

July 21, 2025

**COMPANY UPDATE** | Sector: Energy

# Chennai Petroleum Corp Ltd

## Refining Margins Reflate; Alpha in the making

The refining upcycle that began unfolding in Q1FY26 has entered a more defined and sustained phase, offering a compelling tactical window for select standalone refiners. While our June note ("[Refining Upcycle favors CPCL and MRPL](#)") had flagged the early signs of a margin reset driven by geopolitical risk premia, surging diesel cracks, and disrupted Atlantic Basin supply chains, the latest data now validates that trend—underscoring both its strength and stickiness. Importantly, these dynamics have evolved from being just risk-led spikes to structurally tight fundamentals across middle distillates, with diesel inventories still ~20–25% below historical levels in key markets and cracks reaching USD20/bbl. This environment, coupled with still-subdued Brent (~USD70/bbl), is driving one of the most profitable refining backdrops since FY23. We believe that Chennai Petro (CPCL) is best placed amongst the Indian refining space, a constant diesel RSP for OMCs and better refining cracks has led to the gross marketing margins correct from ~Rs9.6/ltr in Q1FY26 to ~Rs5.8/ltr today.

### Indian Standalone Refiners in Sweet Spot

The Indian standalone refiners are poised to benefit meaningfully in Q1FY26 and further in Q2FY26 as global product cracks, especially diesel and ATF have surged following escalating geopolitical tensions in the Middle East. The diesel cracks have risen sharply breaching USD20/bbl, driven by concerns over disruption to exports from the Gulf, and tightening inventories in the West.

Given the average Indian product slate consists of 45%/16%/8% of Diesel/Gasoline/ATF, a USD1/bbl delta in each result in an impact of USD/bbl 0.5/0.2/0.1 for the Indian refiners. The trending Singapore GRMs are ~USD4.5/bbl while the Indian refiners are making over USD10/bbl of GRMs.

### Diesel Market Strength Reinforces Margin Upside

Global diesel markets remain structurally tight, reinforcing the strength in refining margins. As of July, U.S. distillate inventories are still 20–25% below the 5-year average, with sharp draws reported through late June and early July. European and Asian diesel cracks remain elevated, with prompt spreads crossing USD20/bbl; levels last seen during the Iran–Israel conflict in June. This strength is being driven by resilient demand, disrupted Atlantic Basin supply, continued east-west dislocations and labor strikes in Europe limiting production. The diesel upcycle remains the central profit driver for complex refiners with middle distillate exposure.

Diesel cracks are higher despite lower crude prices, the disconnect arises because diesel crack spreads reflect refinery margins and supply-demand balances for refined products, which can remain tight and support strong crack prices even when crude oil prices fall. Factors supporting are – refinery closures and reduced capacity growth, strong summer demand with low inventories – supply declines outpacing demand, the net refinery capacity growth remains below demand growth globally, making existing refinery output more valuable.

### CPCL: Well-Positioned to Capture Upside

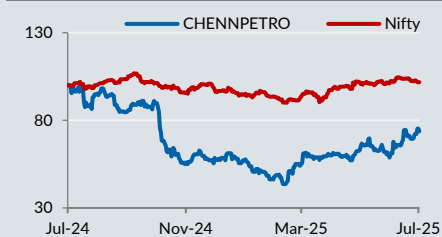
CPCL stands out tactically among Indian refiners due to its slate profile, cost-efficient crude sourcing, and cleaner operating structure. As per our estimates for Q1FY26, CPCL could report a core GRM of USD9.05/bbl (reported USD7.35) despite inventory losses. With over 30% crude sourced from discounted Russian barrels and no downstream marketing burden, CPCL offers one of the highest operating leverages to the refining margin cycle. Our QTD estimate for 2QFY26 GRMs at USD10.5/bbl (17days of July) suggests further earnings re-rating potential. We project FY26/FY27 GRMs at USD/bbl 7.4/6.9; a FCF yield above 14% and see room for a dividend payout exceeding the mandated 30%, implying a yield of over 6% at CMP.

