

October 28, 2024

RESULT REPORT Q2 FY25 | Sector: Energy

Indian Oil Corporation Ltd

Weak refining and marketing performance; LPG subsidy burden continues to impact the earnings

Indian Oil Corp Q2FY25 performance showcased a poor core performance aggravated by inventory and adventitious losses. The integrated core margins in USD/bbl were lower than our estimates at 2.6 versus 4.1. With EBITDA at Rs37.7bn and Adj. PAT loss of Rs9.8bn, the core GRMs has been quite weaker with inventory losses, while the marketing performance stood weaker than our expectations with higher-than-expected adventitious losses. Reported EBITDA and PAT is lower than our and consensus expectations. The reported GRM of USD1.6/bbl and Rs6.6/ltr of blended gross marketing margins, while the core integrated margins stood at USD2.6/bbl. We maintain NEUTRAL rating with a revised target price of Rs163 (earlier 188).

Result Highlights

- **EBITDA** at Rs37.7bn and **Adj. PAT loss** of Rs9.8bn; on weaker core GRMs and inventory losses and adventitious losses, while the marketing performance was impacted by an LPG subsidy burden of Rs 37.1bn. Reported EBITDA and PAT are significantly lower than our and consensus expectations. The **exceptional item** of Rs11.57bn this quarter stems from IOCL's reversal of a previously created provision, following a favorable Supreme Court ruling on VAT Input Tax Credit.
- The **reported GRM** was ~USD1.6/bbl (USD6.39 the previous quarter, USD18.16 a year ago). The **core GRM** at USD3.11/bbl, (USD2.84 the prior quarter, USD16.35 a year ago). The **refining inventory loss** at USD1.51/bbl (a gain of USD3.55 the previous quarter, and a gain of USD1.81 a year back). **Refinery throughput** was 16.74mmt at 94.5% utilisation (103.7% the previous quarter, 100% a year ago).
- The **integrated core EBITDA margins** was USD2.6/bbl (USD1.9 the prior quarter, USD7 a year ago) lower our estimated USD4.1/bbl.
- The **core marketing EBITDA (back-calculated)** was Rs1.6/ltr (Rs1.1 the prior quarter, Rs0.3 a year back). The **domestic marketing throughput** was 22.96mmt, down by 1.2% YoY and 9.1% QoQ (vs. the industry's growth of 2.3% YoY and -6.4% QoQ). MS sales were 3.86mmt, up 5.2% YoY and down 2.6% QoQ, while diesel at 8.0mmt, down 4.3% YoY and 17.9% QoQ. Industry motor spirit and diesel sales were up 7.4%/0.1% YoY but down 2%/17.3% QoQ. The company has a negative buffer amounting to Rs 37.1bn as of Q2FY25 (Rs 88.7bn for H1FY25) pertaining to LPG subsidy. **Product market share:** The sales market shares of high-speed diesel and motor spirits both were marginally down at 39.9% and 39.4%.
- **Petchem EBIT** loss at Rs 916mn vs positive EBIT of Rs119mn loss the prior quarter, Rs 1.63bn a year back. This decline was due to weaker spreads and higher costs.
- **Capex** as per PPAC was Rs100.2bn (Rs 184.8bn for H1FY25) and FY25 target of Rs 310bn. The Rs 4.2bn **forex loss** impacted the quarterly profitability. **Debt** of Rs1,427.3bn was up Rs433.2bn YoY and Rs Rs268.8bn QoQ as there is a higher capex, dividend payment and weaker cashflows.
- **H1FY25 performance:** EBITDA at Rs 124.0bn (vs Rs 434.8bn in H1FY24) while Adj. PAT at Rs 16.7bn (vs Rs 267.2bn) and the reported GRM at USD4.08/bbl (vs USD13.12). The core GRM stood at USD2.97/bbl (vs USD12.6). The core integrated margins were at USD2.2/bbl vs USD8.2/bbl while the marketing EBITDA/ltr (Rs) was at 1.5 vs 2.9 in H1FY24.

Valuation

IOCL has a Rs25.3bn/Rs38.5bn sensitivity to a change of Rs0.5/ltr/USD1/bbl, respectively. At CMP, stock trades at 8.6x/7.2x/7.7x FY25e/26e/27e EV/EBITDA and 1.1x/1.1x/1.0x P/BV (excl. investments, it trades at 7.6x/6.4x/6.9x FY25e/26e EV/EBITDA and 0.9x/0.9x /0.8x P/BV). We maintain NEUTRAL rating with a revised target price of Rs163 (earlier 188).

