

ESOP cost no longer one-off post approval of new policy

Zomato's shareholders have approved Employee Stock Option Plan 2024 ([ESOP 2024](#)) that would enable grant of ~183mn stock options to its group employees. The dilution impact for existing shareholders on a fully diluted basis would be c.2%. While we had already trimmed our reported earnings forecasts (refer [4QFY24 results note](#)) to factor in the ESOP 2024 costs, we were yet to factor in the impact in our valuations assuming them to be a one-off expense (ESOP 2021 was essentially a reward for senior management for successfully taking the company public). However, the formulation of a new policy suggests ESOP costs should be treated as a regular business expense as they are likely to recur in future. So we change our valuation methodology for Zomato to PER from the multiples-driven SOTP approach earlier to better capture the impact of ESOP cost on valuations. Our TP for Zomato falls to INR 230 (from INR 250 earlier) as we assign a target EPS multiple of 75x and roll-forward TP to Sep'25. We maintain BUY.

- **ESOPs help attract and retain high quality talent...** In the 4QFY24 shareholders' letter, Zomato's management had mentioned that ESOPs were important "to create a 'founder mindset' amongst senior employees, which ultimately drives the right outcomes for long-term shareholder value creation". We concur with this view because ESOPs help attract and retain high quality talent, as the employee's personal success directly gets linked to the company's performance.
- **...but ESOP grant should be linked to measurable performance-based outcomes:** The ESOP 2024 policy entails that ESOP will be granted at face value as the strike price, which effectively means the exercise price for employees will be INR 1 per equity share. The fair value at the time of issuance, however, would be close to the market price at the time of the grant, as per IND AS 102. This leaves an impression that the new ESOP grant will be at a deeply discounted price, without any measurable performance-linked outcomes. That runs the risk of the new ESOP policy being considered unfair by some shareholders as they would be the ones taking a meaningful hit on their earnings in the medium term. Hence, we feel that Zomato should publicly lay out a formal policy where eligibility and criterion for grant of ESOPs is clearly defined and linked to certain measurable performance parameters such as GOV growth, Revenue growth, EBITDA growth, FCF growth, PAT growth, return ratios or total shareholder returns.
- **Factor in ESOP costs as a regular business expense:** After studying the impact of the new ESOP policy, we believe investors should, henceforth, treat ESOP costs as regular business expense as they are likely to be recurring in the foreseeable future. While it's difficult to determine the exact P&L impact due to uncertainty related to grant criteria, grant date, fair value on the date of grant and the vesting schedule, we believe Zomato's management would be prudent enough to ensure that the total employee costs as a % of adjusted revenue doesn't shoot up from current levels. In fact, we believe the company will grant ESOPs in a manner that would ensure total employee expense as a % of adjusted revenue would continue to fall YoY. Accordingly, we forecast employee cost as % of adjusted revenue to fall to 8.6% by FY27 vs. 12.3% in FY24.

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	230
Upside/(Downside)	10.3%
Previous Price Target	250
Change	-8.0%

Key Data – ZOMATO IN

Current Market Price	INR208
Market cap (bn)	INR1,839.9/US\$22.0
Free Float	100%
Shares in issue (mn)	8,819.8
Diluted share (mn)	9,314.0
3-mon avg daily val (mn)	INR8,954.8/US\$107.2
52-week range	214/73
Sensex/Nifty	79,987/24,287
INR/US\$	83.5

Price Performance

%	1M	6M	12M
Absolute	18.8	63.4	175.5
Relative*	7.1	46.8	125.6

* To the BSE Sensex

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

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

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	70,794	1,21,140	1,82,401	2,42,360	3,07,098
Sales Growth (%)	68.9	71.1	50.6	32.9	26.7
EBITDA	-12,103	420	10,130	23,206	35,093
EBITDA Margin (%)	-17.1	0.3	5.6	9.6	11.4
Adjusted Net Profit	-9,708	3,510	12,140	25,461	31,420
Diluted EPS (INR)	-1.2	0.4	1.3	2.7	3.4
Diluted EPS Growth (%)	0.0	0.0	223.3	109.7	23.4
ROIC (%)	-27.1	-7.4	4.6	18.2	26.2
ROE (%)	-5.4	1.8	5.7	10.6	11.3
P/E (x)	-176.4	515.9	159.6	76.1	61.7
P/B (x)	8.8	8.9	8.2	7.1	6.2
EV/EBITDA (x)	-141.8	4,076.4	167.4	71.6	46.1
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 03/Jul/2024

- **Change valuation methodology and revise down TP to INR 230:** We broadly maintain our estimates our GOV/Revenue/EBITDA/PAT forecasts over FY25-27. We, however, change our valuation methodology to PER from the multiples-driven SOTP approach earlier to better capture the impact of ESOPs on valuations. We assign a target multiple of 75x on Zomato's Sep'26 EPS to derive a revised TP of INR 230 (vs. INR 250 earlier). Despite the revision, the stock continues to be one of our preferred picks in the listed Internet space as we believe it is well positioned to benefit from robust industry tailwinds for the hyperlocal delivery businesses. Its balance sheet also remains strong with net cash of INR 122bn as of Mar'24 (INR 120bn in Dec'23). We maintain 'BUY'.

