Ceat Ltd | ADD

Strong quarter; Volume growth and stable RM to support earnings

Saksham Kaushal
saksham.kaushal@jmfl.com | Tel: (91 22) 66303019
Nitin Agrawal
nitin.agrawal@jmfl.com | Tel: (91 22) 66303687
Sahil Malik
sahil.malik@jmfl.com | Tel: (91 22) 66301652

CEAT reported a strong 2QFY26 with an EBITDA margin at 13.3%, beating JMFe by 230 bps. The 240 bps QoQ margin expansion was primarily driven by improved realisations and softer RM costs (down 410 bps QoQ as a percentage of net sales). Robust momentum in the OEM and RE segments, along with rising premiumisation, continued to support volume growth. Management remains optimistic about sustaining double-digit growth in the domestic market, aided by favourable GST rates, positive rural sentiment, and rising premiumisation. Internationally, while U.S. tariffs persist, CEAT's limited exposure to the market has kept the impact minimal. Currently, around 50% of the tariff burden is passed on to customers, with full pass-through expected over the next 2-4 quarters. The EU remains CEAT's fastest-growing and most profitable export market, particularly in PC and TBR segments, which together contribute 65% of exports. Overall margins are expected to remain healthy, supported by stable raw material prices, volume growth across markets, and disciplined cost control. We revise our revenue estimates upwards by 1.7%/2.8% for FY26E/FY27E, translating to EPS estimates revision of 2.1%/6.5% over the same period. We change our rating from BUY in our previous rating system to ADD in the new rating system, with a Mar'27 TP of INR 4,050 (18x FY27E EPS).

- **2QFY26 – Overall beat:** In 2QFY26, CEAT reported consolidated net sales of INR 37.7bn (+14% YoY, +7% QoQ), c.4.6% above JMFe. Overall volumes grew by 11% YoY led by healthy growth in OEMs and in international markets. Consolidated EBITDA stood at INR 5.03bn (+39% YoY, +30% QoQ), c.27% above JMFe. Consolidated EBITDA Margin stood at 13.3% (+240bps YoY, +240bps QoQ), 230bps above JMFe due to lower than expected RM cost. Adj. PAT came-in at INR 1.8bn (+52.5% YoY; +60.7% QoQ).
- **Domestic demand environment:** Domestic demand remained healthy, supported by GST rationalisation. The Replacement (RE) segment grew in mid-single digits in 2QFY26, though 3-weeks in Sep'25 saw a decline after strong double-digit growth in prior months due to temporary trade down-stocking and purchase deferments before the new GST rates. The OEM segment posted strong growth in mid-20s, driven by increased fitments in higher rim-size PVs. PVs grew in mid-single digits, 2Ws grew strongly on positive rural sentiment, farm tyres rose in mid-teens, and T&B grew on a low base. The company also gained motorcycle market share in select accounts. In terms of outlook, the domestic tyre market continues to benefit from GST-led tailwinds, with the reduced rate boosting demand for small-ticket vehicles, particularly in rural and semi-urban areas. In the near term, double-digit growth is expected for CEAT, supported by favourable GST rates, positive rural sentiments and rising premiumisation. With regards to industry demand in the Replacement (RE) segment, MHCV is projected to grow in mid-single digits (in line with GDP), 2W by 7-8%, and PV by 0 to low single digits, with potential upside from GST rationalisation. In the OEM segment, MHCV is expected to grow by 0 to low single digits, PV by 6-8%, and 2W is likely to maintain its healthy momentum, albeit with a slight moderation.
- **International demand environment:** In 2Q, the international business grew in the high-teens, supported by strong traction in 2W/3W and PCR segments, while the farm segment also remained healthy. International demand for OHT and agriculture tyres also improved in 2Q, particularly through OEM channels across Europe, Africa, and LATAM. Although U.S. tariffs remain in place, the company's limited exposure to the U.S. market has kept the impact immaterial. Currently, around 50% of the tariff burden is passed on to customers, with plans to fully pass through the impact over the next 2-4 quarters.

