

# Prince Pipes and Fittings | BUY

## Volume underperformance stays; hopeful of reversal in 1QFY25

Prince Pipes (Prince) reported weak volume and operating performance. Revenue was broadly in line while EBITDA/ adj PAT were 5%/13% below JMFe respectively. Revenue fell 12% YoY (-6% QoQ, 1% above JMFe) led by realisation decline of 10% YoY (-8% QoQ, in line with JMFe) on account of a) fall in PVC resin prices (-6% YoY/-4% QoQ) and b) pricing action taken during the last 6months (to correct the price premium to peers). Plastic pipe volume declined 2% YoY (+8% 4-year CAGR, 2% above JMFe) and underperformed peers (Supreme/Astral/ Apollo reported volume growth of 17%/15%/5% respectively). Disruption due to ERP transition during 1Q led to market share loss (mainly secondary sales) in 2Q and 3Q; consequently, the company has implemented certain corrective actions to recoup the lost share (to see from 1QFY25 onwards). The management has retained its earlier EBITDA margin guidance of 12-14%. Prince has enhanced its planned capacity in Begusarai (Bihar) from 35KT to 52KT for manufacturing of pipes, fittings and tanks (earlier only pipes). We cut our FY25-26 estimates by 8-9% to reflect the current quarter performance and arrive at a Mar'25 TP of INR 810, basis 30x Mar'26EPS. We maintain BUY.

- **3QFY24 summary:** Revenue declined 12% YoY to INR 6.2bn (+12% 4-year CAGR; -6% QoQ, 1% above JMFe) led by a 10% YoY fall (-8% QoQ, in line with JMFe) in realisation as PVC resin prices declined 6% YoY/4% QoQ while volume fell 2% YoY (+3% QoQ). Prince reported lower volume growth vs. peers (+17%/+15%/+5% for Supreme/Astral/Apollo respectively YoY). This is the 4<sup>th</sup> consecutive quarter of underperformance for Prince. The plumbing and SWR segment has performed better than the agri segment, according to the management. Disruption due to ERP transition coupled with high RM cost, led to market share loss in 2Q and 3Q (as the company outstripped peers on the pricing front). Notwithstanding the near-term challenges, Prince will continue to focus its efforts on a) distribution network expansion, b) brand building, and c) product portfolio expansion and is hopeful these actions will return it to the industry leading growth position in the coming quarters.
- **Operating margin improves 240bps YoY (-210bps QoQ, 80bps below JMFe):** Gross margin went up 790bps YoY to 30.2% (substantial inventory loss in 3QFY23) though it declined 100bps QoQ. PVC prices declined 6% YoY (-4% QoQ) on average to INR 78/kg. Inventory loss is estimated to be c. INR 100mn in 3QFY24. Adjusted for inventory loss, EBITDA/kg declined 7% YoY/6% QoQ to INR 20.1kg, (JMFe: INR 20.2/kg). Adj EBITDA margin was 13.6%, +70bps YoY (-10bps QoQ) and 60bps above JMFe due to favourable product mix as fittings' contribution normalised.
- **Lifts its game in East India:** The company's capacity expansion plan in the eastern region in Begusarai (Bihar) is progressing well. Further, the board has approved a proposal to increase capex from INR 1.5bn to INR 2.2bn to set up a fittings line at the facility. This will cater to the demand in the Northeast. At present, the East market is serviced partly through outsourced capacity.
- **Cut estimates; maintain BUY:** We have cut our FY25-26 estimates by 8-9% to reflect

