

# Ashok Leyland | BUY

## Prioritizing profitability to mitigate near-term headwinds

In 3QFY24, Ashok Leyland (AL) reported EBITDAM of 12%, 100bps above JMFe. Sequential improvement in margin (+80bps) was led by better price realisation, cost reduction initiatives and softening RM cost. Near-term demand momentum is expected to be muted owing to high base of last year and general election. The company re-iterated its focus on profitable growth. Medium-term demand drivers (higher infra spends, scrappage policy, etc.) remain intact and AL aims for higher share in MHCVs (to c.35%) led by network expansion (in North and East) and addressing product gaps. Benign commodity cost and cost control initiatives are expected to support profitability. We estimate EPS CAGR of c.30% during FY23-26E. Maintain BUY with Mar'25 TP of INR 200 (20x fwd. EPS). Increase in competitive intensity remains key monitorable going forward.

- 3QFY24 - Margin beats estimate:** In 3QFY24, AL reported net sales of INR 92.7bn (+3% YoY, -4%QoQ), 2% above our estimate. Blended realisation increased c.3% YoY (+1.5% QoQ). Total volume was flattish YoY (-5% QoQ). EBITDA margin stood at 12% (+320bps YoY, +80bps QoQ), 100bps above JMFe. Margin beat was led by lower than expected RM costs. EBITDA stood at INR 11bn (+40% YoY, +3% QoQ). Adj. PAT stood at INR 5.8bn (+63% YoY, flattish QoQ), c.6 % above JMFe.
- Demand outlook:** AL indicated that volume growth during 3QFY24 was flattish on YoY basis owing to high base and state elections. The management expects CV demand to remain muted over next 2 quarters owing to high base (for 4Q) and upcoming general elections. Continued focus of GOI on infrastructure remains industry tailwind for medium-to-long term. Order book for state transport buses remains healthy. And the company expects bus, tractor trailers and tippers to lead the MHCV segment demand going forward. AL has lost MHCV market share in the recent quarters owing to aggressive competitive intensity. However, it's LCV / Bus segment market share has been gradually rising. The management indicated that focus is on profitable growth and the company will not resort to aggressive pricing to gain market share. AL is focusing on dealer network expansion to cover underpenetrated areas (added 44 touch points in North and East). In exports, volumes grew by (c.6% YoY) and the management indicated that other businesses (defence, aftermarket and powertrain) continue to perform well with healthy order pipeline (esp. for defence segment).
- Profitability outlook:** During 3Q, gross margins improved c.130bps QoQ led by better price realisation, cost reduction efforts and softening RM costs. Realisations improved by c.1.5% QoQ led by lower discounts and better mix. The company re-iterated its focus on pricing discipline and profitable growth. Benign commodity price, cost control initiatives and better pricing (net of discount) is expected to support margins going forward.
- Update on EV business:** During the quarter, the company invested INR 6.6bn in Switch Mobility / Optare PLC to fund the latter's investment for new product development. Switch Mobility has a healthy order book of 1,000 e-buses and has received LOIs for c.12k units of its e-LCV. Focus is on reducing the TCO. AL recently launched 14T electric truck in select markets and the company reiterated that new product pipeline for both



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We acknowledge the support services of Naman Shah in preparation of this report

### Recommendation and Price Target

|                            |       |
|----------------------------|-------|
| Current Reco.              | BUY   |
| Previous Reco.             | BUY   |
| Current Price Target (12M) | 200   |
| Upside/(Downside)          | 11.6% |
| Previous Price Target      | 200   |
| Change                     | 0.0%  |

### Key Data – AL IN

|                          |                     |
|--------------------------|---------------------|
| Current Market Price     | INR180              |
| Market cap (bn)          | INR526.3/US\$6.3    |
| Free Float               | 65%                 |
| Shares in issue (mn)     | 2,845.9             |
| Diluted share (mn)       | 2,936.1             |
| 3-mon avg daily val (mn) | INR2,481.7/US\$29.9 |
| 52-week range            | 192/133             |
| Sensex/Nifty             | 71,731/21,772       |
| INR/US\$                 | 83.1                |

