

Tata Technologies | BUY

An aberration and not a trend

TATATECH reported a soft 1Q. Consol. revenues declined 2.5% cc QoQ, missing JMFe: +0.7%. Services revenues declined 1.3% as last leg of Vinfast ramp-down and few client specific project delays weighed. Tech services declined 7.4% QoQ (+6.4% YoY) due to seasonal weakness in products business. Management sees 1Q decline in Services as transitory. Absence of Vinfast decline and resumption of delayed projects should help accelerate sequential growth from Q2 onwards. 5 deal wins across Auto and Aerospace should help too. BMW JV, on-track to for a 2H start, should ensure consistent growth through FY25. Telengana Education deal ramp from 2Q and seasonal uptick in product revenues in 2H are further tailwinds. Resilient margins (-20bps) despite revenue decline indicate sharp cost focus. That should continue. A weaker start to the year however drives 500bps cut to our FY25E USD revenue estimate. We lower our FY25-27E margin estimates by 20-40bps driving 6% cuts to EPS. We now value the stock at 55x forward EPS, at c.10% discount to our target PER for KPIT given latter's superior growth profile. TATATECH's broader spectrum of offerings and structural nature of demand in end-industry keep us constructive. We maintain BUY with a revised TP of INR 1,250 (from INR 1,410).

- 1QFY25 – top-line disappoints:** TATATECH reported 2.5% cc QoQ decline in revenues vs JMFe: +0.7%. Miss was driven largely by weaker Tech Services growth. Services revenues declined by 1.3% vs JMFe: +0.4%. Tech Services on the other hand, declined by 7.4% QoQ vs JMFe: 0.1%. Seasonal softness in product business dragged while Education business grew 4% QoQ. Within Services, Auto declined by 3% QoQ while non-auto grew 5% QoQ, likely on Airbus deal ramp. Ex-Vinfast, Services grew 1% QoQ. EBIT margin was down 20bps to 18.2%, missing JMFe: 18.7%. Employee expenses were flat while higher professional/advisory expenses were partially offset by lower sub-con and outsourcing expenses. PAT came in at INR 1,620, below JMFe: INR 1,824mn.
- Outlook - resilient:** Management attributed 1Q softness in Services to Vinfast ramp-down and delayed/staggered start to a couple of large projects. Management confirmed that Vinfast decline is now largely behind. Management mentioned that project delays are isolated and customer-specific and do not reflect broader demand trends. The company won 5 large deals including deals from an Aerospace Tier-1 (new logo), global battery EV manufacturer and a CV OEM for SDV program. Consistent growth in the mobility business by peers (Tata ELXSI and LTTS – both not rated) supports management assessment of the transitory nature of growth blip in 1Q. Management is focussed on preserving margins and expect flat to slightly better margins through FY25. It reiterated its long term goal of achieving 20% EBITDA margin.
- Cut EPS by 6% Maintain BUY:** We build growth acceleration from 2Q. But a weaker start results in c.500bps cuts to our FY25E USD revenue. Lower base flow into FY26/27E USD revenues as well, despite similar growth assumptions. Consequently, our FY25-27E EPS are down by 6%. We lower our target multiple to 55x (from 60x) to reflect lower growth (14% EPS CAGR over FY24-27E vs 17% earlier). Retain BUY with a revised INR 1,250 TP.



Abhishek Kumar
abhishek.kumar@jmfl.com | Tel: (91 22) 66303053

Anuj Kotewar
anuj.kotewar@jmfl.com | Tel: (91 22) 62241874

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,250
Upside/(Downside)	23.9%
Previous Price Target	1,410
Change	11%

Key Data – TATATECH IN

Current Market Price	INR1,009
Market cap (bn)	INR409.4/US\$4.9
Free Float	43%
Shares in issue (mn)	405.7
Diluted share (mn)	405.7
3-mon avg daily val (mn)	INR1,110.6/US\$13.3
52-week range	1,398/981
Sensex/Nifty	81,343/24,801
INR/US\$	83.7

