

# Union Bank of India

BSE SENSEX

73,105

S&amp;P CNX

22,218

**CMP: INR134****TP: INR165 (+23%)****Buy**

## Stock Info

Bloomberg	UNBK IN
Equity Shares (m)	7634
M.Cap.(INRb)/(USD\$b)	1020.2 / 12.2
52-Week Range (INR)	163 / 68
1, 6, 12 Rel. Per (%)	-9/5/66
12M Avg Val (INR M)	2728
Free float (%)	25.2

## Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	365.7	386.5	429.5
OP	282.1	299.4	335.6
NP	136.5	158.6	180.5
NIM (%)	2.9	2.8	2.8
EPS (INR)	18.9	20.8	23.7
EPS Gr. (%)	52.9	10.1	13.8
BV/Sh. (INR)	123	139	159
ABV/Sh. (INR)	112	130	149
RoE (%)	16.7	16.3	16.3
RoA (%)	1.0	1.1	1.1

## Valuations

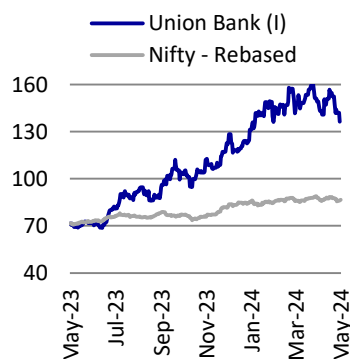
P/E(X)	7.5	6.8	6.0
P/BV (X)	1.2	1.0	0.9
P/ABV (X)	1.3	1.1	1.0

## Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	74.8	77.0	83.5
DII	12.6	12.3	8.3
FII	6.8	4.0	1.7
Others	5.9	6.8	6.6

FII Includes depository receipts

## Stock's performance (one-year)



## Business growth on track; RoA to sustain at >1%

### Asset quality outlook remains positive

We attended the analyst meet hosted by the entire top management team of Union Bank (UNBK). The management emphasized the bank's efforts in delivering profitable growth while continually making investments in the business and enhancing the technological capabilities of the bank. Management has conservatively guided FY25E NIMs of 2.8-3.0%, while RoA will be healthy at >1%. Following are the key takeaways from the meet:

### Loan growth to remain healthy at 10-12%

UNBK is experiencing robust loan growth, driven by sustained momentum in Retail, Agriculture, MSME, Corporate, and Overseas lending segments. Additionally, there is a notable increase in demand for education loans. The bank anticipates a credit growth of ~10-12% in FY25, supported by strong credit demand. Presently, the bank has a healthy corporate pipeline of INR300b under discussion, along with around INR400b already sanctioned and prepared for disbursement. The bank foresees its deposit base growing healthily at a rate of 9-11%, bolstered by retail deposits via CASA and retail TDs. With a current CD ratio of 71%, the bank has mechanisms in place to further boost loan growth, aiming for a CD ratio within the range of 75-77%. Moreover, the bank holds excess SLR reserves amounting to INR700b, which can be utilized to enhance credit availability.

### Margin outlook steady; NIM to be at 2.8-3.0% on a conservative basis

Although management has taken a cautious stance regarding NIM guidance, the bank possesses various mechanisms to optimize its margins. The bank forecasts margins in the range of approximately 2.8-3.0%. Despite a repo rate increase of 250bp, the bank has implemented only ~155bp of this increase, retaining flexibility to utilize the remainder when necessary. Additionally, the bank aims for a dummy interest of ~INR30b, which could contribute positively to margins in the future. Combined with the potential for further enhancement in the CD ratio, these factors could provide additional support to margins in FY25.

