

October 30, 2024

RESULT REPORT Q2 FY25 | Sector: Building Materials

Greenlam Industries Ltd

Healthy growth in H1; upgrade to ADD!

Result Synopsis

Greenlam Industries Ltd (GRLM) reported healthy growth in Q2FY25, which was better than our estimates. Growth was driven by strong performance in laminates segment (88% revenue) wherein sales increased by 12%YoY (2-year CAGR stood at 13%) owing to 9%YoY growth in volumes & 3% improvement in realizations. Domestic sales (49% of laminates), increased by 15%YoY, backed by 16% growth in volumes (2-year volume CAGR came in at 18%). Export sales (51% of laminates), grew by 10%YoY, driven by improvement in realizations as volumes increased by mere 2%YoY. Laminates capacity utilization improved to 92% during the quarter. Operating margins came in at 14.7% Vs 16.4%/13.6% in Q2FY24/Q1FY25 respectively. Veneer & allied segments revenue remained flattish on YoY basis at Rs579Mn while EBIT turned positive at Rs11Mn Vs loss of Rs9Mn/Rs26Mn in Q2FY24/Q1FY25 respectively. Deco veneer volumes declined by 10%YoY while Engineered wooden floor revenue increased by 6%YoY. In Plywood, the volume declined by 11%QoQ & revenue degrew by 6%QoQ. EBITDA loss for plywoods stood at Rs67Mn as compared to Rs83Mn/Rs61Mn in Q2FY24/Q1FY25 respectively. Total debt as on H1FY25 stood at Rs11.23Bn & Net Debt came in at Rs9.91Bn.

Management Guidance

Management maintained their annual growth guidance of 18-20% for FY25. Particle boards plants should commence operations from Q3FY25 and is expected to operate at 40-50% utilization in FY26E. Company expects peak net debt to reach Rs10-10.5Bn in FY25E.

Our view

Going ahead we reckon laminates volumes to grow by 15%CAGR over FY24-FY27E & operating margins should improve gradually with softening of ocean freight and better product-mix hence, we expect margins to come in at ~15% for FY26-FY27E. With particle boards scheduled to commence operations from Q3FY25 onwards, we believe topline would accelerate and contribute meaningfully to profitability FY27 onwards. Plywood biz is also expected to ramp-up gradually. Hence, we expect overall Revenue/EBITDA/PAT growth of 20%/21%/22% respectively over FY24-FY27E. We have valued the company at P/E(x) of 30x (5-year average 1-year forward P/E is ~35x), on FY27E EPS of Rs20, arriving at a target price of Rs600. Hence, we upgrade the stock to ADD.

Result Highlights

- Revenue stood at Rs6.81Bn, a growth of 13%YoY & QoQ.
- EBITDA margins came in at 12% (est 11%) as compared to 12.5%/10.6% in Q2FY24/Q1FY25 respectively. Absolute EBITDA grew by 7.7%YoY to Rs810Mn.
- Net profit stood at Rs344Mn, a decline of 12.6%YoY owing to higher finance and depreciation cost.

Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	6,808	6,375	6,904	6.8	(1.4)	Overall beat on estimates.
EBITDA	814	683	860	19.3	(5.3)	
EBITDA Margin (%)	12.0	10.7	12.5	125 bps	(50 bps)	
Adjusted PAT	344	235	365	46.8	(5.7)	

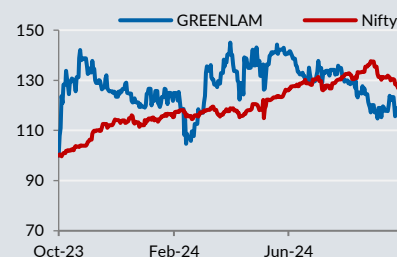
Source: Company, YES Sec

Reco	: ADD
CMP	: Rs 533
Target Price	: Rs 600
Potential Return	: +12.6%

Stock data (as on Oct 30, 2024)

Nifty	24,341
52 Week h/l (Rs)	662 / 431
Market cap (Rs/USD mn)	65,203 / 776
Outstanding Shares (mn)	128
6m Avg t/o (Rs mn):	36
Div yield (%):	0.3
Bloomberg code:	GRLM IN
NSE code:	GREENLAM