Financial Summary					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	26,568	27,109	24,959	28,208	32,859
Sales Growth (%)	28.3	2.0	-7.9	13.0	16.5
EBITDA	4,156	2,503	3,127	4,058	4,901
EBITDA Margin (%)	15.6	9.2	12.5	14.4	14.9
Adjusted Net Profit	2,468	2,098	1,836	2,377	2,977
Diluted EPS (INR)	22.4	19.1	16.7	21.6	27.1
Diluted EPS Growth (%)	36.6	-15.0	-12.5	29.5	25.2
ROIC (%)	22.8	9.3	12.7	17.2	19.9
ROE (%)	21.4	16.0	13.0	15.4	17.3
P/E (x)	30.0	35.3	40.4	31.2	24.9
P/B (x)	5.9	5.4	5.1	4.6	4.1
EV/EBITDA (x)	18.1	29.4	23.1	17.7	14.3
Dividend Yield (%)	0.3	0.7	0.9	1.2	1.2

Source: Company data, JM Financial. Note: Valuations as of 06/Feb/2024



**Achal Lohade**

achal.lohade@jmfll.com | Tel: (91 22) 66303081

**Vineet Shanker**

vineet.shanker@jmfll.com | Tel: (91 22) 66303574

**Vicky Waghwan**

vicky.waghwan@jmfll.com | Tel: (91 22) 66303074

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	810
Upside/(Downside)	20.3%
Previous Price Target	890
Change	-9.0%

### Key Data – PRINCEPI IN

Current Market Price	INR674
Market cap (bn)	INR74.5/US\$0.9
Free Float	38%
Shares in issue (mn)	110.0
Diluted share (mn)	110.0
3-mon avg daily val (mn)	INR332.0/US\$4.0
52-week range	776/532
Sensex/Nifty	72,186/21,929
INR/US\$	83.1

### Price Performance

%	1M	6M	12M
Absolute	-9.4	1.8	10.3
Relative*	-9.6	-7.3	-7.6

\* 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.

3QFY24 performance and arrive at a Mar'25 TP of INR 810, basis 30x Mar26EPS. Notwithstanding the recent market share loss, we maintain our positive view on Prince given a) industry tailwinds (improving growth trajectory and market consolidation), b) focus on premiumisation and distribution expansion, and c) constant improvement in corporate governance. **Key risk:** Delayed macro growth recovery.

■ **Other highlights**

- The response to the company's Bathware products is encouraging, with positive feedback from the channel. Ramping up of the distribution network is progressing as per plan. The company has expanded its Bathware segment presence to more than 100 retail touch points as its products continue to make deep inroads into key tier 2 and tier 3 markets in the North and the West.
- The company expects the Bathware segment to report annualised expense of INR 200mn.
- Product mix: lion's share is PVC, CPVC is 20-25% of production, PPR contribution is 5-7% and HDPE is 4-5%.
- During the quarter, the company launched Terrafit, a new range of sub-surface drainage pipes, and Duratap, PTMT tapware faucets and showers.
- Net working capital days increased to 69 (vs. 66 in Sep'23) as inventory days increased to 75 (vs. 62 in Sep'23) and debtor days increased to 73 (63 in Sep'23).
- The company will undertake capex of INR 1bn-1.2bn in FY24 (excluding the project in Bihar) and INR 900mn- 1bn in FY25.

