

# Bajaj Electricals Ltd

**Elevated brand spends to rein margin improvement; reiterate SELL**

## Result Synopsis

Consumer products (CP) business registered muted revenue growth of 8.5% aided by festive season sale for appliances and growth in Morphy Richards, while price erosion and challenges with MFI channel impacted lighting revenue. Morphy Richards have grown in double digits for 5 quarters in a row, while double digit growth in domestic appliances like room heater and water heater propelled appliances growth. EBIT margins for consumer products has improved, however on the lighting side margins have contracted on higher brand investments (4.3% of lighting revenue) and negative operating leverage. Management has indicated that brand spends will continue to be elevated as company wants to regain market share across the product categories. The company has already reduced logistics costs by 1.5% and is further working on bringing down by another 1.5%, however it will take couple of years before benefits starts showing results. Management is guiding EBITDA margin of 7% by FY27, considering higher brand spends and expectation of price erosion in professional lighting and other key categories. We have aligned our EBITDA margins estimates with the management guidance and expect EBITDA margin of 7.3% in FY27. We continue with our SELL rating with PT of Rs600. We now assume 9% revenue CAGR vs earlier estimate of 11% revenue CAGR considering continued price erosion in professional lighting and challenges persisting with MFI and Government channel which contributes ~14% to the revenue.

BJE has been on right path with more focus on preimmunizing its portfolio and launching more products at the premium end, however it is time consuming, and company will have to continue with high brand spends and we have lowered our revenue estimates considering challenges with alternate channels and expectation of price erosion in professional lighting.

## Result Highlights

- **Business Update** – Revenue growth at 5% yoy has been muted as there has been soft demand for kitchen appliances, fans, and continued price erosion in lighting. Domestic appliances have done well aided by festive season.
- **Margins** – Higher brand investments and operating de-leverage results in subdued EBITDA despite 200bps gross margin expansion. The company is guiding 7% EBITDA margin by FY27.
- **A&P Spends & Price hikes** – A&P spends remains on the higher side ~3.3% of sales due to increase in brand investments. Management has guided that brand investments will continue to remain elevated in next few quarters. The company has taken ~2-4% price hikes across the categories in consumer products.
- **New launches** – Company continues to step up new launches at the premium end. The company has launched 113 SKU's in consumer products, 4 in Nirlep, 9 in Morphy Richards, 34 in consumer lighting and 142 launches in professional lighting.

## Exhibit 1: Actual vs estimates

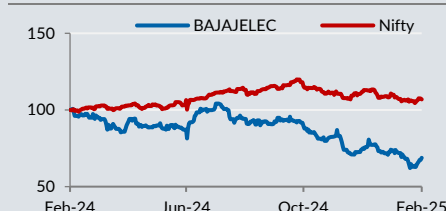
Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	12,897	13,020	12,364	-0.9	4.3	Continued price erosion in lighting impacted revenue
EBITDA	874	828	694	5.6	26.0	
EBITDA Margin (%)	6.8	6.4	5.6	42 bps	117 bps	
Adjusted PAT	334	315	328	5.7	1.7	

Reco	: SELL
CMP	: Rs 730
Target Price	: Rs 600
Potential Return	: -17.9%

## Stock data (as on Feb 4, 2025)

Nifty	23,739
52 Week h/l (Rs)	1110 / 650
Market cap (Rs/USD mn)	82960 / 953
Outstanding Shares (mn)	115
6m Avg t/o (Rs mn):	76
Div yield (%)	0.4
Bloomberg code:	BJE IN
NSE code:	BAJAELEC

## Stock performance



	1M	3M	1Y
Absolute return	-6.4%	-16.9%	-31.2%

## Shareholding pattern (As of Dec'24 end)

Promoter	62.8%
FII+DII	23.8%
Others	13.4%

## Δ in stance

(1-Yr)	New	Old
Rating	SELL	SELL
Target Price	575	820

## Δ in earnings estimates

	FY26e	FY27e
EPS (New)	14.0	17.1
EPS (Old)	20.1	23.4
% change	-30.3%	-26.9%

## Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
Revenue	48,889	54,756	60,312
YoY Growth	5.3%	12.0%	10.1%
EBITDA	3,059	3,773	4,411
YoY Growth	17.8	23.3	16.9
PAT	1,098	1,617	1,974
YoY Growth	-19.2%	47.3%	22.0%
ROE	7.4	10.2	11.5
EPS	9.5	14.0	17.1
P/E	76.6	52.0	42.6
BV	132.2	142.7	155.4
EV/EBITDA	27.5	22.3	19.0

