

October 20, 2023

RESULT REPORT Q2 FY24 | Sector: Banks

CSB Bank Ltd

Material sequential margin decline the result of shedding high-risk gold loan customers

Result Highlights (See "Our View" below for elaboration and insight)

- Asset quality:** Gross slippages were under control at Rs 540mn (annualized slippage ratio of 1.0%) and recoveries and upgrades were healthy at Rs 400mn
- Margin picture:** NIM was down -56bps QoQ to 4.84%, due to sequential fall in yield on advances as against rise in cost of deposits
- Asset growth:** Advances grew 5.5%/27.4% QoQ/YoY driven on YoY basis by Gold loans and Retail loans
- Opex control:** Total opex rose 4.4%/49.4% QoQ/YoY, employee expenses fell/rose -3.4%/36.2% QoQ/YoY and other expenses rose 16.1%/69.7% QoQ/YoY
- Fee income:** Fee income rose 26%/65.6% QoQ/YoY where the sequential growth was driven by higher commission income

Our view - Material sequential margin decline the result of shedding high-risk gold loan customers

The material sequential decline in NIM was on account of gold loan risk management along with rise in cost of funds: There has been a sequential decline of 30 bps in yield on advances to 10.88% mainly due to the gold loan business. Gold loan prices had started dropping which prompted the management to ask the gold loan business team to take customers with higher LTV off the books. The customers with high LTV are also the ones which have higher yield. The gold loan yield has declined from 11.78% in 1Q to 10.99% in 2Q but is poised to move up in 3Q itself.

Management stated that the bank would grow 50% faster than the banking system: The segmental growth outcomes are: Wholesale - 17% YoY, SME - 22% YoY, Retail (ex Gold) - 38% YoY and Gold loan - 32% YoY. The share of gold loans in loan book is 47%. The gold loan LTV is 81%.

Asset quality outcomes remain ultra-benign as of now with low-LGD gold loans being the primary contributor to slippages: Most of the slippages emerged from the gold loan book and the rest of the contributing segments were in line with what has been seen in the past. Credit cost would range between 10-20 bps for FY24. The credit cost next year (or later) would be 40-50 bps when the bank would become a full franchise.

We maintain 'Buy' rating on CSB with a revised price target of Rs 440: We value the bank at 1.7x FY25 P/BV for an FY24E/25E/26E RoE profile of 15.1%/16.1%/16.7%.

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

Exhibit 1: Result table

(Rs mn)	Q2 FY24	Q1 FY24	% qoq	Q2 FY23	% yoy
Total Interest Income	6,873	6,835	0.6	5,552	23.8
Interest Expense	(3,437)	(3,195)	7.6	(2,302)	49.3
Net Interest Income	3,437	3,640	(5.6)	3,250	5.8
Other income	1,485	1,216	22.1	449	230.3
Total Income	4,921	4,856	1.4	3,699	33.0
Operating expenses	(3,175)	(3,041)	4.4	(2,126)	49.4
PPOP	1,746	1,814	(3.7)	1,574	11.0
Provisions	33	(47)	NA	37	(10.7)
PBT	1,780	1,767	0.7	1,611	10.5
Tax	(448)	(445)	0.7	(405)	10.5
PAT	1,332	1,322	0.7	1,206	10.5

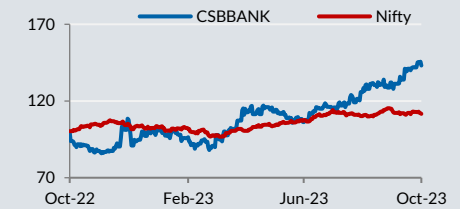
Source: Company, YES Sec-Research

Recommendation	: BUY
Current Price	: Rs 359
Target Price	: Rs 440
Potential Return	: 22%

Stock data (as on October 20, 2023)