Recommendation and Price Target	
Current Reco.	ADD
Previous Reco.	BUY
Current Price Target (12M)	4,050
Upside/(Downside)	8.5%
Previous Price Target	3,800
Change	6.6%

Key Data – CEAT IN	
Current Market Price	INR3,732
Market cap (bn)	INR151.0/US$1.7
Free Float	51%
Shares in issue (mn)	40.5
Diluted share (mn)	40.5
3-mon avg daily val (mn)	INR483.3/US$5.5
52-week range	4,049/2,322
Sensex/Nifty	83,952/25,710
INR/US$	88.0

Price Performance			
%	1M	6M	12M
Absolute	8.8	23.6	29.1
Relative*	7.1	15.6	24.9

** To the BSE Sensex*

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,19,435	1,32,179	1,48,852	1,64,485	1,73,772
Sales Growth (%)	5.6	10.7	12.6	10.5	5.6
EBITDA	16,522	14,741	19,640	24,020	25,375
EBITDA Margin (%)	13.8	11.2	13.2	14.6	14.6
Adjusted Net Profit	7,008	5,023	6,778	9,059	9,697
Diluted EPS (INR)	173.3	124.2	167.6	224.0	239.7
Diluted EPS Growth (%)	219.1	-28.3	35.0	33.7	7.0
ROIC (%)	15.5	11.3	12.1	14.2	15.0
ROE (%)	18.7	11.9	14.6	17.2	16.1
P/E (x)	21.5	30.1	22.3	16.7	15.6
P/B (x)	3.7	3.5	3.1	2.7	2.3
EV/EBITDA (x)	10.1	11.5	9.2	7.2	6.4
Dividend Yield (%)	0.8	0.8	0.9	1.1	1.1

Source: Company data, JM Financial. Note: Valuations as of 17/Oct/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

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

- **Margin outlook:** Gross margin expanded by c.400 bps QoQ in 2QFY26. This was primarily driven by 1) higher realisation due to a better mix, 2) strong volume growth, especially from OEMs and international markets, and 3) a 5% QoQ decline in RM costs. While international NR (60% of CEAT's requirement) prices remained flat in 2Q (USD 1,700-1,750 per metric ton), domestic rubber prices softened and reached parity with international prices at the end of Q2, compared to being higher in the first two months of 2Q (down INR 10/kg QoQ). CEAT expects RM prices to remain stable at the current level (rupee depreciation is expected to offset the benefit from domestic rubber prices). The management expects the margin to remain healthy at the current level.
- **Other highlights:** 1) CEAT's margin-accretive CAMSO integration has been successfully initiated, with one month of operations. Full control of the value chain is expected over the next 5–6 quarters as it continues sourcing semi-finished goods from Michelin. Meanwhile, Sri Lanka continues to face a 20% reciprocal tariff from the U.S. 2) Overall capacity utilisation currently stands at 80-85%. 3) Capex guidance for FY26 stands at INR 10bn (including maintenance capex and INR 4.5bn for Chennai plant to be spent over the next 18-24 months. 4) Debt increased by c. INR 710mn during 2Q as the company raised funds to manage capital expenditure and acquisition requirements. Debt/EBITDA ratio deteriorated from 1.8x from 1.21x.

Exhibit 1. Quarterly financial results (standalone) (INR mn)

	2QFY26	2QFY25	% YoY	1QFY26	% QoQ	2QFY26E	% A/E
Sales	**37,011**	**32,981**	**12.2**	**35,207**	**5.1**	**35,030**	**5.7**
RM	21,843	20,628	5.9	22,237	(1.8)	22,069	(1.0)
As a % of sales	59.0	62.5	*-350bps*	63.2	*-410bps*	63.0	*-400bps*
Employee Exp	2,445	2,174	12.5	2,248	8.8	2,277	7.4
As a % of sales	6.6	6.6	*0bps*	6.4	*20bps*	6.5	*10bps*
Other Costs	7,655	6,516	17.5	6,812	12.4	6,831	12.1
As a % of sales	20.7	19.8	*90bps*	19.3	*130bps*	19.5	*120bps*
EBITDA	**5,068**	**3,664**	**38.3**	**3,911**	**29.6**	**3,853**	**31.5**
EBITDA Margin (%)	**13.7**	**11.1**	**260bps**	**11.1**	**260bps**	**11.0**	**270bps**
Other Income	165	197	(16.3)	261	(36.7)	261	(36.7)
Interest	869	665	30.7	820	5.9	820	5.9
Depreciation	1,666	1,370	21.6	1,513	10.1	1,513	10.1
PBT	**2,699**	**1,827**	**47.7**	**1,838**	**46.8**	**1,781**	**51.5**
Tax	676	461	46.6	452	49.8	445	51.9
Tax rate (%)	25.1	25.3		24.6		25.0	
Exceptional (gain)/loss	0	0		33		0	
PAT Reported	2,022	1,365	48.1	1,354	49.4	1,336	51.4
Adj. PAT after MI	**2,022**	**1,365**	**48.1**	**1,386**	**45.9**	**1,336**	**51.4**
PAT Margin (%)	5.5	4.1	130bps	3.9	150bps	3.8	170bps
EPS	**50.0**	**33.7**	**48.1**	**33.5**	**49.4**	**33.0**	**51.4**

