

February 07, 2025

RESULT REPORT Q3 FY25 | Sector: Automobile

Hero MotoCorp Ltd

Steady operating performance

View – EVs ramp-up ahead while market share gains on ICE to watch for

HMCL's 3QFY25 results were steady and in-line to our/street with EBITDA margins expanded 50bp YoY (flat QoQ) at 14.5%. This was constrained by EV (margin drag of ~150bp) as underlying ICE margins were healthy at 16% (vs 16.5% in 2Q, 16.4% in 1Q, 15.6% in 4QFY24), supported by benign RM, favorable revenue mix, cost savings and price hikes. However, ~50bp QoQ decline in ICE margins was led by seasonally higher A&P spend in 3QFY25 which is expected to normalize. ~1.3% QoQ increase in ASP was led by favorable mix, ~7% QoQ increase in spares revenues with contribution at ~15.2% (vs ~13.9% in 2Q, 12.5% in 1Q and vs 14.7% in 3QFY24). The management indicated recent tax relief to reflect positive for demand sentiments which can aid current rural momentum.

Going ahead while the management remain confident of broad-based volumes recovery within 2Ws, HMCL is aiming at market share expansion especially in the premium segment led by new product launches. The recent new product launches in the scooter (125cc and 160cc) should help improve positioning and market share gains. Within EVs too, HMCL to see market share perking up led by rebuilding of channel inventory post introduction of V2. Maintain ADD with revised TP of Rs5,082 (vs Rs5,000) based on ~18x Mar'27 S/A EPS plus Rs130 for Hero FinCorp. Management's action to overhaul brand strategy supported by Ather's continued brand acceptance provide an additional lever for the stock. We raise FY26/27 EPS by ~2% to factor in for higher other income and ASPs and build in revenue/EBITDA/Adj.PAT CAGR of ~10% over FY24-27E.

Result Highlights – Highest ever ASP and EBITDA/vehicle

- Revenues grew 5% YoY (-2.4% QoQ) at Rs102.1b (est ~Rs101.3b) as volumes/ASP grew 0.3%/+4.7% YoY and -3.7%/+1.3% QoQ respectively at ~1.46m units and ~Rs69.8k/unit (est ~Rs69.2k/unit). Spares (SPAM) revenues grew ~9% YoY (+6.7% QoQ) to Rs15.55b with share in revenues at 15.3% in 3Q (vs 13.9% in QoQ and 14.7% YoY). Gross margins came in better at 34.2% (+160bp YoY/+90bp QoQ). However, this was partially offset by higher staff cost at ~Rs6.6b (est Rs6.5b, +1.3% QoQ) and other exp. at ~Rs13.6b (est ~Rs12.8b, +3.2% QoQ).
- Consequently, EBITDA grew 8.4% YoY (-2.6% QoQ) at ~Rs14.8b (est Rs14.8b, ~cons Rs14.5b), leading to margins expanding by 50bp YoY (flat QoQ) at 14.5% (est 14.6%, cons 14.2%). ICE business margins came in at ~16% (vs ~16.5% in 2Q and ~16.4% in 1QFY25) led by positive mix, benign RM and LEAP savings of ~120bps in 3Q. QoQ decline in ICE margins was led by seasonal A&P spends. EBITDA/vehicle came in at ~Rs10.1k/vehicle (+8.1% YoY/+1.1% QoQ).
- Adj.PAT grew by 12.1% YoY (flat QoQ) at Rs12b (est Rs11.5b). 9MFY25 Revenues/EBITDA/Adj.PAT grew 10.3%/14.3%/14.9%.

