

Avenue Supermarts | BUY

Stable performance

DMart's Jun-Q earnings print was tad better than our expectations on profitability front. Growth in sales per sq. ft. (+4.4% yoy), is broadly tracking the trajectory (4-6%) seen in recent quarters. Operating performance was tad better than expectation – a function of improved mix. We reckon that base quarter had weaker mix as General Merchandise was recovering while Apparels category was under pressure. However, the trajectory for the discretionary portfolio started to see improving trends from 2HFY24 and same has continued in 1QFY25, resulting in better than expected gross margins for the quarter. Management commentary also alludes to the same. However, sales per sq. ft. and gross margins are still below pre-pandemic levels. With gradual recovery in consumer sentiments/demand trends especially in lower income cohort, one should see uptick in salience of discretionary categories to continue in coming quarters, which we believe will aid gross margins and also bring scale-efficiencies back into the business. Pace of store expansion and discretionary contribution to sales will be key monitorables. We continue to like DMart - businesses with such long growth runways are rare, any weakness in the name should be looked as an opportunity to add.

- Operationally tad better than expectations:** DMart's 1QFY25 revenue grew 18.4% yoy (+10.6% qoq) to INR137.1bn (standalone), which was known from the pre-quarter update. EBITDA and net profit grew by 17.8% and 16.8% to INR12.2bn and INR 8.1bn respectively – tad better than our expectations. Store count increased 13.5% yoy to 371 with 6 new stores (including one store at Rajkot, Gujarat which was temporarily closed for customers) added during Jun-Q. Store additions are typically lower in first quarter and picks up in 2H. Average sales per store grew 4.7% yoy (+4.4% yoy in per sq. ft. basis), broadly within the trend seen in past 2-3 quarters (+5-7% yoy) but still not at par with what we believe the network is capable of delivering, given the strong runway that exists in the sector and DMart's very compelling customer-proposition. We note that base quarter was impacted by weakness in General Merchandise & Apparels category and the same started to see encouraging trends from 3QFY24, resulting in better mix on yoy basis in the quarter. Subsidiaries' (mainly DMart Ready) revenue grew 27.1% yoy (+7.3% qoq) with losses similar to trends seen in past few quarters.
- Better mix drives yoy gross margin expansion:** DMart's 1QFY25 EBITDA performance was tad better than what we expected, primarily due to better-than-expected gross margins. A better mix led to gross margin improving by 34bps yoy to 14.9% (JMFe: 14.5%). Management attributed uptick in margins to higher contribution from General Merchandise and Apparels category. However, the gross margins are still lower vs pre-pandemic levels (15.6%/16.1% seen in 1QFY19/20) as well as 1QFY23 (15.8%), indicative of enough headroom to expand the share of discretionary categories. EBITDA grew by 17.8% yoy to INR 12.2bn with margins flat at 8.9%. SG&A grew faster (+26.4% yoy) than revenue (+18.4% yoy) - on a per-store basis, SG&A grew 11.8% vs 4.7% yoy growth in revenue. Increase in operating costs is on account of investments behind building capabilities for future and improving service levels.



Mehul Desai

mehul.desai@jmfl.com | Tel: (91 22) 66303065

Sumanyu Saraf

sumanyu.saraf@jmfl.com | Tel: (91 22) 66303077

Pooja Kubadia

pooja.kubadia@jmfl.com | Tel: (91 22) 66303074

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	5,290
Upside/(Downside)	6.8%
Previous Price Target	4,995
Change	5.9%

Key Data – DMART IN

Current Market Price	INR4,953
Market cap (bn)	INR3,217.0/US\$38.5
Free Float	36%
Shares in issue (mn)	624.1
Diluted share (mn)	650.7
3-mon avg daily val (mn)	INR2,458.0/US\$29.4
52-week range	5,220/3,491
Sensex/Nifty	80,519/24,502
INR/US\$	83.5

Price Performance

%	1M	6M	12M
Absolute	5.9	28.7	29.9
Relative*	1.3	17.2	6.6

* To the BSE Sensex

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.

