

October 23, 2024

RESULT REPORT Q2 FY25 | Sector: Automobile

# Sona BLW Precision Forgings Ltd

## Business diversification continues

### View – Acquisition of EKL’s railway business to be long term positive

Acquisition of EKL’s railway division (RED) was in-line with co’s mission to expand beyond auto into broader mobility space. The transaction is valued at 1.6x EV/sales (FY24) for a total cash consideration of Rs16b is attractive for a business with revenue and EBIT CAGR of ~16%/~15% over FY19-24 with EBIT margins of ~19% in FY24. Despite, RED is market leader in railway braking, we believe synergies such as cross selling, new product pipeline to accrue only in the long term given long gestation. While we are yet to integrate RED financials, we expect it would incrementally contribute 14-15% to FY27 EPS. The business can potentially grow at 20% CAGR over FY24-27E, we believe.

Sona BLW (SONACOMS) 2QFY25 results were better as revenues and EBITDA were ~5% better to our estimates. EBITDA margins were in-line at 27.3% (-60bp YoY/ -70bp QoQ) is resilient, despite ESOP cost of Rs165m in 1HFY25 (vs Rs82m in 1QFY25 and Rs80m in 4QFY24). On the positive side, management comments around no major programs delay (apart from one each in Europe/India related to EV) while BEV revenue ramp-up continued despite moderating EV transition. Further, adjusted new order addition were at ~Rs12b (vs ~Rs11b/Rs12b/Rs20b/Rs13b/Rs5b/Rs42b/Rs4b/Rs28b/Rs6b orders added in previous 9 quarters). Co’s overall orderbook stands at Rs231b (vs Rs223b/Rs226b in 1QFY25/FY24). EV revenue mix during 2QFY25 were highest at 36% (Vs 33%/32% in 1QFY25/4QFY24).

SONACOMS revenue growth of ~17% YoY vs ~2% volume decline in light vehicle segment from top 3 markets is still healthy as it continues to serve as a proxy for the global electrification trend, focus on broadening the product portfolio, expanding global scale, and cultivating a diverse customer base. This should translate into strong earnings growth and capital efficiency. Hence, we expect revenue/EBITDA/Adj. PAT to grow 26-32% CAGR over FY24-27E. We have cut FY25/26 consol EPS by 1-2% to factor in for slow domestic growth (led by CV and OHV) and weak Europe/US OHT outlook. We remain neutral with TP at Rs682 (vs R690 earlier) given limited upside as valuations factors in positives.

### Result Highlights – Steady quarter

- Consol revenues grew 17.1% YoY (+3.5% QoQ) at Rs9.2b (est ~Rs8.7b). Gross margins expanded 100bp YoY/-160bp QoQ at 55.9% (est 57%) led by favorable product mix and benign RM. EBITDA grew +14.6% YoY at Rs2.5b (est ~Rs2.4b, cons) with margins contracted by 60bp YoY/-70bp QoQ at 27.3% (est 27.5%).
- Led by higher other income at Rs239m (+15% YoY, +170% QoQ, est Rs90m), Adj.PAT grew by 18.1% YoY at Rs1.5b (est ~Rs1.3b).

### Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% variation		Remarks
		Yes Sec	Consensus	Yes Sec	Consensus	
Sales	9,222	8,734	8,941	5.6	3.1	
EBITDA	2,520	2,399	2,491	5.0	1.2	
EBITDA margins %	27.3	27.5	27.9	-10bp	-50bp	Margins contracted led by higher staff costs
Adjusted PAT	1,518	1,348	1,416	12.6	7.2	

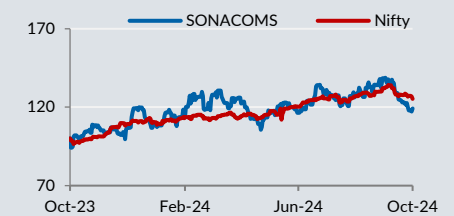
Source: Company, YES Sec

Reco	: NEUTRAL
CMP	: Rs 642
Target Price	: Rs 682
Potential Return	: +6.2%

### Stock data (as on Oct 23, 2024)

Nifty	24,436
52 Week h/l (Rs)	769 / 488
Market cap (Rs/USD mn)	3,94,714 / 4,696
Outstanding Shares (mn)	621
6m Avg t/o (Rs mn):	1,251
Div yield (%):	0.4
Bloomberg code:	SONACOMS IN
NSE code:	SONACOMS