Price Performance

%	1M	6M	12M
Absolute	-2.0	-12.1	0.0
Relative*	-6.8	-22.6	0.0

* To the BSE Sensex

Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	44,142	51,173	54,431	62,526	71,511
Sales Growth (%)	25.1	15.9	6.4	14.9	14.4
EBITDA	8,208	9,413	10,066	11,605	13,667
EBITDA Margin (%)	18.6	18.4	18.5	18.6	19.1
Adjusted Net Profit	6,239	6,794	7,539	8,821	10,113
Diluted EPS (INR)	15.4	16.7	18.6	21.7	24.9
Diluted EPS Growth (%)	42.9	8.9	11.0	17.0	14.6
ROIC (%)	33.8	28.5	28.3	29.3	30.2
ROE (%)	23.7	21.9	22.3	23.7	24.3
P/E (x)	65.6	60.3	54.3	46.4	40.5
P/B (x)	13.7	12.7	11.6	10.4	9.3
EV/EBITDA (x)	48.7	42.6	39.6	34.5	29.1
Dividend Yield (%)	1.2	1.0	1.1	1.2	1.3

Source: Company data, JM Financial. Note: Valuations as of 18/Jul/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.

Key Highlights from the call

- **Demand:** Management believes revenue challenges witnessed in 1Q are isolated and do not reflect the overall favourable market condition. They expect consistent quarterly growth through the rest of this fiscal. Management indicated that long-term trends still are in favour, including continuous future-proofing of manufacturing, investments in alternative propulsion systems, software-defined products/services, and EV transformation. Additionally, strong order book & positive momentum with anchor accounts signal healthy demand in the future. Management also cited IEA projections of 50% EV adoption by 2035 as evidence of the strong secular trend towards EV adoption.
- **Deal wins:** Key deal wins this quarter include, battery pack design & engineering for a global EV battery manufacturer, turnkey development for a North American commercial vehicle manufacturer, a large deal with a European tier 1 supplier for development of business class seats, and selection by a commercial vehicle OEM as their SDV partner for middleware development. Management emphasized that the CV deals are material and that full vehicle design credentials from PV were leveraged in obtaining these deals. Company showed optimism on CV business for this fiscal and beyond.
- **Revenue Headwinds:** Services revenue declined 1% sequentially on account of delays in a couple of large deals and completion of Vinfast ramp down. Ex-Vinfast, business grew 1% QoQ. Management indicated that project delays were due to customer related issues affecting deal timing and volume. Seasonality in value added product reseller business caused a decline in technology solutions revenue, which was down 7.4% sequentially.
- **Key partnerships & Gen AI:** Company signed MOU with ARM AI technology platform to accelerate the development of AI enabled vehicles. Company highlighted that Gen AI is at the early stages of adoption and that it is going to transform new product introduction, manufacturing and aftermarket processes. Company also highlighted Gen-AI powered virtual sales assistant deployed at CV manufacturer and leveraging of Gen AI for supply chain, raw material processes at a North American tier-1. The BMW JV is expected to start operations in the second half of FY 25 and company will provide guidance subsequently.
- **Segments:** Technology solutions declined 7.4% sequentially, while education sub segment grew 4%, in-line with company's expectations. Order book & pipeline is healthy and Management expects sustained growth through the fiscal in this sub-segment. Management also expects Aerospace sector to contribute a larger % of revenues on account of higher growth on a small base.
- **Margins:** EBITDA margin was down 20 bps from 18.4% to 18.2% sequentially. Employee expenses were flat while other professional & advisory fees, increased CSR spend and increased travel spends were headwinds. These were however offset by lower outsourcing and consultancy charges. Management however, remain steadfast on margin preservation and expects the similar or slightly better margins going forward this fiscal. Company reiterated its long term target of 20% plus EBITDA margins. It counts operational efficiencies, offshoring, pyramid optimization and productivity as key margin levers.
- **Supply side:** Headcount stood at 12,505, a reduction of 183 employees. Utilization stood at 86.5%, which is around optimum level as per management. Attrition levels are favourable with attrition coming down to 13.7% vs. 14.5% previous quarter. Annualized attrition stood at 12.8%, offshore % improved sequentially to 39% from 37.7% and management is in the process of improving this further. They also highlighted that there can be some improvement in onshore utilization.

