

January 20, 2025

RESULT REPORT Q3 FY25 | Sector: Building Materials

# APL Apollo Tubes Ltd

**Stellar performance amidst the ongoing challenging environment, upgrade earnings and maintain our BUY rating!**

## Result Synopsis

Amidst the ongoing slowdown in overall macro spends, APL Apollo Tubes' (APAT) sales volume growth of 37%YoY in Q3FY25 & 19%YoY growth in 9MFY25 displays company's dominant position in structural steel tubes industry. The growth has been on the back of shift in demand from secondary to primary steel as the price difference between the two has narrowed down, and company's discounting policy to push volumes and gain market share. Despite the same, General products share to total volumes declined marginally to 44% Vs 45% in Q2FY25. Post, the severe dent on profitability in Q2FY25, APL's EBITDA/Te came in at Rs4,173/Te for Q3FY25. However, higher discounts and increase in other expenses capped the revival in profitability. Other expenses were higher due to increase in freight cost by Rs150Mn, Rs50Mn incremental power cost, and rise in plant operational cost by Rs100-150Mn.

## Management Guidance

Management is on-track to deliver 3.1-3.2MnTe volumes for FY25E and company has maintained their guidance of 4Mn/5MnTe volumes by FY26E/FY27E respectively. Moreover, despite the drag in profitability in Q2FY25, company expects absolute EBITDA for FY25E to be higher Vs FY24 (i.e. ~Rs4,500/Te profitability in Q4FY25E).

## Our View

We expect APL to deliver a volume CAGR of ~19% over FY24-FY27E, with improvement in macro environment, shift in demand towards primary steel, and ramp-up of Dubai & Raipur operations. Hence, we expect company's sales volume to come in at 4.41MnTe (Vs guidance of 5MnTe) by FY27E. Incrementally, growing application of APL products (in solar and other segments) and new up-coming capacities, we reckon volumes to accelerate. Moreover, with stability in HRC prices, expected ramp-up of Dubai & Raipur plant (higher share of VAP), and rolling-back of on-going discounts should enable APL to register EBITDA/Te of Rs4,500/Rs4,600 for FY26E/FY27E (Vs guidance of Rs5,000/Te by FY27E).

We have revised our EPS estimates upwards by 10%/6%/6% for FY25E/FY26E/FY27E respectively. At CMP, the stock trades at P/E(x) of 32x on FY27E revised EPS of Rs49.6 (nearly doubling from FY24 EPS). We continue to value APL Apollo Tubes at P/E(x) of 40x on FY27E EPS, on the back of higher growth and bottoming-out of profitability. Hence, we retain our BUY rating on the stock with target price of Rs1,984.

## Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	54,327	50,056	51,625	8.5%	5.2%	Revenue above estimates but margin in-line.
EBITDA	3,456	3,396	3,318	1.8%	4.2%	
EBITDA Margin (%)	6.4	6.8	6.4	-42 bps	-7 bps	
Adjusted PAT	2,170	2,033	2,052	6.7%	5.7%	

Source: Company, YES Sec

Reco	: BUY
CMP	: Rs 1,590
Target Price	: Rs 1,984
Potential Return	: +24.8%

## Stock data (as on Jan 20, 2025)

Nifty	23,345
52 Week h/l (Rs)	1,729 / 1,305
Market cap (Rs/USD mn)	429,830 / 4,970
Outstanding Shares (mn)	278
6m Avg t/o (Rs mn):	903
Div yield (%):	0.4
Bloomberg code:	APAT IN
NSE code:	APLAPOLLO

## Stock performance



	1M	3M	1Y
Absolute return	2.0	0.9	3.3

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

Promoter	28.3%
FII+DII	48.2%
Others	23.5%

## Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1,984	1,877

## Δ in earnings estimates

	FY25E	FY26E	FY27E
EPS (New)	24.8	41.1	49.6
EPS (Old)	22.5	38.8	46.9
% change	10.4%	5.9%	5.7%

## Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
Net Revenue	210,482	260,244	308,096
YoY Growth	16.2%	23.6%	18.4%
EBITDA	11,498	17,247	20,275
EBITDA (%)	5.5%	6.6%	6.6%
PAT	6,883	11,401	13,769
YoY Growth	-6.0%	65.6%	20.8%
ROE	17.7%	24.5%	23.8%
EPS	24.8	41.1	49.6
P/E	64.1	38.7	32.1
BV/Share	149.7	185.7	230.4
P/BV	10.6	8.6	6.9

