

Tata Steel | BUY

Reduced losses in Europe drive beat; growth capex on track

Tata steel reported consol. EBITDA of INR70bn, higher than JMfe of INR62bn. The out-performance was largely on account of sharp reduction in losses in European operations. India business reported QoQ decline in EBITDA/t to INR15k/t driven by lower realisation. Europe continued to report EBITDA loss – albeit sharply lower losses at USD37/t vs. loss of USD178/t in 3Q due to improved spreads. The company reported profit of INR5bn during 4Q. Net debt during the quarter increased marginally to INR776bn.

Key takeaways from the call are – 1) UK operations witnessed a one off gain of 51mn pounds on account of carbon credits 2) Expected coking coal price movement in 4Q (a) India: (-)USD10/t (b) Netherlands: (+) USD 24/t (c) UK iron ore: (+) USD10/t 2) Expected net realisation movement in 4Q: (a) India (+) INR 0.3k/t (b) UK: flat (c) Netherlands (+) £90/t 3) Netherland ops is expect to be EBITDA positive by 1QFY25 4) the company endeavors to cut UK losses by half in FY25E – EBITDA positive by 3Q 5) Kalinganagar phased commissioning started with additional 0.7 mt volume expected in FY25E 6) Management endeavour is to make transition to EAF within 4 years. Spot steel spreads have improved domestically driven by sharp reduction in coking coal prices. Maintain BUY.

- **Healthy performance by Indian operations:** Tata Steel India standalone EBITDA came at INR82bn implying a blended EBITDA/t of INR15k/t (JMfe INR 14.8k/t), a sequential decline of ~INR1.9k/t primarily on account of sharp drop in realisations. PAT came in at ~INR5bn vs INR6bn during 3Q.
- **Europe losses to trend down in FY25E:** TSE reported an EBITDA loss of USD77mn vs loss of USD345mn in 3Q. EBITDA/t stood at negative USD37/t in 4Q vs USD178/t in 3Q. Within european operation TSE UK dragged overall profitability with EBITDA loss of INR3.9bn vs loss of INR16.6bn in 3Q driven by improved spreads. Company plans to continue operating its downstream rolling mills while transitioning to EAF in UK with slabs to be procured from sister mills (i.e. from India or Netherlands). Netherland EBITDA to turn profitable in FY25E. Further, management anticipates cutting the losses from the UK operation in FY25E by half compared to the losses incurred in FY24.
- **Growth capex on track:** Company incurred capex of INR49bn in 4Q and INR180bn for FY24 and has started phased commissioning of the 5MTPA expansion at Kalinganagar. Further company has commenced production from 2.2 MTPA CRM facility in India (widest CRM in India) and has received approvals from OEM's for CRC. Further company will close its blast furnace, coke ovens in UK and would invest £1.25bn for scrap based EAF facility in Port Talbot, UK (with government grant of £500mn). The company approved fund infusion of USD2.11bn in T Steel Holding, its wholly owned foreign subsidiary.



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Recommendation and Price Target

| | |
|----------------------------|-------|
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Current Price Target (12M) | 180 |
| Upside/(Downside) | 3.2% |
| Previous Price Target | 145 |
| Change | 24.0% |

Key Data – TATA IN

| | |
|--------------------------|----------------------|
| Current Market Price | INR174 |
| Market cap (bn) | INR2,175.3/US\$26.1 |
| Free Float | 58% |
| Shares in issue (mn) | 12,474.4 |
| Diluted share (mn) | 12,474.4 |
| 3-mon avg daily val (mn) | INR9,425.6/US\$113.1 |
| 52-week range | 178/106 |
| Sensex/Nifty | 74,503/22,705 |
| INR/US\$ | 83.3 |

Price Performance

| % | 1M | 6M | 12M |
|-----------|-----|------|------|
| Absolute | 4.1 | 36.4 | 60.7 |
| Relative* | 4.1 | 22.6 | 35.8 |

