

Bajaj Electricals | BUY



Tough times; market share continues to rise in core categories

Bajaj Electricals' (BEL) standalone revenue declined 4% YoY in 2QFY24 largely on account a) general consumption weakness, particularly in rural markets (significant for BEL) and b) heightened competitive intensity driving higher discounts/schemes and delay in pass-through of cost inflation (particularly in fans). Appliances declined 10% YoY, with the fall partially offset by strong double-digit growth in fans. Lighting revenue declined 7% YoY as consumer lighting remained weak, aggravated by price reductions. As per 3rd party data, BEL has seen gains in market share in fans, mixers and coolers, largely led by alternate channels. Fans and coolers' growth over 2 years has been consistent, translating into market share gains (strong double digit-growth). BEL reaffirmed that it is well on track on long-term objectives such as a) premiumisation of portfolio, b) improving mix in lighting segment (higher growth in professional lighting), and c) logistics optimisation. The company has demerged its EPC segment to Bajel Projects Ltd w.e.f. 1st Sep'23. We cut FY24-26EPS estimates by 9-14% to reflect delayed recovery in growth/margins. We roll forward to Dec'24 TP of INR 1,410, basis 40xDec'25EPS (excl value assigned to EPC business). We maintain BUY. The stock remains our top pick in ECD coverage.

- **2QFY24 summary (excluding EPC):** Revenue declined marginally 4% YoY to INR 11.1bn (flat QoQ) as **a)** Lighting (including B2B) revenue declined by 7% YoY, and **b)** Consumer Products revenue fell 2% YoY, with drop in appliances offset by double-digit growth in fans. Consumer products EBIT margin fell 180bps YoY/+10bps QoQ to 5.1% on account of adverse operating leverage (as the company continued to invest in A&P, R&D and other distribution cost). Lighting margin declined 380bps YoY/-240bps QoQ to 5.6%. PAT down by 37% YoY/28% QoQ to INR 378mn and was 19% below JMFe.
- **Demand environment subdued, improvement seen in Oct:** Muted macro variables like savings growth rate, employment generation, and discretionary spending coupled with price erosion in the consumer lighting business impacted ECD companies including Bajaj Electricals in 2QFY24. The company talked of market share gains in some of its key categories such as fans, mixers and coolers in the past 4 quarters and also categorically pointed to improvement in margins (at both gross and net levels) vs. 2 years ago. However, most of that got offset due to a) heavy discounting by competition across region and categories, and b) adverse operating leverage. Once growth revives, the company is confident about meeting its objectives on double-digit margins in 2 years.
- **Cut estimates; maintain BUY:** We cut our FY24-26 estimates by 9-14% to reflect the current weakness and delayed recovery in growth and margins. We roll forward to Dec'24 TP of INR 1,410, basis 40xDec'25EPS. We continue to like BEL due to **a)** expected margin improvement and strong cash flow generation in the CP business as it continues to invest in product rejuvenation (category presence, premium mix, etc.) as well as brand-building activities. **BUY.** **Key Risk:** Deceleration in macro recovery and heightened competitive intensity.

Achal Lohade
achal.lohade@jmfl.com | Tel: (91 22) 66303081

Vineet Shanker
vineet.shanker@jmfl.com | Tel: (91 22) 66303574

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,410
Upside/(Downside)	34.5%
Previous Price Target	1,470
Change	-4.1%

Key Data – BJE IN

Current Market Price	INR1,049
Market cap (bn)	INR120.7/US\$1.5
Free Float	37%
Shares in issue (mn)	114.6
Diluted share (mn)	115.1
3-mon avg daily val (mn)	INR93.7/US\$1.1
52-week range	1,193/862
Sensex/Nifty	64,959/19,412
INR/US\$	83.2