### Limited impact from the RBI's draft circular on project finance

UNBK maintains a limited exposure to project finance loans. Out of its total corporate exposure of INR4.07t, only 28% is attributed to project loans, with 68% of this portion linked to completed projects. Consequently, only 32% of project loans are subject to provisioning requirements, leading the bank to anticipate minimal impact. Nevertheless, the bank remains in communication with the regulator to assess feedback and ascertain the potential provisioning requirement. The bank plans to transfer any impact to the borrowers and will vigilantly monitor corporate developments.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Dixit Sankharva (Dixit.sankharva@motilalosal.com) | Disha Singhal (Disha.Singhal@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilalosal.com/Institutional-Equities](http://www.motilalosal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and

### Asset quality robust; recoveries to maintain a healthy run-rate

UNBK's asset quality demonstrates ongoing enhancement, characterized by a consistent decline in NPA ratios. The bank has effectively contained slippages at 50% of total recoveries. For FY24, it achieved total recoveries amounting to INR185b and anticipates a similar figure of ~INR160b in FY25. With a total NPA pool of INR1.23t, ~INR800b is classified as TWO accounts, wherein the bank observes a 7% increase in recoveries. Currently, the bank is engaged in discussions regarding 11 A/Cs with the NARCL, aiming to recover INR20 billion in FY25. Encouragingly, the bank foresees favorable recoveries from ARCs, given the granular and staggered nature of recoveries witnessed in FY24. Maintaining confidence, the bank expects to sustain credit costs at their current level, thereby likely remaining below 1%.

### Strong focus on profitability with UNBK being the fourth-largest PSU bank

UNBK has consistently demonstrated strong profitability, securing its position as the fourth-largest PSU in terms of profitability. With one of the lowest C/I ratios in the industry, UNBK sees potential for further improvement in operational expenditure by outsourcing certain business functions. Having already met its FY24 targets for RoA and ROE at 1% and 17%, respectively, UNBK aims to sustain a RoA of over 1% in FY25. To achieve this, the bank has implemented various initiatives focused on controlling credit costs, enhancing the CASA ratio, and maintaining robust margins.

### Other highlights

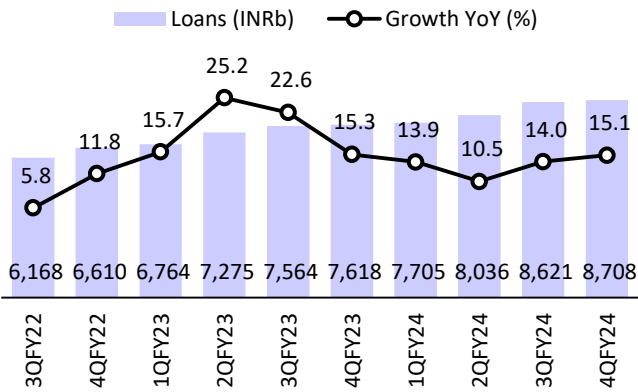
- UNBK anticipates favorable conditions with a good monsoon, supportive Fed policies, and expected ease in liquidity, which should contribute to sufficient trading income.
- The bank prioritizes maintaining its profit level without compromising its revenue. Despite initially forecasting lower guidance, the bank has observed better-than-expected growth.
- Management is confident that deposit growth will not hinder loan growth.
- Deposit growth was stronger in the first half of the year, while credit growth remained robust in the second half.
- The bank does not maintain floating provisions and currently has standard asset provisions.
- UNBK plans to transition to lower tax rates of 25-27%, which were previously inflated due to the reversal of DTAs.
- The transition of the mobile banking platform is scheduled for the beginning of the next financial year.

### Valuation and view

UNBK has been reporting a healthy performance, with earnings driven by healthy revenue, loan growth, and controlled provisions. Fresh slippages have been under control which, coupled with healthy recoveries and upgrades, have resulted in an improvement in asset quality ratios. Further, a low SMA book and controlled restructuring provide a better outlook on asset quality. Loan growth has been trending well and has been broad-based, with its focus likely to remain on further credit growth improvement. We estimate loans to grow at ~12% over FY24-26, with RoA/RoE at 1.1%/16% by FY26. **We reiterate our BUY rating with a revised TP of INR165 (premised on 1x FY26E ABV).**