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

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

| Financial Summary | | | | | (INR mn) |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Y/E March | FY22A | FY23A | FY24A | FY25E | FY26E |
| Net Sales | 24,56,402 | 24,33,527 | 22,91,708 | 23,28,677 | 24,08,749 |
| Sales Growth (%) | 57.0 | -0.9 | -5.8 | 1.6 | 3.4 |
| EBITDA | 6,51,710 | 3,23,002 | 2,23,059 | 3,83,546 | 3,74,479 |
| EBITDA Margin (%) | 26.5 | 13.3 | 9.7 | 16.5 | 15.5 |
| Adjusted Net Profit | 4,19,690 | 86,471 | 33,766 | 1,45,466 | 1,44,216 |
| Diluted EPS (INR) | 34.4 | 7.1 | 2.7 | 11.7 | 11.6 |
| Diluted EPS Growth (%) | 391.8 | -79.4 | -61.8 | 330.8 | -0.9 |
| ROIC (%) | 29.5 | 5.7 | 3.2 | 10.1 | 9.4 |
| ROE (%) | 44.7 | 8.0 | 3.5 | 14.9 | 13.3 |
| P/E (x) | 5.1 | 24.6 | 64.3 | 14.9 | 15.1 |
| P/B (x) | 1.9 | 2.1 | 2.4 | 2.1 | 1.9 |
| EV/EBITDA (x) | 4.2 | 9.1 | 13.2 | 7.7 | 7.6 |
| Dividend Yield (%) | 3.1 | 2.6 | 1.4 | 1.7 | 1.7 |

Source: Company data, JM Financial. Note: Valuations as of 29/May/2024

Exhibit 1. Quarterly performance (consolidated) (INR mn)

| Y/E March (INR mn) | 4QFY24A | 4QFY24E | Var% | 4QFY23 | YoY % | 3QFY24 | QoQ % |
|---------------------------|---------|---------|-------|---------|-------|---------|-------|
| Net Sales | 586,873 | 644,413 | -8.9 | 629,615 | -6.8 | 553,119 | 6.1 |
| EBITDA | 69,690 | 61,397 | 13.5 | 72,250 | -3.5 | 57,420 | 21.4 |
| PAT- Reported | 6,115 | 13,180 | -53.6 | 17,049 | | 5,134 | |
| PAT- Adjusted | 5,123 | 13,180 | -61.1 | 17,049 | -69.9 | 1,140 | 349.6 |
| EPS (Rs) | 0.4 | 1.1 | | 1.4 | | 0.1 | |
| Key monitorables (INR bn) | | | | | | | |
| Net Debt | 776 | 0 | | 678 | | 774 | |

Source: Company, JM Financial

Exhibit 2. Quarterly performance (standalone) (INR mn)