## UDIT GAJIWALA

Lead Analyst

📞 +91 22 6992 2934 / 35 / 36



SHALIN DAMANI, Associate

## Result Highlights

- Revenue stood at Rs54.33Bn, a growth of 30%YoY (8% above our est and 5% above consensus est).
- Volumes (as mentioned in quarterly press release), were up by 37%YoY to 828KTe.
- ASP came in at Rs65,597/Te an improvement of 4%QoQ and decline of ~5%YoY.
- EBITDA/Te came in at Rs4,173 Vs our est of Rs4,100 and as compared to Rs4,636/Te in Q3FY24 & Rs1,821/Te in previous quarter which was severely dented by inventory losses.
- PAT stood at Rs2.17Bn, a growth of 31%YoY.

## Exhibit 2: Quarterly Snapshot:

Rs mn	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	% yoy	% qoq	9M FY24	9M FY25	% yoy
Revenue	46,304	41,778	47,657	49,743	47,739	54,327	30.0	13.8	133,531	151,809	13.7
Expenditure	43,054	38,982	44,854	46,727	46,359	50,872	30.5	9.7	124,413	143,957	15.7
- RM	39,784	35,854	41,326	42,697	42,419	46,623	30.0	9.9	114,846	131,739	14.7
- Staff Cost	627	644	701	801	872	899	39.6	3.2	1,876	2,571	37.1
- Other Cost	2,642	2,484	2,827	3,229	3,068	3,350	34.9	9.2	7,691	9,646	25.4
Operating Profit	3,250	2,796	2,804	3,016	1,381	3,456	23.6	150.3	9,118	7,853	(13.9)
OPM(%)	7.0	6.7	5.9	6.1	2.9	6.4	-33 bps	347 bps	6.8	5.2	-166 bps
Other Income	196	150	186	247	148	217	44.1	46.5	563	611	8.6
Depreciation	413	471	466	465	469	503	6.9	7.4	1,293	1,437	11.1
Interest	266	285	311	278	364	368	29.1	1.2	823	1,010	22.8
PBT	2,767	2,190	2,212	2,520	696	2,801	27.9	302.5	7,565	6,017	(20.5)
Tax	738	535	508	589	158	631	18.0	300.1	1,945	1,378	(29.2)
PAT	2,029	1,655	1,704	1,932	538	2,170	31.1	303.2	5,620	4,639	(17.4)

Source: Company, YES Sec

## Exhibit 3: Operational Numbers:

	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	% yoy	% qoq	9M FY24	9M FY25	% yoy
Volume ('000Te)	675	603	679	721	758	828	37.3	9.2	1,939	2,308	19.0
ASP (Rs/Te)	68,599	69,283	70,235	68,985	62,958	65,597	(5.3)	4.2	68,866	65,788	(4.5)
EBITDA (Rs/Te)	4,815	4,636	4,132	4,183	1,821	4,173	(10.0)	129.2	4,702	3,403	(27.6)

