

Blue Star | BUY

In-line quarter, but a hazy outlook

Blue Star's consolidated revenue grew ~21% YoY, largely in line, led by robust growth in electro-mechanical projects (strong demand across factories and data centres) and unitary cooling products (channel filling in anticipation of a harsh summer). Professional electronics continued to disappoint with revenue declining in Data Security and Med-Tech businesses. An unfavourable revenue mix resulted in ~60bps/30bps YoY contraction in gross/EBITDA margin. The management highlighted a weak start to the summer with sales in April growing only 5% YoY vs. initial expectations of 20-25%. This coupled with high channel inventory at the distributor level is expected to result in lower primary sales in 1Q. Order book for the EMP business remains strong but global uncertainty remains a key risk. We cut our EPS by ~12% for FY26-27 as we see near-term margin pressure and uncertainty over RAC growth. We maintain BUY rating, with a revised target price of INR 1,900 (earlier 2,015).

- **Overall performance resilient:** Revenue increased 20.8% YoY to INR 40.2bn (in line with JMFe), supported by strong growth in EMP and Residential AC business. EBITDA for the quarter was INR 27.9bn, up by 15.5% YoY. Gross margin was 23.1% vs. 23.7% while EBITDA margin was 7.0% vs. 7.3% YoY (JMFe EBITDAM at 7.6%); contraction in both GM and EBITDAM was primarily led by change in revenue mix. Reduction in employee cost as a percentage of sales (6.6% vs. 6.9%) supported EBITDA margin slightly. PAT increased by 22% YoY to INR 19.4bn.
- **Strong demand in EMP and RAC business:** EMP and Commercial AC rev rose 31% YoY (7% above JMFe) to INR 19.7bn. EMP business delivered a strong performance driven by robust demand across factories and data centre although commercial real estate and infrastructure sector saw muted demand. CAC business also performed well, driven by steady demand from the healthcare, hospitality, and education sectors. Unitary products (UP) revenue grew by 14.7% to INR 19.6bn led by strong momentum in the RAC business as channel partners stocked up in anticipation of a harsh summer and uncertain supply chain risks. Commercial refrigeration business also rebounded from early regulatory challenges and delivered good growth. PEIS segment revenue stood at INR 0.9bn down 19% YoY as the Data Security and Med-Tech businesses are navigating through challenging environment, resulting in decline in both revenue and profitability.
- **Outlook and Valuation:** We expect Blue Star's UP business/ EMP business/ PIEs business revenue to grow at a CAGR of 21%/14%/9% respectively over FY25-27. Overall, this will result in revenue/earnings CAGR of 23%/15%/31% over FY25-27. We now value BS on FY27 SOTP, UP PE of 50x due to market share gain, EMP and Commercial ACs' PE of 42x due to strong growth backed by private capex + data centre and PEIS PE of 25x. Our SOTP target is INR 1,900, up 19% from CMP; hence, we maintain BUY.



Gaurav Jogani

gaurav.jogani@jmfl.com | Tel: (91 22) 66303085

Shalin Choksy

shalin.choksy@jmfl.com | Tel: (91 22) 66303380

Tanuj Pandia

tanuj.pandia@jmfl.com | Tel: (91 22) 66303051

We acknowledge the contribution of **Jignesh Thakur** and **Shanay Mehta** in preparation of this report

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,900
Upside/(Downside)	18.1%
Previous Price Target	2,015
Change	-5.7%

Key Data – BLSTR IN

Current Market Price	INR1,608
Market cap (bn)	INR330.7/US\$3.9
Free Float	63%
Shares in issue (mn)	96.3
Diluted share (mn)	205.6
3-mon avg daily val (mn)	INR1,971.7/US\$23.0
52-week range	2,420/1,376
Sensex/Nifty	80,335/24,274
INR/US\$	85.7

Price Performance

%	1M	6M	12M
Absolute	-18.7	-10.0	12.1
Relative*	-25.2	-11.0	1.0

* To the BSE Sensex

Financial Summary	(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	96,854	1,19,677	1,43,513	1,67,548	1,94,928
Sales Growth (%)	21.4	23.6	19.9	16.7	16.3
EBITDA	6,649	11,572	10,214	12,282	14,555
EBITDA Margin (%)	6.9	9.7	7.1	7.3	7.5
Adjusted Net Profit	4,145	8,629	6,887	8,550	10,339
Diluted EPS (INR)	20.2	42.0	33.5	41.6	50.3
Diluted EPS Growth (%)	-15.7	108.2	-20.2	24.1	20.9
ROIC (%)	21.6	32.5	21.7	23.5	25.8
ROE (%)	21.0	30.4	20.6	21.4	21.5
P/E (x)	79.8	38.3	48.0	38.7	32.0
P/B (x)	12.7	10.8	9.1	7.6	6.3
EV/EBITDA (x)	22.9	13.1	14.8	11.9	9.7
Dividend Yield (%)	0.3	0.4	0.4	0.4	0.4

Source: Company data, JM Financial. Note: Valuations as of 08/May/2025

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 highlights from the earnings call

Demand and Outlook:

- Highlighted that the base for the summer season was extremely good. Against the same backdrop, this summer the company was expecting 20-25% growth. However, the current season has not panned out as per expectations; April was hit given unfavourable weather across the country and early showers; Blue Star registered 5% growth in April vs. expectations of 25-30%. Hopeful of a revival in demand in May and June.
- Most brands have started manufacturing locally. Growth has also been a function of raw material sourcing; do not foresee this as a challenge

Electro-mechanical projects and commercial air conditioning:

- Have developed products for three ODMs globally, which should soon commence deliveries. However, global uncertainties have kept orders at bay; expect further clarity post 2H.
- Margins in projects like data centres are higher margin than other infrastructure projects..

Unitary products (RAC + Commercial refrigeration):

- The drop in UCP was owing to weak commercial refrigeration, while RAC has been strong. Commercial refrigeration business was impacted owing to regulatory changes. Now seeing good traction in Apr'25 and May'25. Further what added to the weakness was sluggish consumer demand.
- Had commercial refrigeration been usual, growth in this segment would have been 500bps higher and margins would have been higher than 50bps.
- Have gained 100bps market share in the RAC segment as per GFK data, and now stands at 14%. Introduced a premium line-up in the RAC segment. Also putting in efforts to expand distribution reach in Northern India.
- April situation: Opening inventory for the summer was anyway higher in anticipation of a compressor shortage.
- Pricing action: Generally, if there is an increase in input costs, all increases are passed onto customers with a 2-3 month lag. Hence, raised prices in Jan'25 (3-4%) along with new launches. Further, hiked prices again in April (4-5%). Now, when demand falls, the idea is to introduce schemes to make pricing attractive. Not started any discounts yet, in anticipation of a bounce-back in May and June.

Professional equipment and industrial solutions:

- Industrial solutions business continued to demonstrate steady momentum driven by growth in manufacturing sector and rising production quality standards.
- The Med-Tech and Data Security business continues to experience headwinds, with delay in order finalisations.

Others:

- Investment in R&D will continue at 1.5-2% of revenue.
- Backward integration:
 - Copper tubes being imported predominantly from Vietnam, but facing some regulatory issues, which can lead to elevated costs. Have signed an agreement with Hindalco for localisation of copper requirements
 - Will not be setting up a PCBA. Motors plant, will rely on external suppliers for this; have sufficient capacities in India with reasonable quality, and facing no issues.
 - Compressors - GMCC and Highly are manufacturing in India and also expanding their capacities here. Other EMS players are also looking to commence assembly units. As for Blue Star, keeping options open; in discussions with several players beyond the largest global players to expand the supplier base. Also open to setting up assembly units.

Exhibit 1. Consolidated quarterly performance

	Quarterly			Chg (%)		Q4FY25E		Reported		Chg (%)
INR mn	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	JM Est	Chg (%)	FY24	FY25	YoY
Net Operating Revenue	33,278	28,074	40,190	21%	43%	40,044	0%	96,854	1,19,677	24%
Material Cost	25,386	21,224	30,896	22%	46%	30,033	3%	73,920	90,743	23%
Gross Profit	7,892	6,850	9,293	18%	36%	10,011	-7%	22,934	28,933	26%
Employee Cost	2,297	2,342	2,669	16%	14%	3,484	-23%	7,495	9,189	23%
Other expenditure	3,176	2,415	3,830	21%	59%	3,493	10%	8,790	10,985	25%
EBITDA	2,419	2,094	2,794	16%	33%	3,034	-8%	6,649	8,759	32%
Interest	122	159	188	54%	18%	75	150%	581	488	-16%
Depreciation	283	350	354	25%	1%	375	-6%	975	1,284	32%
Other income	124	87	240	94%	175%	125	92%	474	750	58%
PBT	2,138	1,672	2,492	17%	49%	2,709	-8%	5,567	7,738	39%
Tax	544	465	548	1%	18%	669	-18%	1,428	1,937	36%
Recurring PAT	1,594	1,207	1,944	22%	61%	2,040	-5%	4,140	5,801	40%
Extraordinary items	0	125	0			0		0	125	
Minority Interest	0	0	0			0		0	0	
Share of Associate	4	-7	-4			0		5	-13	
Reported PAT	1,597	1,325	1,940	21%	46%	2,040	-5%	4,145	5,913	43%
Ratios (% of net sales)										
Gross Margin (%)	23.7%	24.4%	23.1%	-59 bps	-128 bps	25.0%	-188 bps	23.7%	24.2%	50 bps
EBITDA margin (%)	7.3%	7.5%	7.0%	-32 bps	-51 bps	7.6%	-62 bps	6.9%	7.3%	45 bps
Employee Cost	6.9%	8.3%	6.6%	-26 bps	-170 bps	8.7%	-206 bps	7.7%	7.7%	-6 bps
Other expenditure	9.5%	8.6%	9.5%	-1 bps	93 bps	8.7%	81 bps	9.1%	9.2%	10 bps
Tax rate (% of PBT)	25.5%	27.8%	22.0%	-346 bps	-583 bps	24.7%	-270 bps	25.6%	25.0%	-61 bps

Source: Company, JM Financial

Exhibit 2. Consolidated segmental performance

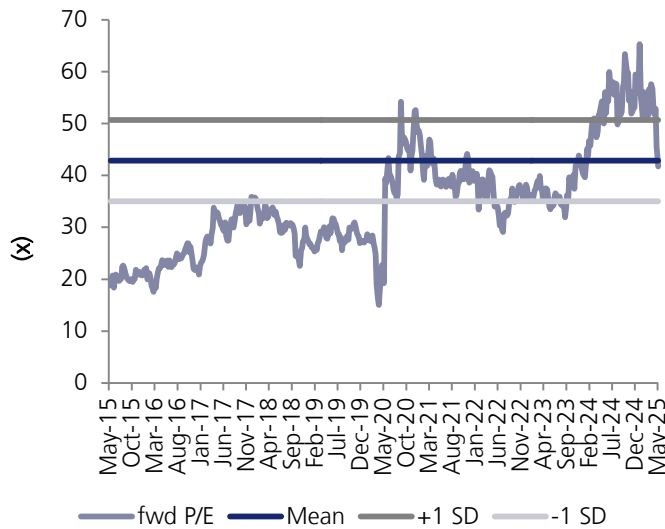
	Quarterly			Chg (%)		Q4FY25E		Reported		Chg (%)
Net Revenues (INR Mn)	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	JM Est	Chg (%)	FY24	FY25	YoY
EMP & Commercial AC	15,068	15,624	19,682	31%	26%	18,416	7%	47,155	59,980	27%
Unitary Products	17,089	11,644	19,602	15%	68%	20,507	-4%	45,922	56,211	22%
PEIS	1,121	806	906	-19%	12%	1,122	-19%	3,777	3,486	-8%
Total Segment Revenue	33,278	28,074	40,190	21%	43%	40,044	0.4%	96,854	1,19,677	24%
Segmental EBIT (INR Mn)										
EMP & Commercial AC	1,125	1,187	1,499	33%	26%	1,381	9%	3,411	4,909	44%
Unitary Products	1,414	948	1,645	16%	74%	1,706	-4%	3,603	4,713	31%
PEIS	136	62	88	-36%	41%	105	-17%	515	297	-42%
Total Segment EBIT	2,675	2,197	3,232	21%	47%	3,192	1%	7,529	9,919	32%
Segmental EBIT Margin (%)										
EMP & Commercial AC	7.5%	7.6%	7.6%	15 bps	2 bps	7.5%	12 bps	7.2%	8.2%	95 bps
Unitary Products	8.3%	8.1%	8.4%	12 bps	25 bps	8.3%	7 bps	7.8%	8.4%	54 bps
PEIS	12.1%	7.7%	9.7%	-245 bps	197 bps	9.4%	31 bps	13.6%	8.5%	-511 bps
Total Segment Margin	8.0%	7.8%	8.0%	0 bps	22 bps	8.0%	7 bps	7.8%	8.3%	51 bps

Source: Company, JM Financial

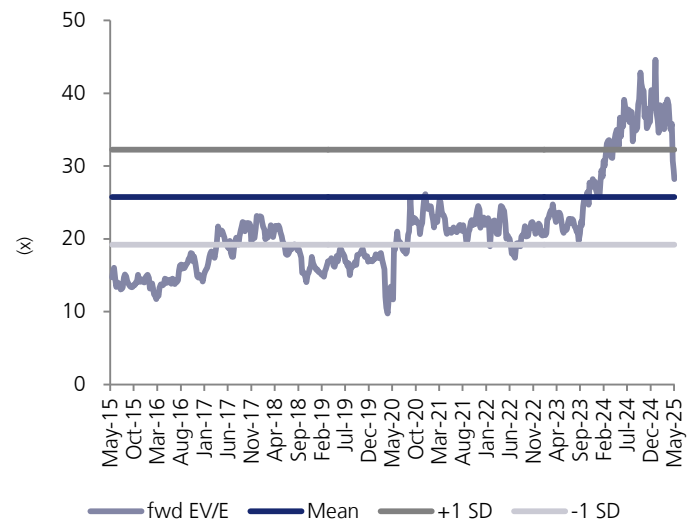
Exhibit 3. We cut our EPS estimate by ~12%/9% for FY26/27

Particulars (INR Mn)	FY26E			FY27E		
	Revised	Old	Chg (%)	Revised	Old	Chg (%)
Net revenue	1,43,513	1,40,477	2.2%	1,67,548	1,64,180	2.1%
EBITDA	10,214	10,950	-6.7%	12,282	12,819	-4.2%
Margin (%)	7.1%	7.8%		7.3%	7.8%	
PAT	6,887	7,798	-11.7%	8,550	9,344	-8.5%
EPS (INR/share)	33	38	-11.7%	42	45	-8.5%
Net revenue break-up						
EMP & Commercial AC	70,665	67,784	4.2%	81,249	78,582	3.4%
Unitary Products	69,015	68,622	0.6%	82,159	81,120	1.3%
PEIS	3,834	4,072	-5.8%	4,141	4,479	-7.5%

Source: Company, JM Financial

Exhibit 4. 1-year forward PE

Source: Company, JM Financial

Exhibit 5. 1-year forward EV/EBITDA

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	96,854	1,19,677	1,43,513	1,67,548	1,94,928
Sales Growth	21.4%	23.6%	19.9%	16.7%	16.3%
Other Operating Income	0	0	0	0	0
Total Revenue	96,854	1,19,677	1,43,513	1,67,548	1,94,928
Cost of Goods Sold/Op. Exp	73,920	90,743	1,09,070	1,28,175	1,48,925
Personnel Cost	7,495	9,189	10,199	11,321	12,567
Other Expenses	8,790	8,172	14,030	15,770	18,881
EBITDA	6,649	11,572	10,214	12,282	14,555
EBITDA Margin	6.9%	9.7%	7.1%	7.3%	7.5%
EBITDA Growth	34.9%	74.0%	-11.7%	20.3%	18.5%
Depn. & Amort.	975	1,284	1,458	1,601	1,737
EBIT	5,674	10,288	8,755	10,681	12,818
Other Income	474	750	785	1,000	1,200
Finance Cost	581	488	395	319	271
PBT before Excep. & Forex	5,567	10,550	9,146	11,363	13,747
Excep. & Forex Inc./Loss(-)	0	125	0	0	0
PBT	5,567	10,675	9,146	11,363	13,747
Taxes	1,428	1,937	2,286	2,841	3,437
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	5	19	32	32	32
Reported Net Profit	4,145	8,754	6,887	8,550	10,339
Adjusted Net Profit	4,145	8,629	6,887	8,550	10,339
Net Margin	4.3%	7.2%	4.8%	5.1%	5.3%
Diluted Share Cap. (mn)	205.6	205.6	205.6	205.6	205.6
Diluted EPS (INR)	20.2	42.0	33.5	41.6	50.3
Diluted EPS Growth	-15.7%	108.2%	-20.2%	24.1%	20.9%
Total Dividend + Tax	1,028	1,234	1,234	1,234	1,234
Dividend Per Share (INR)	5.0	6.0	6.0	6.0	6.0

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	26,101	30,650	36,276	43,564	52,641
Share Capital	411	411	411	411	411
Reserves & Surplus	25,690	30,239	35,865	43,153	52,230
Preference Share Capital	0	0	0	0	0
Minority Interest	26	26	26	26	26
Total Loans	1,666	1,994	1,594	1,594	1,594
Def. Tax Liab. / Assets (-)	-3	46	46	46	46
Total - Equity & Liab.	27,790	32,715	37,941	45,229	54,306
Net Fixed Assets	12,819	16,518	17,560	18,959	20,222
Gross Fixed Assets	17,332	22,354	25,586	28,586	31,586
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	5,784	7,068	8,526	10,127	11,864
Capital WIP	1,271	1,232	500	500	500
Investments	276	250	250	250	250
Current Assets	53,015	65,718	73,394	85,507	1,00,434
Inventories	14,072	21,492	19,625	22,859	26,555
Sundry Debtors	19,526	19,594	28,304	33,044	38,444
Cash & Bank Balances	3,774	4,319	5,152	9,290	15,122
Loans & Advances	737	997	997	997	997
Other Current Assets	14,907	19,316	19,316	19,316	19,316
Current Liab. & Prov.	38,320	49,771	53,263	59,487	66,600
Current Liabilities	26,166	34,276	37,768	43,992	51,105
Provisions & Others	12,154	15,495	15,495	15,495	15,495
Net Current Assets	14,695	15,947	20,131	26,020	33,834
Total - Assets	27,790	32,715	37,941	45,229	54,306

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	5,567	7,849	9,146	11,363	13,747
Depn. & Amort.	976	1,284	1,458	1,601	1,737
Net Interest Exp. / Inc. (-)	581	488	395	319	271
Inc (-) / Dec in WCap.	-2,765	-516	-3,351	-1,750	-1,983
Others	-103	-408	-785	-1,000	-1,200
Taxes Paid	-1,363	-1,816	-2,286	-2,841	-3,437
Operating Cash Flow	2,894	6,881	4,576	7,691	9,136
Capex	-4,359	-3,686	-2,500	-3,000	-3,000
Free Cash Flow	-1,465	3,194	2,076	4,691	6,136
Inc (-) / Dec in Investments	-1,012	-1,303	0	0	0
Others	124	350	785	1,000	1,200
Investing Cash Flow	-5,246	-4,640	-1,715	-2,000	-1,800
Inc / Dec (-) in Capital	10,000	0	0	0	0
Dividend + Tax thereon	-1,158	-1,439	-1,234	-1,234	-1,234
Inc / Dec (-) in Loans	-4,157	432	-400	0	0
Others	-1,036	-615	-395	-319	-271
Financing Cash Flow	3,648	-1,622	-2,028	-1,552	-1,505
Inc / Dec (-) in Cash	1,296	619	833	4,139	5,831
Opening Cash Balance	2,479	3,696	4,319	5,152	9,290
Closing Cash Balance	3,775	4,315	5,152	9,290	15,122

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	4.3%	7.2%	4.8%	5.1%	5.3%
Asset Turnover (x)	4.1	4.0	4.1	4.0	3.9
Leverage Factor (x)	1.2	1.1	1.1	1.0	1.0
RoE	21.0%	30.4%	20.6%	21.4%	21.5%

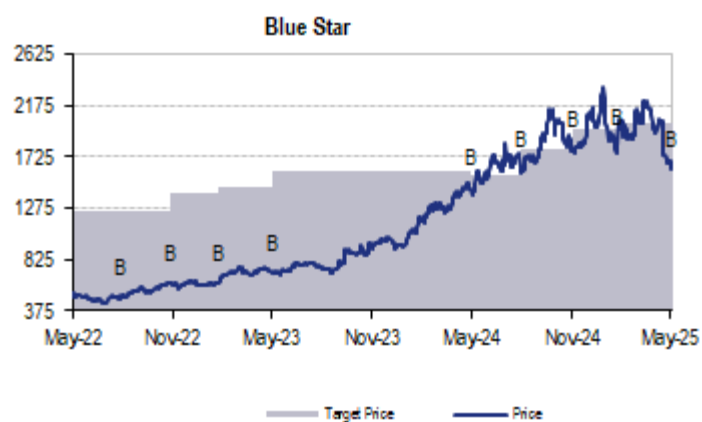
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	126.9	149.1	176.4	211.9	256.0
ROIC	21.6%	32.5%	21.7%	23.5%	25.8%
ROE	21.0%	30.4%	20.6%	21.4%	21.5%
Net Debt/Equity (x)	-0.1	-0.1	-0.1	-0.2	-0.3
P/E (x)	79.8	38.3	48.0	38.7	32.0
P/B (x)	12.7	10.8	9.1	7.6	6.3
EV/EBITDA (x)	22.9	13.1	14.8	11.9	9.7
EV/Sales (x)	1.6	1.3	1.1	0.9	0.7
Debtor days	74	60	72	72	72
Inventory days	53	66	50	50	50
Creditor days	106	116	103	103	103

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
19-May-20	Hold	415	
7-Aug-20	Hold	415	0.0
29-Oct-20	Hold	580	39.8
31-Jan-21	Buy	870	50.0
7-May-21	Buy	930	6.9
12-May-21	Buy	930	0.0
19-Jul-21	Buy	930	0.0
5-Aug-21	Buy	940	1.1
29-Oct-21	Buy	1,040	10.6
3-Feb-22	Buy	1,100	5.8
6-May-22	Buy	1,250	13.6
5-Aug-22	Buy	1,250	0.0
4-Nov-22	Buy	1,400	12.0
31-Jan-23	Buy	1,450	3.6
9-May-23	Buy	1,600	10.3
5-May-24	Buy	1,560	-2.5
8-Aug-24	Buy	1,790	14.7
8-Nov-24	Buy	1,971	10.1
30-Jan-25	Buy	2,015	2.2
8-May-25	Buy	1,900	-5.7

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, Chenergy, 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.comCompliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.comGrievance 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.