| Y/E March (INR mn) | 4QFY24A | 4QFY24E | Var% | 4QFY23 | YoY % | 3QFY24 | QoQ % |
|----------------------|----------------|----------------|-------------|----------------|-------------|----------------|--------------|
| Net Sales | 366,348 | 370,765 | -1.2 | 342,753 | 6.9 | 346,819 | 5.6 |
| Volumes (mntons) | 5.4 | 5.4 | 1.0 | 5.0 | 8.8 | 4.9 | 11.1 |
| Realization (Rs/ton) | 67,592 | 69,069 | -2.1 | 68,826 | -1.8 | 71,069 | -4.9 |
| Raw material cost | 140,137 | 146,203 | -4.1 | 132,091 | 6.1 | 134,522 | 4.2 |
| RM cost/t | 25,855 | 27,236 | -5.1 | 26,524 | -2.5 | 27,566 | -6.2 |
| Change in stock | 11,863 | 0 | | 14,706 | | -9,224 | |
| Change in stock/t | 2,189 | 0 | | 2,953 | | -1,890 | |
| Gross profit | 214,348 | 224,562 | -4.5 | 195,956 | 9.4 | 221,521 | -3.2 |
| Gross margin (%) | 58.5 | 60.6 | | 57.2 | | 63.9 | |
| Gross margin/t | 39,548 | 41,833 | | 39,349 | | 45,394 | |
| Staff cost | 19,570 | 21,472 | -8.9 | 18,195 | 7.6 | 18,665 | 4.8 |
| Staff cost/t | 3,611 | 4,000 | | 3,654 | | 3,825 | |
| Other cost | 113,018 | 123,464 | -8.5 | 94,581 | 19.5 | 120,385 | -6.1 |
| Other cost/t | 20,852 | 23,000 | | 18,992 | | 24,669 | |
| Total expenditure | 284,588 | 291,139 | -2.3 | 259,572 | 9.6 | 264,349 | 7.7 |
| EBITDA | 81,760 | 79,626 | 2.7 | 83,180 | -1.7 | 82,470 | -0.9 |
| EBITDA (%) | 22.3 | 21.5 | | 24.3 | | 23.8 | |
| Blended EBITDA/ton | 15,085 | 14,833 | 1.7 | 16,703 | -9.7 | 16,900 | -10.7 |
| Other income | 4,811 | 7,000 | | 6,653 | | 3,286 | |
| Depreciation | 15,278 | 15,100 | 1.2 | 13,712 | | 15,076 | |
| EBIT | 71,293 | 71,526 | -0.3 | 76,121 | -6.3 | 70,680 | 0.9 |
| Interest | 9,417 | 10,950 | -14.0 | 10,384 | | 10,579 | |
| PBT | 61,876 | 60,576 | 2.1 | 65,738 | -5.9 | 60,101 | 3.0 |
| Tax | 13,659 | 17,567 | | 16,661 | | 13,697 | |
| Eff. Tax rate (%) | 22.1 | 29.0 | | 25.3 | | 22.8 | |
| XO items | -7,714 | 0 | | -8,868 | | 127 | |
| PAT- Reported | 40,503 | 43,009 | -5.8 | 40,209 | 0.7 | 46,530 | -13.0 |
| PAT- Adjusted | 48,217 | 43,009 | 12.1 | 49,076 | -1.8 | 46,404 | 3.9 |
| EPS (Rs) | 3.9 | 3.5 | | 4.0 | | 3.8 | |

Source: Company, JM Financial

Exhibit 3. Quarterly performance – TSE (USD mn)

| (US\$ mn) | 4QFY24A | 4QFY24E | % Var | 4QFY23 | YoY % | 3QFY24 | QoQ % |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Sales | 2,329 | 2,470 | -5.7 | 2,681 | -13.1 | 2,179 | 6.9 |
| Deliveries (mn tons) | 2.1 | 2.0 | | 2.2 | -2% | 1.9 | 9% |
| Realisations (US\$/ton) | 1,099 | 1,235 | -11.0 | 1,241 | -11.5 | 1,123 | -2.2 |
| EBITDA | -77 | -203 | -61.8 | -200 | | -345 | -77.5 |
| EBITDA/ton (US\$/ton) | -37 | -101 | | -92 | | -178 | |
| (US\$ mn) | 4QFY24A | 4QFY24E | % Var | 4QFY23 | YoY % | 3QFY24 | QoQ % |

Source: Company, JM Financial

Exhibit 4. Quarterly Performance – TSE UK (INR mn)

| Particulars (INR mn) | 4QFY24 | 4QFY23 | YoY % | 3QFY24 | QoQ % |
|--------------------------|---------|----------|-------|----------|--------|
| Deliveries (in mn tons) | 0.69 | 0.76 | -9.2% | 0.64 | 7.8% |
| Revenue | 68,000 | 74,570 | -8.8% | 62,940 | 8.0% |
| Revenue/ton (in INR/Ton) | 98,551 | 98,118 | | 98343.8 | |
| EBITDA | (3,880) | (11,460) | - | (16,570) | -76.6% |
| EBITDA/ton (in INR/Ton) | (5,614) | (15,109) | | (26,063) | |