### Stock performance



	1M	3M	1Y
Absolute return	(14.1%)	(7.7%)	+26.6%

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

Promoter	28.0%
FII+DII	64.2%
Others	7.7%

### Δ in stance

(1-Yr)	New	Old
Rating	Neutral	Neutral
Target Price	682	690

### Δ in earnings estimates

	FY25E	FY26E
EPS (New)	11.5	16.2
EPS (Old)	11.6	16.5
% change	(1.0%)	(2.0%)

### Financial Summary

Y/E Mar (Rs bn)	FY25E	FY26E	FY27E
Sales	41.2	53.6	64.8
EBITDA	11.7	15.4	18.9
Adj. PAT	6.7	9.5	12.2
EPS (INR)	11.5	16.2	20.9
EPS Gr. (%)	28.5	41.0	28.8
BV/Sh (INR)	56.7	70.0	87.4
RoE (%)	22.0	25.6	26.5
RoCE (%)	20.7	23.9	24.6
P/E (x)	55.9	39.6	30.8
P/BV (x)	11.3	9.2	7.4
EV/EBITDA (x)	32.2	24.4	19.4
Div. Yield (%)	0.4	0.5	0.5

### DEEP SHAH

Lead Analyst

deep.shah@ysil.in



MEGHNA GUNDU, Associate

## Exhibit 2: Quarterly snapshot

Y/E Mar (Rs m)	Q2FY25	Q2FY24	YoY chg (%)	Q1FY25	1HFY25	1HFY24	YoY chg (%)
<b>Net Revenues</b>	<b>9,222</b>	<b>7,875</b>	<b>17.1</b>	<b>8,912</b>	<b>18,134</b>	<b>15,189</b>	<b>19.4</b>
Raw Materials	4,069	3,553	14.5	3,788	7,857	6,706	17.2
% of Net Sales	44.1%	45.1%		42.5%	43.3%	44.1%	
Personnel	790	550	43.5	761	1,551	1,042	48.9
% of Net Sales	8.6%	7.0%		8.5%	8.6%	6.9%	
Manufacturing & Other Exp	1,842	1,572	17.2	1,870	3,713	3,215	15.5
% of Net Sales	20.0%	20.0%		21.0%	20.5%	21.2%	
Total Expenditure	6,702	5,675	18.1	6,419	13,121	10,963	19.7
<b>EBITDA</b>	<b>2,520</b>	<b>2,200</b>	<b>14.6</b>	<b>2,493</b>	<b>5,013</b>	<b>4,226</b>	<b>18.6</b>
<b>EBITDA Margin (%)</b>	<b>27.3%</b>	<b>27.9%</b>		<b>28.0%</b>	<b>27.6%</b>	<b>27.8%</b>	
Depreciation	626	534	17.2	606	1,232	1,045	17.9
<b>EBIT</b>	<b>1,894</b>	<b>1,666</b>	<b>13.7</b>	<b>1,887</b>	<b>3,781</b>	<b>3,181</b>	<b>18.9</b>
Interest Expenses	106	60	76.0	86	192	113	69.1
Non-operating income	239	94		88	328	156	110.1
Extraordinary Income	110	59		-	110	87	
Extraordinary Expenses	0	0		0	-	-	
<b>PBT</b>	<b>1,918</b>	<b>1,641</b>	<b>16.8</b>	<b>1,889</b>	<b>3,807</b>	<b>3,136</b>	<b>21.4</b>
Tax-Total	482	401	20.3	472	954	775	23.0
Tax Rate (%) - Total	25.1%	24.4%		25.0%	25.1%	24.7%	
Reported PAT	1,436	1,241	15.7	1,417	2,853	2,361	20.8
<b>Adj. PAT</b>	<b>1,518</b>	<b>1,285</b>	<b>18.1</b>	<b>1,417</b>	<b>2,935</b>	<b>2,427</b>	<b>21.0</b>
<b>PAT Margin</b>	<b>16.5%</b>	<b>16.3%</b>		<b>15.9%</b>	<b>16.2%</b>	<b>16.0%</b>	