## AAKASH FADIA

Lead Analyst

☎ +91 22 6992 2934 / 35 / 36



Sharan Shankarnarayan, Associate

## Exhibit 2: Quarterly snapshot (Consolidated)

Particulars (Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	y/y %	q/q %	9MFY25	9MFY24	y/y %
Sales	12,282	11,881	11,549	11,183	12,897	5.0	15.3	35,630	34,532	3.2
EBITDA	576	497	754	516	874	51.7	69.4	2,144	1,819	17.9
EBITDA Margin %	4.7	4.2	6.5	4.6	6.8			6.0	5.3	
Depreciation	295	302	320	348	361	22.1	3.7	1,028	794	29.5
EBIT	281	196	435	168	513	82.7	205.2	1,116	1,025	8.9
EBIT Margin %	2.3	1.6	3.8	1.5	4.0			3.1	3.0	
Interest charges	204	176	158	173	187	(8.1)	8.2	518	459	12.8
Other Income	427	225	106	152	128	(70.1)	(15.8)	386	921	(58.1)
PBT	505	245	383	147	454	(10.0)	208.6	984	1,487	(33.8)
Tax	131	-49	102	18	121	(8.1)	562.6	241	421	(42.8)
Effective Tax Rate (%)	26.0	-19.9	26.6	12.4	26.6	2.2	114.8	24.4	28.3	
PAT	374	293	281	129	334	(10.7)	158.6	744	1,066	(30.2)
PAT Margin %	3.0	2.5	2.4	1.2	2.6			2.1	3.1	
EPS (Rs)	3.3	2.6	2.4	1.1	2.9	(10.7)	158.6	6	9	(30.2)

Source: Company, YES Sec

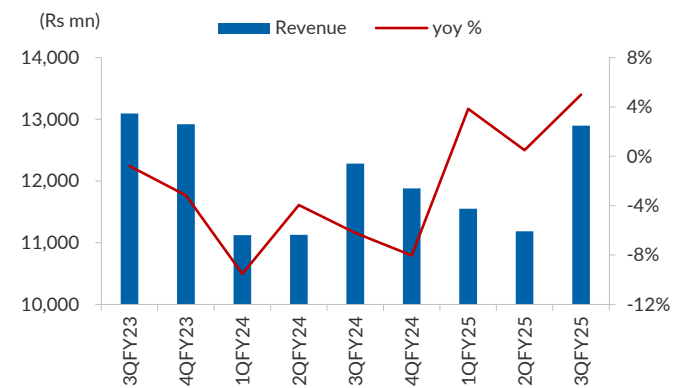
## Exhibit 3: Segmental Performance

Rs mn	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	y/y %	q/q %	9MFY25	9MFY24	y/y %
Consumer products	9,567	9,171	9,052	8,683	10,385	8.5	19.6	28,119	26,868	4.7
Lighting	2,716	2,710	2,498	2,501	2,513	(7.5)	0.5	7,511	7,664	(2.0)
Net Sales	12,282	11,881	11,549	11,183	12,897	5.0	15.3	35,630	34,532	3.2
PBIT										
Consumer products	158.6	163.5	230.8	88.6	519.9	227.8	486.8	839	979	(14.2)
Lighting	227.4	231.4	261.2	149.0	52.8	(76.8)	(64.6)	463	565	(18.0)
Total PBIT	386	395	492	238	573	48.4	141.0	1,302	1,559	(16.5)
Finance Costs	203.5	175.6	157.8	172.9	187.1	(8.1)	8.2	518	459	12.8
Unallocable expense	-322	-25	-49	-83	-69	(78.7)	(16.8)	-200	-402	(50.3)
as % of sales	-2.6	-0.2	-0.4	-0.7	-0.5			(0.6)	(1.2)	
Share of profit/ (loss) of an associate and a joint venture	0	0	0	0	0			0	0	
PBT	505	245	383	147	454	(10.0)	208.6	984	1,502	(34.5)
PBIT Margins (%)										
Consumer products	1.7	1.8	2.5	1.0	5.0	335	399	3.0	3.6	(66)
Lighting	8.4	8.5	10.5	6.0	2.1	(627)	(386)	6.2	7.4	(120)
Total PBIT	3.1	3.3	4.3	2.1	4.4	130	232	3.7	4.5	(86)