Price Performance

%	1M	6M	12M
Absolute	-1.2	0.7	1.1
Relative*	0.4	-5.4	-5.1

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	47,882	48,774	48,624	55,990	63,365
Sales Growth (%)	4.7	1.9	-0.3	15.1	13.2
EBITDA	2,511	3,744	3,176	4,619	5,921
EBITDA Margin (%)	5.2	7.7	6.5	8.3	9.3
Adjusted Net Profit	1,500	2,358	2,094	3,276	4,323
Diluted EPS (INR)	13.0	20.5	18.2	28.5	37.6
Diluted EPS Growth (%)	12.8	57.0	-11.2	56.5	31.9
ROIC (%)	8.9	15.8	13.7	23.0	27.6
ROE (%)	9.0	12.7	10.4	15.8	20.0
P/E (x)	80.4	51.2	57.7	36.9	27.9
P/B (x)	6.9	6.2	5.9	5.8	5.4
EV/EBITDA (x)	47.6	31.2	35.8	24.8	19.4
Dividend Yield (%)	0.3	0.8	1.0	2.4	2.6

Source: Company data, JM Financial. Note:* Excluding EPC, Valuations as of 06/Nov/2023

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key takeaways from 2QFY24 Concall:

Consumer Products

- As per 3rd party data, BEL has seen gains in market share in fans, mixers and coolers, largely led by alternate channels. Fans and coolers' growth over 2 years has been consistent, translating into market share gains (strong double-digit growth).
- NEXT, a premium fan brand, was soft-launched earlier and will be launched pan-India in the coming summer (it is a brand exclusive to fans).
- Coolers: The company has improved its position to #2 from #4 earlier and has seen very high double-digit growth in the segment in the recent quarter.
- In mixers, BEL is already been a leader and the gains may appear only modest. The category has been flat or slightly negative. The company has received very good feedback for its NINJA series of mixers.
- The company continues to refresh its product portfolio (introduced 100 plus new SKUs in CP and Lighting Segment each in 2QFY24). Like in the auto industry, 15% of the portfolio gets refreshed every year; hence, it takes 5-7 years for a complete revamp, so the impact of transformation (from economy to premium) is seen only over the longer term.

Lighting (including B2B):

- Consumer lighting continue to face headwinds with general demand weakness coupled with 15-20% reduction in prices. While technology driven cost savings is ~8-10%, price reduction has been substantial on account of deep discounts by competition. Prices are expected to stabilise soon. The company continues to expand its product offering and the next 2-3 years should see growth on account of mix and distribution.
- Professional lighting was weak in 2Q as some of the orders got deferred to 3QFY24 and, hence, the company expects performance to improve in 3QFY24.
- Within this segment, B2C mix is 40% for BEL (B2B is c 60%). B2B has higher entry barriers such as solution orientation, and need of execution; hence the segment has relatively better margins.

Others:

- General trade witnessed a demand slowdown, leading to drop of c.9% while broad-based growth was seen across key alternate channels -MFR (c.28%), E-Com (c.22%), Institutional (c.20%), CSD (c.22%) and Exports (c.15%)
- EPC: The 2QFY24 financials include 2 months of performance of EPC division (July and Aug as it transferred on 1st Sep'23). Being a transition quarter, client contracts had to be reworked (novation and conversion), and there were delays in raising invoices (despatch into new name/GRM in new name). On top of this, one-off transition cost (IT, people, offices, professional fees) resulted in a minor loss of INR 20mn in the EPC division. BEL has made the transfer, and consequent payout, to Bajel Projects Ltd during 2QFY24.
- The company has seen 400-500bps gross margin expansion YoY on a like-to-like basis. However, some gains were lost in the form of discounts (at scheme level to get/regain market share). The company's margins have been the least impacted among peers on a 2-year basis.
- Logistics: BEL is redoing the logistics exercise over the past 1 year and now its service levels are similar to that pre-transition and continue to improve month on month on financial and operational logistics parameters. The company expects to see atleast 100bps savings by FY24 and 250bps over the next 18 months of operations.

Exhibit 1. Quarterly performance

INR mn	2Q23A	2Q24A	YoY	4-yr CAGR	1Q24A	QoQ	2Q24E	Var	1HFY23	1HFY24	YoY	4-yr CAGR
Net Sales	11,534	11,128	-4%	0%	11,120	0%	11,434	-3%	22,770	22,248	-2%	-2%
Cost of RM Consumed	7,991	7,800	-2%	0%	7,770	0%	7,889	-1%	15,959	15,570	-2%	-3%
Gross Profit	3,543	3,327	-6%	3%	3,350	-1%	3,545	-6%	6,812	6,677	-2%	0%
Gross Margin	30.7%	29.9%	-80 bps	260 bps	30.1%	-20 bps	31.0%	-110 bps	29.9%	30.0%	10 bps	240 bps
Employee Costs	833	945	13%	-2%	881	7%	907	4%	1,627	1,826	12%	-1%
% of sales	7.2%	8.5%	130 bps	-80 bps	7.9%	60 bps	7.9%	60 bps	7.1%	8.2%		10 bps
Other Expenses	1,715	1,802	5%	1%	1,776	1%	1,876	-4%	3,460	3,578	3%	0%
Total Expenditure	10,540	10,547	0%	0%	10,427	1%	10,673	-1%	21,046	20,974	0%	-2%
EBITDA	994	581	-42%	25%	693	-16%	761	-24%	1,724	1,274	-26%	5%
EBITDA Margin	8.6%	5.2%	-340 bps	300 bps	6.2%	-100 bps	6.7%	-140 bps	7.6%	5.7%	-180 bps	130 bps
Depreciation	158	256	62%	11%	214	20%	220	16%	309	470		9%
EBIT	836	324	-61%	46%	479	-32%	541	-40%	1,416	804	-43%	3%
Other Income	67	321	380%	29%	224	43%	200	60%	166	545		24%
Finance Costs	91	141	55%	-25%	115	22%	120	17%	161	256	59%	-28%
Forex Loss/(Gain)	0	0	NM	NM	0	NM	0		0	0		NM
Profit Before Tax	812	505	-38%	NM	588	-14%	621	-19%	1,421	1,093	-23%	195%
Tax Expense	210	126	-40%	15%	158	-20%	156	-19%	368	284		14%
Tax Rate	25.8%	25.0%	-80 bps	5250 bps	26.8%	-180 bps	25.2%	-20 bps	25.9%	26.0%		
XO (Income)/Expenses	0	0	NM	NM	0	NM	0		0	0		NM
Reported Net Profit	602	378	-37%	NM	430	-12%	464	-19%	1,054	809	-23%	NM
Reported EPS	5.2	3.3	-37%	NM	3.7	-12%	4.1	-19%	9.2	7.0		NM
Adjusted Net Profit	602	378	-37%	NM	430	-12%	464	-19%	1,054	809	-23%	NM
Adjusted EPS	5.2	3.3	-37%	NM	3.7	-12%	4.1	-19%	9.2	7.0		NM

Source: Company, JM Financial

Exhibit 2. Segment performance

INR mn	2Q23A	2Q24A	YoY	4-yr CAGR	1Q24A	QoQ	2Q24E	Var	1HFY23	1HFY24	YoY	4-yr CAGR
Net Sales												
Consumer Products	8,777	8,575	-2%	5%	8,725	-2%	8,952	-4%	17,275	17,300	0%	NA
Lighting Solutions	2,757	2,553	-7%	NM	2,395	7%	2,482	3%	5,496	4,948	-10%	NA
Total	11,534	11,128	-4%	0%	11,120	0%	11,434	-3%	22,770	22,248	-2%	-2%
EBIT												
Consumer Products	612	440	-28%	6%	439	0%	492	-11%	1,057	880	-17%	NA
Lighting Solutions	260	144	-45%	NM	193	-26%	199	-27%	477	337	-29%	NA
Total	873	584	-33%	35%	633	-8%	691	-15%	1,534	1,217	-21%	7%
EBIT Margins												
Consumer Products	7.0%	5.1%	-180 bps	10 bps	5.0%	10 bps	5.5%	-40 bps	6.1%	5.1%	-100 bps	NA
Lighting Solutions	9.4%	5.6%	-380 bps	NA	8.1%	-240 bps	8.0%	-240 bps			0 bps	NA
Total	7.6%	5.3%	-230 bps	370 bps	5.7%	-40 bps	6.0%	-80 bps	6.7%	5.5%	-130 bps	160 bps
Capital Employed												
Consumer Products	4,812	5,868	22%	21%	7,045	-17%	11,814	-50%	4,812	5,868	22%	21%
Lighting Solutions	1,549	232	-85%	NA	715	-68%			1,549	232	-85%	NM
Discontinued Operations (EPC)	3,746	8,798	135%	-16%	5,800	52%	0	NM	3,746	8,798	135%	-16%
Unallocable	8,169	8,029	-2%	NM	6,528	23%	0	NM	8,169	8,029	-2%	NM
Total	18,276	22,926	25%	22%	20,087	14%			18,276	22,926		