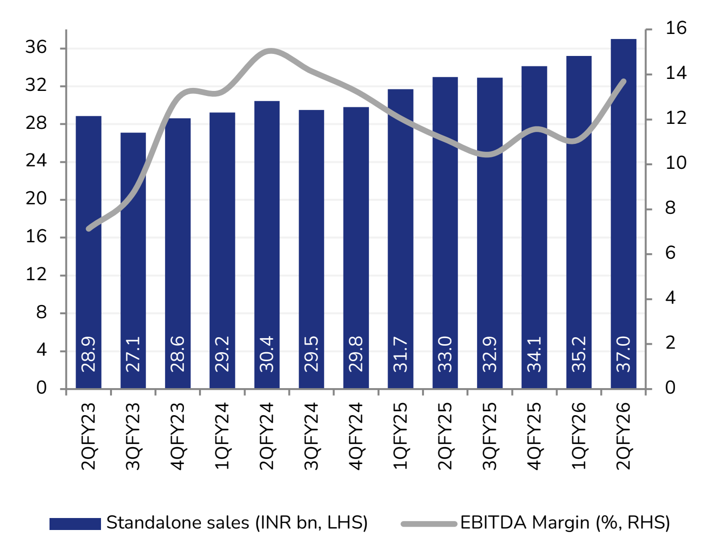
Source: Company, JM Financial

Exhibit 2. Quarterly financial results (Consolidated) (INR mn)

	2QFY26	2QFY25	% YoY	1QFY26	% QoQ	2QFY26E	% A/E
Sales	**37,727**	**33,045**	**14.2**	**35,294**	**6.9**	**36,073**	**4.6**
RM	22,286	20,683	7.8	22,311	(0.1)	22,726	(1.9)
As a % of sales	59.1	62.6	*-350bps*	63.2	*-410bps*	63.0	*-390bps*
Employee exp.	2,617	2,190	19.5	2,268	15.4	2,345	11.6
As a % of sales	6.9	6.6	*30bps*	6.4	*50bps*	6.5	*40bps*
Other Costs	7,789	6,550	18.9	6,838	13.9	7,034	10.7
As a % of sales	20.6	19.8	*80bps*	19.4	*130bps*	19.5	*110bps*
EBITDA	**5,034**	**3,623**	**38.9**	**3,877**	**29.8**	**3,968**	**26.9**
EBITDA Margin (%)	***13.3***	***11.0***	***240bps***	***11.0***	***240bps***	***11.0***	***230bps***
Other Income	39	35	11.9	47	(18.4)	47	(18.4)
Interest	870	665	30.9	821	6.0	821	6.0
Depreciation	1,739	1,371	26.8	1,514	14.9	1,514	14.9
PBT	**2,464**	**1,622**	**52.0**	**1,590**	**54.9**	**1,681**	**46.6**
Tax	680	463	46.7	419	62.1	429	58.5
Tax rate (%)	27.6	28.6		26.4		25.5	207bps
Exceptional (gain)/loss	0	0	NA	33	NA	35	NA
Minority interest	-75	-61	NA	14	NA	-50	NA
PAT Reported	**1,860**	**1,219**	**52.6**	**1,125**	**65.4**	**1,267**	**46.7**
Adj. PAT after MI	**1,860**	**1,219**	**52.5**	**1,157**	**60.7**	**1,302**	**42.8**
PAT Margin (%)	4.9	3.7	120bps	3.3	160bps	3.6	130bps
EPS	**46.0**	**30.1**	**52.5**	**28.6**	**60.7**	**32.2**	**42.8**

