

India Strategy



**Rising rates
Currency dip
FII outflows**

**Corporate earnings
Domestic inflows
Commodity cool-off**

A glass half-full!

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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BSE Sensex: 53,235

Nifty 50: 15,835



A glass half-full!

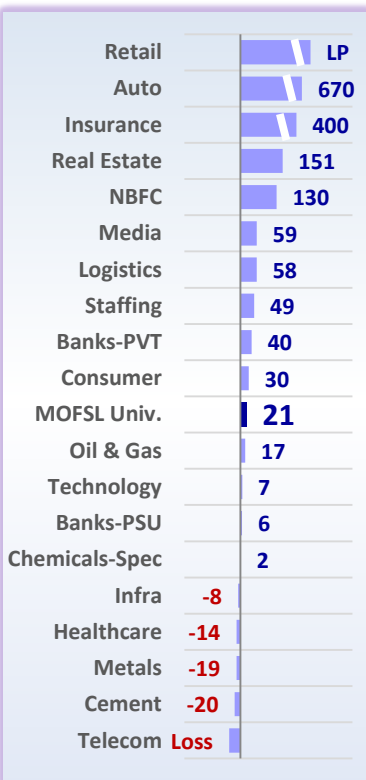
Financials, O&G, and Autos to drive 1QFY23 earnings; FY23 estimates stable

- As we usher in the first earnings season of FY23, the market is at a crossroads. Despite a multitude of headwinds – adverse macros, rising rates, tightening liquidity, and volatile commodity costs, the Nifty has outperformed global markets YTD. FII outflows in 1QFY23 have been the highest ever at USD15b. This, coupled with higher 10-year G-Sec yields, a worsening external balance, and consequent currency depreciation provided a very challenging backdrop to the equity market. However, robust domestic equity inflows (DII inflows stood at USD15.2b in 1QFY23) and decent corporate earnings have kept the Indian market relatively resilient. As we look ahead, we note that commodity costs have corrected in the last couple of weeks, offering some respite to the adverse macros. Global bond yields have moderated by 20-50bp from the recent highs and earnings estimates for the Nifty haven't seen any worthwhile cuts. Meanwhile, valuations for the Nifty have moderated to 18.7x FY23 EPS, in line with its long period averages. Thus, the glass appears half-full to us, delicately balancing the headwinds with some silver linings.
- After two healthy years (15%/36% in FY21/FY22) of earnings growth, despite the COVID-19 pandemic, we are building in an 18% growth for the Nifty in FY23, led by BFSI, O&G, and Autos. Recent government actions on the O&G front have muddled the earnings picture for the Nifty and created additional uncertainties. The benefit of the recent moderation in commodity costs will accrue only in 2QFY23 and beyond. We do see some earnings downside risks in the near-term as the delayed impact of higher and sticky inflation manifests itself in a pullback in consumption.
- On the macroeconomic front, GST collections in 1QFY23 have been robust at INR4.5t, up 37% YoY. Systemic credit growth (of ~12%) is showing signs of a revival after many years. Services PMI, at 59.2 in Jun'22, was at an 11-year high. Core sector growth came in robust too, even adjusted for the COVID-19 base. The quarterly updates from companies across sectors point towards moderate to healthy operational numbers. While major Banks and NBFCs (HDFCB, IIB, BAF, AUBANK, HDFC, FB, MMFS, etc.) reported a healthy momentum in loan growth, Auto volumes recovered across segments, on a low base of 1QFY22, supported by some improvement in semiconductor supplies. Discretionary Consumer players such as TTAN witnessed strong demand in 1QFY23, while DMART posted weak LTL numbers.
- We expect a 1QFY23 earnings growth of 21% YoY for our MOFSL Universe. The key drivers of this 1QFY23 performance are: a) **BFSI** – We expect Private Banks to report a PPOP/PAT growth of ~8%/40% YoY in 1QFY23. Earnings for PSBs will remain muted. NBFCs will see a steady quarter, despite seasonality. b) **O&G** – We expect our coverage universe to report a PAT growth of 17% YoY. Excluding OMCs, it will be up 132% YoY, due to higher refining margins. c) **Autos** – After the last three quarters of a YoY decline in EBITDA margin, we expect a YoY improvement in margins and a 7.7x expansion in profit on a low base.

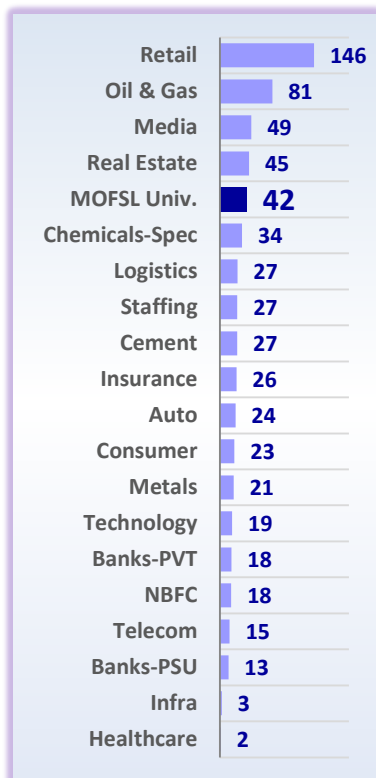
PAT growth for the MOFSL Universe (YoY %)



Sectoral PAT growth for the quarter-ended Jun'22 (YoY %)



Sectoral sales growth for the quarter-ended Jun'22 (YoY %)



d) Consumer – We expect strong cumulative growth numbers for our Coverage Universe: revenue: 23%, EBITDA: 25%, and PAT: 30%. **e) Metals** – We expect our Coverage Universe to report a revenue growth of 21% YoY, but an EBITDA/PAT decline of 13%/19%, led by a sharp jump in input costs. **f) Cement** – We expect EBITDA/profit for our Coverage Universe (excluding GRASIM) to drop by 24%/27% YoY, while OPM should decline by 9.8pp YoY to 16.3%. **g) Healthcare** – We expect the decelerating trend in our Coverage Universe to continue, with a third consecutive quarter of a YoY decline in earnings.

- **Nifty/MOFSL Universe to register 31%/21% YoY profit growth in 1QFY23E:** We expect PBT/PAT for our MOFSL Universe to grow by 21%/21% in 1QFY23. BFSI, Oil and Gas, and Automobiles are likely to contribute 87% to incremental earnings in 1QFY23E. Excluding BFSI, we expect 1QFY23 earnings for the MOFSL Universe to record a relatively modest 13% YoY growth. Excluding OMCs and Financials, the MOFSL Universe is likely to see an 180bp YoY decline in EBITDA margin to 20.5%. Sales/EBITDA/PBT/PAT for Nifty should grow by 35%/19%/29%/31% YoY in 1QFY23E. Excluding RIL and ONGC, we expect profit to grow by 13% YoY for Nifty constituents. These two companies contribute 65% to Nifty's incremental earnings. Two-year earnings (1QFY21-1QFY23) CAGR for the MOSL Universe/Nifty is expected to stand at 69%/63%.
- **Minor tweak to our Nifty FY23E/FY24E EPS:** Our Nifty FY23/FY24 EPS estimate has seen a minor tweaking to INR866/INR1,006 (prior: INR864/NR1,002). The 21%/10% cut in our FY23 earnings estimate for Metals/Cement is compensated by a 9% increase in our O&G estimate. If not for the recent imposition of windfall tax and export duty in the O&G sector, there might have been an earnings upgrade in our FY23 EPS. Among Nifty constituents, the cut in our earnings estimates for HNDL, JSTL, TATA, and BPCL has been compensated by an upgrade in just RIL's estimates for FY23. We expect Nifty's FY23 EPS to grow by 18% YoY on a base of 36% growth in FY22. BFSI, Auto, and O&G will contribute over 100% of incremental profit growth among Nifty constituents in FY23. We estimate a Nifty EPS growth of 16% in FY24. Over FY20-23, Nifty EPS, at our current estimate, should compound at 24% CAGR, with underlying profit expanding to INR7t in FY23 from INR3.5t in FY20.
- **Key model portfolio changes:** We maintain our **OW** stance on **BFSI, IT, and Consumer**. We are raising Auto to **OW**, given the healthy demand, moderating commodity costs, and improving supply scenario. We are adding MSIL and MOTHERSO back to our model portfolio. **MSIL's** fortunes are changing, with a revival in the product lifecycle (driving market share), easing of commodity-related headwinds, and a favorable forex (both driving margin). **MOTHERSO's** fortunes are linked to an improvement in semiconductor supplies (which is underway) and the sharing of energy cost inflation with OEMs (negotiations are on). **MOTHERSO** is our preferred global play, considering the favorable risk-reward. We raise our weightage in Consumer and reintroduce **ITC**, which we upgraded to Buy [recently](#) after maintaining our Neutral stance for the last five years. ITC is expected to post a 14% earnings CAGR over FY22-24 v/s 5% over FY17-22. It is trading at reasonable valuations (21x FY23E EPS) and at a higher dividend yield (4%). In **Financials**, we are further raising our weights in **ICICI Bank**, given the attractive valuations. We are adding **SBI Life** to our model portfolio. SBILIFE is seeing strong traction in premium growth across segments.



