

October 31, 2023

RESULT REPORT Q2 FY24 | Sector: Consumer Durables

Blue Star Ltd

Multiple levers for growth captured in current valuations: downgrade to NEUTRAL

Result Synopsis

BLSTR has once again has outperformed industry and peers in significant way with its UP revenue growing by 39% vs industry growth of 30% in Q2. BLSTR market share in RAC stood at 13.5% in Q2. Commercial air conditioner continues to see growth with enquiry pipeline remaining good. BLSTR is witnessing strong traction in the commercial refrigeration space and is developing sub 300lts commercial refrigerator which is the fastest growing product in that space. On the project front the slowdown and delay in order finalizations in the commercial buildings sector continued during the quarter, inquiries and order finalizations from factories, data centres, railway electrification, water MEP, metro railway and healthcare sector continued to remain Buoyant. Order inflow for the quarter stood at Rs1.7bn growth of 42%, while order book stood at Rs60bn growing by 44%. Company is confident of outperforming the RAC market and maintaining its margin guidance in the range of 8-8.5% for FY24. Funds raised through QIP would be utilized towards increasing the manufacturing capacity, enhancing capabilities, investing in R&D and digitalization. We continue to remain positive on the stock, as its company has growth drivers in place with strong proposition in the commercial refrigeration and air-conditioning space and growth in domestic as well as international markets in RAC. This coupled with healthy execution in its project business with focus on cashflows will arguer well for the company.

BLSTR is estimated to deliver strong double-digit CAGR revenue growth on back of improved execution of projects, market share gains in RAC and continued growth momentum in Commercial refrigeration. We pencil in revenue/EBITDA/Adj PAT CAGR of 19%/26%/43% over FY23-25E. We have increased our SoTP-based PT to Rs950 vs earlier Rs879. We assign Neutral rating on the stock as current valuation captures the positives.

Result Highlights

- Business update** - Bluestar (BLSTR IN) reported better than expected revenue growth, with Unitary products beating estimates by 20%, while Electro-mechanical projects & packaged air-conditioners and PEIS revenue were lower than estimated. UP grew 39% yoy higher than peers as well as market.
- Margins** – Gross margins have expanded by 152bps and 261bps on yoy and sequential basis. EBITDA margins expanded by 106bps on yoy basis. BLSTR has maintained its margin guidance of 8-8.5% for unitary products for FY24.
- EMPS** – Order-book at Rs60bn continues to remain healthy. Order inflow at ~Rs17bn was up 42% on yoy basis. Commercial office space has seen slowdown, while healthcare and hospitality sectors are witnessing sustained investments.
- Demand Outlook** – Company believes FY24 volume will grow by 10-15% summer being impacted on account of unseasonal rains. Festive demand for RAC has been buoyant, with company realizing good Onam and Diwali demand trending higher.

Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	18,904	19,293	18,170	-2.0	4.0	Marginally lower than expected growth was on back of slower execution of the project business
EBITDA	1,227	1,070	1,100	14.6	11.5	
EBITDA Margin (%)	6.5	5.5	6.1	100 bps	40 bps	
Adjusted PAT	707	540	550	30.9	28.5	

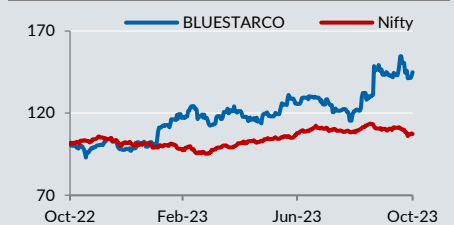
Source: Company, YES Sec

Reco	: NEUTRAL
CMP	: Rs 877
Target Price	: Rs 950
Potential Return	: +8.3%

Stock data (as on Oct 31, 2022)

Nifty	19,080
52 Week h/l (Rs)	955/553
Market cap (Rs/USD mn)	168010/2019
Outstanding Shares (mn)	193
6m Avg t/o (Rs mn):	178
Div yield (%):	0.7
Bloomberg code:	BLSTR IN
NSE code:	BLUESTARCO

