Bharat Heavy Electricals | BUY

Q1FY27: Q1 PAT positive after eight years; maintain BUY

BHEL posted Q1FY27 PAT of INR 4bn versus INR (4.6 bn) YoY/INR 0.9bn JMFe/INR (0.2bn) consensus. This performance marks profit in the first quarter by BHEL after eight FYs. The quarter witnessed a sharp pickup in execution; revenue thus came in at INR 77bn (40% YoY; 17% JMFe/16% consensus). The 202bps YoY improvement in gross margin (31%) indicates an increasing share of new orders in execution mix, which fetch higher realisation. EBITDA margin, benefiting from operating leverage, came in at 6.5% (1,634bps YoY; 462bps JMFe/384bps consensus). BHEL booked INR 267bn of orders in Q1FY27, leading to a healthy order book of INR 2.6tn (INR 2tn at end-Jun'25). Collections increased to INR 110bn, easing the WC. As we discuss in Ideas for Summer Season-2, BHEL is among our top 5 picks as the 97GW of the original target for thermal additions now extends to 110GW+. We maintain BUY on BHEL with an unchanged TP of INR 481 valuing the stock at 30x Sep'28E EPS.

- **Positive Q1 PAT after eight years**: Execution pickup lifted revenue to INR 77 bn (40% YoY; 17% JMFe/16% cons.). Gross profit came in at INR 24bn (50% YoY; 14% JMFe/9% cons.). Gross margin is 31% (202bps YoY; -81bps JMFe/-181bps cons.). EBITDA is INR 5bn versus INR (5.4 bn) YoY/ INR 1.3bn JMFe/INR 1.8bn cons.; EBITDA margin is 6.5% (1,634bps YoY; 462bps JMFe/384bps cons.), in part attributable to withdrawal of provisions. PAT is INR 4bn versus INR (4.6bn) YoY/ INR 0.9 bn JMFe/INR (0.2 bn) cons. GM is a more relevant metric to monitor versus EBITDA margin.

- **Power segment drives revenue and profitability**: Revenue from power was INR 59bn (52% YoY) along with 10% EBIT margin % versus -13% YoY, indicating pickup in execution of new projects. Industry reported revenue of INR 18bn (12% YoY) with an EBIT margin of 14% versus 19% YoY.

- **Collections' improvement gives impetus to WC cycle**: Collection increased to INR 110bn (34% YoY). As discussed in Journey of growth and profit begins, better collection has facilitated lower interest expense of INR 1.4bn during the quarter versus INR 2bn QoQ/ INR 1.8bn in Q1FY26. At end-FY26, working capital stands at 164 days, which we estimate at 105 days during FY27E.

- **Orders inflow remains healthy:** Booked INR 267bn of orders in Q1FY27, taking total OB to INR 2.6tn (INR 2tn at end-Jun'25). During Q1, BHEL secured 3x800MW NTPC Meja STPP EPC order valued at INR 210bn with commissioning in 70 months. BHEL has also signed an INR 20–25bn export contract with Nigeria's Dangote Petroleum Refinery for eight gas turbine generators.

- **Pipeline promising too:** Government remains aggressive in new thermal additions. Currently, 39GW of the projects are under construction while 22GW were recently awarded and yet to start. Additionally, 35GW are under tendering/planning. Recently, various developers such as NTPC and NALCO announced 15GW of projects. So, 97GW of the original target now extends to 110GW+. This excludes emerging scalable opportunities such as nuclear and coal gasification.

- **Not just a thermal equipment player:** Out of the total OB of INR 2.6tn, INR 0.7tn comes from non-thermal areas comprising INR 120bn/140bn/70bn/15bn/80bn/55bn/40bn from nuclear/ transmission/defence/transportation/coal gasification/hydro/spares & services.

- **Outlook for FY27**: Notwithstanding the current performance, we maintain FY27E revenue at INR 419bn (24% YoY), gross margin of at least 31.5% (29% in FY26) and EBITDA margin of 10.4% (6.9% in FY26).