Nifty	19,543
52 Week h/l (Rs)	374 / 215
Market cap (Rs/USD mn)	61556 / 740
Outstanding Shares (mn)	168
6m Avg t/o (Rs mn):	133
Div yield (%):	NA
Bloomberg code:	CSBBANK IN
NSE code:	CSBBANK

Stock performance



	1M	3M	1Y
Absolute return	9.6%	24.2%	43.7%

Shareholding pattern (As of Jun'23 end)

Promoter	49.7%
FII+DII	18.1%
Others	29.3%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	440	435

Financial Summary

(Rs mn)	FY24E	FY25E	FY26E
NII	14,998	18,944	23,016
PPOP	7,738	10,184	12,442
Net Profit	5,229	6,520	7,967
Growth (%)	-4.5	24.7	22.2
EPS (Rs)	30.1	37.6	45.9
BVPS (Rs)	215	252	298
P/E (x)	11.9	9.6	7.8
P/BV (x)	1.7	1.4	1.2
ROE (%)	15.1	16.1	16.7
ROA (%)	1.6	1.6	1.6
Tier-1 (%)	23.8	22.5	21.1

Δ in earnings estimates

Rs.	FY24E	FY25E	FY26E
EPS (New)	30.1	37.6	45.9
EPS (Old)	31.7	36.3	43.5
% change	-4.9%	3.4%	5.6%

SHIVAJI THAPLIYAL

Head of Research
& Lead Analyst

shivaji.thapliyal@ysil.in

+91 22 6885 0521



SIDDHARTH RAJPUROHIT, Analyst

COMPREHENSIVE CON-CALL TAKEAWAYS

Net interest margin

- **NIM for the quarter**
 - NIM was at 4.84%, down -56 bps QoQ and -76bps YoY.
- **Yield on advances**
 - There has been a sequential decline of 30 bps in yield on advances to 10.88% mainly due to the gold loan business.
 - **Gold loan risk management**
 - Gold loan prices had started dropping which prompted the management to ask the gold loan business team to take customers with higher LTV off the books.
 - The customers with high LTV are also the ones which have higher yield but they were given the option to move off the books since they were beyond comfort levels.
 - While, after the Israel crisis, gold loan prices have started to move up again, given the US 10-year yield at 5%, management is not sure about how long gold prices will remain high and remain cautious in terms of approach.
 - The gold loan yield has declined from 11.78% in 1Q to 10.99% in 2Q but is poised to move up in 3Q itself.
- **Cost of deposits**
 - Cost of deposits has jumped 22 bps QoQ to 5.22%.
- **NIM guidance**
 - NIM has bottomed out.
 - Management holds on their prior commitment of delivering a NIM above 5% for full year FY24.
 - The rise in yield on advances will outpace the rise in cost of funds going forward.

Fee income

- Processing fees and other fee income items have started to pick up.
- Insurance distribution, liability fees and credit card fees are contained in the Rs 0.6bn figure for “other income” during the quarter (which has grown 36% QoQ).
- PSLC fees have not contributed yet (but will do so going forward).

Deposit growth

- **Deposits growth outcomes**
 - The deposits were at Rs 254 bn, up by 3.9% QoQ and 21.2% YoY.
 - The CASA deposits grew 3.5% YoY.
- **General comments**
 - There is a challenge to grow deposits at the system level but the bank has been able to grow overall deposits at 21% YoY
 - LCR will not be a limiting factor for growing deposits at the bank.
- **Savings account strategy**
 - The bank does not believe in buying savings account balances by offering high interest rates.
 - The SA rate is below 3% and the effective SA cost is also below 3%.

(Con call takeaways continue on the next page)

- **CD ratio**
 - The bank will try to keep the CD ratio within 90%.
- **Term deposits**
 - Term deposit accretion is happening at rates between 7.5-8%.
 - There has been a 120 bps rise in term deposit cost on cumulative basis so far.
 - Term deposits are growing at 30% YoY.

