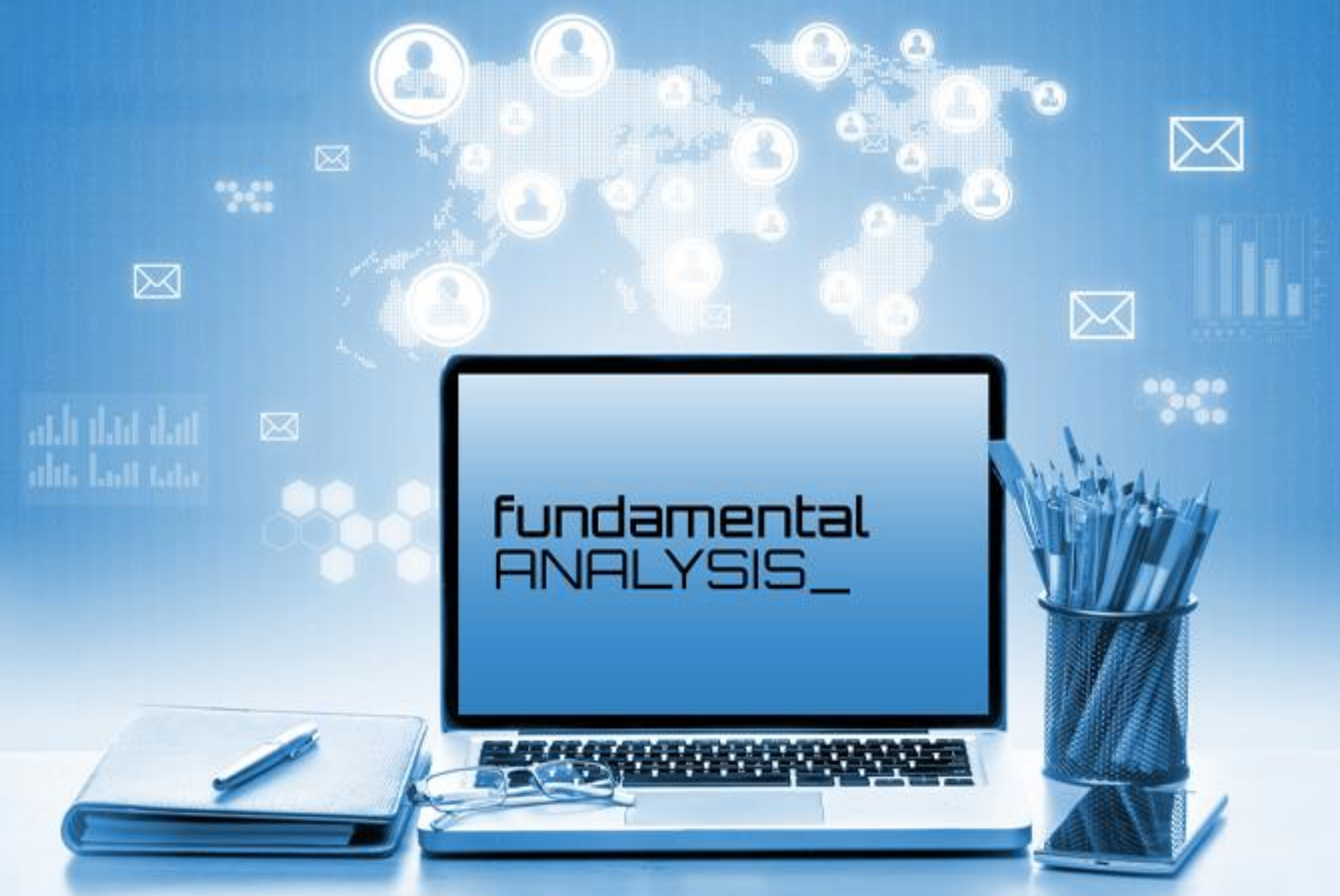
Stock Note

Bank of India

January 08, 2024



HDFC securities
Click. Invest. Grow.
20 YEARS

Bank of India

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
PSU Bank	Rs. 118	Buy in the band of Rs. 117-119 & add more on dips to Rs. 102-104 band	Rs. 132	Rs. 146	2-3 quarters

HDFC Scrip Code	BANKINDIA
BSE Code	532149
NSE Code	BANKINDIA
Bloomberg	BOI:IN
CMP January 08, 2024	118
Equity Capital (Rs Cr)	4552.7
Face Value (Rs)	10
Equity Share O/S (Cr)	455.2
Market Cap (Rs Cr)	54108
Adjusted Book Value (Rs)	124.1
Avg. 52 Wk Volumes	16655051
52 Week High	122
52 Week Low	66

