

Aims entering top-banks club, with focus on quality, RoA

BFSI - Banks ▶ Analyst Meet Update ▶ February 23, 2025

CMP (Rs): 180 | TP (Rs): 240

After the course correction in 3Q, Federal Bank hosted an analyst meet to unveil its long-term (next 3-5 years) business strategy (Plan 4.0) under the aegis of new MD & CEO KVS Manian (ex-Kotak), per which it plans to strengthen its core and tweak its asset/liability profile toward delivering sustained RoA of over 1.4% from 1.2% now. We list its key strategies that aim at leveraging Federal Bank to the top league of banks, in terms of quality and profitability.

Strengthen core, build a true universal bank to be part of the 'top banks' club

Over the years, Federal—under the aegis of erstwhile MD Shyam Srinivasan—has built a healthy phygital franchisee, NR deposit base, diversified asset portfolio with good asset quality, stable and credible internal leadership, and a partnership model (on both, the asset/liability fronts), thereby crossing the hurdle of only 1% RoA. With new MD Manian hired from one of the top league banks (Kotak), Federal made quick necessary corrections in 3Q, including calibrating growth amid rising liquidity/asset quality challenges, accelerated provisions, shored-up LCR being otherwise at major risk per new LCR norms, and shifting new auto loans to fixed rate from floating. Under its Plan 4.0, Federal aspires joining the top league of banks, including ICICIB, HDFCB, Kotak Mah Bank, Axis Bank, and IIB, in terms of quality (vs quantity) and profitability (RoA at over 1.4-2.3%) over the next 3-5Y. Notably, Yes Bank attempted to enter the top banks league albeit in vain; on the other hand, Federal with an already strong platform, credible management, and tweaks in asset/liability and strategy is better placed to propel itself into the top league.

Re-orienting credit, liability portfolio, to deliver superior risk-adjusted NIMs

Unlike mid-cap peers, sub-par margin (3.1% vs 3.5-5%) has always been the key drag for RoA. To improve the margin, the bank, in the past few years, has attempted to diversify its retail portfolio toward unsecured loans; but with the external credit environment turning stressed, it pulled back on growth. Under the new and experienced management, the bank has plans to attempt a measured aggression in the unsecured retail book once the credit environment improves, while also introducing/scaling-up a few products, including used CV/Car, AFH, Micro-LAP, Tractor, Business/SME financing, mid-market corporate lending, and real-estate financing, and thereby improving the share of medium-yielding assets to 34% from 31% and of high-yielding assets to 5% from 3%. However, heavy lifting initially, in terms of margin improvement, will be through re-orienting liabilities. Thus, the bank plans to improve CASA ratio to 36% from 30% by FY28E, with the CA portfolio expanding to 10% from 6% and SA to 26% from 24%. To achieve this, the bank plans to reorient its branch strategy (expansion in Tier 2 & below locations + 'Free the Branch' initiative), focus on the Non-Resident deposit base beyond Kerala/GCC, launch wealth management/affluent banking services, and most importantly accelerate transactional banking fees to drive up current deposit flow/fees.

High on aspirations; but better execution could lead to rerating in the long run

Notwithstanding the near-term consolidation phase due to calibrated growth, margin pressure amid rate cut cycle, and prudent provisioning leading to some moderation in RoA, we believe Federal—under the new leadership and some tweaks in its already strong asset/liability platform—is well positioned to deliver better RoA from FY27E and thus see a re-rating. We appreciate the new MD's strategy to undertake swift course correction in 3Q within a short span after joining the bank and unveiling the long-term vision (the next 3-5Y; though indicating a broader range instead of hardcoded targets amid the uncertain environment), unlike Kotak Mah Bank. We continue to prefer Federal Bank among SMID banks given its aspiration to enter the top league of banks, and thus retain BUY on the stock with TP of Rs240 (based on 1.4x Dec-26E ABV and subs at Rs14/share).