Loan growth and mix

- **Loan mix**
 - The share of gold loans in loan book is 47%.
 - The share has come down slightly for wholesale and retail and has remained stable for SME.
 - The credit cards book stands at Rs 1.75bn.
- **Growth outcomes**
 - The advances for the bank stood at Rs 225 bn, up by 27.2% YoY.
 - Wholesale – 17% YoY
 - SME – 22% YoY
 - Retail (ex Gold) – 38% YoY
 - Gold loan - 32% YoY
- **Gold loan LTV**
 - The gold loan LTV is 81%.
 - Management does not believe the gold loan LTV is high, given the geography in which the bank operates.
 - For non-agri gold, the LTV limit is 75% and for agri, the bank maintains a limit of 85%.
 - The bank does not do much of non-retail gold loan.
- **Loan growth guidance**
 - The bank can grow 50% faster than the banking system.

Asset quality

- **Slippages**
 - Gross NPA additions amounted to Rs 0.54bn for 2QFY24, translating to an annualized slippage ratio of 1.0% for the quarter. (Gross NPA additions had amounted to Rs 0.33bn during 1QFY24.)
 - Most of the slippages emerged from the gold loan book and the rest of the contributing segments were in line with what has been seen in the past.
- **Recoveries and upgrades**
 - Recoveries and upgrades amounted to Rs 0.4bn for 2QFY24, implying net NPA addition of Rs 0.14bn for the quarter.
- **Provisions**
 - Provisions were written back to the tune of -Rs 0.03bn as against a provision charge of Rs.0.05bn in 1QFY24 and a provision write-back of -Rs.0.04bn in 2QFY23, translating to calculated annualised credit cost of -7bps (negative).
 - **Outstanding provisions**
 - The bank carries Rs 1.73bn worth of excess provisions over and above what is mandated by the RBI.
 - The PCR is 92%.

(Con call takeaways continue on the next page)

- **Credit cost guidance**
 - Credit cost would range between 10-20 bps for FY24.
 - The credit cost next year (or later) would be 40-50 bps when the bank would become a full franchise.
- **Restructured book**
 - The standard restructured book stood at around Rs 0.2bn or 0.09% of gross advances.

Return on assets

- The RoA for 2Q amounted to 1.73%.

Operating expenses

- **Total opex**
 - Opex, at Rs. 3.17 bn, is up 4.4% QoQ and 49% YoY.
 - Consequently, cost/income ratio came in at 64.5%, up by 188bps QoQ and 706bps YoY.
 - The opex to assets is 4.1%.
 - **Guidance**
 - The opex to assets will trend lower as larger ticket businesses (other than gold loans) start to scale up.
 - There will be a glide path to 50% cost to income ratio from FY25 (beyond).
- **Staff expenses**
 - The staff opex is down by -3.4% QoQ but up 36% YoY.
- **Non-staff expenses**
 - Other opex in up by 16% QoQ and 70% YoY.
 - **Branch expansion**
 - The bank would be adding 100 branches per year.
 - There is also a plan to leverage a branch to 2x of its normal productivity by sub-dividing it into a portion for gold loans and another for other businesses.

Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q2FY24	Q1FY24 [^]	% qoq [^]	Q2FY23	% yoy	Q2FY24 [*]	chg QoQ [*]	chg YoY [*]
Gross Advances	224,680	219,450	2.4	176,610	27.2	100.0	0bps	0bps
Corporate Loans	61,620	61,910	(0.5)	52,840	16.6	27.4	-79bps	-249bps
SME	23,770	25,270	(5.9)	19,410	22.5	10.6	-94bps	-41bps
Gold Loans	106,190	100,720	5.4	80,290	32.3	47.3	137bps	180bps
Retail Loans	33,100	31,550	4.9	24,070	37.5	14.7	36bps	110bps
Total Deposits	254,384	244,755	3.9	209,866	21.2	100.0	0bps	0bps
CASA	74,480	75,481	(1.3)	71,928	3.5	29.3	-156bps	-499bps
Term	179,904	169,274	6.3	137,938	30.4	70.7	156bps	499bps
RWA	135,307	122,067	10.8	104,879	29.0	NA	NA	NA
Investments	66,920	57,510	16.4	57,344	16.7	NA	NA	NA
Investments/(Invest. + Net Adv.) (%)	23.1	21.4	170bps	24.7	-160bps	NA	NA	NA
Borrowings	18,070	9,139	97.7	13,518	33.7	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	6.6	3.6	303bps	6.1	58bps	NA	NA	NA