Exhibit 1. ESOP 2024 will have c.2% dilution impact for shareholders

Current outstanding shares (million)	8,820
Diluted shares prior to ESOP 2024 (million)	9,131
New shares expected from ESOP 2024 (million)	183
Diluted shares expected post ESOP 2024 (million)	9,314
Dilution due to ESOP 2024 (%)	2.0%

Source: Company, JM Financial

Exhibit 2. Illustrative example of ESOP 2024 cost impact (as per IND AS 102) if all grants were to happen today. In reality, exact P&L impact is difficult to estimate due to uncertainty related to grant criteria, grant date, fair value on the date of grant and the vesting schedule. Moreover, cost recognition will be spread out over multiple years

Fair value per share (assumed CMP, INR)	208
Strike price per share (equal to face value, INR)	1
Cost to be recognised in P&L per share (INR)	207
New shares expected from ESOP 2024 (million)	183
Total cost to be recognised in P&L (INR mn)	37,804

Source: JM Financial estimates

Exhibit 3. Valuation comps: Zomato vs. leading QSRs/Retailers/Internet peers in India

Company	MCAp (USD bn)	EV (USD bn)	EV / Revenue (x)			Rev CAGR	EV / EBITDA (x)			EBITDA CAGR	P / E (x)			EPS CAGR
			FY25E	FY26E	FY27E		25-27E	FY25E	FY26E		FY27E	25-27E	FY25E	
Zomato*	22.0	20.4	9.3x	7.0x	5.5x	30%	168x	73x	48x	86%	160x	76x	62x	61%
QSR														
Jubilant Foodworks	4.5	5.0	5.9x	5.2x	4.6x	13%	28x	24x	21x	18%	97x	69x	57x	30%
Sapphire Foods	1.2	1.3	3.6x	3.1x	2.6x	17%	20x	16x	13x	24%	112x	68x	45x	58%
Westlife Foodworld	1.6	1.7	5.2x	4.4x	3.8x	16%	33x	26x	22x	24%	125x	75x	56x	50%
Devyani	2.4	2.8	4.6x	4.0x	3.4x	16%	27x	21x	18x	22%	122x	79x	59x	43%
Mean			4.9x	4.2x	3.6x	16%	27x	22x	18x	22%	114x	73x	54x	45%
Retailers														
Dmart	37.4	37.3	5.1x	4.2x	3.6x	18%	59x	48x	40x	22%	91x	75x	62x	21%
Trent	23.4	23.5	11.3x	8.7x	7.2x	26%	74x	56x	45x	28%	126x	93x	82x	24%
Titan	35.7	37.2	5.4x	4.6x	3.9x	18%	47x	39x	30x	25%	68x	55x	42x	28%
Mean			7.3x	5.8x	4.9x	20%	60x	48x	38x	25%	95x	74x	62x	24%
Internet Peers														
Nykaa*	6.0	6.1	6.0x	4.6x	3.6x	30%	92x	55x	36x	60%	315x	131x	70x	113%
PB Fintech*	8.0	7.4	13.5x	10.4x	8.2x	28%	274x	99x	58x	118%	180x	95x	63x	70%
Mean			9.8x	7.5x	5.9x	29%	183x	77x	47x	89%	248x	113x	66x	91%

Source: JM Financial, Bloomberg. Note: Valuation comp as of 03 July'2024. *indicates JM Financial estimates; remaining basis Bloomberg consensus.

- **Key principles laid out by Zomato for ESOP 2024:** 1) All Zomato employees will be eligible for ESOP grants. ESOP 2024 will be earmarked for employees up to five levels below the CEO, comprising up to 2,000 employees currently. 2) Typical vesting period will be spread across 4 to 5 years (can go up to 10 years). 3) Vesting of all ESOPs will be based on meeting mandatory performance conditions.

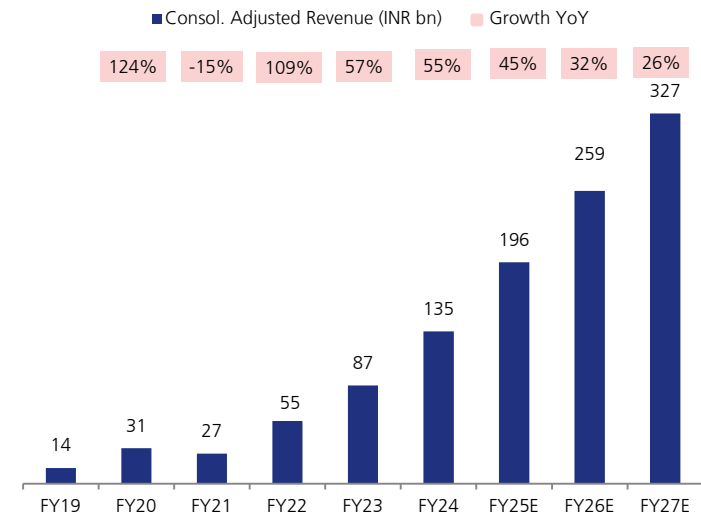
Exhibit 4. ESOP 2024 principles laid out by Zomato