Exhibit 1: Actual vs estimates

Rs m	Actual	Estimate		% variation		Remarks
		Yes Sec	Consensus	Yes Sec	Consensus	
Sales	102,108	101,288	102,348	0.8	-0.2	Steady operating performance. ICE margins continue to be healthy.
EBITDA	14,765	14,822	14,487	-0.4	1.9	
EBITDA margins %	14.5	14.6	14.2	-20bp	30bp	
Adjusted PAT	12,028	11,484	11,619	4.7	3.5	

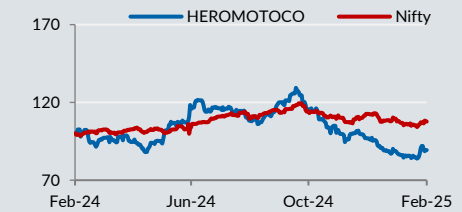
Source: Company, YES Sec

Reco	: ADD
CMP	: Rs 4,278
Target Price	: Rs 5,082
Potential Return	: +18.8%

Stock data (as on Feb 7, 2025)

Nifty	23,560
52 Week h/l (Rs)	6,246 / 3,998
Market cap (Rs/USD mn)	854,078 / 9,766
Outstanding Shares (mn)	200
6m Avg t/o (Rs mn):	3,537
Div yield (%)	3.5
Bloomberg code:	HMCL IN
NSE code:	HEROMOTOCO

Stock performance



	1M	3M	1Y
Absolute return	+2.7%	(11.2%)	(10.8%)

Shareholding pattern (As of Dec'24)

Promoter	34.7%
FII+DII	56.9%
Others	8.7%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	5,082	5,000

Δ in earnings estimates

	FY26E	FY27E
EPS (New)	257.8	275.1
EPS (Old)	252.0	269.6
% Change	+2.3%	+2.1%

Financial Summary

Y/E MARCH (Rs b)	FY25E	FY26E	FY27E
Sales	413.1	454.4	492.3
EBITDA	59.9	66.5	71.8
Adj. PAT	47.2	51.5	55.0
Adj. EPS (INR)	236.0	257.8	275.1
EPS Gr. (%)	15.4	9.2	6.7
BV/Sh. (INR)	985.7	1,083.5	1,188.6
RoE (%)	25.0	24.9	24.2
RoCE (%)	24.2	24.1	23.5
Payout (%)	73.1	71.4	71.1
P/E (x)	18.1	16.6	15.6
P/BV (x)	4.3	3.9	3.6
EV/EBITDA (x)	11.7	10.3	9.2
Div. Yield (%)	3.5	3.7	4.0

DEEP SHAH

Lead Analyst

📞 +91 22 6992 2934 / 35 / 36



MEGHNA GUNDU, Associate

Exhibit 2: Quarterly snapshot

Y/E Mar (Rs mn)	Q3FY25	Q3FY24	YoY chg	Q2FY25	9MFY25	9MFY24	YoY chg
Net Revenues	102,108	97,237	5.0	104,632	308,177	279,364	10.3
Raw Materials	67,152	65,470	2.6	69,795	205,619	191,059	7.6
% of Net Sales	65.8%	67.3%		66.7%	66.7%	68.4%	
Personnel	6,622	6,017	10.1	6,535	19,241	17,586	9.4
% of Net Sales	6.5%	6.2%		6.2%	6.2%	6.3%	
Manufacturing & Other Exp	13,569	12,130	11.9	13,143	38,797	31,753	22.2
% of Net Sales	13.3%	12.5%		12.6%	12.6%	11.4%	
Total Expenditure	87,343	83,617	4.5	89,473	263,656	240,398	9.7
EBITDA	14,765	13,621	8.4	15,159	44,521	38,966	14.3
EBITDA Margin (%)	14.5%	14.0%		14.5%	14.4%	13.9%	
Depreciation	1,969	1,825	7.9	1,937	5,838	5,264	10.9
EBIT	12,796	11,796	8.5	13,222	38,683	33,703	14.8
Interest Expenses	55	45	20.6	49	152	139	9.0
Non-operating income	3,175	2,420	31.2	2,830	8,322	7,125	16.8
PBT	15,916	14,171	12.3	16,003	46,854	39,088	19.9
Tax-Total	3,888	3,437	13.1	3,967	11,564	9,568	20.9
Tax Rate (%) - Total	24.4%	24.3%		24.8%	24.7%	24.5%	
Reported PAT	12,028	10,734	12.1	12,035	35,290	29,520	19.5
Adj. PAT	12,028	10,734	12.1	12,035	35,290	30,725	14.9
PAT Margin	11.8%	11.0%		11.5%	11.5%	11.0%	
Key operating metrics							
Sales Volume (nos)	1,463,802	1,459,932	0.3	1,519,684	4,518,642	4,229,032	6.8
Net Realisation/Vehicle	69,755	66,604	4.7	68,851	68,201	66,059	3.2
Material cost / vehicle	45,875	44,844	2.3	45,927	45,504	45,178	0.7
Gross Profit / vehicle	23,880	21,760	9.7	22,924	22,697	20,881	8.7
Employee cost /vehicle	4,524	4,121	9.8	4,300	4,258	4,158	2.4
Other expenses / vehicle	9,269	8,309	11.6	8,649	8,586	7,508	14.4
EBITDA/vehicle	10,087	9,330	8.1	9,975	9,853	9,214	6.9
Net Profit/vehicle	8,217	7,353	11.8	7,920	7,810	7,265	7.5