Stock performance



	1M	3M	1Y
Absolute return	1.1%	12.9%	43.1%

Shareholding pattern (As of Jun'23 end)

Promoter	36.5%
FII+DII	40.1%
Others	23.4%

Δ in stance

(1-Yr)	New	Old
Rating	Neutral	ADD
Target Price	950	879

Δ in earnings estimates

	FY24e	FY25e
EPS (New)	20.8	25.9
EPS (Old)	20.6	24.5
% Change	1.0%	5.7%

Financial Summary

(Rs mn)	FY23	FY24E	FY25E
Revenue	79,773	96,378	110,807
YoY Growth	32.0%	20.8%	15.0%
EBITDA	4,928	6,554	7,867
YoY Growth	42.2	33.0	20.0
PAT	2,297	4,013	4,983
YoY Growth	36.9%	74.8%	24.2%
ROE	22.5	33.3	35.7
EPS	20.8	20.8	25.9
P/E	42.9	42.8	34.5
BV	58.1	66.9	77.9
EV/EBITDA	36.0	27.1	22.4

AAKASH FADIA

Analyst

aakash.fadia@ysil.in



Exhibit 2: Quarterly snapshot (Consolidated)

Particulars (Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	y/y %	q/q %	1HFY24	1HFY23	y/y %
Sales	15,762	17,882	26,238	22,260	18,904	19.9	-15.1	41,164	35,466	16.1
EBITDA	856	1047	1792	1450	1227	43.3	-15.4	2677	2089	28.1
EBITDA Margin %	5.4	5.9	6.8	6.5	6.5			6.5	5.9	
Depreciation	245	156	227	228	230	-6.0	1.0	458	465	(1.5)
EBIT	611	892	1565	1222	997	63.1	-18.4	2219	1624	36.6
EBIT Margin %	3.9	5.0	6.0	5.5	5.3			5.4	4.6	
Interest charges	121	139	181	180	177	46.0	-1.9	357	227	57.0
Other Income	86	52	67	94	130	51.6	37.9	224	191	17.3
PBT	576	804	3158	1136	950	65.0	-16.4	2086	1588	31.4
Tax	149	216	918	302	243	62.9	-19.8	545	412	32.2
Effective Tax Rate (%)	25.9	26.9	29.1	26.6	25.5			26	26.0	
PAT	427	584	2253	834	707	65.7	-15.2	1541	1171	31.6
PAT Margin %	2.7	3.3	8.6	3.7	3.7			3.7	3.3	
EPS (Rs)	2.2	3.0	11.7	4.3	3.7	65.7	-15.2	8	6	31.6