Target Price – 12M	Dec-25
Change in TP (%)	(11.1)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	33.3

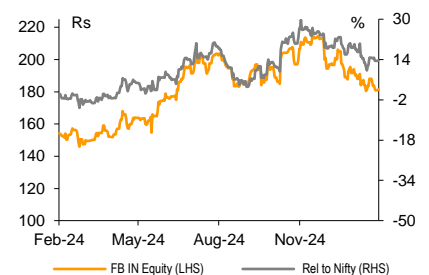
Stock Data	FB IN
52-week High (Rs)	217
52-week Low (Rs)	140
Shares outstanding (mn)	2,454.4
Market-cap (Rs bn)	441
Market-cap (USD mn)	5,091
Net-debt, FY25E (Rs mn)	NA
ADTV-3M (mn shares)	10
ADTV-3M (Rs mn)	1,687.7
ADTV-3M (USD mn)	19.5
Free float (%)	99.5
Nifty-50	22,795.9
INR/USD	86.7

Shareholding, Dec-24

Promoters (%)	0.0
FPIs/MFs (%)	26.1/48.4

Price Performance

(%)	1M	3M	12M
Absolute	(6.5)	(14.7)	17.0
Rel. to Nifty	(5.6)	(12.6)	13.2

1-Year share price trend (Rs)**Federal Bank: Financial Snapshot (Standalone)**

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net profit	30,106	37,206	39,791	44,786	55,043
Loan growth (%)	20.4	20.0	12.6	13.1	15.1
NII growth (%)	21.3	14.7	15.0	12.0	18.0
NIM (%)	3.3	3.1	3.1	3.1	3.2
PPOP growth (%)	27.6	7.9	21.3	13.9	22.7
Adj. EPS (Rs)	14.2	15.3	16.2	18.2	22.4
Adj. EPS growth (%)	58.3	7.4	6.1	12.6	22.9
Adj. BV (INR)	96.3	114.4	131.3	147.2	167.2
Adj. BVPS growth (%)	16.6	18.7	14.8	12.2	13.6
RoA (%)	1.3	1.3	1.2	1.2	1.3
RoE (%)	15.2	14.9	12.9	12.7	13.9
P/E (x)	11.8	11.0	10.3	9.2	7.5
P/ABV (x)	1.7	1.5	1.3	1.1	1.0

Source: Company, Emkay Research

Anand Dama

anand.dama@emkayglobal.com
+91-22-66242480

Nikhil Vaishnav

nikhil.vaishnav@emkayglobal.com
+91-22-66242485

Kunaal N

kunaal.n@emkayglobal.com
+91-22-66121275

This report is intended for gaurav.narkar@emkayglobal.com use and downloaded at 02/24/2025

Key Takeaways

Macro-environment turning stressed calls for calibrated growth

- Rising macro-economic disruptions including liquidity constraints and asset quality are clouding the near-term growth outlook for the banking industry, as also for the Federal.
- The bank has already adopted a calibrated credit growth approach and accelerated provisions from the beginning-Q3FY25 which is expected to continue in the near term.

Long term goal under Plan 4.0 – Join the top boys banking club!

- Under the leadership of the new MD Manian, Federal Bank aims to position itself among the top PVBs over the next 3-5 years, in terms of portfolio quality and profitability (RoA of over 1.4-2.3%), but not quantity.
- The bank plans to double its balance sheet and evolve into a true universal bank.
- As part of Plan 4.0, the bank has identified key 12 themes/focus areas, including expanding product portfolio, enhancing fees via transaction/para banking; expanding branches in Tier 2 cities & beyond; branch transformation – free the branch from operational load to do sourcing and value-added business; brand transformation positioning Federal as a national bank; renewed digital distribution; re-orienting people and culture; cost optimization in the long run (in the near term, it will go up); strengthening assurance functions and thus taking a step toward becoming a universal bank in the true sense; and moving beyond its current plain vanilla banking services.