Reco	: <b>BUY</b>
CMP	: Rs 765
Target Price	: Rs 1,100
Potential Return	: +43.8%

#### Stock data (as on Jul 21, 2025)

Nifty	25,056
52 Week h/l (Rs)	1275 / 433
Market cap (Rs/USD mn)	111274 / 1290
Outstanding Shares (mn)	149
6m Avg t/o (Rs mn):	1,390
Div yield (%):	0.7
Bloomberg code:	MRL IN
NSE code:	CHENNPETRO

#### Stock performance



	1M	3M	1Y
Absolute return	20.5%	20.1%	-26.4%

#### Shareholding pattern (As of Jun'25 end)

Promoter	67.3%
FII+DII	11.3%
Others	21.4%

#### Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1,100	900

#### Δ in estimates

(1-Yr)	FY25	FY26e	FY27e
EPS (New)	11.7	134.2	112.8
EPS (Old)	11.7	75.8	92.1
% Change	-	77.0	22.5

#### Financial Summary

(Rs bn)	FY25	FY26E	FY27E
Revenue	593.6	542.9	549.0
YoY Growth	(10.6)	(8.5)	1.1
EBIDTA	10.2	35.8	32.3
OPM %	1.7	6.6	5.9
PAT	2.4	20.0	16.8
YoY Growth	(91.3)	730.3	(15.9)
ROE	2.9	23.3	17.3
EPS	11.7	134.2	112.8
P/E	65.6	5.7	6.8
BV	533.1	617.3	688.1
EV/EBITDA	13.9	3.8	4.0

**HARSHRAJ AGGARWAL**  
Lead Analyst

📞 +91 22 6992 2934 / 35 / 36



**UVAIS KHATRI**, Associate

## Diesel inventory & crack trends – July 2025 update

### Inventory trends

- U.S. distillate (diesel + heating oil) stocks remain sharply depressed, hovering around 20–25% below the five-year average as of early July.
- API data showed a steep draw of 3.5 mbbl in the last week of June 2025, reinforcing tight global stock conditions.
- In PADD-1 (U.S. East Coast), low-sulfur diesel inventories stand ~21.5 mbbl below the 2019–23 lows, creating a structurally backwardated market.

**Diesel crack spreads:** Market commentary as per few articles as of July 2025 indicates that diesel cracks are up and “prompt spread” (difference between near month and the next month after that) is at its highest since October 2022, indicating a strong premium for near-term deliveries. This is exacerbated by an east-west arbitrage spread that has widened to discounts, similar to levels last seen during the June Iran-Israel tensions—highlighting robust Asian demand and constraints in Atlantic Basin supply.

### CPCL – Stronger refining cracks boosting profitability

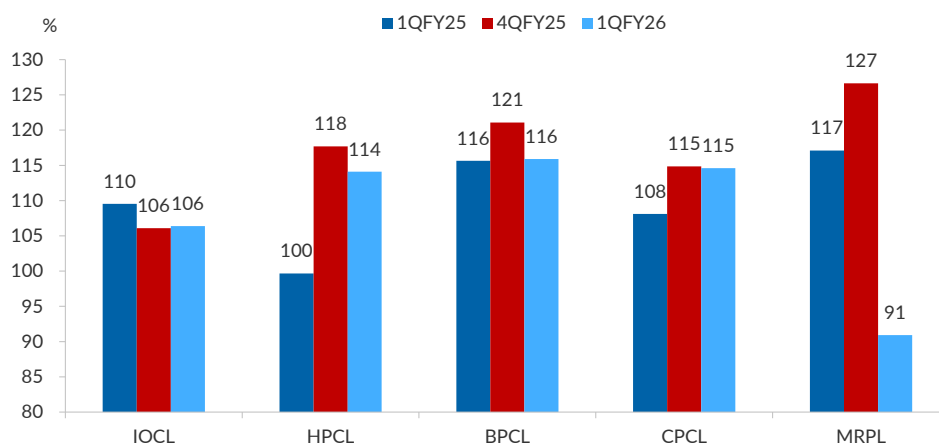
CPCL stands to benefit tactically from the recent surge in refining margins, driven by geopolitical risk premium on crude (post Israel–Iran escalation) and resilient diesel cracks. With Brent ~70/bbl, near-term GRMs may remain elevated, supporting earnings in H1FY26. The company sources over 30% of its crude requirements from Russia at a discount, thereby boosting GRMs, one of the highest amongst Indian refiners at a single location. The benchmark Singapore GRM and the company’s GRM are trending higher than their last 7-year averages, supported by stronger demand, reduced supply, and lower stocks.

With our calculated QTD Q2FY26 (17days of July) GRMs of USD10.5/bbl and possible no inventory losses, the extrapolated EBITDA could be at Rs15.2bn with an EPS of over Rs66/share, resulting in a further re-rating of our FY26 numbers.