Source: Company, YES Sec

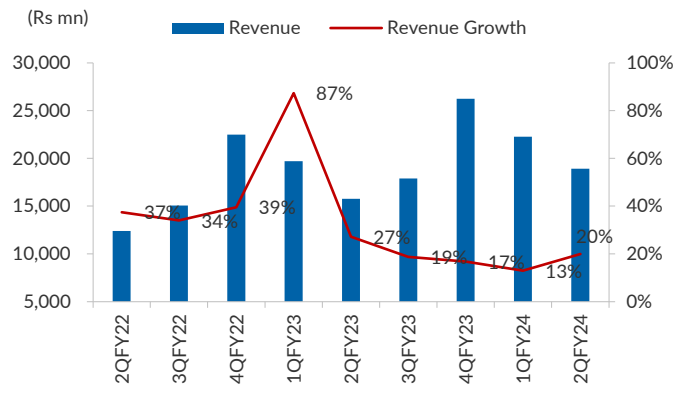
Exhibit 3: Segmental Performance

Rs mn	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)	1HFY24	1HFY23	YoY (%)
EMP & Packaged Air conditioner	9,591	10,001	12,526	9,491	10,772	12.3	13.5	20,263	17,525	15.6
Unitary Products	5,248	7,019	12,677	11,985	7,295	39.0	-39.1	19,279	16,490	16.9
Professional Electronics and Industrial systems	924	862	1,035	784	837	-9.4	6.7	1,621	1,451	11.8
Total Sales	15,762	17,882	26,238	22,260	18,904	19.9	-15.1	41,164	35,466	16.1
PBIT										
EMP & Packaged Air conditioner	607.2	716.8	992.1	666.2	652.8	7.5	-2.0	1,319	1,059	24.6
Unitary Products	324.0	518.3	1069.5	893.4	616.1	90.2	-31.0	1,510	1,235	22.2
Professional Electronics and Industrial systems	138.0	109.8	198.3	104.9	122.3	-11.4	16.6	227	197	15.4
Total PBIT	1,069	1,345	2,260	1,665	1,391	30.1	-16.4	3,056	2,491	22.7
Finance Costs	120.9	139.2	180.7	180.0	176.5	46.0	-1.9	357	227	57.0
Unallocable expense	373	402	629	348	265	-28.9	-24.0	613	677	-9.4
as % of sales	2.4	2.2	2.4	1.6	1.4			1.5	1.9	
Exceptional Items	0	0	-1708	0	0			0	0	
PBT	576	804	3158	1136	950	65.0	-16.4	2086	1587	31.4
PBIT Margins (%)						(bps)	(bps)			(bps)
EMP & Packaged Air conditioner	6.3	7.2	7.9	7.0	6.1	(27)	(96)	6.5	6.0	47
Unitary Products	6.2	7.4	8.4	7.5	8.4	227	99	7.8	7.5	34
Professional Electronics and Industrial systems	14.9	12.7	19.2	13.4	14.6	(33)	124	14.0	13.6	44
Total PBIT	6.8	7.5	8.6	7.5	7.4	58	(12)	7.4	7.0	40