Principle	Details
Broad-based grants	Our endeavour is to drive the 'founder mindset' across not just our senior leadership but also across multiple levels within the organization. From ESOP 2024, ESOPs will be granted to employees across all our businesses (food delivery, quick commerce, Going-out and B2B supplies), across various functions within each business including product & engineering, business operations and corporate functions. ESOP 2024 would also be used to incentivize founders and employees that come on board as a result of any M&A that we do (if at all we do any M&A).
Long-term vesting	Typical vesting period will be spread across 4-5 years. All ESOPs under ESOP 2024 will start vesting after completion of one year from the grant date and the vesting can go up to 10 years from the date of grant, as determined by the NRC. This ensures continuity and longevity of employment with a clear focus on long-term goals aligned with long-term shareholder value creation.
Mandatory performance conditions for vesting	<p>Vesting of all ESOPs granted under ESOP 2024 would be conditional upon achieving predefined mandatory performance criteria (as specified in the grant letter). Performance criteria would be a combination of one or more of the following, or any additional relevant metric, as determined by the NRC –</p> <ol style="list-style-type: none"> Organizational performance: <ul style="list-style-type: none"> ● Total shareholders return ● Consolidated Adjusted Revenue growth ● GOV growth ● Earnings per share (EPS) growth ● Return on equity (RoE) / Return on capital employed (RoCE) ● Free cash flow growth Business unit performance: <ul style="list-style-type: none"> ● Relative market share vis-à-vis peers within each business segment ● GOV growth ● Adjusted Revenue growth ● Adjusted EBITDA growth ● Adjusted EBITDA margin Individual performance as determined by the Company's annual appraisal process <p>If 100% of the performance target specified in the grant letter pertaining to a certain tranche is not met, none of the options pertaining to that tranche will vest in that period. Such unvested options shall accumulate and vest only once the employee meets the performance target of any subsequent tranche.</p>

Source: Company

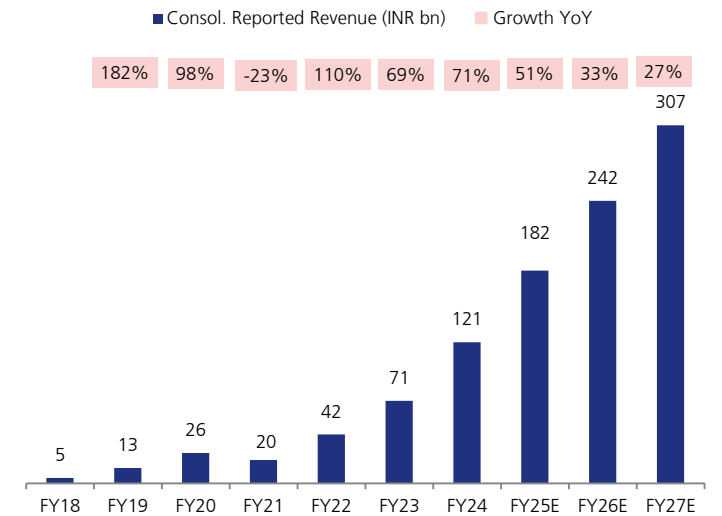
- **Other key details related to ESOP 2024:** 1) Zomato will grant ESOPs to employees across its businesses (food delivery, quick commerce, Going-out and B2B supplies), across various functions within each business such as product & engineering, business operations and corporate functions. 2) Maximum options that can be issued to any single eligible employee will be decided by the remuneration committee, subject to an aggregate limit of 0.5% of the issued capital of the company (cumulative limit across the life of the scheme). 3) Founders and employees of companies that Zomato might acquire in the future would also be eligible to receive ESOP 2024 options. 4) There will be no lock-in period restrictions once options are exercised except those mandated by regulatory authorities. 5) The value of options will be determined basis Ind AS 102 (which suggests the use of market price on the date of grant as fair value).

Exhibit 5. Consol. adjusted revenue trend (INR bn)



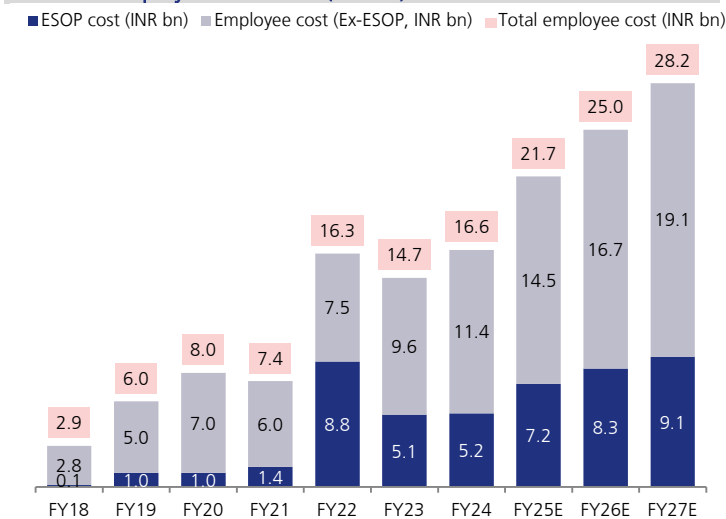
Source: Company, JM Financial estimates

Exhibit 6. Consol. reported revenue trend (INR bn)