### Price Performance

| %         | 1M   | 6M    | 12M  |
|-----------|------|-------|------|
| Absolute  | -0.1 | -1.8  | 16.5 |
| Relative* | 0.3  | -10.0 | -1.2 |

\* To the BSE Sensex

### Financial Summary

| Y/E March           | FY22A   | FY23A    | FY24E   | FY25E   | FY26E   |
|---------------------|---------|----------|---------|---------|---------|
| Net Sales           | 216,883 | 361,441  | 380,386 | 407,145 | 433,008 |
| Sales Growth        | 42.3%   | 66.7%    | 5.2%    | 7.0%    | 6.4%    |
| EBITDA              | 9,946   | 29,307   | 43,989  | 48,542  | 47,456  |
| EBITDA Margin       | 4.6%    | 8.1%     | 11.6%   | 11.9%   | 11.0%   |
| Adjusted Net Profit | 310     | 12,955   | 25,131  | 30,206  | 29,654  |
| Diluted EPS (INR)   | 0.1     | 4.4      | 8.6     | 10.3    | 10.1    |
| Diluted EPS Growth  | 0.0%    | 4,073.0% | 94.0%   | 20.2%   | -1.8%   |
| ROIC                | 7.5%    | 29.6%    | 57.0%   | 69.3%   | 73.6%   |
| ROE                 | 0.4%    | 16.4%    | 27.0%   | 26.9%   | 22.2%   |
| P/E (x)             | 1,692.9 | 40.6     | 20.9    | 17.4    | 17.7    |
| P/B (x)             | 7.2     | 6.2      | 5.2     | 4.3     | 3.6     |
| EV/EBITDA (x)       | 53.7    | 18.3     | 12.1    | 10.7    | 10.7    |
| Dividend Yield      | 0.8%    | 0.6%     | 1.5%    | 1.7%    | 1.7%    |

Source: Company data, JM Financial. Note: Valuations as of 05/Feb/2024

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.

India and EU market remains healthy. Management expects Switch India to achieve cash breakeven by FY25 end.

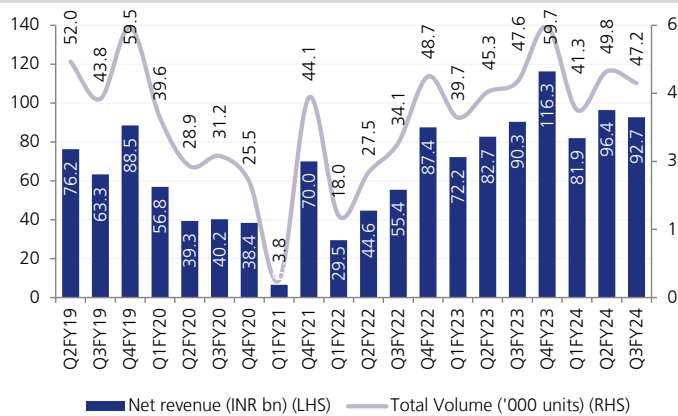
- **Other highlights:** 1) HLFL performed well; Current order book stands at c.450bn, PAT Margin was c.13% and NPA c.2.8%. 2) Capex during 3QFY24 stood at INR 0.9bn (9MFY24: INR 2.9bn). 3) Net Debt stands at INR 17.5bn and the company expects reduction in net debt during 4Q.

