

October 29, 2024

RESULT REPORT Q2 FY25 | Sector: Energy

# Indraprastha Gas Ltd

## Volume beat expectations, but weaker EBITDA spread dampens the earnings

Indraprastha Gas Limited (IGL) reported an underwhelming Q2FY25 performance, with Rs5.4bn EBITDA being lower 18.4% YoY and 7.9% QoQ. The Rs4.3bn PAT demonstrated 19.4% YoY decline but experienced a 7.4% QoQ increase. Despite beating volume expectations, the realizations were lower than estimated and elevated gas cost led to eroding EBITDA margins. The stock witnessing a sharp correction, we upgrade our rating to ADD with a revised target price of Rs 474/share (earlier Rs 533).

### Result Highlights

- Performance:** The Rs5.4bn EBITDA (below our and consensus estimates on weaker EBITDA spreads) was down 18.4% YoY and 7.9% QoQ, while the Rs4.3bn PAT was down 19.4% YoY but up 7.4% QoQ, below our estimates of Rs 4.6bn. Overall lower-than-expected EBITDA spreads but outpaced volumes growth on track to meet the management's target exit of ~9.5mmscmd by Q4FY25.
- Volumes** at 9.02mmscmd was up 8.6% YoY and 4.5% QoQ. CNG volumes were at 6.78mmscmd (our est. 6.52), up 8.5% YoY, 5.1% QoQ. D-PNG volumes were at 0.65mmscmd, up 12.4% YoY but down 3.2% QoQ. Industrial and commercial sales were 1.09mmscmd, up 11.4% YoY and 7.9% QoQ. Haryana sale volumes were 0.50mmscmd, stable at peak levels.
- Gross realization** at Rs44.6/scm, down 1.6% YoY and 0.6% QoQ. The CNG price was increased by the company on 22-Jun'24 by Rs 1/kg to Rs75.09/kg supporting gross realizations. The gross realizations are lower than our estimates possibly on higher discounts in CNG segment.
- The gross margin** was Rs11.94/scm, down 15.4% YoY and 9.7% QoQ. The YoY decrease was due to lower realizations, decreased share of APM, also higher share of sourcing HP/HT and term which are more expensive versus APM. **Opex**, at Rs5.48/scm, was flat YoY and down 5.8% QoQ. **The EBITDA spread**, at Rs6.46/scm, was down 24.9% YoY and 12.8% QoQ (lower than our estimate of 7.65) on lower relations and higher than estimated gas cost.
- The other income** at Rs 1,493mn was up 11.5% YoY and up 105.5% QoQ on dividend income from its subsidiaries – MNGL and CUGL. **JV contribution** of CUGL and MNGL to IGL's PAT was Rs905.2mn in Q2, flat YoY and up 12.1% sequentially.
- H1FY25 performance:** EBITDA/PAT was at Rs 11.2/8.3bn vs Rs 13/9.7bn last year. The volumes at 8.83mmscmd (vs 8.25 last year), of which CNG was at 6.62mmscmd vs 6.21. The EBITDA spread was at Rs 6.92/scm vs 8.60 last year. The OCF is higher at Rs9.35bn vs Rs8.67 in H1FY24.
- The company has declared an interim dividend** of Rs 5.5/shr, ~46% dividend payout on H1FY25 earnings, the record date set at 12-Nov'24.