Source- Company, YES Sec

## KEY CON-CALL HIGHLIGHTS

### Update on acquisition of Escorts Kubota's Railway Equipment Division (RED)

- **Rationale - To expand beyond Auto into broader mobility space with following filters**
  - Product expected to be existence for atleast 15 years.
  - Fast growing and scalable market. EKL already market leader for Railway brakes in India. Brakes business have ~3 competitors of which one each from the US and Europe apart from acquired RED entity.
  - Significant diversification.
  - Good financial investment – expect earning accretive from year 1.
  - Clean mobility
- Total investment into the railways have grown at ~17% CAGR from FY15-24.
- **Why RED? – Market is concentrated**
  - **EKL's RED have ~60 years of experience.**
  - Along with Brakes RED division is top suppliers of couplers, suspension, and friction products.
  - Robust pipeline of new products which is where Sona coms can make incremental delta. All the management team will be coming along as part of transactions. Some of the new products with high growth potential is electrical panels, HVAC systems and automatic plug door system.
- Safety critical component will required to go through approval process.
- **Can expand supply existing products to Indian railways and cos supplying to Indian railways.**
- Will pay ~Rs16b cash and expect transaction to be EPS accretive from first year itself.
- Don't expect current margins of acquired business to converge to current levels. PAT margins would be in-line with current co level margins though.

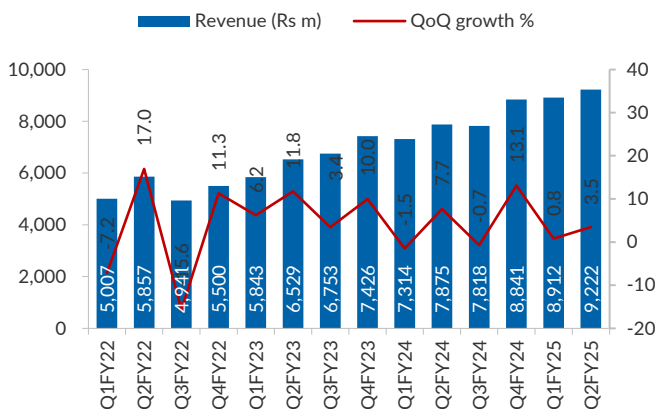
### Performance highlights from the base business

- **Revenue share from BEV continues to drive overall growth in 2QFY25 at Rs3.17b (+53% YoY)** with its share in revenues increased to 36%/33%/32%/29%/26% in 2QFY25/1QFY25/4QFY24/FY24/FY23 of revenues.
  - Cumulative number of EV programs awarded increased from 42 in FY23 to 54 in FY24 and 56 in 2QFY25 with 8 new products in 3 years which added ~Rs100b in order book.
  - Of the total 56 programs - ~13 in fully ramp up production, ~14 in ramp-up stage and ~29 not yet part of production. Expect most of 29 programs to commercialize by FY27.
  - **No major programs delay** apart from the one European EV program delay by a year and one EV 2W program in India have been delayed by ~6 months.
  - Seeing some slowdown in India/US off-highway and India CV segments.
- **Net order book remained flat at Rs231b in 2QFY25 (vs ~Rs233b in 1QFY25) of which Rs14b orders were consumed while Rs12b of orders added in 2QFY25.** EV account for ~78% of OB (vs ~79% in 1Q) at Rs180b in 2QFY25 (vs Rs184b in 1QFY25 and Rs179b in 4QFY24).
  - Won CNG stater motor business for the first time.
- Total Revenue grew by ~17% while light vehicle sales in top-3 markets (North America, India, and Europe) declined by 2% YoY.