Key strategies and the roadmap

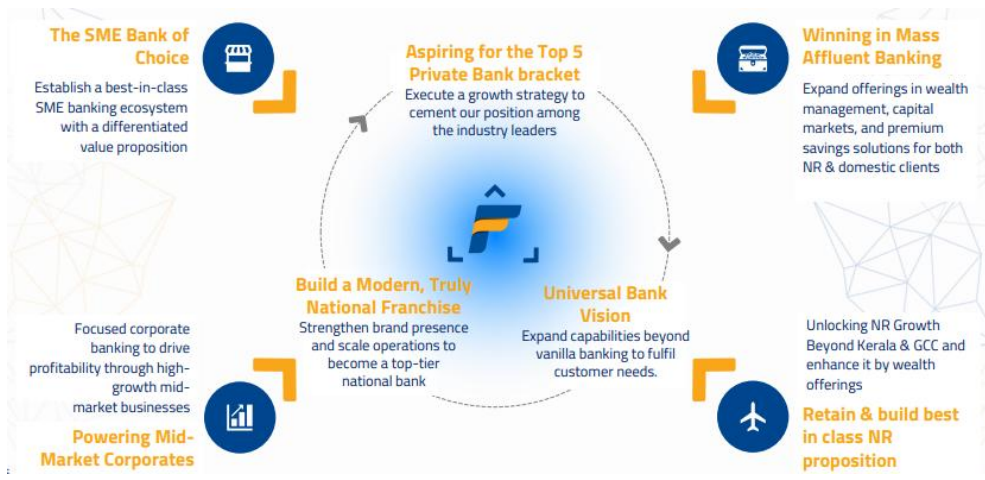
- **Strengthening its position as an SME bank of choice** - Federal Bank aims to become the preferred bank for SMEs, offering the entire gamut of products including trade and forex, CMS, and other banking services. This should help it generate better margins, transactional banking fees, and float/CA deposits.
- **Play to its strength in mid-corporate banking** – The bank plans to enhance corporate banking profitability by focusing on mid-market corporates, rather than competing in the large corporate segment.
- **Expand retail product portfolio** – The bank plans to introduce/scale-up products including LAP, SME, CV, real estate finance, MFI, and AHS, either organically or inorganically. It also plans to cross-sell EMI-based unsecured business loans to existing customers, while maintaining asset quality.
- **Expand affluent banking** – NR business is a moat for the bank where it has 7% market share on the deposit front, with an even higher share on the NRE front. The bank plans to strengthen this further and expand this beyond Kerala and GCC, while enhancing it through wealth offerings.
- **Focus on the otherwise sub-par NIM improvement** – The bank aims to improve its NIM over the next 3-5 years with heavy lifting to be done via liability re-orientation and partly by asset re-orientation. The bank plans to improve CASA ratio, from 30% to 36%, by FY28E, with the CA expanding to 10% from 6% and SA to 26% from 24%. To achieve this, the bank plans to reorient its branch strategy (expansion in Tier 2 & below locations + 'Free the Branch' initiative), focus on the Non-Resident deposit base beyond Kerala/GCC, launch wealth management/affluent banking services, and most importantly accelerate transactional banking fees to drive up current deposit flow/fees.
- **Enhance fee income; a difficult task** – The bank aims to boost its fee income from trade and forex, wealth management, bancassurance, CMS, credit cards, and cross-selling segment-specific offerings for mass affluents, NR, SME, and mid-market clients. The bank recognizes that improving fee in the near term will be challenging, but will be one of the important pillars for driving up RoA in the long run.
- **Branch expansion and transformation** – The bank plans to add 400-450 branches till FY28, at a gradual pace, and aims to "free the branch" from overburdened operational load and thus sweat the branches to source business and improve overall efficiency.

Other highlights

- While the bank is cautious about the unsecured space, it finds the credit card business to be more attractive than PL, within the given boundaries.
- Given the competitive nature of the home loan market, where pricing is the primary lever, the Federal Bank plans to cross-sell to savings account (SA) customers. This is because 85% of the bank's home loan customers also have savings accounts with the bank, and they typically maintain higher balances to manage their EMIs, thus benefiting the bank.
- The bank has MFI loans outstanding of up to Rs41bn (~2% of the overall book) as of Dec-24, serving 1.35mn customers (female: 98%; rural areas: 66%). Despite MFI loans being a high-yielding portfolio, the bank does not intend (to grow this) to make this a sizable part of its balance sheet.
- The bank will prioritize improving RoE, driven by enhanced RoA. It aims to achieve RoA within the 1.4-2.2% range (aligned with top-performing banks), up from the current 1.2%. This improvement will be fueled by better margins and fees, partially offset by a modest increase in operational costs.