Reco	: NEUTRAL
CMP	: Rs 147
Target Price	: Rs 163
Potential Return	: +10.8%

Stock data (as on Oct 28, 2024)

Nifty	24,339
52 Week h/l (Rs)	197 / 86
Market cap (Rs/USD mn)	2066078 / 24584
Outstanding Shares (mn)	14,121
6m Avg t/o (Rs mn):	4,738
Div yield (%):	7.0
Bloomberg code:	IOCL IN
NSE code:	IOC

Stock performance



Shareholding pattern (As of Sep '24 end)

Promoter	51.5%
FII+DII	37.4%
Others	11.1%

Δ in stance

(1-Yr)	New	Old
Rating	NEUTRAL	NEUTRAL
Target Price	163	188

Δ in estimates

(1-Yr)	FY25e	FY26e	FY27e
EPS (New)	11.6	14.9	12.9
EPS (Old)	12.2	14.9	12.9
% Change	(5.0)	0.0	0.0

Financial Summary

(Rs bn)	FY25E	FY26E	FY27E
Revenue	7,368.0	6,998.7	7,083.0
YoY Growth	(4.8)	(5.0)	1.2
EBIDTA	373.7	443.3	416.8
OPM %	5.1	6.3	5.9
PAT	163.6	209.9	182.8
YoY Growth	(58.7)	28.3	(12.9)
ROE	9.1	11.0	9.1
EPS	11.6	14.9	12.9
P/E	12.7	9.9	11.4
BV	130.7	138.6	145.5
EV/EBITDA	8.6	7.2	7.7

HARSHRAJ AGGARWAL

Lead Analyst

harshraj.aggarwal@ysil.in



Exhibit 1: Actual vs estimate

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	1,738,476	1,302,880	1,837,110	33.43	-5.37	Weak refining and marketing performance; LPG subsidy burden continues to impact the earnings
EBITDA	37,724	68,754	93,208	-45.13	-59.53	
EBITDA Margin (%)	2.17	5.28	5.07	-311bps	-290bps	
Adjusted PAT	-9,773	18,267	20,411	-153.50	-147.88	

Exhibit 2: Earnings snapshot

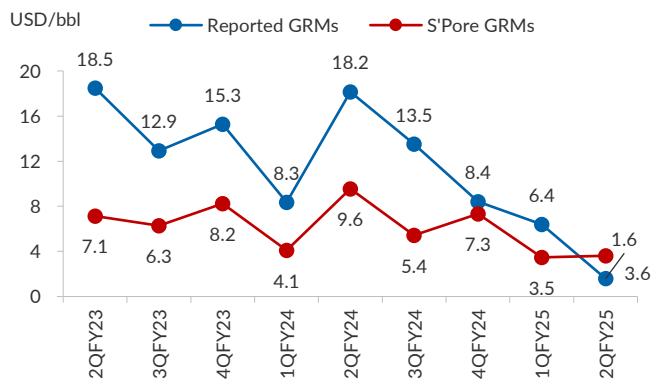
Particulars (Rs mn)	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	y/y (%)	q/q (%)	H1FY24	H1FY25	y/y (%)
Revenue	1,797,398	1,991,040	1,979,782	1,932,355	1,738,476	(3.3)	(10.0)	3,772,664	3,670,831	(2.7)
Expenditure	1,584,268	1,836,153	1,875,431	1,846,008	1,700,752	7.4	(7.9)	3,337,895	3,546,760	6.3
-Raw Material	1,436,887	1,692,840	1,722,219	1,699,720	1,548,969	7.8	(8.9)	3,055,617	3,248,690	6.3
-Staff Cost	27,951	26,221	28,275	26,995	24,935	(10.8)	(7.6)	56,300	51,930	(7.8)
- Other expenses	119,430	117,092	124,937	119,293	126,847	6.2	6.3	225,978	246,140	8.9
Operating Profit	213,130	154,887	104,352	86,347	37,724	(82.3)	(56.3)	434,769	124,072	(71.5)
OPM(%)	11.9	7.8	5.3	4.5	2.2	-905 bps	-310 bps	11.5	3.4	-814 bps
Other Income	9,825	14,529	16,570	5,339	13,748	39.9	157.5	16,709	19,087	14.2
Depreciation	32,797	43,413	37,364	37,557	37,179	13.4	(1.0)	64,319	74,736	16.2
Interest	18,460	18,321	20,234	19,603	24,138	30.8	23.1	34,723	43,740	26.0
Excpnl Loss/(Profit)	-	-	-	-	11,573	n.a.	n.a.	-	11,573	n.a.
PBT	171,699	107,682	63,323	34,527	1,728	(99.0)	(95.0)	352,437	36,255	(89.7)
Tax	42,026	27,048	14,946	8,095	(72)	-	-	85,260	8,024	(90.6)
PAT	129,673	80,634	48,377	26,432	1,800	(98.6)	(93.2)	267,178	28,232	(89.4)
Adj PAT	129,673	80,634	48,377	26,432	(9,773)	-	-	267,178	16,659	(93.8)