### Exhibit 1. Standalone quarterly performance

| AL (INR mn)                    | Q3FY24        | Q3FY23        | % YoY         | Q2FY24        | % QoQ        | Q3FY24E       | % A/E         |
|--------------------------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|
| MHCV (Units)                   | 29,485        | 30,790        | -4.2          | 32,086        | -8.1         | 29,485        | 0.0           |
| LCV (Units)                    | 17,756        | 16,772        | 5.9           | 17,760        | 0.0          | 17,756        | 0.0           |
| <b>Total Volumes (Units)</b>   | <b>47,241</b> | <b>47,562</b> | <b>-0.7</b>   | <b>49,846</b> | <b>-5.2</b>  | <b>47,241</b> | <b>0.0</b>    |
| Average Realisation (Net, INR) | 1,962,916     | 1,898,505     | 3.4           | 1,933,563     | 1.5          | 1,926,928     | 1.9           |
| <b>Sales</b>                   | <b>92,730</b> | <b>90,297</b> | <b>2.7</b>    | <b>96,380</b> | <b>-3.8</b>  | <b>91,030</b> | <b>1.9</b>    |
| RM                             | 66,977        | 68,859        | -2.7          | 70,866        | -5.5         | 67,089        | -0.2          |
| As a % of sales                | 72.2          | 76.3          | -400bps       | 73.5          | -130bps      | 73.7          | -150bps       |
| Employee Exp                   | 5,695         | 5,495         | 3.6           | 5,728         | -1           | 5,462         | 4.3           |
| As a % of sales                | 6.1           | 6.1           | 10bps         | 5.9           | 20bps        | 6.0           | 10bps         |
| Other Costs                    | 8,919         | 7,970         | 11.9          | 8,989         | -0.8         | 8,466         | 5.4           |
| As a % of sales                | 9.6           | 8.8           | 80bps         | 9.3           | 30bps        | 9.3           | 30bps         |
| Expenditure                    | 81,591        | 82,323        | -0.9          | 85,583        | -4.7         | 81,017        | 0.7           |
| <b>EBITDA</b>                  | <b>11,139</b> | <b>7,973</b>  | <b>40</b>     | <b>10,798</b> | <b>3.2</b>   | <b>10,013</b> | <b>11.2</b>   |
| <b>EBITDA Margin</b>           | <b>12.0</b>   | <b>8.8</b>    | <b>320bps</b> | <b>11.2</b>   | <b>80bps</b> | <b>11.0</b>   | <b>100bps</b> |
| <b>PAT (Adjusted)</b>          | <b>5,806</b>  | <b>3,544</b>  | <b>63.8</b>   | <b>5,839</b>  | <b>-0.6</b>  | <b>5,453</b>  | <b>6.5</b>    |
| <b>PAT Margin (Adjusted)</b>   | <b>6.3</b>    | <b>3.9</b>    | <b>230bps</b> | <b>6.1</b>    | <b>20bps</b> | <b>6.0</b>    | <b>30bps</b>  |
| <b>EPS (Rs)</b>                | <b>2.0</b>    | <b>1.21</b>   | <b>63.8</b>   | <b>1.99</b>   | <b>-0.6</b>  | <b>1.9</b>    | <b>6.5</b>    |