Source: Company, YES Sec

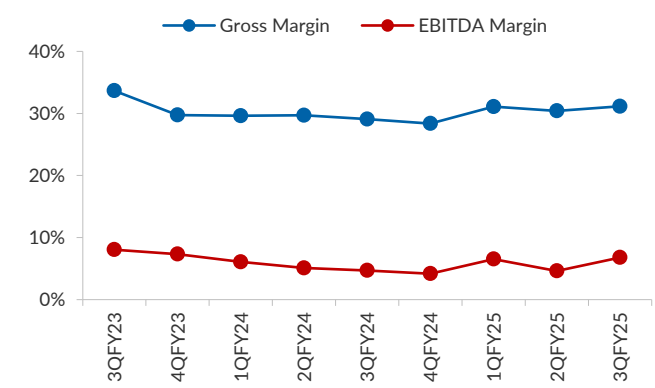
## CHARTS

**Exhibit 4: Revenue growth driven by Consumer Products owing to festive season**



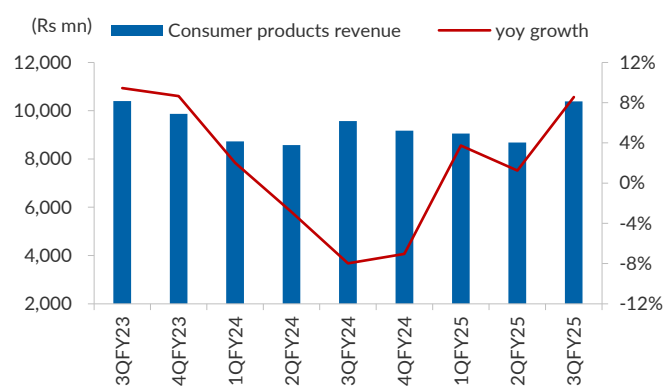
Source: Company, YES Sec

**Exhibit 5: Margin expansion driven by price hikes taken in the quarter**



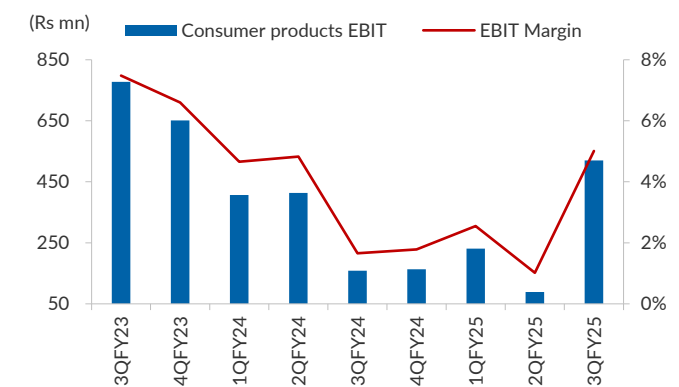
Source: Company, YES Sec

**Exhibit 6: Growth in appliances and Morphy Richards has resulted in overall CP growth**



Source: Company, YES Sec

**Exhibit 7: Margin expansion driven by volume growth and better mix**



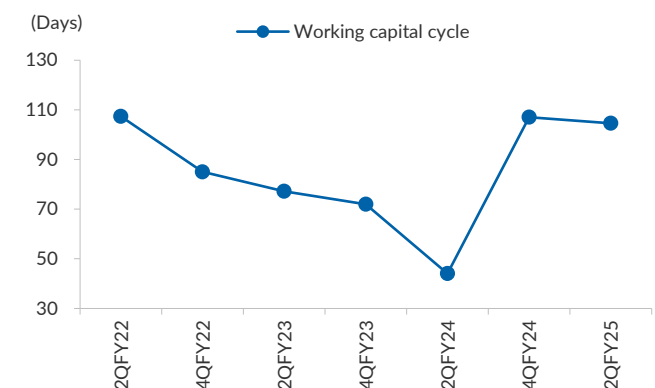
Source: Company, YES Sec

**Exhibit 8: Net cash position continues to remain healthy**



Source: Company, YES Sec

**Exhibit 9: NWC continues to remain at elevated levels**



Source: Company, YES Sec

## KEY CON-CALL HIGHLIGHTS

- **Quarter Summary-** Festive season has resulted in core FMEG revenue 5%, while consumer products have grown by 8.5%. There has been higher demand for the premium products. The company has crossed Rs10bn revenue threshold in consumer products after 2 years. Going forward seasonal products is expected to do well in Q4 and Q1 and company is cautiously optimistic about Q4 performance.
- **Consumer products & Morphy Richards** – Appliances growth has been driven by coolers and room-heaters. Morphy Richards grew in double digits. Morphy Richards has seen double digit growth now for 5 quarters in a row. Coffee maker, Food processors and personal care products categories for Morphy Richards has been growing faster than the entire Morphy Richards portfolio. Morphy Richards has contributed 7.5-8% of the total CP revenue in 9MFY25
- **Market share** – The company has gained market share in certain appliances categories on sequential basis
- **Gross Margins** – Gross margins has seen an improvement on back of price increase the company has taken in the Q3.
- **Price hikes-** The company has taken price hikes across the product categories be it mixer, water heaters and irons. The company has taken price increase of 2-4% across the categories.
- **A&P Spends-** The company has spent 4.3% of lighting revenue on A&P and 3% of CP revenue, while on overall basis A&P spends stood at 3.3% of the sales. Brand investments will continue to remain high as company is looking to regain its market share