Stock performance



	1M	3M	1Y
Absolute return	5.3%	-6.3%	-14.4%

Shareholding pattern (As of Sep'24 end)

Promoter	51.0%
FII+DII	17.3%
Others	31.7%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	SELL
Target Price	600	508

Δ in earnings estimates

	FY25E	FY26E	FY27E
EPS (New)	10.4	15.8	19.9
EPS (Old)	10.6	16.9	-
% change	-1.7%	-6.3%	-

Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
Net Revenue	27,568	33,867	39,512
YoY Growth	19.5	22.8	16.7
EBITDA	3,261	4,396	5,238
EBITDA (%)	11.8	13.0	13.3
PAT	1,330	2,021	2,533
YoY Growth	(4)	52	25
ROE	11.6	15.4	16.5
EPS	10.4	15.8	19.9
P/E	51.2	33.7	26.8
BV/Share	100	117	138
P/BV	5.3	4.6	3.9

UDIT GAJIWALA

Lead Analyst

udit.gajiwala@ysil.in



SHALIN DAMANI, Associate

Segmental Highlights for Q2FY25

- **Laminates & Allied segment (88% of total revenue)**- Revenue grew by 12%YoY to Rs5.97Bn. EBIT margins came in at 17.5% Vs 19.5%/16.4% in Q2FY24/Q1FY25 respectively.
- **Veneers & Allied segment (9% of total revenue)**- Revenue remained flattish YoY to Rs579Mn. EBIT stood at Rs11Mn Vs loss of Rs9Mn in Q2FY24 and Rs26Mn in previous quarter.
- **Plywood (4% of total revenue)**- Revenue declined by 6%QoQ to Rs260Mn. EBIT loss stood at Rs79Mn Vs Rs68Mn loss in previous quarter.

Exhibit 2: Quarterly Snapshot:

Rs mn	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	% yoy	% qoq	H1 FY24	H1 FY25	% yoy
Revenue	5,152	6,036	5,634	6,241	6,047	6,808	12.8	12.6	11,189	12,855	14.9
Expenditure	4,509	5,280	4,922	5,406	5,407	5,994	13.5	10.9	9,789	11,401	16.5
- RM	2,459	2,933	2,548	2,935	2,901	3,293	12.3	13.5	5,392	6,193	14.9
- Staff Cost	962	1,077	1,085	1,133	1,229	1,313	22.0	6.9	2,038	2,542	24.7
- Other cost	1,088	1,271	1,289	1,338	1,278	1,388	9.2	8.6	2,359	2,666	13.0
Operating Profit	644	756	711	835	640	814	7.7	27.2	1,400	1,454	3.9
OPM (%)	12.5	12.5	12.6	13.4	10.6	12.0	(57 bps)	138 bps	12.5	11.3	(120 bps)
Other Income	40	58	31	87	31	82	40.0	160.7	98	113	15.0
Depreciation	174	195	245	258	263	268	37.8	1.9	369	531	44.2
Interest	73	93	143	134	138	155	67.2	12.6	166	293	76.8
PBT	437	527	354	532	270	472	(10.4)	74.7	964	743	(22.9)
Tax	107	133	102	124	72	128	(3.8)	78.8	240	200	(16.8)
PAT	330	394	253	408	199	344	(12.6)	73.3	724	543	(25.0)

Source: Company, YES Sec

Exhibit 3: Operational Numbers:

Particulars	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	% yoy	% qoq	H1 FY24	H1 FY25	% yoy
Volume											
Laminates (Mn sheets)	4.2	4.9	4.7	5.2	4.7	5.4	9.4	15.4	9.1	10.1	10.6
Veneer (Mn sqm)	0.3	0.4	0.3	0.4	0.2	0.4	(10.3)	75.0	0.7	0.6	(16.7)
Plywood (Mn sqm)	0.0	0.6	0.7	1.0	1.1	1.0	61.9	(10.5)	0.7	2.2	226.6
Revenue (Rs mn)											
Laminates	4,720	5,312	4,998	5,368	5,343	5,969	12.4	11.7	10,032	11,313	12.8
Veneer	425	575	477	610	428	579	0.6	35.3	1,000	1,007	0.6
Plywood	8	149	160	263	276	260	73.9	(5.9)	157	536	241.1
Realization											
Laminates (Rs/sheet)	1,086	1,034	1,036	984	1,105	1,070	3.5	(3.2)	1,103	1,125	2.0
Veneer (Rs/sqm)	916	917	868	862	960	929	1.3	(3.2)	1,516	1,831	20.8
Plywood (Rs/sqm)	233	239	218	251	242	250	4.6	3.3	238	248	4.4

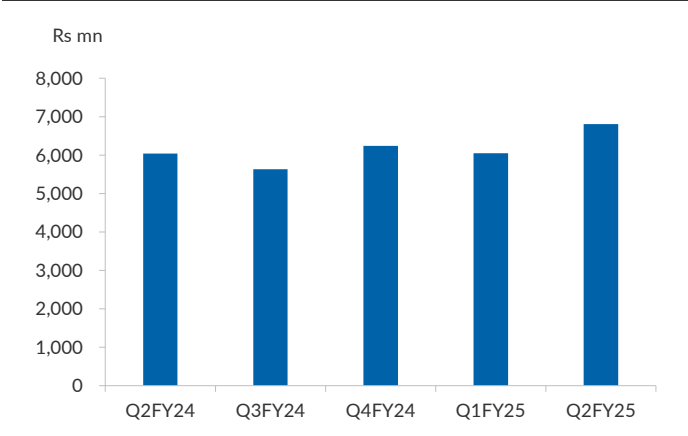
Source: Company, YES Sec

KEY CON-CALL HIGHLIGHTS

- Management has maintained revenue growth guidance of 18-20% for FY25.
- Company took a price hike by 2.5-3% in mid-Sep in domestic market for laminates and a 3.5-4% price hike in Jul for plywood.
- Domestic laminates grew by 15.5%YoY & 17.3%QoQ in value terms and by 13.8%YoY in volume terms. International laminates grew by 9.6%YoY & 6.9%QoQ in value terms and 3.9%YoY in volume terms.
- Company's laminate plant has operated at 100-110% utilization (87% for H1FY25) in the past hence, there are no capacity constraints at the moment. However, both Gujarat & Naidupeta plant have enough available area for a brownfield expansion if required which would be faster than greenfield and could be completed in at most 3 quarters.
- Deco Veneers/Floor/Door revenue was Rs324Mn/Rs141Mn/Rs114Mn in Q2FY25 Vs Rs360Mn/Rs133Mn/Rs82Mn in Q2FY24 respectively.
- Veneers & allied segment turned EBITDA positive in Q2FY25.
- Plywood plant will not be able to operate at 40% utilization in FY25 and company expects it to operate at 40% by FY26. Company entered Maharashtra (presence in only 5 states in South India otherwise) in Q1FY25 and expect sales to pick up by Q4FY25. The plant would also achieve breakeven at 40% utilization.
- Particle Board AP plant is on track to start commercial production in Q3FY25. Company expects 40-50% utilization by FY26. Breakeven level is 45-50% utilization. Under stable timber prices and realizations, management expects margins to be 20-24% and ROCE to be 15-18% at optimum capacity utilization that is expected to be attained in the 4th year of operations.
- PB imports are not coming in as chip boards but as finished goods in the form of furniture. The PB market in India is 80% laminated and 20% plain PBs.
- WC days reduced by 1 day to 59 days from 60 days in Q2FY24.
- Company has a net debt of Rs9.92Bn for Q2FY25 including PB project debt of Rs4.77Bn. Management expects peak net debt in FY25 at Rs10-10.5Bn for which servicing would start FY26 onwards.