1QFY25 result review

Exhibit 1. 1QFY25 Result Summary

	1Q25 A	4Q24 A	Change (QoQ)	Estimate (JMFe)	Variance (Vs JMFe)
USD-INR	83.43	83.08	0.4%	82.99	0.5%
Revenue (USD mn)	152.1	156.6	-2.9%	157.6	-3.5%
Revenue (INR mn)	12,690	13,011	-2.5%	13,081	-3.0%
EBITDA (INR mn)	2,311	2,400	-3.7%	2,446	-5.5%
EBITDA margin	18.2%	18.4%	-24bp	18.7%	-49bp
EBIT (INR mn)	2,014	2,110	-4.6%	2,162	-6.9%
EBIT margin	15.9%	16.2%	-35bp	16.5%	-66bp
PAT (INR mn)	1,620	1,573	3.0%	1,824	-11.1%
EPS (INR)	3.99	3.88	2.9%	4.49	-11.2%

Source: Company, JM Financial

Exhibit 2. Key financial summary

	FY23	1QFY24	2QFY24	3QFY24	4QFY24	FY24	1QFY25
Revenue (USD mn)	547.0	152.9	153.4	154.8	156.6	617.9	152.1
QoQ cc growth				1.9%	0.3%	12.6%	-2.9%
Services	438	118.7	122.2	120.2	120.2	483	118.1
QoQ cc growth				1.5%	-1.0%	9.2%	-1.7%
Technology Solution	108.8	34.2	31.2	34.6	36.4	136.4	34.0
Revenue (INRmn)	44,142	12,575	12,692	12,895	13,011	51,173	12,690
Gross Margins	27.0%	27.0%	27.0%	28.4%	28.3%	28.2%	28.2%
Total operating expenses	4,411	1,143	1,285	1,297	1,280	5,005	1,270
EBITDA	8,208	2,504	2,143	2,366	2,400	9,413	2,311
EBITDA Margin	18.6%	19.9%	16.9%	18.3%	18.4%	18.4%	18.2%
Depreciation & amortization	945	235	262	272	290	1,058	297
EBIT	7,263	2,269	1,881	2,094	2,110	8,355	2,014
EBIT Margin	16.5%	18.0%	14.8%	16.2%	16.2%	16.3%	15.9%
Other income	696.94	260.4	251.6	256.1	197.8	965.9	182.7
Profit Before Tax	7,960	2,529	2,133	2,350	2,308	9,321	2,197
Income tax expense	1,721	615	529	648	736	2,527	576
Net income from operations	6,239	1,915	1,604	1,703	1,573	6,794	1,621
Net margin	14.1%	15.2%	12.6%	13.2%	12.1%	13.3%	12.8%
EPS	15.38	4.72	3.95	4.20	3.88	16.74	3.99

Source: Company, JM Financial

Technology solutions revenue (-6.6%) declined on account of seasonality & slowdown in Services (-2.9%) on account of few large deals & Vinfast.

EBITDA margin declined by 20 bps. Operating expenses, outsourcing were +ve while travel, CSR & professional fees were -ve.

Exhibit 3. Key Operating Metrics

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
% Auto Share					
% of services segment revenue					
Auto	89%	86%	86%	86%	85%
Non-Auto	11%	14%	14%	14%	15%
Revenue mix					
Offshore	63.8%	63.2%	60.5%	62.3%	61.0%
Onshore	36.2%	36.8%	39.5%	37.7%	39.0%
Services: Customer Pyramid					
>50mn	3	3	3	3	2
10-50 mn	3	3	3	5	6
5-10 mn	3	4	4	3	3
1-5 mn	27	28	29	30	29
Employee Metrics					
Headcount	11,833	12,451	12,623	12,688	12,505
LTM Attrition	18.7%	17.2%	15.4%	14.5%	13.7%

Source: Company, JM Financial

Retain BUY, Revised TP of 1250

In 1QFY25, Tata Tech reported -2.5% QoQ cc growth, below JMFe of 0.6% growth. While our outlook on company is positive, a decline in 1Q means full year growth could fall short of earlier expectations. We now project 6% growth in FY25 from 11% expected earlier. We also lower margin outlook given softer growth and miss in 1Q margins. This translates into an EPS cut of 6% each over FY25-27E. We now value the stock at 55x (10% discount to KPIT's target multiple) given divergence in growth trends. Maintain buy with a revised TP of INR 1250.