Source: Company, JM Financial

Financial Tables (Standalone)

Income Statement		(INR mn)			
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	47,882	48,774	48,624	55,990	63,365
Sales Growth	4.7%	1.9%	-0.3%	15.1%	13.2%
Other Operating Income	0	0	0	0	0
Total Revenue	47,882	48,774	48,624	55,990	63,365
Cost of Goods Sold/Op. Exp	34,134	33,650	33,551	38,353	43,088
Personnel Cost	3,954	3,365	3,702	3,998	4,317
Other Expenses	7,283	8,015	8,196	9,020	10,039
EBITDA	2,511	3,744	3,176	4,619	5,921
EBITDA Margin	5.2%	7.7%	6.5%	8.3%	9.3%
EBITDA Growth	-16.7%	49.1%	-15.2%	45.4%	28.2%
Depn. & Amort.	630	675	877	895	912
EBIT	1,881	3,069	2,299	3,725	5,008
Other Income	724	587	1,050	1,155	1,271
Finance Cost	687	430	550	500	500
PBT before Excep. & Forex	1,918	3,226	2,799	4,380	5,779
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	1,918	3,226	2,799	4,380	5,779
Taxes	418	869	705	1,104	1,456
Extraordinary Inc./Loss(-)	-132	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,368	2,358	2,094	3,276	4,323
Adjusted Net Profit	1,500	2,358	2,094	3,276	4,323
Net Margin	3.1%	4.8%	4.3%	5.9%	6.8%
Diluted Share Cap. (mn)	115.0	115.1	115.1	115.1	115.1
Diluted EPS (INR)	13.0	20.5	18.2	28.5	37.6
Diluted EPS Growth	12.8%	57.0%	-11.2%	56.5%	31.9%
Total Dividend + Tax	345	921	1,151	2,878	3,108
Dividend Per Share (INR)	3.0	8.0	10.0	25.0	27.0

Source: Company, JM Financial

Cash Flow Statement		(INR mn)			
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Profit before Tax	1,786	3,177	2,799	4,380	5,779
Depn. & Amort.	630	754	877	895	912
Net Interest Exp. / Inc. (-)	558	309	-500	-655	-771
Inc (-) / Dec in WCap.	6,812	493	2,560	-1,237	-1,220
Others	-28	-6	0	0	0
Taxes Paid	-446	-225	-705	-1,104	-1,456
Operating Cash Flow	9,312	4,503	5,030	2,278	3,245
Capex	-726	-833	-1,120	-1,120	-1,120
Free Cash Flow	8,587	3,670	3,911	1,159	2,125
Inc (-) / Dec in Investments	0	0	0	0	0
Others	-144	-160	1,050	1,155	1,271
Investing Cash Flow	-870	-993	-70	35	151
Inc / Dec (-) in Capital	143	90	0	0	0
Dividend + Tax thereon	0	0	-1,151	-2,878	-3,108
Inc / Dec (-) in Loans	-7,957	-1,379	-2	0	0
Others	91	0	-550	-500	-500
Financing Cash Flow	-7,723	-1,289	-1,703	-3,378	-3,608
Inc / Dec (-) in Cash	720	2,221	3,258	-1,064	-212
Opening Cash Balance	615	1,419	3,692	6,950	5,886
Closing Cash Balance	1,335	3,640	6,950	5,886	5,674

