

July 24, 2024

RESULT REPORT Q1 FY25 | Sector: Banks

DCB Bank

DCB delivers but not enough for upgrade

Our view – NIM deteriorates due to regulatory changes, but business growth healthy

Net Interest Margin - NIM adversely impacted on sequential basis largely due to change in regulations: NIM at 3.39% was down -23bps/-44bps QoQ/YoY, sequentially lower due to repricing of deposits and certain changes in regulation relating to penal interest and date of charging of interest. The yield on advances has fallen -21bps QoQ to 11.50% for 1Q. However, the management has maintained its NIM guidance of 365-375bps which they believe can be achieved through mix change on both sides of the balance sheet.

Balance sheet growth – Growth outcomes continues to be healthy on both sides of the balance sheet: Advances grew 3.1%/18.9% QoQ/YoY, driven sequentially by Mortgages, Gold Loans, SME and MSME and ‘Others’ segments. Within mortgages the share of business loans and home loans is 50:50 but going forward the share of business loans is expected to increase. Advances are expected to grow at 19-20% YoY. The growth in deposits at 4.7% QoQ was higher than advances and consequently the loan to deposit ratio has fallen by -132bps QoQ to 81.6%. The management aspires to bring it below 80%.

Asset Quality - Gross slippage ratio sequentially deteriorates but recoveries remain healthy: For the quarter, Gross NPA additions had amounted to Rs 3.73bn, implying an annualised gross slippage ratio of 3.5%, while recoveries and upgrades amounted to Rs 2.87bn. The calculated credit cost for the quarter was at 27bps up 3bps QoQ but the management has guided that on a steady state basis the business model would have a credit cost of 35bps.

We maintain a less-than-bullish ‘ADD’ rating on DCB with a revised price target of Rs 150: DCB was among the *bottom 2* names in our [Sector Initiation Report dated June 2021](#). We value the bank at 0.7x FY26 P/BV for an FY25E/26E RoE profile of 11.8/12.6%.

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

Other Aspects (See “Our View” above for elaboration and insight)

- **Opex control:** Total opex rose 5.9%/17.7% QoQ/YoY, employee expenses rose 6.3%/15.5% QoQ/YoY and other expenses rose 5.5%/20.1% QoQ/YoY
- **Fee income:** Core fee income fell/rose -3.4%/52% QoQ/YoY, driven YoY by TP distribution, proc. fees and change in regulations with regards to penal charges.

Exhibit 1: Result table

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy
Total Interest Income	14,893	14,446	3.1	12,377	20.3
Interest Expense	(9,927)	(9,371)	5.9	(7,670)	29.4
Net Interest Income	4,966	5,075	(2.1)	4,707	5.5
Fee Income	1,140	1,180	(3.4)	750	52.0
Non-fee Income	290	182	59.2	319	(9.2)
Total Non-Interest Income	1,430	1,362	5.0	1,069	33.7
Total Income	6,396	6,437	(0.6)	5,777	10.7
Employee Expense	(2,253)	(2,119)	6.3	(1,951)	15.5
Non-employee Opex	(2,089)	(1,981)	5.5	(1,739)	20.1
Total Operating expenses	(4,342)	(4,100)	5.9	(3,690)	17.7
PPOP	2,054	2,338	(12.1)	2,087	(1.6)
Provisions	(284)	(241)	17.9	(377)	(24.8)
PBT	1,770	2,097	(15.6)	1,709	3.5
Tax	(456)	(540)	(15.5)	(440)	3.7
PAT	1,314	1,557	(15.6)	1,269	3.5

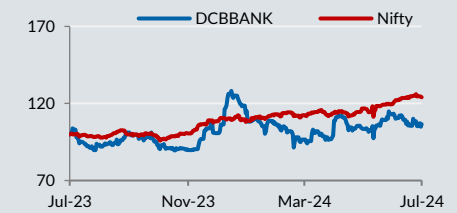
Source: Company, YES Sec-Research

Recommendation	: ADD
Current Price	: Rs 133
Target Price	: Rs 150
Potential Return	: +13%

Stock data (as on July 24, 2024)

Nifty	24,414
52 Week h/l (Rs)	163 / 110
Market cap (Rs/USD mn)	41022 / 490
Outstanding Shares (mn)	313
6m Avg t/o (Rs mn):	402
Div yield (%):	0.9
Bloomberg code:	DCBB IN
NSE code:	DCBBANK

Stock performance



	1M	3M	1Y
Absolute return	-5.9%	-2.1%	6.6%

Shareholding pattern (As of Mar'24 end)

Promoter	14.8%
FII+DII	42.4%
Others	32.8%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	150	155

Financial Summary

(Rs mn)	FY24	FY25E	FY26E
NII	19,279	22,463	26,989
PPOP	8,644	10,290	13,069
Net Profit	5,360	6,320	7,559
Growth (%)	15.1	17.9	19.6
EPS (Rs)	17.1	20.2	24.2
BVPS (Rs)	162	180	202
P/E (x)	7.8	6.6	5.5
P/BV (x)	0.8	0.7	0.7
ROE (%)	11.1	11.8	12.6
ROA (%)	0.9	0.9	0.9
Tier-1 (%)	14.5	13.7	13.0

Δ in earnings estimates

Rs.	FY24E	FY25E	FY26E
EPS (New)	NA	20.2	24.2
EPS (Old)	NA	20.2	24.5
% change	NA	-0.1%	-1.3%

SHIVAJI THAPLIYAL

Head of Research (Overall)
& Lead Sector Research Analyst
shivaji.thapliyal@ysil.in



SIDDHARTH RAJPUROHIT, Analyst

SURAJ SINGHANIA, Associate

COMPREHENSIVE CON-CALL TAKEAWAYS

Net interest margin

- **NIM for the quarter**
 - NIM was at 3.39%, down -23 bps QoQ and -44bps YoY.
- **Reason for sequential decline in NIM**
 - Repricing of deposits.
 - Change in regulation where penal interest has been revised to penal charges and moves to fee income line.
 - Change in regulation where interest is now charged on actual disbursement date.
- **NIM guidance**
 - NIM guidance of 365-375 bps remains and will be achieved through mix change on both sides of the balance sheet.
 - If there is a repo rate cut, the bank will manage the impact on fixed rate book by changing the SA rates.
- **Yield on advances**
 - The yield on advances in 1Q was at 11.5%, down by -21bps QoQ and -5bps YoY.
 - **Guidance**
 - Within the overall mortgages book the share of home loan to business loan is around 50:50 and going forward the bank would increase the share of business loans.
 - The rate differential between home loan and business loan for the bank currently is 1.5% points.
 - The bank will also focus on higher ticket loans in the range of Rs 5mn to Rs 10mn range for business loans.
- **Cost of deposits**
 - The Cost of deposits in 1Q was at 7.1%, up by 2bps QoQ and 49bps YoY.
 - The repricing of deposits is in the last leg and should be done by 3QFY25.

Operating expenses

- **Total opex**
 - Opex, at Rs. 4.3bn, is up 5.9% QoQ and 17.7% YoY.
 - Cost to income ratio came in at 67.9%, up by 420bps QoQ and 401bps YoY.
 - **Cost to assets**
 - The cost to assets was at 2.71%, up by 2bps QoQ but down 3bps YoY
 - **Cost to assets guidance**
 - The cost to assets would decline gradually and the bank aims to bring it down to 2.5%.
 - This decline will be driven by increased productivity and digital initiatives.
- **Employee expenses**
 - The staff opex is up 6.3% QoQ and 15.5% YoY.
 - **Reason for QoQ growth in staff opex**
 - Salary increments.
 - Full impact of increase in sales force in past quarter.

(Con call takeaways continue on the next page)

▪ Non-employee expenses

- Other opex is up 5.5% QoQ and 20.1% YoY.
- DCB has a system called Moneybox where more than 80 dispatches to customers are replaced with electronic communications from website.
- The company will reduce the dependence on DSAs and would do more organic sourcing.

Fee income

- The core fee income for the quarter was at Rs 1.14bn, down -3.4% QoQ but up 52% YoY.
- The YoY fee income growth was driven by recurring fee income such as Third-party distribution and processing fees.
- The fee income was also driven by change in regulation where penal interest has been revised to penal charges and has moved to fee income line.
- Fee income to average assets was at 0.7% down -5bps QoQ but up 16bps YoY.
- **Fee income guidance**
 - The bank is working towards increasing fee income to average assets ratio to 1%.
 - The banks would work towards driving CASA and overdraft facility for higher fee income.

Loan growth

- Total advances in 1Q was at Rs 421.8bn, up by 3.1% QoQ and 18.9% YoY
- **Guidance**
 - The bank would double its balance sheet in 3-3.5 years and register a loan growth of 19%-20% YoY.
- **Co-lending**
 - The Co-lending book was at Rs 29.95bn, down by -2.4% QoQ.
 - The bank has around 10 co-lending partners now.
 - There is no FLDG set-ups with co-lending partners as it is not allowed by regulation.
 - There was an embargo on one of the large co-lending partners and there has been no fresh sourcing but the bank had near-perfect recovery from March to date in that portfolio.
 - The bank has worked with other co-lending partners to make up for the shortfall otherwise the sequential decline would have been much higher on the co-lending book.

Deposits growth

- Deposits growth at 20.2% YoY is faster than advances growth.
- **CASA deposits**
 - CASA deposits have grown by 17.6% YoY.
 - CA deposits have grown by 1.9% YoY whereas SA deposits growth was 21.2% YoY
 - The Bank is more focused towards SA deposits than CA deposits
- **Loan to deposit ratio**
 - The loan to deposit ratio was at 81.6%, down by -132bps QoQ and -88bps YoY
 - **Guidance**
 - The CD ratio would decline from current levels and the bank targets to bring it under 80% in the shorter term.

(Con call takeaways continue on the next page)

Asset quality

- **Slippages**
 - Gross NPA additions amounted to Rs 3.73bn for 1QFY25, translating to an annualized slippage ratio of 3.5% for the quarter. (Gross NPA additions had amounted to Rs 3.23bn during 4QFY24.)
- **Recoveries and upgrades**
 - Recoveries and upgrades amounted to Rs 2.87bn for 1QFY25, implying net NPA addition of Rs 0.86bn for the quarter.
- **Provisions**
 - Provisions were Rs 0.28bn, up by 17.9% QoQ but down by -24.8% YoY, translating to calculated annualised credit cost of 27bps.
 - **Guidance**
 - The management has guided for a credit cost of 35bps.
- **Restructured book**
 - The standard restructured loans stood at Rs 11.40bn or 2.64% of gross advances.
- **NPA ratios**
 - GNPA ratio stands at 3.3%, up 10bps QoQ and 7bps YoY while NNPA ratio stands at 1.2%, up 7bps QoQ but down -1bp YoY.

Return ratios

- The RoA for 1Q was at 0.82% and RoE was at 10.93%.
- **Return ratio guidance**
 - The bank aims to achieve an RoA of 1% and an RoE of 14% in near-term.

Capital Adequacy

- The RWA to total assets was at 53.05%
- The tier I capital ratio was at 14%, down -53bps QoQ and -78bps YoY
- **Capital infusions by promoters**
 - The regulator has asked for few more documents which are under process.
 - The management expects the approval to come in 2QFY25.

Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q1FY25	Q4FY24	% qoq	Q1FY24	% yoy	Q1FY25*	chg qoq*	chg yoy*
Advances	421,810	409,246	3.1	354,740	18.9	100.0	0bps	0bps
Corporate banking	29,105	31,103	(6.4)	28,734	1.3	6.9	-70bps	-120bps
AIB	106,296	103,539	2.7	82,300	29.2	25.2	-10bps	200bps
CV	1,687	1,637	3.1	3,902	(56.8)	0.4	0bps	-70bps
Gold Loans	13,920	12,687	9.7	12,771	9.0	3.3	20bps	-30bps
Mortgage	191,502	183,751	4.2	158,569	20.8	45.4	50bps	70bps
SME and MSME	26,152	24,145	8.3	23,768	10.0	6.2	30bps	-50bps
Co-Lending	29,949	30,693	(2.4)	27,670	8.2	7.1	-40bps	-70bps
Other Loans	23,200	21,690	7.0	17,028	36.2	5.5	20bps	70bps
Total Deposits	516,900	493,530	4.7	430,090	20.2	100.0	0bps	0bps
CASA	131,320	128,420	2.3	111,670	17.6	25.4	-62bps	-56bps
Term	385,580	365,110	5.6	318,420	21.1	74.6	62bps	56bps
RWA	342,250	328,340	4.2	290,880	17.7	NA	NA	NA
Investments	166,520	162,109	2.7	133,950	24.3	NA	NA	NA
Investments/(Invest. + Net Adv.) (%)	28.3	28.4	-7bps	27.4	89bps	NA	NA	NA
Borrowings	53,430	62,195	(14.1)	47,300	13.0	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	9.4	11.2	-182bps	9.9	-54bps	NA	NA	NA