Exhibit 3: Operating highlights

Particulars	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	y/y (%)	q/q (%)	H1FY24	H1FY25	y/y (%)
Throughput (mmt)										
Refinery	17.8	18.5	18.3	18.2	16.7	(5.8)	(7.9)	36.5	34.9	(4.4)
Marketing (domestic)	23.2	24.6	25.3	25.3	23.0	(1.2)	(9.1)	47.7	48.2	1.2
Pipeline	23.9	25.2	24.6	25.8	24.0	0.5	(7.1)	48.8	49.8	2.0
Margins (USD/bbl)										
Reported GRMs	18.2	13.5	8.4	6.4	1.6	(91.2)	(75.1)	13.1	4.1	(68.8)
Inventory gain/loss	1.8	3.5	(2.2)	3.6	(1.5)	-	-	0.5	1.1	116.8
Core GRM	16.4	10.0	10.6	2.8	3.1	(81.0)	9.5	12.6	3.0	(76.4)
S'Pore GRMs	9.6	5.4	7.3	3.5	3.6	(62.1)	4.4	6.8	3.5	(47.5)
Marketing EBITDA (Rs/ltr)	0.3	1.5	0.8	1.1	2.0	511.4	84.1	2.9	1.5	(46.6)
EBITDA Integrated margin (USD/bbl)										
EBITDA Integrated margin	7.0	5.3	4.7	1.9	2.6	(63.2)	35.6	8.2	2.2	(72.7)
Inventory gain/loss (Rs mn)										
Refining	19,942	40,784	(24,568)	40,352	(15,984)	-	-	11,733	24,368	107.7
Marketing	23,485	(27,831)	4,077	(3,578)	(18,004)	-	-	6,550	(21,582)	-

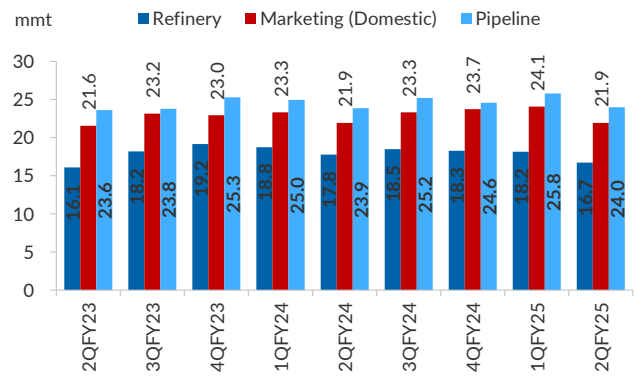
Particulars	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	y/y (%)	q/q (%)	H1FY24	H1FY25	y/y (%)
Rs mn										
Gross Debt	994,070	1,061,900	1,164,960	1,158,470	1,427,270	43.6	23.2	1,010,120	1,427,270	41.3
Forex gain/losses	(8,440)	(1,020)	(2,520)	(2,090)	(4,200)	-	-	(7,530)	(6,290)	-
Core EBITDA (Rs mn)	178,143	142,954	127,363	51,663	64,340	(63.9)	24.5	424,016	116,003	(72.6)
Marketing market share (%)										
HSD	41.7	41.9	39.7	40.2	39.9	(4.4)	(0.7)	42.0	40.0	(50.3)
MS	40.0	39.8	39.0	39.6	39.4	(1.7)	(0.6)	40.1	39.5	(1.6)