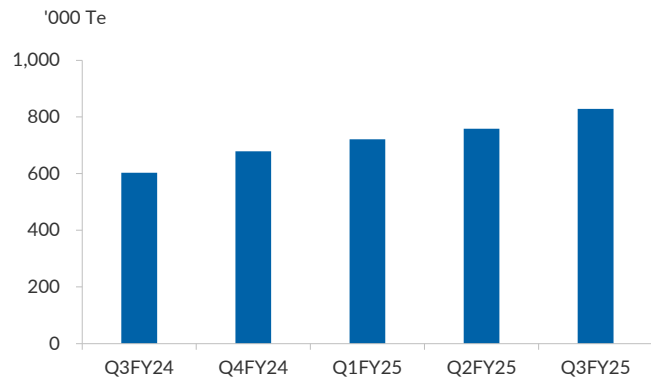
Source: Company, YES Sec

## KEY CON-CALL HIGHLIGHTS

- Macro situation continues to remain challenging due to lower spends by Government and weak retail demand.
- **Guidance:** Sales volume of 4Mn/5MnTe by FY26E/FY27E respectively. For FY25E, company is on-track to achieve sales volume of 3.1-3.2MnTe with absolute EBITDA higher than FY24.
- Company continued its focus on growing volumes and gaining market share.
- Management stated that demand reviving from this quarter, company has received new orders in international markets as well. For January'25, company expects to achieve volumes of 280-285Kte.
- Management expect sales vols to increase on QoQ basis as demand in domestic market is shifting from sponge iron (scrap steel) to HRC based and the international sales should accelerate with ramp-up of Dubai plant.
- Currently Dubai plant is operating at 58% utilization level.
- Management is focused on enhancing the mix of VAP. Raipur plant operated at 55% utilization level during the quarter however, the volume-off take could have been better but company faced issues in terms of sourcing RM.
- Management aims to expand their presence in eastern markets, via their Gorakhpur and Siliguri facilities.
- On capex, company is on track to have a cumulative capacity of 5Mn Te by FY26E. Residual capex for new plant will be Rs6Bn in coming 3-4 quarters.
- Margins will improve with better operating leverage (benefit of Rs400-500/Te), rolling back of discounts (~Rs100-200/Te benefit) with improving macro scenario, and higher contribution of VAP with ramp-up of Raipur and Dubai plant (could improve profitability by Rs400-500/Te).
- Other cost was higher due to Rs150Mn incremental freight cost, Rs50Mn power cost, and plant operational cost of Rs100-150Mn.
- Of total capacity of 5MnTe, 1.5MnTe is general products, other 3.5MnTe is VAP.
- Currently Shankara is doing ~35kTe/month business for APL Tubes.