Source: Company, YES Sec

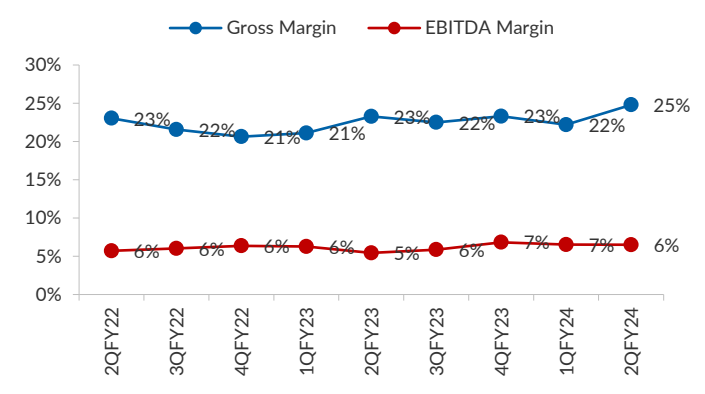
CHARTS

Exhibit 4: Revenue growth continues to remain strong with UP outperforming



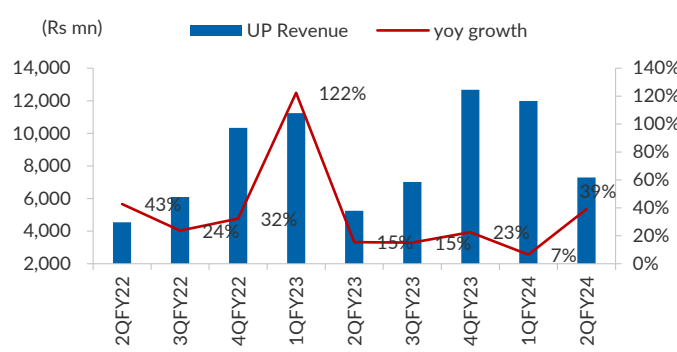
Source: Company, YES Sec

Exhibit 5: Gross margins have improved on lower raw material prices



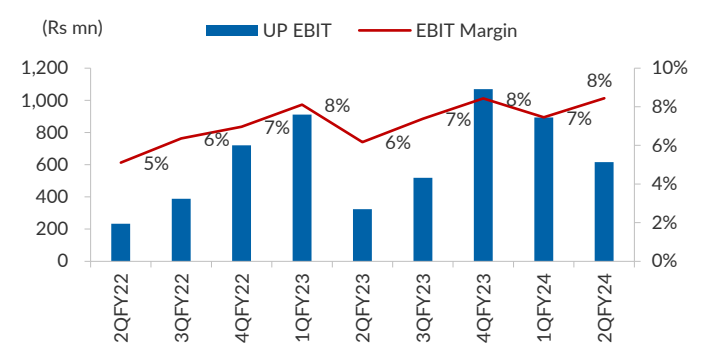
Source: Company, YES Sec

Exhibit 6: Unitary products continue to outperform peers as well as industry



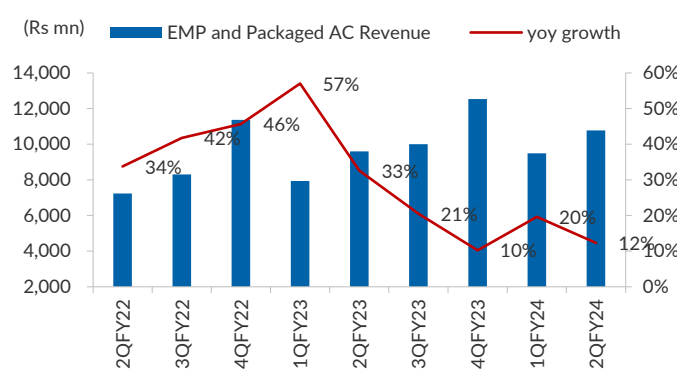
Source: Company, YES Sec

Exhibit 7: EBIT margins continues to improve on cost rationalization and higher operating leverage



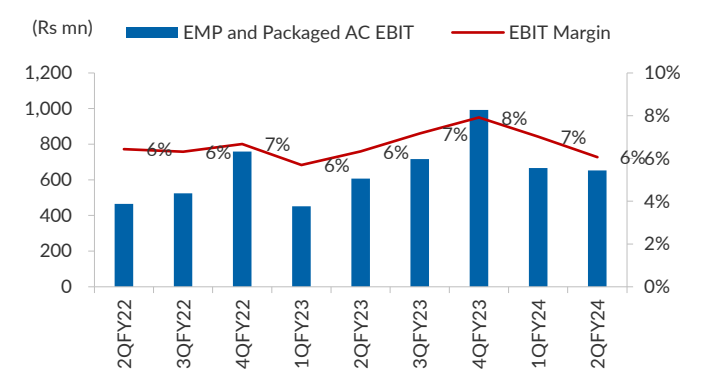
Source: Company, YES Sec

Exhibit 8: Slowdown in buildings revenue has resulted in lower-than-expected growth