Exhibit 4: GRMs



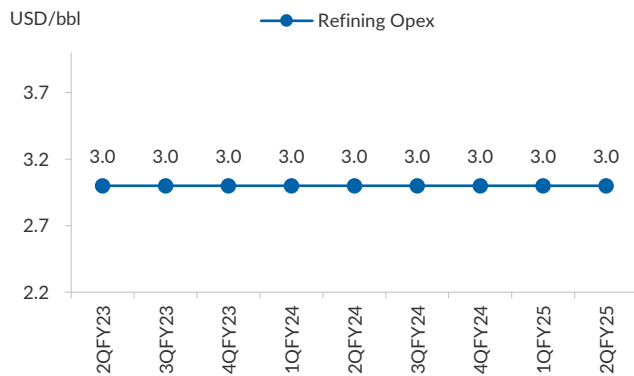
Source: Company, YES Sec

Exhibit 5: Throughput



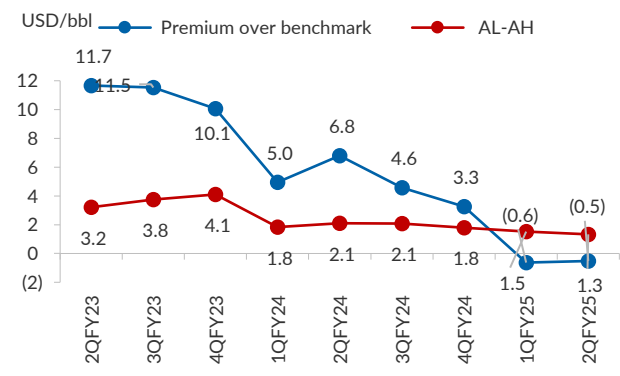
Source: Company, YES Sec

Exhibit 6: Refining Opex



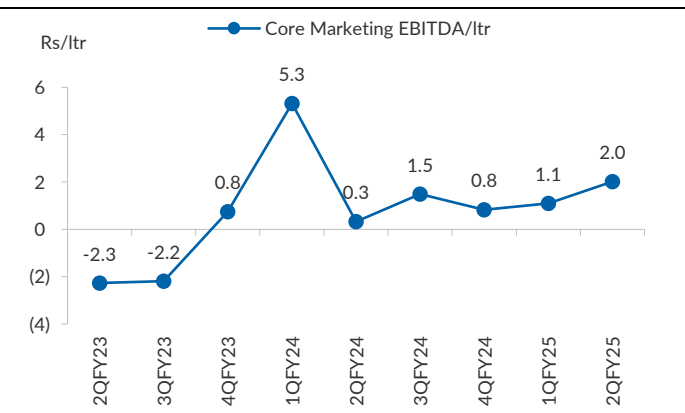
Source: Company, YES Sec

Exhibit 7: Premium and AL-AH difference



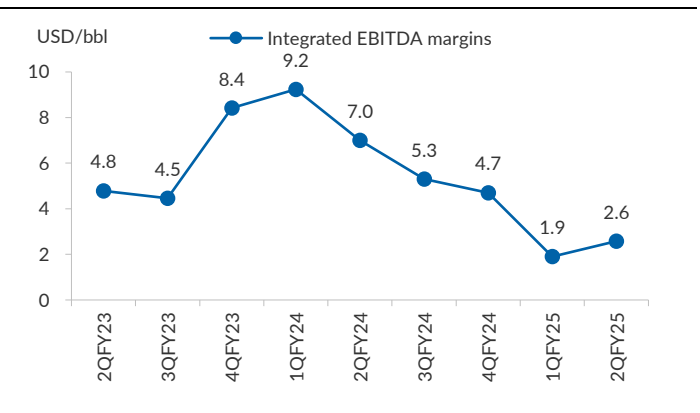
Source: Company, YES Sec

Exhibit 8: Core marketing EBITDA



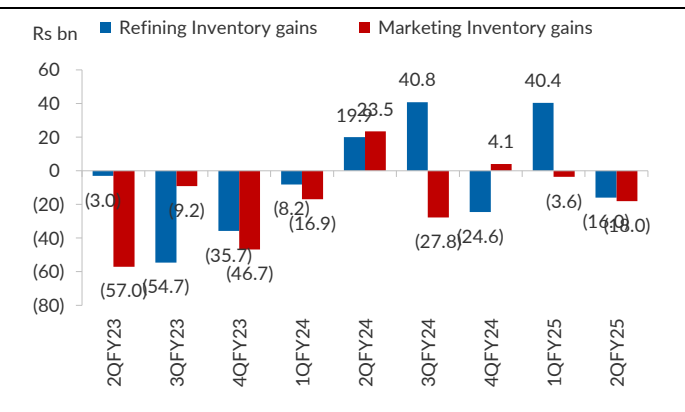
Source: Company, YES Sec

Exhibit 9: Integrated EBITDA margins



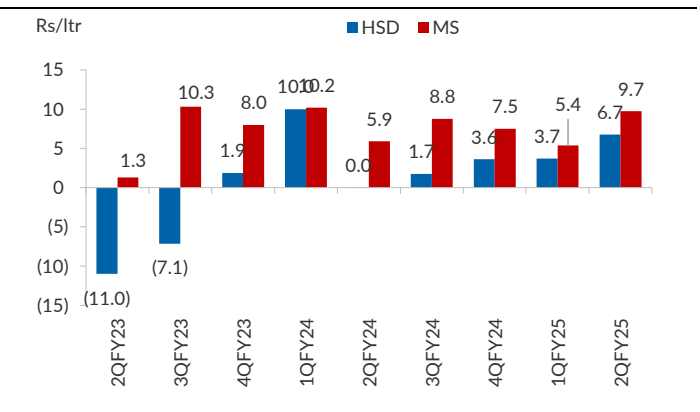
Source: Company, YES Sec

