

August 29, 2024

RESULT REPORT JUNE'24 QUARTER | Sector: Consumer Staples

Gillette India Ltd.

Good FY; Sharp rally leads to rating downgrade

Gillette India Ltd. (GILL'S) Jun'24 quarter's operating performance was above our estimate led by strong margin performance even while sales was slightly lower than our estimate. Grooming business growth of 7.1% was lower than our expectation but this should improve going forward led by rural recovery, pricing action in value portfolio, premiumization supported by strong traction for Gillette Labs, continued double-digit growth in Venus portfolio. Quarterly margin volatility continues with gross margin sharply up 1,830bps YoY and 1,360bps QoQ largely due to lower trading goods YoY and change in inventory levels. Increase in overheads meant that EBITDA margin was up 390bps YoY to 27%. The stock is up ~27% in last three months and ~63% post our initiation on 30th Aug 2023. Due to the strong rally, we downgrade our rating to NEUTRAL from BUY earlier with a revised target price (TP) of Rs9,035 (Rs7,400 earlier). Key monitorables: 1) Outcome for P&G India businesses from evaluation of "Integrated growth strategy"; 2) Exports and non-Urban market recovery.

June'24 Quarter Result Highlights

- **Headline performance:** Revenue grew by 4.2% YoY to Rs6.5bn (vs est. Rs6.7bn). EBITDA was up 21.5% YoY to Rs1.7bn (vs est. Rs1.6bn). APAT was up 26.4% YoY to Rs1.2bn (vs est. Rs1.0bn).
- **Segmental performance:** (1) Grooming business (~80.5% of revenues in June'24 Qtr vs 79% in June'23 Qtr) revenue up by 7.1% YoY to Rs5.2bn (vs est. Rs5.3bn). 5-yr revenue CAGR stood at 7.5%. Grooming segment EBIT margin improves by ~830bps YoY to 26.8%. (2) Oral care revenues were down 6.3% to Rs1.3bn (vs est. Rs1.3bn) with segment EBIT margin down 1,320bps YoY to 10.3%.
- **Margin:** Overall gross margin came at 67.1% (vs. est. 51%), up 1,830bps YoY and 1,360bps QoQ. This was largely due to lower trading goods YoY and change in inventory levels. Increase in Other overheads (up 350bps YoY), higher A&SP spends (up 1,070bps YoY; absolute A&SP spends up 160.8% YoY) and higher employee costs (up 20bps YoY) meant that EBITDA margin was up 390bps YoY to 27% (vs est. 23.6%).
- **FY24 (Jul'23-Jun'24) performance:** Revenue, EBITDA and APAT grew by 6.3%, 16.4% and 15.8% YoY, respectively. Grooming business revenue (80.5% of revenues) up 8.1% YoY while Oral Care (19.5% of revenues) was flat YoY. Overall gross margin up by 610bps YoY to 58.2%. EBITDA margin up 210bps YoY to 23.8%. A&SP up 200bps YoY at 13.8% of revenue (up 24.4%YoY on absolute basis).
- **Comments from press release:** 1) This fiscal, GILL launched *Gillette Labs* in the male razor category, *Venus Bikini Sensitive Razors* in female razor category and *Oral B' Chhota Bheem'* toothbrushes in Oral care segment. 2) BOD have recommended a final dividend of Rs45 per equity share for the financial year ended June 30, 2024.

View & Valuation

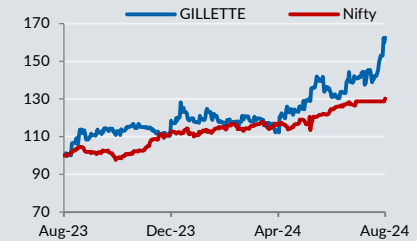
We expect revenue to grow by ~8.2% in FY25E on a base of ~6.3% led by 1) Continued momentum in grooming segment with an added support from value portfolio as we anticipate rural volume recovery in near-term, 2) Growth recovery in oral care on lower base, 3) Exports recovery in FY25. Over FY24-26E, we estimate ~8% revenue CAGR. Our current growth estimates do not consider any major reversal in trend towards shaving from 'sporting beard' or 'trimming'. Gross margin recovery was ahead of expectation in FY24, leading to beat on operating margin. Over FY24-26E, we now build ~80bps improvement in EBITDA margin largely led by pricing+premiumization and productivity interventions leading to EBITDA growth of 9.7% over FY24-26E. *Gillette's* market share are at highest levels and continue to gain. With continued innovations, it's market share should further improve or at least be maintained in a competitive environment. The company boasts strong return ratios and has also shown healthy growth in dividends over the years. The stock is up ~27% in last three months and ~63% post our initiation on 30th Aug 2023. It now trades at ~64x/57x June'25/June'26 EPS. Due to the strong rally, we downgrade our rating to NEUTRAL from BUY earlier with a revised TP of Rs9,035 (Rs7,400 earlier), assigning a target multiple of ~56x on Sep'26E EPS (similar to its 5yr avg fwd. multiple).

Reco	: NEUTRAL
CMP	: Rs 8,977
Target Price	: Rs 9,035
Potential Return	: +0.6%

Stock data (as on August 29, 2024)

Nifty	25,152
52 Week h/l (Rs)	9239 / 5442
Market cap (Rs/USD mn)	292588 / 3488
Outstanding Shares (mn)	33
6m Avg t/o (Rs mn):	195
Div. yield (%):	1.1
Bloomberg code:	GILL IN
NSE code:	GILLETTE

Stock performance



	1M	3M	1Y
Absolute return	14.6%	26.9%	62.5%

Shareholding pattern (As of Jun'24 end)

Promoter	75.0%
FII+DII	13.9%
Others	11.1%

Δ in stance

(1-Yr)	New	Old
Rating	NEUTRAL	BUY
Target Price	9,035	7,400

Δ in earnings estimates

	FY25e	FY26e
EPS (New)	140.5	157.3
EPS (Old)	135.4	148.3
% change	+3.7%	+6.1%

Financial Summary (June-ending)

(Rs mn)	FY24	FY25E	FY26E
Revenue	26,331	28,489	30,696
YoY Growth (%)	6.3	8.2	7.7
EBIDTA	6,274	6,779	7,549
Margins (%)	23.8	23.8	24.6
PAT	4,117	4,578	5,126
EPS	126.3	140.5	157.3
YoY Growth (%)	15.8	11.2	12.0
ROCE (%)	58.2	63.6	70.0
ROE (%)	42.0	47.0	51.9
P/E (x)	71.1	63.9	57.1
EV/EBITDA (x)	46.4	42.9	38.5

VISHAL PUNMIYA

Lead Analyst

vishal.punmiya@ysil.in



MANAS RASTOGI, Associate

Exhibit 1: Actual vs estimate

Rsmn	Actual	Estimate		% Variation	
		YES Sec	Consensus	YES Sec	Consensus
Revenue	6,453	6,666	6,706	(3.2)	(3.8)
EBITDA	1,745	1,573	1,396	10.9	25.0
EBITDA Margin (%)	27.0	23.6	20.8	3.4	6.2
Adjusted PAT	1,160	1,024	889	13.2	30.4

Source: Bloomberg, YES Sec

Exhibit 2: Quarterly result snapshot

Particulars (Rs. Mn) - Y/E June	June'23	Mar'24	June'24	YoY (%)	QoQ (%)	FY23	FY24	YoY (%)
Revenue	6,194	6,807	6,453	4.2%	-5.2%	24,771	26,331	6.3%
COGS	3,175	3,171	2,126	-33.0%	-33.0%	11,881	11,013	-7.3%
Gross margin %	48.8%	53.4%	67.1%	18.3%	13.6%	52.0%	58.2%	6.1%
Employee costs	370	454	399	7.6%	-12.2%	1,698	1,874	10.4%
% of sales	6.0%	6.7%	6.2%	0.2%	-0.5%	6.9%	7.1%	0.3%
Advertising costs	442	690	1,152	160.8%	67.0%	2,916	3,629	24.4%
% of sales	7.1%	10.1%	17.9%	10.7%	7.7%	11.8%	13.8%	2.0%
Other expenses	771	889	1,031	33.7%	16.0%	2,884	3,541	22.8%
% of sales	12.4%	13.1%	16.0%	3.5%	2.9%	11.6%	13.4%	1.8%
EBITDA	1,437	1,603	1,745	21.5%	8.8%	5,392	6,274	16.4%
EBITDA margin %	23.2%	23.6%	27.0%	3.9%	3.5%	21.8%	23.8%	2.1%
Depreciation	216	206	212	-2.0%	2.7%	807	826	2.4%
EBIT	1,220	1,397	1,533	25.7%	9.8%	4,585	5,448	18.8%
EBIT margin %	19.7%	20.5%	23.8%	4.1%	3.2%	18.5%	20.7%	2.2%
Interest expense	32	26	27	-15.2%	4.3%	78	86	11.1%
Other income	48	57	46	-4.2%	-19.5%	222	261	17.7%
PBT	1,236	1,428	1,552	25.5%	8.7%	4,729	5,623	18.9%
Tax	319	437	393	23.1%	-10.2%	1,172	1,506	28.4%
Effective tax rate %	25.8%	30.6%	25.3%	-0.5%	-5.3%	24.8%	26.8%	2.0%
Adj. PAT	917	991	1,160	26.4%	17.0%	3,557	4,117	15.8%
PAT margin %	14.8%	14.6%	18.0%	3.2%	3.4%	14.4%	15.6%	1.3%
EPS	28.2	30.4	35.6	26.4%	17.0%	109.1	126.3	15.7%

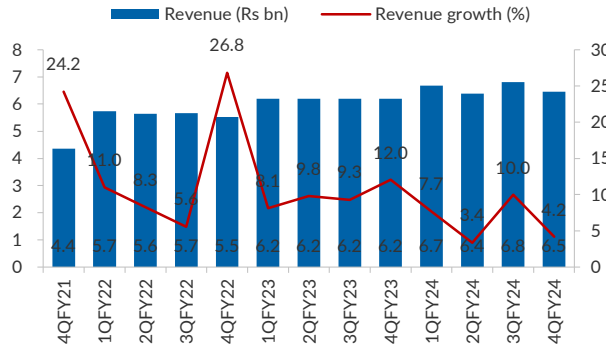
Source: Company, YES Sec

Exhibit 3: Quarterly Segmental Snapshot

Segmental Performance (Rs. Mn)	June'23	Mar'24	June'24	YoY (%)	QoQ (%)	FY23	FY24	YoY (%)
Segmental Revenue	6,194	6,807	6,453	4.2%	-5.2%	24,771	26,331	6.3%
Grooming	4,854	5,577	5,197	7.1%	-6.8%	19,606	21,191	8.1%
Oral Care	1,341	1,230	1,257	-6.3%	2.1%	5,164	5,140	-0.5%
Revenue proportion (%)								
Grooming	78.4%	81.9%	80.5%	2.2%	-1.4%	79.2%	80.5%	1.3%
Oral Care	21.6%	18.1%	19.5%	-2.2%	1.4%	20.8%	19.5%	-1.3%
Segmental Results	1,215	1,408	1,522	25.2%	8.1%	4,572	5,474	19.7%
Grooming	899	1,193	1,392	54.8%	16.7%	3,777	4,808	27.3%
Oral Care	316	215	130	-58.9%	-39.5%	794	666	-16.2%
EBIT margins (%)								
Grooming	18.5%	21.4%	26.8%	8.3%	5.4%	19.3%	22.7%	3.4%
Oral Care	23.6%	17.4%	10.3%	-13.2%	-7.1%	15.4%	12.9%	-2.4%
EBIT composition (%)								
Grooming	74.0%	84.8%	91.5%	17.5%	6.7%	82.6%	87.8%	5.2%
Oral Care	26.0%	15.2%	8.5%	-17.5%	-6.7%	17.4%	12.2%	-5.2%

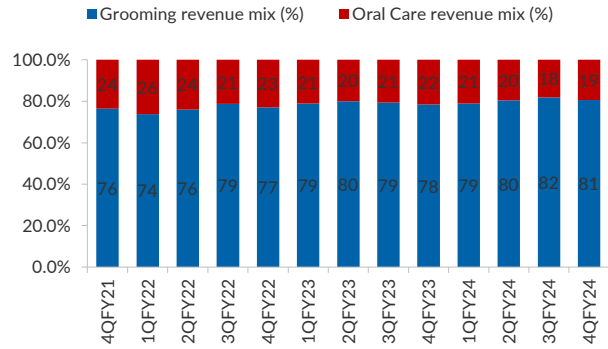
Source: Company, YES Sec

Exhibit 4: Revenues up by 4.2% YoY to Rs.6.5bn in June'24 quarter



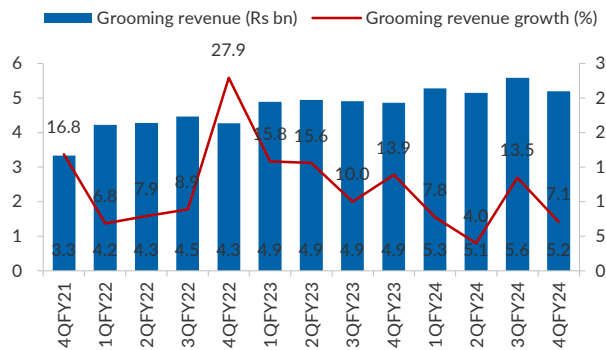
Source: Company, YES Sec

Exhibit 5: Grooming revenue mix improves 220bps YoY to 80.5% in June'24 quarter



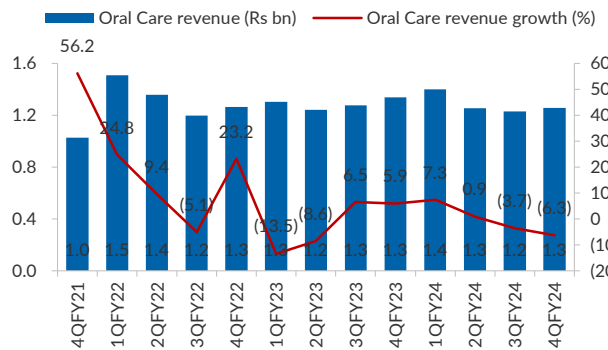
Source: Company, YES Sec

Exhibit 6: Grooming segment revenues grew by 7.1% YoY to Rs.5.2bn



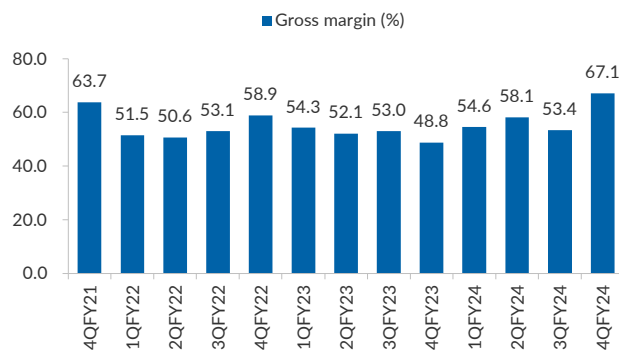
Source: Company, YES Sec

Exhibit 7: Oral Care segment revenues down 6.3% YoY to Rs.1.3bn



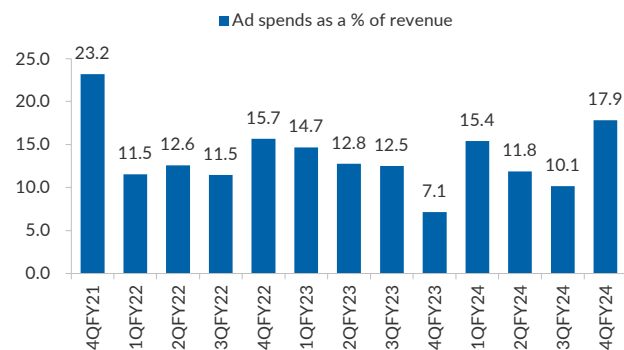
Source: Company, YES Sec

Exhibit 8: Gross margin for the quarter stood at 67.1% (+1,830bps YoY and 1,360bps QoQ)



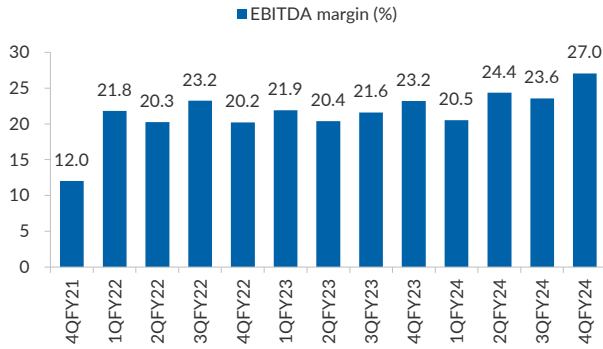
Source: Company, YES Sec

Exhibit 9: Advertisement & Sales Promotion expense (A&SP) as a % of revenue is up 1,070bps YoY to 17.9%



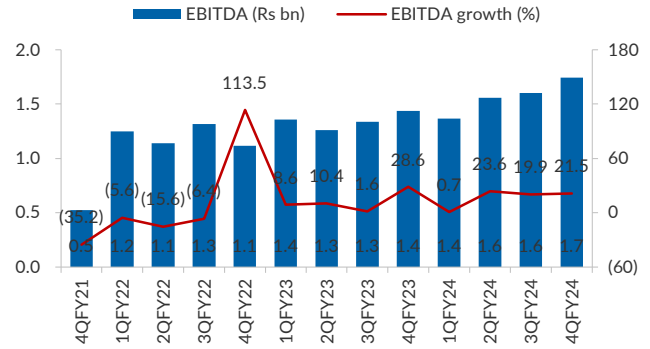
Source: Company, YES Sec

Exhibit 10: EBITDA margin for the quarter stood at 27% (+390bps YoY)