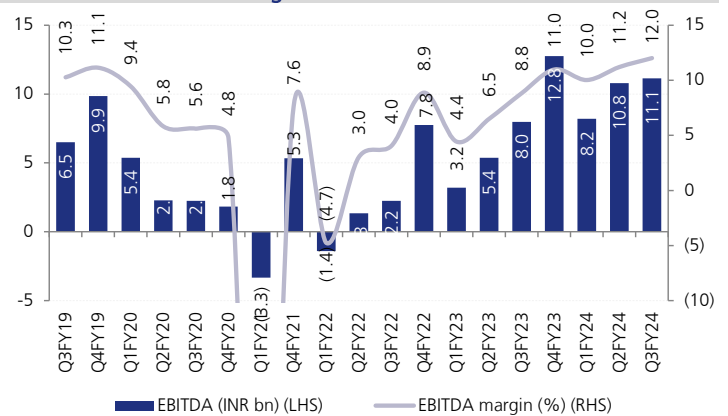
Source: Company, JM Financial

### Exhibit 2. Revenue and volume trend



Source: Company, JM Financial

### Exhibit 3. EBITDA and Margin trend



Source: Company, JM Financial; Note: 1QFY21 margin at -51%

### Exhibit 4. AL - change in assumptions (standalone)

|                         | New assumption |                |                | Old assumption |                |                | % Change     |              |              |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|
|                         | FY24E          | FY25E          | FY26E          | FY24E          | FY25E          | FY26E          | FY24E        | FY25E        | FY26E        |
| <b>Revenue (INR mn)</b> | <b>380,386</b> | <b>407,145</b> | <b>433,008</b> | <b>410,033</b> | <b>451,310</b> | <b>468,758</b> | <b>-7.2%</b> | <b>-9.8%</b> | <b>-7.6%</b> |
| MHCV vol. (nos.)        | 123,703        | 130,693        | 139,770        | 136,497        | 148,346        | 154,287        | -9.4%        | -11.9%       | -9.4%        |
| Growth (%)              | 0%             | 6%             | 7%             | 10%            | 9%             | 10%            |              |              |              |
| LCV vol. (nos.)         | 68,505         | 71,930         | 76,605         | 71,501         | 75,791         | 79,580         | -4.2%        | -5.1%        | -3.7%        |
| Growth (%)              | 1%             | 5%             | 0%             | 5%             | 6%             | 0%             |              |              |              |
| EBITDA (INR mn)         | 43,989         | 48,542         | 47,456         | 44,890         | 50,968         | 46,916         | -2.0%        | -4.8%        | 1.1%         |
| EBITDAM (%)             | 11.6%          | 11.9%          | 11.0%          | 10.9%          | 11.3%          | 10.0%          | 70bps        | 60bps        | 100bps       |
| PAT (INR mn)            | 25,131         | 30,206         | 29,654         | 24,785         | 31,277         | 28,499         | 1.4%         | -3.4%        | 4.1%         |
| <b>EPS (INR)</b>        | <b>8.6</b>     | <b>10.3</b>    | <b>10.1</b>    | <b>8.4</b>     | <b>10.7</b>    | <b>9.7</b>     | <b>1.4%</b>  | <b>-3.4%</b> | <b>4.1%</b>  |

Source: Company, JM Financial

## Financial Tables (Standalone)

| Income Statement            |                | (INR mn)       |                |                |                |  |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|--|
| Y/E March                   | FY22A          | FY23A          | FY24E          | FY25E          | FY26E          |  |
| Net Sales                   | 216,883        | 361,441        | 380,386        | 407,145        | 433,008        |  |
| Sales Growth                | 42.3%          | 66.7%          | 5.2%           | 7.0%           | 6.4%           |  |
| Other Operating Income      | 0              | 0              | 0              | 0              | 0              |  |
| <b>Total Revenue</b>        | <b>216,883</b> | <b>361,441</b> | <b>380,386</b> | <b>407,145</b> | <b>433,008</b> |  |
| Cost of Goods Sold/Op. Exp  | 167,611        | 278,492        | 277,650        | 297,378        | 320,420        |  |
| Personnel Cost              | 16,946         | 21,139         | 23,371         | 24,989         | 26,594         |  |
| Other Expenses              | 22,381         | 32,504         | 35,376         | 36,236         | 38,538         |  |
| <b>EBITDA</b>               | <b>9,946</b>   | <b>29,307</b>  | <b>43,989</b>  | <b>48,542</b>  | <b>47,456</b>  |  |
| EBITDA Margin               | 4.6%           | 8.1%           | 11.6%          | 11.9%          | 11.0%          |  |
| EBITDA Growth               | 110.6%         | 194.7%         | 50.1%          | 10.4%          | -2.2%          |  |
| Depn. & Amort.              | 7,528          | 7,320          | 7,270          | 7,866          | 8,346          |  |
| EBIT                        | 2,418          | 21,987         | 36,719         | 40,676         | 39,110         |  |
| Other Income                | 761            | 1,161          | 1,742          | 2,003          | 2,304          |  |
| Finance Cost                | 3,011          | 2,891          | 2,559          | 2,134          | 1,609          |  |
| PBT before Excep. & Forex   | 168            | 20,258         | 35,901         | 40,546         | 39,805         |  |
| Excep. & Forex Inc./Loss(-) | 0              | 0              | 0              | 0              | 0              |  |
| PBT                         | 168            | 20,258         | 35,901         | 40,546         | 39,805         |  |
| Taxes                       | -142           | 7,303          | 10,770         | 10,339         | 10,150         |  |
| Extraordinary Inc./Loss(-)  | 5,108          | 846            | 0              | 0              | 0              |  |
| Assoc. Profit/Min. Int.(-)  | 0              | 0              | 0              | 0              | 0              |  |
| Reported Net Profit         | 5,418          | 13,801         | 25,131         | 30,206         | 29,654         |  |
| <b>Adjusted Net Profit</b>  | <b>310</b>     | <b>12,955</b>  | <b>25,131</b>  | <b>30,206</b>  | <b>29,654</b>  |  |
| Net Margin                  | 0.1%           | 3.6%           | 6.6%           | 7.4%           | 6.8%           |  |
| Diluted Share Cap. (mn)     | 2,935.5        | 2,936.1        | 2,936.1        | 2,936.1        | 2,936.1        |  |
| <b>Diluted EPS (INR)</b>    | <b>0.1</b>     | <b>4.4</b>     | <b>8.6</b>     | <b>10.3</b>    | <b>10.1</b>    |  |
| Diluted EPS Growth          | 0.0%           | 4,073.0%       | 94.0%          | 20.2%          | -1.8%          |  |
| Total Dividend + Tax        | 4,403          | 2,936          | 7,634          | 8,808          | 8,808          |  |
| Dividend Per Share (INR)    | 1.5            | 1.0            | 2.6            | 3.0            | 3.0            |  |