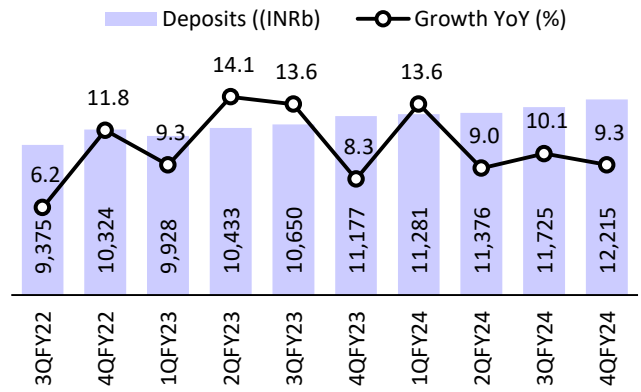
## Story in charts

**Exhibit 1: Loan book grew 14.3% YoY (1% QoQ) to INR 8.7t**



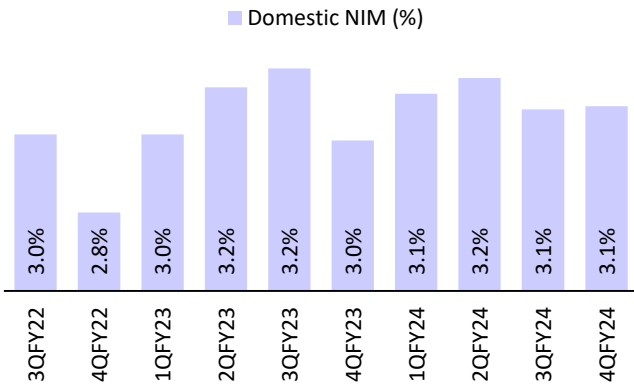
Source: MOFSL, Company

**Exhibit 2: Deposits grew 9.3% YoY to INR12t**



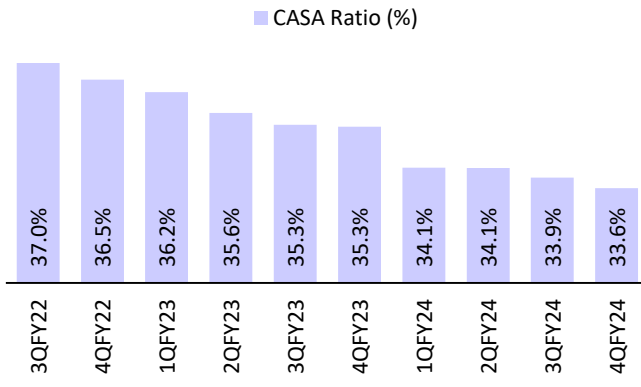
Source: MOFSL, Company

**Exhibit 3: NIMs remained broadly stable at 3.09%**



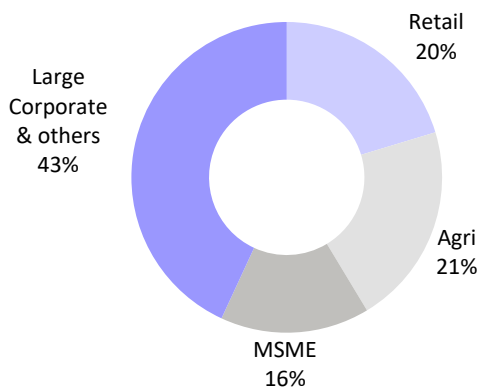