Source: Company, YES Sec – Research, * Share in Total and change in share

Exhibit 3: Key quarterly ratios

(%)	Q1FY25	Q4FY24	chg qoq	Q1FY24	chg yoy
Net interest margin	3.39	3.62	-23bps	3.83	-44bps
Yield on advances	11.50	11.71	-21bps	11.55	-5bps
Cost of Deposits	7.10	7.08	2bps	6.61	49bps
Loan to Deposit ratio	81.6	82.9	-132bps	82.5	-88bps
Non-interest income/Total income	22.4	21.2	120bps	18.5	385bps
Fee Income to Avg. Total Assets	0.7	0.8	-5bps	0.6	16bps
Cost to Income	67.9	63.7	420bps	63.9	401bps
Opex to Avg. Total Assets	2.7	2.7	5bps	2.8	-3bps
RoE^	10.9	13.5	-255bps	11.8	-88bps
RoA^	0.8	1.0	-20bps	0.9	-12bps
Annualised Slippage Ratio*	3.5	3.2	35bps	3.8	-32bps
Provision Coverage	76.0	77.3	-130bps	77.1	-107bps
Gross NPA	3.3	3.2	10bps	3.3	7bps
Net NPA	1.2	1.1	7bps	1.2	-1bps
Capital adequacy ratio	16.0	16.6	-64bps	17.1	-114bps
Tier I capital ratio	14.0	14.5	-53bps	14.8	-78bps

Source: Company, YES Sec – Research, ^ Annualised, * Annualised Gross NPA Addition Ratio

Exhibit 4: Quarterly Actuals Vs Estimates

Q1FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	4,966	5,264	(5.7)
Pre-Prov. Operating Profit	2,054	2,289	(10.3)
Profit After Tax	1,314	1,488	(11.7)

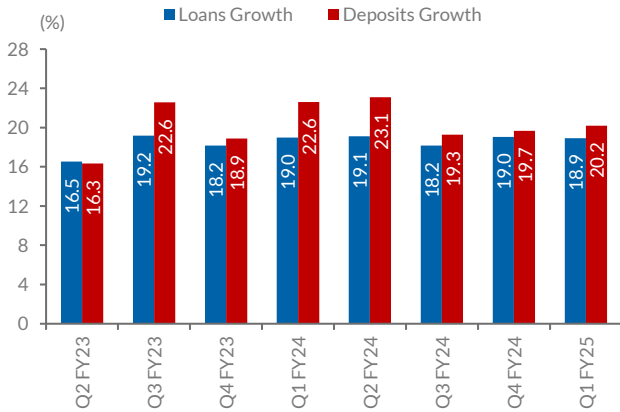
Source: Company, YES Sec – Research

Exhibit 5: Non-Interest Income Break-up

(Rs mn)	Q1FY25	Q4FY24	% qoq	Q1FY24	% yoy
Fee Income (A)	1,140	1,180	(3.4)	750	52.0
Other Income (B)	290	182	59.2	319	(9.2)
Total Non-Interest Income (A+B)	1,430	1,362	5.0	1,069	33.7

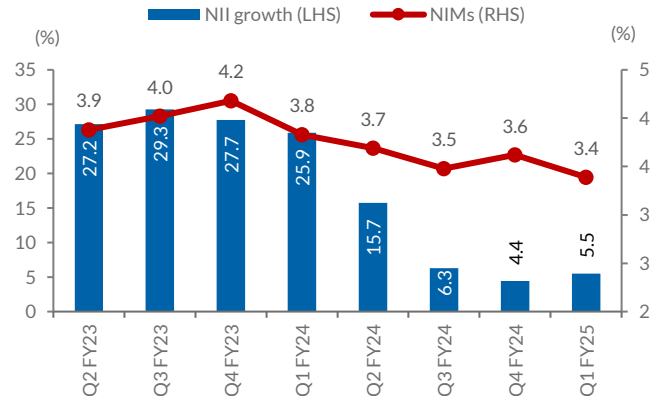
Source: Company, YES Sec - Research

Exhibit 6: Loans and Deposits growth (YoY %)