Exhibit 4. What has changed

	Old			New			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Exchange rate (INR/USD)	82.99	82.99	82.99	83.09	82.99	82.99	0.1%	0.0%	0.0%
Consolidated revenue (USD mn)	687	787	902	655	753	862	-4.6%	-4.3%	-4.5%
Growth in USD revenues (YoY)	11.2%	14.6%	14.6%	6.0%	15.0%	14.4%	-520bp	42bp	-27bp
Consolidated revenue (INR mn)	57,012	65,330	74,893	54,431	62,526	71,511	-4.5%	-4.3%	-4.5%
EBITDA margin	18.6%	19.0%	19.4%	18.5%	18.6%	19.1%	-10bp	-41bp	-26bp
EBIT margin	16.5%	17.1%	17.6%	16.3%	16.7%	17.4%	-21bp	-41bp	-26bp
Adjusted PAT (INR mn)	8,036	9,404	10,774	7,539	8,821	10,113	-6.2%	-6.2%	-6.1%
Adjusted EPS (INR)	19.8	23.2	26.6	18.6	21.7	24.9	-6.2%	-6.2%	-6.1%

Source: JM Financial estimates

Exhibit 5. JMFe vs. Consensus estimates

	Consensus			JMFe			Difference		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales (USD mn)	695	803	916	655	753	862	-5.8%	-6.1%	-5.9%
Sales (INR mn)	58,067	67,015	76,495	54,431	62,526	71,511	-6.3%	-6.7%	-6.5%
EBITDA (INR mn)	11,122	13,108	15,025	10,066	11,605	13,667	-9.5%	-11.5%	-9.0%
EBITDA margin (%)	19.2%	19.6%	19.6%	18.5%	18.6%	19.1%	-66bp	-100bp	-53bp
EBIT (INR mn)	9,926	11,767	13,540	8,869	10,424	12,425	-10.6%	-11.4%	-8.2%
EBIT margin (%)	17.1%	17.6%	17.7%	16.3%	16.7%	17.4%	-80bp	-89bp	-32bp
EPS (INR)	20.2	23.7	26.9	19	22	25	-7.8%	-8.5%	-7.3%

Note: Consensus estimates as of 18th Jul and may not reflect changes in estimates post result. Source: Visible Alpha, JM Financial estimates

Valuation Table

Exhibit 6. ER&D Services – Global valuation comp

Company	CMP (LC)	Mcap (USD m)	P/E			PEG	EV/EBITDA			EV/Sales		
			FY25	FY26	FY27		FY25	FY26	FY27	FY25	FY26	FY27
India												
Tata Tech*	1009	4,893	53.0x	44.8x	39.1x	2.7x	39.4x	33.4x	28.5x	7.2x	6.3x	5.5x
KPIT*	1858	6,090	66.3x	55.8x	47.4x	3.1x	41.5x	35.5x	30.3x	8.5x	7.3x	6.2x
Tata Elxsi	7,034	5,236	51.7x	43.7x	38.9x	2.9x	37.4x	31.8x	27.6x	10.8x	9.3x	8.2x
L&T TS	4,850	6,135	37.1x	31.4x	27.9x	2.0x	24.3x	20.7x	18.4x	4.6x	4.1x	3.7x
Cyient	1,850	2,453	24.3x	20.4x	18.3x	1.3x	14.5x	12.5x	11.2x	2.6x	2.3x	2.0x
Average			46.5x	39.2x	34.3x		33.7x	28.7x	24.9x	7.6x	6.6x	5.8x
Global												
Alten	109	46	13.5x	12.2x	11.2x	1.2x	8.2x	7.6x	7.0x	0.9x	0.9x	0.8x
Bertrandt	30	4	8.6x	5.5x	4.7x	0.2x	4.4x	3.5x	3.2x	0.4x	0.4x	0.3x
EDAG	10	3	8.4x	7.4x	6.4x	0.5x	5.3x	4.9x	4.5x	0.6x	0.6x	0.5x
Desay SV	102	677	27.6x	21.0x	16.7x	0.7x	22.4x	17.3x	14.0x	2.1x	1.7x	1.4x
Etteplan	13	4	13.6x	11.7x	10.7x	0.9x	7.9x	7.3x	6.8x	1.0x	1.0x	0.9x
Assytem	51	10	15.5x	13.7x	11.9x	1.0x	11.7x	10.8x	9.8x	1.1x	1.0x	1.0x
Ricardo	490	4	14.0x	12.0x	10.5x	0.8x	7.2x	6.6x	6.1x	0.8x	0.8x	0.8x
Thundersoft	45	249	34.3x	25.5x	20.9x	0.9x	21.4x	16.2x	13.4x	2.7x	2.3x	1.9x
Arcsoft	27	129	69.9x	47.4x	35.4x	1.2x	54.4x	34.9x	21.0x	10.3x	8.0x	7.1x
Average			22.1x	16.9x	14.0x		15.1x	11.6x	9.2x	2.1x	1.7x	1.6x