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	481
Upside/(Downside)	15.1%
Previous Price Target	481
Change	0.0%

Key Data – BHEL IN

Current Market Price	INR418
Market cap (bn)	INR1,455.3/US$15.1
Free Float (%)	35.8
Shares in issue (mn)	3,482.1
Diluted share (mn)	3,482.1
3-mon avg daily val (mn)	INR7,028.0/US$73.0
52-week range	INR425/205
Sensex/Nifty	77,185/24,079
INR/US$	96.3

Price Performance

%	1M	6M	12M
Absolute	9.2	56.3	62.3
Relative*	8.6	69.2	73.8

*To the NSE Nifty 50

Sudhanshu Bansal
sudhanshu.bansal@jmfl.com | Tel: (91 22) 66303128

Tushar Sarswat
tushar.sarswat@jmfl.com | Tel: (91 22) 66303048

Lay Dand
lay.dand@jmfl.com | Tel: (91 22) 66303563

Financial Summary (INR mn)

Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Net Sales	283,395	337,822	419,224	510,224	584,624
Sales Growth (%)	18.6	19.2	24.1	21.7	14.6
EBITDA	12,416	23,422	43,708	59,778	80,317
EBITDA Margin (%)	4.4	6.9	10.4	11.7	13.7
Adjusted Net Profit	5,339	16,003	33,378	47,590	63,961
Diluted EPS (INR)	1.5	4.6	9.6	13.7	18.4
Diluted EPS Growth (%)	89.2	199.7	108.6	42.6	34.4
ROIC (%)	2.6	6.3	14.5	19.6	22.7
ROE (%)	2.2	6.3	12.4	16.4	20.1
P/E (x)	257.8	86.0	41.2	28.9	21.5
P/B (x)	5.6	5.3	4.9	4.6	4.1
EV/EBITDA (x)	111.8	57.1	29.5	21.9	16.3
Dividend Yield (x)	0.2	0.6	1.2	1.7	2.3

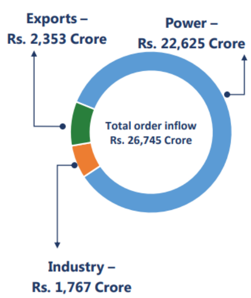
Source: Company data, JM Financial. Note: Valuations as of July 15, 2026

Exhibit 1: Q1FY27 results summary

Particulars	Q1FY27	Q1FY26	YoY %	Q4FY26	QoQ %	JMFe	% Var	Cons	% Var
Revenue	**76,977**	**54,869**	**40%**	**1,23,104**	**-37%**	**65,843**	**17%**	**66,514**	**16%**
Expenditure									
Raw material expense	52,967	38,865		80,206		44,773			
Gross Profit	**24,010**	**16,004**	**50%**	**42,897**	**-44%**	**21,070**	**14%**	**21,950**	**9%**
Gross Margin	*31%*	*29%*	*202bps*	*35%*	*-366bps*	*32%*	*-81bps*	*33%*	*-181bps*
Employee expense	15,063	14,625		19,945		16,300			
Other expenses	3,908	6,751		5,422		3,500			
% of Revenue	*5%*	*12%*		*5%*		*5%*			
EBITDA	**5,039**	**(5,371)**	**-194%**	**17,531**	**-71%**	**1,270**	**297%**	**1,798**	**180%**
EBITDA margins	*6.5%*	*-9.8%*	*1634bps*	*14.2%*	*-770bps*	*1.9%*	*462bps*	*2.7%*	*384bps*
Other income	2,256	1,848		2,599		2,500			
Depreciation	819	745		879		780			
Interest	1,399	1,812		1,975		1,789			
PBT	**5,077**	**(6,080)**		**17,276**		**1,201**			
Tax	1,310	-1,525		4,371		300			
PAT	**3,767**	**(4,555)**	**-183%**	**12,905**	**-71%**	**901**	**318%**	**(219)**	**-1824%**
PAT margin	*4.9%*	*-8.3%*	*1320bps*	*10.5%*	*-559bps*	*1.4%*	*353bps*	*-0.3%*	*522bps*
EPS	1.08	-1.31		3.71		0.26			