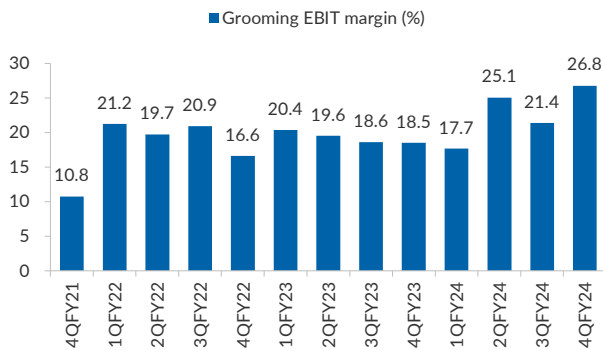
Source: Company, YES Sec

Exhibit 11: EBITDA thus grew 21.5% YoY to Rs1.7bn



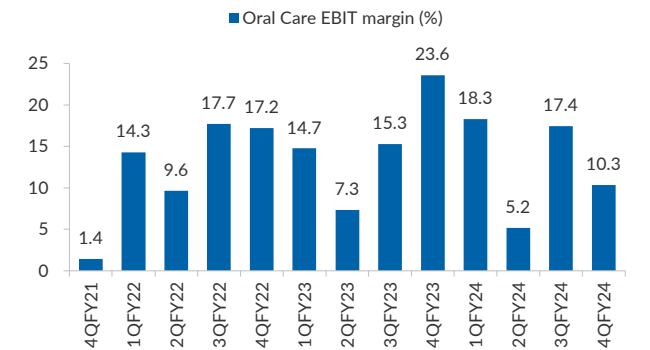
Source: Company, YES Sec

Exhibit 12: Grooming segment EBIT margin up 830bps YoY to 26.8%



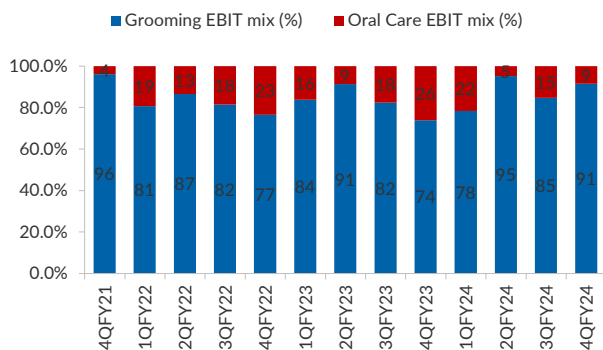
Source: Company, YES Sec

Exhibit 13: Oral Care segment EBIT margin down 1,320bps YoY to 10.3%



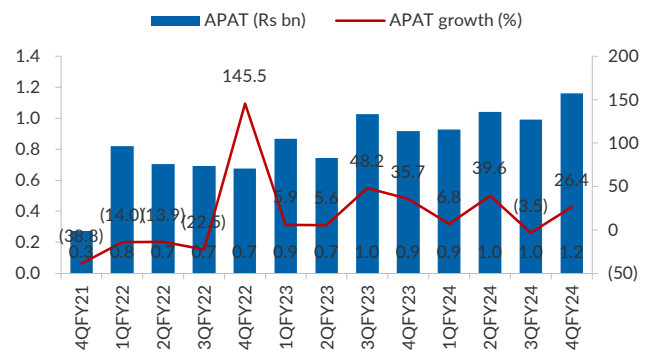
Source: Company, YES Sec

Exhibit 14: Grooming EBIT mix moves up 1,750bps YoY to 91.5%



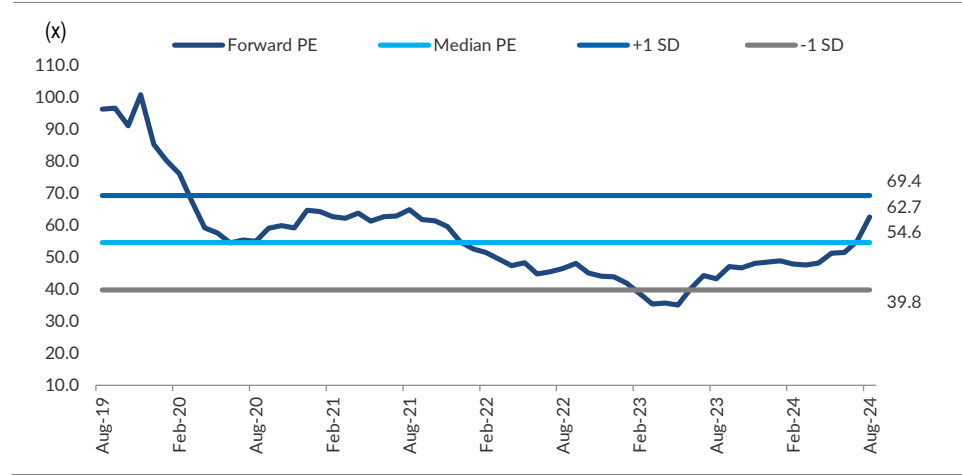
Source: Company, YES Sec

Exhibit 15: APAT was up 26.4% YoY to Rs1.2bn in June'24 quarter



Source: Company, YES Sec

Exhibit 16: Currently trading at ~63x 1-yr forward earnings (higher than the Median PE)



Source: Company, YES Sec

FINANCIALS

Exhibit 17: Balance Sheet

Y/E June (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	326	326	326	326	326
Reserves	8,286	9,563	9,387	9,430	9,686
Net worth	8,612	9,889	9,713	9,756	10,012
Total debt	0	0	0	0	0
Deferred tax liability and others	-331	-458	-535	-535	-535
Total liabilities	9,115	10,545	10,182	10,225	10,482
Gross block	6,958	8,029	8,430	9,180	9,930
Depreciation	3,327	4,134	4,961	5,841	6,797
Net block	3,630	3,895	3,469	3,339	3,133
Capital work-in-progress	650	324	259	500	500
Investments	0	0	0	0	0
Other LTA	1950	1986	2178	2493	2239
Inventories	3,734	4,124	3,958	4,871	4,067
Debtors	2,564	3,202	2,743	3,189	2,867
Cash	2,911	4,556	4,756	4,661	5,244
Other current assets	280	591	383	383	383
Total current assets	9,523	12,499	11,866	13,129	12,585
Creditors	5,446	6,801	6,390	7,873	6,428
Other current liabilities & provisions	1,191	1,357	1,200	1,363	1,548
Total current liabilities	6,638	8,158	7,590	9,235	7,976
Net current assets	2,885	4,341	4,276	3,894	4,610
Total assets	9,115	10,545	10,182	10,225	10,482