- Mexico plant operations expected to begin by Oct'25.
- **Traction motors** – Current sales run-rate is ~20k units/month (for 2W). Will commence supply to EV bus applications from 1QCY26.
- Adjustment to EBITDA for 2QFY25 is on account of ESOP cost of Rs83m under the approved ESOP scheme 2023 (vs Rs5m in 2QFY24 under the ESOP plan 2020).
- Generated Rs4.7b cash from operations and capex of Rs2.2b in 1HFY25 leading to FCF of Rs2.4b.
- ROCE decline due to QIP but expect to improve as the same will get deployed.
- Share of Europe decline to 22% vs 26% last year led by weak demand scenario.
- Non-ferrous forgings – no progress as such but efforts are on.

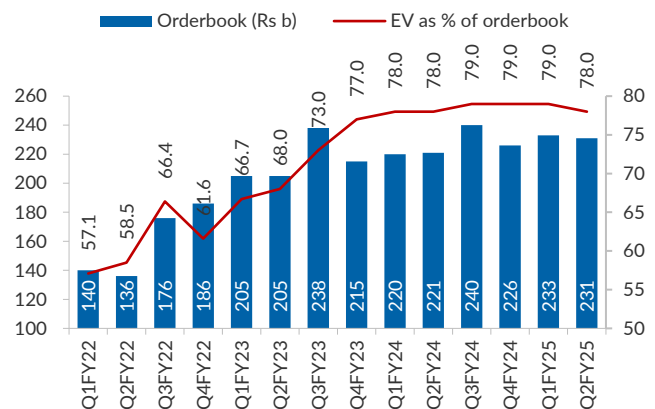
## CHARTS

**Exhibit 1: 2QFY25 revenues grew by 3.5% QoQ**



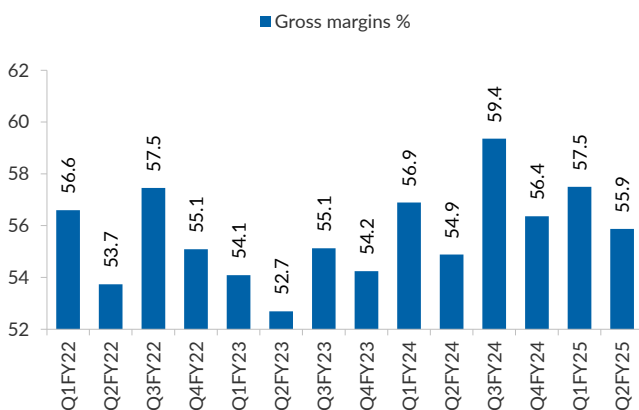
Source: Company, YES Sec

**Exhibit 2: EV accounted for ~78% of orderbook**



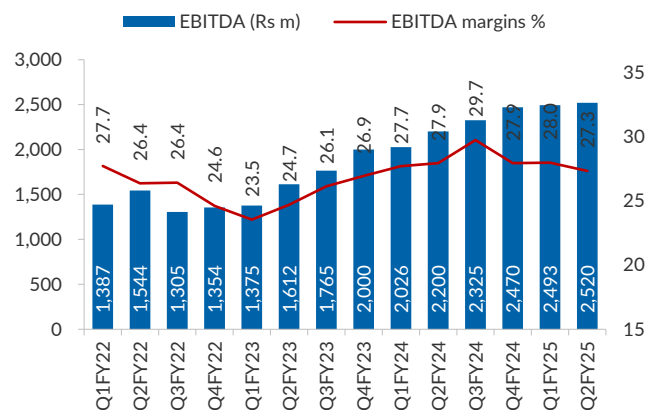
Source: Company, YES Sec

**Exhibit 3: GM contracted ~160bp QoQ at 55.9%**



Source: Company, YES Sec

**Exhibit 4: EBITDAM contracted by 70bp QoQ at 27.3%**



Source: Company, YES Sec

## FINANCIALS

### Exhibit 5: Balance Sheet

Y/E March (Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	5,730	5,844	5,854	5,864	5,864	5,864	5,864
Preference Capital	-	-	-	-	-	-	-
Total Reserves	8,030	14,159	17,048	22,137	27,415	35,164	45,362
<b>Net Worth</b>	<b>13,759</b>	<b>20,003</b>	<b>22,902</b>	<b>28,001</b>	<b>33,279</b>	<b>41,028</b>	<b>51,226</b>
Total Loans	4,472	1,511	2,952	4,121	3,481	3,331	3,181