Share holding Pattern % (December, 2023)	
Promoters	73.4
Institutions	20.6
Non Institutions	6.0
Total	100.0

HDFCsec Retail research stock rating meter

for details about the ratings, refer at the end of the report

* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst
Varun Manek
varun.manek@hdfcsec.com

Our Take:

Over the years, Bank of India's balance sheet has strengthened, especially once it was included in the RBI's PCA framework (January 2018 to January 2019). Its capital ratios are healthy, with Tier-1 Capital at 14.4% (March 2023). The bank's excess liquidity profile (CD ratio at 71%, and LCR at 179%) in an environment of deposit growth challenges, places it well to accelerate loan growth without worrying about the deposit growth. We see an upside risk to BOI's earnings, led by healthy loan growth, stable margins, lower slippages and in turn reduced credit costs along with strong recoveries. This should drive strong earnings growth in the near term and could boost the return ratio profile.

We believe that the bank is moving in right direction by growing its high yielding retail loans faster while on the deposit side, low yielding demand deposits are growing faster. We expect this to help the bank in achieving its NIM guidance. We also expect the bank to capitalize on its improved fundamentals and shift its gears in favour of diversified loan book growth with prioritizing margin to drive sustainable ROA expansion.

Valuation & Recommendation:

We expect the company to grow its loan book at 13% CAGR while NII and Net profit are expected to grow at 14% and 36% CAGR respectively over FY23-26E. ROAA is estimated to improve to 1% in FY26E from current 0.5% in FY23. The company is trading at 0.69x Dec25 ABV, which is at a considerable discount to its peers. Looking at the growth opportunities we believe that the discount will gradually narrow.

We feel that investors can buy the stock in the band of Rs. 117-119 (0.69x Dec-25E ABV) & add more on dips to Rs. 102-104 band (0.6x Dec-25E ABV). We expect the base case fair value of Rs. 132 (0.77x Dec-25E ABV) and the bull case fair value of Rs. 146 (0.85x Dec-25E ABV) over the next 2-3 quarters.

Financial Summary

	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	FY22	FY23	FY24E	FY25E	FY26E
NII	5740	5084	13	5914	-3	14062	20275	24771	27189	30021
PPOP	3756	3374	11	3752	0	9988	13393	16506	18489	20286
PAT	1458	960	52	1551	-6	4763	4023	7541	9545	10152
EPS (Rs)						11.6	9.8	16.6	21.0	22.3
ABV (Rs)						110.3	124.1	138.1	157.7	176.3

P/E (x)						10.2	12.0	7.1	5.6	5.3
P/ABV (x)						1.1	1.0	0.9	0.7	0.7
RoAA (%)						0.7%	0.5%	0.9%	1.0%	1.0%
RoAE (%)						9.2%	7.1%	11.7%	12.9%	12.3%

(Source: Company, HDFC sec)

Recent Developments

Q2FY24 Result Update:

The bank has reported strong quarterly numbers in Q2FY24. The total interest income stood at Rs. 14,971 crores up 30/4% YoY/QoQ, whereas the interest expenses stood at Rs. 9,232 crores up 44/9% YoY/QoQ. Its yield on advances stood at 8.54% for the quarter as against 8.1% in Q1FY24 and 7.21% in Q2FY23, while its cost of funds stood at 4.55% (up 109/37 bps YoY/QoQ). The company's Net Interest Income grew by 13% YoY, and stood at Rs. 5,740 crores, but was down 3% sequentially. Its NIM improved by 4/5 bps YoY/QoQ and stood at 3.08% for the quarter. Other income of the bank stood at Rs. 1,688 crores, up 19/15% YoY/QoQ. The calculated cost to income ratio of the company stood flat to 49.4% for Q2FY24. Its pre-provision operating profit (PPOP) was up by 11% YoY at Rs. 3,756 crores and flat sequentially. Provisions for impaired assets decreased by 57/1% YoY/QoQ. This translates to credit costs of 0.54%, as against 0.64% in Q1FY24 and 0.6% in Q2FY23. Further, the net profit rose by 52% YoY but was down 6% QoQ and stood at Rs. 1,458 crores.

