

# Monetary Policy

Refer to important disclosures at the end of this report

## A call for complementarity

- **The growth-centric budget has implied elevated market borrowings, further spooking the bond market which was already reeling under pressure since January on fears of an apparent liquidity withdrawal. The unintended financial tightening amid a nascent growth recovery is neither optimal nor desirable at current juncture. The upcoming RBI policy will likely be vociferous on communication on being the heavy-duty balancing factor in Gsec demand-supply ahead. We reckon there seems much ado about fiscal dominance of the monetary policy in the current context and monetary policy complementarity is presently needed.**
- **In addition, on the liquidity management front, the (mis)communication loop between the RBI and markets needs to be broken. The policy intent has been to tackle the liquidity asymmetry than to tighten its state, and to fix misplaced risk bets in money markets. We watch out for actions - such as 1) defined OMO calendar and secondary market G-sec buying; 2) no increase in variable reverse repo (VRR) quantum; and 3) maintenance of adequate system liquidity - as strong policy signals. However, we reckon the RBI will continue to strive fixing the artificially skewed yield curve and maintain its preference for curve flattening. We also watch out for the introduction of tools such as MSS bonds and/or standing deposit facility (SDF) ahead.**

### A growth-centric budget has come at a cost...

The FY22 budget has struck all the right chords, ensuring that the underlying fiscal impulse does not become pro-cyclical ahead. However, its cost has come in the form of elevated Net/Gross market borrowing at Rs9.25tn/Rs12.05tn. This has further soured G-sec yields, which have been reeling under pressure since the fear of supposed liquidity tightening by the RBI hit the markets in early January (see *"Liquidity normalization ≠ Liquidity tightening"*, Jan 12, 2021). The pressure is now felt across the yield curve unlike recent weeks where the pressure was shorter-tenor centric. The 10-yr yield has comfortably breached the psychologically crucial 6% mark. Against this backdrop, the upcoming MPC will assume importance to gauge the central bank's reaction function ahead.

### "Need" to reverse unintended financial tightening but...

Honestly, there is no straight answer as to how to reverse the unintended financial tightening which started with shorter tenor and has now engulfed the whole curve. We are still far from that state which is neither optimal nor desirable at current juncture. With elevated borrowings and policy rates likely having bottomed out, the appetite for duration risk on G-sec will likely fade. Thus, RBI support in the form of vigorous OMOs will be required to maintain demand-supply balance and pressure on the longer end of the curve. Further, we believe that the liquidity withdrawal will be a gradual process. We reckon current liquidity deluge is not necessarily feeding into present inflation dynamics as the credit offtake remains sluggish. Any premature tightening of market rates could also be counter-productive and instead lead to more speculative FX flows and also hurt nascent growth recovery and credit offtake, while increasing the RBI's problem of plenty.

### ... "how" remains a challenge

We would watch out for a more vociferous RBI on OMOs/OTs in the upcoming policy. On the liquidity management front, we maintain that the policy intent was to tackle the liquidity asymmetry than to tighten its state, and to fix misplaced risk bets in money markets. (see *"That Taper Tantrum like feeling..."*, Jan 19, 2021). Thus, the (mis)communication loop between the central bank and markets needs to be broken. Actions such as 1) not increasing the quantum of VRR and 2) maintenance of adequate system liquidity could send a strong signal to markets to align them back to the RBI's intent. However, we reckon that RBI will continue to strive fixing artificially skewed yield curve and maintain its preference for curve flattening. We watch out for possible action in the form of (including any delay) an expected 1% CRR normalization (which should withdraw Rs1.6tn from the system), MSS bonds and/or SDF introduction, among others.