Source: Company, YES Sec - Research, *Share in Total and change in share, ^The 1QFY24 Gross Advances and its segment numbers have changed due to internal rearrangement and hence are not comparable

Exhibit 3: Key quarterly ratios

(%)	Q2FY24	Q1FY24	chg QoQ	Q2FY23	chg YoY
Net interest margin	4.84	5.40	-56bps	5.60	-76bps
Yield on advances	10.88	11.18	-30bps	10.81	7bps
Cost of deposits	5.22	5.00	22bps	4.18	104bps
Loan to Deposit ratio	87.5	86.2	127bps	83.2	425bps
Non-interest income/Total income	30.2	25.0	513bps	12.1	1802bps
Fee Income to Avg. Total Assets	1.0	0.9	18bps	0.7	29bps
Cost to Income	64.5	62.6	188bps	57.5	706bps
Opex to Avg. Total Assets	4.2	4.2	2bps	3.3	86bps
RoE	16.7	17.5	-81bps	18.4	-175bps
RoA	1.7	1.8	-6bps	1.9	-14bps
Annualised Slippage Ratio	1.0	0.6	39bps	1.0	-2bps
Provision Coverage	91.8	92.5	-79bps	90.1	161bps
Gross NPA	1.3	1.3	0bps	1.7	-38bps
Net NPA	0.3	0.3	1bps	0.6	-24bps
Capital adequacy ratio	24.0	26.0	-203bps	25.1	-118bps
Tier I capital ratio	22.6	24.8	-224bps	23.6	-107bps

Source: Company, YES Sec - Research

Exhibit 4: Quarterly Actuals Vs Estimates

Q2 FY24 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	3,437	3,822	(10.1)
Pre-Prov. Operating Profit	1,746	1,938	(9.9)
Profit After Tax	1,332	1,375	(3.2)

Source: Company, YES Sec - Research

Exhibit 5: Operating Expense Break-up

(Rs mn)	Q2FY24	Q1FY24	% qoq	Q2FY23	% yoy
Employee Expense	1,757	1,820	(3.4)	1,290	36.2
Other Operating Expense	1,418	1,221	16.1	836	69.7
Total Operating Expense	3,175	3,041	4.4	2,126	49.4

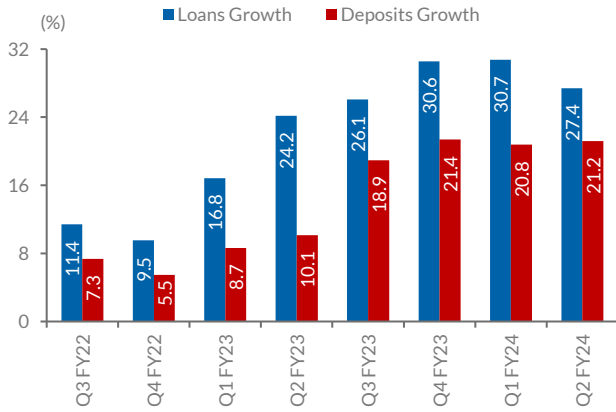
Source: Company, YES Sec – Research

Exhibit 6: Non-Interest Income Break-up

(Rs mn)	Q2FY24	Q1FY24	% qoq	Q2FY23	% yoy
Total Fee Income (A)	785	623	26.0	474	65.6
Commission Income	393	267	47.2	254	54.7
Processing Fees	392	356	10.1	220	78.2
PSLC Income	0	0	NA	0	NA
Total Other Income (B)	700	593	18.1	(25)	(2,943.5)
Treasury Profit	58	122	(52.5)	(214)	(127.1)
Exchange Profit	36	27	33.3	18	100.0
Other Income	606	444	36.5	171	253.3
Total Non-Interest Income (A+B)	1,485	1,216	22.1	449	230.3