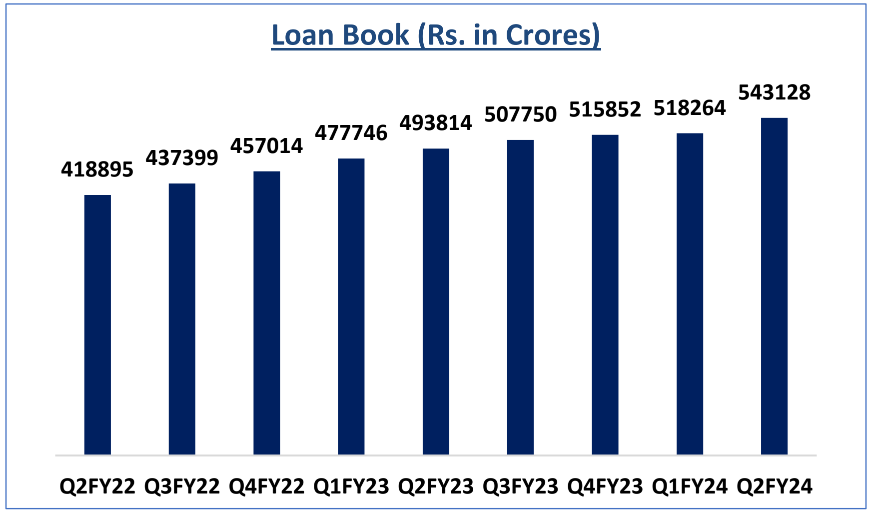
In the context of financial position, the loan book grew by 10/5% YoY/QoQ, at Rs. 5,43,128 crores. On the liabilities side, total deposits stood at Rs. 7,03,751 crores, up 9/1% YoY/QoQ. Its term deposits grew 10/2% YoY/QoQ. Though other PSU banks have higher levels of CASA ratio, at a time when other banks have reported declining CASA ratios, the bank has been able to maintain a stable ratio of 36.5%, as against 37.4% in Q2FY23, which is commendable.

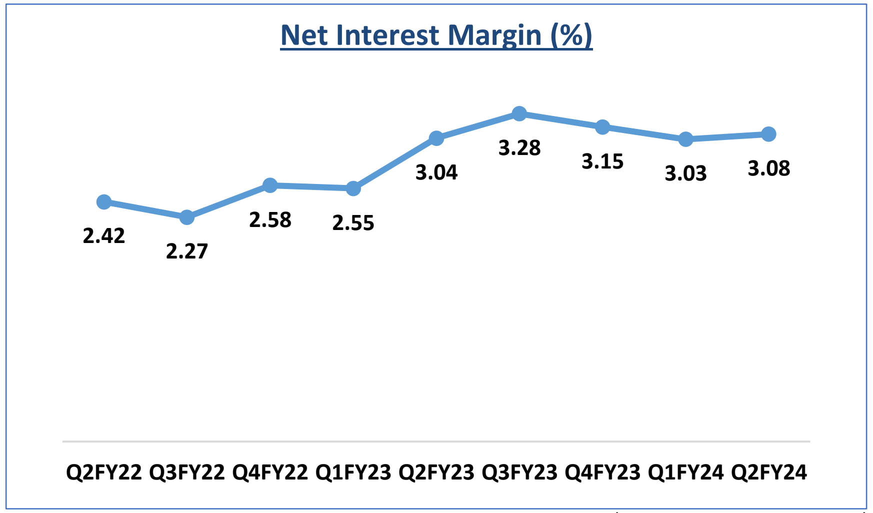
GNPA ratio as of Q2FY24 is at 5.84% v/s 6.67% in Q1FY24 and NNPA stood at 1.54% v/s 1.65% in Q1FY24. It reported RoA of 0.67% for Q2FY24, as against 0.47% in Q2FY23, and RoE of 12.64% in Q2FY24 v/s 10.34% in Q2FY23. The bank has a capital adequacy ratio of 15.63%, which comprises of Tier 1 capital at 13.35%. As of September 2023, the bank has a total of 5157 branches and 8,228 ATMs.

Asset quality at level best

The asset quality of bank was impacted during Covid-19 as was observed across the banking industry. Though things have now stabilized in the industry, but Bank of India has not seen as high an improvement in its asset quality ratios as was observed in other PSUs. Having said that, its asset quality is at its best in at least 3 years. As of Q2FY24, the GNPAs stood at 5.84% as against 6.67% in Q1FY24 and 8.51% in Q2FY23, while NNPA stood at 1.54%, as against 1.65% in Q1FY24 and 1.92% in Q2FY23. Out of 5.84% in GNPA, 1.03% consists of sub-standard assets, 2.75% pertains to doubtful assets, 2.05% is categorized as loss assets. SMA 0/1/2 stood at 0.78%/0.10%/0.24% as against

2.58%/0.12%/0.26%. Standard restructured book as of Q2FY24 stood at 1.72% of gross advances. It has a very healthy provision coverage ratio of 89.6% as of September 2023. As mentioned earlier, the credit costs stood at 0.54% as against 0.64% in Q1FY24 and 0.6% in Q2FY23. The slippage ratio stood at 0.34% as against 0.53% in Q1FY24 and 0.3% in Q2FY23.