- **MFI and Government channels-** MFI has taken a hit since RBI regulation has been in place. The company expects MFI channel to struggle, while government channels is expected to come back. The company derives 5% of its revenue from MFI channels. The company derives 9% of the revenue from the government channel.
- **Lighting price erosion-** Price erosion in the lighting is not completely done with. It may last for next few quarters. The 60% lighting revenue is attributed to professional lighting, while 40% of the lighting revenue comes from consumer lighting. Price erosion is on back of high volumes and change in technology and company expects price erosion to move to professional lighting as prices in consumer lighting stabilizes
- **New Products-** The company is looking to address product gaps in Fans. The product development on the lighting side is behind. The company has launched 27 new products in Q3
- **Margins** – The company is expecting 3% margin expansion by operating leverage and value based pricing exercise. The company expects 7% margin by FY27.
- **Capex** – Capex will continue to be in the range of Rs1-1.5bn for FY26.

## FINANCIALS

### Exhibit 10: Balance Sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	230	230	230	230	230
Reserves	18,842	14,182	15,001	16,207	17,677
Net worth	19,072	14,412	15,231	16,437	17,908
Debt	2	0	0	0	0
Deferred tax liab (net)	54	0	0	0	0
Other non current liabilities	1,375	2,344	2,372	2,434	2,498
Total liabilities	20,503	16,756	17,603	18,871	20,405
Fixed Asset	6,820	8,435	9,518	10,345	10,985
Investments	2,094	2,040	2,040	2,040	2,040
Other Non-current Assets	8,217	2,285	2,357	2,528	2,690
Net Working Capital	(42)	3,188	3,695	4,083	4,449
Inventories	9,756	7,566	8,867	9,931	10,939
Sundry debtors	11,311	11,761	11,854	13,276	14,623
Loans and Advances	115	113	119	134	147
Sundry creditors	17,960	18,417	19,400	21,728	23,932
Other current liabilities	5,961	2,635	2,714	2,899	3,075
Cash & equivalents	3,415	809	(6)	(124)	242
Total Assets	20,503	16,756	17,603	18,871	20,405

Source: Company, YES Sec

### Exhibit 11: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	48,892	46,413	48,889	54,756	60,312
Operating profit	3,748	2,597	3,059	3,773	4,411
Depreciation	738	1,096	1,412	1,668	1,946
Interest expense	436	635	692	554	498
Other income	450	865	513	610	670
Profit before tax	3,024	1,731	1,467	2,162	2,637
Taxes	870	372	369	544	664
Minorities and other	-	-	-	-	-
Adj. profit	2,154	1,359	1,098	1,617	1,974
Exceptional items	-	-	-	-	-
Net profit	2,154	1,359	1,098	1,617	1,974

Source: Company, YES Sec \*Financials are not comparable as EPC division has been de-merged to separate entity