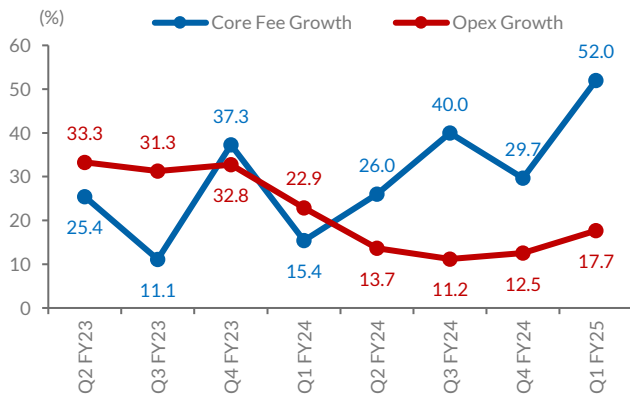
Source: Company, YES Sec – Research

Exhibit 7: NII growth (YoY %) and NIM (%)



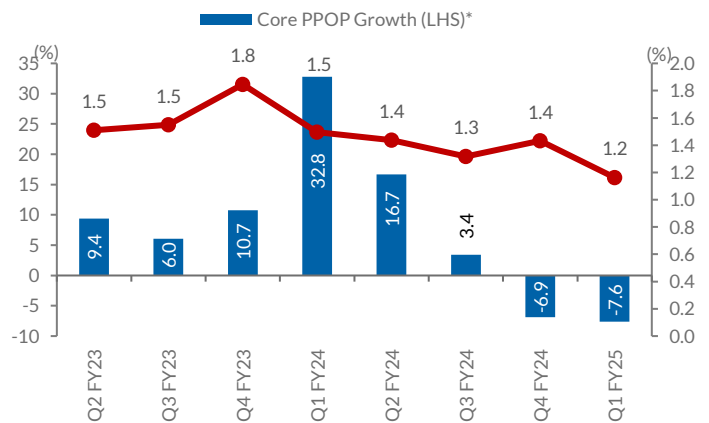
Source: Company, YES Sec – Research

Exhibit 8: Core Fee and Opex growth (YoY %)



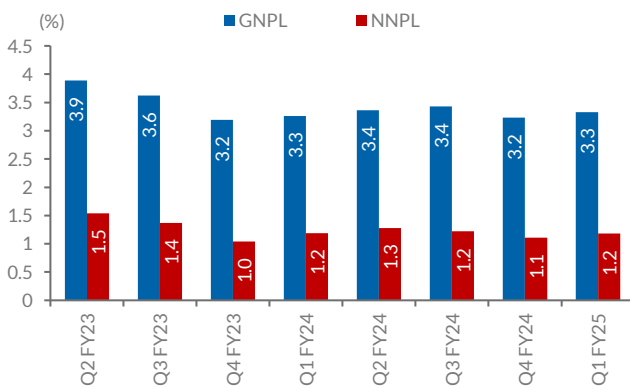
Source: Company, YES Sec – Research

Exhibit 9: Core PPOP growth (YoY %) and Core PPOP margin (%)



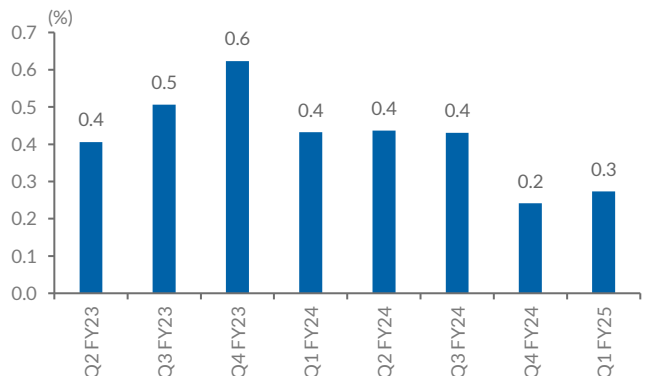
Source: Company, YES Sec – Research. * Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

Exhibit 10: Gross NPA and Net NPA (%)



Source: Company, YES Sec – Research

Exhibit 11: Provisions/Average Advances (%)