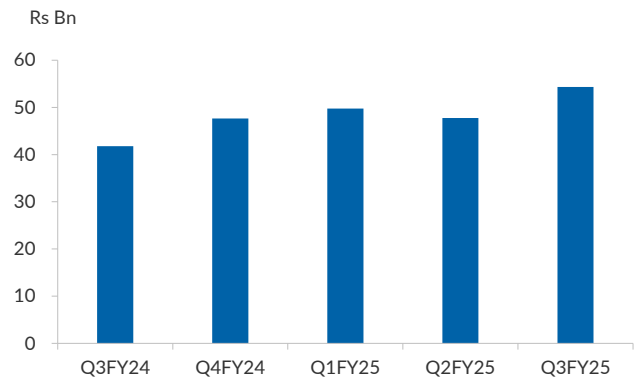
## QUARTERLY TRENDS

**Exhibit 4: Volumes grew by 37%YoY...**



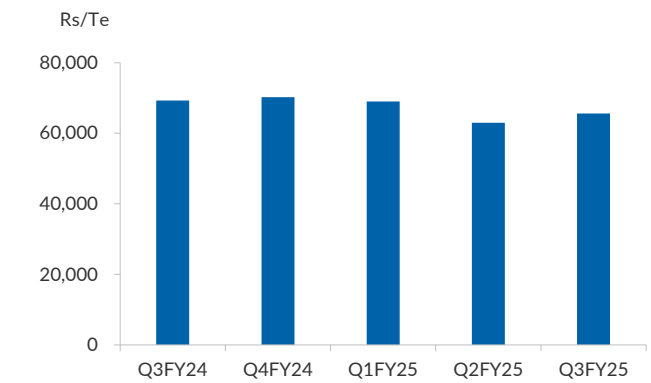
Source: Company, YES Sec

**Exhibit 5: Revenue was up by 30%YoY...**



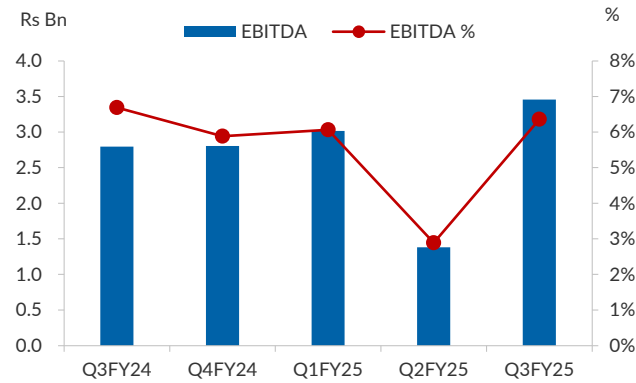
Source: Company, YES Sec

**Exhibit 6: ASP declined by 5%YoY...**



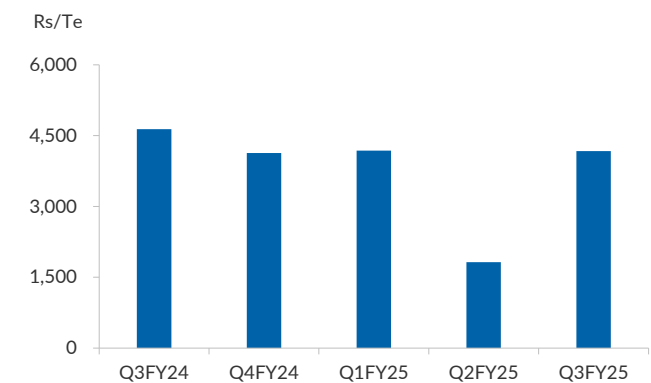
Source: Company, YES Sec

**Exhibit 7: EBITDA margin stood at 6.4%...**



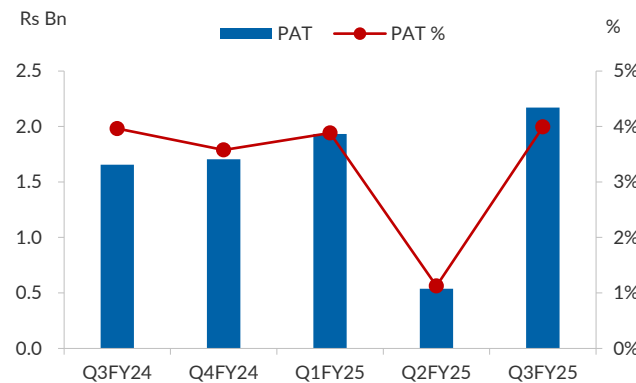
Source: Company, YES Sec

**Exhibit 8: EBITDA/Te came in at Rs4,172...**



Source: Company, YES Sec

**Exhibit 9: Net profit increased to Rs2.17Bn...**



Source: Company, YES Sec

## FINANCIALS

### Exhibit 10: Income Statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenues	161,660	181,188	210,482	260,244	308,096
Growth (%)	23.8%	12.1%	16.2%	23.6%	18.4%
EBITDA	10,216	11,922	11,498	17,247	20,275
EBITDA margin (%)	6.3%	6.6%	5.5%	6.6%	6.6%
Growth (%)	8.1%	16.7%	-3.6%	50.0%	17.6%
Depreciation	1,383	1,759	1,946	2,040	2,133
Other income	472	749	799	947	947
EBIT	9,304	10,911	10,351	16,155	19,089
EBIT margin (%)	5.8%	6.0%	4.9%	6.2%	6.2%
Interest	671	1,134	1,163	936	709
PBT	8,633	9,777	9,187	15,218	18,380
Tax	2,215	2,453	2,305	3,818	4,611
Net profit	6,419	7,324	6,883	11,401	13,769
Net profit margin (%)	4.0%	4.0%	3.3%	4.4%	4.5%
EPS	23.1	26.4	24.8	41.1	49.6
Growth (%)	3.7%	14.1%	-6.0%	65.6%	20.8%

Source: Company, YES Sec

### Exhibit 11: Operational Numbers

Per Te Analysis	FY23	FY24	FY25E	FY26E	FY27E
Volumes (Mn Te)	2.3	2.6	3.2	3.8	4.4
ASP	69,026	69,209	65,900	67,900	69,900
COGS	59,893	59,653	57,135	58,407	60,334
GP	9,133	9,555	8,765	9,493	9,566
Employee cost	880	984	1,049	1,049	1,021
Other cost	3,891	4,018	4,116	3,945	3,945
EBITDA (Rs/Te)	4,362	4,554	3,600	4,500	4,600

Source: Company, YES Sec

## Exhibit 12: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	555	555	555	555	555
Reserves	29,501	35,491	40,986	50,999	63,380
Total Shareholders' Funds	30,056	36,046	41,541	51,554	63,935
<b>Liabilities</b>					
Borrowings	8,729	11,246	9,246	7,246	5,246
Trade Payables	15,970	19,816	19,999	24,532	29,143
Others	3,761	4,760	4,880	5,068	5,260
<b>Total equity and liabilities</b>	<b>58,516</b>	<b>71,868</b>	<b>75,665</b>	<b>88,400</b>	<b>103,584</b>
<b>Assets</b>					
PPE	23,493	30,306	32,360	32,320	32,187
CWIP	3,740	2,030	2,030	2,030	2,030
Inventories	14,799	16,379	19,139	23,478	27,891
Investments	960	1,027	1,027	1,027	1,027
Trade Receivables	1,374	1,391	1,616	1,998	2,365
Cash	3,525	3,476	1,698	8,840	18,500
Other Financial Assets	3,336	9,173	9,173	9,173	9,173
Others	7,290	8,086	8,622	9,534	10,411
<b>Total assets</b>	<b>58,516</b>	<b>71,868</b>	<b>75,665</b>	<b>88,400</b>	<b>103,584</b>