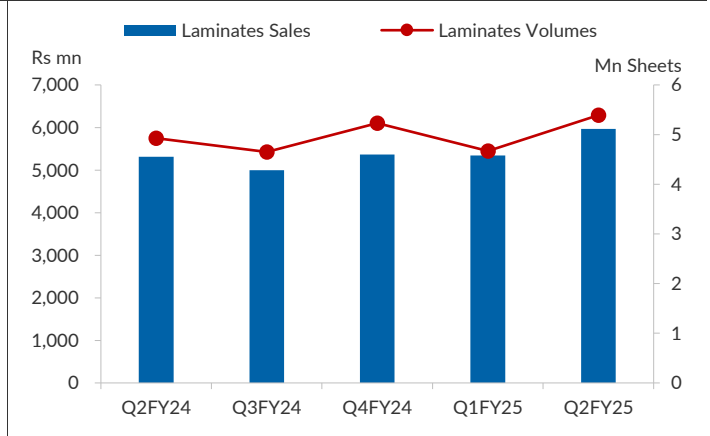
QUARTERLY TRENDS

Exhibit 4: Revenue increased by 13%YoY...



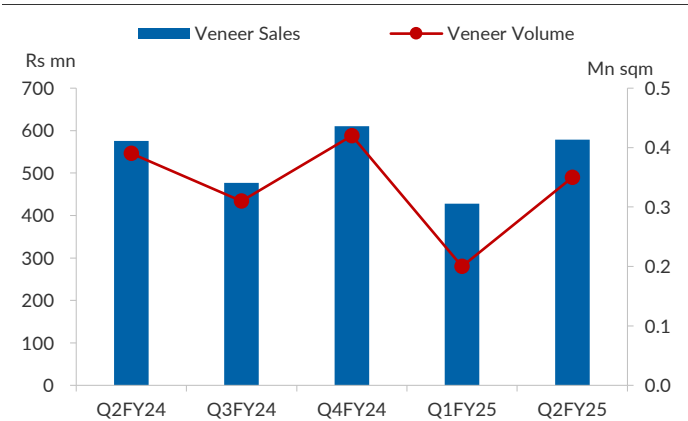
Source: Company, YES Sec

Exhibit 5: Laminates volume grew by 9%YoY...



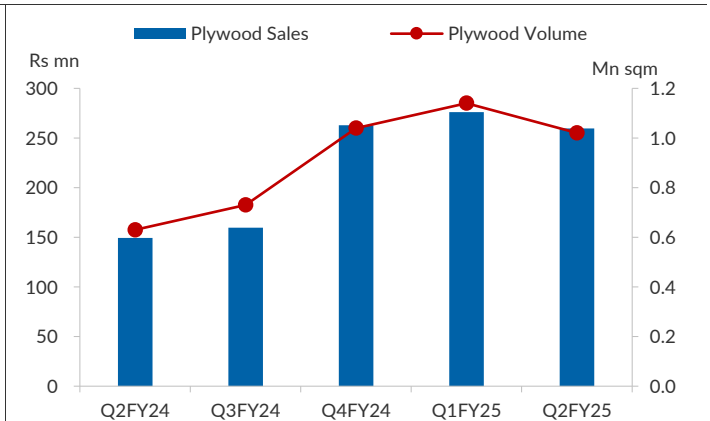
Source: Company, YES Sec

Exhibit 6: Veneer revenue was flattish YoY...



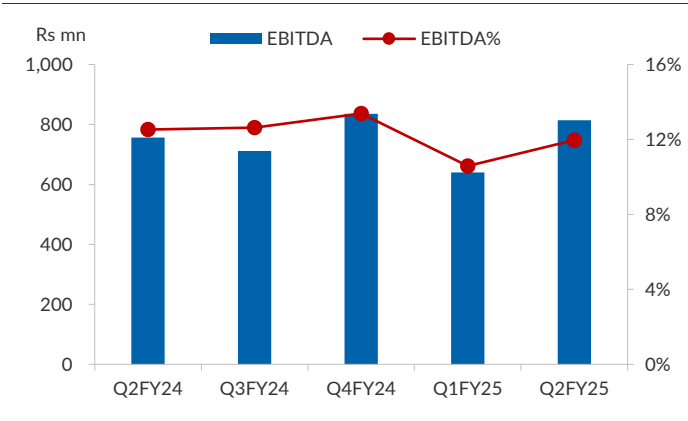
Source: Company, YES Sec

Exhibit 7: Plywood revenue decreased by 6%QoQ...