### Valuation

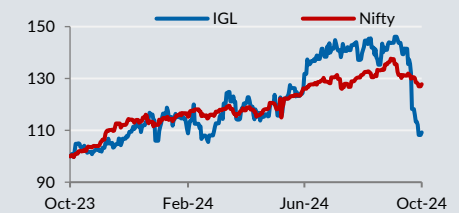
We expect an 6.9% volume CAGR over FY24-FY27 with a spread of Rs6.7–6.9/scm. Delhi is growing at 1-2% annually as the volumes have been impacted by decrease in DTC buses volumes. GautamBudh Nagar and Ghaziabad growing by 10-20% and areas outside these are growing in the range of 10-20% while seeing exponential growth on lower bases. EVs are planned to take the place of the retired DTC buses (which contributes ~18% to the volumes) and it would have a negative impact on IGL volumes. The stock trades at 17.7x/15.9x/14.9 FY25e/26e/27e PER and at 14.1x/12.7x/11.9x excluding investments in CUGL and MNGL. We upgrade our rating to ADD on sharp correction in the stock price, valuing the stock on a PER basis, assigning a 15x multiple with a revised target of Rs474 (incl. value from investments in MNGL, at Rs63/sh and, in CUGL, atRs21/sh).

Reco	: ADD
CMP	: Rs 417
Target Price	: Rs 474
Potential Return	: +13.8%

### Stock data (as on Oct 29, 2024)

Nifty	24,467
52 Week h/l (Rs)	570 / 376
Market cap (Rs/USD mn)	283290 / 3371
Outstanding Shares (mn)	700
6m Avg t/o (Rs mn):	1,433
Div yield (%):	1.7
Bloomberg code:	IGL IN
NSE code:	IGL

### Stock performance



	1M	3M	1Y
Absolute return	-24.1%	-23.3%	9.2%

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

Promoter	45.0%
FII+DII	46.3%
Others	8.7%

### Δ in stance

(1-Yr)	New	Old
Rating	ADD	REDUCE
Target Price	474	533

### Δ in estimates

(1-Yr)	FY25e	FY26e	FY27e
EPS (New)	23.6	26.2	28.0
EPS (Old)	26.4	28.7	30.5
% Change	(10.5)	(8.5)	(8.2)

### Financial Summary

(Rs bn)	FY25E	FY26E	FY27E
Revenue	149.8	158.0	169.7
YoY Growth	7.0	5.5	7.4
EBIDTA	22.3	24.5	26.0
OPM %	14.9	15.5	15.3
PAT	16.5	18.4	19.6
YoY Growth	(5.4)	11.1	6.9
ROE	18.2	17.9	17.0
EPS	23.6	26.2	28.0
P/E	17.7	15.9	14.9
BV	137.8	155.0	174.0
EV/EBITDA	12.9	11.7	10.9

**HARSHRAJ AGGARWAL**

Lead Analyst

harshraj.agggarwal@ysil.in



## Exhibit 1: Actual vs estimate

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	36,973	36,753	36,472	0.60	1.37	Volume beat expectations, but weaker EBITDA spread dampens the earnings on declining APM allocation
EBITDA	5,359	6,151	5,972	-12.88	-10.27	
EBITDA Margin (%)	14.49	16.74	16.38	-224bps	-188bps	
Adjusted PAT	4,311	4,644	4,525	-7.17	-4.73	