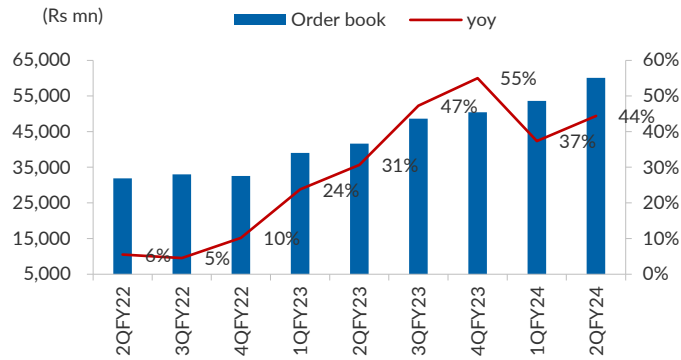
Source: Company, YES Sec

Exhibit 9: EBIT margins continues to remain in the guided band



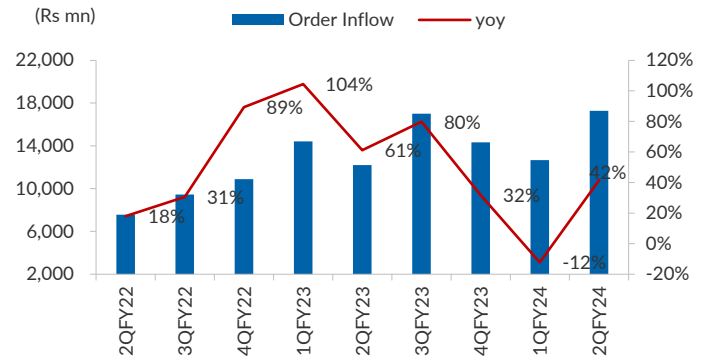
Source: Company, YES Sec

Exhibit 10: EMPS order book remains healthy



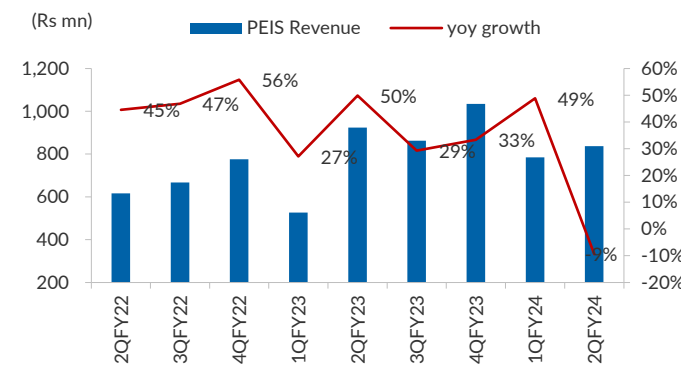
Source: Company, YES Sec

Exhibit 11: Order inflow remains robust



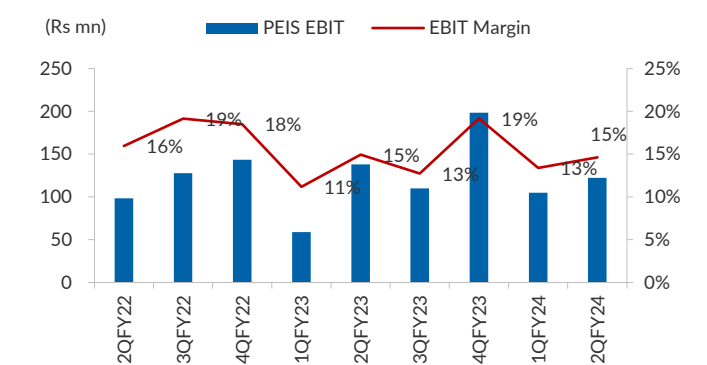
Source: Company, YES Sec

Exhibit 12: Slowdown in data centers has resulted in revenue decline



Source: Company, YES Sec

Exhibit 13: PEIS margins are largely stable



Source: Company, YES Sec

KEY EARNINGS CALL HIGHLIGHTS

- **Business update** – festival season has started well, the company had good Onam, Diwali demand is significantly higher than the previous Diwali. RAC industry is expected to grow by 10% in FY24 with possibility of 15%. BLSTR is expected to grow faster than the industry. 15% growth will happen if summer starts on the strong note.
- **QIP fund raise use** – The company expects manufacturing investments of Rs650cr. The company is increasing its RAC capacity from 0.6mn to 1.2mn. BLSTR is also investing in developing sub 300lts deep freezers Further it will also increase in R&D spends and digitalization. On the immediate basis the QIP fund will go to repayment of debt.
- **New product development** – The company is in process commercial AC products for North American and European market.
- **EMPS** – Order book stood at Rs46bn growth of 51% yoy. Company is getting orders from tier 3,4 cities and towns. On the commercial AC front growth is continuing from government, educational and healthcare industry. Enquiry pipeline continues to remain good, except the buildings.
- Blue star is number 1 in ducted air-conditioner and chillers, number 2 in VRF and screw chillers. On international front Qatar has picked up and there is strong demand VRF. Demand is strong from healthcare and hospitality.
- Order finalization has seen some slow down leading to lower growth in EMP segment.
- EMPS margins on the steady state is around 6.5%.
- **Commercial refrigeration** – Commercial refrigeration is expected to grow at 25% CAGR for next 5 years.
- **Unitary Products** –Blue-star has grown at 39% in RAC vs the market growth of 30%. Distribution expansion continues to remain strong resulting in growth in coming time. The company's market share of 13.5% in Q2.
 - Commercial refrigeration space has witnessed good traction from healthcare and Pharma. Company continues to remain leader in Deep freezers, storage coolers and modular cold storage. Company has attained leadership position in deep freezers and storage water coolers.