Source: MOFSL, Company

**Exhibit 4: CASA ratio moderated slightly to 34.2% in 4QFY24**



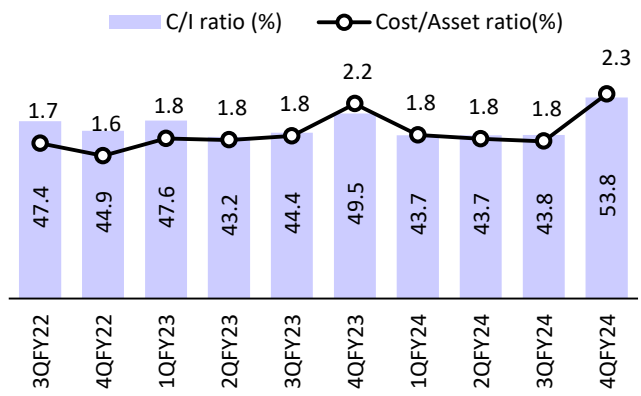
Source: MOFSL, Company

**Exhibit 5: Loan mix as a % of domestic advances**

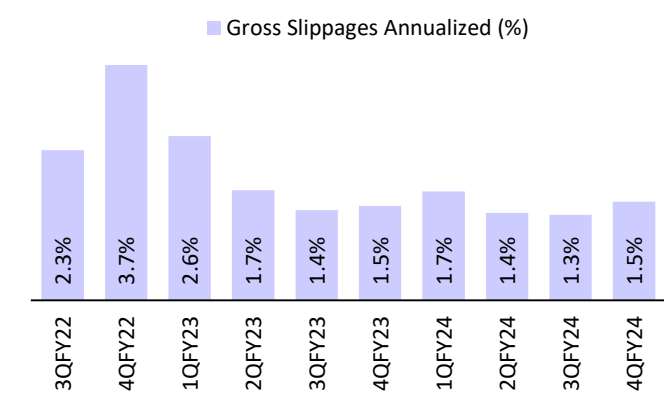


Source: MOFSL, Company

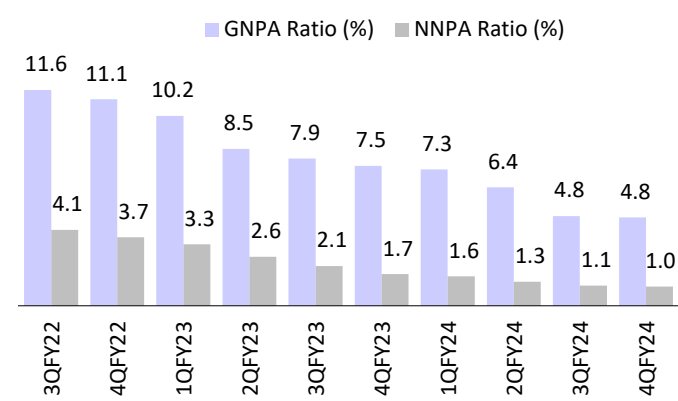
**Exhibit 6: C/I ratio increased to 53.8% vs. 43.8% in 3QFY24**