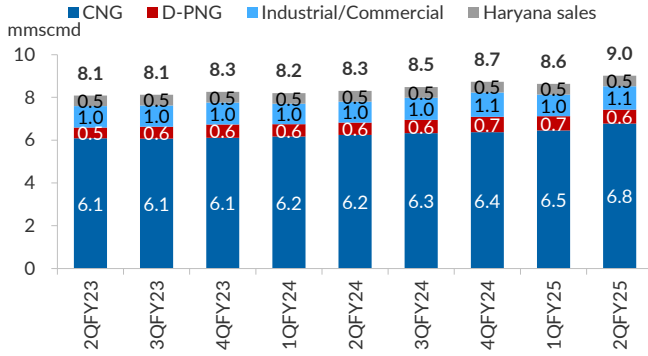
## Exhibit 2: Earnings snapshot

Particulars (Rs mn)	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	y/y (%)	q/q (%)	H1FY24	H1FY25	y/y (%)
Revenue	34,585	35,562	35,968	35,206	36,973	6.9	5.0	68,655	72,179	5.1
Expenditure	28,016	29,921	30,742	29,388	31,614	12.8	7.6	55,662	61,001	9.6
- Raw Material	23,803	25,459	25,528	24,818	27,068	13.7	9.1	47,144	51,887	10.1
- Staff Cost	516	583	660	507	484	(6.1)	(4.5)	1,024	991	(3.2)
- Other expenses	3,697	3,879	4,555	4,062	4,061	9.8	(0.0)	7,494	8,123	8.4
Operating Profit	6,569	5,641	5,226	5,819	5,359	(18.4)	(7.9)	12,993	11,178	(14.0)
OPM (%)	19.0	15.9	14.5	16.5	14.5	-450 bps	-203 bps	18.9	15.5	-344 bps
Other Income	1,340	550	1,094	727	1,493	11.5	105.5	1,796	2,220	23.6
Depreciation	1,022	1,018	1,108	1,143	1,184	15.8	3.6	2,012	2,327	15.7
Interest	25	18	26	22	23	(5.7)	5.0	48	45	(6.2)
Excpnl Loss/(Profit)	-	-	-	-	-	na	na	-	-	n.a.
PBT	6,862	5,155	5,187	5,380	5,645	(17.7)	4.9	12,730	11,025	(13.4)
Tax	1,514	1,235	1,359	1,366	1,334	(11.9)	(2.3)	2,998	2,700	(9.9)
PAT	5,348	3,921	3,828	4,015	4,311	(19.4)	7.4	9,732	8,325	(14.5)
Adj PAT	5,348	3,921	3,828	4,015	4,311	(19.4)	7.4	9,732	8,325	(14.5)

## Exhibit 3: Operating highlights

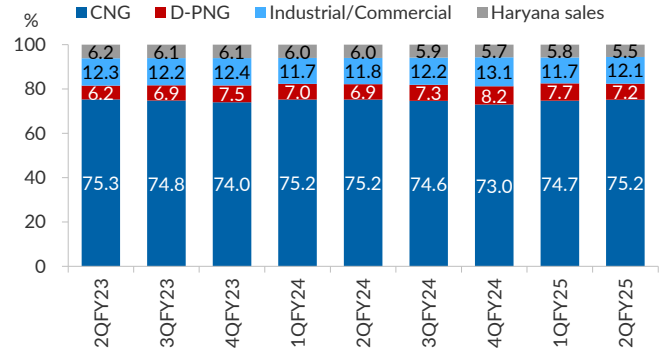
Particulars	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	y/y (%)	q/q (%)	H1FY24	H1FY25	y/y (%)
Volumes (MMSCMD)	8.3	8.5	8.7	8.6	9.0	8.6	4.5	8.25	8.83	7.0
CNG	6.2	6.3	6.4	6.5	6.8	8.5	5.1	6.21	6.62	6.6
Domestic	0.6	0.6	0.7	0.7	0.7	12.4	(3.2)	0.58	0.66	14.2
Industrial/ Commercial	1.0	1.0	1.1	1.0	1.1	11.4	7.9	0.97	1.05	8.6
Haryana Sales	0.5	0.5	0.5	0.5	0.5	-	-	0.50	0.50	0.5
Total PNG	2.1	2.2	2.4	2.2	2.2	8.9	2.7	2.04	2.21	8.2
Margins (Rs/scm)										
Revenue	45.3	45.6	45.3	44.8	44.6	(1.6)	(0.6)	45.47	44.69	(1.7)
GM	14.1	12.9	13.1	13.2	11.9	(15.4)	(9.7)	14.25	12.56	(11.8)
Opex	5.5	5.7	6.6	5.8	5.5	(0.7)	(5.8)	5.64	5.64	0.0
EBITDA	8.6	7.2	6.6	7.4	6.5	(24.9)	(12.8)	8.60	6.92	(19.6)
Share of JV PAT (MNGL & CUGL) Rs mn	901.6	857.5	815.2	807.7	905.2	0.4	12.1	1,737.5	1,712.9	(1.4)
JV Share - EPS	1.3	1.2	1.2	1.2	1.3	0.4	12.1	2.5	2.4	(1.4)