Source: Company, JM Financial

| Cash Flow Statement          |                | (INR mn)       |                |                |                |  |
|------------------------------|----------------|----------------|----------------|----------------|----------------|--|
| Y/E March                    | FY22A          | FY23A          | FY24E          | FY25E          | FY26E          |  |
| Profit before Tax            | 168            | 20,258         | 35,901         | 40,546         | 39,805         |  |
| Depn. & Amort.               | 7,528          | 7,320          | 7,270          | 7,866          | 8,346          |  |
| Net Interest Exp. / Inc. (-) | 3,011          | 2,891          | 2,559          | 2,134          | 1,609          |  |
| Inc (-) / Dec in WCcap.      | 12,070         | -1,792         | -235           | 2,855          | 4,206          |  |
| Others                       | 0              | 0              | 0              | 0              | 0              |  |
| Taxes Paid                   | 142            | -7,303         | -10,770        | -10,339        | -10,150        |  |
| <b>Operating Cash Flow</b>   | <b>22,919</b>  | <b>21,374</b>  | <b>34,726</b>  | <b>43,062</b>  | <b>43,815</b>  |  |
| Capex                        | -1,257         | -3,735         | -7,500         | -7,500         | -7,500         |  |
| Free Cash Flow               | 21,662         | 17,639         | 27,226         | 35,561         | 36,315         |  |
| Inc (-) / Dec in Investments | -17,509        | -18,440        | -12,500        | -12,500        | -12,500        |  |
| Others                       | -3,011         | -2,891         | -2,559         | -2,134         | -1,609         |  |
| <b>Investing Cash Flow</b>   | <b>-21,777</b> | <b>-25,065</b> | <b>-22,559</b> | <b>-22,134</b> | <b>-21,609</b> |  |
| Inc / Dec (-) in Capital     | 0              | 1              | 0              | 0              | 0              |  |
| Dividend + Tax thereon       | -4,403         | -2,936         | -7,634         | -8,808         | -8,808         |  |
| Inc / Dec (-) in Loans       | -1,924         | -3,291         | -6,000         | -6,000         | -6,000         |  |
| Others                       | 7,426          | 4,461          | 0              | 0              | 0              |  |
| <b>Financing Cash Flow</b>   | <b>1,098</b>   | <b>-1,765</b>  | <b>-13,634</b> | <b>-14,808</b> | <b>-14,808</b> |  |
| <b>Inc / Dec (-) in Cash</b> | <b>2,240</b>   | <b>-5,457</b>  | <b>-1,467</b>  | <b>6,119</b>   | <b>7,397</b>   |  |
| Opening Cash Balance         | 8,230          | 10,470         | 5,013          | 3,546          | 9,664          |  |
| Closing Cash Balance         | 10,470         | 5,013          | 3,546          | 9,664          | 17,062         |  |