Source: Company, JM Financial

Balance Sheet		(INR m)			
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Shareholders' Fund	17,447	19,611	20,553	20,952	22,167
Share Capital	230	230	230	230	230
Reserves & Surplus	17,217	19,380	20,323	20,722	21,937
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	358	2	0	0	0
Def. Tax Liab. / Assets (-)	-814	54	54	54	54
Total - Equity & Liab.	16,991	19,666	20,607	21,006	22,221
Net Fixed Assets	4,336	5,024	5,267	5,492	5,699
Gross Fixed Assets	6,577	7,953	9,073	10,193	11,312
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	2,674	3,349	4,226	5,121	6,033
Capital WIP	434	420	420	420	420
Investments	1,795	2,201	2,201	2,201	2,201
Current Assets	33,070	39,923	35,881	39,360	43,739
Inventories	9,760	10,496	9,438	10,948	12,480
Sundry Debtors	13,577	15,648	9,438	10,948	12,480
Cash & Bank Balances	1,419	3,692	6,950	5,886	5,674
Loans & Advances	8,315	10,087	10,056	11,579	13,104
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	22,210	27,482	22,741	26,047	29,418
Current Liabilities	12,240	15,603	11,535	13,380	15,254
Provisions & Others	9,970	11,879	11,206	12,667	14,164
Net Current Assets	10,860	12,441	13,140	13,313	14,321
Total - Assets	16,991	19,666	20,607	21,006	22,221

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Margin	3.1%	4.8%	4.3%	5.9%	6.8%
Asset Turnover (x)	2.6	2.7	2.4	2.7	2.9
Leverage Factor (x)	1.1	1.0	1.0	1.0	1.0
RoE	9.0%	12.7%	10.4%	15.8%	20.0%

Key Ratios					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
BV/Share (INR)	151.7	170.4	178.6	182.0	192.6
ROIC	8.9%	15.8%	13.7%	23.0%	27.6%
ROE	9.0%	12.7%	10.4%	15.8%	20.0%
Net Debt/Equity (x)	-0.1	-0.2	-0.3	-0.3	-0.3
P/E (x)	80.4	51.2	57.7	36.9	27.9
P/B (x)	6.9	6.2	5.9	5.8	5.4
EV/EBITDA (x)	47.6	31.2	35.8	24.8	19.4
EV/Sales (x)	2.5	2.4	2.3	2.0	1.8
Debtor days	103	117	71	71	72
Inventory days	74	79	71	71	72
Creditor days	98	126	93	95	97

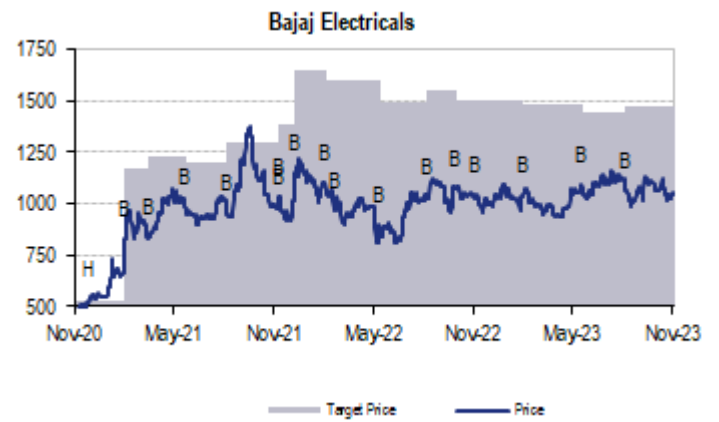
Source: Company, JM Financial

*excluding EPC. The company has classified its EPC business as 'Discontinued Operations' with effect from appointed date of 1st Apr'22.

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
20-Jun-20	Hold	420	
11-Aug-20	Hold	480	14.3
6-Nov-20	Hold	530	10.4
1-Dec-20	Hold	530	0.0
5-Feb-21	Buy	1,170	120.8
22-Mar-21	Buy	1,230	5.1
26-May-21	Buy	1,200	-2.4
11-Aug-21	Buy	1,300	8.3
14-Nov-21	Buy	1,320	1.5
16-Nov-21	Buy	1,380	4.5
15-Dec-21	Buy	1,650	19.6
8-Feb-22	Buy	1,600	-3.0
24-Feb-22	Buy	1,600	0.0
17-May-22	Buy	1,490	-6.9
13-Aug-22	Buy	1,550	4.0
3-Oct-22	Buy	1,500	-3.2
8-Nov-22	Buy	1,500	0.0
3-Feb-23	Buy	1,480	-1.3
23-May-23	Buy	1,440	-2.7
11-Aug-23	Buy	1,470	2.1

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

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 JM Financial Institutional Securities and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.