Source: Company, YES Sec

## Exhibit 13: Cash Flow

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	8,633	9,777	9,187	15,218	18,380
Depreciation & Amortization	1,383	1,759	1,946	2,040	2,133
Finance cost	671	1,134	1,163	936	709
(Incr)/Decr in Working Capital	(1,475)	1,202	(3,219)	(911)	(854)
Taxes	(2,161)	(2,180)	(2,305)	(3,818)	(4,611)
Cash from ops.	6,916	11,116	6,773	13,466	15,757
(Incr)/ Decr in PP&E	(8,621)	(6,948)	(4,000)	(2,000)	(2,000)
Cash Flow from Investing	(8,757)	(9,156)	(3,976)	(2,000)	(2,000)
(Decr)/Incr in Borrowings	2,902	2,586	(2,000)	(2,000)	(2,000)
Finance cost	(602)	(941)	(1,163)	(936)	(709)
Dividend	(875)	(1,387)	(1,388)	(1,388)	(1,388)
Cash Flow from Financing	1,446	266	(4,551)	(4,324)	(4,097)
Incr/(Decr) in cash	(395)	2,225	(1,754)	7,142	9,660
Cash at beginning of year	1,637	1,227	3,452	1,698	8,840
Cash at end of year	1,242	3,452	1,698	8,840	18,500