Story in Charts

Exhibit 1: The bank, charting its future, by strengthening its foundation and expanding its horizons



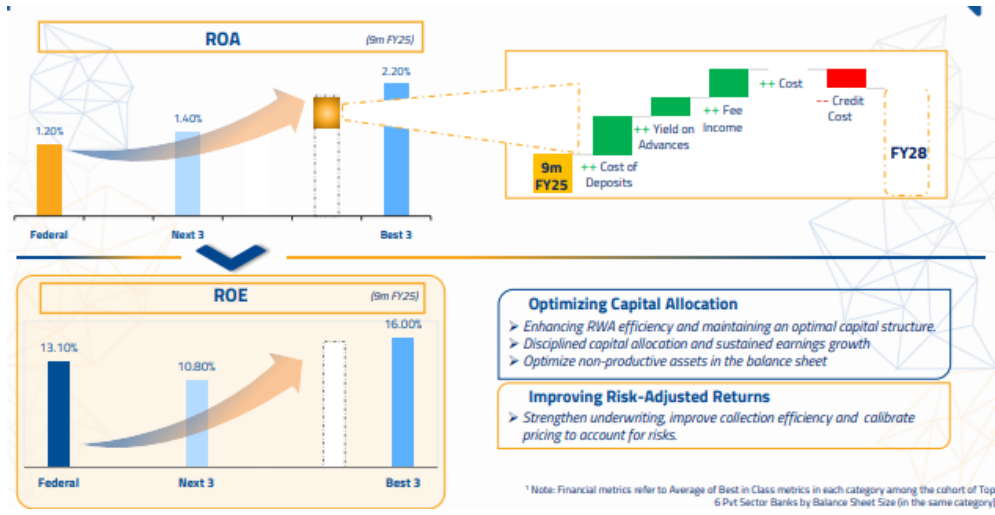
Source: Company, Emkay Research

Exhibit 2: Further, breakthrough will be achievable via key themes



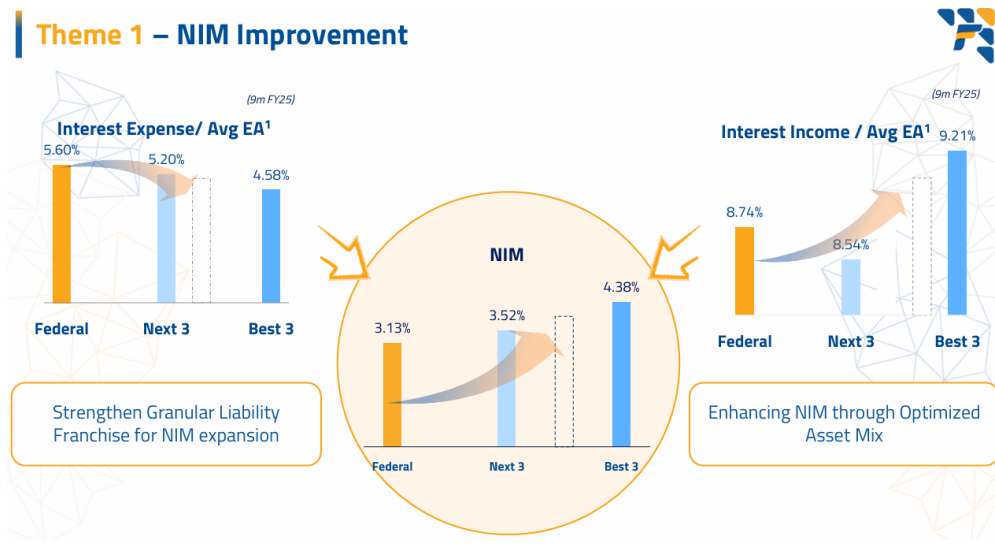
Source: Company, Emkay Research

Exhibit 3: ROA improvement will be led by liability franchise, followed by fee income and yields, and offset by credit costs