### Much ado about fiscal dominance of monetary policy

There is much ado about the fiscal dominance of monetary policy in the current context where the RBI may have to absorb more than 40% of market loans in FY22E. However, we believe that the countercyclical fiscal stance is indispensable at the current juncture to sustain demand and mitigate the long-term costs of the crisis. Monetary policy can complement these efforts, amid its current constraint effective lower bound of policy rates. In times like these, it may not be prudent to limit fiscal policies "today" to protect monetary dominance "tomorrow". On the contrary, using fiscal and structural policies more actively in the current environment may foster central bank independence. This is because such policies may boost potential growth and thereby increase the monetary policy space in the future. A lower welfare cost of public debt may be needed when public funds are used for investments addressing growing economic externalities. Although this should not be confused with modern monetary theory (MMT), which denies the government's intertemporal budget constraint. We reckon that once the sustainable growth path, the fiscal policy should take a backseat again and regain the policy room.

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty \(Page 3\)](#)

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

**Madhavi Arora**  
madhavi.arora@emkayglobal.com  
+91 22 6612 1341

## Key Highlights

- **The (mis)communication loop between the RBI and markets needs to be broken by strong market signalling by the central bank.**
- **Amid heavy supply and fading appetite for duration risk on G-secs, vigorous and pre-announced OMOs are needed in FY22.**
- **Liquidity management over time needs to be calibrated, ensuring financial conditions do not tighten prematurely.**
- **The RBI's preference for curve flattening may remain. Watch out for possible action in the form of MSS, SDF introduction, etc.**

**Exhibit 1: Spike in cost of sovereign and corporate borrowing**

Security	Post Dec MPC	Post VRR auction	Post Budget (t+1)
	4-Dec	15-Jan	2-Feb
<b>Gsec</b>			
Gsec-3 Yr	4.40	5.01	5.24
Gsec-5 Yr	5.03	5.51	5.75
Gsec-10 Yr	5.82	5.95	6.13
<b>Corporate Bonds (AAA)</b>			
AAA - 3 Yr	4.56	5.10	5.25
AAA - 5 Yr	5.45	5.76	6.00
AAA - 10 Yr	6.57	6.72	6.85
<b>Corporate Bonds (AA)</b>			
AA - 3 Yr	5.47	6.01	6.10
AA - 5 Yr	5.45	5.76	6.00
AA - 10 Yr	7.36	7.45	7.66

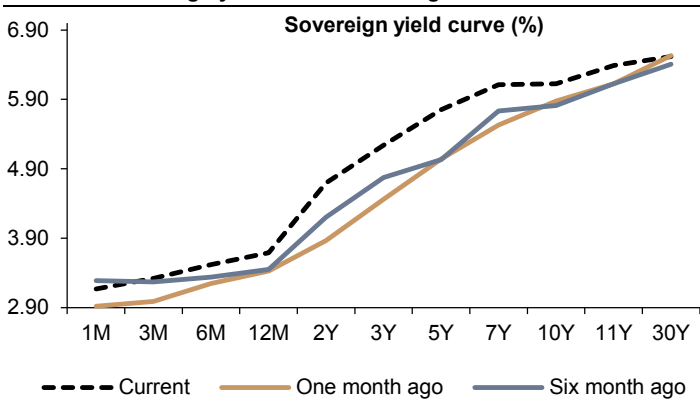
Source: Bloomberg, Emkay Research

**Exhibit 2: Money market rates now aligning towards reverse repo**

Money Market Rates (%)	Post Dec MPC	Post VRR auction	Post Budget (t+1)
	4-Dec	15-Jan	2-Feb
TREPS (Erstwhile CBLO)	2.69	2.86	3.21
Call money rate	2.64	2.75	3.20
3M- T bill	2.97	3.29	3.34
Net Banking Liquidity (Rs. Tn)	6.98	6.33	7.44