Source: Company, YES Sec

Exhibit 18: Income statement

Y/E June (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	22,562	24,771	26,331	28,489	30,696
% Growth	12.3%	9.8%	6.3%	8.2%	7.7%
COGS	10,495	11,881	11,013	12,395	13,049
Staff costs	1,501	1,698	1,874	2,080	2,272
Advertising costs	2,887	2,916	3,629	3,678	3,978
Other expenses	2,854	2,884	3,541	3,557	3,848
Total expenses	17,737	19,379	20,057	21,710	23,147
EBITDA	4,825	5,392	6,274	6,779	7,549
% growth	4.8%	11.8%	16.4%	8.0%	11.4%
EBITDA margin (%)	21.4%	21.8%	23.8%	23.8%	24.6%
Other income	77	222	261	290	322
Interest costs	105	78	86	70	65
Depreciation	684	807	826	880	955
Profit before tax (before exceptional items)	4,113	4,729	5,623	6,118	6,851
Exceptional items	0	0	0	0	0
Tax	1,220	1,172	1,506	1,540	1,724
PAT (before exceptional items)	2,893	3,557	4,117	4,578	5,126
PAT	2,893	3,557	4,117	4,578	5,126
PAT margin (%)	12.8%	14.4%	15.6%	16.1%	16.7%
% Growth	-1.6%	22.9%	15.8%	11.2%	12.0%

Source: Company, YES Sec

Exhibit 19: Cash flow statement

Y/E June (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
PAT	2,893	3,557	4,117	4,578	5,126
Depreciation	684	807	826	880	955
Net other income	-77	-222	-261	-290	-322
(Inc.)/dec. in working capital	784	190	265	287	-133
Cash flow from operations	4,388	4,409	5,034	5,525	5,692
Capital expenditure (-)	-1145	-746	-336	-991	-750
Net cash after capex	3,243	3,663	4,698	4,535	4,942
Inc./(dec.) in investments	368	219	175	477	79
Cash from investing activities	-777	-527	-161	-514	-671
Dividends paid (-)	-2,248	-2,314	-4,399	-4,349	-4,870
Inc./(dec.) in total borrowings	-116	76	-273	-70	-65
Cash from financial activities	-2,364	-2,238	-4,672	-4,419	-4,935
Opening cash balance	1,663	2,911	4,556	4,756	4,661
Closing cash balance	2,911	4,556	4,756	4,661	5,244
Change in cash balance	1,248	1,645	201	-95	583