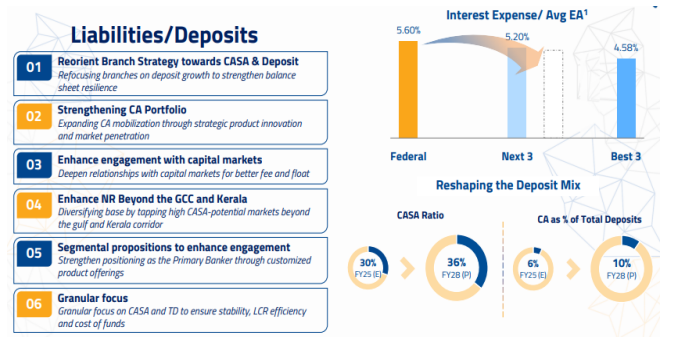
Source: Company, Emkay Research

Exhibit 4: NIM improvement to be the key focus area



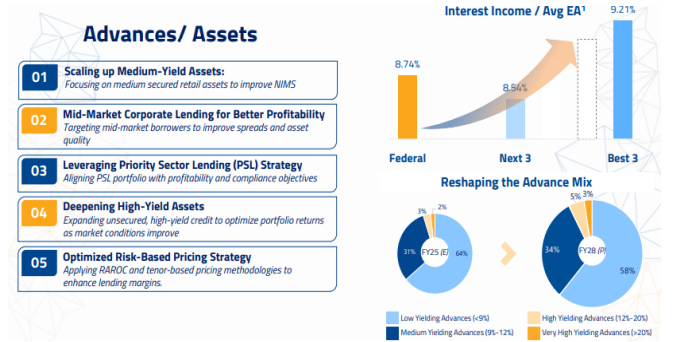
Source: Company, Emkay Research

Exhibit 5: NIM improvement mainly driven by liability franchise...



Source: Company, Emkay Research

Exhibit 6: ...as well as reshaping its advance mix



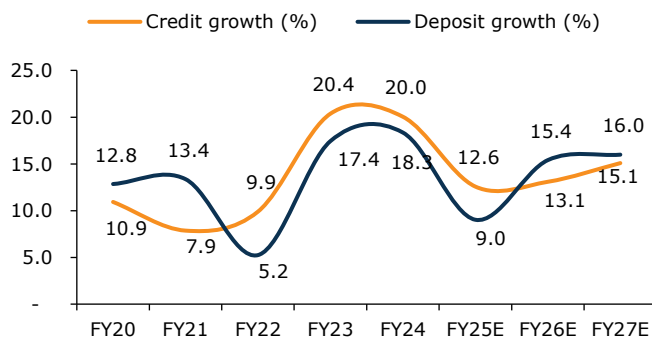
Source: Company, Emkay Research

Exhibit 7: The bank, reshaping its credit portfolio, by focusing on scaling-up/introducing medium- and high-yielding products



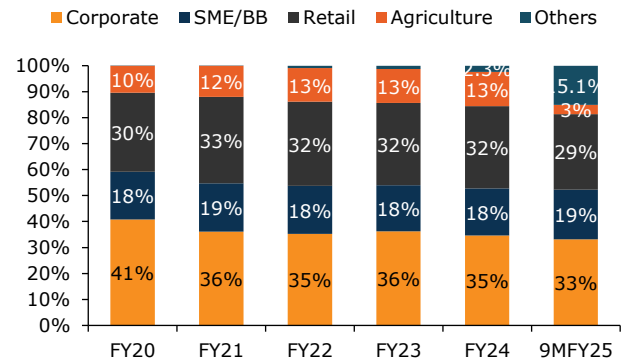
Source: Company, Emkay Research

Exhibit 8: The bank is expected to increase its advances by 1.5x of nominal GDP growth, while it focuses more on garnering deposits, especially the current account



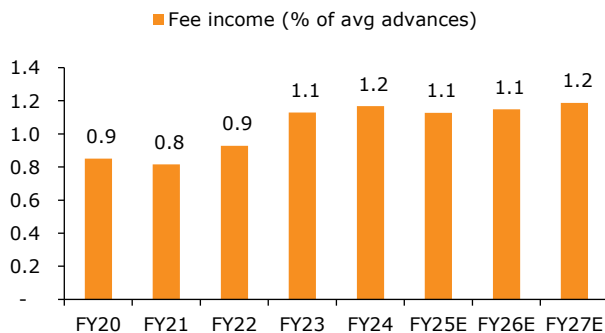
Source: Company, Emkay Research

Exhibit 9: The bank’s loan mix changed, with focus remaining on retail loans while the corporate share moderates