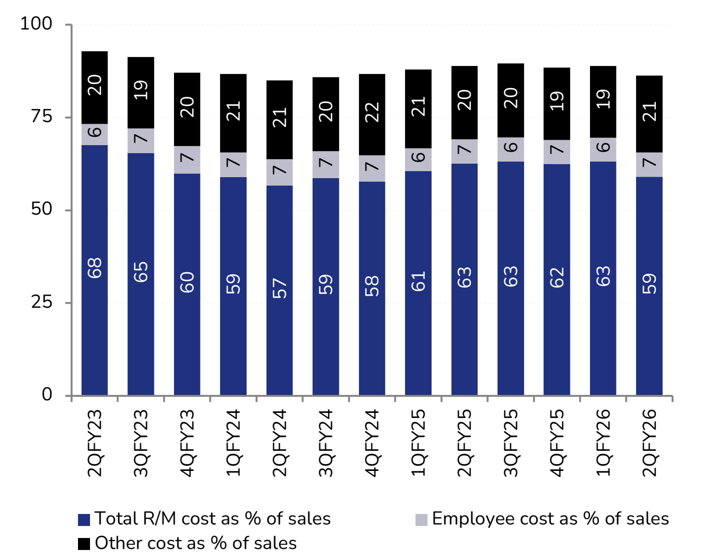
Source: Company, JM Financial

Exhibit 3. Standalone sales and margin trends



Source: Company, JM Financial

Exhibit 4. Standalone sales and margin trends



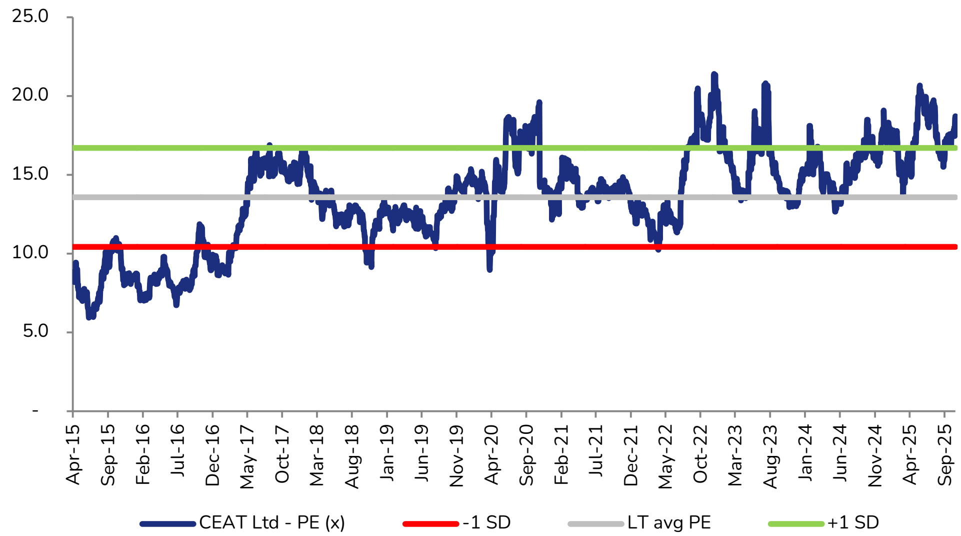
Source: Company, JM Financial

Exhibit 5. Changes in estimates

CEAT	New assumption			Old assumption			% change		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue (INR mn)	132,179	148,852	164,485	132,179	146,311	160,082	0.0%	1.7%	2.8%
EBITDA (INR mn)	14,741	19,640	24,020	14,741	19,456	23,279	0.0%	0.9%	3.2%
EBITDAM (%)	11.2%	13.2%	14.6%	11.2%	13.3%	14.5%	0bps	-10bps	10bps
PAT (INR mn)	5,023	6,778	9,059	5,023	6,641	8,504	0.0%	2.1%	6.5%
EPS (INR)	124	168	224	124	164	210	0.0%	2.1%	6.5%