Source: Company, YES Sec – Research

Exhibit 12: 1-year rolling P/BV band



Source: Company, YES Sec – Research

Exhibit 13: 1-yr rolling P/BV vis-a-vis the mean and standard deviations



Source: Company, YES Sec – Research

ANNUAL FINANCIALS

Exhibit 14: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Total cash & equivalents	40,908	23,684	30,659	43,462	51,285
Investments	90,982	125,825	162,108	187,687	217,477
Advances	290,958	343,807	409,246	482,910	569,834
Fixed assets	6,612	8,263	8,649	9,514	10,465
Other assets	18,942	22,080	19,708	20,102	20,504
Total assets	448,401	523,659	630,370	743,675	869,565
Net worth	40,488	45,661	50,713	56,433	63,273
Deposits	346,917	412,389	493,530	585,611	694,265
Borrowings	40,818	41,181	62,195	65,878	70,224
Other liabilities	20,178	24,427	23,932	35,754	41,802
Total liabilities incl. Equity	448,401	523,659	630,370	743,675	869,565

Source: Company, YES Sec – Research

Exhibit 15: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Interest income	35,128	42,003	53,620	64,266	75,848
Interest expense	(21,553)	(24,833)	(34,341)	(41,802)	(48,858)
Net interest income	13,575	17,170	19,279	22,463	26,989
Non-interest income	4,520	4,094	4,742	5,685	6,682
Total income	18,095	21,264	24,021	28,148	33,671
Operating expenses	(10,126)	(13,397)	(15,377)	(17,859)	(20,602)
PPoP	7,970	7,867	8,644	10,290	13,069
Provisions	(4,074)	(1,592)	(1,425)	(1,760)	(2,868)
Profit before tax	3,895	6,276	7,220	8,529	10,201
Taxes	(1,020)	(1,620)	(1,860)	(2,209)	(2,642)
Net profit	2,875	4,656	5,360	6,320	7,559

Source: Company, YES Sec – Research

Exhibit 16: Du Pont Analysis (RoA tree)

Y/e 31 Mar (%)	FY22	FY23	FY24	FY25E	FY26E
Interest income	8.3	8.6	9.3	9.4	9.4
Interest expense	-5.1	-5.1	-6.0	-6.1	-6.1
Net interest income	3.2	3.5	3.3	3.3	3.3
Non-interest income	1.1	0.8	0.8	0.8	0.8
Total income	4.3	4.4	4.2	4.1	4.2
Operating expenses	-2.4	-2.8	-2.7	-2.6	-2.6
PPoP	1.9	1.6	1.5	1.5	1.6
Provisions	-1.0	-0.3	-0.2	-0.3	-0.4
Profit before tax	0.9	1.3	1.3	1.2	1.3
Taxes	-0.2	-0.3	-0.3	-0.3	-0.3
Net profit	0.7	1.0	0.9	0.9	0.9

Source: Company, YES Sec – Research

Exhibit 17: 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	NA	22,463	26,989	NA	22,699	27,119	NA	(1.0)	(0.5)
Pre-Prov. Operating Profit	NA	10,290	13,069	NA	10,525	13,199	NA	(2.2)	(1.0)
Profit after tax	NA	6,320	7,559	NA	6,329	7,656	NA	(0.1)	(1.3)