Deferred Tax Liabilities	941	884	876	1,261	1,261	1,261	1,261
<b>Capital Employed</b>	<b>19,172</b>	<b>22,398</b>	<b>26,730</b>	<b>33,384</b>	<b>38,022</b>	<b>45,621</b>	<b>55,669</b>
Gross Block	12,343	15,377	19,010	23,027	26,027	30,027	31,527
Less: Accum. Deprn.	1,935	3,294	4,892	7,040	9,708	12,768	16,114
<b>Net Fixed Assets</b>	<b>10,408</b>	<b>12,083</b>	<b>14,118</b>	<b>15,987</b>	<b>16,319</b>	<b>17,259</b>	<b>15,413</b>
Goodwill	1,758	1,758	1,758	3,518	3,518	3,518	3,518
Capital WIP	832	1,474	911	3,636	3,636	3,636	3,636
<b>Total Investments</b>	<b>58</b>	<b>130</b>	<b>2,418</b>	<b>527</b>	<b>591</b>	<b>643</b>	<b>701</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>8,923</b>	<b>10,512</b>	<b>11,393</b>	<b>14,980</b>	<b>20,425</b>	<b>28,250</b>	<b>41,242</b>
Inventory	3,056	3,634	3,232	3,475	7,186	9,956	12,086
Account Receivables	4,170	4,452	6,089	6,483	9,374	12,578	15,476
Cash and Bank Balance	276	773	698	2,742	1,470	3,201	11,039
Loans and Advances	-	-	-	-	-	-	-
Other current assets	1,422	1,654	1,373	2,281	2,395	2,515	2,641
<b>Curr. Liability &amp; Prov.</b>	<b>2,807</b>	<b>3,559</b>	<b>3,868</b>	<b>5,266</b>	<b>6,468</b>	<b>7,686</b>	<b>8,842</b>
Account Payables	2,647	3,353	3,629	4,936	6,109	7,305	8,438
Provisions	159	206	239	330	359	381	404
<b>Net Current Assets</b>	<b>6,116</b>	<b>6,953</b>	<b>7,525</b>	<b>9,715</b>	<b>13,957</b>	<b>20,564</b>	<b>32,400</b>
<b>Appl. of Funds</b>	<b>19,172</b>	<b>22,398</b>	<b>26,730</b>	<b>33,384</b>	<b>38,022</b>	<b>45,621</b>	<b>55,669</b>