Note: * - JM Estimates for Tata Tech Ltd and KPIT Tech rest Bloomberg estimates. Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	44,142	51,173	54,431	62,526	71,511	
Sales Growth	25.1%	15.9%	6.4%	14.9%	14.4%	
Other Operating Income	0	0	0	0	0	
Total Revenue	44,142	51,173	54,431	62,526	71,511	
Cost of Goods Sold/Op. Exp	31,523	36,755	39,075	44,918	50,979	
Personnel Cost	0	0	0	0	0	
Other Expenses	4,411	5,005	5,290	6,003	6,865	
EBITDA	8,208	9,413	10,066	11,605	13,667	
EBITDA Margin	18.6%	18.4%	18.5%	18.6%	19.1%	
EBITDA Growth	27.1%	14.7%	6.9%	15.3%	17.8%	
Depn. & Amort.	945	1,058	1,197	1,181	1,242	
EBIT	7,263	8,355	8,869	10,424	12,425	
Other Income	697	966	1,115	1,257	967	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	7,960	9,321	9,985	11,681	13,393	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	7,960	9,321	9,985	11,681	13,393	
Taxes	1,721	2,527	2,445	2,861	3,280	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	6,239	6,794	7,539	8,821	10,113	
Adjusted Net Profit	6,239	6,794	7,539	8,821	10,113	
Net Margin	14.1%	13.3%	13.9%	14.1%	14.1%	
Diluted Share Cap. (mn)	405.7	405.7	405.7	405.7	405.7	
Diluted EPS (INR)	15.4	16.7	18.6	21.7	24.9	
Diluted EPS Growth	42.9%	8.9%	11.0%	17.0%	14.6%	
Total Dividend + Tax	6,007	4,908	5,396	5,885	6,373	
Dividend Per Share (INR)	12.3	10.1	11.1	12.1	13.1	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	29,895	32,208	35,264	39,195	44,013	
Share Capital	811	811	811	811	811	
Reserves & Surplus	29,083	31,397	34,453	38,384	43,202	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	5	8	8	8	8	
Def. Tax Liab. / Assets (-)	0	0	0	0	0	
Total - Equity & Liab.	29,900	32,216	35,272	39,203	44,021	
Net Fixed Assets	10,980	11,505	11,604	11,876	12,166	
Gross Fixed Assets	3,351	3,103	3,202	3,474	3,764	
Intangible Assets	7,629	8,403	8,403	8,403	8,403	
Less: Depn. & Amort.	0	0	0	0	0	
Capital WIP	0	0	0	0	0	
Investments	0	0	0	0	0	
Current Assets	41,035	44,278	48,518	51,586	59,221	
Inventories	0	0	0	0	0	
Sundry Debtors	11,062	11,479	12,378	14,047	16,065	
Cash & Bank Balances	10,290	9,134	10,968	9,715	11,333	
Loans & Advances	0	0	0	0	0	
Other Current Assets	19,683	23,665	25,172	27,824	31,822	
Current Liab. & Prov.	22,115	23,567	24,850	24,259	27,366	
Current Liabilities	22,115	23,567	24,850	24,259	27,366	
Provisions & Others	0	0	0	0	0	
Net Current Assets	18,920	20,711	23,667	27,327	31,855	
Total - Assets	29,900	32,216	35,272	39,203	44,021	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	6,240	6,794	9,985	11,681	13,393	
Depn. & Amort.	946	1,059	1,197	1,181	1,242	
Net Interest Exp. / Inc. (-)	180	189	171	154	154	
Inc (-) / Dec in WCap.	-2,191	-4,071	-833	-5,061	-2,235	
Others	1,269	1,999	0	0	0	
Taxes Paid	-2,429	-3,026	-2,445	-2,861	-3,280	
Operating Cash Flow	4,014	2,943	8,074	5,095	9,274	
Capex	-657	-918	-1,585	-1,305	-2,206	
Free Cash Flow	3,357	2,025	6,488	3,790	7,068	
Inc (-) / Dec in Investments	-4,298	4,808	0	0	0	
Others	80	47	0	0	0	
Investing Cash Flow	-4,874	3,936	-1,585	-1,305	-2,206	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-4,991	-4,990	-4,484	-4,889	-5,295	
Inc / Dec (-) in Loans	-509	-578	0	0	0	
Others	-1	-1	-171	-154	-154	
Financing Cash Flow	-5,500	-5,568	-4,654	-5,044	-5,449	
Inc / Dec (-) in Cash	-6,361	1,312	1,834	-1,253	1,619	
Opening Cash Balance	8,694	10,290	9,134	10,968	9,715	
Closing Cash Balance	2,333	11,601	10,968	9,715	11,333	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Y/E March						
Net Margin		14.1%	13.3%	13.9%	14.1%	14.1%
Asset Turnover (x)		1.5	1.5	1.5	1.6	1.6
Leverage Factor (x)		1.1	1.1	1.1	1.1	1.1
RoE		23.7%	21.9%	22.3%	23.7%	24.3%