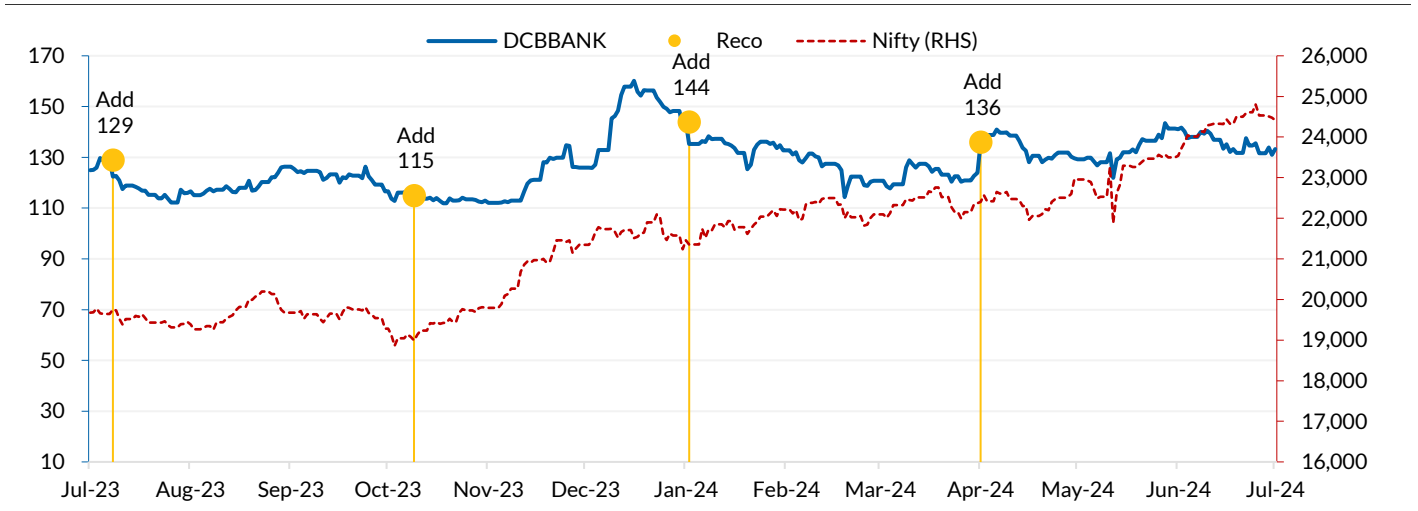
Source: Company, YES Sec – Research

Exhibit 18: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E
Growth matrix (%)					
Net interest income	5.5	26.5	12.3	16.5	20.1
PPoP	-11.3	-1.3	9.9	19.0	27.0
Net profit	-14.4	61.9	15.1	17.9	19.6
Loans	12.1	18.2	19.0	18.0	18.0
Deposits	16.8	18.9	19.7	18.7	18.6
Profitability Ratios (%)					
Net interest margin	3.6	3.9	3.7	3.6	3.6
Return on Average Equity	7.4	10.8	11.1	11.8	12.6
Return on Average Assets	0.7	1.0	0.9	0.9	0.9
Per share figures (Rs)					
EPS	9.2	14.9	17.1	20.2	24.2
BVPS	130	147	162	180	202
ABVPS	112	135	148	164	184
Valuation multiples					
P/E	14	8.9	7.8	6.6	5.5
P/BV	1.0	0.9	0.8	0.7	0.7
P/ABV	1.2	1.0	0.9	0.8	0.7
NIM internals (%)					
Yield on loans	10.3	10.7	11.3	11.4	11.4
Cost of deposits	5.9	5.9	6.8	6.9	6.9
Loan-deposit ratio	83.9	83.4	82.9	82.5	82.1
CASA ratio	26.8	26.4	26.0	26.0	26.0
Opex control (%)					
Cost/Income ratio	56.0	63.0	64.0	63.4	61.2
Cost to average assets	2.4	2.8	2.7	2.6	2.6
Capital adequacy (%)					
Tier 1 capital ratio	15.8	15.2	14.5	13.7	13.0
Asset quality (%)					
Slippage ratio	6.4	5.4	4.0	3.0	2.5
Gross NPL ratio	4.3	3.2	3.2	2.5	2.1
Credit cost	1.0	0.5	0.5	0.4	0.5
Net NPL ratio	2.0	1.0	1.1	1.1	1.0

Source: Company, YES Sec – Research

Recommendation Tracker



STANDARD DISCLAIMER:

YES Securities (India) Limited, Registered Address: 2nd Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400055. Maharashtra, India | **Correspondence Add:** 7th Floor, Urmi Estate Tower A, Ganpatrao Kadam Marg, Opp. Peninsula Business Park, Lower Parel (West), Mumbai - 400 013, Maharashtra, India. | Website: www.yesinvest.in | Email: customer.service@ysil.in

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

Details of Compliance Officer: Aditya Goenka | Email: compliance@ysil.in / Contact No.: 022-65078127 | **Grievances Redressal Cell:** customer.service@ysil.in / igc@ysil.in

Standard Disclaimer: Investment in securities market are subject to market risks; read all the related documents carefully before investing. Above representation provides an overview related to our past performance neither does it provide any guarantee of future performance, nor we are ensuring any guaranteed returns. Actual Client returns may vary depending upon time premium, volatility Index, intrinsic value of the script, open interest, other geopolitical conditions and choice of the customer to execute the recommendation in full or part. All recommendations are published under Research Analyst License of YES Securities (India) Limited (YSIL); execution of the recommendation is at complete discretion of customer without any intervention by the research publisher.