Source: Company, JM Financial

| Balance Sheet                     |                | (INR mn)       |                |                |                |  |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|--|
| Y/E March                         | FY22A          | FY23A          | FY24E          | FY25E          | FY26E          |  |
| Shareholders' Fund                | 73,369         | 84,258         | 101,755        | 123,153        | 143,999        |  |
| Share Capital                     | 2,936          | 2,936          | 2,936          | 2,936          | 2,936          |  |
| Reserves & Surplus                | 70,434         | 81,322         | 98,819         | 120,217        | 141,063        |  |
| Preference Share Capital          | 0              | 0              | 0              | 0              | 0              |  |
| Minority Interest                 | 0              | 0              | 0              | 0              | 0              |  |
| Total Loans                       | 35,539         | 32,248         | 26,248         | 20,248         | 14,248         |  |
| Def. Tax Liab. / Assets (-)       | 1,444          | 5,035          | 5,035          | 5,035          | 5,035          |  |
| <b>Total - Equity &amp; Liab.</b> | <b>110,351</b> | <b>121,541</b> | <b>133,039</b> | <b>148,437</b> | <b>163,283</b> |  |
| Net Fixed Assets                  | 67,952         | 64,367         | 64,597         | 64,231         | 63,385         |  |
| Gross Fixed Assets                | 107,300        | 111,652        | 119,152        | 126,653        | 134,153        |  |
| Intangible Assets                 | 0              | 0              | 0              | 0              | 0              |  |
| Less: Depn. & Amort.              | 41,291         | 48,611         | 55,881         | 63,747         | 72,093         |  |
| Capital WIP                       | 1,943          | 1,325          | 1,325          | 1,325          | 1,325          |  |
| Investments                       | 48,196         | 66,636         | 79,136         | 91,636         | 104,136        |  |
| Current Assets                    | 87,190         | 94,914         | 93,891         | 105,905        | 119,095        |  |
| Inventories                       | 20,752         | 27,745         | 31,265         | 33,464         | 35,590         |  |
| Sundry Debtors                    | 31,111         | 40,627         | 36,475         | 39,041         | 41,521         |  |
| Cash & Bank Balances              | 10,470         | 5,013          | 3,546          | 9,664          | 17,062         |  |
| Loans & Advances                  | 24,858         | 21,529         | 22,605         | 23,736         | 24,922         |  |
| Other Current Assets              | 0              | 0              | 0              | 0              | 0              |  |
| Current Liab. & Prov.             | 92,986         | 104,375        | 104,585        | 113,335        | 123,333        |  |
| Current Liabilities               | 68,752         | 71,751         | 68,462         | 73,326         | 79,008         |  |
| Provisions & Others               | 24,234         | 32,624         | 36,123         | 40,009         | 44,326         |  |
| Net Current Assets                | -5,797         | -9,461         | -10,694        | -7,430         | -4,239         |  |
| <b>Total - Assets</b>             | <b>110,351</b> | <b>121,541</b> | <b>133,039</b> | <b>148,437</b> | <b>163,283</b> |  |

Source: Company, JM Financial

| Dupont Analysis     |  | FY22A | FY23A | FY24E | FY25E | FY26E |
|---------------------|--|-------|-------|-------|-------|-------|
| Y/E March           |  |       |       |       |       |       |
| Net Margin          |  | 0.1%  | 3.6%  | 6.6%  | 7.4%  | 6.8%  |
| Asset Turnover (x)  |  | 2.0   | 3.2   | 3.1   | 3.0   | 2.9   |
| Leverage Factor (x) |  | 1.5   | 1.4   | 1.3   | 1.2   | 1.1   |
| RoE                 |  | 0.4%  | 16.4% | 27.0% | 26.9% | 22.2% |