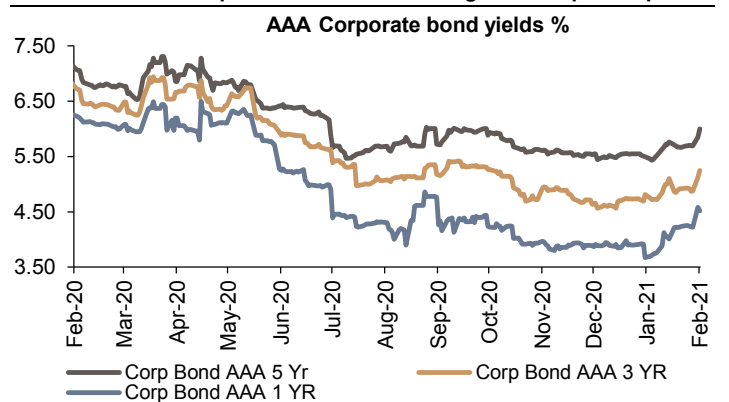
Source: Bloomberg, Emkay Research

**Exhibit 3: Sovereign yields have seen surge across the curve**



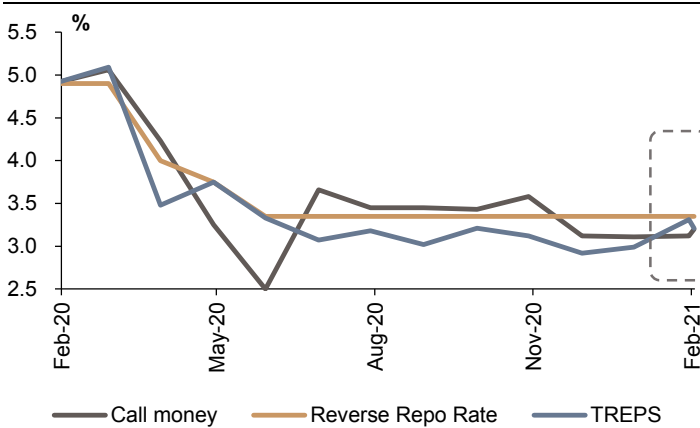
Source: Bloomberg, Emkay Research

**Exhibit 4: ...with corporate bonds also feeling the unexpected pinch**



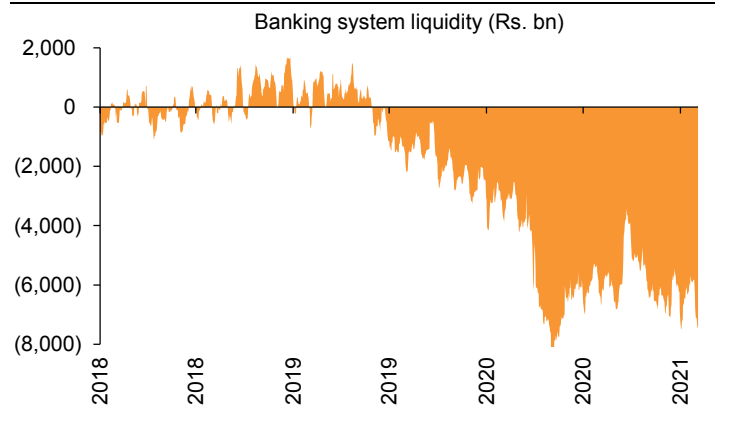
Source: Bloomberg, Emkay Research

**Exhibit 5: Call money and TREPS rates are still trading below lower end of the policy corridor, albeit have gone up...**