(Source: Company, HDFC sec)

Healthy capitalization level

As of September, 2023, the capital adequacy ratio of the bank stood at 15.63%. Tier 1 capital of the bank stood at 13.35%, while Tier 2 capital is at 2.28%. The capitalization levels have adequate cushion over the minimum regulatory requirements of CAR of 11.5% and CET I ratio of 8% (including the capital conservation buffer [CCB]).

Overseas Business Pickup

The bank is witnessing healthy momentum in its overseas business. It has garnered deposits worth Rs. 1,04,901 crores, up 9% YoY/QoQ and flat sequentially. Total advances stood at Rs. 90,487 crores, up 11/6% YoY/QoQ. Its Total Income, PPOP and Net Profits saw a yearly jump of 249%, 105% and 247% respectively.

Concall Highlights:

Q2FY24

- The bank is focusing on sustainable advance growth, low-cost deposits, and new customer acquisition.
- It has formed 18 Emerging Corporate Credit Branches and entered into partnerships with REC Ltd. and WDR to finance projects in power, infrastructure, and logistics sectors.
- The management remained optimistic about the growth prospects of the bank and reiterated its target of achieving 12-14% credit growth for the FY24.
- The bank aims to maintain net interest margin above 3%.
- It has made provisions for the wage revision settlement and expects a 13% to 15% growth in operating profit for the financial year.
- It's overseas net interest margin is lower due to the hardening of interest rates in international markets.
- The management also acknowledged the risk of a global recession and its potential impact on the Indian economy and business activities.
- In December 2023, the bank raised Rs. 4,500 crores via QIP at an issue price of Rs. 100.2 per share (Rs. 10 per share face value and rest share premium) which was oversubscribed 4.11 times.

Q1FY24

- The management has said that the bank faced some stress in the overseas NIMs because of the hardening of rates in the European and the American markets.
- The Board has approved a capital raising plan of Rs. 6,500 crores for FY24, which includes Tier 1 capital of Rs. 4,500 crores, and Tier 2 bonds of Rs. 2,000 crores which is expected to be raised in next 3-4 months.
- The bank saw a sequential dip in its PPOP of 10% in Q1FY24 vs Q4FY23, and the management attributed this to the one-off provision write back included in other income. For FY24, the management has guided for a PPOP growth of 30%.
- The bank has guided for NIMs above 3% for FY24.
- The MCLR book which is almost 47%, has been repriced already and the remaining 53% is expected to be repriced in the coming 4-5 months.
- The management has credited the improvement in its CASA balances to the initiatives that have been taken by the bank for improvement in customer services and delivery of the products. Its CASA balances increased 8/3% YoY/QoQ.
- The guided range for deposits growth in FY24 is 10-11% and that for advances is 11-12%.
- The bank does not expect any material change in the RoA and its cost to income ratios in FY24, from that reported in Q1FY24.
- Cost of deposits of the bank are expected to peak in next couple of quarters.

- As of June 2023, the Credit-Deposit ratio of the bank is 74.4%. With the guided levels of advance and deposit growth, this ratio is expected to reach to 76-77% by the end of FY24. After reducing CRR and SLR requirements, the upper limit to this ratio for the bank is 77.5%.
- Credit costs for Q1FY24 stood at 0.64% and the bank expects it to stay in the range of 0.6-0.7% for the entire FY24.
- The RoA and RoE of the bank has improved from 0.29% and 6.84% respectively in Q1FY23 to 0.71% and 14.9% respectively in Q1FY24. The management expects further improvement in these ratios going forward.
- The target loan book mix for FY24 is 55% RAM and 45% corporate.
- The bank is planning to open 18 new mid corporate branches with a target to advance loans in the range of Rs. 50-200 crores. It also has 10 existing large corporate branches from which the bank expects to advance high quality loans.
- The bank's international book is 16% of the total global book. Despite the headwinds in the global economy, especially in USA, Europe and other parts with the rising interest rates by Fed and other central banks, the bank has continued with its guidance of 16% of the total book as international book.
- The bank has estimated an additional net provision of Rs. 10,000 for ECL regime.
- The management is of the opinion that the repo rates would remain at the same level until the first quarter of next year.
- Management is guiding for strong cash recoveries amounting to Rs. 12,000 crores in FY24 vs Rs. 7,233 crores in FY23 which would result in recoveries outpacing slippages in FY24 driven by resolution of some of the accounts under NCLT led by the power sector and OTS (One time Settlement Scheme).
- The management has a strong Rs. 40,000 crores pipeline of corporate loans.
- In Q1FY24, the sequential loan growth was muted at 1% mainly due to the conscious decision of running down low yielding government-guaranteed advances.
- Bank is replacing high-cost borrowings with low-cost deposits as borrowings were lower 27% QoQ.
- In the next 6 months, the bank is expected to start digital working loans capital in the range of Rs. 10 lakhs – Rs. 2 crores, pre-approved business loans and personal loans.
- Bank is currently in the old tax regime and will look to shift to new tax regime at an appropriate time.