 - **Deep freezers** – The company has market share of 28% in the Deep freezers.
 - **UP Margins** – UCP business has potential to deliver 9%-9.5% margins. Currently on account of competition margins should be in range of 8.5-9% margins. Operating leverage is very high in RAC. Company is guiding UP margins of 8-8.5%
- **PEIS:** There has been strong demand for healthcare, while some slowdown in data centers has resulted revenue decline for BLSTR.
- **Consumer finance** – The consumer finance cost has gone up and is expected to increase, as 45% of the RAC slod are through consumer finance.
- **Focus** – The focus of the company is profitability and Cash flows rather than market share.
- **Exports** – International foot print expansion is connected with commercial AC.
- **Capex** – Capex including maintenance capex for next couple of year will be in the range of Rs650cr.
- **Consumption** – Large part of RAC consumption is 2 star and 3 star in the mass market

Exhibit 14: SoTP Valuation on FY25E PAT estimates

PAT (Rs mn)	Target multiple (x)	Rs mn
EMP and Packaged Air-conditioner	25	56,001
PEIS	25	9,738
UP	50	117,217
<hr/>		
Total MCAP (Rs mn)		182,956
Number of Shares (mn)		193
Target Price (Rs)		950

FINANCIALS

Exhibit 15: Balance Sheet

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Equity capital	385	385	385	385	385
Reserves	8,467	8,828	10,803	12,501	14,609
Net worth	8,852	9,213	11,188	12,886	14,994
Debt	4,516	4,778	5,776	6,260	6,543
Deferred tax liab (net)	0	0	0	0	0
Other non current liabilities	223	351	623	722	808
Total liabilities	13,591	14,342	17,587	19,868	22,345
Fixed Asset	4,551	5,860	9,420	11,833	11,700
Investments	2,951	1,682	1,497	1,497	1,497
Other Non-current Assets	1,327	1,503	1,201	1,435	1,637
Net Working Capital	1,441	3,525	5,105	4,876	5,614
Inventories	8,824	11,442	14,334	17,318	19,910
Sundry debtors	8,110	11,897	15,488	18,219	20,947
Loans and Advances	1,394	221	159	192	221
Sundry creditors	16,049	20,417	25,112	31,158	35,823
Other current liabilities	5,371	6,793	8,540	10,154	11,563
Cash & equivalents	3,322	1,771	364	226	1,897
Total Assets	13,591	14,342	17,587	19,868	22,345

Source: Company, YES Sec

Exhibit 16: Income statement

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Revenue	42,636	60,456	79,773	96,378	110,807
Operating profit	2,398	3,465	4,928	6,554	7,867
Depreciation	923	860	848	941	1,088
Interest expense	647	464	547	689	523
Other income	624	357	309	437	401
Profit before tax	1,452	2,498	3,842	5,361	6,656
Taxes	471	829	1,547	1,349	1,675
Minorities and other	(23)	(8)	(2)	(2)	(2)
Adj. profit	1,004	1,677	2,297	4,013	4,983
Exceptional items	-	-	(1,708)	-	-
Net profit	1,004	1,677	4,005	4,013	4,983