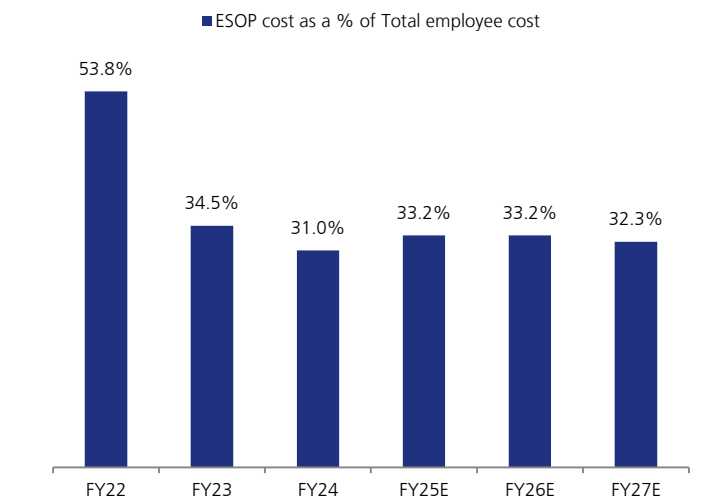
Source: Company, JM Financial estimates

Exhibit 7. Employee cost trend (INR bn)



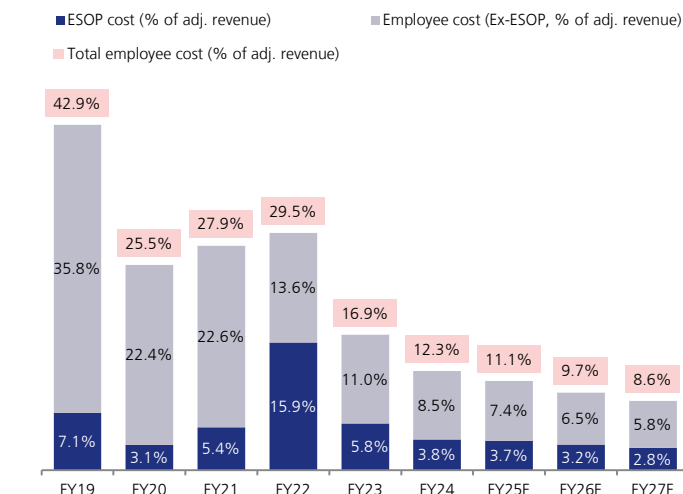
Source: Company, JM Financial estimates

Exhibit 8. ESOP cost as a % of Total employee cost



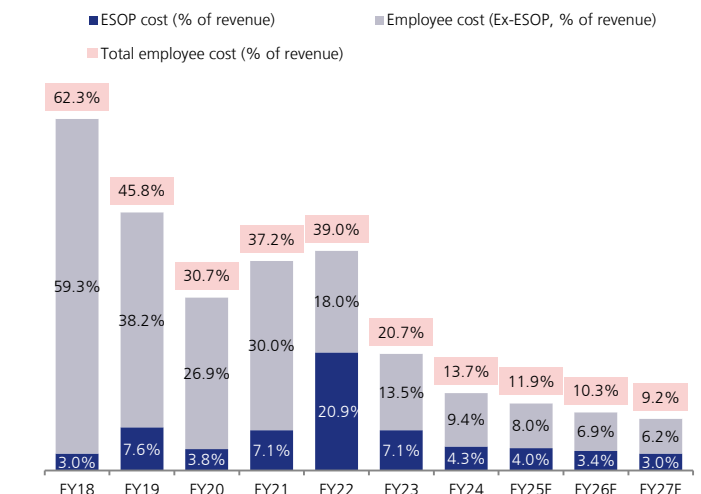
Source: Company, JM Financial estimates

Exhibit 9. ESOP cost as a % of adjusted revenue



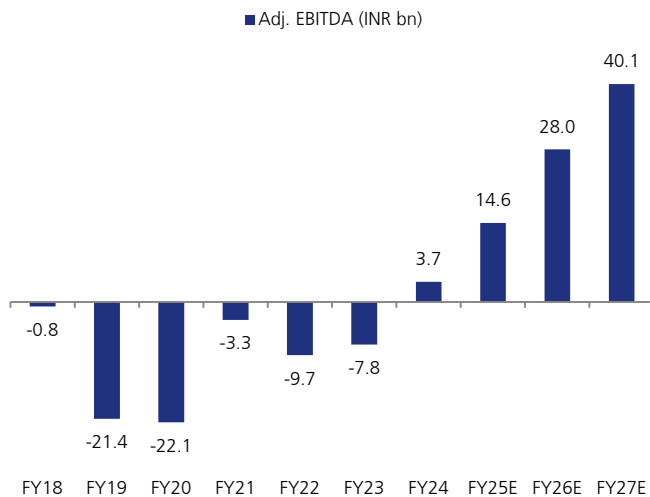
Source: Company, JM Financial estimates

Exhibit 10. ESOP cost as a % of reported revenue