Source- Company, YES Sec

KEY CON-CALL HIGHLIGHTS

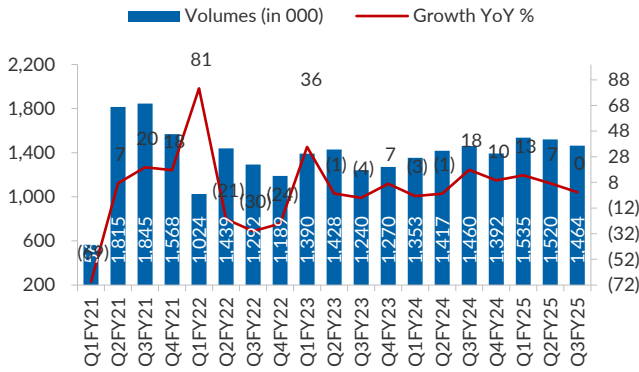
- **Outlook** - Would look to grow ahead of industry led by new product launch and brand building initiatives. Double digit revenue growth expected even in FY26 (vs 10% in 9MFY25).
 - **Budget impact** - Entry level motorcycles customers would have income levels range of Rs6-12L per annum. Budget tax relief will provide additional cashflow of Rs40-50k which will help EMIs.
 - **Demand** - Seeing traction building up with wedding season and festive (from Mar) in 4QFY25. Saw spike in rural demand as contribution from the same has gone up ~3% and expect momentum to continue in FY26E as well.
 - **OBD 2 (phase 2)** - On track to transit entire portfolio from Apr'25. There is marginal price hike of 1-2% due to additional hardware.
- **New product launches dispatches to begin soon**
 - **Xoom 160** - Pricing strategy is around liquid cool engine and large wheel size (14-inch) etc., competition is from Yamaha and Aprillia.
 - **Destini 125** dispatches have started while for Xoom 125 and 160 likely to be soon.
- **Margin - ICE margins at ~16% (vs 16.5% in 2Q, ~16.4% in 1Q, ~15.6% in 4Q)**
 - **Decline in ICE margins QoQ was led by higher spends in A&P which should reverse in 4Q.**
 - **Gross margins improvement** was led by lower investment in EVs of Rs1.37b (-50bp QoQ) due to transition from V1 to V2 while RM were flat. Investments for EVs/unit is similar.
 - **LEAP savings of 120bp in 3QFY25** (vs 50bp in 2QFY25, 20bp 1QFY25, 40bp 2QFY24 and). 1HFY25 leap savings at 40bp (vs 30bp YoY). ICE margins expansions are led by positive mix, benign RM and LEAP savings.
 - **EV vertical dragged margins by ~150bp at co level.** Expect to maintain EBITDAM of 14-16%. V2 range is better platform and performance perspective. Continue to improve cost structure, optimize BOM cost (hardware related changes done in V2) and the same is expected to continue.
 - **Weighted average price hikes (ex-show)** - Jan'25 at Rs100, Oct'24 Rs209, Jul'24 Rs569, Apr'24 Rs134, FY24 Rs2,129, FY23 Rs3,850 and FY22 Rs3,564.
 - **Higher other expense in 3QFY25 is due to seasonality.**
- **HD** - The current products plans are based on existing 440 platform and working on new platform is underway which will have both domestic and exports potential.
- **Spares (SPAM) revenues grew ~9% YoY (+6.7% QoQ) to Rs15.55b** with share in revenues at 15.3% in 3Q (vs 13.9% in QoQ and 14.7% YoY).
 - 9MFY25 revenues grew ~7% YoY at ~Rs42.76b with revenue share at 13.9% (vs 14.3% YoY).
 - SPAM has seasonality with additional line of business such as tyres, battery and oil also grew. Further, expansion in to rural also helped growth.
- **Inventory slightly higher** - Average 3Q inventory at ~6 weeks (vs 10-11 weeks in QoQ which declined to ~4.1 weeks post festive, 7-8 weeks in 1QFY25, 9-10 weeks in 2QFY24 and 5-6 weeks in 3QFY24).
- **Financing share for 3QFY25 stood at ~65.2% (vs ~65.6% QoQ and 64.8% YoY)** of which Hero FinCorp (HFCL) share at 24.1% (vs 26.2% QoQ and 28.4% YoY). 9MFY25 share at 63.6% (vs 63.4% YoY) of which captive share is 26.2% (vs 29.7% YoY).