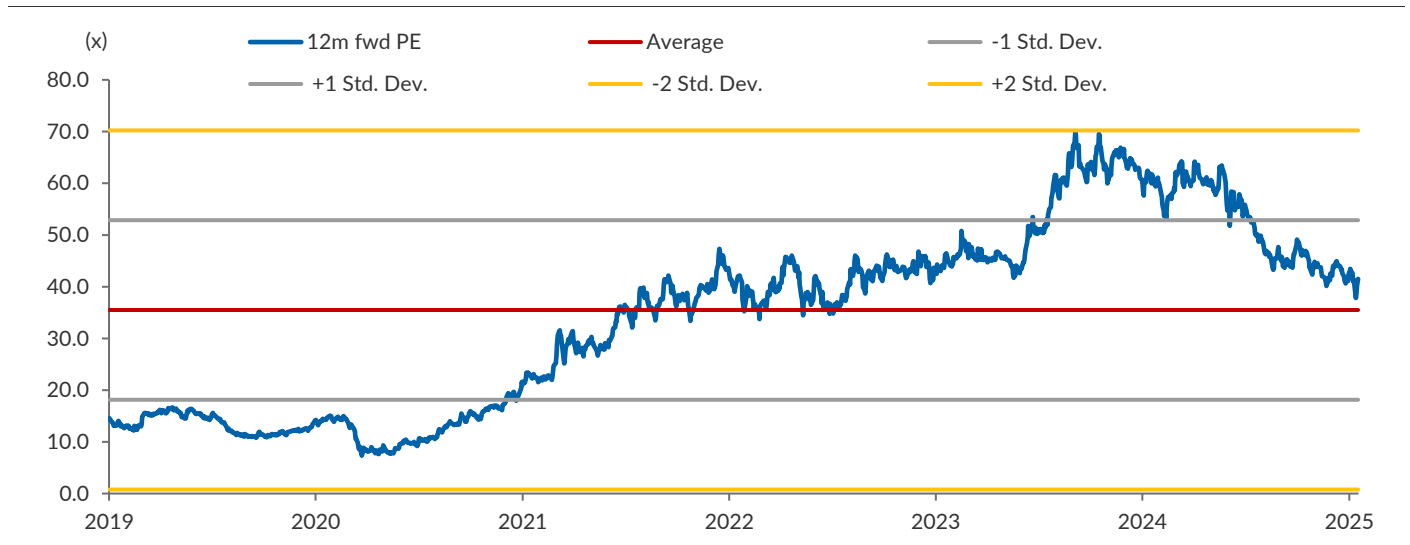
Source: Company, YES Sec

## Exhibit 14: Key Ratios

Key Ratios	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth Matrix (%)</b>					
Revenue growth	23.8%	12.1%	16.2%	23.6%	18.4%
EBITDA growth	8.1%	16.7%	-3.6%	50.0%	17.6%
EBIT growth	6.1%	17.3%	-5.1%	56.1%	18.2%
PAT growth	3.7%	14.1%	-6.0%	65.6%	20.8%
<b>Profitability ratios (%)</b>					
EBITDA margin	6.3%	6.6%	5.5%	6.6%	6.6%
EBIT margin	5.8%	6.0%	4.9%	6.2%	6.2%
PAT margin	4.0%	4.0%	3.3%	4.4%	4.5%
RoCE	27.8%	26.1%	21.1%	29.2%	29.3%
RoE	23.5%	22.2%	17.7%	24.5%	23.8%
<b>Per share values</b>					
EPS	23.1	26.4	24.8	41.1	49.6
CEPS	28.1	32.7	31.8	48.4	57.3
BVPS	108.4	129.9	149.7	185.7	230.4
<b>Valuation ratios (x)</b>					
P/E	51.8	60.2	64.1	38.7	32.1
P/CEPS	42.6	48.6	50.0	32.8	27.8
P/B	11.1	12.2	10.6	8.6	6.9
EV/EBITDA	33.2	37.6	39.0	25.5	21.1
<b>Leverage ratios (x)</b>					
Debt/ Equity	0.3	0.3	0.2	0.1	0.1
Net debt/Equity	0.2	0.2	0.2	(0.0)	(0.2)
Net debt/EBITDA	0.5	0.7	0.7	(0.1)	(0.7)
Int coverage	13.9	9.6	8.9	17.3	26.9
<b>NWC days</b>					
Receivables	3.1	2.8	2.8	2.8	2.8
Inventory	38.5	38.3	38.3	38.3	38.3
Payables	41.6	46.3	40.0	40.0	40.0

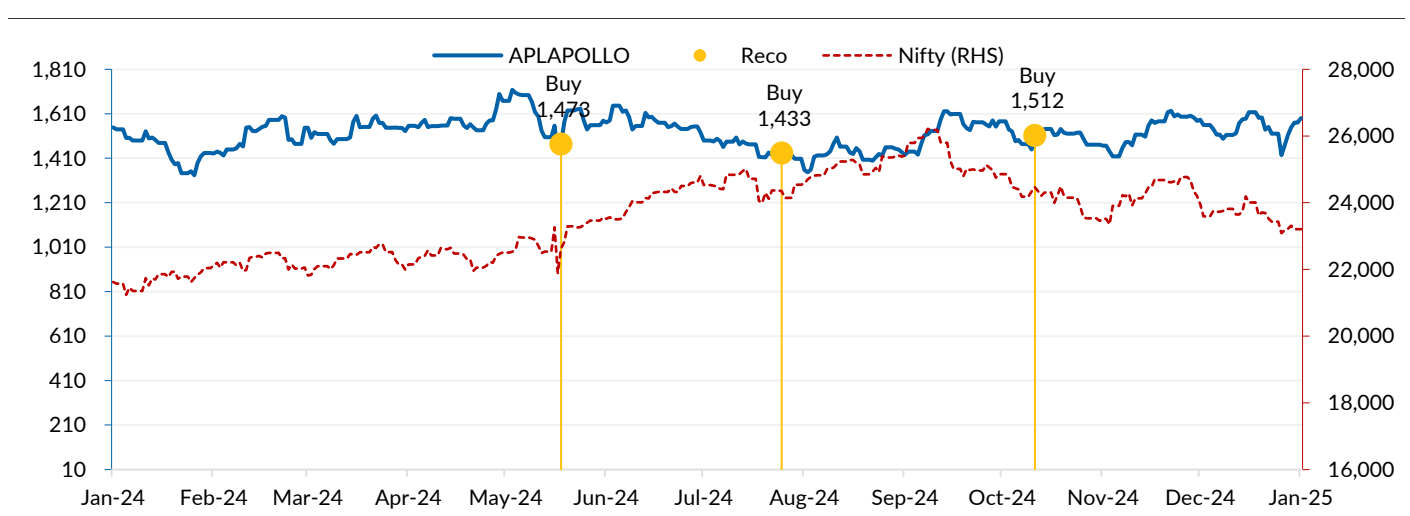
Source: Company, YES Sec

**Exhibit 15: 1-year forward P/E (x) chart**



Source: Company, YES Sec

## 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 : Udit Gajiwala, Shalin Damani

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.