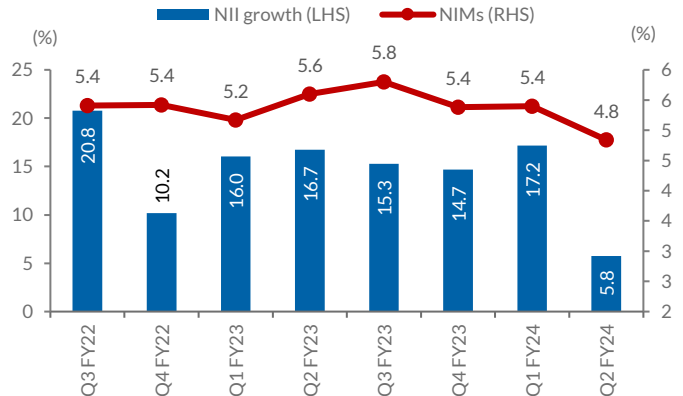
Source: Company, YES Sec – Research

Exhibit 7: Loans and Deposits growth (YoY %)



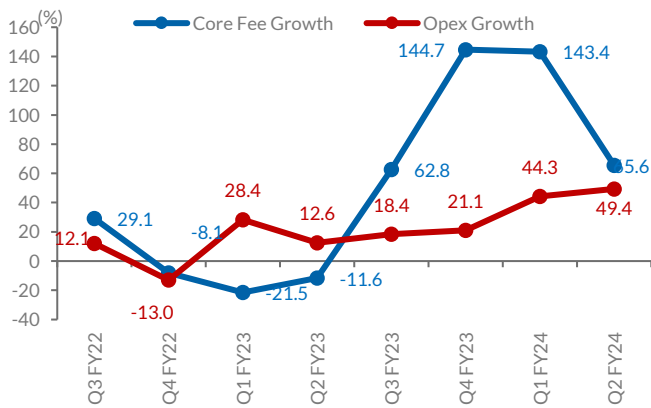
Source: Company, YES Sec – Research

Exhibit 8: NII growth (YoY %) and NIM (%)



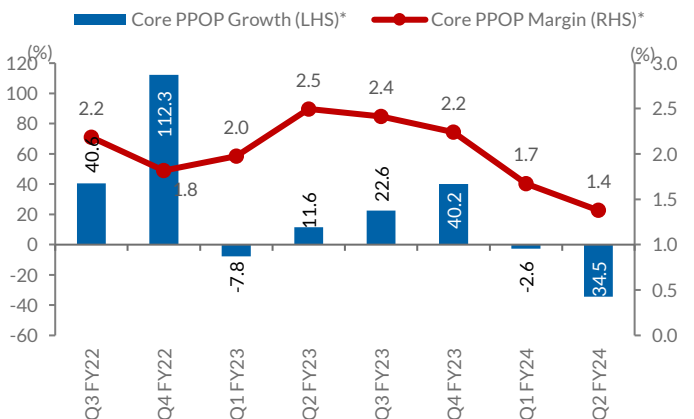
Source: Company, YES Sec – Research

Exhibit 9: Core Fee and Opex growth (YoY %)