Source: Company, JM Financial

Exhibit 5. Quarterly Performance – TSE Netherlands (INR mn)

| Particulars (INR mn) | 4QFY24 | 4QFY23 | YoY % | 3QFY24 | QoQ % |
|--------------------------|---------|---------|--------|----------|--------|
| Deliveries (in mn tons) | 1.43 | 1.48 | -3.4% | 1.30 | 10.0% |
| Revenue | 139,080 | 154,440 | -9.9% | 129,230 | 7.6% |
| Revenue/ton (in INR/Ton) | 97,259 | 104,351 | | 99,408 | |
| EBITDA | (2,960) | (4,890) | -39.5% | (12,140) | -75.6% |
| EBITDA/ton (in INR/Ton) | (2,063) | (3,300) | | (9,370) | |

Source: Company, JM Financial

Exhibit 6. TATA steel – Key assumptions and estimates

| Particulars | FY25E | FY26E |
|---|-------|-------|
| Tata Steel Consolidated | | |
| Net sales (INR bn) | 2,329 | 2,409 |
| EBITDA (INR bn) | 384 | 374 |
| EPS (INR) | 11.7 | 11.6 |
| Tata Steel Standalone (incl. BSL) | | |
| Net sales (INR bn) | 1,369 | 1,460 |
| Sales volume (mn ton) | 21.0 | 22.2 |
| Blended realisation ('000 INR/ton) | 65.2 | 65.9 |
| EBITDA (INR bn) | 334 | 320 |
| EBITDA/t ('000 INR) | 15.9 | 14.5 |
| Tata Steel Long Products | | |
| Net sales (INR bn) | 99 | 100 |
| Sales volume (mn ton) including sponge iron | 2.5 | 2.5 |
| Blended realisation ('000 INR/ton) | 39.2 | 39.3 |
| EBITDA (INR bn) | 6.8 | 7.0 |
| EBITDA/t ('000 INR) | 2.7 | 2.7 |
| Tata Steel Europe | | |
| Net sales (USD mn) | 8,925 | 8,713 |
| Sales volume (mn tons) | 8.5 | 8.5 |
| EBITDA (USD mn) | 425 | 429 |
| EBITDA/t (USD/t) | 50 | 51 |

Source: JM Financial

Exhibit 7. Tata Steel – SOTP valuation (INR bn)

| Companies | FY26 EBITDA (INR bn) | Target EV (INR bn) |
|---------------------------------------|----------------------|--------------------|
| India business (incl. BSL/Tata Longs) | 320 | 2,561 |
| Corus | 34 | 208 |
| Others | 14 | 89 |
| Total EV | | 2,560 |
| Total Net debt | | 685 |
| Target M.Cap | | 2,175 |
| Dilutive no. of shares (mn) | | 12,474 |
| Value INR/share | | 175 |
| Investments (INR/share) | | 4 |
| Target Price (INR/share) | | 180 |

Source: JM Financial

Financial Tables (Consolidated)