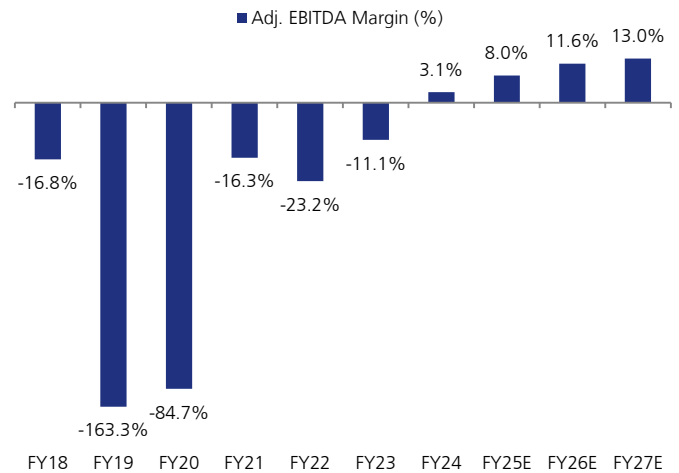
Source: Company, JM Financial estimates

Exhibit 11. Adjusted EBITDA trend (INR bn)



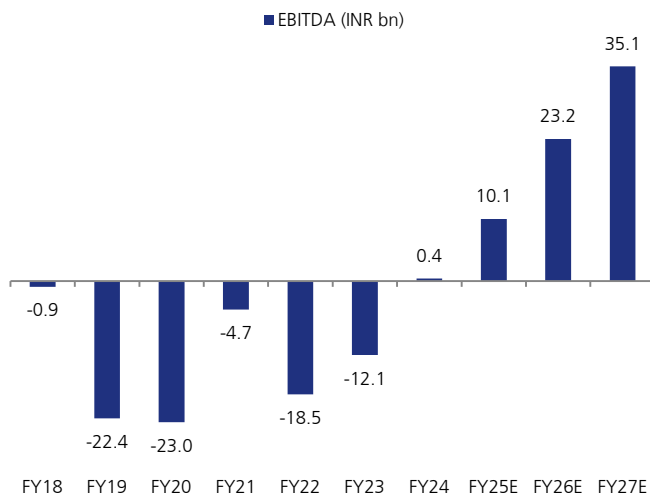
Source: Company, JM Financial estimates

Exhibit 12. Adjusted EBITDA margin trend (as a % of reported revenue)



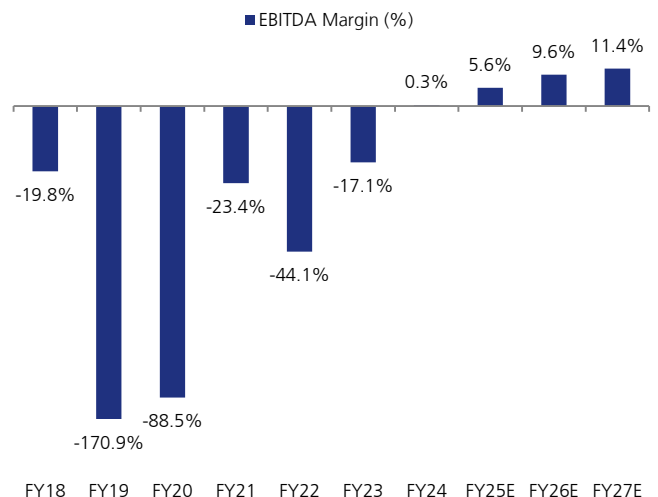
Source: Company, JM Financial estimates

Exhibit 13. EBITDA trend (INR bn)



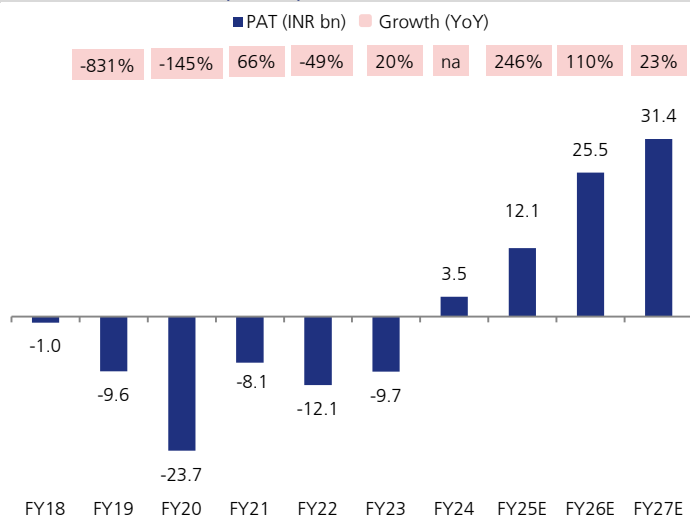
Source: Company, JM Financial estimates

Exhibit 14. EBITDA margin trend (as a % of reported revenue)