**Exhibit 4: Volumes**



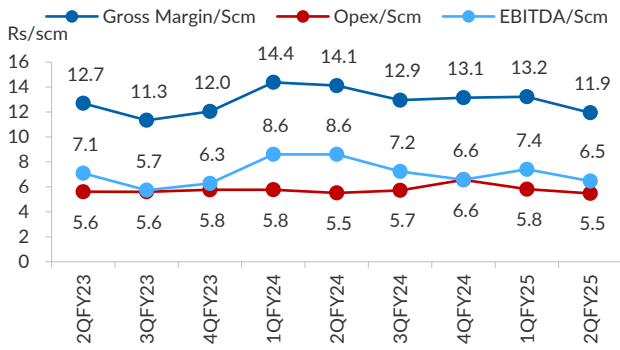
Source: Company, YES Sec

**Exhibit 5: % share of Volumes**



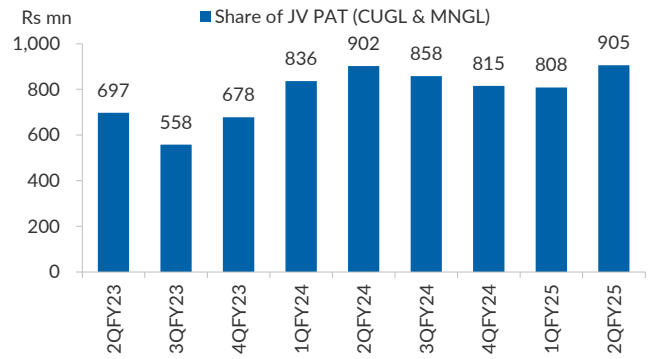
Source: Company, YES Sec

**Exhibit 6: Margins and Opex**



Source: Company, YES Sec

**Exhibit 7: PAT contribution of CUG and MNG**



Source: Company, YES Sec

## CONCALL HIGHLIGHTS

- **Sales Breakup:** Overall sales saw a 9% YoY growth, driven by a 7% increase in Delhi NCR and 29% growth in newer GAs.
- **Connections:** IGL's network has grown significantly, with a steel network of ~2200+km and an MDPE network extending to ~26,000km. This infrastructure now serves over 2.8mn households, ~5,000 industrial, and ~6,300 commercial customers. D-PNG connections rose by 0.1mn in H1FY25, with another 0.2mn targeted for H2.
- **CNG business:** IGL operates more than 884 (+2) CNG stations, serving approximately 2mn vehicles per day. During Q2FY25, average CNG sales were 4.81mn kg/day, peaking at 5.29mn kg/day, and further rising to 5.5mn kg/day in Oct'24. The CNG vehicle population is up by ~10% monthly, with around 15,740 new and retrofitted CNG vehicles added each month. Management is considering a potential price hike of Rs2-3/kg, noting minimal impact on volume growth due to competitive pricing against diesel and petrol. Additionally, due to the APM allocation reduction, maintaining the same EBITDA level would require a CNG price increase of ~Rs5/kg in Delhi and around Rs5.5-6/kg in other states.
- **Gas Sourcing:** IGL's gas sourcing comprises 50% APM gas, with the remaining from long-term contracts totaling 3.12mmscmd (2.5mmscmd is RLNG, of which Henry Hub is 1.5mmscmd and Brent-linked gas at ~0.85-1mmscmd. In Oct'24, APM allocation was reduced by ~20% (~1mmscmd for IGL). To address this, IGL has secured short-term supply through RLNG tenders and IGX contracts while exploring long-term options. ONGC's new well gas supply and upcoming HP/HT gas supply in Feb'25 may offer additional support.
- **Volume Growth & Guidance:** In terms of YoY volume growth across regions; Gautam Buddha Nagar 11%, Ghaziabad 20%, Haryana 21%, and Gurugram 12%. Kaithal and Karnal registered 30% growth, with Ajmer seeing a 95% increase due to a very low base. The management has set FY25 volume guidance at 3400mmscm with 8-10% YoY growth in the years ahead, expecting an average daily volume of 9.5mmscmd for H2FY25 driven by strong CNG and industrial/commercial demand. Industrial/commercial volumes are up 10-11%.
- **EBITDA spread guidance:** IGL revised its EBITDA spread guidance to Rs6-7/scm, down from Rs7.5-8.5/scm, primarily due to the reduced APM allocation and price adjustments.