Exhibit 10: Inventory gain / loss



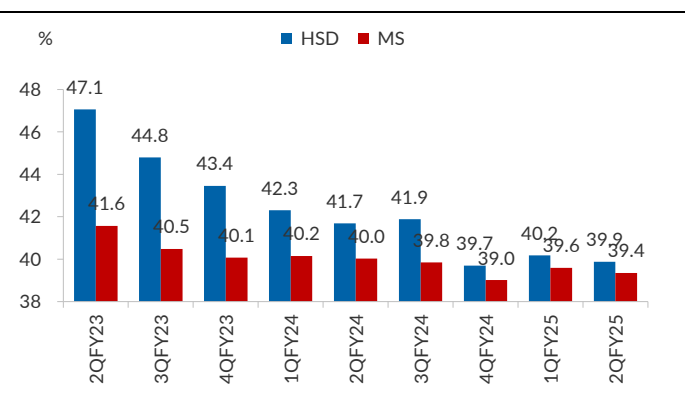
Source: Company, YES Sec

Exhibit 11: Auto fuel – gross marketing margins



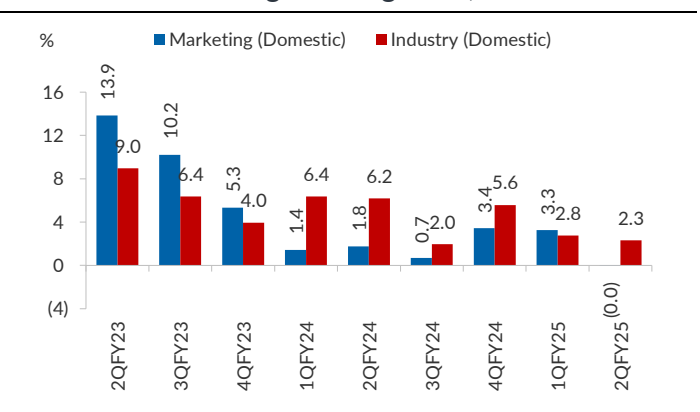
Source: Company, YES Sec

Exhibit 12: Auto fuel – market share



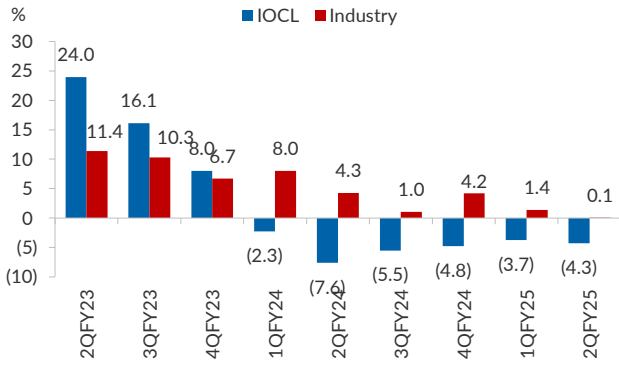
Source: Company, YES Sec

Exhibit 13: Marketing volume growth, YoY



Source: Company, YES Sec

Exhibit 14: HSD volume growth, YoY



Source: Company, YES Sec

Exhibit 15: MS volume growth, YoY

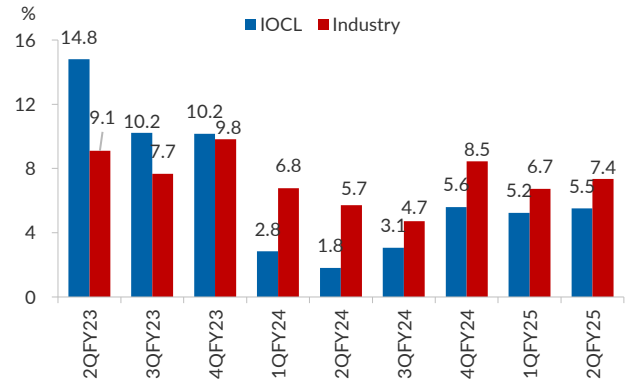
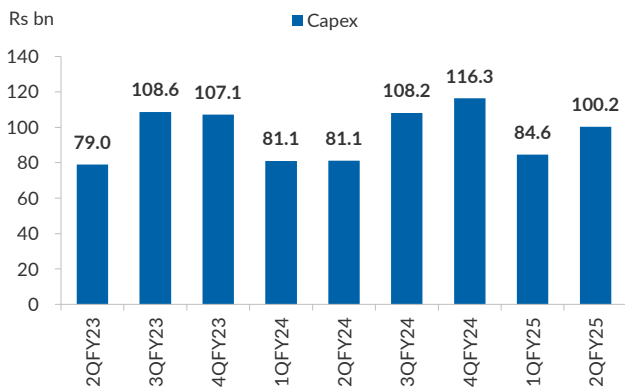
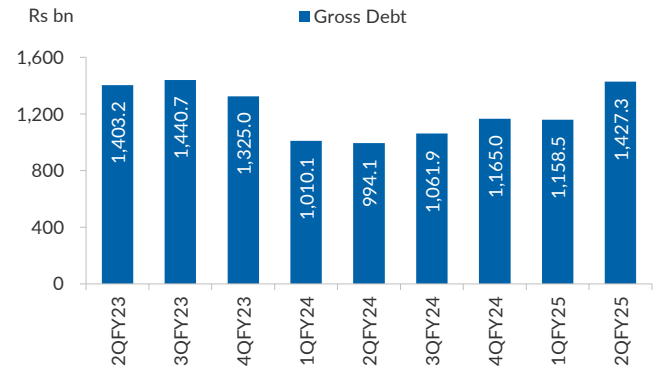