Source: Company, JM Financial

Exhibit 6. 1 year forward PE



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,19,435	1,32,179	1,48,852	1,64,485	1,73,772
Sales Growth	*5.6%*	*10.7%*	*12.6%*	*10.5%*	*5.6%*
Other Operating Income	0	0	0	0	0
Total Revenue	**1,19,435**	**1,32,179**	**1,48,852**	**1,64,485**	**1,73,772**
Cost of Goods Sold/Op. Exp	69,244	82,321	89,462	95,942	1,00,390
Personnel Cost	8,457	8,562	9,379	10,462	11,203
Other Expenses	25,212	26,554	30,372	34,061	36,804
EBITDA	**16,522**	**14,741**	**19,640**	**24,020**	**25,375**
EBITDA Margin	*13.8%*	*11.2%*	*13.2%*	*14.6%*	*14.6%*
EBITDA Growth	*69.7%*	*-10.8%*	*33.2%*	*22.3%*	*5.6%*
Depn. & Amort.	5,088	5,627	7,580	8,494	9,209
EBIT	11,434	9,115	12,060	15,526	16,166
Other Income	197	176	220	298	346
Finance Cost	2,691	2,778	2,880	3,294	3,137
PBT before Excep. & Forex	8,941	6,512	9,400	12,530	13,375
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	8,941	6,512	9,400	12,530	13,375
Taxes	2,214	1,720	2,721	3,571	3,779
Extraordinary Inc./Loss(-)	-582	-296	0	0	0
Assoc. Profit/Min. Int.(-)	-282	-231	-100	-100	-100
Reported Net Profit	6,427	4,726	6,778	9,059	9,697
Adjusted Net Profit	**7,008**	**5,023**	**6,778**	**9,059**	**9,697**
Net Margin	*5.9%*	*3.8%*	*4.6%*	*5.5%*	*5.6%*
Diluted Share Cap. (mn)	40.5	40.5	40.5	40.5	40.5
Diluted EPS (INR)	**173.3**	**124.2**	**167.6**	**224.0**	**239.7**
Diluted EPS Growth	*219.1%*	*-28.3%*	*35.0%*	*33.7%*	*7.0%*
Total Dividend + Tax	1,214	1,214	1,416	1,618	1,618
Dividend Per Share (INR)	30.0	30.0	35.0	40.0	40.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	8,941	6,512	9,400	12,530	13,375
Depn. & Amort.	5,088	5,627	7,580	8,494	9,209
Net Interest Exp. / Inc. (-)	2,691	2,778	2,880	3,294	3,137
Inc (-) / Dec in WCap.	1,598	-2,473	3,953	851	1,455
Others	-377	-86	100	100	100
Taxes Paid	-2,214	-1,720	-2,721	-3,571	-3,779
Operating Cash Flow	**15,727**	**10,638**	**21,190**	**21,699**	**23,497**
Capex	-7,713	-11,299	-27,500	-9,075	-9,075
Free Cash Flow	*8,014*	*-661*	*-6,310*	*12,624*	*14,422*
Inc (-) / Dec in Investments	-125	-78	0	0	0
Others	-2,691	-2,778	-2,880	-3,294	-3,137
Investing Cash Flow	**-10,528**	**-14,155**	**-30,380**	**-12,369**	**-12,212**
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-1,214	-1,214	-1,416	-1,618	-1,618
Inc / Dec (-) in Loans	-5,040	3,449	12,300	-5,500	0
Others	1,376	712	160	79	88
Financing Cash Flow	**-4,877**	**2,948**	**11,044**	**-7,039**	**-1,530**
Inc / Dec (-) in Cash	**321**	**-569**	**1,855**	**2,290**	**9,755**
Opening Cash Balance	719	591	532	2,387	4,677
Closing Cash Balance	1,040	22	2,387	4,677	14,433