Key rationale:

Continued Support from Government of India:

The bank is one of the few regional banks in the country, and hence assumes importance from its large presence in the state having the country's financial capital, Mumbai. Time and again, the Government has infused capital into the bank, when in need. The Government infused a total of Rs. 26,694 crores between FY17 to FY19 and also further infused Rs. 3,000 crores in March 2021. As of June 2023, a sizeable chunk of 81.4% of the bank's ownership is with the Government of India, which should comfort investors. However, PSU banks are required by SEBI to have a minimum 25% public shareholding by the end of August 2024 and hence we may witness some stake dilution by the Government in the bank.

Diversified funding profile:

As of September 2023, the bank has reported total global deposits worth Rs. 7,03,751 crores, up 9/1% YoY/QoQ. Within this, domestic deposits stood at Rs. 5,98,850 crores, up 9/2% YoY/QoQ, while the rest being overseas deposits, which grew by 9% YoY but down 2 % sequentially. CASA balances stood at Rs. 2,56,957 crores, up 6% YoY, flat sequentially. CASA ratio stood at 43.1%, which has been almost flat YoY as well as QoQ. Though the CASA ratio has remained more or less stable and is at a healthy level, relative to other PSU peers, the bank has a weaker CASA ratio. Within the CASA balances, Current Account balances stood at Rs. 30,690 crores, up 9% YoY but down 14% sequentially, while Savings Account balances stood at Rs. 2,26,267 crores, up 6/1% YoY/QoQ. The bank has garnered total term deposits worth Rs. 4,46,794 crores, up 10/2% YoY/QoQ. The share of bulk deposits in the bank's deposit franchise has increased from 9% in September 2022 to 13% in September 2023. This sequential growth in current account balances and term deposits have primarily facilitated the bank to grow its overall deposits franchise. It reported cost of funds of 4.55% in Q2FY24, as against 4.32% in Q1FY24 and 3.4% in Q2FY23. This is in line with the increasing cost trend seen across the banking industry, fueled by RBI's interest rate decision. The management has credited the various initiatives it has taken to improve customer service and product delivery for the above-mentioned growth in its deposits franchise.

Particulars	Q2FY24	Q2FY23	YoY	Q1FY24	QoQ	Mix %
Current Account	30690	28145	9%	35596	-14%	4%
Savings Account	226267	214085	6%	225020	1%	32%
Total CASA	256957	242230	6%	260616	-1%	37%
Term Deposits	446794	405311	10%	435928	2%	63%
Total Deposits	703751	647541	9%	696544	1%	100%

(Source: Company, HDFC sec)

Growth revived in assets book post exit from PCA Framework:

Broadly speaking, the bank is engaged in the business of extending Retail (18%), Agricultural (14%), MSME (14%) and Corporate loans (54%). Within retail loans, the bank is primarily into home loans (54%), vehicle loans (14%), education loans (3%), and mortgage loans (9%). The bank has advanced a total of Rs. 1,71,735 crores worth of loans to priority sector. Currently, 92% of its domestic corporate book (above Rs. 50 crores) is rated BBB and above, as against 89% in September 2022. As of September 2023, 6.1% of the total loans carry a fixed rate, 48.4% are EBLR, 34.6% MCLR based and the rest being other floating rate loans. Hence only 6.1% of the total loan book is fixed, while the rest is floating.

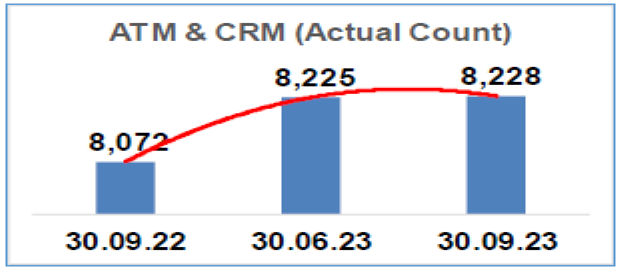
The loan book grew by 10/5% YoY/QoQ, at Rs. 5,43,128 crores. RAM contributes 46.3% to the loan book while the rest comes from corporate and international lending. The bank saw fastest growth in personal loans (33/10% YoY/QoQ) and vehicle loans (17/6% YoY/QoQ). Following table gives the split in its loan book:

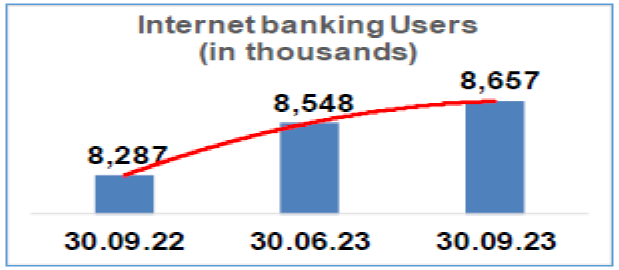
Particulars	Q2FY24	Q2FY23	YoY	Q1FY24	QoQ	Mix %
Retail	100260	87451	15%	95963	4%	18%
Housing	53976	48357	12%	52417	3%	10%
Vehicle	14421	12283	17%	13609	6%	3%
Education	3233	2849	13%	3034	7%	1%
Mortgage	8587	7859	9%	8237	4%	2%
Personal	7818	5886	33%	7115	10%	1%
Others	12225	10217	20%	11551	6%	2%
Agri	77206	69667	11%	72801	6%	14%
MSME	73731	66530	11%	71190	4%	14%
Corporate	201444	188584	7%	193292	4%	37%
International Loans	90487	81582	11%	85018	6%	17%
Total Advances	543128	493814	10%	518264	5%	100%
RAM %	46.3%	45.3%		46.3%		

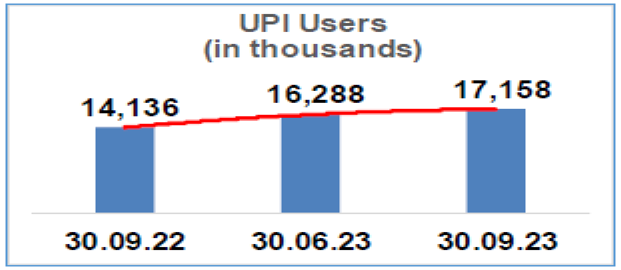
The bank was placed in the PCA framework of the RBI in January 2018. This was done by the RBI on account of high NNPA, insufficient CET 1 Capital and negative RoA for two consecutive years. The bank was removed from the framework in January, 2019. As a result, the advances could not grow in full swing during this tenure. The YoY growth of the advance book in FY19 over FY18 was -0.1%. This was because the PCA framework of the RBI attracted various restrictions on lending and involved aggressive writing off activity of bad loans. The advance book saw some signs of recovery in FY20 but the growth was sluggish again in FY21. However, from FY22 onwards the loan book of the bank picked up momentum. For FY23, its book grew by 15.5% YoY to stand at Rs. 4,85,900 crores, which was almost in line with the banking industry growth of 15.70%.

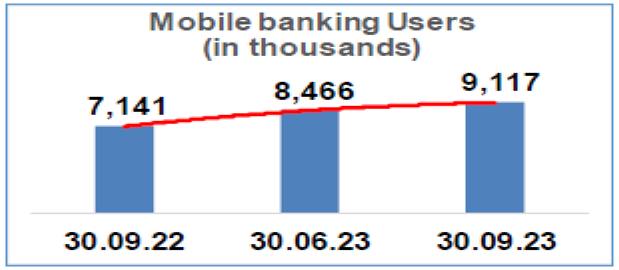
Digital Milestones:

The bank has been putting up a lot of emphasis for almost last two years on the use of technology in its business. Following are a few milestones achieved by the bank during the quarter:









Risks & Concerns

Asset Quality Concerns

Though the bank has come a long way in terms of its asset quality, any unanticipated deterioration could result in the erosion of the Tier I capital. Fresh formation of bad loans could keep provisioning high and return ratios compressed for a longer time. Further, any delay in the recovery, higher than expected haircuts or sharp rise in the slippage could impact the profitability and business growth prospects.

Impact of RBI's Interest Rate Decisions

The rise in interest rates may impact the loan growth; the bank has high retail facing loan book and high interest rates negatively impacts the demand. Also the rise in G-sec yields could lead to MTM losses for the banking sector.

Uncertainty regarding impact of ECL provisioning on bank's profitability

Recently, there has been a concern in the markets related to the adoption of ECL provisioning norms under Ind-AS in case of banking companies. Most private sector banks hold huge sums of floating provisions, which are missing in case of PSU banks. This had led to some correction in price of PSU banks. The management expects an additional requirement of Rs. 10,000 crores towards ECL provisions when applicable. We shall remain watchful of any announcements related to the same, due to its potential material impact on profitability and return ratios of the bank.