Exhibit 16: Capex



Source: Company, YES Sec

Exhibit 17: - Gross debt



VIEW & VALUATION

Maintain NEUTRAL with a TP of Rs 163/sh.

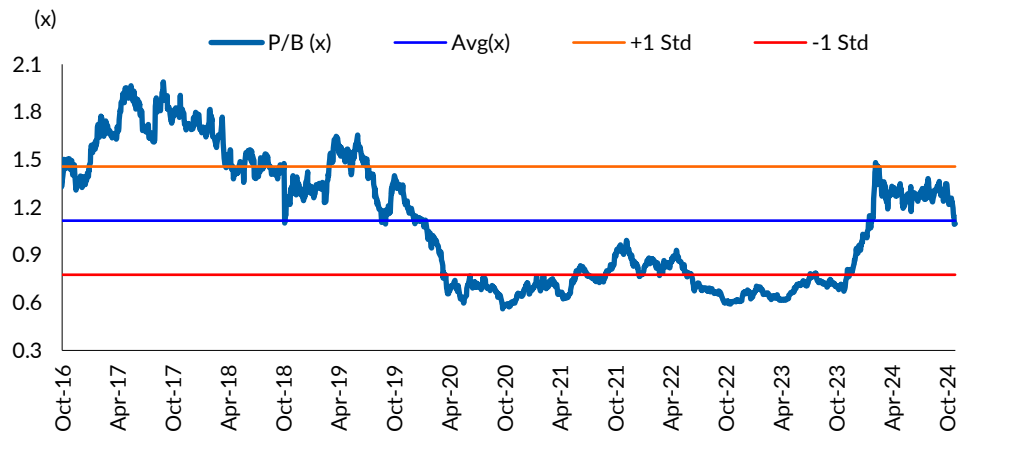
IOCL has a Rs25.3bn/Rs38.5bn sensitivity to a change of Rs0.5/ltr/USD1/bbl, respectively. Declared dividend of Rs 12/share in FY24 (8.2% dividend yield), an expectation of 4.1/4.8/4.1% in FY25e/26e/27e, would be key for shareholders. The BV/share for FY25e/26e/27e is at Rs 131/139/146 and debt: equity at 0.6x for FY25e/26e/27e.

At CMP, stock trades at 8.6x/7.2x/7.7x FY25e/26e/27e EV/EBITDA and 1.1x/1.1x/1.0x P/BV (excl. investments, it trades at 7.6x/6.4x/6.9x FY25e/26e EV/EBITDA and 0.9x/0.9x /0.8x P/BV). We maintain NEUTRAL rating with a revised target price of Rs163 (earlier 188) valuing it on a sum-of-parts basis (core business at 7.4x EV/EBITDA and investments at Rs26).

Exhibit 18: Valuation table

EV/EBITDA method	FY27E EBITDA (Rs mm)	EV/EBITDA (x)	Fair Value (Rs mm)	Fair Value (Rs/share)
Standalone	416,791	7.4 x	3,084,250	218
Refining	101,207	7.4 x	748,930	53
Marketing	208,346	7.4 x	1,541,757	109
Petchem	33,915	7.4 x	250,974	18
Pipeline	73,323	7.4 x	542,589	38
Cash & Current Investments			105,452	7
Gross Debt			1,253,134	89
Standalone Equity Value (Using EV/EBITDA)			1,936,568	137
Listed Investments	Full Value (Rs mm)	Holdco discount (%)	Fair Value (Rs mm)	Fair Value (Rs/share)
ONGC (Upstream)	259,551	30%	181,686	13
PLNG (LNG Regasification)	62,250	30%	43,575	3
GAIL (Natural gas pipeline)	34,026	30%	23,818	2
CPCL (Refining)	53,545	30%	37,481	3
OINL (Upstream)	38,252	30%	26,776	2
Listed Investments Equity Value			313,336	22
Unlisted Investments			Fair Value (Rs mm)	Fair Value (Rs/share)
Vankor, Tass, Oman			26,454	2
Unlisted Investments Equity Value			26,454	2
Treasury Stock	34,268	30%	23,988	2
Equity Value			2,300,346	163