### MRPL's Q1FY26 Print not reflective of sector trends

MRPL's Q1FY26 results, released on Friday 18-Jul'25, reported a GRM of USD3.88/bbl, significantly below expectations. It's important to contextualize the reported GRMs before drawing comparisons across refiners. MRPL GRMs are not a right indicator for other Indian refining companies, their GRMs were impacted due to shutdowns of their high value middle distillate units in Q1, normalised GRMs could have been USD7-8/bbl. Expect better GRMs to be report by CPCL and OMCs (BPCL > HPCL > IOCL) based on their refinery utilizations.

### Exhibit 1: Indian PSU refining utilizations – MRPL worst hit



Source: PPAC, YES Sec

## VIEW & VALUATION

### BUY with a TP of Rs 1,100/sh.

High GRM sensitivity: a USD1/bbl change in GRM changes EBITDA by Rs 7.5bn. Declared dividend of Rs 5/share in FY25 (0.7% dividend yield on CMP), 6.5/5.5% FY26e/27e, would be key for shareholders. The BV/share for FY26e/27e: Rs 617/688, debt on books is towards working capital requirements. We project FY26/FY27 GRMs at USD/bbl 7.4/6.9; a FCF yield above 14% and see room for a dividend payout exceeding the mandated 30%.

As per our FY27e BV, the stock is currently trading at 1.1x P/BV which is below its long-term trading average. The increase in OCF and subdued capex would lead to a decent FCF, but as per our expectations we could witness a healthy FCF compared to its history. The expected FCF yield for FY27 is at 14.4% and a Net Debt:Equity of 0.2/0.1x for FY26/FY27.

At CMP, the stock trades at 3.8x/4x FY26e/27e EV/EBITDA and 1.2x/1.1x P/BV. On our FY27 numbers we assign a multiple of 1.6x P/BV (implied 5.5x EV/EBITDA) to arrive a target of Rs 1,100/share with a BUY Rating.

**Key risks:** Lower GRM environment, change in crude prices and inventory losses, lower returns from the investments, adverse government policy.

### Exhibit 2: Valuation table

EV/EBITDA	FY27E
Book Value/share (Rs)	688
Multiple (x)	1.6
VPS (Rs)	1,100

### CPCL Sensitivity to GRMs

#### Exhibit 3: EBITDA sensitivity to GRM

Refining capacity utilization (%)	EBITDA (Rs bn)					
	78.0	88.0	98.0	108.0	118.0	128.0
GRMs (USD / bbl)	3.9	7.1	8.0	9.0	9.9	10.8
	4.9	12.5	14.1	15.7	17.4	19.0
	5.9	17.9	20.2	22.5	24.8	27.1
	6.9	23.4	26.3	29.3	32.3	35.3
	7.9	28.8	32.4	36.1	39.8	43.5
	8.9	34.2	38.5	42.9	47.3	51.7

Source: Company, YES Sec

#### Exhibit 4: Target price sensitivity to GRM

Refining capacity utilization (%)	Target (Rs / sh)					
	78.0	88.0	98.0	108.0	118.0	128.0
GRMs (USD / bbl)	3.9	(1)	39	79	118	158
	4.9	235	305	375	446	516
	5.9	471	572	672	773	873
	6.9	708	838	969	1,100	1,231
	7.9	944	1,105	1,266	1,427	1,588
	8.9	1,180	1,372	1,563	1,754	1,946

Source: Company, YES Sec

## FINANCIALS

**Exhibit 5: Income statement**

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	767,347	663,854	593,560	542,889	548,958
Total Expense	710,375	619,099	583,402	507,113	516,629
<b>Operating Profit</b>	<b>56,972</b>	<b>44,755</b>	<b>10,158</b>	<b>35,776</b>	<b>32,328</b>
Other Income	151	133	435	566	735
Depreciation	5,735	6,056	6,067	6,419	6,949
<b>EBIT</b>	<b>51,389</b>	<b>38,832</b>	<b>4,526</b>	<b>29,923</b>	<b>26,114</b>
Interest	3,302	2,233	2,445	3,220	3,665
Extraordinary Item	-	-	-	-	-
<b>PBT</b>	<b>48,087</b>	<b>36,599</b>	<b>2,081</b>	<b>26,703</b>	<b>22,450</b>
Tax	12,749	9,486	346	6,721	5,651
<b>PAT</b>	<b>35,338</b>	<b>27,113</b>	<b>1,735</b>	<b>19,982</b>	<b>16,799</b>
Adj. PAT	35,338	27,113	1,735	19,982	16,799
Eps	237.3	182.1	11.7	134.2	112.8