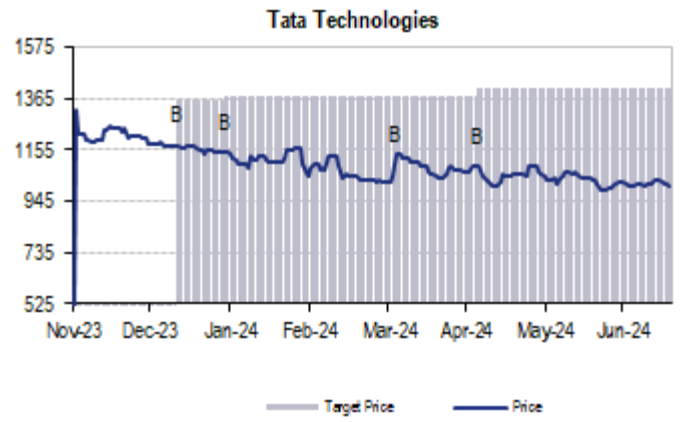
Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
Y/E March						
BV/Share (INR)		73.7	79.4	86.9	96.6	108.5
ROIC		33.8%	28.5%	28.3%	29.3%	30.2%
ROE		23.7%	21.9%	22.3%	23.7%	24.3%
Net Debt/Equity (x)		-0.3	-0.3	-0.3	-0.2	-0.3
P/E (x)		65.6	60.3	54.3	46.4	40.5
P/B (x)		13.7	12.7	11.6	10.4	9.3
EV/EBITDA (x)		48.7	42.6	39.6	34.5	29.1
EV/Sales (x)		9.0	7.8	7.3	6.4	5.6
Debtor days		91	82	83	82	82
Inventory days		0	0	0	0	0
Creditor days		200	186	185	157	158

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
8-Jan-24	Buy	1,360	
27-Jan-24	Buy	1,370	0.7
2-Apr-24	Buy	1,370	0.0
4-May-24	Buy	1,410	2.9

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

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

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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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