Exhibit 19: P/BV (x) band, one-year-forward



FINANCIALS

Exhibit 20: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	5,981,638	8,394,722	7,743,486	7,368,015	6,998,699	7,083,049
Total Expense	5,549,199	8,172,196	7,049,478	6,994,289	6,555,369	6,666,258
Operating Profit	432,438	222,526	694,008	373,726	443,330	416,791
Other Income	43,243	62,352	47,808	56,629	64,530	73,617
Depreciation	110,059	118,594	145,096	150,104	168,344	186,584
EBIT	365,622	166,284	596,720	280,252	339,517	303,824
Interest	48,291	69,303	73,278	64,057	62,182	62,357
Extraordinary Item	-	-	-	-	-	-
PBT	317,331	96,981	523,442	216,195	277,335	241,468
Tax	75,490	14,563	127,254	52,559	67,423	58,703
PAT	241,841	82,418	396,188	163,636	209,912	182,765
Adj. PAT	241,841	82,418	396,188	163,636	209,912	182,765
Eps	17.1	5.8	28.1	11.6	14.9	12.9

Exhibit 21: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	91,810	137,716	137,716	137,716	137,716	137,716
Reserves	1,221,053	1,209,860	1,629,434	1,708,343	1,819,406	1,917,443
Net worth	1,312,864	1,347,575	1,767,150	1,846,058	1,957,122	2,055,159
Debt	1,194,628	1,415,500	1,258,667	1,188,667	1,183,667	1,195,667
Deferred tax liab (net)	136,274	146,130	166,371	166,371	166,371	166,371
Capital Employed	2,643,765	2,909,206	3,192,188	3,201,096	3,307,160	3,417,197
Fixed assets	1,913,349	2,144,761	2,399,324	2,438,511	2,570,168	2,683,584
Investments	596,824	556,763	712,103	712,103	712,103	712,103
Net working capital	133,593	207,682	80,761	50,482	24,889	21,510
Inventories	1,032,069	1,138,534	1,125,075	1,052,181	977,135	992,378
Sundry debtors	181,366	156,674	127,794	147,749	140,343	142,034
Cash & Bank Balance	8,830	7,730	8,322	6,201	21,756	10,143
Other current assets	150,953	194,551	199,788	199,788	199,788	199,788
Sundry creditors	424,853	486,764	515,010	491,018	455,996	463,110
Other liabilities	814,773	803,043	865,209	864,419	858,137	859,724
Application of Funds	2,643,765	2,909,206	3,192,188	3,201,096	3,307,160	3,417,197

Exhibit 22: Cash flow statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
PBT	317,331	96,981	523,442	216,195	277,335	241,468
Depreciation & amortization	110,059	118,594	145,096	150,104	168,344	186,584
Interest expense	48,291	69,303	73,278	64,057	62,182	62,357
(Inc)/Dec in working capital	(41,874)	(61,663)	(41,057)	-	-	-
Tax paid	(136,342)	(73,325)	81,086	28,157	41,148	(8,233)
Less:						
Interest/Dividend Income Received	72,305	1,398	106,385	(52,559)	(67,423)	(58,703)
Other operating Cash Flow	(141,858)	58,565	(207,264)	-	-	-
Cash flow from operating activities	227,913	209,854	680,966	405,954	481,586	423,471
Capital expenditure	(43,229)	(41,374)	(42,847)	(189,291)	(300,000)	(300,000)
Inc/(Dec) in investments	44,377	57,114	41,533	-	-	-
Add:						
Interest/Dividend Income Received	(209,148)	(268,596)	(295,703)	-	-	-
Cash flow from investing activities	(208,000)	(252,856)	(297,016)	(189,291)	(300,000)	(300,000)
Inc/(Dec) in share capital	-	-	-	-	-	-
Inc/(Dec) in debt	134,847	135,810	(198,836)	(70,000)	(5,000)	12,000
Interest Paid	(42,018)	(63,158)	(73,886)	(64,057)	(62,182)	(62,357)
Dividend Paid	(108,960)	(33,094)	(110,218)	(84,727)	(98,849)	(84,727)
Others	180	(21)	-	-	-	-
Cash flow from financing activities	(15,951)	39,537	(382,940)	(218,784)	(166,030)	(135,084)
Net cash flow	3,962	(3,466)	1,010	(2,121)	15,555	(11,613)