## Exhibit 12: Cashflow Statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	3,460	2,366	2,159	2,715	3,136
Depreciation	738	1,096	1,412	1,668	1,946
Tax paid	(870)	(372)	(369)	(544)	(664)
Working capital Δ	5,772	(3,294)	(507)	(388)	(366)
Other operating items					
Operating cashflow	9,100	(205)	2,695	3,451	4,052
Capital expenditure	(892)	(2,711)	(2,495)	(2,495)	(2,585)
Free cash flow	8,209	(2,916)	200	956	1,466
Equity raised	61	(5,673)	0	(0)	(1)
Investments	(419)	118	-	-	-
Debt financing/disposal	(447)	(2)	-	-	-
Interest paid	(436)	(635)	(692)	(554)	(498)
Dividends paid	(460)	(346)	(279)	(411)	(502)
Net Δ in cash	2,031	(2,607)	(815)	(118)	367

Source: Company, YES Sec

## Exhibit 13: Du-point analysis

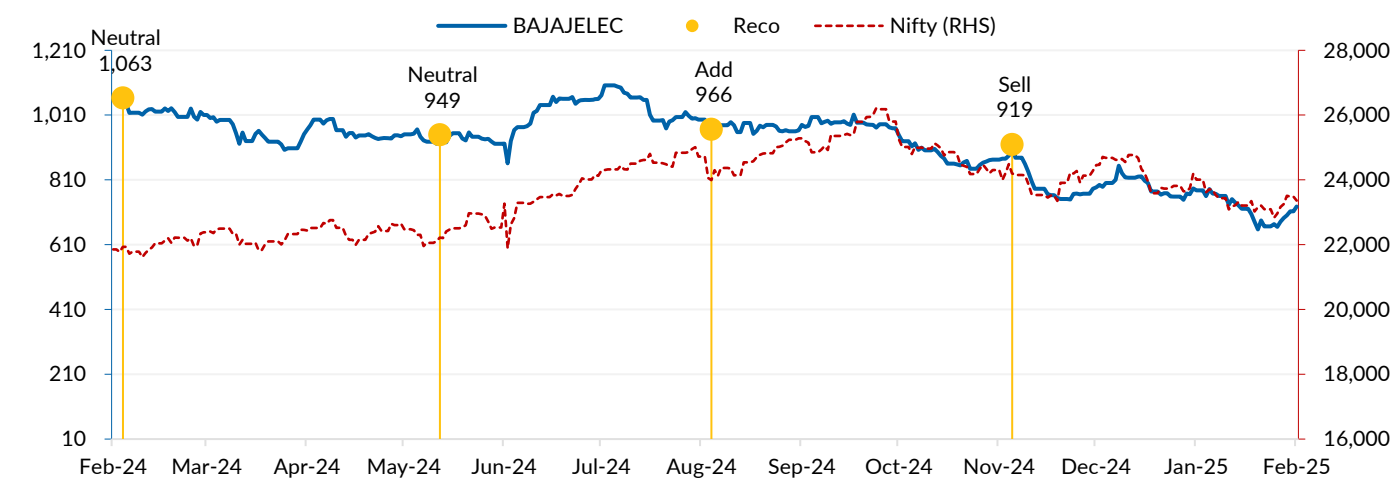
Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Tax burden (x)	0.71	0.78	0.75	0.75	0.75
Interest burden (x)	0.87	0.73	0.68	0.80	0.84
EBIT margin (x)	0.07	0.05	0.04	0.05	0.05
Asset turnover (x)	1.15	1.12	1.24	1.30	1.31
Financial leverage (x)	2.35	2.49	2.65	2.66	2.68
RoE (%)	11.8	8.1	7.4	10.2	11.5

## Exhibit 14: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
Growth matrix (%)					
Revenue growth	1.6	(5.1)	5.3	12.0	10.1
Op profit growth	49.8	(30.7)	17.8	23.3	16.9
EBIT growth	38.8	(31.6)	(8.7)	25.7	15.5
Net profit growth	56.5	(36.9)	(19.2)	47.3	22.0
Profitability ratios (%)					
OPM	7.7	5.6	6.3	6.9	7.3
EBIT margin	7.1	5.1	4.4	5.0	5.2
Net profit margin	4.4	2.9	2.2	3.0	3.3
RoCE	18.8	14.1	14.6	17.1	18.3
RoNW	11.8	8.1	7.4	10.2	11.5