Hero MotoCorp (HMCL)

- **HFCL performance** - Loan book grew 13% YoY at ~Rs555b, collection efficiency is lower in past 2-3 quarters leading to credit cost increasing by 150bp which is currently at ~6%.
- Seeing collection trends improving from Dec and Jan.
- **Retail distribution**
 - **Hero 2.0** - Have ramped up Hero 2.0 stores count to ~700 in 3QFY25 (vs ~600+ in 2QFY25, >520 in 1QFY25 and ~400 till 4QFY24). Expect to reach ~800 stores by end of FY25.
 - **Premia stores** count increased to ~60 (vs ~58 in 2QFY25 and ~42 in 1QFY25) and expect the same to be ramped-up to +100 stores by end of FY25. Most of the stores are opened from existing dealers. Expect premia stores to be sustainable with 15-18 months.
- **EV - VIDA dispatches rebuild up in Feb'25 and would reflect in market share gains**
 - Have recently launched product in ~Rs100k price bracket (~60% of volumes) market which should support EV market share (MS) gains. In some of the cities, MS is trending in the range of 10-20% (vs national average of ~5%).
 - **Emerging mobility business unit (EMBU)** is working as independent unit. Efforts on new product development and synergy. Accounting of the same will be continued as part of standalone accounts.
 - **PLI** - expect the benefits from FY26 as products would comply for the same. V2 portfolio to be PLI complied soon as will file for the same.
- **Capex guidance for FY25 maintained at Rs12b** including ~Rs6b for global parts centre.