Source: Company, JM Financial

Exhibit 2: Key orders booked during 1QFY27

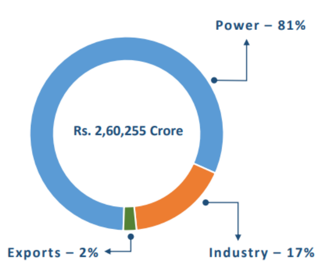


- **Significant expansion in international business**
  - Design, manufacture, supply & supervision of erection & commissioning 8 Gas Turbine Generator (GTG) Packages for Petroleum Refinery and Polypropylene Plant ***— BHEL's largest-ever single export order on Supply & Supervision basis for GTG.***
- **Sustained Leadership in core thermal Area**: Secured EPC of 3x800 MEJA STPP, 1X800 Main Plant Package of DVC Durgapur
- **Sustained Traction in non-thermal Areas:**
  - **Nuclear:** Overhauling and commissioning of TG pkg of 500 MW PFBR at Kalpakkam
  - **Transmission:** 29 transformers (5430 MVA) from utilities
  - **Defence:** Major Overhaul of 10 SRGMs and Supply of SRGM spares
  - **O&G**: Supply of Well Head & Christmas Tree equipment from exploration company
  - **Transporation**: Supply of propulsion equipment sets, electrics, traction motors from Indian Railways

Source: Company

Exhibit 3: Profile of total orders book

High-quality, and increasingly diversified order book, with a growing share from strategic non-thermal businesses.

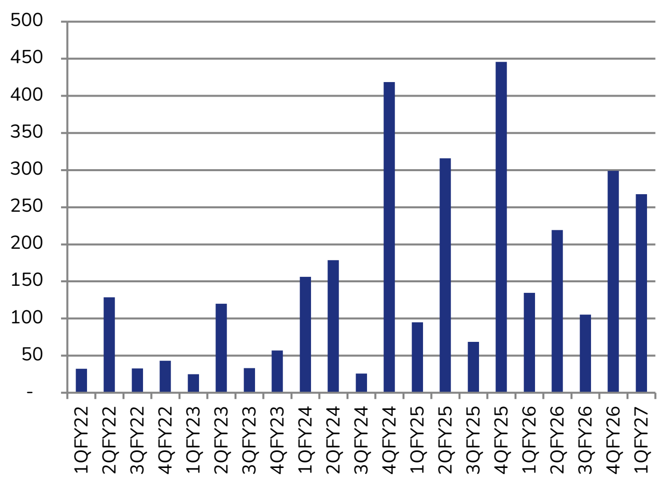


- Significant outstanding OB in non-thermal areas:
  - Nuclear: ~Rs. 12,000 Cr
  - Transmission: ~Rs. 14,000 Cr
  - Defense: ~Rs. 7,000 Cr
  - Transporation: ~Rs. 15,000 Cr
  - Coal gasification:~ Rs. 8,000
  - Hydro: ~5,500 Cr
  - Spares & Service: ~Rs 4,000 Cr

Source: Company

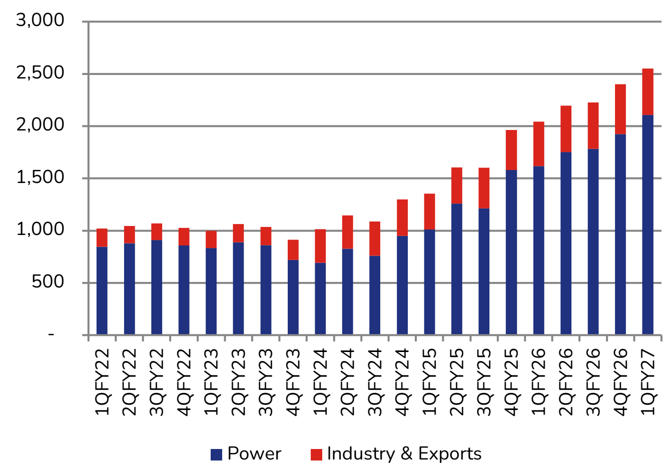
Metrics that matter

Exhibit 4: Order inflows (INR bn) remain strong at INR 267bn...