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
RoA	5.0	3.3	2.8	3.8	4.3
<b>Per share ratios</b>					
EPS	18.7	11.8	9.5	14.0	17.1
Dividend per share	4.0	3.0	2.4	3.6	4.4
Cash EPS	25.1	21.3	21.8	28.5	34.0
Book value per share	165.7	125.1	132.2	142.7	155.4
<b>Valuation ratios</b>					
P/E	39.0	61.9	76.6	52.0	42.6
P/CEPS	29.1	34.3	33.5	25.6	21.5
P/B	4.4	5.8	5.5	5.1	4.7
EV/EBIDTA	21.5	32.1	27.5	22.3	19.0
<b>Payout (%)</b>					
Dividend payout	21.4	25.4	25.4	25.4	25.4
Tax payout	28.8	21.5	25.2	25.2	25.2
<b>Liquidity ratios</b>					
Debtor days	84.4	92.5	88.5	88.5	88.5
Inventory days	72.8	59.5	66.2	66.2	66.2
Creditor days	134.1	144.8	144.8	144.8	144.8

## Recommendation Tracker



## STANDARD DISCLAIMER:

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

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

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

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

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

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

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

## DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSIL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSIL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that Price of each of the securities or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. YES Securities (India) Limited conforms with the rules and regulations enumerated in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 as amended from time to time.

Technical analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSIL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSIL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.



YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through Rule 15a-6 under the Securities Exchange Act of 1934 (the "Exchange Act")<sup>[1]</sup> and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This research report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s), the authors of this research report. YES Securities (India) Limited is the concerned representatives (employees) of YES Securities (India) Limited, are responsible for the content of this research report including but not limited to any material conflict of interest of YES Securities (India) Limited in relation to the issuer(s) or securities as listed in this research report. This YES Securities (India) Limited research report is distributed in the United States through Brasil Plural Securities LLC (BPS). The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and is/ are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. As per SEC Rule 15a-6, the U.S. broker-dealer must accompany any third party research report it distributes with, or provide a web address that directs a recipient to, disclosure of any material conflict of interest that can reasonably be expected to have influenced the choice of a third-party research report provider or the subject company of a third-party research.

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

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

This report is intended for distribution by YES Securities (India) Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). As per Rule 15a-6(b)(4) of the Exchange Act, 1934, "Major U.S. institutional investor" means a U.S. institutional investor with assets, or assets under management, in excess of US\$100 million, or a registered investment adviser with assets under management in excess of US\$100 million. If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person or entity. Transactions in securities discussed in this research report should be effected through Brasil Plural Securities LLC (BPS) or another U.S. registered broker dealer/Entity as informed by YES Securities (India) Limited from time to time.

---

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

- (a) Effecting unsolicited securities transactions;
- (b) Providing research reports to major U.S. institutional investors, and effecting transactions in the subject securities with or for those investors;
- (c) Soliciting and effecting transactions with or for U.S. institutional investors or major U.S. institutional investors through a "chaperoning broker-dealer"; and
- (d) Soliciting and effecting transactions with or for registered broker-dealers, banks<sup>3</sup> acting in a broker or dealer capacity, certain international organizations, foreign persons temporarily present in the U.S., U.S. citizens resident abroad, and foreign branches and agencies of U.S. persons.

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

## DISCLOSURE OF INTEREST

Name of the Research Analyst : Aakash Fadia, Sharan Shankarnarayan

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSIL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSIL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report	No
3	Research Analyst or his/her relative or YSIL has any other material conflict of interest at the time of publication of the research report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSIL has received any compensation from the subject company in the past twelve months	No
6	YSIL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSIL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	YSIL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSIL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSIL has been engaged in market making activity for the subject company(ies)	No

Since YSIL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSIL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

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

## RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

**BUY:** Upside greater than 20% over 12 months

**ADD:** Upside between 10% to 20% over 12 months

**NEUTRAL:** Upside between 0% to 10% over 12 months

**REDUCE:** Downside between 0% to -10% over 12 months

**SELL:** Downside greater than -10% over 12 months

**NOT RATED / UNDER REVIEW**

Analyst signature

Analyst signature

## ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ('YSIL') is a subsidiary of YES Bank Limited ('YBL'). YSIL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL.