

May 10, 2025

RESULT REPORT Q4 FY25 | Sector: Building Materials

Cera Sanitaryware Ltd

Better than expected performance, B2B drives overall growth; maintain ADD!

Result Synopsis

Cera Sanitaryware Ltd (CRS), reported a better than expected performance in Q4FY25. Company's topline increased by 6%YoY, driven by 11%YoY growth in faucets biz which constituted ~40% of revenue Vs 38%/37% in Q4FY24/Q3FY25 respectively. Sanitaryware biz however remained flattish on YoY basis, constituting 48% of revenue as compared to 51%/50% in Q4FY24/Q3FY25 respectively. Amidst the ongoing slowdown from retail segment, CRS managed to register a single digit growth owing to increase in demand from B2B segment which formed ~40% of revenue for this quarter. With cost saving measures at production level, lower promotional spends, CRS delivered a strong OPM which stood at 18.6% as compared to 17.3%/13.6% in Q4FY24/Q3FY25 respectively. Other segment's revenue (12% of sales), increased by 15%YoY wherein tiles grew by 6%YoY & wellness increased by 59%YoY. Notably, working capital has expanded for the company largely owing to higher contribution to sales from B2B segment.

Management Guidance

CRS mentioned that demand from retail continues to remain subdued. However, there is a considerable demand uptick from real-estate space and management expects to outperform industry growth in coming year. Currently, the capex of new sanitaryware plant is on hold and will be reviewed depending on demand situation going-ahead. On margins, management expects to 15-16% for coming fiscal.

Our View

We reckon near-term demand will remain sluggish. However, with CRS change in stance to enhance the mix of B2B segment will enable them to register high-single digit growth for FY26. We expect company's topline to grow by 8%CAGR over FY25-FY27E which should be driven by faucets wherein we expect a growth of 12%CAGR followed by Sanitaryware which should register 6%CAGR over similar period. Given the cost optimization activities backed by lower discounts going-ahead, we expect CRS to maintain their EBITDA margins in the range of 15.7%/15.8% for FY26E/FY27E respectively. We continue to value CRS at P/E(x) of 30x on FY27E EPS of Rs216, (revised upwards by 2%), arriving at a target price of Rs6,490. Hence, we maintain our ADD rating on the stock.

Result Highlights

- Revenue stood at Rs5.80Bn (record quarterly topline), a growth of 6%YoY (we expected a decline on YoY basis).

Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	5,805	5,104	5,589	13.7%	3.9%	Above estimates.
EBITDA	1,082	715	806	51.4%	34.3%	
EBITDA Margin (%)	18.6	14.0	14.4	463 bps	422 bps	
Adjusted PAT	863	532	598	62.3%	44.3%	

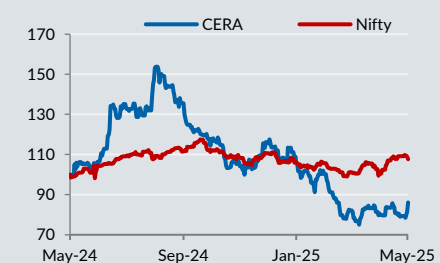
Source: Company, YES Sec

Reco	: ADD
CMP	: Rs 5,832
Target Price	: Rs 6,490
Potential Return	: +11.3%

Stock data (as on May 10, 2025)

Nifty	24,008
52 Week h/l (Rs)	10,790 / 5,060
Market cap (Rs/USD mn)	71,199 / 834
Outstanding Shares (mn)	13
6m Avg t/o (Rs mn):	138
Div yield (%):	1.1
Bloomberg code:	CRS IN
NSE code:	CERA

Stock performance



	1M	3M	1Y
Absolute return	7.7%	-11.5%	-13.5%

Shareholding pattern (As of Mar'25 end)

Promoter	54.4%
FII+DII	27.5%
Others	18.0%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	6,490	6,363

Δ in earnings estimates

	FY25	FY26E	FY27E
EPS (New)	192.5	200.0	216.3
EPS (Old)	-	194.8	212.1
% change	-	2.7%	2.0%

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	19,261	20,746	22,567
YoY Growth	2.5	7.7	8.8
EBITDA	2,999	3,257	3,566
EBITDA (%)	15.6	15.7	15.8
PAT	2,488	2,576	2,786
YoY Growth	2.4	3.5	8.2
ROE	18.4	17.8	17.1
EPS	192.5	200.0	216.3
P/E	29.3	29.2	27.0
BV/Share	1,051	1,190	1,346
P/BV	5.4	4.9	4.3

UDIT GAJIWALA

Lead Analyst

+91 22 6992 2934 / 35 / 36



SHALIN DAMANI, Associate

- Gross margins came in at 50.8% remaining flattish YoY, however with better operating efficiency, CERA reported EBITDA margins of 18.6% (12-quarter high) as compared to 17.3%/13.6% in Q4FY24/Q3FY25 respectively. EBITDA increased by 14%YoY to Rs1.08Bn.
- Net profit stood at Rs878Mn, a growth of 16%YoY (excl the exceptional loss of Rs15Mn).

Exhibit 2: Quarterly Snapshot:

Rs mn	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	% yoy	% qoq	FY24	FY25	% yoy
Revenue	4,389	5,488	4,007	4,926	4,523	5,805	5.8	28.3	18,797	19,261	2.5
Expenditure	3,775	4,538	3,426	4,205	3,908	4,724	4.1	20.9	15,763	16,263	3.2
- RM	2,004	2,701	1,812	2,337	2,112	2,859	5.8	35.4	8,828	9,119	3.3
- Staff Cost	567	581	589	636	614	614	5.7	0.1	2,309	2,453	6.2
- Other Cost	1,204	1,256	1,026	1,231	1,183	1,251	(0.4)	5.8	4,627	4,691	1.4
Operating Profit	614	950	581	721	616	1,082	13.9	75.7	3,033	2,999	(1.1)
OPM(%)	14.0	17.3	14.5	14.6	13.6	18.6	132 bps	502 bps	16.1	15.6	-57 bps
Other Income	160	157	159	178	117	151	(3.7)	29.3	595	605	1.7
Depreciation	97	97	90	107	104	106	10.0	2.7	365	406	11.2
Interest	16	15	13	26	19	17	9.1	(12.0)	58	75	28.4
Exceptional	-	-	-	-	-	(15)	-	-	(16)	(15)	(3.2)
PBT	662	995	638	765	610	1,095	10.0	79.5	3,189	3,108	(2.5)
Tax	147	238	163	79	146	232	(2.5)	58.6	775	620	(20.0)
PAT	515	757	475	686	464	863	13.9	86.1	2,414	2,488	3.1
OCI	(2)	1	(2)	(8)	(2)	3	78.6	-	(8)	(9)	8.9
Reported PAT	513	759	473	679	462	866	14.1	87.4	2,406	2,479	3.0

Source: Company, YES Sec

Exhibit 3: Operational Numbers:

Particulars	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	% yoy	% qoq	FY24	FY25	% yoy
Sales (Rs mn)											
Sanitary	2,282	2,799	2,124	2,266	2,262	2,787	(0.4)	23.2	9,716	9,438	(2.9)
Faucets	1,580	2,085	1,443	2,019	1,674	2,322	11.4	38.8	6,834	7,458	9.1
Tiles	483	494	361	493	452	522	5.8	15.5	1,958	1,828	(6.6)
Wellness	44	110	80	148	136	174	58.7	28.3	289	538	86.0
Sales-Mix (%)											
Sanitary	52	51	53	46	50	48	-300 bps	-200 bps	52%	49%	-3 bps
Faucets	36	38	36	41	37	40	200 bps	300 bps	36%	39%	2 bps
Tiles	11	9	9	10	10	9	0 bps	-100 bps	10%	9%	-1 bps
Wellness	1	2	2	3	3	3	100 bps	0 bps	2%	3%	1 bps

Source: Company, YES Sec

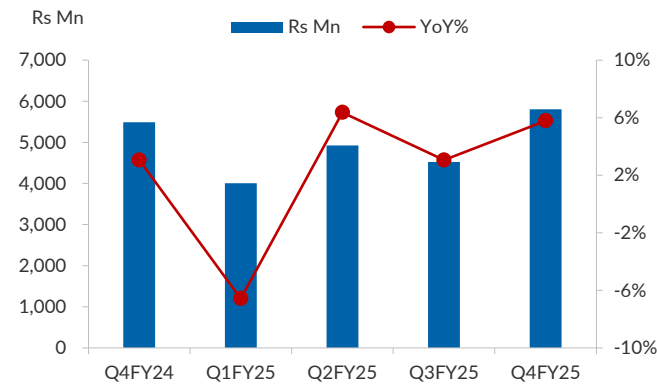
KEY CON-CALL HIGHLIGHTS

- Management reiterated their guidance of Rs29Bn topline with a margin guidance of 15-16%. However, the topline was considering industry growth of 7-8% for sanitaryware and 12-13% for faucets. Management expects to outperform industry growth by 6-7%.
- Overall demand remained subdued across end markets for 6 consecutive quarters now. Some pricing pressure was there in FY25 owing to oversupply and overcapacity wherein players resorted to higher discounts by 0.5-0.75%.
- Sanitaryware/Faucets/Tiles/Wellness contributed 48%/40%/9%/3% respectively.
- Sanitaryware saw subdued demand and declined by 1.6%YoY from Rs2.73Bn to Rs2.69Bn. Faucets/Tiles/Wellness increased by 9.6%/4.7%/46.7% YoY from Rs2.02/0.51/0.11Bn to Rs2.22/0.53/0.15Bn respectively in Q4FY25. Faucets demand is also sluggish, but Cera grew by ~10% in FY24 and FY25 as it is a relatively smaller player.
- Capacity utilization for sanitaryware/faucets was 90%/95% respectively.
- Tiles business is completely outsourced and a part of the company's portfolio only to provide full solutions to the consumer. GVT contributes 50% of tiles revenue. Tile margins are single digit.
- Margin improved by 1.5% YoY owing to 0.1% improvement in GM, 0.5% saving on publicity, and 0.9% on cost efficiencies and savings on sales & marketing.
- Share of B2B increased from 35% of sales in Q4FY24 and 37% in Q3FY25 to 40% of sales in Q4FY25. The same increased to 38% in FY25 from 30% in FY23 and 35% in FY24. Company expects the same to be in the range of 40-45% going ahead.
- For larger projects, 50% of the order is delivered in year 1 and 50% in year 2. For smaller projects, the products are delivered immediately.
- Margins for project business is 5-6% lower than retail. A 10% increase in projects business as a % of sales would decrease margins by 0.5%.
- Average gas cost from GAIL was Rs28.68/cbm in Q4FY25 Vs Rs28.35/cbm in Q4FY24. Average gas cost from Sabarmati increased to Rs55.62/cbm in Q4FY25 Vs Rs50.62/cbm in Q4FY24. GAIL/Sabarmati contributed 73%/27% to total gas requirements. Weighted average gas cost was Rs36.03/cbm. Total gas cost was 3.2% of revenue.
- Premium/mid/entry category contributed 42%/35%/23% to sales respectively.
- Tier I/II/III contributed 35%/21%/44% to revenue respectively.
- Exports contribute 2.5-3% of total sales.
- Company added 431 new SKUs across Cera and Senator brands in FY25.
- In FY25, company added 342 new stores. Cera experience centres were inaugurated in Mohali, Jaipur, Pune, and Lucknow in the year taking the total count to 13.
- To grow the Senator brand, Cera has formed a dedicated team under the leadership of Mr. Ramesh Baliga, Chief Business Officer.
- As on Mar'2025, 17 stores were functional for Senator brand and company plans to add 40-45 new stores in FY26.
- Cera Luxe is present in 50+ stores.
- Senator and Cera Luxe are expected to contribute ~10% of revenue in 2-3 years.
- Company launched e-commerce platform in FY25.
- 24,400 retailers are enlisted under the retailer loyalty program of Cera. Company has started a new dealer management system to ensure transparency under which 50 dealers are enrolled. The same is expected to increase to 150-200 by the end of FY26.

- A&P spends for FY25 was Rs540Mn.
- Capex for FY25 was Rs228.4Mn and for FY26 is expected to be Rs240Mn for routine investments. Sanitaryware capex is on hold till better demand environment. Land acquisition for the same is complete.
- A new project requires 18 months from start of capex to completion for the company.
- Inventory/receivable/payable days increased from 70/34/44 days respectively in Q4FY24 to 79/44/43 days respectively in Q4FY25. WC days increased from 60 days to 80 days. Receivable days saw a temporary increase due to change in credit policy and the same has already come down to 38 days.
- Cash as on Mar'25 stood at Rs7.19Bn.

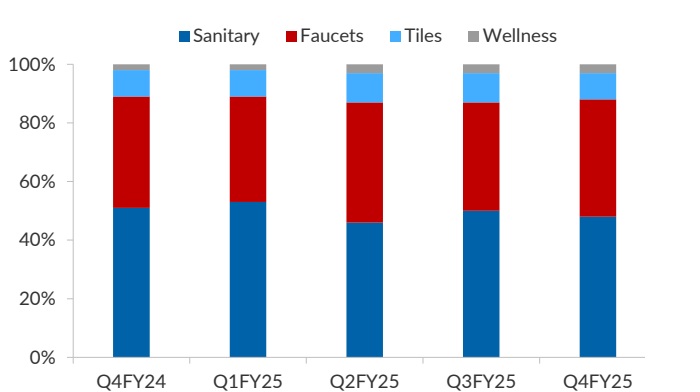
QUARTERLY TRENDS

Exhibit 4: Revenue increased by 6%YoY...



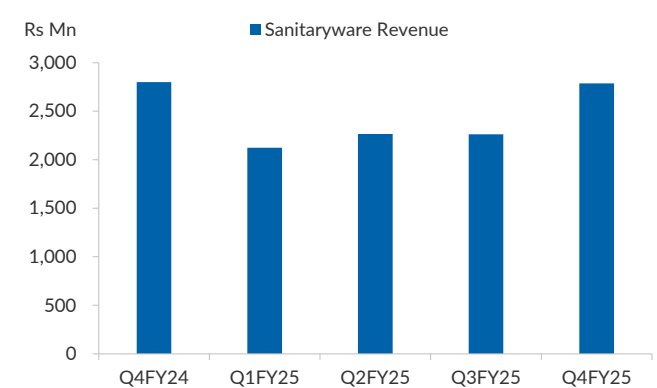
Source: Company, YES Sec

Exhibit 5: Sanitary & Faucets contributes 88% of sales...



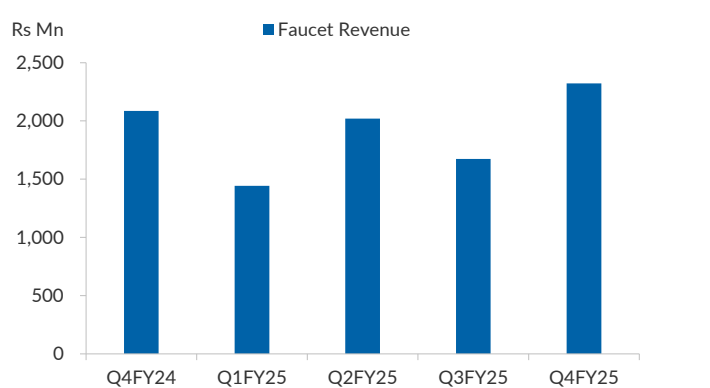
Source: Company, YES Sec

Exhibit 6: Sanitaryware revenue was flattish YoY...



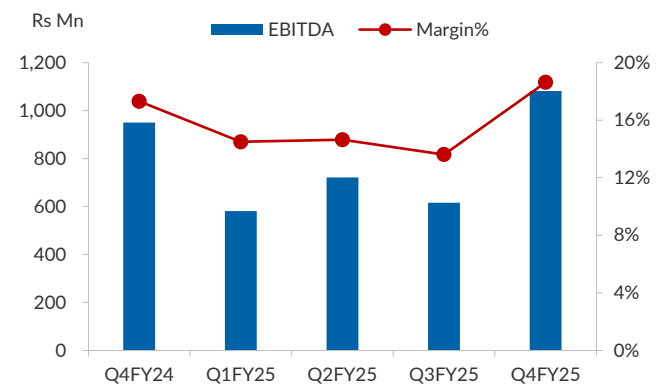
Source: Company, YES Sec

Exhibit 7: Faucet revenue grew by 11%YoY...



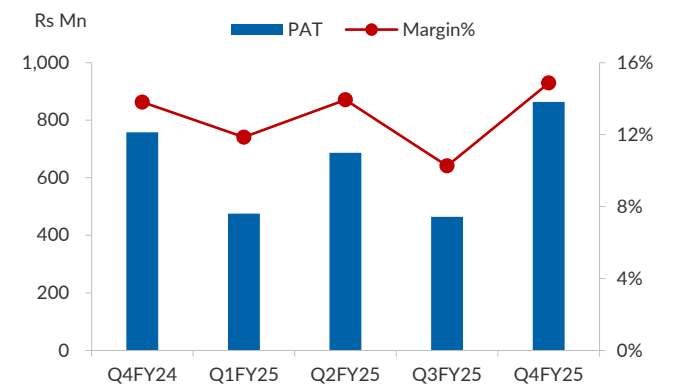
Source: Company, YES Sec

Exhibit 8: Operating margin came in at 18.6%...



Source: Company, YES Sec

Exhibit 9: Net profit stood at Rs863Mn...



Source: Company, YES Sec

FINANCIALS

Exhibit 10: Income Statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Sales	18,035	18,797	19,261	20,746	22,567
COGS	8,246	8,828	9,119	9,774	10,669
COGS %sales	45.7	47.0	47.3	47.1	47.3
GP	9,789	9,969	10,142	10,972	11,898
GP%	54.3	53.0	52.7	52.9	52.7
EBITDA	2,930	3,033	2,999	3,257	3,566
EBITDA%	16.2	16.1	15.6	15.7	15.8
Depreciation	326	365	406	411	468
Other Income	356	595	605	658	688
Finance Cost	60	58	75	70	70
PBT	2,899	3,205	3,123	3,435	3,715
Tax	738	775	620	859	929
PAT	2,111	2,430	2,488	2,576	2,786
PAT%	11.7	12.9	12.9	12.4	12.3

Source: Company, YES Sec

Exhibit 11: Balance Sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Share Capital	65	65	64	64	64
Reserves	11,661	13,393	13,471	15,267	17,273
Equity	11,726	13,458	13,536	15,331	17,337
Payables	2,069	1,790	1,879	2,014	2,198
Provisions	131	161	182	182	182
Other current Liab	1,448	1,602	1,397	1,397	1,397
Total Equity & Liab	16,766	18,455	18,629	20,560	22,750
Gross Block	5,903	6,629	7,056	8,556	9,056
Acc Dep	2,765	3,130	3,536	3,947	4,415
Net Block	3,138	3,499	3,520	4,609	4,641
CWIP	169	130	108	108	108
Other Noncurrent	469	378	369	369	369
Inventory	3,825	3,636	4,105	4,399	4,802
Investments	6,345	7,769	6,729	6,729	6,729
Receivables	1,892	2,026	2,711	2,920	3,176
Cash & Bank	262	372	316	654	2,154
Loans	40	36	32	32	32
Other	375	394	294	294	294
Total Assets	16,766	18,455	18,629	20,560	22,750

Source: Company, YES Sec

Exhibit 12: Cash Flow

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	2,849	3,188	3,107	3,435	3,715
Depreciation & Amortization	326	365	407	411	468
Finance cost	60	58	75	70	70
(Incr)/Decr in Working Capital	(768)	154	(925)	(369)	(475)
Taxes	(727)	(783)	(595)	(859)	(929)
Cash from ops.	1,624	2,361	1,220	2,688	2,850
(Incr)/ Decr in PP&E	(391)	(641)	(287)	(1,500)	(500)
Cash Flow from Investing	(1,054)	(1,429)	1,266	(1,500)	(500)
(Decr)/Incr in Borrowings	(13)	(49)	(23)	-	-
Finance cost	(36)	(32)	(23)	(70)	(70)
Cash Flow from Financing	(596)	(835)	(2,600)	(850)	(850)
Incr/(Decr) in cash	(26)	97	(114)	337	1,500
Cash and cash equivalents at beg of year	139	113	210	316	654
Cash and cash equivalents at end of year	113	210	96	654	2,154

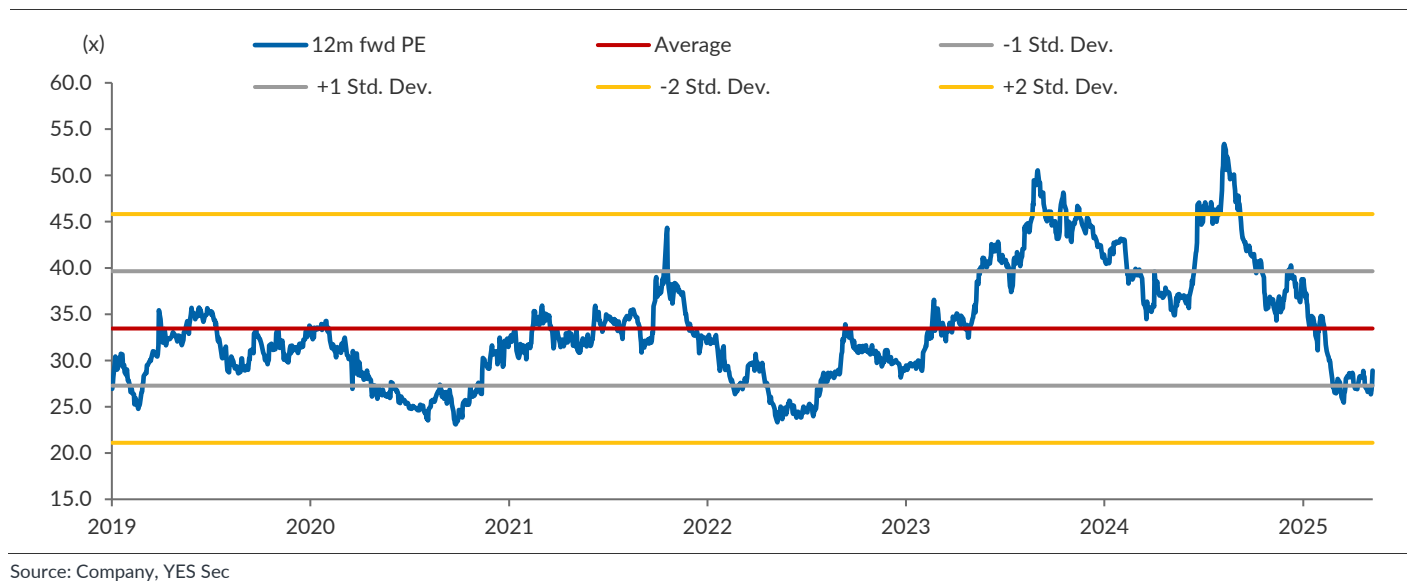
Source: Company, YES Sec

Exhibit 13: Ratios

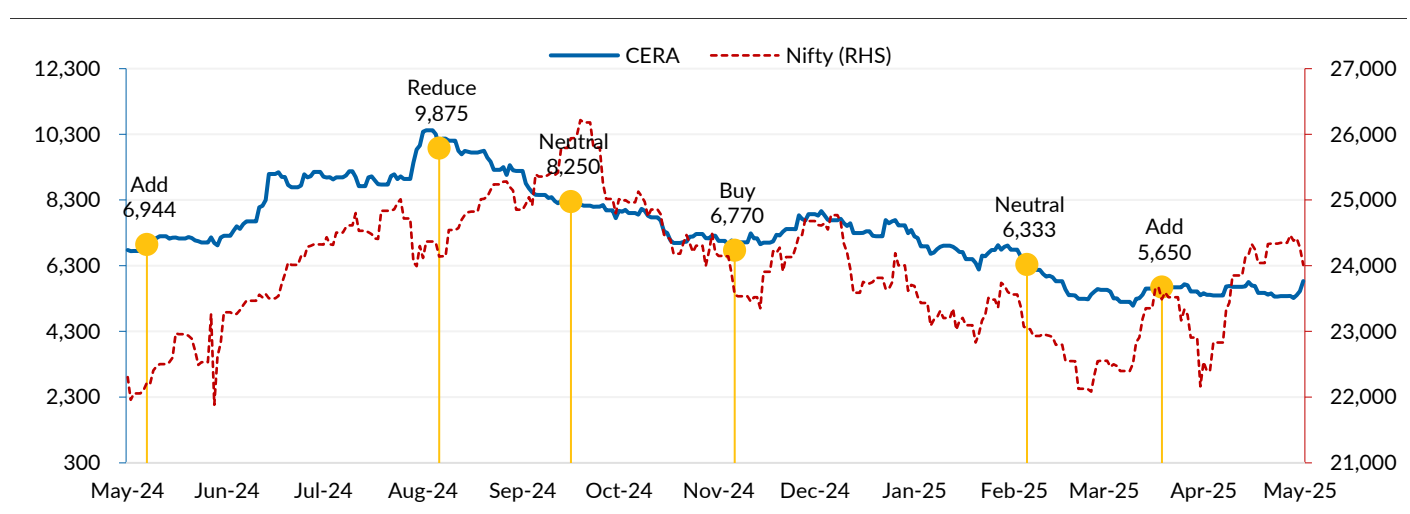
Key Ratios	FY23	FY24	FY25	FY26E	FY27E
Growth Matrix (%)					
Revenue growth	24.7	4.2	2.5	7.7	8.8
EBITDA growth	28.1	3.5	(1.1)	8.6	9.5
EBIT growth	33.9	10.2	(2.0)	9.6	8.0
PAT growth	37.0	15.1	2.4	3.5	8.2
Profitability ratios (%)					
Gross margin	54.3	53.0	52.7	52.9	52.7
EBITDA margin	16.2	16.1	15.6	15.7	15.8
EBIT margin	16.4	17.4	16.6	16.9	16.8
PAT margin	11.7	12.9	12.9	12.4	12.3
RoCE	24.9	23.9	21.8	22.4	21.5
RoE	19.3	19.3	18.4	17.8	17.1
Per share values					
EPS	161.9	186.3	192.5	200.0	216.3
CEPS	187.5	215.0	224.7	231.9	252.7
BVPS	902.0	1,035.2	1,050.9	1,190.3	1,346.1
Valuation ratios (x)					
P/E	39.5	36.4	29.3	29.2	27.0
P/CEPS	34.2	31.5	25.1	25.2	23.1
P/B	7.1	6.6	5.4	4.9	4.3
EV/EBITDA	28.4	29.0	24.2	22.9	20.5
Leverage ratios (x)					
Debt/ Equity	0.0	0.0	0.0	0.0	0.0
Net debt/Equity	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Net debt/EBITDA	(3.9)	(4.4)	(4.5)	(4.7)	(4.8)
Int coverage	49.1	56.1	42.9	50.0	54.0
NWC days					
Receivables	38	39	51	51	51
Inventory	169	150	164	164	164
Payables	92	74	75	75	75

Source: Company, YES Sec

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



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 subsidiary of YES Bank Limited ('YBL'). 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, banks³ acting in a broker or dealer capacity, certain international organizations, foreign persons temporarily present in the U.S., U.S. citizens resident abroad, and foreign branches and agencies of U.S. persons.