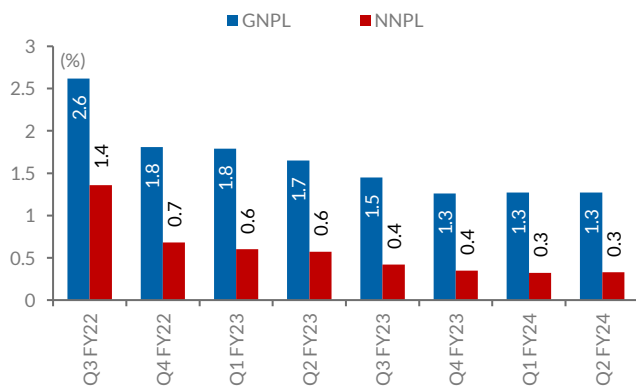
Source: Company, YES Sec – Research

Exhibit 10: Core PPOP growth (YoY %) and Core PPOP margin (%)



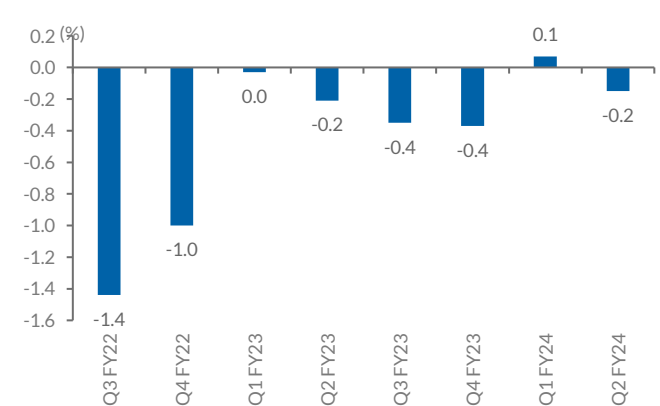
Source: Company, YES Sec – Research, * Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

Exhibit 11: Gross NPA and Net NPA (%)



Source: Company, YES Sec – Research

Exhibit 12: Credit Cost (%)



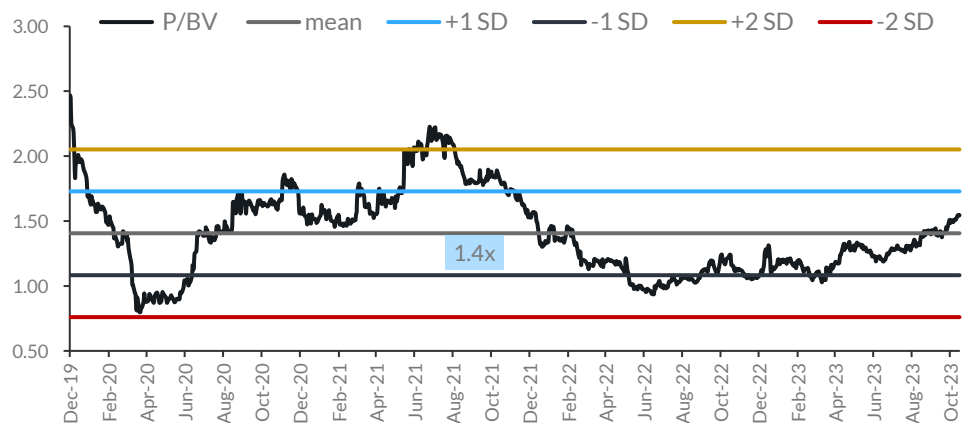
Source: Company, YES Sec – Research

Exhibit 13: 1-year rolling P/BV band



Source: Company, YES Sec – Research

Exhibit 14: 1-yr rolling P/BV vis-a-vis the mean and standard deviations



Source: Company, YES Sec – Research

ANNUAL FINANCIALS

Exhibit 15: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Total cash & equivalents	15,738	18,367	30,976	37,791	46,105
Investments	70,116	58,487	67,260	77,349	88,951
Advances	158,147	206,506	258,133	314,922	384,205
Fixed assets	2,879	3,194	3,513	3,864	4,251
Other assets	6,684	5,069	5,829	6,703	7,709
Total assets	253,563	291,623	365,711	440,630	531,221
Net worth	26,514	32,036	37,265	43,785	51,753
Deposits	201,883	245,058	294,070	352,884	430,518
Borrowings	20,072	7,830	9,787	11,745	14,093
Other liabilities	5,094	6,699	24,589	32,216	34,857
Total liabilities incl. Equity	253,563	291,623	365,711	440,630	531,221