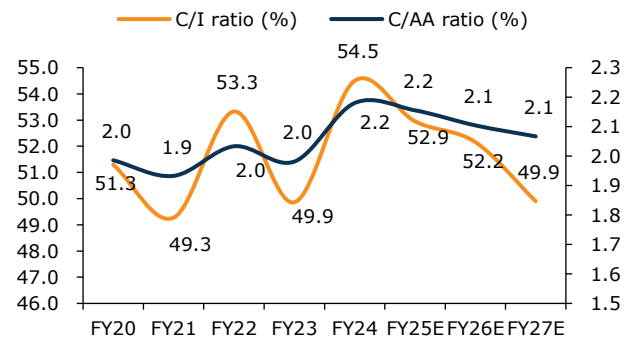
Source: Company, Emkay Research; Note: For 9MFY25, 'other' denotes gold loans, as the bank has carved out its gold loan from agri/retail loans and report separately as gold loans

Exhibit 10: The bank aims to enhance its fee income by exploring new opportunities through product co-origination and cross-selling



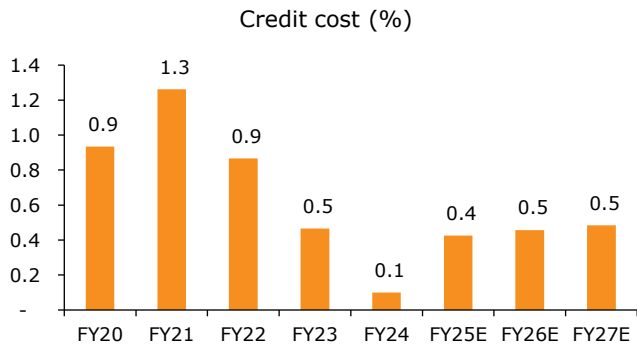
Source: Company, Emkay Research

Exhibit 11: C/I ratio to moderate with focus on cost optimization



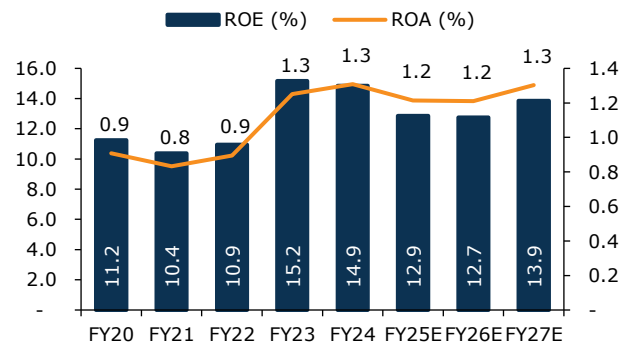
Source: Company, Emkay Research

Exhibit 12: Credit cost to be contained



Source: Company, Emkay Research

Exhibit 13: We expect RoA/RoE to stay healthy, aided by a better fee-to-cost ratio and contained credit cost