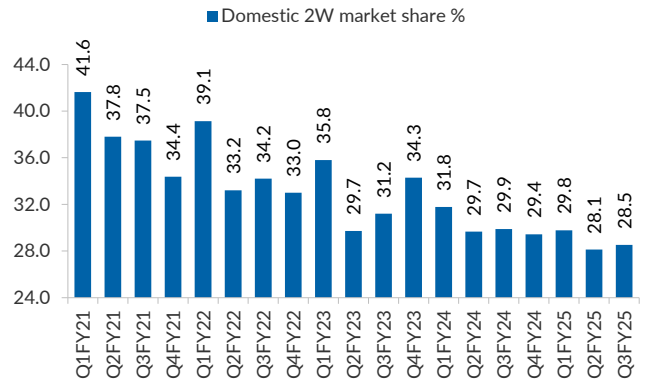
CHARTS

Exhibit 1: Volume came in flat YoY/-3.7% QoQ



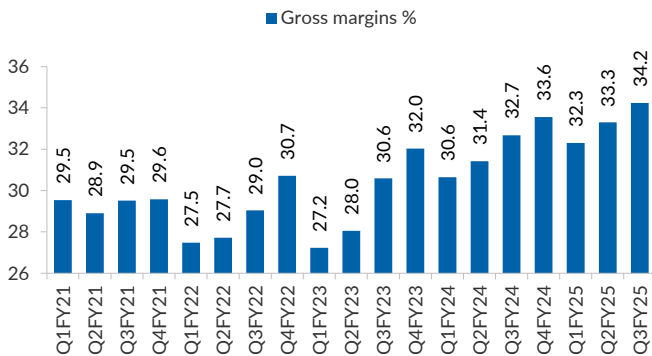
Source: Company, YES Sec

Exhibit 2: HMCL's domestic 2W market share trend



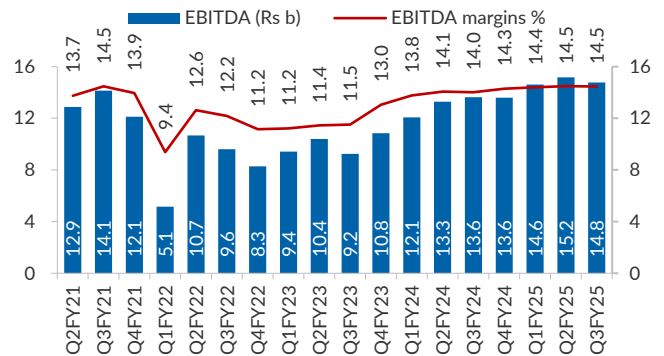
Source: SIAM, YES Sec

Exhibit 3: Gross margins expanded 160bp YoY



Source: Company, YES Sec

Exhibit 4: EBITDAM expanded 50bp YoY (flat QoQ)



Source: Company, YES Sec

FINANCIALS

Exhibit 5: Balance Sheet

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Sources of Funds						
Share Capital	400	400	400	400	400	400
Reserves	157,430	166,651	179,462	196,645	216,189	237,200
Net Worth	157,829	167,051	179,862	197,045	216,589	237,600
Deferred Tax	3,833	4,054	4,348	4,348	4,348	4,348
Loans	2,974	3,306	2,896	2,896	2,896	2,896
Capital Employed	164,636	174,410	187,106	204,290	223,833	244,844
Application of Funds						
Gross Fixed Assets	146,657	151,942	157,862	166,667	178,667	190,667
Less: Depreciation	88,592	94,328	99,522	107,472	115,933	124,982
Net Fixed Assets	58,065	57,614	58,340	59,194	62,734	65,685
Capital WIP	4,582	4,638	4,805	8,000	8,000	8,000
Investments	106,523	110,104	130,861	150,861	170,861	190,861
Curr.Assets, L & Adv.	47,970	60,276	61,709	62,937	68,909	74,102
Inventory	11,227	14,341	14,438	15,443	16,988	18,403
Sundry Debtors	23,043	27,982	27,034	27,578	30,336	32,862
Cash & Bank Balances	1,751	3,455	6,089	4,452	4,575	4,409
Loans & Advances	402	436	457	500	549	595
Others	11,547	14,062	13,691	14,965	16,461	17,832
Current Liab. & Prov.	52,505	58,221	68,609	76,703	86,671	93,803
Sundry Creditors	42,603	47,045	55,282	63,980	72,806	78,870
Other Liabilities	6,516	7,438	8,620	8,825	9,707	10,516
Provisions	3,385	3,738	4,708	3,898	4,158	4,418
Net Current Assets	(4,534)	2,055	(6,900)	(13,766)	(17,761)	(19,702)
Application of Funds	164,636	174,410	187,106	204,290	223,833	244,844