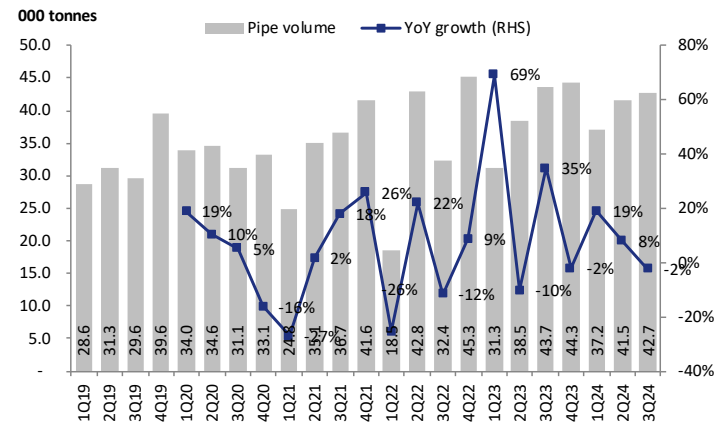
**Exhibit 1. Quarterly performance**

Y/E March; INR mn	3Q23	3Q24	YoY	4yr CAGR	2Q24	QoQ	3Q24E	Var	9MFY23	9MFY24	YoY	4yr CAGR
<b>Net Sales</b>	<b>7,059</b>	<b>6,186</b>	<b>-12%</b>	<b>12%</b>	<b>6,565</b>	<b>-6%</b>	<b>6,100</b>	<b>1%</b>	<b>19,465</b>	<b>18,286</b>	<b>-6%</b>	<b>11%</b>
Volume (tonnes)	43,693	42,655	-2%	8%	41,529	3%	41,945	2%	113,401	121,339	7%	5%
Realisation (INR/kg)	162	145	-10%	3%	158	-8%	145	0%	172	151	-12%	6%
Raw Material Cost	5,483	4,316	-21%	13%	4,511	-4%	4,296	0%	15,801	12,969	-18%	12%
Gross Profit	1,576	1,870	19%	10%	2,054	-9%	1,804	4%	3,664	5,317	45%	9%
Gross Margin(%)	22.3%	30.2%	790 bps		31.3%	-100 bps	29.6%	66 bps	18.8%	29.1%	1030 bps	
Gross Margin (INR/kg)	36.1	43.8	22%	1%	49.4	-11%	43.0	2%	32.3	43.8	36%	4%
Employee cost	311	373	20%	12%	405	-8%	398	-6%	852	1,098	29%	15%
% of sales	4.4%	6.0%	160 bps		6.2%	-10 bps	6.5%	0 bps	4.4%	6.0%	160 bps	
Other expenses	570	741	30%	9%	707	5%	609	22%	1,792	2,068	15%	10%
Total expense	6,364	5,430	-15%	12%	5,623	-3%	5,303	2%	18,445	16,135	-13%	12%
<b>EBITDA</b>	<b>695</b>	<b>757</b>	<b>9%</b>	<b>9%</b>	<b>942</b>	<b>-20%</b>	<b>797</b>	<b>-5%</b>	<b>1,020</b>	<b>2,152</b>	<b>111%</b>	<b>6%</b>
<b>EBITDA margin</b>	<b>9.8%</b>	<b>12.2%</b>	<b>240 bps</b>		<b>14.3%</b>	<b>-210 bps</b>	<b>13.1%</b>	<b>-83 bps</b>	<b>5.2%</b>	<b>11.8%</b>	<b>650 bps</b>	
Margin (INR/kg)	15.9	17.7	12%	1%	22.7	-22%	19.0	-7%	9.0	17.7	97%	1%
Depreciation	211	229	9%	15%	225	2%	225	2%	619	673	9%	16%
EBIT	484	527	9%	7%	716	-26%	572	-8%	401	1,479	269%	3%
Other Income	12	30	147%	41%	40	-24%	20	51%	51	108	110%	57%
PBIT	496	558	12%	8%	756	-26%	592	-6%	452	1,587	251%	4%
Interest	16	27	68%	-26%	7	293%	10	171%	82	51	-37%	-33%
XO Exp/-Inc	0	0			-179		0		0	-179		
<b>PBT</b>	<b>480</b>	<b>530</b>	<b>10%</b>	<b>14%</b>	<b>928</b>	<b>-43%</b>	<b>582</b>	<b>-9%</b>	<b>370</b>	<b>1,714</b>	<b>363%</b>	<b>12%</b>
Tax Expense	126	154	22%	19%	222	-31%	147	5%	97	436	347%	14%
Tax Rate	26.3%	29.1%	280 bps		23.9%	510 bps	25.2%	0 bps	26.3%	25.4%	-90 bps	
<b>Reported Net Profit</b>	<b>354</b>	<b>376</b>	<b>6%</b>	<b>12%</b>	<b>706</b>	<b>-47%</b>	<b>435</b>	<b>-13%</b>	<b>273</b>	<b>1,279</b>	<b>368%</b>	<b>11%</b>
<b>Adjusted Net Profit</b>	<b>538</b>	<b>447</b>	<b>-17%</b>	<b>25%</b>	<b>532</b>	<b>-16%</b>	<b>472</b>	<b>-5%</b>	<b>1,332</b>	<b>1,252</b>	<b>-6%</b>	<b>14%</b>