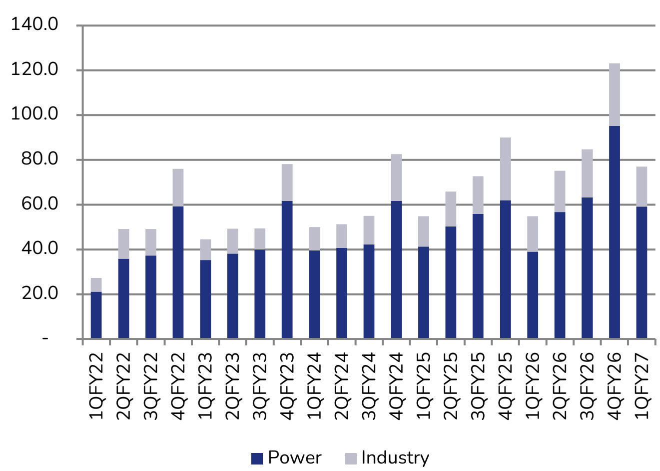
Source: Company, JM Financial

Exhibit 5: ...taking the order book (INR bn) to INR 2.6tn



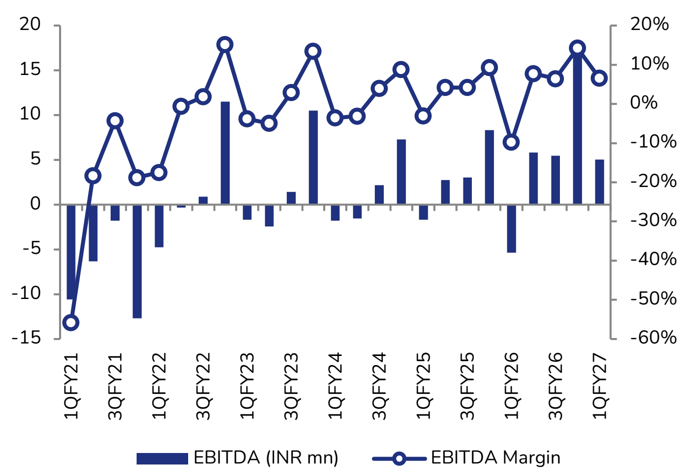
Source: Company, JM Financial

Exhibit 6: Pickup in execution drives YoY revenue growth (INR bn)



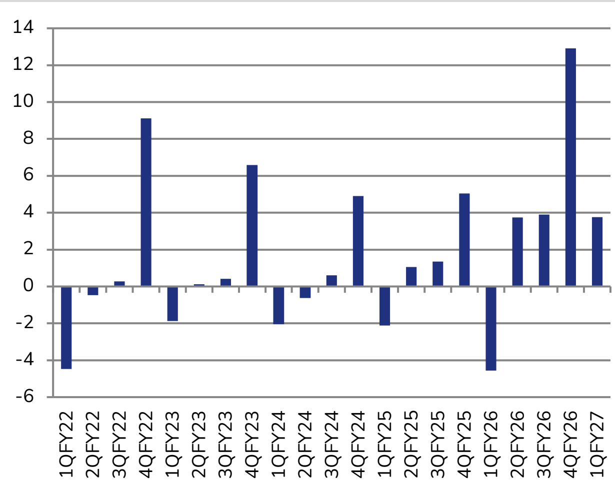
Source: Company, JM Financial

Exhibit 7: EBITDA (INR bn) and EBITDA margin (RHS)



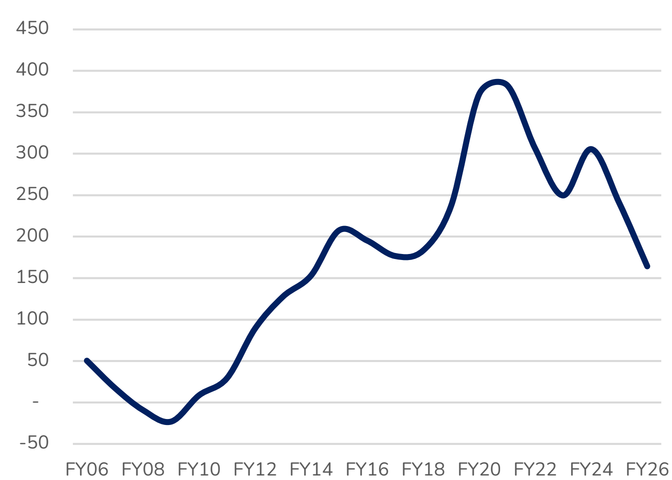
Source: Company, JM Financial

Exhibit 8: Adjusted PAT (INR bn) turns positive in Q1FY27



Source: Company, JM Financial

Exhibit 9: Working capital (days)



Source: Company, JM Financial

Band charts

Exhibit 10: 1 year forward EV/EBITDA (x)

Source: JM Financial, Bloomberg

Exhibit 11: 1 year forward P/E (x)

Source: JM Financial, Bloomberg

Financial Tables (Consolidated)

Income Statement (INR mn)

Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Net Sales	283,395	337,822	419,224	510,224	584,624
Sales Growth (%)	18.6	19.2	24.1	21.7	14.6
Other Operating Income	-	-	-	-	-
Total Revenue	**283,395**	**337,822**	**419,224**	**510,224**	**584,624**
Cost of Goods Sold/Op. Exp	188,452	229,831	277,425	332,320	376,464
Personnel Cost	59,234	64,676	69,527	82,737	86,874
Other Expenses	23,293	19,893	28,564	35,389	40,969
EBITDA	**12,416**	**23,422**	**43,708**	**59,778**	**80,317**
EBITDA Margin (%)	4.4	6.9	10.4	11.7	13.7
EBITDA Growth (%)	102.7	88.6	86.6	36.8	34.4
Depn. & Amort.	2,720	3,159	3,355	3,614	3,899
EBIT	9,696	20,263	40,353	56,163	76,418
Other Income	1,217	1,288	1,481	1,703	1,788
Finance Cost	7,483	7,564	5,366	3,220	2,576
PBT before Excep. & Forex	7,456	21,386	44,606	63,600	85,478
Excep. & Forex Inc./Loss(-)	-	-	-	-	-
PBT	7,456	21,386	44,606	63,600	85,478
Taxes	2,117	5,384	11,229	16,010	21,518
Extraordinary Inc./Loss(-)	-	-	-	-	-
Assoc. Profit/Min. Int.(-)	-	-	-	-	-
Reported Net Profit	5,339	16,003	33,378	47,590	63,961
Adjusted Net Profit	**5,339**	**16,003**	**33,378**	**47,590**	**63,961**
Net Margin (%)	1.9	4.7	8.0	9.3	10.9
Diluted Share Cap. (mn)	3,482	3,482	3,482	3,482	3,482
Diluted EPS (INR)	**1.5**	**4.6**	**9.6**	**13.7**	**18.4**
Diluted EPS Growth (%)	89.2	199.7	108.6	42.6	34.4
Total Dividend + Tax	2,638	7,907	16,492	23,515	31,604
Dividend Per Share (INR)	0.8	2.3	4.7	6.8	9.1

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Shareholders Fund	247,222	261,466	278,351	302,426	334,783
Share Capital	6,964	6,964	6,964	6,964	6,964
Reserves & Surplus	240,258	254,502	271,387	295,462	327,819
Preference Share Capital	-	-	-	-	-
Minority Interest	-	-	-	-	-
Total Loans	87,950	79,500	39,750	31,800	25,440
Def. Tax Liab. / Assets (-)	-40,677	-35,328	-35,328	-35,328	-35,328
Other non-current liabilities / Lease Liabilities	103,791	140,388	172,820	209,077	238,719
Total - Equity & Liab.	**438,962**	**481,354**	**490,921**	**543,303**	**598,942**
Net Fixed Assets	31,422	34,931	37,770	40,970	44,566
Gross Fixed Assets	77,482	81,153	87,348	94,162	101,657
Intangible Assets	337	959	959	959	959
Less: Depn. & Amort.	48,014	51,173	54,528	58,142	62,042
Capital WIP	1,617	3,992	3,992	3,992	3,992
Investments	-	-	-	-	-
Current Assets	608,733	691,598	727,062	831,093	927,980
Inventories	98,695	133,346	165,477	201,397	230,764
Sundry Debtors	89,309	92,232	103,370	125,809	144,154
Cash & Bank Balances	76,124	118,666	124,657	99,521	90,622
Loans & Advances	-	-	-	-	-
Other Current Assets	344,605	347,354	333,558	404,366	462,440
Current Liab. & Prov.	241,869	280,502	309,239	364,088	408,932
Current Liabilities	267,787	271,125	293,753	357,082	409,041
Provisions & Others	-25,917	9,377	15,486	7,006	-109
Net Current Assets	216,194	258,320	261,897	277,668	302,212
Other Non Current Assets/ROU Assets	150,670	152,775	155,926	189,337	216,836
Total - Assets	**438,962**	**481,354**	**490,921**	**543,303**	**598,942**