Source: Company, YES Sec

Exhibit 17: Cashflow Statement

Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Profit before tax	2,099	2,962	4,389	6,050	7,180
Depreciation	923	860	848	941	1,088
Tax paid	(471)	(829)	(1,547)	(1,349)	(1,675)
Working capital Δ	(1,575)	(802)	(1,385)	228	(737)
Other operating items					
Operating cashflow	975	2,191	2,304	5,869	5,855
Capital expenditure	(362)	(2,169)	(4,407)	(3,355)	(955)
Free cash flow	613	22	(2,103)	2,515	4,901
Equity raised	602	610	282	-	(0)
Investments	10	(14)	(9)	-	-
Debt financing/disposal	27	262	998	484	283
Interest paid	(647)	(464)	(547)	(689)	(523)
Dividends paid	(770)	(1,926)	(2,311)	(2,315)	(2,875)
Net Δ in cash	190	(1,550)	(1,407)	(138)	1,670

Source: Company, YES Sec

Exhibit 18: Du-pont analysis

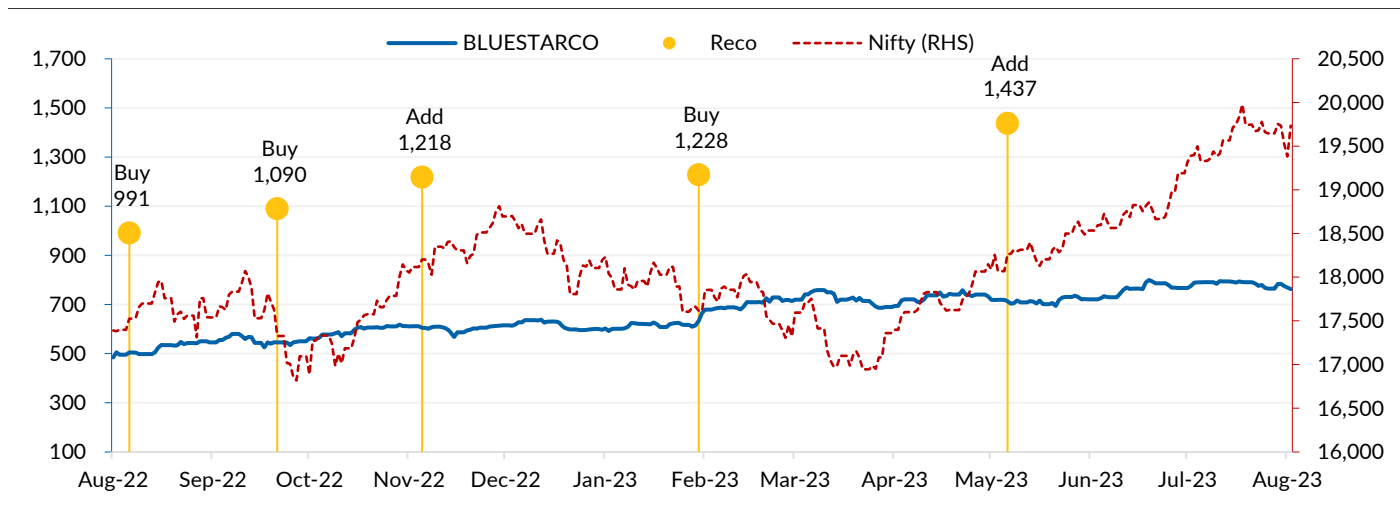
Y/e 31 Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Tax burden (x)	0.69	0.67	0.60	0.75	0.75
Interest burden (x)	0.69	0.84	0.88	0.89	0.93
EBIT margin (x)	0.05	0.05	0.06	0.06	0.06
Asset turnover (x)	1.22	1.56	1.70	1.69	1.67
Financial leverage (x)	4.14	4.30	4.61	4.73	4.76
RoE (%)	11.9	18.6	22.5	33.3	35.7