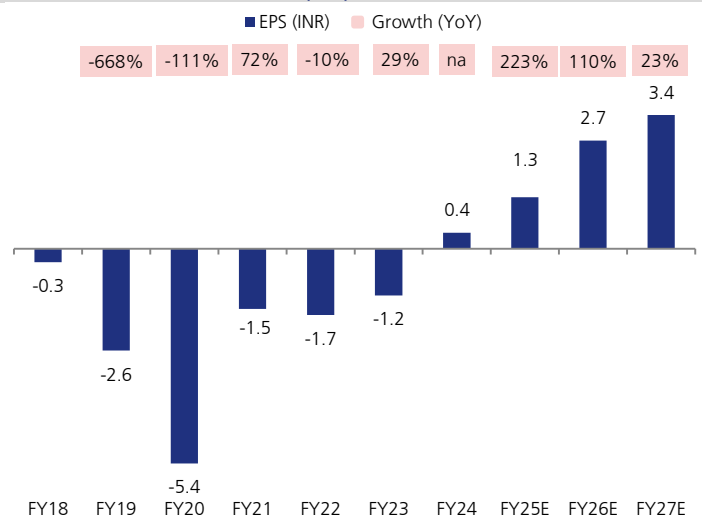
Source: Company, JM Financial estimates

Exhibit 15. PAT trend (INR bn)



Source: Company, JM Financial estimates

Exhibit 16. Diluted EPS trend (INR)



Source: Company, JM Financial estimates

Exhibit 17. Key operating metrics and financial assumptions

Mar YE (INR bn)	FY24A	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Food Delivery							
Orders (million)	753	886	1,039	1,210	1,380	1,554	1,760
AOV (INR)	428	443	458	474	491	508	526
GOV (INR bn)	322	392	476	574	677	790	925
Revenue (INR bn)	64	82	100	120	142	166	194
Take rate (revenue as a % of GOV)	19.7%	20.9%	21.0%	21.0%	21.0%	21.0%	21.0%
Contribution Profit (INR per order)	29.5	35.0	36.6	37.8	39.2	40.6	42.0
% of AOV	6.9%	7.9%	8.0%	8.0%	8.0%	8.0%	8.0%
Adj. EBITDA (INR bn)	9.1	15.4	23.0	28.7	33.9	39.6	46.2
% of GOV	2.8%	3.9%	4.8%	5.0%	5.0%	5.0%	5.0%
Blinkit							
Orders (million)	203	380	577	769	960	1,162	1,375
AOV (INR)	613	638	657	676	697	718	739
GOV (INR bn)	125	242	379	520	669	834	1,017
Revenue (INR bn)	23	48	77	108	142	181	226
Take rate (revenue as a % of GOV)	18.5%	19.7%	20.2%	20.7%	21.2%	21.7%	22.2%
Contribution Profit (INR per order)	13.1	28.8	32.5	35.7	39.8	43.9	49.4
% of AOV	2.1%	4.5%	4.9%	5.3%	5.7%	6.1%	6.7%
Adj. EBITDA (INR bn)	-3.8	0.7	5.8	11.2	18.2	26.6	39.0
% of GOV	-3.1%	0.3%	1.5%	2.1%	2.7%	3.2%	3.8%
Hyperpure							
Revenue (INR bn)	31.7	46.5	58.1	69.7	80.2	91.4	103.3
Adj. EBITDA (INR bn)	-1.3	-0.7	-0.2	0.4	1.0	2.2	3.2
Adj. EBITDA margin (as a % of revenue)	-4.0%	-1.5%	-0.4%	0.5%	1.2%	2.4%	3.1%
Dining Out and Others							
Revenue (INR bn)	2.8	6.1	7.7	9.2	10.9	12.4	14.0
Adj. EBITDA (INR bn)	-0.3	-0.8	-0.5	-0.2	0.1	0.3	0.6
Adj. EBITDA margin (as a % of revenue)	-10.8%	-13.3%	-6.9%	-2.5%	1.0%	2.6%	4.6%
Group							
Revenue (INR bn)	121.1	182.4	242.4	307.1	375.1	450.6	537.3
Adj. EBITDA (INR bn)	3.7	14.6	28.0	40.1	53.2	68.7	89.0
Adj. EBITDA margin (as a % of revenue)	3.1%	8.0%	11.6%	13.0%	14.2%	15.2%	16.6%
EBITDA (INR bn)	0.4	10.1	23.2	35.1	48.1	63.6	83.9
EBITDA margin (as a % of revenue)	0.3%	5.6%	9.6%	11.4%	12.8%	14.1%	15.6%

Source: Company, JM Financial estimates

Maintain BUY; TP revised down to INR 230

Exhibit 18. What has changed in our forecasts and assumptions?