Source: Company, JM Financial

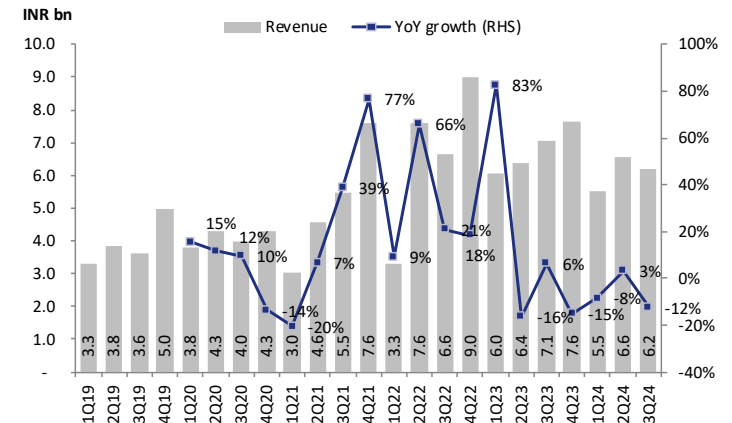
## Quarterly charts

### Exhibit 2. Pipe volume growth trend - Quarterly



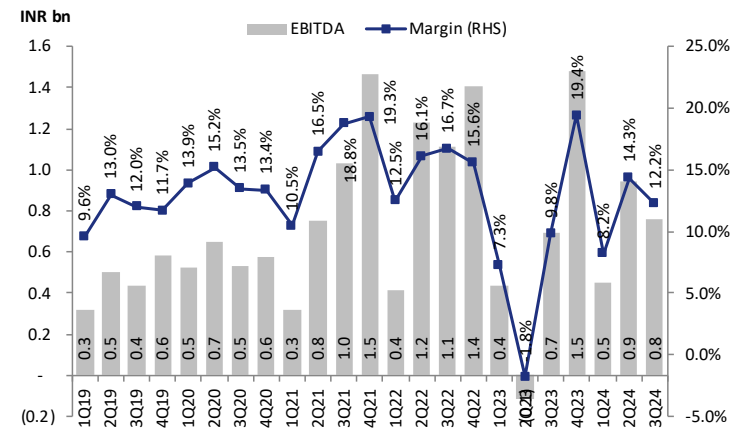
Source: Company, JM Financial

### Exhibit 3. Revenue growth trend - Quarterly



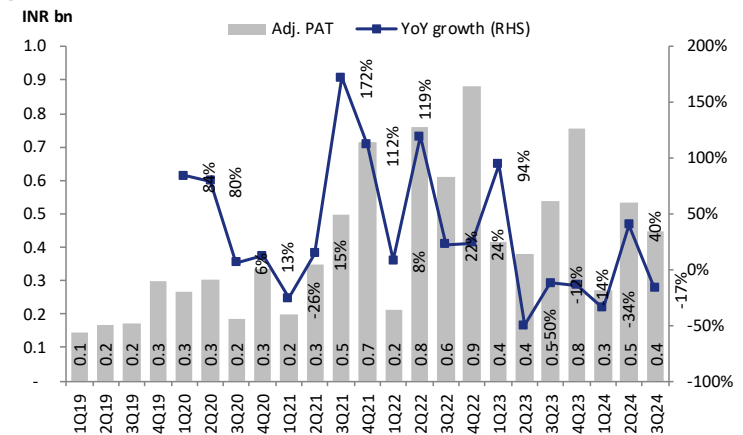
Source: Company, JM Financial

### Exhibit 4. EBITDA margin trend - Quarterly



Source: Company, JM Financial

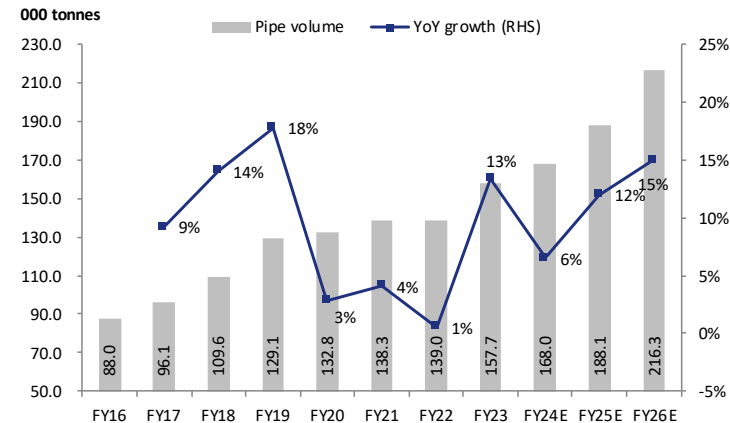
### Exhibit 5. PAT growth - Quarterly



Source: Company, JM Financial

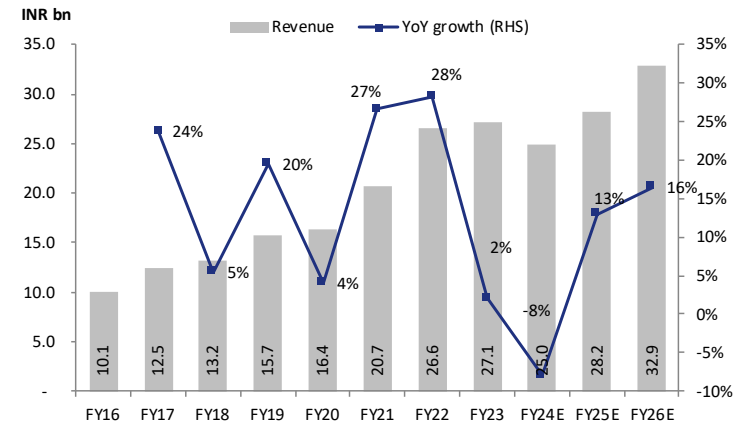
## Annual charts

### Exhibit 6. Volume growth trend



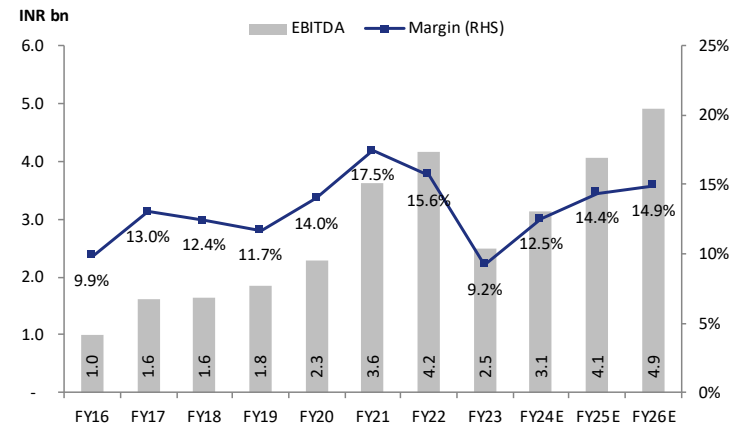
Source: Company, JM Financial

### Exhibit 7. Revenue growth trend



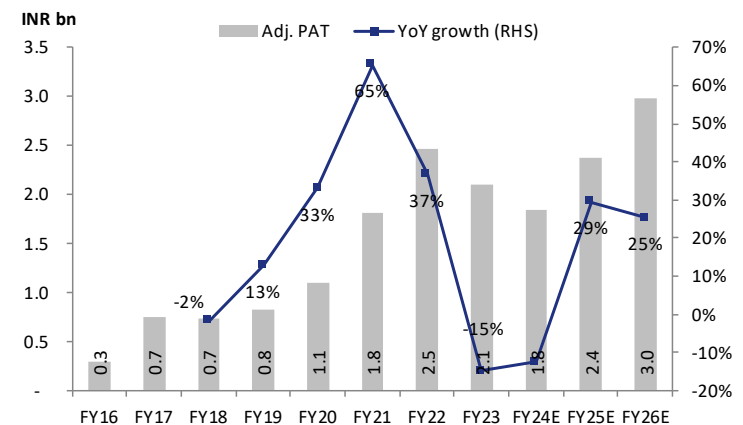
Source: Company, JM Financial

### Exhibit 8. EBITDA margin trend



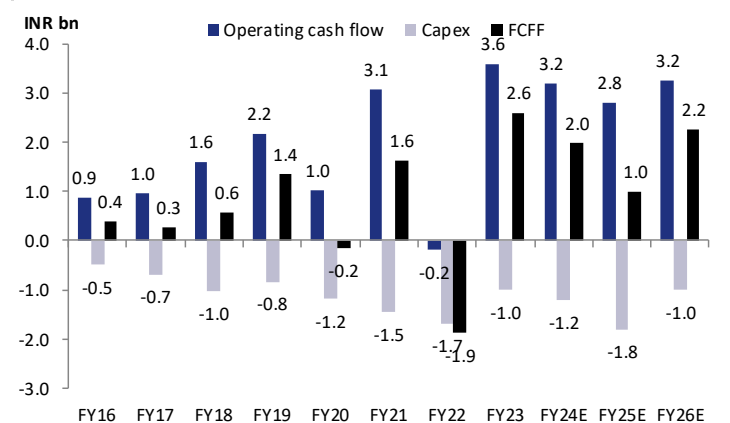