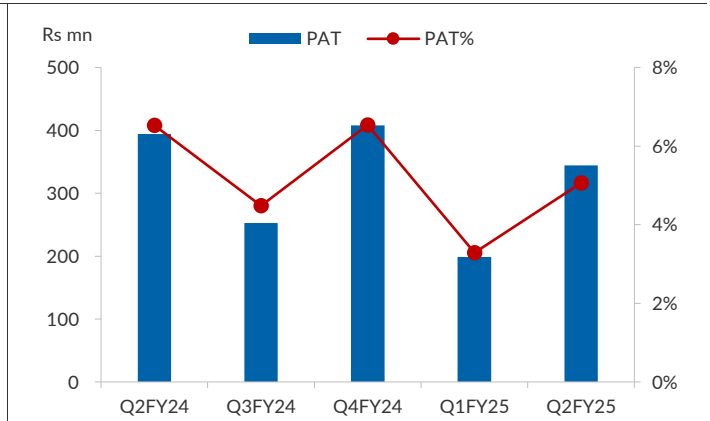
Source: Company, YES Sec

Exhibit 8: Blended margin improved to 12%...



Source: Company, YES Sec

Exhibit 9: Net profit stood at Rs344Mn...



Source: Company, YES Sec

FINANCIALS

Exhibit 10: Income Statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenues	20,260	23,063	27,568	33,867	39,512
Growth (%)	18.9	13.8	19.5	22.8	16.7
EBITDA	2,329	2,947	3,261	4,396	5,238
EBITDA margin (%)	11.5	12.8	11.8	13.0	13.3
Growth (%)	24.5	26.5	10.7	34.8	19.1
Depreciation & Amortization	632	871	1,202	1,373	1,581
Other income	180	217	292	300	350
EBIT	1,876	2,292	2,351	3,323	4,007
EBIT margin (%)	9.3	9.9	8.5	9.8	10.1
Interest	235	443	578	629	629
PBT	1,641	1,849	1,773	2,694	3,378
Tax	356	469	443	674	844
Net profit	1,285	1,380	1,330	2,021	2,533
Net profit margin (%)	6.3	6.0	4.8	6.0	6.4
EPS	10	11	10	16	20
Growth (%)	36.7	5.4	(3.7)	52.0	25.4

Source: Company, YES Sec

Exhibit 11: Balance Sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	H1FY25	FY25E	FY26E	FY27E
Equity Share Capital	127	128	128	128	128	128
Reserves	9,455	10,644	11,000	11,974	13,994	16,528
Total Shareholders' Funds	9,582	10,772	11,128	12,101	14,122	16,655
Non-current liabilities						
Long term borrowings	3,524	6,472	7,626	6,817	6,817	6,817
Deferred tax liabilities	155	160	155	160	160	160
Current liabilities						
Short term borrowings	2,175	3,516	3,464	3,671	3,671	3,671
Trade payables	2,753	3,479	4,263	4,377	5,519	6,469
Other financial liabilities	422	1,383	1,308	1,383	1,383	1,383
Total equity and liabilities	20,413	27,357	29,705	30,084	33,246	36,730
Non-current assets						
PPE	4,916	9,725	9,830	12,524	12,151	11,570
CWIP	3,801	6,110	7,193	3,110	3,110	3,110
Current assets						
Inventories	5,135	6,091	6,584	7,662	9,661	11,324
Trade receivables	1,427	1,515	2,067	1,811	2,224	2,595
Cash	160	329	241	1,391	2,514	4,544
Other current assets	947	1,418	1,968	1,418	1,418	1,418
Total assets	20,413	27,357	29,705	30,084	33,246	36,730