Source: Company, YES Sec

## Exhibit 6: Income statement

Y/E March (Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Income from Operations</b>	<b>15,663</b>	<b>21,306</b>	<b>26,755</b>	<b>31,848</b>	<b>41,237</b>	<b>53,553</b>	<b>64,805</b>
Change (%)	28.4	36.0	25.6	19.0	29.5	29.9	21.0
Raw Materials	6,453	9,456	12,200	13,741	17,878	22,977	27,370
% of Sales	41.2	44.4	45.6	43.1	43.4	42.9	42.2
Employees Cost	1,474	1,689	1,804	2,501	2,950	3,833	4,621
% of Sales	9.4	7.9	6.7	7.9	7.2	7.2	7.1
Other Expenses	3,325	4,571	5,795	6,584	8,722	11,372	13,929
% of Sales	21.2	21.5	21.7	20.7	21.2	21.2	21.5
<b>EBITDA</b>	<b>4,410</b>	<b>5,591</b>	<b>6,958</b>	<b>9,022</b>	<b>11,687</b>	<b>15,372</b>	<b>18,885</b>
Margin (%)	28.2	26.2	26.0	28.3	28.3	28.7	29.1
Depreciation	969	1,420	1,780	2,202	2,668	3,060	3,346
<b>EBIT</b>	<b>3,441</b>	<b>4,171</b>	<b>5,178</b>	<b>6,819</b>	<b>9,019</b>	<b>12,312</b>	<b>15,539</b>
Interest Charges	325	183	169	258	379	335	312
Other Income	23	200	116	239	313	574	897
<b>PBT bef. EO Exp.</b>	<b>3,139</b>	<b>4,189</b>	<b>5,124</b>	<b>6,801</b>	<b>8,954</b>	<b>12,552</b>	<b>16,125</b>
EO Items	(139)	133	(34)	(87)	-	-	-
<b>PBT after EO Exp.</b>	<b>3,000</b>	<b>4,322</b>	<b>5,091</b>	<b>6,714</b>	<b>8,954</b>	<b>12,552</b>	<b>16,125</b>
Total Tax	848	706	1,138	1,535	2,215	3,049	3,882
Tax Rate (%)	28.3	16.3	22.4	22.9	24.7	24.3	24.1
<b>Reported PAT</b>	<b>2,152</b>	<b>3,615</b>	<b>3,952</b>	<b>5,178</b>	<b>6,739</b>	<b>9,502</b>	<b>12,243</b>
<b>Adjusted PAT</b>	<b>2,251</b>	<b>3,504</b>	<b>3,979</b>	<b>5,246</b>	<b>6,739</b>	<b>9,502</b>	<b>12,243</b>
Change (%)	1.5	55.7	13.5	31.8	28.5	41.0	28.8

Source: Company, YES Sec

## Exhibit 7: Cash Flow Statement

Y/E March (Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before Tax	3,000	4,322	5,091	6,713	8,954	12,552	16,125
Deprn. & Amort.	969	1,420	1,780	2,202	2,668	3,060	3,346
Net Interest Exp. / Inc. (-)	325	172	161	252	379	335	312
Inc (-) / Dec in WCap.	(2,070)	(890)	(630)	(644)	(5,514)	(4,876)	(3,998)
Others	(269)	(34)	33	-42	-	0	-0
Taxes Paid	(528)	(544)	(1,102)	(1,553)	(2,215)	(3,049)	(3,882)
Operating Cash Flow	1,427	4,446	5,333	6,928	4,272	8,021	11,903
Capex	(2,189)	(3,472)	(3,352)	(3,195)	(3,000)	(4,000)	(1,500)
Free Cash Flow	(762)	974	1,980	3,732	1,272	4,021	10,403
-Inc/dec in investments	598	(275)	(2,309)	(1,728)	(64)	(52)	(57)
Other	31	213	32	208	-	-	-
Investing Cash Flow	(1,561)	(3,534)	(5,629)	(4,715)	(3,064)	(4,052)	(1,557)
Inc/(dec) in capital	-	2,981	40	40	-	-	-
Dividend+Tax Thereon	(904)	(450)	(1,199)	(1,793)	(1,461)	(1,753)	(2,045)
Inc/dec in loans	608	(2,954)	1,471	94	(450)	(90)	(90)
Net Interest Exp. / Inc. (-)	(246)	(92)	(12)	(173)	(379)	(335)	(312)
Other assets	(125)	(122)	(113)	84	(190)	(60)	(60)
Financing Cash Flow	(667)	(637)	187	(1,747)	(2,480)	(2,238)	(2,507)
Inc / Dec (-) in Cash	(800)	275	(109)	465	(1,272)	1,731	7,838
Opening cash balance	1,050	249	536	441	910	(362)	1,369
Movement in Foreign currency translation reserve	-	12	14	4	-	-	-
Closing Cash Balance	250	536	441	910	(362)	1,369	9,207

