2.4%	2.7%	5.1%
PCR – Stage 2	16.0%	30.0%	25.0%	PCR – Stage 2	18.6%	33.0%	29.0%
PCR - Stage 3	48.0%	67.0%	67.0%	PCR - Stage 3	49.2%	74.0%	72.2%

Source: Company, Emkay Research

**Exhibit 7: SOTP-based valuation**

Business unit	Valuation Methodology	Multiple (x)	Stake	Factor value (Rs mn)	Holdco discount	Value (Rs mn)	Value per share (Rs)	Contribution to TP
Financial Services Business	Price-to-Book (Mar-25E)	1.00	100%	2,54,183	0%	2,54,183	1,065	81%
Shriram Finance	Mcap -of Shriram Finance	1.0	8.4%	4,90,000	20%	32,928	138	11%
AIF	Book value of equity allocated	1.0	JV	10,760	0%	10,760	45	3%
Insurance	Book value of equity allocated	1.0	50%	14,260	0%	14,260	60	5%
SOTP-based value						3,12,131	1,300	

Source: Company, Emkay Research

## Concall highlights

- As per Management, historical asset-quality issues have been fully accounted for. The management stands by its statement of largely having completed the asset-quality recognition last quarter. Due to the one-off gains during Q3 on account of Shriram Group investments' fair valuation and tax reversals, PIEL felt it prudent to build additional buffers in the wholesale 1.0 book, which it believes is adequately provided for. The process to reduce this book via accelerated repayment, settlements, etc. is well under way. The Wholesale 2.0 (Corporate mid -market loans + New Real Estate loans) will continue to build up.
- Launched budget housing and LAP Plus during the quarter. Also launched maiden brand campaign to build the brand 'Piramal Finance' in the target segment.
- Customer franchise stood at 2.6mn as of Dec-22. Active customers stood at 1mn. Cross-sell disbursements over the past year have been to the tune of Rs18.62bn.
- On Shriram Group Investments, going ahead, the accounting for the public holding portfolio of the Investment (75%), mark-to-market gains will be recognized based on market value of Shriram Finance as on the last day of the quarter, as was done in this quarter. The management is monitoring the situation and will update on any further course of action with respect to potential sale of holdings. There is no specific timeline at the moment.
- Sahana Group exposure that was recently sold was inherited as part of the DHFL acquisition.
- Interest reversal during the quarter was Rs0.58bn.
- Credit-cost guidance: 1-2% on the wholesale book in the medium term. In the short-term, given the heavy provisioning done and with the run-down of the wholesale book, credit costs may vary from Management guidance.
- Within Wholesale 2.0, majority of the book will comprise real-estate loans, with the balance likely to be more granular, lower-ticket, corporate mid-market loans.
- Rate hikes taken on home loans over the past 4-5 quarters: Around 50bps on the portfolio level and around 30bps on new originations.
- Wholesale Stage 3 assets are a mixed bucket, of assets between real estate and Non-real estate loans. PIEL is working on their resolution. It has made significant progress on some loans, whereas for others loans resolution will take a few quarters.
- Embedded finance is a business focused on disbursements and not AUM building. It is the largest customer-acquisition engine. It has 22 programs live across 20 partners. It has partners like NAVI, ZestMoney, and KreditBee, etc. for PIEL, PAYTM is relatively small and recent partnership, with initial disbursements taking place in late-Dec 2022. This is expected to be scaled up.
- For embedded finance, ~60% of the business is within the ~0.1mn ticket-size and tenured for more than one year. The rest is smaller ticket size. Credit costs built in was 4%, and effective credit cost as of now is ~1%. The business makes a ~4% RoA.
- Most of the manpower in housing is new, and neither from DHFL nor the legacy Piramal business. Around 90% of the people running retail have strong lateral experience, while 10% are freshers.
- The only increase in AIF is due to some resolutions, and PIEL receiving some security receipts.
- Operating expenses guidance: Opex-to-assets should be 2.5-3% when the book becomes 2/3rds retail and 1/3rd wholesale. Within this, retail would be ~3% and wholesale will be ~1.25%. Over the next year, opex might be higher, as retail investments and branch expansion continue.

**Key Financials (Consolidated)****Income Statement -**

Y/E Mar (Rs mn)	FY22	FY23E	FY24E	FY25E
<b>Net interest income</b>	<b>24,060</b>	<b>40,515</b>	<b>45,979</b>	<b>54,514</b>
<b>Other income</b>	<b>3,620</b>	<b>4,760</b>	<b>5,340</b>	<b>5,542</b>
Net income	28,830	27,680	45,276	51,318
<b>Operating expenses</b>	<b>10,750</b>	<b>21,519</b>	<b>21,729</b>	<b>24,315</b>
Pre provision profit	16,930	23,757	29,589	35,741
<b>PPP excl treasury</b>	<b>16,930</b>	<b>23,757</b>	<b>29,589</b>	<b>35,741</b>
<b>Provisions</b>	<b>6,960</b>	<b>53,509</b>	<b>4,324</b>	<b>3,446</b>
Profit before tax	9,970	-29,752	25,265	32,295
<b>Share of net profits from associates/JV</b>	<b>-</b>	<b>4,296</b>	<b>2,164</b>	<b>2,164</b>
Exceptional Items (net of tax)	-	92,041	-	-
Tax	2,550	-38,722	6,493	8,299
<b>Tax rate</b>	<b>26%</b>	<b>NA</b>	<b>26%</b>	<b>26%</b>
Profit after tax	7,420	1,05,307	20,936	26,160

**Balance Sheet**

Y/E Year End (Rs mn)	FY22	FY23E	FY24E	FY25E
Net worth	2,18,060	2,25,643	2,38,331	2,54,183
Other Liabilities and Provisions	15,967	8,041	1,778	-3,062
Borrowings	5,14,307	5,66,247	6,46,054	7,64,980
<b>Total liabilities</b>	<b>7,48,333</b>	<b>7,99,931</b>	<b>8,86,163</b>	<b>10,16,101</b>
Cash and bank	55,144	60,714	69,271	82,022
Loans	5,98,667	6,47,944	7,26,653	8,43,364
Others	94,522	91,273	90,239	90,715
<b>Total Assets</b>	<b>7,48,333</b>	<b>7,99,931</b>	<b>8,86,163</b>	<b>10,16,101</b>

**Key Ratios (%)**

Y/E Year End	FY22	FY23E	FY24E	FY25E
NIM	4.6	6.5	6.7	6.9
RoA	1.1	1.7	2.5	2.8
RoAE	3.7	6.0	9.0	10.6
GNPA (%)	3.4	6.6	6.6	6.6
NNPA (%)	1.6	2.4	2.4	2.4

Per Share Data (Rs)	FY22	FY23E	FY24E	FY25E
EPS	32.0	55.6	87.7	109.6
BVPS	913.7	945.4	998.6	1,065.0
DPS	12.2	0.0	34.6	43.2

Valuations (x)	FY22	FY23E	FY24E	FY25E
PER	26.4	15.2	9.6	7.7
P/BV	0.9	0.9	0.8	0.8
Dividend Yield (%)	1.5	0.0	4.1	5.1

Source: Company, Emkay Research

Growth (%)	FY22	FY23E	FY24E	FY25E
NII	(13.1)	68.4	13.5	18.6
PPOP	(24.7)	40.3	24.5	20.8
PAT	(55.5)	NA	NA	24.9
Loans	34.0	8.2	12.1	16.1

Quarterly (Rs mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
NII	7,610	6,990	9,955	8,432	10,469
NIM (%)	5.0	4.6	6.7	5.7	6.8
PPOP	5,760	3,790	6,278	4,022	6,173
PAT	4,350	(3,210)	81,555	(15,364)	35,454

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Promoters	43.5	43.5	43.5	43.5	43.5
FIIIs	35.3	35.0	34.5	32.1	31.3
DIIIs	8.2	8.4	8.1	7.9	8.1
Public and Others	13.0	13.0	13.8	16.6	17.2

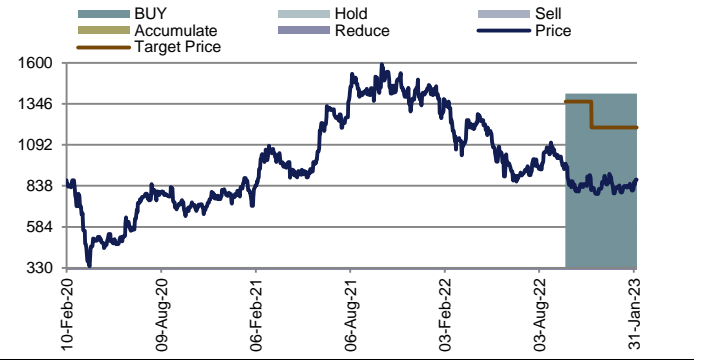
Source: Capitaline

**RECOMMENDATION HISTORY (Rs/share)**

Date	Closing Price	TP	Period	Rating	Analyst
02-Dec-22	860	1,200	12m	Buy	Manjith Nair
11-Nov-22	820	1,200	12m	Buy	Manjith Nair
22-Sep-22	977	1,360	12m	Buy	Manjith Nair

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: 09 Feb 2023 10:58:22 (SGT)

Dissemination Date: 09 Feb 2023 10:59:22 (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](http://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](http://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.

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 02/09/2023 02:27 PM

**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 associate<sup>1</sup> 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 interests<sup>2</sup> 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.

<sup>1</sup> 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.

<sup>2</sup> 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 February 9, 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 February 9, 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 February 9, 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 services 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 February 9, 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 <sup>th</sup> 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