Source: Company, Emkay Research

Federal Bank: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	168,036	221,883	266,388	288,491	317,260
Interest Expense	95,715	138,948	170,981	181,640	191,182
Net interest income	72,322	82,935	95,407	106,851	126,078
NII growth (%)	21.3	14.7	15.0	12.0	18.0
Other income	23,300	30,793	37,956	42,497	48,887
Total Income	95,622	113,728	133,364	149,348	174,965
Operating expenses	47,678	61,983	70,616	77,895	87,307
PPOP	47,944	51,745	62,748	71,453	87,659
PPOP growth (%)	27.6	7.9	21.3	13.9	22.7
Core PPOP	47,647	48,989	56,135	64,179	79,657
Provisions & contingencies	7,499	1,961	9,587	11,579	14,071
PBT	40,445	49,784	53,160	59,874	73,587
Extraordinary items	0	0	0	0	0
Tax expense	10,339	12,578	13,370	15,088	18,544
Minority interest	0	0	0	0	0
Income from JV/Associates	-	-	-	-	-
Reported PAT	30,106	37,206	39,791	44,786	55,043
PAT growth (%)	59.3	23.6	6.9	12.6	22.9
Adjusted PAT	30,106	37,206	39,791	44,786	55,043
Diluted EPS (Rs)	14.2	15.3	16.2	18.2	22.4
Diluted EPS growth (%)	58.3	7.4	6.1	12.6	22.9
DPS (Rs)	1.0	1.2	1.4	1.6	1.8
Dividend payout (%)	7.0	7.9	8.6	8.8	8.0
Effective tax rate (%)	25.6	25.3	25.2	25.2	25.2
Net interest margins (%)	3.3	3.1	3.1	3.1	3.2
Cost-income ratio (%)	49.9	54.5	52.9	52.2	49.9
Shares outstanding (mn)	2,116.2	2,435.4	2,455.0	2,455.0	2,455.0

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Asset quality					
Gross NPLs	41,837	45,288	47,202	52,069	57,665
Net NPLs	12,050	12,553	11,801	14,059	16,146
GNPA ratio (%)	2.4	2.1	2.0	1.9	1.9
NNPA ratio (%)	0.7	0.6	0.5	0.5	0.5
Provision coverage (%)	71.2	72.3	75.0	73.0	72.0
Gross slippages	17,191	17,415	19,141	24,333	27,983
Gross slippage ratio (%)	1.2	1.0	0.8	0.9	0.9
LLP ratio (%)	0.5	0.1	0.4	0.5	0.5
NNPA to networth (%)	5.3	4.2	3.4	3.6	3.7
Capital adequacy					
Total CAR (%)	14.8	16.1	16.2	16.0	15.7
Tier-1 (%)	13.0	14.6	14.9	14.8	14.7
CET-1 (%)	13.0	14.6	14.9	14.8	14.7
RWA-to-Total Assets (%)	60.3	61.5	62.0	62.0	62.0
Miscellaneous					
Total income growth (%)	21.5	32.1	20.4	8.8	10.6
Opex growth (%)	11.1	30.0	13.9	10.3	12.1
Core PPOP growth (%)	37.9	2.8	14.6	14.3	24.1
PPOP margin (%)	25.1	20.5	20.6	21.6	23.9
PAT/PPOP (%)	62.8	71.9	63.4	62.7	62.8
LLP-to-Core PPOP (%)	15.7	4.0	17.1	18.0	17.7
Yield on advances (%)	8.5	9.3	9.6	9.3	8.9
Cost of funds (%)	4.5	5.5	6.0	5.7	5.2

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	4,232	4,871	4,910	4,910	4,910
Reserves & surplus	208,714	283,151	326,226	367,083	417,708
Net worth	212,946	288,022	331,136	371,993	422,618
Deposits	2,133,860	2,525,340	2,753,186	3,177,293	3,685,115
Borrowings	193,193	180,264	236,374	225,553	215,273
Interest bearing liab.	2,327,053	2,705,604	2,989,560	3,402,846	3,900,388
Other liabilities & prov.	63,419	89,492	149,241	159,667	191,471
Total liabilities & equity	2,603,418	3,083,118	3,469,937	3,934,506	4,514,477
Net advances	1,744,469	2,094,033	2,357,213	2,665,644	3,067,683
Investments	489,833	608,595	675,592	770,184	884,793
Cash, other balances	176,887	189,629	209,269	238,199	273,027
Interest earning assets	2,411,189	2,892,258	3,242,074	3,674,027	4,225,503
Fixed assets	9,340	10,201	11,123	12,208	13,421
Other assets	182,889	180,660	216,740	248,271	275,552
Total assets	2,603,418	3,083,118	3,469,936	3,934,506	4,514,477
BVPS (Rs)	100.6	118.2	134.9	151.5	172.1
Adj. BVPS (INR)	96.3	114.4	131.3	147.2	167.2
Gross advances	1,774,256	2,126,768	2,392,614	2,703,654	3,109,202
Credit to deposit (%)	81.8	82.9	85.6	83.9	83.2
CASA ratio (%)	32.9	29.6	29.6	29.8	31.0
Cost of deposits (%)	4.4	5.5	6.0	5.7	5.2
Loans-to-Assets (%)	67.0	67.9	67.9	67.8	68.0
Net advances growth (%)	20.4	20.0	12.6	13.1	15.1
Deposit growth (%)	17.4	18.3	9.0	15.4	16.0
Book value growth (%)	14.9	17.5	14.1	12.3	13.6