- **Capex:** IGL's capex target for FY25 is Rs17bn, with Rs5bn already incurred in H1FY25. Approximately 45% is designated for Delhi NCR, with the remaining 55% for newer GAs. The company anticipates accelerated capex spending in H2FY25 as projects gain traction.
- **LNG Business:** IGL is expanding into LNG, with one operational station in Ajmer (~10,000 kg/day) and three additional stations expected by FY25 in Dadri (CONCOR), Noida, and Rewari. Ajmer's LNG station reports similar EBITDA/scm to CNG, supported by an excise-duty exemption which is offset by increased transportation cost. The selling price of LNG is Rs 82.94/kg at Ajmer, like CNG price there, extra margins given no excise duty on LNG. IGL aims to develop 50 LNG stations over the next 3-5 years, each at ~Rs100mn
- **Differential in Petrol/Diesel Pricing:** In Delhi, CNG costs Rs75/kg compared to Rs86/ltr for diesel and Rs96/ltr for petrol, offering a 40-45% savings over petrol. Outside Delhi NCR, CNG remains 35-40% cheaper than petrol and ~20% less than diesel, maintaining its appeal in new markets.
- **Associates:** IGL's associates posted mixed performance. Maharashtra Natural Gas Ltd. (MNGL) reported a YoY volume growth of 16-17%, achieving 1.68mmscmd. Central UP Gas Ltd. (CUGL) remained flat in volume. Income from associates reached Rs800mn from MNGL and Rs80mn from CUGL during the quarter.
- **Alternate Initiatives:** IGL is pursuing strategic inorganic growth opportunities, including in the CBG sector, to boost volumes and profitability. The company remains focused on expanding in LNG, CBG, and potential diversification areas for sustained long-term growth.

## VIEW & VALUATION

### ADD with a TP of Rs 474/sh.

We expect an 6.9% volume CAGR over FY24-FY27 with a spread of Rs6.7-6.9/scm. Delhi is growing at 1-2% annually as the volumes have been impacted by decrease in DTC buses volumes. GautamBudh Nagar and Ghaziabad growing by 10-20% and areas outside these are growing in the range of 10-20% while seeing exponential growth on lower bases. EVs are planned to take the place of the retired DTC buses (which contributes ~18% to the volumes) and it would have a negative impact on IGL volumes.

The stock trades at 17.7x/15.9x/14.9 FY25e/26e/27e PER and at 14.1x/12.7x/11.9x excluding investments in CUGL and MNGL. We upgrade our rating to ADD on sharp correction in the stock price, valuing the stock on a PER basis, assigning a 15x multiple with a revised target of Rs474 (incl. value from investments in MNGL, at Rs63/sh and, in CUGL, atRs21/sh).