Ambitious Growth Plans

Lower than expected business growth or sharp rise in slippages could result in deterioration in capital. Continuing Progress on recoveries will be important point to watch out in coming quarters. The Reserve Bank of India (RBI) in November 2023 tightened norms for personal loans and credit cards in the form of higher capital requirements. The new norms will make personal loans and credit cards costlier and may curb growth in these categories. This may impact the sector credit growth and that of Bank of India.

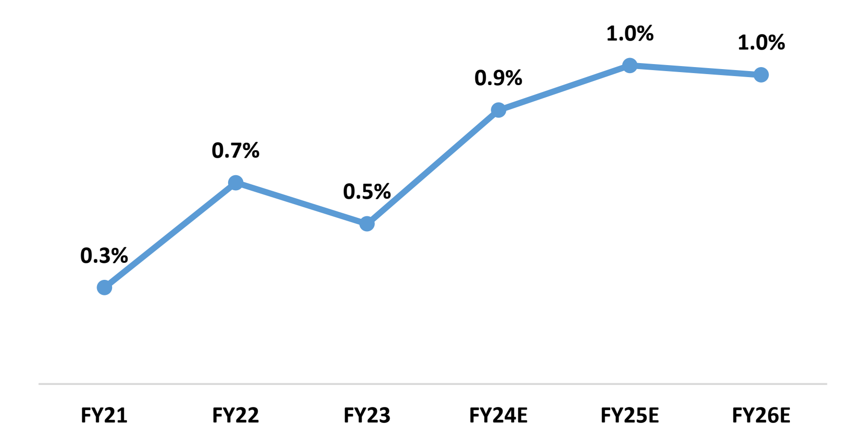
Company Background:

Bank of India is a state-owned commercial bank with headquarters in Mumbai. The Bank provides a wide range of banking products and financial services to corporate and retail customers. The bank provides specialized services for businesses (dealing in foreign exchange), NRIs, merchant banking, etc. They also have specialized branches that deal in asset recovery, hi-tech agricultural finance, lease finance and treasury, and small-scale industries. The Bank offers products such as mutual funds, venture capital, depository services, bullion trading and credit cards.

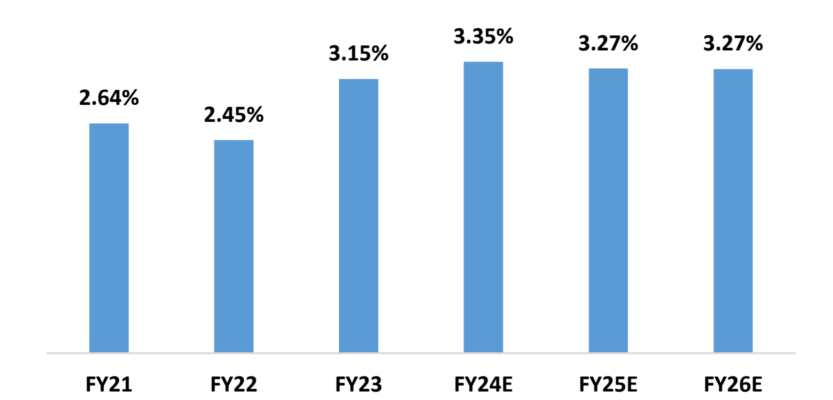
The Bank operates in three business segments, namely Treasury Operations, Wholesale Banking Operations and Retail Banking Operations. Treasury Operations includes the entire investment portfolio, which include dealing in government and other securities, money market operations and foreign exchange (Forex) operations. Wholesale Banking includes all advances, which are not included under Retail Banking.

The bank had a strong network of 5,157 branches and 8,228 ATMs.

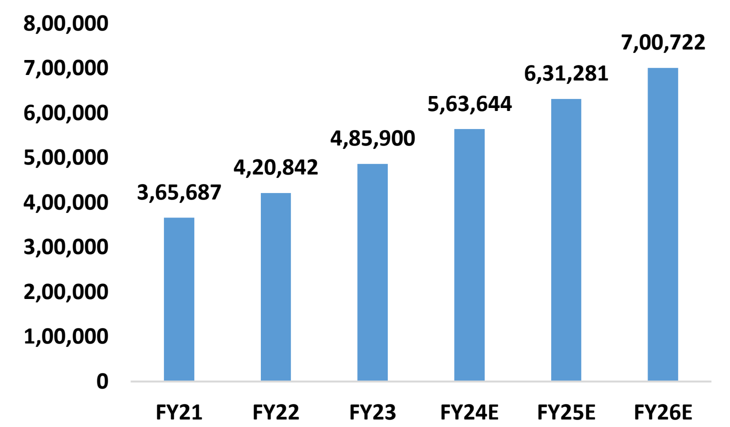
Return Ratio (%)