Source: Company, YES Sec

Exhibit 6: Income statement

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Revenues	292,455	338,057	374,557	413,103	454,416	492,264
Change (%)	(5.0)	15.6	10.8	10.3	10.0	8.3
EBITDA	33,688	39,862	52,557	59,853	66,487	71,827
EBITDA Margin (%)	11.5	11.8	14.0	14.5	14.6	14.6
Depreciation	6,498	6,570	7,114	7,951	8,461	9,049
EBIT	27,190	33,293	45,443	51,902	58,026	62,778
Interest cost	258	199	185	205	185	165
Other Income	5,569	5,652	8,926	10,860	10,408	10,227
PBT	32,501	38,746	52,584	62,557	68,249	72,840
Tax	7,771	9,640	12,904	15,389	16,721	17,846
Effective Tax Rate (%)	23.9	24.9	24.5	24.6	24.5	24.5
PAT	24,730	29,106	39,680	47,168	51,528	54,994
Change (%)	(16.6)	17.7	36.3	18.9	9.2	6.7
% of Net Sales	8.5	8.6	10.6	11.4	11.3	11.2
Adj. PAT	24,730	29,106	40,887	47,168	51,528	54,994
Change (%)	(16.6)	17.7	40.5	15.4	9.2	6.7

Source: Company, YES Sec

Exhibit 7: Cash Flow Statement

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before Tax	24,730	29,106	39,680	62,557	68,249	72,840
Depreciation & Amort.	6,498	6,570	7,114	7,951	8,461	9,049
Direct Taxes Paid	(7,688)	(8,496)	(13,142)	(15,389)	(16,721)	(17,846)
(Inc)/Dec in Working Capital	(6,825)	(5,832)	10,747	5,228	4,119	1,774
Other Items	3,488	4,443	4,667	205	185	165
CF from Oper. Activity	20,203	25,791	49,065	60,552	64,292	65,982
CF after EO Items	20,203	25,791	47,465	60,552	64,292	65,982
(Inc)/Dec in FA+CWIP	(5,347)	(5,777)	(7,195)	(12,000)	(12,000)	(12,000)
Free Cash Flow	14,856	20,014	41,870	48,552	52,292	53,982
(Pur)/Sale of Invest.	3,828	1,089	(10,824)	(20,000)	(20,000)	(20,000)
CF from Inv. Activity	(1,519)	(4,688)	(18,019)	(32,000)	(32,000)	(32,000)
Inc/(Dec) in Debt	(149)	(224)	(150)			
Interest Paid	(258)	(199)	(195)	(205)	(185)	(165)
Dividends Paid	(18,981)	(19,983)	(26,987)	(29,985)	(31,984)	(33,983)
CF from Fin. Activity	(19,389)	(20,406)	(27,331)	(30,190)	(32,169)	(34,148)
Inc/(Dec) in Cash	(705)	697	2,115	(1,638)	123	(166)
Add: Beginning Balance	1,692	987	1,684	6,089	4,452	4,575
Closing Balance	987	1,684	3,799	4,452	4,575	4,409