Source: Company, JM Financial

### Exhibit 9. Profit growth trend



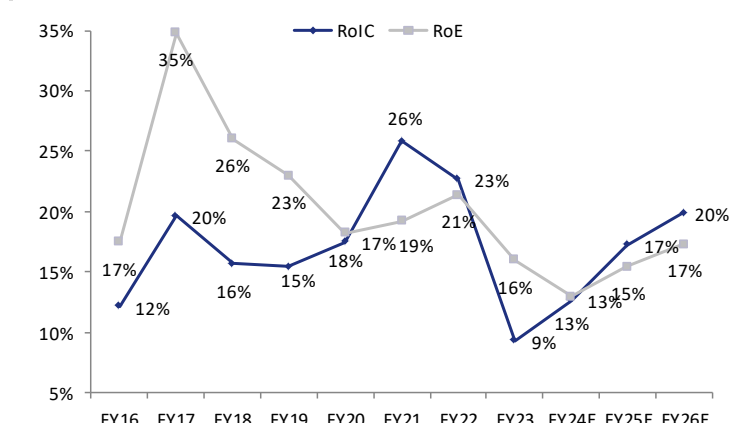
Source: Company, JM Financial

### Exhibit 10. Cash flow performance



Source: Company, JM Financial

### Exhibit 11. Return ratios profile



Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	26,568	27,109	24,959	28,208	32,859
Sales Growth	28.3%	2.0%	-7.9%	13.0%	16.5%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>26,568</b>	<b>27,109</b>	<b>24,959</b>	<b>28,208</b>	<b>32,859</b>
Cost of Goods Sold/Op. Exp	18,915	20,922	17,521	19,379	22,443
Personnel Cost	1,162	1,161	1,474	1,651	1,898
Other Expenses	2,335	2,523	2,837	3,121	3,617
<b>EBITDA</b>	<b>4,156</b>	<b>2,503</b>	<b>3,127</b>	<b>4,058</b>	<b>4,901</b>
EBITDA Margin	15.6%	9.2%	12.5%	14.4%	14.9%
EBITDA Growth	14.9%	-39.8%	24.9%	29.8%	20.8%
Depn. & Amort.	703	830	909	1,025	1,175
EBIT	3,453	1,673	2,218	3,033	3,726