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	11.8	11.0	10.3	9.2	7.5
P/B (x)	1.7	1.4	1.2	1.1	1.0
P/ABV (x)	1.7	1.5	1.3	1.1	1.0
P/PPOP (x)	7.9	8.5	7.0	6.2	5.0
Dividend yield (%)	0.6	0.7	0.8	0.9	1.0
DuPont-RoE split (%)					
NII/avg assets	3.0	2.9	2.9	2.9	3.0
Other income	1.0	1.1	1.2	1.1	1.2
Fee income	0.9	0.8	0.8	0.9	0.9
Opex	2.0	2.2	2.2	2.1	2.1
PPOP	2.0	1.8	1.9	1.9	2.1
Core PPOP	2.0	1.7	1.7	1.7	1.9
Provisions	0.3	0.1	0.3	0.3	0.3
Tax expense	0.4	0.4	0.4	0.4	0.4
RoA (%)	1.3	1.3	1.2	1.2	1.3
Leverage ratio (x)	12.1	11.4	10.6	10.5	10.6
RoE (%)	15.2	14.9	12.9	12.7	13.9

Quarterly data					
Rs mn, Y/E Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25E
NII	21,951	22,920	23,672	24,313	24,502
NIM (%)	3.2	3.2	3.1	3.1	3.1
PPOP	11,104	15,009	15,653	15,695	16,391
PAT	9,067	10,095	10,567	9,554	9,574
EPS (Rs)	14.9	16.5	17.2	15.6	15.6

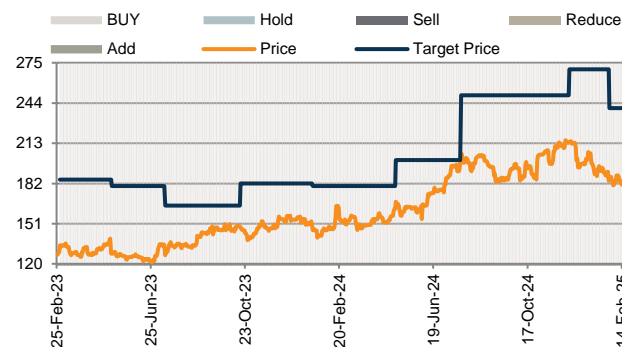
Source: Company, Emkay Research

RECOMMENDATION HISTORY – DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
29-Jan-25	186	240	Buy	Anand Dama
09-Dec-24	214	270	Buy	Anand Dama
29-Oct-24	201	250	Buy	Anand Dama
24-Jul-24	201	250	Buy	Anand Dama
02-May-24	168	200	Buy	Anand Dama
19-Feb-24	163	180	Buy	Anand Dama
17-Jan-24	146	180	Buy	Anand Dama
30-Nov-23	147	182	Buy	Anand Dama
17-Oct-23	148	182	Buy	Anand Dama
13-Jul-23	127	165	Buy	Anand Dama
06-May-23	128	180	Buy	Anand Dama
09-Mar-23	134	185	Buy	Anand Dama
01-Mar-23	134	185	Buy	Anand Dama

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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 BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] 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 and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("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. However, SEBI and Stock Exchanges had conducted their 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 its existing 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.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company 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. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. 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 EGFSL; 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. 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 affiliates. 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 report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, 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. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

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. Except 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. 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.

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 associated persons¹ may have served 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 may have Financial Interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of February 23, 2025
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report

Disclosure of previous investment recommendation produced:

- EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of February 23, 2025
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the February 23, 2025
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
- EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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

OTHER DISCLAIMERS AND DISCLOSURES:**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) -:**

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.