Financial Summary					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	308,584	427,054	506,298	604,464	730,359
Sales Growth (%)	28.2%	38.4%	18.6%	19.4%	20.8%
EBITDA	24,985	36,370	41,038	50,937	63,439
EBITDA Margin (%)	8.1%	8.5%	8.1%	8.4%	8.7%
Adjusted Net Profit	15,058	22,397	25,368	32,304	40,645
Diluted EPS (INR)	23.2	34.6	39.0	49.6	62.5
Diluted EPS Growth (%)	38.7%	48.6%	12.8%	27.3%	25.8%
ROIC (%)	12.4%	16.5%	14.5%	15.5%	16.7%
ROE (%)	11.6%	15.1%	14.6%	15.9%	17.0%
P/E (x)	213.1	143.4	127.1	99.8	79.3
P/B (x)	23.5	20.0	17.2	14.7	12.4
EV/EBITDA (x)	137.5	93.4	82.8	66.4	53.1
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data, JM Financial. Note: Valuations as of 12/Jul/2024

Exhibit 1. Considering the long growth runway for the business, we expect the stock to offer double-digit return over the next five years even if one-year forward PE multiple compresses significantly

	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
EPS - INR	20.1	16.8	23.2	34.6	39.0	49.6	62.5	79.1	98.5	121.7	148.6
EPS growth	40%	-17%	39%	49%	13%	27%	26%	27%	25%	24%	22%
PER at CMP (x)			213	143	127						
Target PER							85	75	65	60	55
EPS	20.1	16.8	23.2	34.6	39.0	49.6	62.5	79.1	98.5	121.7	148.6
Share Px Date	7/13/2024			TP Dates:			March-25	March-26	March-27	March-28	March-29
CMP	4,953			TP - Rs/sh			5,309	5,929	6,399	7,305	8,171
No of years vs today							0.7	1.7	2.7	3.7	4.7
CAGR vs CMP							10%	11%	10%	11%	11%

Source: Company, Bloomberg, JM Financial

Exhibit 2. 1QFY25 result snapshot: Revenue inline, operating performance tad better than forecast (INR mn)

	Parent			Consolidated					
	1QFY25	1QFY24	YoY growth	1QFY25E	% Var	1QFY25	1QFY24	YoY growth	
Revenue	1,37,119	1,15,844	18.4%	1,37,119	0.0%	1,40,691	1,18,654	18.6%	
Gross Profit	20,439	16,873	21.1%	19,882	2.8%	21,933	18,022	21.7%	
Gross Profit Margin %	14.9%	14.6%	34 bps	14.5%	41 bps	15.6%	15.2%	40 bps	
Staff Cost	2,311	1,775	30.2%	2,148	7.6%	2,662	2,061	29.2%	
Other Expenses	5,917	4,733	25.0%	5,672	4.3%	7,058	5,608	25.8%	
EBITDA	12,210	10,365	17.8%	12,063	1.2%	12,213	10,353	18.0%	
EBITDA margin %	8.9%	8.9%	-4 bps	8.8%	11 bps	8.7%	8.7%	-4 bps	
Depreciation	1,710	1,406	21.7%	1,621	5.5%	1,928	1,622	18.9%	
EBIT	10,500	8,959	17.2%	10,442	0.6%	10,285	8,731	17.8%	
Interest Expense	132	110	19.9%	110	19.9%	160	146	9.5%	
Financial Other Income	520	468	11.0%	500	3.9%	416	387	7.4%	
PBT	10,888	9,317	16.9%	10,832	0.5%	10,541	8,973	17.5%	
Taxes	2,763	2,363	16.9%	2,762	0.0%	2,805	2,386	17.6%	
Minority Interest	0	0		0		-1	-0.4		
Net Profit	8,125	6,954	16.8%	8,070	0.7%	7,738	6,587	17.5%	

Source: Company, JM Financial

Exhibit 3. 1QFY25 costs breakdown

	Parent			Consolidated		
% of net sales	1QFY25	1QFY24	1QFY25E	1QFY25	1QFY24	
Cost of Goods Sold	85.1%	85.4%	85.5%	84.4%	84.8%	
Staff Cost	1.7%	1.5%	1.6%	1.9%	1.7%	
Other Expenses	4.3%	4.1%	4.1%	5.0%	4.7%	
Depreciation	1.2%	1.2%	1.2%	1.4%	1.4%	

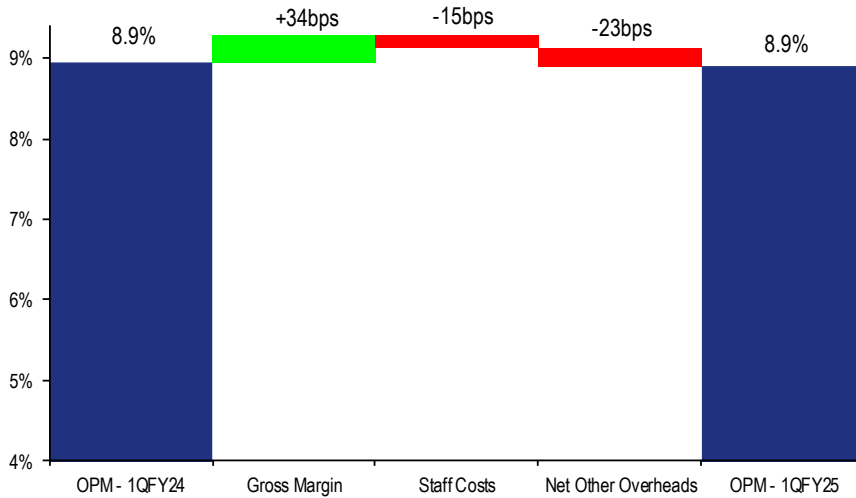
Source: Company, JM Financial

Exhibit 4. Overview of subsidiaries' net contribution to revenue, EBITDA and net profit (INR mn)

	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Subsidiaries Revenue	1,086	1,514	1,393	1,527	1,804	2,312	2,537	2,645	2,570	2,810	3,167	3,251	3,331	3,573
yoy	74%	203%	58%	40%	66%	53%	82%	73%	42%	22%	25%	23%	30%	27%
Subsidiaries EBITDA	-40	30	-16	-17	-27	3	-29	-92	-107	-12	32	-10	34	2
Subsidiaries PAT	-211	-198	-311	-333	-396	-368	-448	-514	-451	-366	-352	-464	-411	-388

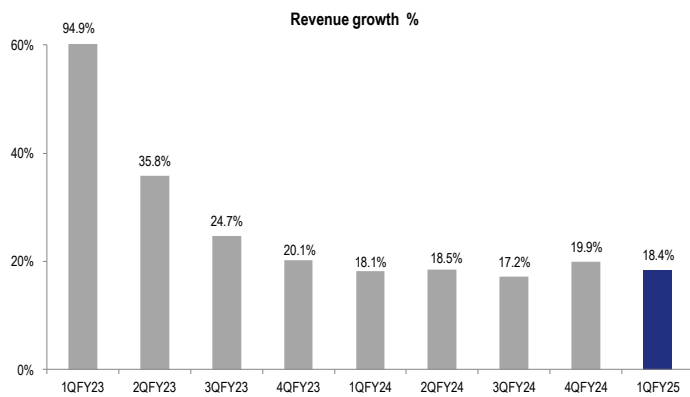
Source: Company, JM Financial

Exhibit 5. 1Q EBITDA margin (Standalone) flattish yoy as GPM expansion was offset by higher staff and other expenses



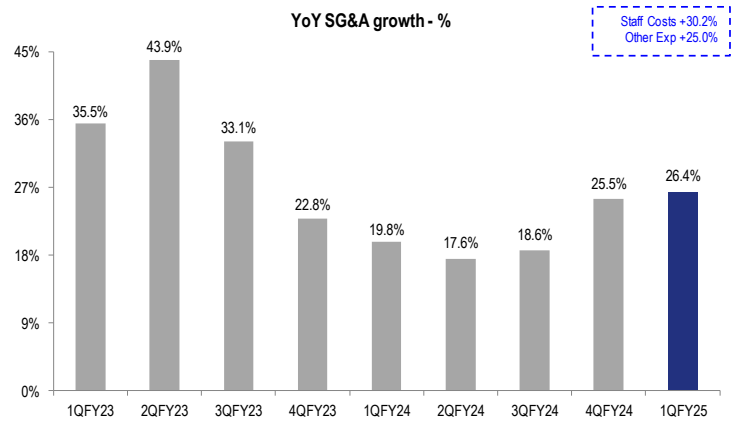
Source: Company, JM Financial

Exhibit 6. Revenue grew 18% yoy led by c.13.5% increase in store-count and 4.7% growth in average revenue per-store



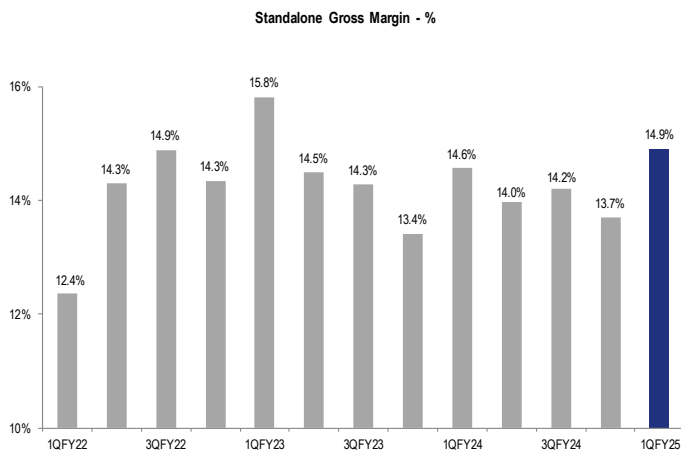
Source: Company, JM Financial

Exhibit 7. SG&A grew higher (1.4x) vs the rate of growth in revenue



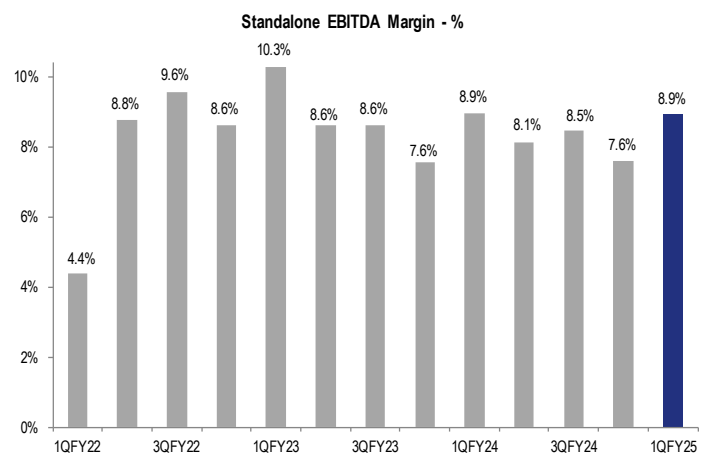
Source: Company, JM Financial

Exhibit 8. Gross margin up 34bps yoy and 120bps qoq



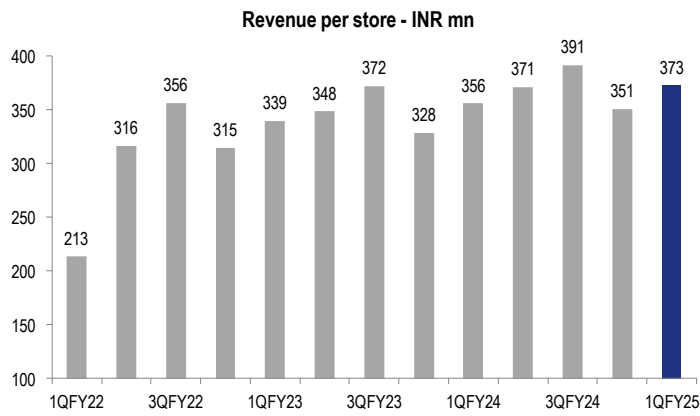
Source: Company, JM Financial

Exhibit 9. EBITDA margin flattish (-4bps) yoy, up 132bps qoq



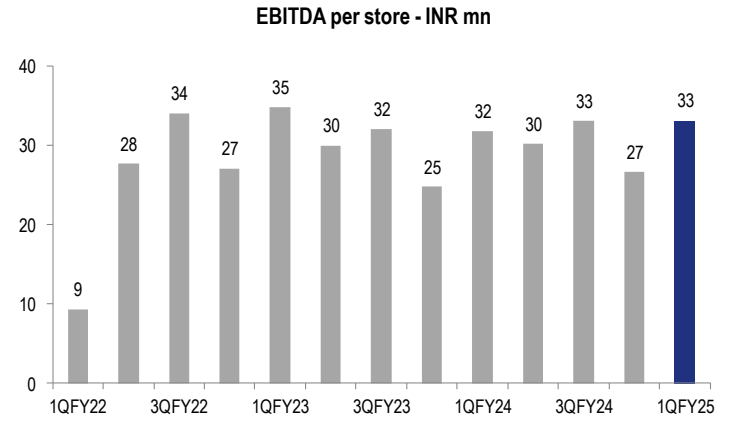
Source: Company, JM Financial

Exhibit 10. Revenue per store grew by 4.7% yoy



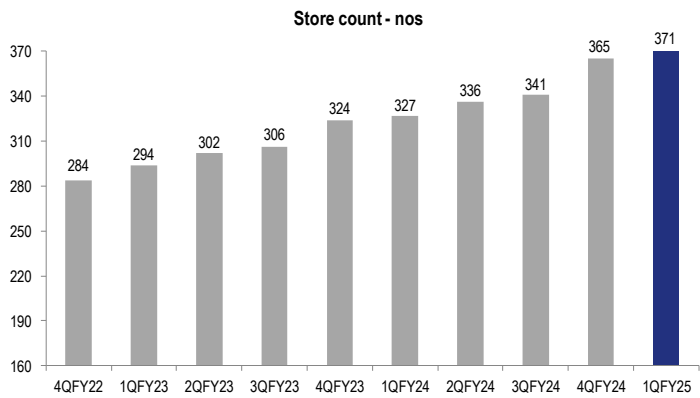
Source: Company, JM Financial

Exhibit 11. EBITDA per store also 4.2% higher vs year-ago level



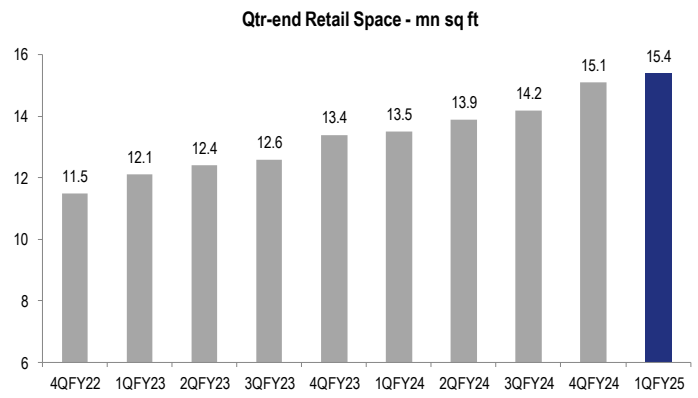
Source: Company, JM Financial

Exhibit 12. 6 new stores added during Jun-Q taking total to 371



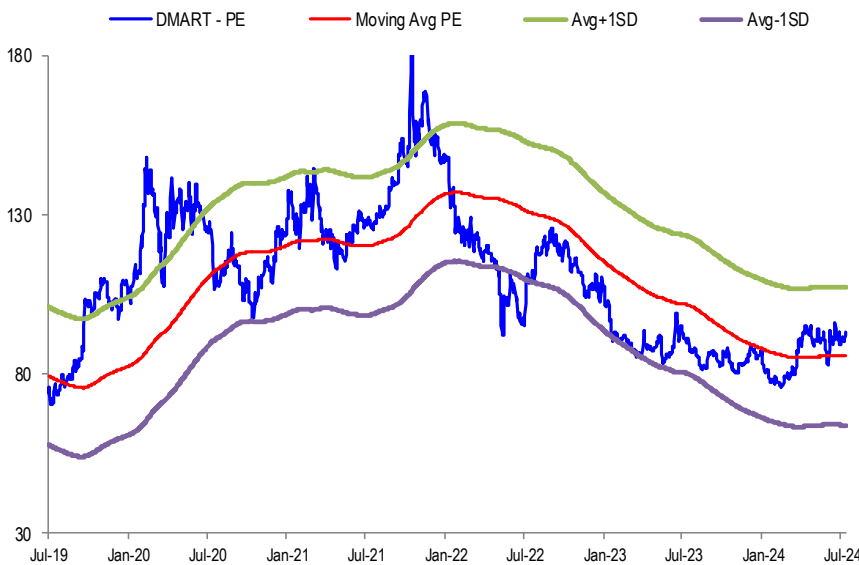
Source: Company, JM Financial

Exhibit 13. Retail business area (sq footage) grew 14.1% yoy



Source: Company, JM Financial

Exhibit 14. DMart one-year forward PE band



Source: Company, Bloomberg, JM Financial

Exhibit 15. Our DCF-based Target Price at INR 5,290/share

(INR mn)

	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
Explicit Forecast																
Revenue	248,702	241,431	309,763	428,396	507,888	606,363	732,653	885,227	1,060,948	1,263,604	1,497,305	1,754,389	2,052,685	2,397,074	2,745,333	3,133,605
yoy growth	24.3%	-2.9%	28.3%	38.3%	18.6%	19.4%	20.8%	20.8%	19.9%	19.1%	18.5%	17.2%	17.0%	16.8%	14.5%	14.1%
EBITDA Pre Ind-AS 116	20,297	16,087	23,223	34,213	38,825	48,355	60,391	75,450	92,677	113,344	137,916	165,289	197,722	236,004	274,276	317,739
EBITDA margin %	8.2%	6.7%	7.5%	8.0%	7.6%	8.0%	8.2%	8.5%	8.7%	9.0%	9.2%	9.4%	9.6%	9.8%	10.0%	10.1%
Comparable EBIT (Pre Ind As 116)	17,567	13,042	19,669	29,602	33,370	41,875	52,640	66,232	81,897	100,914	123,742	149,200	179,541	215,547	251,349	292,219
Tax Rate	25.4%	25.9%	27.7%	22.3%	26.7%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%	25.5%
NOPAT	13,099	9,666	14,221	23,007	24,445	31,217	39,242	49,375	61,053	75,229	92,247	111,225	133,844	160,686	187,376	217,843
Depreciation	2,730	3,045	3,554	4,611	5,455	6,480	7,752	9,218	10,780	12,430	14,174	16,090	18,181	20,458	22,927	25,521
Change in net working capital	-3,916	-1,081	-4,888	-4,985	-14,346	-3,437	-7,448	-9,505	-7,732	-13,180	-15,217	-16,762	-14,394	-21,647	-21,907	-24,457
Capex	-15,357	-19,149	-24,569	-22,167	-24,557	-28,924	-37,005	-39,466	-41,446	-43,446	-45,631	-51,982	-54,465	-61,396	-64,229	-67,183
Free Cash Flow	-3,445	-7,519	-11,683	467	-9,002	5,336	2,540	9,622	22,654	31,033	45,573	58,571	83,167	98,100	124,165	151,724
% growth			55.4%	-104.0%	-2028.6%	-159.3%	-52.4%	278.8%	135.4%	37.0%	46.9%	28.5%	42.0%	18.0%	26.6%	22.2%
Discount Factor						1.00	0.95	0.87	0.79	0.72	0.65	0.59	0.54	0.49	0.44	0.40
Discounted FCFF						5,336	2,422	8,340	17,850	22,229	29,676	34,672	44,756	47,991	55,220	61,341
Fade Period																
	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45						
FCFF	183,093	218,166	256,643	298,006	341,507	386,170	430,805	474,053	514,440	550,451						
% growth	20.7%	19.2%	17.6%	16.1%	14.6%	13.1%	11.6%	10.0%	8.5%	7.0%						
Discount factor	0.37	0.33	0.30	0.28	0.25	0.23	0.21	0.19	0.17	0.16						
Discounted FCFF	67,292	72,892	77,951	82,284	85,722	88,119	89,366	89,396	88,191	85,784						
Valuation																
PV of explicit forecast	329,833															
PV of Fade period	826,998															
PV of terminal value	2,272,145															
Enterprise Value	3,428,977															
Less:																
Net Debt	-12,119															
Minority interest	-5															
Value for equity shareholders	3,441,100															
No. of shares - mn	651															
Target price - INR/share	5290															

Source: Company, Bloomberg, JM Financial

Financial Tables (Consolidated)

Profit & Loss Statement					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Sales	308,584	427,054	506,298	604,464	730,359
Sales Growth	28.2%	38.4%	18.6%	19.4%	20.8%
Other Operating Income	1,179	1,341	1,590	1,899	2,294
Total Revenue	309,763	428,396	507,888	606,363	732,653
Cost of Goods Sold/Op. Exp.	263,974	363,840	432,745	515,441	621,919
Personnel cost	6,162	7,470	9,061	10,575	12,427
Other expenses	14,642	20,716	25,044	29,409	34,868
EBITDA (Comparable)	23,223	34,213	38,825	48,355	60,391
EBITDA (%)	7.5%	8.0%	7.7%	8.0%	8.3%
EBITDA Growth (%)	44.4%	47.3%	13.5%	24.5%	24.9%
Reported EBITDA	24,985	36,370	41,038	50,937	63,439
Depn & Amort	4,981	6,389	7,308	8,568	10,099
EBIT	20,004	29,982	33,730	42,369	53,340
Other Income	1,175	1,293	1,465	1,640	2,171
Finance Cost	538	674	581	677	990
PBT before Excep & Forex	20,641	30,601	34,613	43,333	54,521
Excep & forex Inc/Loss(-)	0	0	0	0	0
PBT	20,641	30,601	34,613	43,333	54,521
Taxes	5,717	6,818	9,257	11,029	13,877
Extraordinary Inc/Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	-2	-2	-6	0	0
Reported Net profit	14,926	23,785	25,362	32,304	40,645
Adjusted Net Profit	15,058	22,397	25,368	32,304	40,645
Net Margin (%)	4.9%	5.2%	5.0%	5.3%	5.6%
Diluted share capital (mn)	647.8	648.3	650.7	650.7	650.7
Diluted EPS (Rs)	23.2	34.6	39.0	49.6	62.5
Diluted EPS Growth	38.7%	48.6%	12.8%	27.3%	25.8%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (Rs)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow statement					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Profit before Tax	20,641	30,601	34,613	43,333	54,521
Depn. & Amort.	4,981	6,389	7,308	8,568	10,099
Net Interest Exp. / Inc. (-)	-637	-619	-883	-964	-1,182
Inc (-) / Dec in WCcap.	-5,825	-3,199	-6,438	-3,437	-7,448
Others	166	220	276	109	137
Taxes Paid	-5,603	-7,089	-7,418	-13,074	-13,792
Operating Cash Flow	13,724	26,303	27,458	34,536	42,337
Capex	-23,895	-22,065	-27,218	-28,924	-37,005
Free Cash Flow	-10,172	4,238	240	5,612	5,331
-Inc/dec in investments	10,500	-1,557	-435	1,019	-917
Other current assets	500	491	2,971	1,640	2,171
Investing Cash Flow	-12,895	-23,131	-24,682	-26,265	-35,751
Inc/(dec) in capital	0	155	748	0	0
Dividend+Tax Thereon	0	0	0	0	0
Inc/dec in loans	0	0	0	0	0
Other assets	-1,792	-2,207	-2,225	-2,582	-3,048
Financing Cash Flow	-1,792	-2,051	-1,476	-2,582	-3,048
Inc / Dec (-) in Cash	-964	1,120	1,300	5,689	3,538
Opening cash balance	1,915	951	2,072	3,371	9,061
Closing cash balance	951	2,071	3,371	9,061	12,598

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Shareholders' Fund	136,776	160,787	186,978	219,282	259,927
Share capital	6,478	6,483	6,507	6,507	6,507
Reserves & Surplus	130,299	154,304	180,471	212,775	253,420
Preference Share Capital					
Minority Interest	3	1	-5	-5	-5
Total Loans	0	0	0	0	0
Def. Tax Liab / Assets (-)	624	752	872	981	1,119
Total - Equity & Liab	137,403	161,540	187,846	220,259	261,041
Net Fixed Assets	101,136	118,499	140,813	163,075	192,039
Gross Fixed Assets	101,425	126,593	150,089	179,014	216,019
Intangible Assets					
Less: Depn. & Amort.	14,740	19,246	24,701	31,181	38,933
Net Lease Assets & Capital WIP	14,451	11,152	15,425	15,242	14,953
Investments	13,783	14,038	4,077	3,058	3,975
Current Assets	33,299	41,904	60,737	72,766	87,473
Inventories	27,427	32,435	39,273	46,516	55,902
Sundry Debtors	669	622	1,664	1,986	2,400
Cash & Bank Balances	951	2,072	3,371	9,061	12,598
Loans & Advances	2,213	4,249	13,633	12,127	13,188
Other Current Assets	2,040	2,527	2,797	3,077	3,384
Current Liab. & Prov.	10,815	12,901	17,782	18,640	22,446
Current Liabilities	9,309	11,649	14,708	17,498	21,083
Provisions & Others	1,506	1,252	3,074	1,142	1,363
Net Current Assets	22,484	29,003	42,955	54,126	65,027
Application of Funds	137,403	161,540	187,846	220,259	261,041

Source: Company, JM Financial

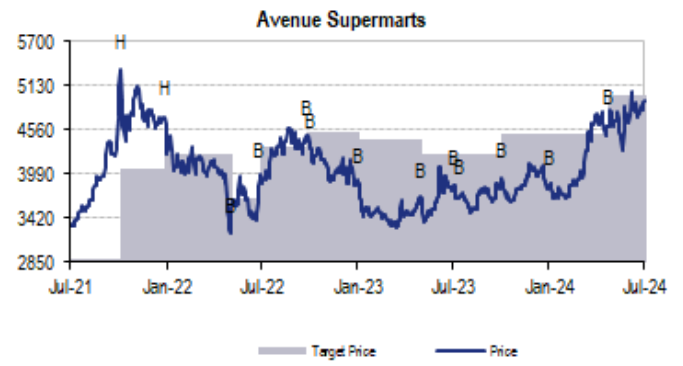
Dupont Analysis					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Margin	4.9%	5.2%	5.0%	5.3%	5.6%
Asset Turnover (x)	2.4	2.9	2.9	3.0	3.0
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0
RoE	11.6%	15.1%	14.6%	15.9%	17.0%
Key Ratios					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
BV/Share (Rs)	211.1	248.0	287.3	337.0	399.4
ROIC (%)	12.4%	16.5%	14.5%	15.5%	16.7%
ROE (%)	11.6%	15.1%	14.6%	15.9%	17.0%
Net Debt-equity ratio (x)	-0.1	-0.1	0.0	-0.1	-0.1
PER	213.1	143.4	127.1	99.8	79.3
PBV	23.5	20.0	17.2	14.7	12.4
EV/EBITDA	137.5	93.4	82.8	66.4	53.1
EV/Net Sales	10.3	7.5	6.4	5.3	4.4
Debtor days	1	1	1	1	1
Inventory days	32	28	28	28	28
Creditor days	12	11	11	11	11

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
11-Jul-20	Hold	2,075	
5-Aug-20	Hold	2,075	0.0
8-Oct-20	Hold	2,075	0.0
17-Oct-20	Hold	2,135	2.9
9-Jan-21	Hold	2,655	24.4
8-May-21	Hold	2,760	4.0
10-Jul-21	Hold	2,905	5.3
16-Oct-21	Hold	4,055	39.6
8-Jan-22	Hold	4,240	4.6
14-May-22	Buy	3,675	-13.3
9-Jul-22	Buy	4,330	17.8
7-Oct-22	Buy	4,540	4.8
15-Oct-22	Buy	4,535	-0.1
14-Jan-23	Buy	4,440	-2.1
13-May-23	Buy	4,255	-4.2
15-Jul-23	Buy	4,255	0.0
26-Jul-23	Buy	4,255	0.0
14-Oct-23	Buy	4,500	5.8
13-Jan-24	Buy	4,505	0.1
4-May-24	Buy	4,995	10.9

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.