Source: Company, YES Sec

Exhibit 12: Cash Flow

Y/e 31 Mar (Rs mn)	FY23	FY24	H1FY25	FY25E	FY26E	FY27E
PBT	1,641	1,849	743	1,773	2,694	3,378
Depreciation & Amortization	632	871	2,021	1,202	1,373	1,581
Finance cost	235	443	293	578	629	629
(Incr)/Decr in Working Capital	(280)	(619)	(746)	(969)	(1,271)	(1,084)
Taxes	(354)	(471)	(278)	(443)	(674)	(844)
Cash from ops.	1,693	1,936	466	2,140	2,752	3,660
(Incr)/ Decr in PP&E	(4,664)	(6,353)	(1,540)	(1,000)	(1,000)	(1,000)
Cash Flow from Investing	(5,352)	(5,268)	(1,079)	(1,000)	(1,000)	(1,000)
(Decr)/Incr in Borrowings	2,246	4,289	1,102	500	-	-
Finance cost	(232)	(417)	(286)	(578)	(629)	(629)
Cash Flow from Financing	3,661	3,500	527	(78)	(629)	(629)
Incr/(Decr) in cash	2	168	(86)	1,062	1,123	2,030
Cash and cash equivalents at beg of year	157	159	328	329	1,391	2,514
Cash and cash equivalents at end of year	159	328	242	1,391	2,514	4,544