Source: MOFSL, Company

**Exhibit 7: Slippages increased to 1.5% in 4QFY24**

Source: MOFSL, Company

**Exhibit 8: GNPA/NNPA ratios improved 7bp/5bp QoQ**

Source: MOFSL, Company

**Exhibit 9: DuPont Analysis: We expect return ratios to improve steadily over FY25/FY26**

Y/E MARCH (%)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	7.13	6.57	6.01	6.54	7.47	7.43	7.36
Interest Expense	4.94	4.21	3.55	3.89	4.73	4.78	4.67
<b>Net Interest Income</b>	<b>2.19</b>	<b>2.36</b>	<b>2.46</b>	<b>2.65</b>	<b>2.74</b>	<b>2.65</b>	<b>2.68</b>
<b>Non-Interest Income</b>	<b>1.01</b>	<b>1.12</b>	<b>1.11</b>	<b>1.19</b>	<b>1.20</b>	<b>1.20</b>	<b>1.20</b>
<b>Total Income</b>	<b>3.20</b>	<b>3.48</b>	<b>3.57</b>	<b>3.84</b>	<b>3.94</b>	<b>3.85</b>	<b>3.89</b>
<b>Operating Expenses</b>	<b>1.44</b>	<b>1.60</b>	<b>1.63</b>	<b>1.78</b>	<b>1.83</b>	<b>1.80</b>	<b>1.79</b>
Employees	0.64	0.89	0.90	1.00	1.08	1.04	1.04
Others	0.80	0.71	0.74	0.77	0.75	0.75	0.75
<b>Operating Profits</b>	<b>1.76</b>	<b>1.88</b>	<b>1.94</b>	<b>2.06</b>	<b>2.11</b>	<b>2.05</b>	<b>2.10</b>
<b>Core Operating Profits</b>	<b>1.48</b>	<b>1.49</b>	<b>1.64</b>	<b>1.98</b>	<b>2.01</b>	<b>1.94</b>	<b>1.98</b>
<b>Provisions</b>	<b>2.53</b>	<b>1.65</b>	<b>1.18</b>	<b>1.08</b>	<b>0.51</b>	<b>0.56</b>	<b>0.57</b>
<b>PBT</b>	<b>(0.77)</b>	<b>0.23</b>	<b>0.76</b>	<b>0.98</b>	<b>1.60</b>	<b>1.49</b>	<b>1.52</b>
Tax	(0.22)	(0.05)	0.30	0.30	0.58	0.40	0.40
<b>RoA</b>	<b>(0.55)</b>	<b>0.28</b>	<b>0.46</b>	<b>0.68</b>	<b>1.02</b>	<b>1.09</b>	<b>1.13</b>
Leverage (x)	19.04	18.28	18.02	17.88	16.39	15.01	14.43
<b>RoE</b>	<b>(10.56)</b>	<b>5.08</b>	<b>8.34</b>	<b>12.22</b>	<b>16.74</b>	<b>16.31</b>	<b>16.27</b>

## Financials and valuations

Income Statement							(INRb)	
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	
Interest Income	372.3	687.7	679.4	807.4	997.8	1,083.9	1,177.6	
Interest Expense	257.9	440.8	401.6	479.8	632.1	697.4	748.1	
<b>Net Interest Income</b>	<b>114.4</b>	<b>246.9</b>	<b>277.9</b>	<b>327.7</b>	<b>365.7</b>	<b>386.5</b>	<b>429.5</b>	
Growth (%)	12.0	115.9	12.5	17.9	11.6	5.7	11.1	
Non-Interest Income	52.6	117.4	125.2	146.3	160.8	175.3	192.8	
<b>Total Income</b>	<b>167.0</b>	<b>364.3</b>	<b>403.1</b>	<b>474.0</b>	<b>526.5</b>	<b>561.8</b>	<b>622.3</b>	
Growth (%)	13.7	118.2	10.6	17.6	11.1	6.7	10.8	
Operating Expenses	75.2	167.7	184.4	219.3	244.4	262.5	286.7	
<b>Pre Provision Profits</b>	<b>91.8</b>	<b>196.7</b>	<b>218.7</b>	<b>254.7</b>	<b>282.1</b>	<b>299.4</b>	<b>335.6</b>	
Growth (%)	22.1	114.2	11.2	16.4	10.8	6.1	12.1	
<b>Core PPP</b>	<b>77.2</b>	<b>156.1</b>	<b>185.7</b>	<b>243.8</b>	<b>269.0</b>	<b>283.7</b>	<b>316.6</b>	
Growth (%)	11.1	102.2	19.0	31.3	10.3	5.4	11.6	
Provisions (excl. tax)	132.1	172.7	132.9	133.3	67.8	82.1	91.6	
<b>PBT</b>	<b>-40.3</b>	<b>24.0</b>	<b>85.8</b>	<b>121.4</b>	<b>214.3</b>	<b>217.3</b>	<b>244.0</b>	
Tax	-11.3	-5.1	33.5	37.0	77.8	58.7	63.4	
Tax Rate (%)	28.1	-21.1	39.0	30.5	36.3	27.0	26.0	
<b>PAT</b>	<b>-29.0</b>	<b>29.1</b>	<b>52.3</b>	<b>84.3</b>	<b>136.5</b>	<b>158.6</b>	<b>180.5</b>	
Growth (%)	-1.7	-200.3	80.0	61.2	61.8	16.2	13.8	

### Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	34.2	64.1	68.3	68.3	76.3	76.3	76.3
Reserves & Surplus	303.6	580.7	637.4	715.0	893.4	1,021.4	1,167.6
<b>Net Worth</b>	<b>337.9</b>	<b>644.8</b>	<b>705.8</b>	<b>783.3</b>	<b>969.7</b>	<b>1,097.8</b>	<b>1,244.0</b>
<b>Deposits</b>	<b>4,506.7</b>	<b>9,238.1</b>	<b>10,323.9</b>	<b>11,177.2</b>	<b>12,215.3</b>	<b>13,326.9</b>	<b>14,566.3</b>
Growth (%)	8.4	105.0	11.8	8.3	9.3	9.1	9.3
<b>- CASA Dep</b>	<b>1,603.7</b>	<b>3,355.9</b>	<b>3,771.9</b>	<b>3,940.6</b>	<b>4,101.3</b>	<b>4,531.1</b>	<b>4,996.2</b>
Growth (%)	6.8	109.3	12.4	4.5	4.1	10.5	10.3
Borrowings	524.9	518.4	511.8	431.4	269.5	330.6	342.6
Other Liabilities & Prov.	137.4	315.9	334.4	415.6	465.1	520.9	583.4
<b>Total Liabilities</b>	<b>5,506.8</b>	<b>10,717.1</b>	<b>11,875.9</b>	<b>12,807.5</b>	<b>13,919.6</b>	<b>15,276.2</b>	<b>16,736.3</b>
Current Assets	551.1	844.1	1,195.0	1,121.5	1,193.0	1,215.5	1,237.4
<b>Investments</b>	<b>1,524.1</b>	<b>3,315.1</b>	<b>3,485.1</b>	<b>3,393.0</b>	<b>3,379.0</b>	<b>3,581.8</b>	<b>3,796.7</b>
Growth (%)	20.9	117.5	5.1	-2.6	-0.4	6.0	6.0
<b>Loans</b>	<b>3,150.5</b>	<b>5,909.8</b>	<b>6,610.0</b>	<b>7,618.5</b>	<b>8,707.8</b>	<b>9,752.7</b>	<b>10,923.0</b>
Growth (%)	6.1	87.6	11.8	15.3	14.3	12.0	12.0
Fixed Assets	47.6	73.4	71.9	88.3	92.2	96.8	101.7
Other Assets	233.5	574.6	513.9	586.3	547.5	629.4	677.5
<b>Total Assets</b>	<b>5,506.8</b>	<b>10,717.1</b>	<b>11,875.9</b>	<b>12,807.5</b>	<b>13,919.6</b>	<b>15,276.2</b>	<b>16,736.3</b>

### Asset Quality

GNPA	490.9	897.9	795.9	609.9	431.0	380.4	356.7
NNPA	173.0	279.4	249.3	133.6	89.9	82.8	75.1
Slippages	149.1	174.4	228.8	125.2	118.8	147.7	155.1
GNPA Ratio	14.15	13.75	11.12	7.53	4.76	3.79	3.18
NNPA Ratio	5.49	4.73	3.77	1.75	1.03	0.85	0.69
Slippage Ratio	5.02	2.93	3.65	1.76	1.46	1.60	1.50
Credit Cost	4.32	2.90	2.12	1.87	0.83	0.85	0.85
PCR (excl. Tech. write-off)	64.7	68.9	68.7	78.1	79.1	78.2	79.0