NIM (%)



Loan book top grow at 13% CAGR between FY23-26E



Bank of India Financials

Income Statement

Particulars	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	38076	47648	61000	67705	75323
Interest Expenses	24014	27373	36228	40516	45302
Net Interest Income	**14062**	**20275**	**24771**	**27189**	**30021**
Other Income	7879	7100	6822	7767	8325
Operating Income	**21941**	**27375**	**31593**	**34956**	**38346**
Operating Expenses	11952	13982	15088	16467	18060
PPP	9988	13393	16506	18489	20286
Prov & Cont	4422	7163	4723	5676	6660
Profit Before Tax	5567	6229	11783	12813	13626
Tax	804	2206	4242	3267	3475
PAT	**4763**	**4023**	**7541**	**9545**	**10152**

Balance Sheet

Particulars	FY22	FY23	FY24E	FY25E	FY26E
Share Capital	4104	4104	4553	4553	4553
Reserves & Surplus	51027	54866	65320	73500	81830
Shareholder funds	55131	58971	69873	78052	86383
Deposits	627896	669586	728840	799725	879159
Borrowings	26760	64979	62001	63128	70072
Other Liab & Prov.	24826	22020	23121	24277	25491
SOURCES OF FUNDS	**734614**	**815556**	**883835**	**965183**	**1061105**
Fixed and Other Intangible Asset	9775	9961	10160	10363	10519
Cash & Bank Balance	40281	44035	28182	31564	36438
Balances with Banks & Money at Call	51277	40361	28829	25023	28952
Advances	420842	485900	563644	631281	700722
Investments	174448	204398	224838	241700	263454
Other Assets	37991	30902	28182	25251	21022
TOTAL ASSETS	**734614**	**815556**	**883835**	**965183**	**1061105**

(Source: Company, HDFC sec)

Key Ratios

Particulars	FY22	FY23	FY24E	FY25E	FY26E
Return Ratios					
Calc. Yield on adv	6.6%	7.4%	8.3%	8.2%	8.2%
Calc. Cost of borr	3.7%	3.9%	4.8%	4.9%	5.0%
NIM	2.4%	3.2%	3.4%	3.3%	3.3%
RoAE	9.2%	7.1%	11.7%	12.9%	12.3%
RoAA	0.7%	0.5%	0.9%	1.0%	1.0%
Asset Quality Ratios					
GNPA	10.0%	7.3%	5.2%	4.4%	3.8%
NNPA	2.3%	1.7%	1.2%	1.0%	0.9%
PCR	78.4%	78.6%	76.3%	77.7%	77.0%
Growth Ratios					
Advances	15.1%	15.5%	16.0%	12.0%	11.0%
Borrowings	0.1%	6.6%	8.8%	9.7%	9.9%
NII	-1.5%	44.2%	22.2%	9.8%	10.4%
PPP	-2.8%	34.1%	23.2%	12.0%	9.7%
PAT	120.5%	-15.5%	87.4%	26.6%	6.4%

Particulars	FY21	FY22	FY23P	FY24E	FY26E
Valuation Ratios					
EPS	11.6	9.8	16.6	21.0	22.3
P/E	10.2	12.0	7.1	5.6	5.3
Adj. BVPS	110.3	124.1	138.1	157.7	176.3
P/ABV	1.1	1.0	0.9	0.7	0.7
Dividend per share	2.0	2.0	2.5	3.0	4.0
Other Ratios					
Cost-Income	54.5%	51.1%	47.8%	47.1%	47.1%
Avg Networth/ Avg Total Assets	13.3	13.8	12.6	12.4	12.3
CAR	2.6%	1.9%	1.7%	1.5%	1.4%
Tier 1	13.9%	14.4%	15.6%	16.0%	17.9%

Price Chart

Varun Nitin Manek

Digitally signed by Varun Nitin Manek
Date: 2024.01.08 10:19:50 +05'30'

HDFC Sec Retail Research Rating description
Green Rating stocks
This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks
This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks
This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Disclosure:
I, **Varun Nitin Manek**, Research Analyst, **(ACA)**, authors and the names subscribed to this report, hereby certify that all the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.
Research Analyst or his/her relative or HDFC Securities Ltd. **does not have** any financial interest in the subject company. Also, Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate **does not have** any material conflict of interest.
Any holding in stock – No
HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:
This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from 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. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.
This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.
If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.
Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.
This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.
HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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. HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.
HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.
HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.
HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from t date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.
HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.
Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066
Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600
For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400
HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193