Source: Company, YES Sec – Research

Exhibit 16: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Interest income	20,383	23,197	29,044	35,802	43,354
Interest expense	(8,850)	(9,858)	(14,045)	(16,858)	(20,339)
Net interest income	11,533	13,338	14,998	18,944	23,016
Non-interest income	2,468	3,160	4,365	5,453	6,582
Total income	14,001	16,499	19,363	24,397	29,598
Operating expenses	(7,864)	(9,425)	(11,626)	(14,213)	(17,156)
PPoP	6,137	7,074	7,738	10,184	12,442
Provisions	5	262	(671)	(1,373)	(1,675)
Profit before tax	6,142	7,336	7,067	8,811	10,767
Taxes	(1,557)	(1,863)	(1,837)	(2,291)	(2,799)
Net profit	4,585	5,474	5,229	6,520	7,967

Source: Company, YES Sec – Research

Exhibit 17: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Interest income	8.4	8.5	8.8	8.9	8.9
Interest expense	-3.6	-3.6	-4.3	-4.2	-4.2
Net interest income	4.7	4.9	4.6	4.7	4.7
Non-interest income	1.0	1.2	1.3	1.4	1.4
Total income	5.8	6.1	5.9	6.1	6.1
Operating expenses	-3.2	-3.5	-3.5	-3.5	-3.5
PPoP	2.5	2.6	2.4	2.5	2.6
Provisions	0.0	0.1	-0.2	-0.3	-0.3
Profit before tax	2.5	2.7	2.2	2.2	2.2
Taxes	-0.6	-0.7	-0.6	-0.6	-0.6
Net profit	1.9	2.0	1.6	1.6	1.6

Source: Company, YES Sec – Research

Exhibit 18: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Net Interest Income	14,998	18,944	23,016	15,535	18,742	22,315	(3.5)	1.1	3.1
Pre-Prov. Operating Profit	7,738	10,184	12,442	8,305	10,058	12,028	(6.8)	1.2	3.4
Profit after tax	5,229	6,520	7,967	5,497	6,304	7,543	(4.9)	3.4	5.6