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Yield and Cost Ratios (%)</b>							
<b>Avg. Yield-Earning Assets</b>	<b>7.5</b>	<b>7.0</b>	<b>6.4</b>	<b>6.9</b>	<b>7.9</b>	<b>7.8</b>	<b>7.7</b>
Avg. Yield on loans	8.2	7.7	7.2	8.0	8.8	8.8	8.6
Avg. Yield on Investments	7.7	6.8	5.9	6.3	6.7	6.8	6.9
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>5.4</b>	<b>4.6</b>	<b>3.9</b>	<b>4.3</b>	<b>5.2</b>	<b>5.3</b>	<b>5.2</b>
Avg. Cost of Deposits	5.5	4.6	3.8	4.1	5.2	5.3	5.2
<b>Interest Spread</b>	<b>2.2</b>	<b>2.4</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>	<b>2.5</b>	<b>2.5</b>
<b>Net Interest Margin</b>	<b>2.3</b>	<b>2.5</b>	<b>2.6</b>	<b>2.8</b>	<b>2.9</b>	<b>2.8</b>	<b>2.8</b>

### Capitalisation Ratios (%)

CAR	12.7	12.6	14.5	16.0	16.7	17.0	17.0
Tier I	10.7	10.4	12.2	13.9	14.8	15.3	15.5
Tier II	2.0	2.2	2.3	2.1	1.9	1.7	1.5

### Business and Efficiency Ratios (%)

Loans/Deposit Ratio	69.9	64.0	64.0	68.2	71.3	73.2	75.0
CASA Ratio	35.6	36.3	36.5	35.3	33.6	34.0	34.3
Cost/Assets	1.4	1.6	1.6	1.7	1.8	1.7	1.7
Cost/Total Income	45.0	46.0	45.7	46.3	46.4	46.7	46.1
Cost/ Core Income	-0.5	-0.4	-0.6	-2.1	-1.9	-1.7	-1.6
Int. Expense/Int.Income	69.3	64.1	59.1	59.4	63.3	64.3	63.5
Fee Income/Total Income	22.7	21.1	22.9	28.6	28.1	28.4	27.9
Non Int. Inc./Total Income	31.5	32.2	31.1	30.9	30.5	31.2	31.0
Empl. Cost/Total Expense	44.7	55.4	54.9	56.5	58.8	58.1	57.9
CASA per branch (INR m)	374.4	360.3	425.1	459.4	473.4	517.9	565.4
Deposits per branch (INR m)	1,052.0	991.7	1,163.5	1,303.2	1,410.1	1,523.2	1,648.3
Business per Employee (INR m)	205.7	193.7	225.2	248.6	271.4	296.4	324.1
Profit per Employee (INR m)	-0.8	0.4	0.7	1.1	1.8	2.0	2.3
Investment/Deposit Ratio	33.8	35.9	33.8	30.4	27.7	26.9	26.1

### Profitability Ratios and Valuation

RoE	-10.6	5.1	8.3	12.2	16.7	16.3	16.3
RoA	-0.6	0.3	0.5	0.7	1.0	1.1	1.1
RoRWA	-1.0	0.5	1.0	1.4	2.1	2.2	2.3
Book Value (INR)	94	96	99	110	123	139	159
Growth (%)	-34.7	3.0	3.1	10.3	11.8	13.7	13.7
Price-BV (x)	1.5	1.5	1.4	1.3	1.2	1.0	0.9
Adjusted BV (INR)	55	63	72	94	112	130	149
Price-ABV (x)	2.6	2.2	2.0	1.5	1.3	1.1	1.0
EPS (INR)	-11.2	4.5	7.9	12.3	18.9	20.8	23.7
Growth (%)	-44.4	-140.6	74.2	56.1	52.9	10.1	13.8
Price-Earnings (x)	-12.7	31.3	18.0	11.5	7.5	6.8	6.0
Dividend Per Share (INR)	0.0	0.0	1.9	3.0	3.4	4.0	4.5
Dividend Yield (%)	0.0	0.0	1.3	2.1	2.4	2.8	3.2

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may: (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

Rajani

#### Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company

- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may 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. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. 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. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. 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 MOFSL 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. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of

Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.