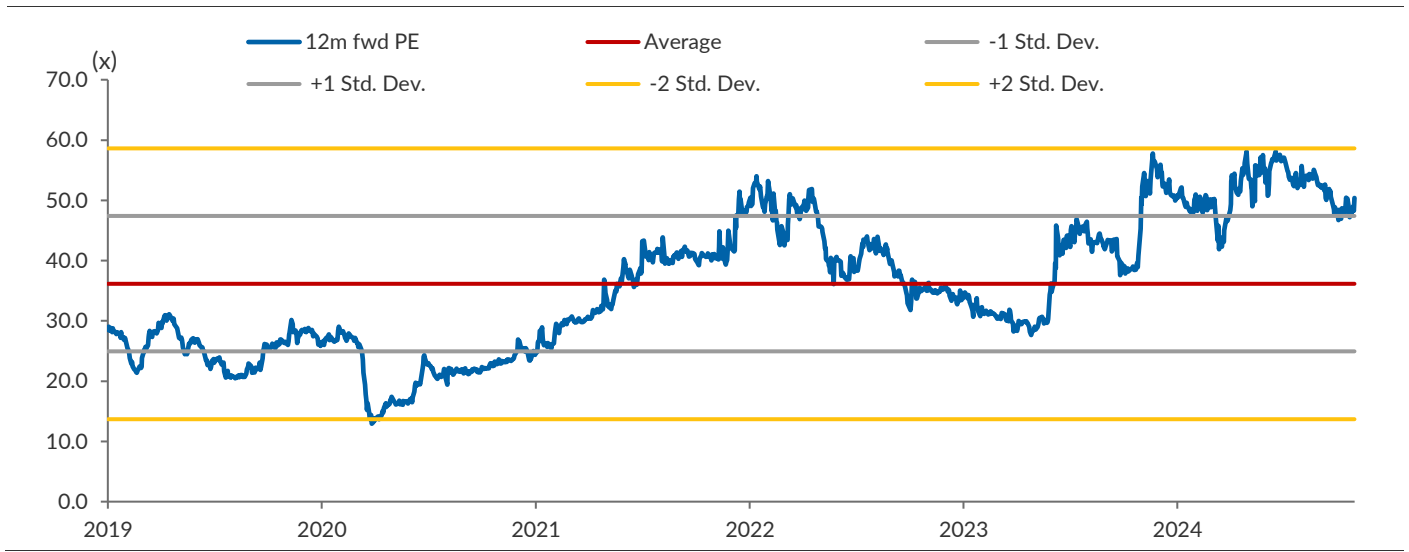
Source: Company, YES Sec

Exhibit 13: Ratios

Key Ratios	FY23	FY24	FY25E	FY26E	FY27E
Growth Matrix (%)					
Revenue growth	18.9	13.8	19.5	22.8	16.7
EBITDA growth	24.5	26.5	10.7	34.8	19.1
EBIT growth	38.1	22.2	2.6	41.4	20.6
PAT growth	41.9	7.4	(3.7)	52.0	25.4
Profitability ratios (%)					
EBITDA margin	11.5	12.8	11.8	13.0	13.3
EBIT margin	9.3	9.9	8.5	9.8	10.1
PAT margin	6.3	6.0	4.8	6.0	6.4
RoCE	16.6	14.2	12.2	15.8	17.2
RoE	15.9	13.6	11.6	15.4	16.5
Per share values					
EPS	10.3	10.8	10.4	15.8	19.9
CEPS	15.1	17.6	19.8	26.6	32.2
BVPS	76	84	95	111	131
Valuation ratios (x)					
P/E	29.9	48.7	51.2	33.7	26.8
P/CEPS	20.3	29.9	26.9	20.0	16.5
P/B	4.1	6.2	5.6	4.8	4.1
EV/EBITDA	18.1	25.6	23.6	17.3	14.1
Leverage ratios (x)					
Debt/ Equity	0.3	0.8	0.8	0.6	0.4
Net debt/Equity	0.3	0.8	0.8	0.6	0.4
Net debt/EBITDA	1.3	2.8	2.8	1.8	1.1
Int coverage	8.0	5.2	4.1	5.3	6.4
NWC days					
Receivables	26	24	24	24	24
Inventory	174	204	204	204	204
Payables	93	117	117	117	117

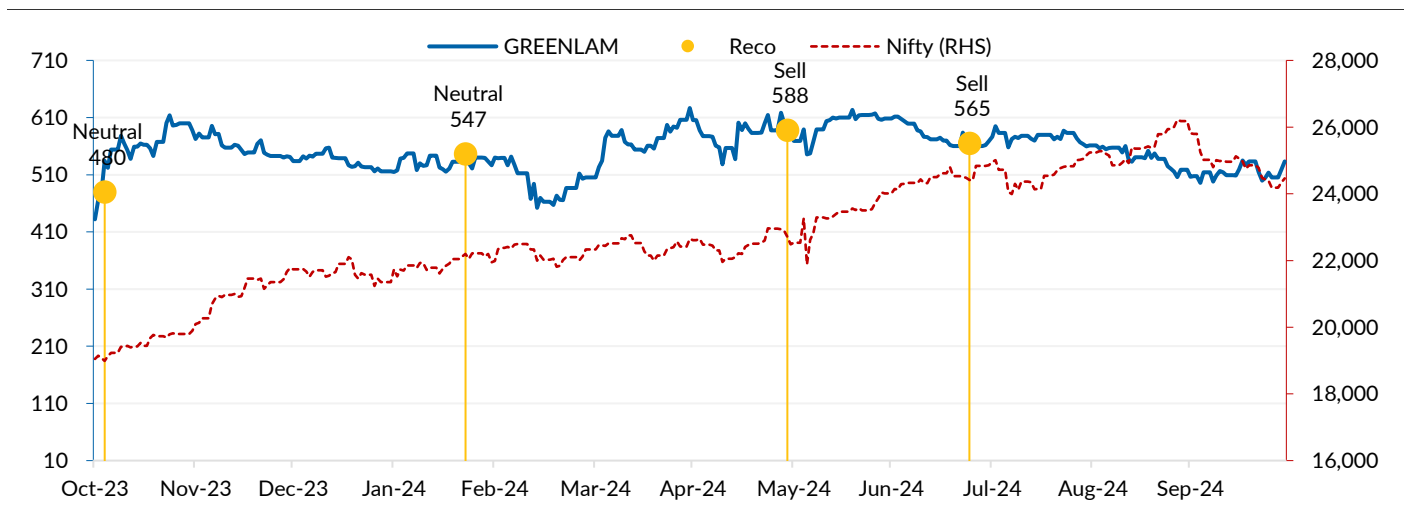
Source: Company, YES Sec

Exhibit 14: 1-year forward P/E (x) chart



Source: Company, YES Sec

Recommendation Tracker



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 wholly owned subsidiary of YES Bank Limited. 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 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.

^[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 "chaperoning 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 : 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 wholly owned subsidiary of YES BANK LIMITED. 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.