### Exhibit 8: Valuation table

	FY27E
EPS (Rs/share)	
Standalone Earnings (net of dividend from Investments)	26.0
MNGL	4.2
CUGL	1.4
<b>Consolidated EPS</b>	<b>31.6</b>
PE Multiple (x)	
Standalone Earnings	15.0
MNGL	15.0
CUGL	15.0
Fair Value (x)	
Standalone Earnings	390
MNGL	63
CUGL	21
<b>Target Price</b>	<b>474</b>

### Exhibit 9: PER (x) band, one-year-forward



Source: Company, YES Sec

## FINANCIALS

### Exhibit 10: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	77,100	141,327	140,000	149,753	158,029	169,698
Total Expense	58,289	121,072	116,332	127,498	133,541	143,742
<b>Operating Profit</b>	<b>18,811</b>	<b>20,256</b>	<b>23,669</b>	<b>22,255</b>	<b>24,488</b>	<b>25,956</b>
Other Income	2,150	2,762	3,632	3,995	4,395	4,834
Depreciation	3,171	3,634	4,138	4,344	4,562	4,790
EBIT	17,791	19,384	23,163	21,906	24,321	26,000
Interest	132	106	92	92	92	92
Extraordinary Item	-	-	-	-	-	-
<b>PBT</b>	<b>17,659</b>	<b>19,278</b>	<b>23,072</b>	<b>21,814</b>	<b>24,230</b>	<b>25,909</b>
Tax	4,509	4,827	5,591	5,286	5,871	6,278
<b>PAT</b>	<b>13,150</b>	<b>14,451</b>	<b>17,481</b>	<b>16,528</b>	<b>18,358</b>	<b>19,631</b>
Adj. PAT	13,150	14,451	17,481	16,528	18,358	19,631
Eps	18.8	20.6	25.0	23.6	26.2	28.0

### Exhibit 11: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	1,400	1,400	1,400	1,400	1,400	1,400
Reserves	67,962	69,466	84,117	95,046	107,104	120,434
<b>Net worth</b>	<b>69,362</b>	<b>70,866</b>	<b>85,517</b>	<b>96,446</b>	<b>108,504</b>	<b>121,834</b>
Debt	-	-	-	-	-	-
Deferred tax liab (net)	2,737	3,168	3,695	3,695	3,695	3,695
<b>Capital Employed</b>	<b>72,098</b>	<b>74,033</b>	<b>89,213</b>	<b>100,141</b>	<b>112,200</b>	<b>125,530</b>
Fixed assets	63,803	71,673	79,954	91,752	102,615	112,543
Investments	19,758	6,773	14,551	14,551	14,551	14,551
Net working capital	(11,463)	(4,412)	(5,292)	(6,162)	(4,967)	(1,565)
Inventories	455	492	522	559	590	633
Sundry debtors	5,206	9,034	10,185	10,895	11,497	12,346
Cash & Bank Balance	13,616	26,332	21,493	21,260	22,617	26,468
Other current assets	1,685	3,483	4,501	4,531	4,557	4,593
Sundry creditors	7,861	9,013	9,842	10,815	11,262	12,112
Other liabilities	24,564	34,739	32,151	32,591	32,965	33,492
<b>Application of Funds</b>	<b>72,098</b>	<b>74,033</b>	<b>89,213</b>	<b>100,141</b>	<b>112,200</b>	<b>125,530</b>

## Exhibit 12: Cash flow statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
PBT	17,659	19,277	23,072	21,814	24,230	25,909
Depreciation & amortization	3,171	3,634	4,138	4,344	4,562	4,790
Interest expense	90	87	68	92	92	92
(Inc)/Dec in working capital	(921)	(1,769)	(2,537)	-	-	-
Tax paid	3,777	6,469	(3,828)	637	162	449
Less: Interest/Dividend Income Received	(3,759)	(4,833)	(4,871)	(5,286)	(5,871)	(6,278)
Other operating Cash Flow	(1,038)	(558)	(685)	-	-	-
<b>Cash flow from operating activities</b>	<b>18,979</b>	<b>22,306</b>	<b>15,357</b>	<b>21,601</b>	<b>23,173</b>	<b>24,961</b>
Capital expenditure	(13,370)	(12,221)	(12,021)	(16,143)	(15,425)	(14,718)
Inc/(Dec) in investments	798	1,618	2,096	-	-	-
Add: Interest/Dividend Income Received	(3,276)	2,189	(1,022)	-	-	-
<b>Cash flow from investing activities</b>	<b>(15,848)</b>	<b>(8,414)</b>	<b>(10,948)</b>	<b>(16,143)</b>	<b>(15,425)</b>	<b>(14,718)</b>
Inc/(Dec) in share capital	-	-	-	-	-	-
Inc/(Dec) in debt	(765)	(551)	(472)	-	-	-
Interest Paid	-	(87)	(68)	(92)	(92)	(92)
Dividend Paid	(2,519)	(12,948)	(2,797)	(5,600)	(6,300)	(6,300)
Others	-	-	-	-	-	-
<b>Cash flow from financing activities</b>	<b>(3,285)</b>	<b>(13,586)</b>	<b>(3,337)</b>	<b>(5,692)</b>	<b>(6,392)</b>	<b>(6,392)</b>
<b>Net cash flow</b>	<b>(153)</b>	<b>306</b>	<b>1,072</b>	<b>(233)</b>	<b>1,357</b>	<b>3,851</b>