Contents which are exclusively for Non-Broking Products/Services e.g. Mutual Fund, Mutual Fund-SIP, Research reports, Insurance, etc. where the YSIL is just a distributor. These are not Exchange traded product and the YSIL is just acting as distributor. Kindly note that all disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

YSIL is a wholly owned subsidiary of YES Bank Limited. Savings, Current, PIS and Demat Account are offered by YES Bank Limited. Please note Brokerage would not exceed the SEBI prescribed limit. YSIL also acts in the capacity of distributor for Products such as IPOs, Mutual Funds, Mutual Fund-SIPs, NCD/Bonds, etc., All disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

Margin Trading Funding (MTF) is an exchange approved product offered to YSIL trading account holders, as per the regulation and guideline of SEBI Circular: CIR/MRD/DP/54/2017 dated June 13, 2017. For product specification, T&C, rights and obligations statement issued by the YSIL visit https://yesinvest.in/standard_documents_policies

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 YSIL 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 YSIL.

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 Price of each of the securities 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. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. YES Securities (India) Limited conforms with the rules and regulations enumerated in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 as amended from time to time.

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.

YSIL, 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 YSIL 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 Rule 15a-6 under the Securities Exchange Act of 1934 (the "Exchange Act")^[1] 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), the authors of this research report. YES Securities (India) Limited is the concerned representatives (employees) of YES Securities (India) Limited, are responsible for the content of this research report including but not limited to any material conflict of interest of YES Securities (India) Limited in relation to the issuer(s) or securities as listed in this 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. As per SEC Rule 15a-6, the U.S. broker-dealer must accompany any third party research report it distributes with, or provide a web address that directs a recipient to, disclosure of any material conflict of interest that can reasonably be expected to have influenced the choice of a third-party research report provider or the subject company of a third-party research.

FINRA Rules 2241 and 2242, which govern the conduct of research analysts and the content of equity and debt research reports, respectively, apply to all research distributed by a FINRA member firm, including research prepared by a foreign broker-dealer under Rule 15a-6.

- Research reports prepared by a foreign broker-dealer and distributed by a U.S. broker-dealer are deemed to be third party research reports, as reports produced by a person other than a FINRA member.
- Prior to distributing any third party research, a U.S. broker-dealer must assure that such report contains the required disclosures under FINRA Rule 2241(h) or 2242(g)(3), as applicable.

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). As per Rule 15a-6(b)(4) of the Exchange Act, 1934, "Major U.S. institutional investor" means a U.S. institutional investor with assets, or assets under management, in excess of US\$100 million, or a registered investment adviser with assets under management in excess of US\$100 million. 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.

^[1] Rule 15a-6 under the Securities Exchange Act of 1934 provides conditional exemptions from broker-dealer registration for foreign broker-dealers that engage in certain specified activities involving U.S. investors. These activities include:

- (a) Effecting unsolicited securities transactions;
- (b) Providing research reports to major U.S. institutional investors, and effecting transactions in the subject securities with or for those investors;
- (c) Soliciting and effecting transactions with or for U.S. institutional investors or major U.S. institutional investors through a "chaperoning broker-dealer"; and
- (d) Soliciting and effecting transactions with or for registered broker-dealers, banks³ acting in a broker or dealer capacity, certain international organizations, foreign persons temporarily present in the U.S., U.S. citizens resident abroad, and foreign branches and agencies of U.S. persons.

In adopting Rule 15a-6, the SEC sought "to facilitate access to foreign markets by U.S. institutional investors through foreign broker-dealers and the research that they provide, consistent with maintaining the safeguards afforded by broker-dealer registration." [Rule 15a-6 Adopting Release at 54 FR 30013; see also Registration Requirements for Foreign Broker-Dealers, Exchange Act Release No. 25801 (June 14, 1988), 53 FR 23645 (June 23, 1988)].

DISCLOSURE OF INTEREST

Name of the Research Analyst : Shivaji Thapliyal, Siddharth Rajpurohit, Suraj Singhania

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 YSIL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSIL'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 YSIL 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	YSIL has received any compensation from the subject company in the past twelve months	No
6	YSIL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSIL 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	YSIL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSIL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSIL has been engaged in market making activity for the subject company(ies)	No

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

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

Lead Analyst signature

Analyst signature

Associate signature

ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSIL") is a wholly owned subsidiary of YES BANK LIMITED. YSIL 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). YSIL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSIL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL. YSIL 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 YSIL by SEBI/Stock Exchanges.