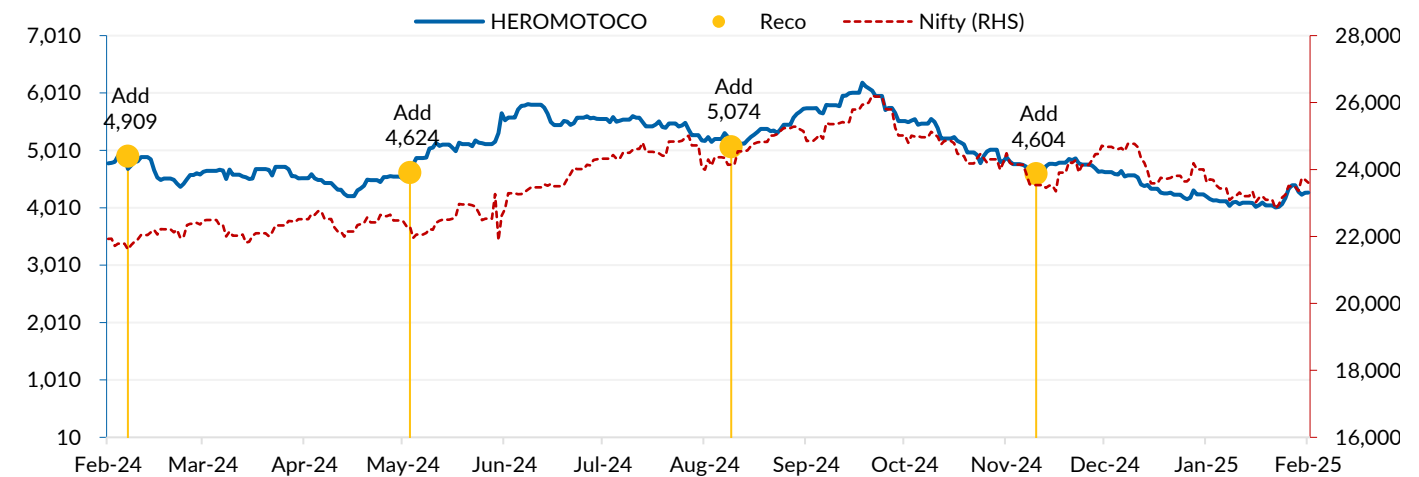
Source- Company, Yes Sec

Exhibit 8: Growth and Ratio matrix

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)						
EPS	123.8	145.6	204.5	236.0	257.8	275.1
EPS Growth (%)	(16.6)	17.7	40.4	15.4	9.2	6.7
Cash EPS	156.3	178.5	234.1	275.7	300.1	320.4
Book Value per Share	789.9	835.9	899.8	985.7	1,083.5	1,188.6
DPS	95.0	100.0	140.0	150.0	160.0	170.0
Payout (Incl. Div. Tax) %	88.3	79.0	81.1	73.1	71.4	71.1
Valuation (x)						
P/E	34.6	29.4	20.9	18.1	16.6	15.6
EV/EBITDA	22.2	18.7	13.7	11.7	10.3	9.2
EV/Sales	2.6	2.2	1.9	1.7	1.5	1.3
Price to Book Value	5.4	5.1	4.8	4.3	3.9	3.6
Dividend Yield (%)	2.2	2.3	3.3	3.5	3.7	4.0
Profitability Ratios (%)						
RoE	16.0	17.9	23.6	25.0	24.9	24.2
RoCE	15.4	17.3	22.7	24.2	24.1	23.5
RoIC	42.0	46.3	67.5	90.7	107.7	115.6
Turnover Ratios						
Debtors (Days)	30.3	31.9	27.8	25.7	25.7	25.7
Inventory (Days)	14.8	16.3	14.8	14.4	14.4	14.4
Creditors (Days)	53.2	50.8	53.9	56.5	58.5	58.5
Working Capital (Days)	(5.7)	2.2	(6.7)	(12.2)	(14.3)	(14.6)
Asset Turnover (x)	1.8	1.9	2.0	2.0	2.0	2.0
Fixed Asset Turnover	2.0	2.3	2.4	2.5	2.6	2.7

Source- Company, Yes Sec

Recommendation Tracker



Source - YES Sec

STANDARD DISCLAIMER:

YES Securities (India) Limited, Registered Address: 2nd Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400055. Maharashtra, India | Correspondence Add: 7th Floor, Urmi Estate Tower A, Ganpatrao Kadam Marg, Opp. Peninsula Business Park, Lower Parel (West), Mumbai - 400 013, Maharashtra, India. | Website: www.yesinvest.in | Email: 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 / Contact No.: 022-65078127 | Grievances Redressal Cell: customer.service@ysil.in / 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

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")^[1] 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 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.

^[1] 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 "chaperone broker-dealer"; and
- (d) Soliciting and effecting transactions with or for registered broker-dealers, banks³ 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 : Deep Shah, Meghna Gundu

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.