Source: Bloomberg, Emkay Research

**Exhibit 6: ...As easy liquidity (Rs.7.4tn currently) finds its way out of the LAF to other avenues**



Source: Bloomberg, Emkay Research

## Emkay Alpha Portfolio – Nifty

### EAP-Nifty (25 stocks)

Company Name	Nifty Weight	Nifty EAP Weight	OW/UW	OW/UW
<b>Agri Input &amp; Chemicals</b>	<b>0.49</b>	<b>0.00</b>	<b>-100%</b>	<b>-49</b>
UPL	0.49	0.00	-100%	-49
<b>Auto &amp; Auto Ancillaries</b>	<b>5.95</b>	<b>9.85</b>	<b>66%</b>	<b>390</b>
Bajaj Auto	0.87	1.85	114%	99
Eicher Motors	0.64	1.39	117%	75
Hero Motocorp	0.68	0.91	34%	23
Mahindra & Mahindra	1.24	0.00	-100%	-124
Maruti Suzuki India	1.61	2.86	77%	125
Tata Motors	0.91	2.84	211%	193
<b>BFSI-Banks</b>	<b>27.52</b>	<b>36.65</b>	<b>33%</b>	<b>913</b>
Axis Bank	2.80	6.70	139%	390
Bandhan Bank	0.00	2.55	NA	255
HDFC Bank	10.75	9.22	-14%	-153
ICICI Bank	6.75	8.71	29%	196
Indusind Bank	0.88	3.79	332%	291
Kotak Mahindra Bank	4.32	0.00	-100%	-432
State Bank of India	2.02	5.69	181%	366
<b>BFSI-Insurance</b>	<b>1.38</b>	<b>1.97</b>	<b>42%</b>	<b>59</b>
HDFC Life	0.85	0.00	-100%	-85
SBI Life	0.53	1.97	269%	144
<b>BFSI-NBFCs</b>	<b>10.64</b>	<b>9.45</b>	<b>-11%</b>	<b>-120</b>
Bajaj Finserv	0.91	0.00	-100%	-91
Bajaj Finance	2.17	0.00	-100%	-217
Cholamandalam Investment	0.00	1.94	NA	194
HDFC	7.57	7.51	-1%	-5
<b>Cement &amp; Building Materials</b>	<b>2.41</b>	<b>4.41</b>	<b>83%</b>	<b>200</b>
Grasim Industries	0.73	2.24	207%	151
Shree Cements	0.56	0.00	-100%	-56
Ultratech Cement	1.12	2.17	94%	105
<b>Consumer Goods &amp; Retail</b>	<b>10.54</b>	<b>6.30</b>	<b>-40%</b>	<b>-424</b>
Asian Paints	1.76	0.00	-100%	-176
Britannia Industries	0.65	0.41	-37%	-24
Hindustan Unilever	3.15	0.00	-100%	-315
ITC	3.02	1.52	-50%	-150
Nestle India	0.97	0.00	-100%	-97
Titan Company	0.98	2.42	147%	144
United Breweries	0.00	1.95	NA	195
<b>Engineering &amp; Capital Goods</b>	<b>2.91</b>	<b>1.29</b>	<b>-56%</b>	<b>-162</b>
Larsen & Toubro	2.91	1.29	-56%	-162
<b>Information Technology</b>	<b>16.37</b>	<b>12.48</b>	<b>-24%</b>	<b>-390</b>
HCL Tech	1.64	3.12	90%	148
Infosys	7.46	6.93	-7%	-53
TCS	5.33	0.00	-100%	-533
Tech Mahindra	0.94	2.42	158%	148
Wipro	1.01	0.00	-100%	-101
<b>Metals &amp; Mining</b>	<b>2.39</b>	<b>3.01</b>	<b>26%</b>	<b>62</b>
Coal India	0.44	0.68	56%	24
Hindalco	0.59	1.09	84%	50
JSW Steel	0.60	0.00	-100%	-60
Tata Steel	0.77	1.25	62%	48
<b>Oil &amp; Gas</b>	<b>11.69</b>	<b>3.07</b>	<b>-74%</b>	<b>-862</b>
BPCL	0.52	2.54	390%	202
GAIL	0.38	0.00	-100%	-38
Indian Oil	0.40	0.00	-100%	-40
ONGC	0.54	0.53	-1%	0
Reliance Industries	9.86	0.00	-100%	-986
<b>Pharmaceuticals</b>	<b>3.28</b>	<b>6.50</b>	<b>98%</b>	<b>322</b>
Cadila Healthcare	0.00	1.97	NA	197
Cipla	0.66	1.91	188%	124
Divi's Lab	0.72	0.00	-100%	-72
Dr. Reddy's Lab	0.86	1.85	115%	99
Sun Pharma	1.04	0.78	-25%	-26
<b>Ports &amp; Logistics</b>	<b>0.64</b>	<b>0.00</b>	<b>-100%</b>	<b>-64</b>
Adani Ports	0.64	0.00	-100%	-64
<b>Power</b>	<b>1.51</b>	<b>1.75</b>	<b>16%</b>	<b>24</b>
NTPC	0.72	0.72	-1%	0
Power Grid Corporation	0.79	1.03	31%	24
<b>Telecommunications</b>	<b>2.28</b>	<b>3.27</b>	<b>44%</b>	<b>99</b>
Bharti Airtel	2.28	3.27	44%	99
<b>Cash</b>		<b>0.00</b>		
<b>Nifty</b>	<b>100.00</b>	<b>100.00</b>		