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	40,426	43,685	48,980	56,354	64,365
Share Capital	405	405	405	405	405
Reserves & Surplus	40,022	43,281	48,576	55,950	63,961
Preference Share Capital	0	0	0	0	0
Minority Interest	97	77	77	77	77
Total Loans	17,915	21,364	33,664	28,164	28,164
Def. Tax Liab. / Assets (-)	4,509	5,004	5,004	5,004	5,004
Total - Equity & Liab.	**62,948**	**70,130**	**87,725**	**89,599**	**97,610**
Net Fixed Assets	69,546	75,218	95,138	95,719	95,585
Gross Fixed Assets	88,599	95,942	1,23,442	1,32,517	1,41,592
Intangible Assets	231	231	231	231	231
Less: Depn. & Amort.	26,119	26,330	33,910	42,404	51,613
Capital WIP	6,835	5,375	5,375	5,375	5,375
Investments	1,821	1,898	1,898	1,898	1,898
Current Assets	28,578	35,007	35,762	40,303	51,983
Inventories	11,505	14,115	13,778	14,806	15,681
Sundry Debtors	12,832	16,533	15,730	16,905	17,905
Cash & Bank Balances	591	532	2,387	4,677	14,433
Loans & Advances	2,540	3,227	3,269	3,315	3,366
Other Current Assets	1,110	599	599	599	599
Current Liab. & Prov.	36,997	41,994	45,074	48,322	51,857
Current Liabilities	23,321	27,402	29,058	30,842	32,774
Provisions & Others	13,676	14,592	16,016	17,480	19,083
Net Current Assets	-8,419	-6,987	-9,312	-8,019	126
Total – Assets	**62,948**	**70,130**	**87,725**	**89,599**	**97,610**

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.9%	3.8%	4.6%	5.5%	5.6%
Asset Turnover (x)	2.0	2.1	1.9	1.9	1.9
Leverage Factor (x)	1.6	1.5	1.6	1.6	1.5
RoE	18.7%	11.9%	14.6%	17.2%	16.1%

Key Ratios

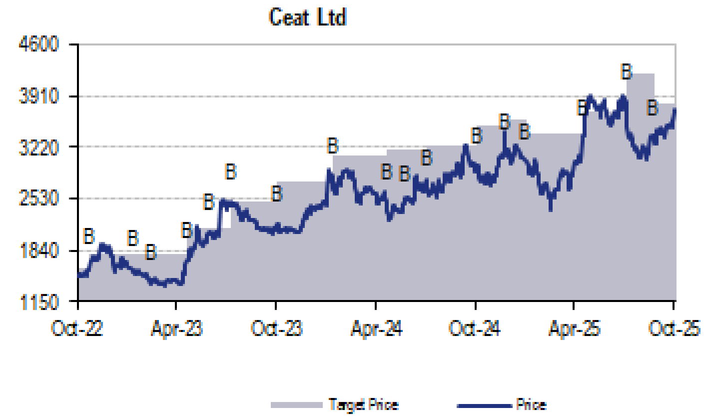
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	999.4	1,080.0	1,210.9	1,393.2	1,591.2
ROIC	15.5%	11.3%	12.1%	14.2%	15.0%
ROE	18.7%	11.9%	14.6%	17.2%	16.1%
Net Debt/Equity (x)	0.4	0.5	0.6	0.4	0.2
P/E (x)	21.5	30.1	22.3	16.7	15.6
P/B (x)	3.7	3.5	3.1	2.7	2.3
EV/EBITDA (x)	10.1	11.5	9.2	7.2	6.4
EV/Sales (x)	1.4	1.3	1.2	1.1	0.9
Debtor days	39	46	39	38	38
Inventory days	35	39	34	33	33
Creditor days	83	85	82	80	81

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
8-May-22	Buy	1,425	
21-Jul-22	Buy	1,415	-0.7
14-Sep-22	Buy	1,600	13.1
8-Nov-22	Buy	1,800	12.5
26-Jan-23	Buy	1,800	0.0
1-Mar-23	Buy	1,800	0.0
7-May-23	Buy	2,150	19.4
16-Jun-23	Buy	2,150	0.0
26-Jul-23	Buy	2,500	16.3
18-Oct-23	Buy	2,750	10.0
28-Jan-24	Buy	3,100	12.7
6-May-24	Buy	3,200	3.2
9-Jun-24	Buy	3,200	0.0
21-Jul-24	Buy	3,250	1.6
20-Oct-24	Buy	3,500	7.7
11-Dec-24	Buy	3,600	2.9
17-Jan-25	Buy	3,400	-5.6
1-May-25	Buy	3,700	8.8
20-Jul-25	Buy	4,200	13.5
7-Sep-25	Buy	3,800	-9.5

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: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.com
Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com

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

New Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: 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. Please click here to access our detailed Terms and Conditions, including the Most Important Terms and Conditions.

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, 27th Floor, Office No. 2715, 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.