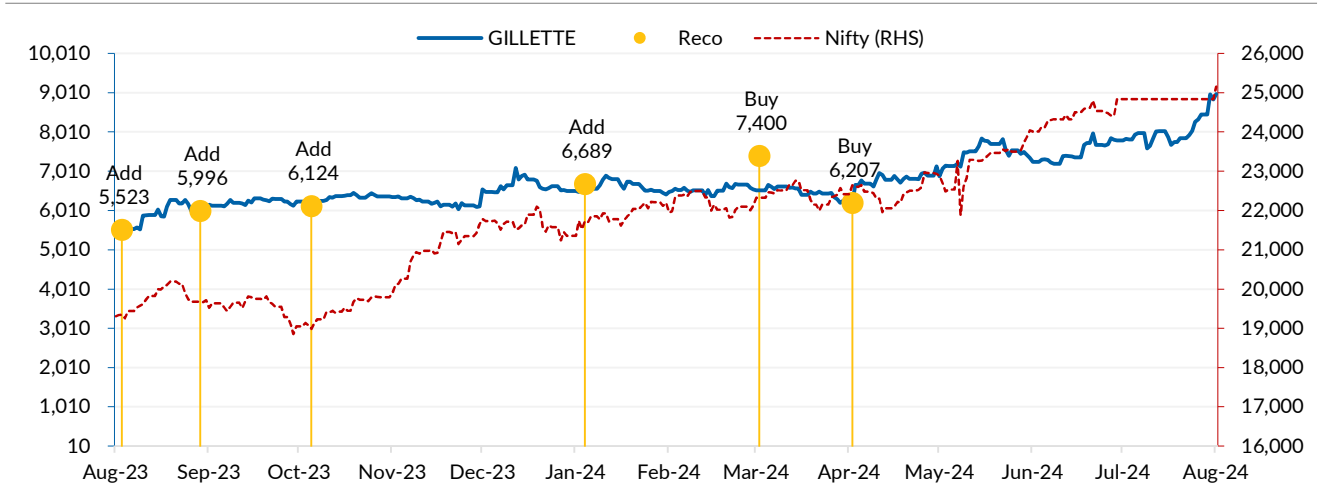
Source: Company, YES Sec

Exhibit 20: Growth and Ratio matrix

Y/E June	FY22	FY23	FY24	FY25E	FY26E
Per share (Rs)					
EPS	88.8	109.1	126.3	140.5	157.3
Book value	264.3	303.4	298.0	299.3	307.2
DPS	69.0	85.0	135.0	133.4	149.4
Valuation (x)					
P/Sales	13.0	11.8	11.1	10.3	9.5
EV/sales	12.9	11.7	11.0	10.2	9.5
EV/EBITDA	60.3	54.0	46.4	42.9	38.5
P/E	101.1	82.3	71.1	63.9	57.1
P/BV	34.0	29.6	30.1	30.0	29.2
Return ratios (%)					
RoCE (pre-tax)	51.1	52.0	58.2	63.6	70.0
RoE	35.1	38.5	42.0	47.0	51.9
RoIC (pre-tax)	71.6	81.7	100.6	115.3	134.5
Profitability ratios (%)					
Gross margin	53.5	52.0	58.2	56.5	57.5
EBITDA margin	21.4	21.8	23.8	23.8	24.6
EBIT margin	3.0	3.3	3.1	3.1	3.1
PAT margin	12.8	14.4	15.6	16.1	16.7
Liquidity ratios (%)					
Current ratio	1.4	1.5	1.6	1.4	1.6
Quick ratio	0.9	1.0	1.0	0.9	1.1
Turnover ratios					
Total asset turnover ratio (x)	1.4	1.3	1.5	1.5	1.7
Fixed asset turnover ratio (x)	6.2	6.4	7.6	8.5	9.8
Debtor days	37	42	41	38	36
Inventory days	129	121	134	130	125
Creditor days	166	188	219	210	200

Source: Company, YES Sec

Recommendation Tracker



STANDARD DISCLAIMER:

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

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

Details of Compliance Officer: Aditya Goenka | Email: compliance@ysil.in / Contact No.: 022-65078127 | Grievances Redressal Cell: customer.service@ysil.in / igc@ysil.in

Standard Disclaimer: Investment in securities market are subject to market risks; read all the related documents carefully before investing. Above representation provides an overview related to our past performance neither does it provide any guarantee of future performance, nor we are ensuring any guaranteed returns. Actual Client returns may vary depending upon time premium, volatility Index, intrinsic value of the script, open interest, other geopolitical conditions and choice of the customer to execute the recommendation in full or part. All recommendations are published under Research Analyst License of YES Securities (India) Limited (YSIL); execution of the recommendation is at complete discretion of customer without any intervention by the research publisher.

Contents which are exclusively for Non-Broking Products/Services e.g. Mutual Fund, Mutual Fund-SIP, Research reports, Insurance, etc. where the YSIL is just a distributor. These are not Exchange traded product and the YSIL is just acting as distributor. Kindly note that all disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

YSIL is a wholly owned subsidiary of YES Bank Limited. Savings, Current, PIS and Demat Account are offered by YES Bank Limited. Please note Brokerage would not exceed the SEBI prescribed limit. YSIL also acts in the capacity of distributor for Products such as IPOs, Mutual Funds, Mutual Fund-SIPs, NCD/Bonds, etc., All disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

Margin Trading Funding (MTF) is an exchange approved product offered to YSIL trading account holders, as per the regulation and guideline of SEBI Circular: CIR/MRD/DP/54/2017 dated June 13, 2017. For product specification, T&C, rights and obligations statement issued by the YSIL visit https://yesinvest.in/standard_documents_policies

DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSIL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSIL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that Price of each of the securities or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. YES Securities (India) Limited conforms with the rules and regulations enumerated in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 as amended from time to time.

Technical analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSIL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSIL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through Rule 15a-6 under the Securities Exchange Act of 1934 (the "Exchange Act")^[1] and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This research report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s), the authors of this research report. YES Securities (India) Limited is the concerned representatives (employees) of YES Securities (India) Limited, are responsible for the content of this research report including but not limited to any material conflict of interest of YES Securities (India) Limited in relation 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, banks 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: Vishal Punmiya, Manas Rastogi

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 Category I Merchant Banker, Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSIL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL. YSIL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSIL by SEBI/Stock Exchanges.