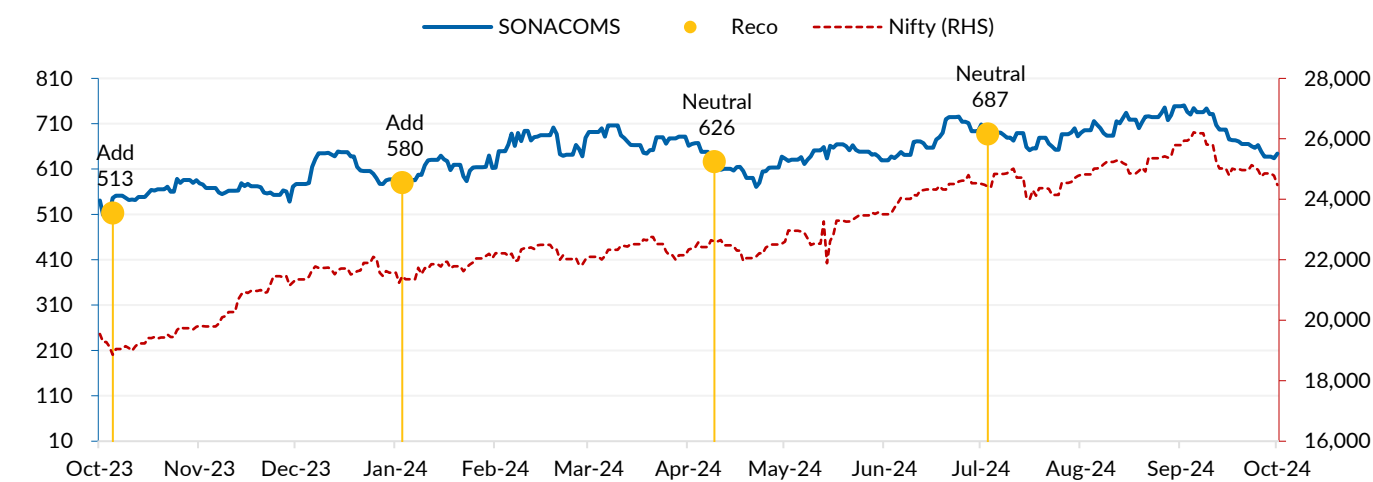
Source- Company, YES Sec

**Exhibit 8: Growth and Ratio matrix**

Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)							
EPS	3.9	6.0	6.8	8.9	11.5	16.2	20.9
Cash EPS	5.6	8.4	9.8	12.7	16.0	21.4	26.6
BV/Share	24.0	34.2	39.1	47.7	56.7	70.0	87.4
DPS	1.6	0.8	1.5	1.5	2.5	3.0	3.5
Valuation (x)							
P/E	163.5	107.1	94.5	71.8	55.9	39.6	30.8
P/BV	26.8	18.8	16.4	13.5	11.3	9.2	7.4
EV/Sales	23.7	17.6	14.0	11.8	9.1	7.0	5.7
EV/EBITDA	84.2	67.1	53.9	41.7	32.2	24.4	19.4
Dividend Yield (%)	0.2	0.1	0.2	0.2	0.4	0.5	0.5
FCF per share	0.9	1.5	(1.3)	1.7	3.4	6.4	2.2
Return Ratios (%)							
RoE	17.6	20.8	18.5	20.6	22.0	25.6	26.5
RoCE (post-tax)	19.3	20.7	18.7	20.7	20.7	23.9	24.6
RoIC	16.4	18.9	19.3	21.5	22.6	25.9	29.4
Working Capital Ratios							
Asset Turnover (x)	0.8	1.0	1.0	1.0	1.1	1.3	1.3
Inventory (Days)	71.2	62.2	44.1	39.8	63.6	67.9	68.1
Debtor (Days)	97.2	76.3	83.1	74.3	83.0	85.7	87.2
Creditor (Days)	72.7	50.9	45.9	47.7	53.6	54.3	54.9
Leverage Ratio (x)							
Current Ratio	3.2	3.0	2.9	2.8	3.2	3.7	4.7
Interest Cover Ratio	13.6	30.6	41.1	35.0	30.8	45.9	60.5
Net Debt/Equity	0.2	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)

Source- Company, YES Sec

## Recommendation Tracker



Source – YES Sec



## 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 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](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 : 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 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.