## Exhibit 13: Du-pont analysis

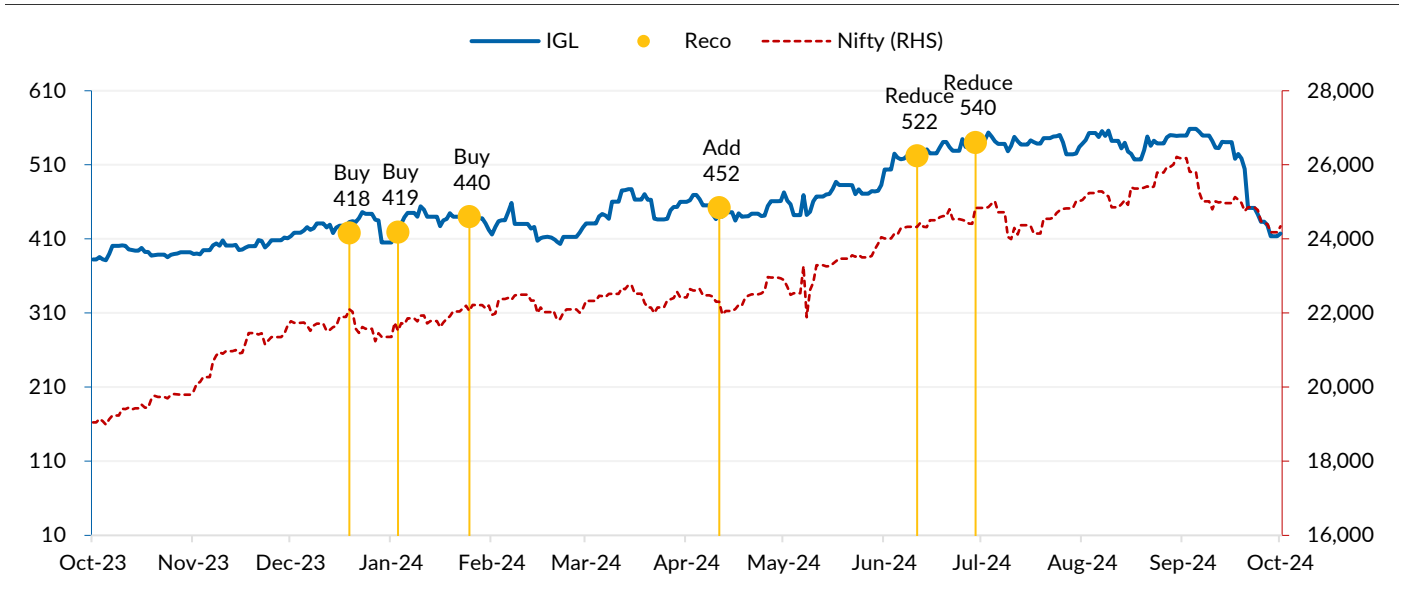
Y/e 31 Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Tax burden (x)	0.7	0.7	0.8	0.8	0.8	0.8
Interest burden (x)	1.0	1.0	1.0	1.0	1.0	1.0
EBIT margin (x)	0.2	0.1	0.2	0.1	0.2	0.2
Asset turnover (x)	0.8	1.3	1.1	1.1	1.1	1.0
Financial leverage (x)	1.5	1.6	1.6	1.5	1.5	1.4
<b>RoE (%)</b>	<b>20.5</b>	<b>20.6</b>	<b>22.4</b>	<b>18.2</b>	<b>17.9</b>	<b>17.0</b>