| Income Statement | | (INR mn) | | | | |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|--|
| Y/E March | FY22A | FY23A | FY24A | FY25E | FY26E | |
| Net Sales | 24,56,402 | 24,33,527 | 22,91,708 | 23,28,677 | 24,08,749 | |
| Sales Growth | 57.0% | -0.9% | -5.8% | 1.6% | 3.4% | |
| Other Operating Income | 0 | 0 | 0 | 0 | 0 | |
| Total Revenue | 24,56,402 | 24,33,527 | 22,91,708 | 23,28,677 | 24,08,749 | |
| Cost of Goods Sold/Op. Exp | 8,34,787 | 13,26,704 | 12,41,539 | 11,00,634 | 4,22,791 | |
| Personnel Cost | 2,32,641 | 1,78,065 | 1,87,971 | 1,97,570 | 2,02,621 | |
| Other Expenses | 7,37,264 | 6,05,756 | 6,39,138 | 6,46,927 | 14,08,859 | |
| EBITDA | 6,51,710 | 3,23,002 | 2,23,059 | 3,83,546 | 3,74,479 | |
| EBITDA Margin | 26.5% | 13.3% | 9.7% | 16.5% | 15.5% | |
| EBITDA Growth | 113.6% | -50.4% | -30.9% | 71.9% | -2.4% | |
| Depn. & Amort. | 91,009 | 93,352 | 98,822 | 1,12,520 | 1,15,675 | |
| EBIT | 5,60,701 | 2,29,650 | 1,24,237 | 2,71,026 | 2,58,804 | |
| Other Income | 7,849 | 10,375 | 18,089 | 2,687 | 9,515 | |
| Finance Cost | 54,622 | 62,987 | 75,076 | 49,614 | 49,545 | |
| PBT before Excep. & Forex | 5,13,928 | 1,77,037 | 67,250 | 2,24,099 | 2,18,774 | |
| Excep. & Forex Inc./Loss(-) | 0 | 0 | 0 | 0 | 0 | |
| PBT | 5,13,928 | 1,77,037 | 67,250 | 2,24,099 | 2,18,774 | |
| Taxes | 84,776 | 1,01,598 | 37,626 | 83,272 | 79,036 | |
| Extraordinary Inc./Loss(-) | -1,341 | 1,133 | -78,141 | 0 | 0 | |
| Assoc. Profit/Min. Int.(-) | 9,462 | -11,032 | -4,142 | -4,639 | -4,478 | |
| Reported Net Profit | 4,18,350 | 87,604 | -44,374 | 1,45,466 | 1,44,216 | |
| Adjusted Net Profit | 4,19,690 | 86,471 | 33,766 | 1,45,466 | 1,44,216 | |
| Net Margin | 17.1% | 3.6% | 1.5% | 6.2% | 6.0% | |
| Diluted Share Cap. (mn) | 12,212.1 | 12,212.4 | 12,474.4 | 12,474.4 | 12,474.4 | |
| Diluted EPS (INR) | 34.4 | 7.1 | 2.7 | 11.7 | 11.6 | |
| Diluted EPS Growth | 391.8% | -79.4% | -61.8% | 330.8% | -0.9% | |
| Total Dividend + Tax | 78,514 | 54,213 | 30,560 | 36,672 | 36,672 | |
| Dividend Per Share (INR) | 5.3 | 4.4 | 2.4 | 2.9 | 2.9 | |

Source: Company, JM Financial

| Cash Flow Statement | | (INR mn) | | | | |
|------------------------------|------------------|------------------|------------------|------------------|------------------|--|
| Y/E March | FY22A | FY23A | FY24A | FY25E | FY26E | |
| Profit before Tax | 5,04,466 | 1,88,069 | 71,392 | 2,28,738 | 2,23,252 | |
| Depn. & Amort. | 91,009 | 93,352 | 98,822 | 1,12,520 | 1,15,675 | |
| Net Interest Exp. / Inc. (-) | 0 | 0 | 0 | 0 | 0 | |
| Inc (-) / Dec in WCcap. | -1,41,913 | 1,53,756 | 1,97,458 | -63,479 | 35,417 | |
| Others | -18,151 | 1,133 | -78,141 | 0 | 0 | |
| Taxes Paid | -84,776 | -1,01,598 | -37,626 | -83,272 | -79,036 | |
| Operating Cash Flow | 3,50,635 | 3,34,712 | 2,51,905 | 1,94,506 | 2,95,308 | |
| Capex | -1,42,274 | -1,37,000 | -1,82,066 | -1,60,000 | -1,60,000 | |
| Free Cash Flow | 2,08,361 | 1,97,712 | 69,839 | 34,506 | 1,35,308 | |
| Inc (-) / Dec in Investments | -24,579 | 47,295 | 0 | 0 | 0 | |
| Others | 52,057 | -5,623 | -64,772 | -1,365 | -1,203 | |
| Investing Cash Flow | -1,14,796 | -95,328 | -2,46,838 | -1,61,365 | -1,61,203 | |
| Inc / Dec (-) in Capital | -1,200 | -1,200 | -1,198 | -1,198 | -1,197 | |
| Dividend + Tax thereon | -78,514 | -54,213 | -30,560 | -36,672 | -36,672 | |
| Inc / Dec (-) in Loans | -90,379 | 1,04,658 | -21,303 | 21,001 | 61,002 | |
| Others | 35,422 | -3,14,046 | 1,199 | 1,198 | 1,197 | |
| Financing Cash Flow | -1,34,671 | -2,64,801 | -51,862 | -15,671 | 24,330 | |
| Inc / Dec (-) in Cash | 1,01,167 | -25,417 | -46,795 | 17,471 | 1,58,435 | |
| Opening Cash Balance | 57,822 | 1,58,989 | 1,33,573 | 86,777 | 1,04,248 | |
| Closing Cash Balance | 1,58,989 | 1,33,573 | 86,777 | 1,04,248 | 2,62,683 | |