Other Income	55	86	150	200	300
Finance Cost	139	110	70	63	57
PBT before Excep. & Forex	3,369	1,648	2,298	3,170	3,969
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	3,369	1,648	2,298	3,170	3,969
Taxes	875	434	619	792	992
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	2,494	1,214	1,679	2,377	2,977
<b>Adjusted Net Profit</b>	<b>2,468</b>	<b>2,098</b>	<b>1,836</b>	<b>2,377</b>	<b>2,977</b>
Net Margin	9.3%	7.7%	7.4%	8.4%	9.1%
Diluted Share Cap. (mn)	110.0	110.0	110.0	110.0	110.0
<b>Diluted EPS (INR)</b>	<b>22.4</b>	<b>19.1</b>	<b>16.7</b>	<b>21.6</b>	<b>27.1</b>
Diluted EPS Growth	36.6%	-15.0%	-12.5%	29.5%	25.2%
Total Dividend + Tax	220	550	660	880	880
Dividend Per Share (INR)	2.0	5.0	6.0	8.0	8.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Profit before Tax	3,369	1,648	2,298	3,170	3,969
Depn. & Amort.	703	830	909	1,025	1,175
Net Interest Exp. / Inc. (-)	77	55	-80	-137	-243
Inc (-) / Dec in WCap.	-3,529	1,072	681	-461	-660
Others	146	398	0	0	0
Taxes Paid	-960	-401	-619	-792	-992
<b>Operating Cash Flow</b>	<b>-195</b>	<b>3,602</b>	<b>3,189</b>	<b>2,804</b>	<b>3,249</b>
Capex	-1,687	-1,007	-1,210	-1,800	-1,000
Free Cash Flow	-1,882	2,595	1,979	1,004	2,249
Inc (-) / Dec in Investments	1,846	-789	0	0	0
Others	46	315	150	200	300
<b>Investing Cash Flow</b>	<b>205</b>	<b>-1,481</b>	<b>-1,060</b>	<b>-1,600</b>	<b>-700</b>
Inc / Dec (-) in Capital	107	0	0	0	0
Dividend + Tax thereon	-385	-221	-660	-880	-880
Inc / Dec (-) in Loans	648	-919	-581	0	0
Others	-148	-82	-70	-63	-57
<b>Financing Cash Flow</b>	<b>222</b>	<b>-1,222</b>	<b>-1,311</b>	<b>-943</b>	<b>-937</b>
<b>Inc / Dec (-) in Cash</b>	<b>232</b>	<b>899</b>	<b>818</b>	<b>261</b>	<b>1,612</b>
Opening Cash Balance	2,299	586	1,244	2,062	2,323
Closing Cash Balance	2,531	1,485	2,062	2,323	3,935