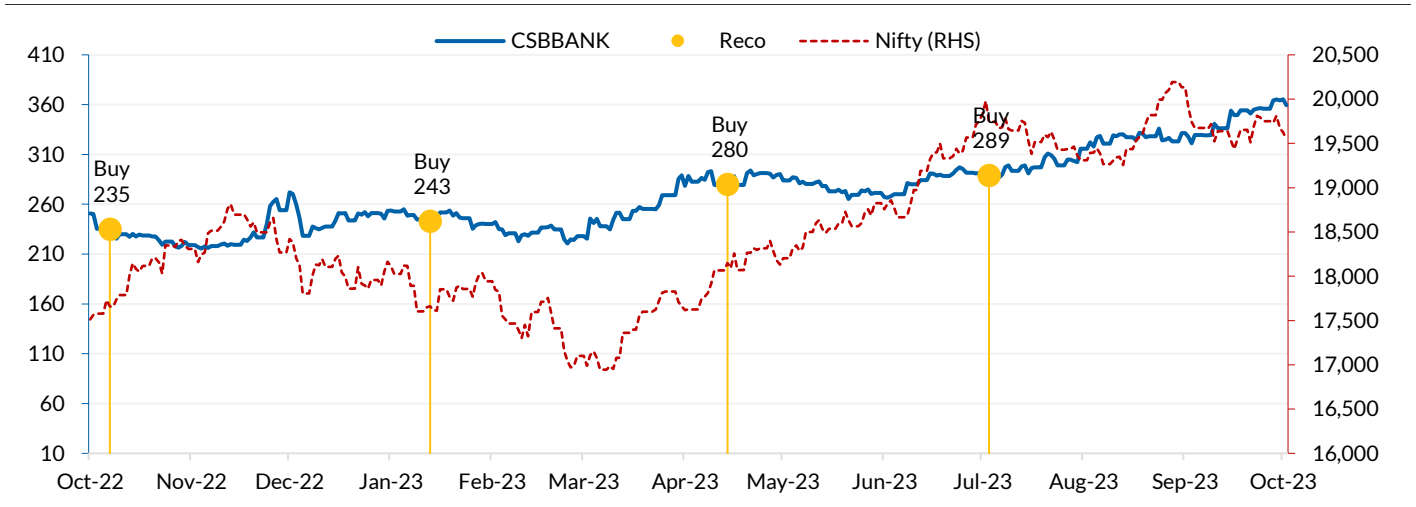
Source: Company, YES Sec – Research

Exhibit 19: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24E	FY25E	FY26E
Growth matrix (%)					
Net interest income	22.5	15.7	12.4	26.3	21.5
PPoP	0.1	15.3	9.4	31.6	22.2
Net profit	109.9	19.4	-4.5	24.7	22.2
Loans	9.5	30.6	25.0	22.0	22.0
Deposits	5.5	21.4	20.0	20.0	22.0
Profitability Ratios (%)					
Net interest margin	5.3	5.5	5.1	5.2	5.3
Return on Average Equity	19.0	18.7	15.1	16.1	16.7
Return on Average Assets	1.9	2.0	1.6	1.6	1.6
Per share figures (Rs)					
EPS	26.4	31.5	30.1	37.6	45.9
BVPS	152.8	184.6	214.7	252.3	298.2
ABVPS	147	180	204	238	280
Valuation multiples					
P/E	14	11.4	11.9	9.6	7.8
P/BV	2.4	1.9	1.7	1.4	1.2
P/ABV	2.5	2.0	1.8	1.5	1.3
NIM internals (%)					
Yield on loans	10.6	10.4	10.4	10.4	10.4
Cost of deposits	4.1	4.1	5.0	5.0	5.0
Loan-deposit ratio	78.3	84.3	87.8	89.2	89.2
CASA ratio	33.7	32.2	32.0	32.5	33.0
Opex control (%)					
Cost/Income ratio	56.2	57.1	60.0	58.3	58.0
Cost to average assets	3.2	3.5	3.5	3.5	3.5
Capital adequacy (%)					
Tier 1 capital ratio	24.4	25.9	23.8	22.5	21.1
Asset quality (%)					
Gross slippage ratio	0.8	0.4	1.0	1.0	1.0
Gross NPL ratio	1.8	1.3	1.5	1.7	1.8
Credit cost	-0.1	-0.2	0.2	0.4	0.4
Net NPL ratio	0.7	0.3	0.7	0.8	0.8

Source: Company, YES Sec – Research

Recommendation Tracker



DISCLAIMER

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

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

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

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

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

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

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

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

YES Securities (India) Limited

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

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

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

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

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

Grievances Redressal Cell: customer.service@ysil.in/igc@ysil.in

DISCLOSURE OF INTEREST

Name of the Research Analyst : Shivaji Thapliyal, Siddharth Rajpurohit

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

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

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

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

Analyst
Signature

Analyst
Signature

RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

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

BUY: Upside greater than 20% over 12 months

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

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

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

SELL: Downside greater than -10% over 12 months

NOT RATED / UNDER REVIEW

ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSL") is a wholly owned subsidiary of YES BANK LIMITED. YSL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst. YSL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL. YSL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSL by SEBI/Stock Exchanges.