Source: Company, JM Financial

| Balance Sheet | | (INR mn) | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|--|
| Y/E March | FY22A | FY23A | FY24A | FY25E | FY26E | |
| Shareholders' Fund | 11,44,430 | 10,30,821 | 9,20,358 | 10,29,152 | 11,36,696 | |
| Share Capital | 12,212 | 12,212 | 12,474 | 12,474 | 12,474 | |
| Reserves & Surplus | 11,32,218 | 10,18,609 | 9,07,883 | 10,16,677 | 11,24,221 | |
| Preference Share Capital | 0 | 0 | 0 | 0 | 0 | |
| Minority Interest | 26,554 | 20,931 | 3,970 | 2,605 | 1,403 | |
| Total Loans | 8,02,386 | 9,07,043 | 8,85,741 | 9,06,742 | 9,67,744 | |
| Def. Tax Liab. / Assets (-) | 1,58,977 | 1,72,095 | 1,29,923 | 1,29,923 | 1,29,923 | |
| Total - Equity & Liab. | 21,32,347 | 21,30,890 | 19,39,991 | 20,68,422 | 22,35,765 | |
| Net Fixed Assets | 15,53,334 | 17,78,345 | 18,31,699 | 18,79,180 | 19,23,505 | |
| Gross Fixed Assets | 21,58,522 | 23,81,707 | 25,10,875 | 25,63,822 | 26,53,822 | |
| Intangible Assets | 43,112 | 56,017 | 57,453 | 57,453 | 57,453 | |
| Less: Depn. & Amort. | 8,68,756 | 9,71,509 | 10,70,331 | 11,82,850 | 12,98,525 | |
| Capital WIP | 2,20,456 | 3,12,130 | 3,33,702 | 4,40,756 | 5,10,756 | |
| Investments | 1,31,399 | 84,103 | 84,103 | 84,103 | 84,103 | |
| Current Assets | 11,69,724 | 10,17,770 | 8,98,459 | 9,65,414 | 11,68,214 | |
| Inventories | 4,88,244 | 5,44,153 | 4,91,575 | 5,22,185 | 5,32,560 | |
| Sundry Debtors | 1,22,464 | 82,572 | 62,635 | 69,244 | 69,736 | |
| Cash & Bank Balances | 1,58,989 | 1,33,573 | 86,777 | 1,04,248 | 2,62,683 | |
| Loans & Advances | 4,00,026 | 2,57,471 | 2,57,471 | 2,69,738 | 3,03,234 | |
| Other Current Assets | 0 | 0 | 0 | 0 | 0 | |
| Current Liab. & Prov. | 7,22,109 | 7,49,327 | 8,74,270 | 8,60,275 | 9,40,056 | |
| Current Liabilities | 6,46,164 | 6,62,742 | 7,87,684 | 7,63,199 | 8,38,556 | |
| Provisions & Others | 75,945 | 86,586 | 86,586 | 97,076 | 1,01,500 | |
| Net Current Assets | 4,47,615 | 2,68,442 | 24,189 | 1,05,139 | 2,28,157 | |
| Total - Assets | 21,32,347 | 21,30,890 | 19,39,991 | 20,68,422 | 22,35,765 | |