In adopting Rule 15a-6, the SEC sought "to facilitate access to foreign markets by U.S. institutional investors through foreign broker-dealers and the research that they provide, consistent with maintaining the safeguards afforded by broker-dealer registration." [Rule 15a-6 Adopting Release at 54 FR 30013; see also Registration Requirements for Foreign Broker-Dealers, Exchange Act Release No. 25801 (June 14, 1988), 53 FR 23645 (June 23, 1988)].

DISCLOSURE OF INTEREST

Name of the Research Analyst : Udit Gajiwala, Shalin Damani

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSIL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSIL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report	No
3	Research Analyst or his/her relative or YSIL has any other material conflict of interest at the time of publication of the research report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSIL has received any compensation from the subject company in the past twelve months	No
6	YSIL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSIL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	YSIL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSIL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSIL has been engaged in market making activity for the subject company(ies)	No

Since YSIL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSIL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSIL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

BUY: Upside greater than 20% over 12 months

ADD: Upside between 10% to 20% over 12 months

NEUTRAL: Upside between 0% to 10% over 12 months

REDUCE: Downside between 0% to -10% over 12 months

SELL: Downside greater than -10% over 12 months

NOT RATED / UNDER REVIEW

Analyst signature

Analyst signature

ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ('YSIL') is a subsidiary of YES Bank Limited ('YBL'). 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.