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Shareholders' Fund	12,653	13,640	14,658	16,156	18,252
Share Capital	1,106	1,106	1,106	1,106	1,106
Reserves & Surplus	11,547	12,534	13,553	15,050	17,147
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	1,500	581	0	0	0
Def. Tax Liab. / Assets (-)	123	137	137	137	137
<b>Total - Equity &amp; Liab.</b>	<b>14,275</b>	<b>14,358</b>	<b>14,795</b>	<b>16,292</b>	<b>18,389</b>
Net Fixed Assets	6,682	7,041	7,342	8,117	7,942
Gross Fixed Assets	9,242	10,467	10,667	13,167	14,167
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	2,786	3,616	4,525	5,550	6,726
Capital WIP	226	190	1,200	500	500
Investments	117	3	3	3	3
Current Assets	12,591	11,498	10,747	11,898	14,784
Inventories	6,188	4,256	3,419	3,864	4,501
Sundry Debtors	4,346	4,150	3,419	3,864	4,501
Cash & Bank Balances	586	1,244	2,062	2,323	3,935
Loans & Advances	1,471	1,847	1,847	1,847	1,847
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	5,115	4,184	3,297	3,726	4,340
Current Liabilities	3,986	3,202	2,393	2,705	3,151
Provisions & Others	1,129	982	904	1,021	1,189
Net Current Assets	7,477	7,313	7,450	8,172	10,444
<b>Total - Assets</b>	<b>14,275</b>	<b>14,358</b>	<b>14,795</b>	<b>16,292</b>	<b>18,389</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Margin	9.3%	7.7%	7.4%	8.4%	9.1%
Asset Turnover (x)	2.1	1.9	1.7	1.8	1.9
Leverage Factor (x)	1.1	1.1	1.0	1.0	1.0
RoE	21.4%	16.0%	13.0%	15.4%	17.3%

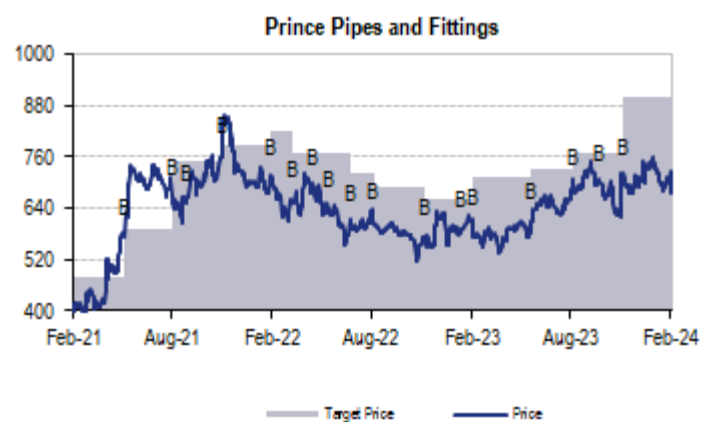
Key Ratios					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
BV/Share (INR)	115.0	124.0	133.2	146.8	165.9
ROIC	22.8%	9.3%	12.7%	17.2%	19.9%
ROE	21.4%	16.0%	13.0%	15.4%	17.3%
Net Debt/Equity (x)	0.1	0.0	-0.1	-0.1	-0.2
P/E (x)	30.0	35.3	40.4	31.2	24.9
P/B (x)	5.9	5.4	5.1	4.6	4.1
EV/EBITDA (x)	18.1	29.4	23.1	17.7	14.3
EV/Sales (x)	2.8	2.7	2.9	2.5	2.1
Debtor days	60	56	50	50	50
Inventory days	85	57	50	50	50
Creditor days	65	47	40	41	41

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
21-Dec-20	Buy	335	
15-Jan-21	Buy	400	19.4
5-Feb-21	Buy	480	20.0
13-May-21	Buy	590	22.9
6-Aug-21	Buy	750	27.1
1-Sep-21	Buy	750	0.0
6-Nov-21	Buy	785	4.7
4-Feb-22	Buy	820	4.5
14-Mar-22	Buy	770	-6.1
22-Apr-22	Buy	770	0.0
20-May-22	Buy	770	0.0
29-Jun-22	Buy	720	-6.5
10-Aug-22	Buy	690	-4.2
11-Nov-22	Buy	660	-4.3
18-Jan-23	Buy	660	0.0
9-Feb-23	Buy	710	7.6
26-May-23	Buy	730	2.8
11-Aug-23	Buy	770	5.5
28-Sep-23	Buy	770	0.0
9-Nov-23	Buy	900	16.9

## 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, Energy, 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.