**Exhibit 6: Balance sheet**

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	1,489	1,489	1,489	1,489	1,489
Reserves	61,321	84,441	77,896	90,432	100,977
<b>Net worth</b>	<b>62,810</b>	<b>85,930</b>	<b>79,385</b>	<b>91,921</b>	<b>102,466</b>
Debt	42,596	27,859	31,174	41,174	41,174
Deferred tax liab (net)	7,646	8,143	8,815	8,815	8,815
<b>Capital Employed</b>	<b>113,051</b>	<b>121,932</b>	<b>119,374</b>	<b>141,910</b>	<b>152,454</b>
Fixed assets	79,680	77,161	75,330	79,109	82,245
Investments	120	120	120	120	120
<b>Net working capital</b>	<b>33,252</b>	<b>44,651</b>	<b>43,924</b>	<b>62,682</b>	<b>70,090</b>
Inventories	59,736	78,309	64,931	64,025	65,246
Sundry debtors	2,987	4,616	1,948	3,123	3,158
Cash & Bank Balance	86	943	3,753	20,465	26,935
Other current assets	15,812	19,886	21,887	21,767	21,782
Sundry creditors	30,071	42,825	31,643	29,747	30,080
Other liabilities	15,297	16,276	16,952	16,952	16,952
<b>Application of Funds</b>	<b>113,051</b>	<b>121,932</b>	<b>119,374</b>	<b>141,910</b>	<b>152,454</b>

## Exhibit 7: Cash flow statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	48,081	36,599	2,081	26,703	22,450
Depreciation & amortization	5,726	6,050	5,980	6,419	6,949
Interest expense	3,302	2,233	2,445	3,220	3,665
(Inc)/Dec in working capital	(151)	(132)	(357)	-	-
Tax paid	8,541	(8,824)	3,079	(2,046)	(938)
Less: Interest/Dividend Income Received	10,074	9,185	(83)	(6,721)	(5,651)
Other operating Cash Flow	(18,082)	(18,168)	378	-	-
<b>Cash flow from operating activities</b>	<b>57,490</b>	<b>26,943</b>	<b>13,524</b>	<b>27,575</b>	<b>26,475</b>
Capital expenditure	(4,178)	(6,027)	(6,855)	(10,198)	(10,086)
Inc/(Dec) in investments	151	132	357	-	-
Add: Interest/Dividend Income Received	1	3	3	-	-
<b>Cash flow from investing activities</b>	<b>(4,025)</b>	<b>(5,892)</b>	<b>(6,495)</b>	<b>(10,198)</b>	<b>(10,086)</b>
Inc/(Dec) in share capital	-	-	-	-	-
Inc/(Dec) in debt	(48,886)	(14,814)	5,351	10,000	-
Interest Paid	(4,352)	(2,227)	(2,351)	(3,220)	(3,665)
Dividend Paid	(298)	(4,021)	(8,190)	(7,446)	(6,254)
Others	-	-	-	-	-
<b>Cash flow from financing activities</b>	<b>(53,536)</b>	<b>(21,061)</b>	<b>(5,191)</b>	<b>(665)</b>	<b>(9,919)</b>
<b>Net cash flow</b>	<b>(71)</b>	<b>(11)</b>	<b>1,838</b>	<b>16,712</b>	<b>6,471</b>