Source: Company, JM Financial

| Dupont Analysis | | | | | | |
|---------------------|-------|-------|-------|-------|-------|--|
| Y/E March | FY22A | FY23A | FY24A | FY25E | FY26E | |
| Net Margin | 17.1% | 3.6% | 1.5% | 6.2% | 6.0% | |
| Asset Turnover (x) | 1.4 | 1.2 | 1.2 | 1.2 | 1.2 | |
| Leverage Factor (x) | 1.9 | 1.8 | 1.9 | 1.9 | 1.9 | |
| RoE | 44.7% | 8.0% | 3.5% | 14.9% | 13.3% | |

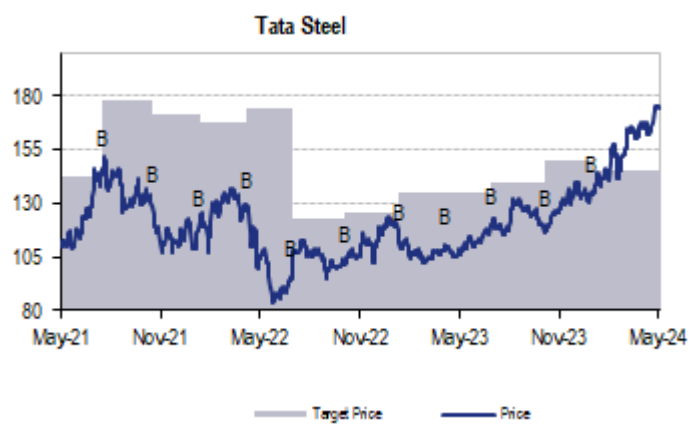
| Key Ratios | | | | | | |
|---------------------|-------|-------|-------|-------|-------|--|
| Y/E March | FY22A | FY23A | FY24A | FY25E | FY26E | |
| BV/Share (INR) | 93.7 | 84.4 | 73.8 | 82.5 | 91.1 | |
| ROIC | 29.5% | 5.7% | 3.2% | 10.1% | 9.4% | |
| ROE | 44.7% | 8.0% | 3.5% | 14.9% | 13.3% | |
| Net Debt/Equity (x) | 0.5 | 0.7 | 0.8 | 0.8 | 0.6 | |
| P/E (x) | 5.1 | 24.6 | 64.3 | 14.9 | 15.1 | |
| P/B (x) | 1.9 | 2.1 | 2.4 | 2.1 | 1.9 | |
| EV/EBITDA (x) | 4.2 | 9.1 | 13.2 | 7.7 | 7.6 | |
| EV/Sales (x) | 1.1 | 1.2 | 1.3 | 1.3 | 1.2 | |
| Debtor days | 18 | 12 | 10 | 11 | 11 | |
| Inventory days | 73 | 82 | 78 | 82 | 81 | |
| Creditor days | 131 | 115 | 139 | 143 | 150 | |

Source: Company, JM Financial

History of Recommendation and Target Price

| Date | Recommendation | Target Price | % Chg. |
|-----------|----------------|--------------|--------|
| 7-Feb-20 | Buy | 58 | |
| 15-Apr-20 | Buy | 40 | -31.0 |
| 30-Jun-20 | Buy | 40 | 0.0 |
| 14-Aug-20 | Buy | 46 | 14.5 |
| 23-Oct-20 | Buy | 50 | 9.2 |
| 14-Nov-20 | Buy | 56 | 11.0 |
| 10-Feb-21 | Buy | 79 | 41.4 |
| 8-Apr-21 | Buy | 116 | 47.8 |
| 6-May-21 | Buy | 142 | 22.4 |
| 13-Aug-21 | Buy | 178 | 25.4 |
| 12-Nov-21 | Buy | 172 | -3.7 |
| 7-Feb-22 | Buy | 168 | -2.0 |
| 4-May-22 | Buy | 174 | 3.5 |
| 26-Jul-22 | Buy | 123 | -29.3 |
| 1-Nov-22 | Buy | 125 | 1.9 |
| 7-Feb-23 | Buy | 135 | 7.7 |
| 3-May-23 | Buy | 135 | 0.0 |
| 25-Jul-23 | Buy | 140 | 3.7 |
| 2-Nov-23 | Buy | 150 | 7.1 |
| 25-Jan-24 | Buy | 145 | -3.0 |

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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| 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.

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