Exhibit 19: Ratio analysis

Y/e 31 Mar	FY21	FY22	FY23	FY24E	FY25E
Growth matrix (%)					
Revenue growth	(20.5)	41.8	32.0	20.8	15.0
Op profit growth	(15.2)	44.5	42.2	33.0	20.0
EBIT growth	(12.4)	41.1	48.2	37.8	18.7
Net profit growth	(31.9)	67.1	36.9	74.8	24.2
Profitability ratios (%)					
OPM	5.6	5.7	6.2	6.8	7.1
EBIT margin	4.9	4.9	5.5	6.3	6.5
Net profit margin	2.4	2.8	2.9	4.2	4.5
RoCE	16.2	21.7	28.4	33.5	35.3
RoNW	11.9	18.6	22.5	33.3	35.7

Y/e 31 Mar	FY21	FY22	FY23	FY24E	FY25E
RoA	2.9	4.3	4.9	7.0	7.5
Per share ratios					
EPS	5.2	8.7	11.9	20.8	25.9
Dividend per share	4.0	10.0	12.0	12.0	14.9
Cash EPS	10.0	13.2	16.3	25.7	31.5
Book value per share	46.0	47.8	58.1	66.9	77.9
Valuation ratios					
P/E	171.2	102.4	42.9	42.8	34.5
P/CEPS	89.2	67.7	35.4	34.7	28.3
P/B	19.4	18.6	15.4	13.3	11.5
EV/EBIDTA	72.1	50.5	36.0	27.1	22.4
Payout (%)					
Dividend payout	76.8	114.8	100.6	57.7	57.7
Tax payout	32.4	33.2	40.3	25.2	25.2
Liquidity ratios					
Debtor days	69.4	71.8	70.9	69.0	69.0
Inventory days	75.5	69.1	65.6	65.6	65.6
Creditor days	137.4	123.3	114.9	118.0	118.0

Recommendation Tracker



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 YSL 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 YSL.

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 each security's price 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.

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.

YSL, 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 YSL 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 SEC 15a-6 rules 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) who has prepared the research report. YES Securities (India) Limited is the employer of the YES Securities (India) Limited Representative who is responsible for the report, are responsible for the content of the YES Securities (India) Limited Research Report; any material conflicts of interest of YES Securities (India) Limited in relation to the issuer(s) or securities discussed in the YES Securities (India) Limited 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. 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). 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.

YES Securities (India) Limited

Registered Address: 2nd Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400 055, Maharashtra, India.

Correspondence Address: 4th Floor, AFL House, Lok Bharti Complex, Marol Maroshi Road, Andheri East, Mumbai - 400059, Maharashtra, India.

✉ research@ysil.in | Website: www.yesinvest.in

Registration Nos.: CIN: U74992MH2013PLC240971 | SEBI Single Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | CDSL & NSDL: IN-DP-653-2021 | MERCHANT BANKER: INM000012227 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (CAT III AIF) SEBI Registration No.: IN/AIF3/20-21/0818 | AMFI ARN Code - 94338.

Details of Compliance Officer: Name: Aditya Goenka, **Email id:** compliance@ysil.in, **Contact No:** 022- 65078127 (Extn: 718127)

Grievances Redressal Cell: customer.service@ysil.in/igc@ysil.in

DISCLOSURE OF INTEREST

Name of the Research Analyst : Aakash Fadia

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 YSL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSL'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 YSL 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	YSL has received any compensation from the subject company in the past twelve months	No
6	YSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSL 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	YSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSL has been engaged in market making activity for the subject company(ies)	No

Since YSL 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 YSL 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 YSL 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

ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSL") is a wholly owned subsidiary of YES BANK LIMITED. YSL 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). YSL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst. YSL 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. YSL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSL by SEBI/Stock Exchanges.