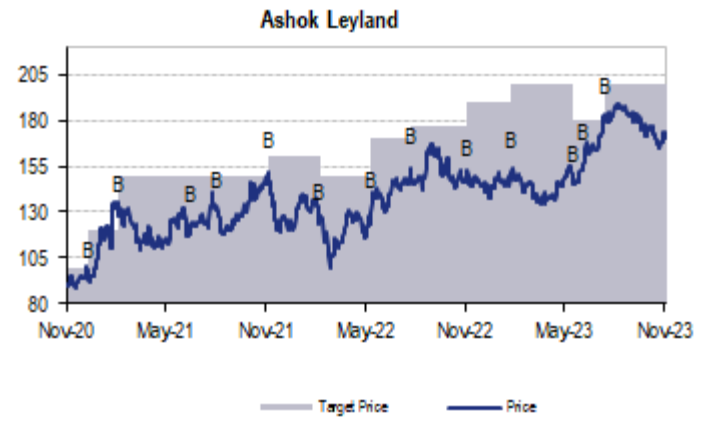
| Key Ratios          |  | FY22A   | FY23A | FY24E | FY25E | FY26E |
|---------------------|--|---------|-------|-------|-------|-------|
| Y/E March           |  |         |       |       |       |       |
| BV/Share (INR)      |  | 25.0    | 28.7  | 34.7  | 41.9  | 49.0  |
| ROIC                |  | 7.5%    | 29.6% | 57.0% | 69.3% | 73.6% |
| ROE                 |  | 0.4%    | 16.4% | 27.0% | 26.9% | 22.2% |
| Net Debt/Equity (x) |  | 0.3     | 0.3   | 0.2   | 0.1   | 0.0   |
| P/E (x)             |  | 1,692.9 | 40.6  | 20.9  | 17.4  | 17.7  |
| P/B (x)             |  | 7.2     | 6.2   | 5.2   | 4.3   | 3.6   |
| EV/EBITDA (x)       |  | 53.7    | 18.3  | 12.1  | 10.7  | 10.7  |
| EV/Sales (x)        |  | 2.5     | 1.5   | 1.4   | 1.3   | 1.2   |
| Debtor days         |  | 52      | 41    | 35    | 35    | 35    |
| Inventory days      |  | 35      | 28    | 30    | 30    | 30    |
| Creditor days       |  | 121     | 79    | 74    | 75    | 75    |

Source: Company, JM Financial

## History of Recommendation and Target Price

| Date      | Recommendation | Target Price | % Chg. |
|-----------|----------------|--------------|--------|
| 17-Feb-20 | Hold           | 85           |        |
| 21-Apr-20 | Buy            | 70           | -17.6  |
| 4-Jun-20  | Buy            | 70           | 0.0    |
| 26-Jun-20 | Buy            | 70           | 0.0    |
| 13-Aug-20 | Buy            | 80           | 14.3   |
| 21-Sep-20 | Buy            | 100          | 25.0   |
| 9-Nov-20  | Buy            | 100          | 0.0    |
| 21-Dec-20 | Buy            | 120          | 20.0   |
| 12-Feb-21 | Buy            | 150          | 25.0   |
| 25-Jun-21 | Buy            | 150          | 0.0    |
| 13-Aug-21 | Buy            | 150          | 0.0    |
| 15-Nov-21 | Buy            | 160          | 6.7    |
| 14-Feb-22 | Buy            | 150          | -6.3   |
| 22-May-22 | Buy            | 170          | 13.3   |
| 1-Aug-22  | Buy            | 177          | 4.1    |
| 13-Nov-22 | Buy            | 190          | 7.3    |
| 2-Feb-23  | Buy            | 200          | 5.3    |
| 25-May-23 | Buy            | 180          | -10.0  |
| 15-Jun-23 | Buy            | 180          | 0.0    |
| 24-Jul-23 | Buy            | 200          | 11.1   |

## 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

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Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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

| Definition of ratings |   |
|-----------------------|---|
| Rating                | Meaning   |
| Buy                   | Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.  |
| Hold                  | Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months. |
| Sell                  | Price expected to move downwards by more than 10% from the current market price over the next twelve months.  |

\* REITs refers to Real Estate Investment Trusts.

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