## Exhibit 14: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth matrix (%)</b>						
Revenue growth	56.0	83.3	(0.9)	7.0	5.5	7.4
Op profit growth	26.8	7.7	16.8	(6.0)	10.0	6.0
EBIT growth	32.5	9.0	19.5	(5.4)	11.0	6.9
Net profit growth	30.8	9.9	21.0	(5.4)	11.1	6.9
<b>Profitability ratios (%)</b>						
OPM	24.4	14.3	16.9	14.9	15.5	15.3
EBIT margin	23.1	13.7	16.5	14.6	15.4	15.3
Net profit margin	17.1	10.2	12.5	11.0	11.6	11.6
RoCE	26.7	26.5	28.4	23.1	22.9	21.9
RoE	20.5	20.6	22.4	18.2	17.9	17.0
RoA	13.8	13.0	14.0	12.0	12.2	12.0
<b>Per share ratios</b>						
EPS	18.8	20.6	25.0	23.6	26.2	28.0
Dividend per share	5.5	13.0	9.0	8.0	9.0	9.0
Cash EPS	23.3	25.8	30.9	29.8	32.7	34.9
Book value per share	99.1	101.2	122.2	137.8	155.0	174.0
<b>Valuation ratios</b>						
P/E	22.2	20.2	16.7	17.7	15.9	14.9
P/CEPS	17.9	16.1	13.5	14.0	12.7	12.0
P/B	4.2	4.1	3.4	3.0	2.7	2.4
EV/EBIDTA	14.8	13.1	11.4	12.2	11.0	10.2
<b>Payout (%)</b>						
Dividend payout	29.3	63.0	36.0	33.9	34.3	32.1
Tax payout	25.5	25.0	24.2	24.2	24.2	24.2
<b>Liquidity ratios</b>						
Debtor days	24.6	23.3	26.6	26.6	26.6	26.6
Inventory days	2.9	1.4	1.6	1.5	1.6	1.6
Creditor days	37.7	25.4	29.6	29.6	30.2	29.7



## Recommendation Tracker



## STANDARD DISCLAIMER:

YES Securities (India) Limited, Registered Address: 2<sup>nd</sup> Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400055. Maharashtra, India | Correspondence Add: 7<sup>th</sup> Floor, Urmi Estate Tower A, Ganpatrao Kadam Marg, Opp. Peninsula Business Park, Lower Parel (West), Mumbai – 400 013, Maharashtra, India. | Website: [www.yesinvest.in](http://www.yesinvest.in) | Email: [customer.service@ysil.in](mailto:customer.service@ysil.in)

Registration Nos.: CIN: U74992MH2013PLC240971 | SEBI Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE – 6538, NSE – 14914, MCX – 56355 & NCDEX – 1289 | CDSL & NSDL: IN-DP-653-2021 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (Cat III AIF) and YES Wealth Maximiser AIF (Cat III AIF) SEBI Registration No.: IN/AIF3/20- 21/0818 | AMFI ARN Code – 94338

Details of Compliance Officer: Aditya Goenka | Email: [compliance@ysil.in](mailto:compliance@ysil.in) / Contact No.: 022-65078127 | Grievances Redressal Cell: [customer.service@ysil.in](mailto:customer.service@ysil.in) / [jgc@ysil.in](mailto: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](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 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 "chaperone 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 : 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.