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Profit before Tax	7,456	21,386	44,606	63,600	85,478
Depn. & Amort.	2,720	3,159	3,355	3,614	3,899
Net Interest Exp. / Inc. (-)	7,483	7,564	5,366	3,220	2,576
Inc (-) / Dec in WCap.	17,301	40,837	32,695	-37,060	-30,300
Others	-13,848	-14,676	-1,481	-1,703	-1,788
Taxes Paid	813	104	-11,229	-16,010	-21,518
Operating Cash Flow	**21,925**	**58,374**	**73,313**	**15,660**	**38,348**
Capex	-2,909	-5,760	-6,194	-6,814	-7,495
Free Cash Flow	19,016	52,614	67,118	8,846	30,852
Inc (-) / Dec in Investments	-28,727	-31,481	-1,000	-1,000	-1,000
Others	4,321	6,888	1,481	1,703	1,788
Investing Cash Flow	**-27,315**	**-30,354**	**-5,714**	**-6,111**	**-6,707**
Inc / Dec (-) in Capital	-	-8,450	0	0	0
Dividend + Tax thereon	-874	-1,746	-16,492	-23,515	-31,604
Inc / Dec (-) in Loans	-684	-770	-39,750	-7,950	-6,360
Others	21,497	25,488	-5,366	-3,220	-2,576
Financing Cash Flow	**19,939**	**14,522**	**-61,609**	**-34,685**	**-40,540**
Inc / Dec (-) in Cash	**14,549**	**42,542**	**5,990**	**-25,135**	**-8,899**
Opening Cash Balance	61,575	76,124	118,666	124,657	99,521
Closing Cash Balance	76,124	118,666	124,657	99,521	90,622

Source: Company, JM Financial

Dupont Analysis

Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Net Margin (%)	1.9	4.7	8.0	9.3	10.9
Asset Turnover (x)	0.7	0.7	0.9	1.0	1.0
Leverage Factor (x)	1.7	1.8	1.8	1.8	1.8
RoE (%)	2.2	6.3	12.4	16.4	20.1

Source: Company, JM Financial

Key Ratios

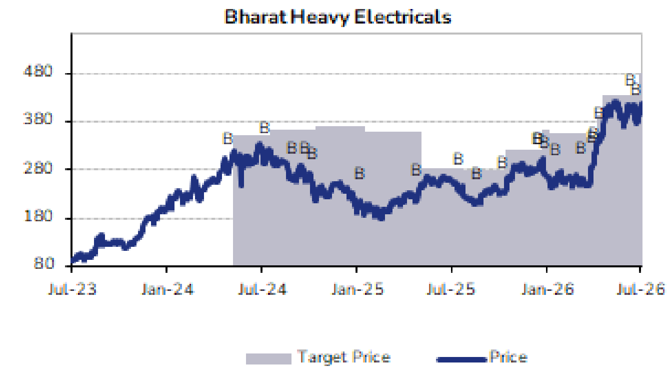
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
BV/Share (INR)	71.0	75.1	79.9	86.9	96.1
ROIC (%)	2.6	6.3	14.5	19.6	22.7
ROE (%)	2.2	6.3	12.4	16.4	20.1
Net Debt/Equity (x)	0.0	-0.1	-0.3	-0.2	-0.2
P/E (x)	257.8	86.0	41.2	28.9	21.5
P/B (x)	5.6	5.3	4.9	4.6	4.1
EV/EBITDA (x)	111.8	57.1	29.5	21.9	16.3
EV/Sales (x)	4.9	4.0	3.1	2.6	2.2
Debtor days	115	100	90	90	90
Inventory days	127	144	144	144	144
Creditor days	158	137	134	136	139

Source: Company, JM Financial

BHEL – Recommendation history table

Date	Recommendation	Target Price	% Chg.
14-Jul-26	Buy	481	10.6
5-Jul-26	Buy	435	0.0
5-May-26	Buy	435	10.6
24-Apr-26	Buy	393	0.0
23-Apr-26	Buy	393	13.7
30-Mar-26	Buy	345	-2.8
11-Feb-26	Buy	355	0.0
19-Jan-26	Buy	355	-2.1
8-Jan-26	Buy	363	0.0
6-Jan-26	Buy	363	13.3
30-Oct-25	Buy	320	15.1
13-Sep-25	Buy	278	0.0
7-Aug-25	Buy	278	-0.9
19-May-25	Buy	281	-21.6
30-Jan-25	Buy	358	-3.4
29-Oct-24	Buy	371	2.7
17-Oct-24	Buy	361	0.0
23-Sep-24	Buy	361	0.0
31-Jul-24	Buy	361	2.4
22-May-24	Buy	353	

BHEL – Recommendation history chart



APPENDIX I

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

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.

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)

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, 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 1177 Avenue of the Americas, 5th Floor, Offices 5045 and 5046, New York, New York 10036. Telephone +1 (646) 452 7004 / +1 (646) 452 7005 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.

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