Numbers are in INR mn	Old			New			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Food delivery GOV	3,92,399	4,76,361	5,63,499	3,92,399	4,76,361	5,73,744	0.0%	0.0%	1.8%
Quick Commerce GOV	2,41,951	3,79,033	5,20,289	2,41,951	3,79,033	5,20,289	0.0%	0.0%	0.0%
Consolidated revenue	1,82,401	2,42,360	3,04,946	1,82,401	2,42,360	3,07,098	0.0%	0.0%	0.7%
Revenue growth rate (YoY)	50.6%	32.9%	25.8%	50.6%	32.9%	26.7%	0bp	0bp	89bp
Reported EBITDA margin	5.6%	9.6%	11.4%	5.6%	9.6%	11.4%	0bp	0bp	4bp
Reported EBIT margin	2.2%	7.0%	9.3%	2.2%	7.0%	9.4%	0bp	0bp	5bp
PAT	12,140	25,461	31,134	12,140	25,461	31,420	0.0%	0.0%	0.9%
Diluted EPS (INR)	1.30	2.73	3.34	1.30	2.73	3.37	0.0%	0.0%	0.9%

Source: Company, JM Financial

Key Risks

- Key upside risks** to our price target are: (1) Sharp rise in transacting users driven by growing share of working age digitally native millennial/GenZ population; (2) Better-than-expected AOV growth; (3) Synergy benefits from rapid expansion of Hyperpure and dining-out businesses and (4) Significant value accretion from organic/inorganic expansion in adjacent verticals.
- Key downside risks** are: (1) Slower-than-expected tech penetration in India; (2) Sharp increase in competitive intensity; (3) Continued stakeholder conflicts such as allegations of unfair trade practices from food services industry bodies such as NRAI, amongst others; (4) Technology failures and data breaches; (5) Regulatory risks: Uncertainty around the likely implications for tech platforms such as Zomato if the new labour laws are implemented in India; and (6) Organic/inorganic investments fail to deliver.

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	70,794	1,21,140	1,82,401	2,42,360	3,07,098	
Sales Growth	68.9%	71.1%	50.6%	32.9%	26.7%	
Other Operating Income	0	0	0	0	0	
Total Revenue	70,794	1,21,140	1,82,401	2,42,360	3,07,098	
Cost of Goods Sold/Op. Exp	0	0	0	0	0	
Personnel Cost	14,650	16,590	21,733	24,993	28,242	
Other Expenses	68,247	1,04,130	1,50,538	1,94,161	2,43,763	
EBITDA	-12,103	420	10,130	23,206	35,093	
EBITDA Margin	-17.1%	0.3%	5.6%	9.6%	11.4%	
EBITDA Growth	0.0%	0.0%	2,312.0%	129.1%	51.2%	
Depn. & Amort.	4,369	5,260	6,085	6,134	6,243	
EBIT	-16,472	-4,840	4,045	17,073	28,850	
Other Income	6,328	7,750	8,733	11,217	13,155	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	-10,144	2,910	12,779	28,290	42,006	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	-10,144	2,910	12,779	28,290	42,006	
Taxes	-436	-600	639	2,829	10,585	
Extraordinary Inc./Loss(-)	-1	0	0	0	0	
Assoc. Profit/Min. Int.(-)	-6	0	0	0	0	
Reported Net Profit	-9,707	3,510	12,140	25,461	31,420	
Adjusted Net Profit	-9,708	3,510	12,140	25,461	31,420	
Net Margin	-13.7%	2.9%	6.7%	10.5%	10.2%	
Diluted Share Cap. (mn)	8,232.7	8,705.8	9,314.0	9,314.0	9,314.0	
Diluted EPS (INR)	-1.2	0.4	1.3	2.7	3.4	
Diluted EPS Growth	0.0%	0.0%	223.3%	109.7%	23.4%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	-10,146	2,910	12,779	28,290	42,006	
Depn. & Amort.	4,369	5,260	6,085	6,134	6,243	
Net Interest Exp. / Inc. (-)	-4,840	-5,790	-8,733	-11,217	-13,155	
Inc (-) / Dec in WCcap.	-1,759	1,180	-4,744	-3,204	13	
Others	4,244	3,950	7,210	8,292	9,121	
Taxes Paid	-308	-1,050	-1,347	-3,788	-11,621	
Operating Cash Flow	-8,440	6,460	11,249	24,505	32,606	
Capex	-1,014	-2,020	-2,173	-1,883	-1,934	
Free Cash Flow	-9,454	4,440	9,075	22,622	30,672	
Inc (-) / Dec in Investments	8,794	-7,630	0	0	0	
Others	-3,207	6,180	9,703	12,112	14,129	
Investing Cash Flow	4,573	-3,470	7,529	10,229	12,195	
Inc / Dec (-) in Capital	38	220	0	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	-884	-1,690	-1,609	577	515	
Others	-428	-600	-969	-895	-974	
Financing Cash Flow	-1,274	-2,070	-2,578	-318	-459	
Inc / Dec (-) in Cash	-5,141	920	16,200	34,417	44,342	
Opening Cash Balance	7,322	2,171	3,091	19,291	53,708	
Closing Cash Balance	2,181	3,091	19,291	53,708	98,049	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	1,94,598	2,03,814	2,23,480	2,57,232	2,97,773	
Share Capital	8,364	8,364	8,680	8,680	8,680	
Reserves & Surplus	1,86,234	1,95,450	2,14,800	2,48,552	2,89,093	
Preference Share Capital	0	0	0	0	0	
Minority Interest	-66	-70	-70	-70	-70	
Total Loans	404	0	0	0	0	
Def. Tax Liab. / Assets (-)	-1,161	-2,210	-2,918	-3,878	-4,914	
Total - Equity & Liab.	1,93,775	2,01,534	2,20,491	2,53,284	2,92,789	
Net Fixed Assets	59,231	57,655	56,143	54,417	52,886	
Gross Fixed Assets	3,628	5,313	7,486	9,369	11,303	
Intangible Assets	57,071	54,710	51,910	49,390	47,122	
Less: Depn. & Amort.	1,543	2,443	3,433	4,522	5,720	
Capital WIP	75	75	180	180	180	
Investments	1,15,956	1,19,320	1,19,320	1,19,320	1,19,320	
Current Assets	39,639	54,270	74,141	1,12,786	1,62,388	
Inventories	827	880	1,611	1,486	2,210	
Sundry Debtors	4,569	7,940	10,895	14,131	17,580	
Cash & Bank Balances	2,181	3,090	19,291	53,708	98,049	
Loans & Advances	0	0	0	0	0	
Other Current Assets	32,062	42,360	42,345	43,461	44,549	
Current Liab. & Prov.	21,051	29,500	29,112	33,237	41,803	
Current Liabilities	14,003	18,260	21,276	23,309	29,222	
Provisions & Others	7,048	11,240	7,837	9,928	12,580	
Net Current Assets	18,588	24,770	45,029	79,548	1,20,585	
Total - Assets	1,93,775	2,01,745	2,20,492	2,53,285	2,92,790	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin		-13.7%	2.9%	6.7%	10.5%	10.2%
Asset Turnover (x)		0.4	0.6	0.8	1.0	1.1
Leverage Factor (x)		1.0	1.0	1.0	1.0	1.0
RoE		-5.4%	1.8%	5.7%	10.6%	11.3%