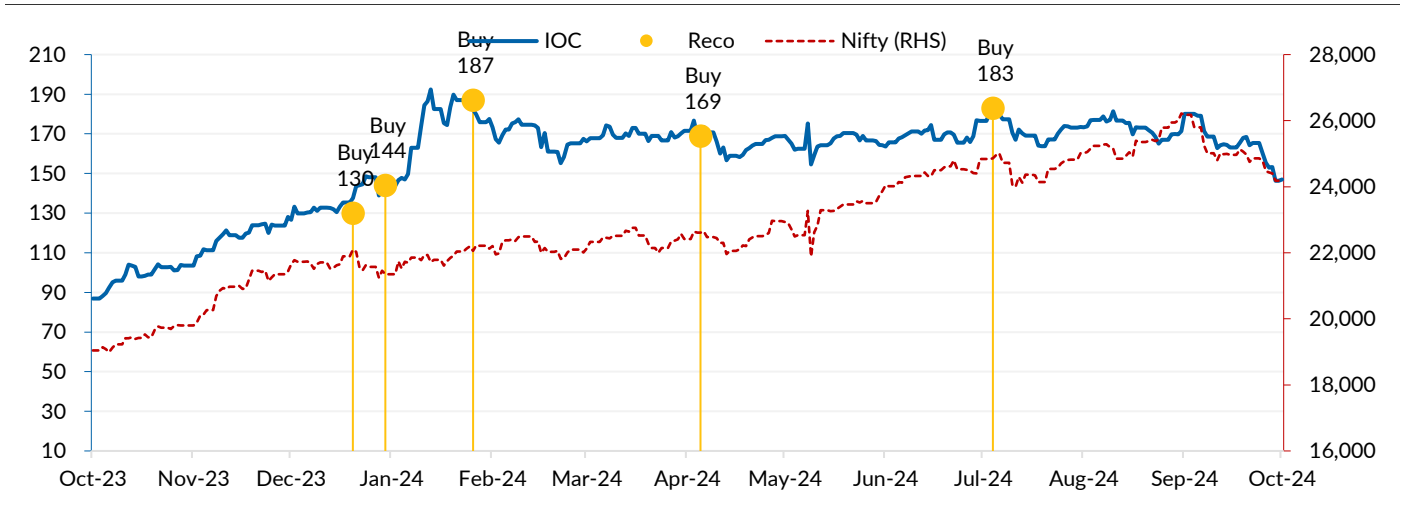
Exhibit 23: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Tax burden (x)	0.8	0.8	0.8	0.8	0.8	0.8
Interest burden (x)	0.9	0.6	0.9	0.8	0.8	0.8
EBIT margin (x)	0.1	0.0	0.1	0.0	0.0	0.0
Asset turnover (x)	1.7	2.1	1.8	1.6	1.5	1.5
Financial leverage (x)	3.0	3.0	2.8	2.5	2.4	2.3
RoE (%)	20.0	6.2	25.4	9.1	11.0	9.1

Exhibit 24: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E	FY27E
Growth matrix (%)						
Revenue growth	58.2	40.3	(7.8)	(4.8)	(5.0)	1.2
Op profit growth	13.6	(48.5)	211.9	(46.1)	18.6	(6.0)
EBIT growth	11.4	(54.5)	258.9	(53.0)	21.1	(10.5)
Net profit growth	10.8	(65.9)	380.7	(58.7)	28.3	(12.9)
Profitability ratios (%)						
OPM	7.2	2.7	9.0	5.1	6.3	5.9
EBIT margin	6.1	2.0	7.7	3.8	4.9	4.3
Net profit margin	4.0	1.0	5.1	2.2	3.0	2.6
RoCE	15.1	6.0	19.6	8.8	10.4	9.0
RoE	20.0	6.2	25.4	9.1	11.0	9.1
RoA	6.7	2.0	9.0	3.6	4.6	3.9
Per share ratios						
EPS	17.1	5.8	28.1	11.6	14.9	12.9
Dividend per share	9.0	3.0	12.0	6.0	7.0	6.0
Cash EPS	24.9	14.2	38.3	22.2	26.8	26.2
Book value per share	93.0	95.4	125.1	130.7	138.6	145.5
Valuation ratios						
P/E	4.6	13.3	5.2	12.7	9.9	11.4
P/CEPS	3.2	5.5	3.8	6.6	5.5	5.6
P/B	0.9	0.8	1.2	1.1	1.1	1.0
EV/EBIDTA	5.3	11.3	4.8	8.7	7.3	7.8
Payout (%)						
Dividend payout	52.6	51.4	42.8	51.8	47.1	46.4
Tax payout	23.8	15.0	24.3	24.3	24.3	24.3
Liquidity ratios						
Debtor days	11.1	6.8	6.0	7.3	7.3	7.3
Inventory days	59.7	48.5	58.6	56.8	56.5	53.9
Creditor days	25.1	20.4	25.9	26.2	26.4	25.2

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 / jgc@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 : Harshraj Aggarwal

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

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.