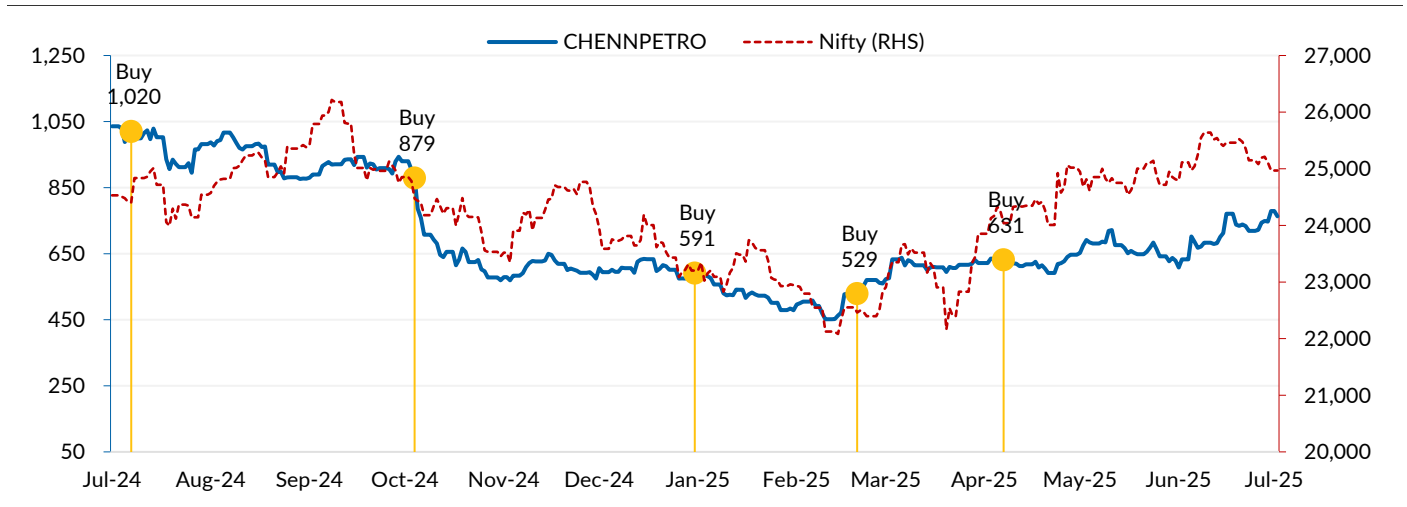
## Exhibit 8: Du-pont analysis

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.8	0.8	1.2	0.7	0.7
Interest burden (x)	0.9	0.9	0.5	0.9	0.9
EBIT margin (x)	0.1	0.1	0.0	0.1	0.0
Asset turnover (x)	4.6	3.9	3.4	3.0	2.8
Financial leverage (x)	3.7	2.3	2.1	2.1	2.0
RoE (%)	82.5	37.1	2.9	23.3	17.3

## Exhibit 9: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
<b>Growth matrix (%)</b>					
Revenue growth	76.9	(13.5)	(10.6)	(8.5)	1.1
Op profit growth	108.6	(21.4)	(77.3)	252.2	(9.6)
EBIT growth	129.0	(24.4)	(88.3)	561.1	(12.7)
Net profit growth	163.2	(23.3)	(93.6)	730.3	(15.9)
<b>Profitability ratios (%)</b>					
OPM	7.4	6.7	1.7	6.6	5.9
EBIT margin	6.7	5.8	0.8	5.5	4.8
Net profit margin	4.6	4.1	0.3	3.7	3.1
RoCE	43.0	33.1	3.8	22.9	17.7
RoE	77.9	36.5	2.1	23.3	17.3
RoA	21.3	16.0	1.0	11.2	8.7
<b>Per share ratios</b>					
EPS	237.3	182.1	11.7	134.2	112.8
Dividend per share	27.0	55.0	5.0	50.0	42.0
Cash EPS	275.8	222.7	52.4	177.3	159.5
Book value per share	421.8	577.1	533.1	617.3	688.1
<b>Valuation ratios</b>					
P/E	1.0	3.5	54.1	5.7	6.8
P/CEPS	0.9	2.8	12.0	4.3	4.8
P/B	0.6	1.1	1.2	1.2	1.1
EV/EBIDTA	1.4	2.7	11.9	3.8	4.0
<b>Payout (%)</b>					
Dividend payout	11.4	30.2	42.9	37.3	37.2
Tax payout	26.5	25.9	16.6	25.2	25.2
<b>Liquidity ratios</b>					
Debtor days	1.3	2.1	2.0	2.1	2.1
Inventory days	36.7	41.7	47.2	48.0	48.0
Creditor days	14.9	20.0	22.9	20.0	20.0

## 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) / [igc@ysil.in](mailto:igc@ysil.in)

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

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

YSIL is a 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](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 "chaperoning broker-dealer"; and
- (d) Soliciting and effecting transactions with or for registered broker-dealers, banks<sup>3</sup> acting in a broker or dealer capacity, certain international organizations, foreign persons temporarily present in the U.S., U.S. citizens resident abroad, and foreign branches and agencies of U.S. persons.

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

## DISCLOSURE OF INTEREST

Name of the Research Analyst : Harshraj Aggarwal, Uvais Khatri

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.