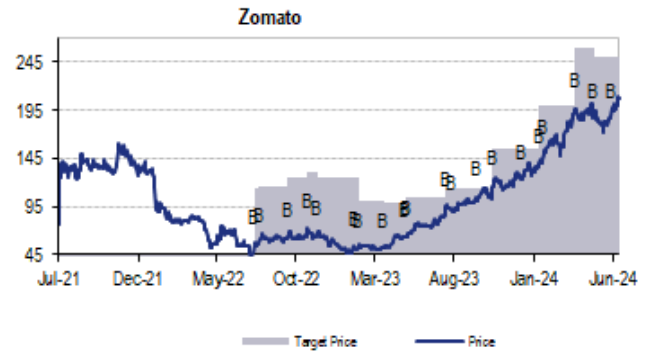
Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)		23.6	23.4	25.3	29.1	33.7
ROIC		-27.1%	-7.4%	4.6%	18.2%	26.2%
ROE		-5.4%	1.8%	5.7%	10.6%	11.3%
Net Debt/Equity (x)		-0.6	-0.6	-0.6	-0.7	-0.7
P/E (x)		-176.4	515.9	159.6	76.1	61.7
P/B (x)		8.8	8.9	8.2	7.1	6.2
EV/EBITDA (x)		-141.8	4,076.4	167.4	71.6	46.1
EV/Sales (x)		24.3	14.1	9.3	6.9	5.3
Debtor days		24	24	22	21	21
Inventory days		4	3	3	2	3
Creditor days		30	27	29	25	27

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
2-Aug-22	Buy	115	
11-Aug-22	Buy	115	0.6
4-Oct-22	Buy	125	8.6
12-Nov-22	Buy	130	3.7
30-Nov-22	Buy	126	-3.2
10-Feb-23	Buy	126	0.0
16-Feb-23	Buy	100	-20.3
6-Apr-23	Buy	100	-0.5
17-May-23	Buy	100	0.0
21-May-23	Buy	105	5.6
4-Aug-23	Buy	115	8.8
17-Aug-23	Buy	115	0.0
3-Oct-23	Buy	115	0.1
4-Nov-23	Buy	155	35.1
28-Dec-23	Buy	155	0.0
1-Feb-24	Buy	200	29.2
9-Feb-24	Buy	200	0.1
11-Apr-24	Buy	260	29.8
14-May-24	Buy	250	-3.8
17-Jun-24	Buy	250	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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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.
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* REITs refers to Real Estate Investment Trusts.

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