Source: Emkay Research; Note: \*We have internally capped single stock exposure to 10% in our EAP

**Sector portfolio NAV**

	Base					Latest
	1-Apr-19	4-Feb-20	4-Aug-20	3-Nov-20	1-Jan-21	2-Feb-21
EAP - Nifty	100.0	102.5	92.2	95.8	113.0	120.9
Nifty50	100.0	102.7	95.1	101.2	120.1	125.5

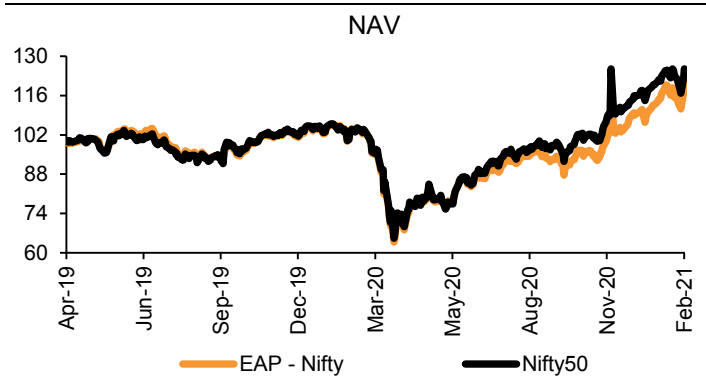
\*Performance measurement base date 1<sup>st</sup> April 2019  
 Source: Emkay Research

**Price Performance (%)**

	1m	3m	6m	12m
EAP - Nifty	7.0%	26.2%	31.1%	17.9%
Nifty50	4.5%	24.0%	32.0%	22.3%

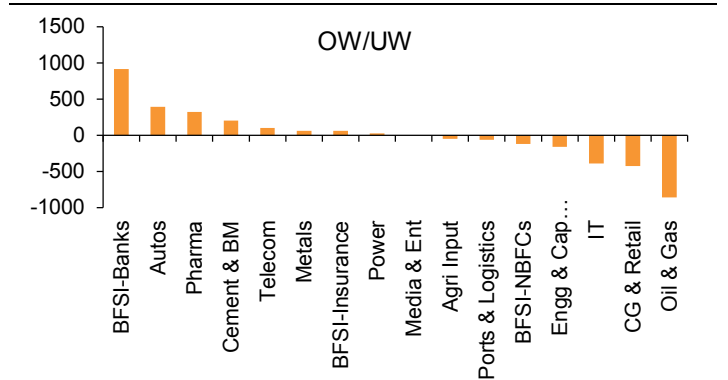
Source: Emkay Research

**NAV chart**



Source: Emkay Research

**Sector OW/UW**



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 04 Feb 2021 09:41:48 (SGT)

Dissemination Date: 04 Feb 2021 09:42:48 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

### GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.emkayglobal.com](http://www.emkayglobal.com)

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

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

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

**Disclaimer for U.S. persons only:** This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

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

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

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

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of February 4, 2021
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of February 4, 2021.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the February 4, 2021
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the February 4, 2021



**RESTRICTIONS ON DISTRIBUTION**

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 <sup>th</sup> Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com