We estimate 24% VNB CAGR over FY22-24, with operating RoEV sustaining at ~21% by FY24. We are also adding MMFS to the portfolio. We expect MMFS to benefit from higher expected volumes for MM, particularly in the UV segment, which has always been the former's strength. The company has effected multiple changes at the operational level, which will help usher stability in asset quality and reduce volatility in credit costs.

- In **Midcaps**, we are replacing **TCI with VRL**. The latter is one of the largest fleet owners with a focus on the high margin Less than Truckload (LTL) segment and generates industry-leading margin through efficient operations. We are introducing **CLEAN** to our model portfolio. We expect earnings to double over FY22-24, with RoE in the 35% band. After the 45% correction from recent highs, the risk-reward looks slightly better.

Top picks

- **Largecaps:** ICICI Bank, SBI, Infosys, ITC, Reliance, Titan, Apollo Hospitals, Hindalco, Bharti Airtel, UltraTech Cement, and Maruti.
- **Midcaps:** Jubilant FoodWorks, Macrotech Developers, VRL Logistics, Lemon Tree, MMFS, Ashok Leyland, Angel One, and Clean Science.

Key sectoral trends and highlights

- The **Private Banks** Universe should report an 8%/42%/40% YoY growth in PPOP/PBT/PAT. **Loan growth is projected to remain strong.** We forecast loans by Private Banks to grow by 18%/19% YoY in FY23/FY24.
- Our **NBFC** Coverage Universe is likely to report a PBT/PAT growth of 107%/130% YoY. We forecast a strong YoY growth in earnings for SHTF, BAF, and LICHF, while we estimate a decline in earnings for MGFL.
- **PSU Banks** are likely to deliver a NII/PPOP growth/decline of 13%/9% YoY. PAT is projected to grow by 6% YoY. Earnings for PSBs are likely to remain muted, impacted by a weak treasury performance on account of higher G-Sec yields.
- The **O&G** Universe is expected to report sales/EBITDA/PAT growth of 81%/16%/17% YoY. Excluding OMCs, PAT is expected to grow by 132% YoY due to higher refining margins for refiners and greater realization for upstream companies. Brent crude oil has averaged USD114/bbl (up 65% YoY) in 1QFY23. Singapore (SG) GRM is trailing very strongly, led by an improvement in petrol and diesel cracks.
- The **MOFSL Auto** Universe is likely to report a 7.7x YoY growth in profit (down 30% QoQ), aided by a decimated base. Excluding TTMT, the same will report a 46% growth. We are expecting a loss of INR18b in TTMT as compared to an INR45b loss in 1QFY22. After the last three quarters of a YoY decline in EBITDA margin, we estimate a YoY improvement in margin. Volumes in 1QFY23 recovered across segments on a low base of 1QFY22, supported by an improvement in semiconductor supplies.
- The **MOFSL Technology** Universe should witness modest median revenue growth in 1QFY23E (up 3.3% QoQ in CC terms and 14.3% YoY). Growth in EBIT/PAT (down 1%/2.8% QoQ) should be impacted by wage hikes and supply-side pressures, despite a depreciation in the INR against the USD.
- Our **Consumer** Universe will benefit from a low base too, and is expected to report strong YoY growth numbers – revenue: 23%, EBITDA: 25%, and PAT: 30%.

Sales growth in 1QFY23 will largely be led by price hikes as volumes for most categories remain impacted, led by grammage reduction, higher CPI inflation, and a sustained slowdown in rural demand.

- The **Metals** Universe should report a revenue growth of 21% YoY, but an EBITDA/PAT decline of 13%/19%, led by a sharp jump in input costs. Sequentially, EBITDA and PAT is expected to decline by 23%/27%.
- Earnings for our **Healthcare** universe is expected to decelerate further, with a third consecutive quarter of a YoY decline.
- The **MOFSL Cement** Universe should report an EBITDA/PBT/PAT decline of 18%/21%/20%. Aggregate EBITDA margin is likely to contract by 890bp YoY to 16.5%. Excluding GRASIM, the Cement universe will witness an even steeper contraction. EBITDA/PAT is expected to decline by 24%/27% YoY.
- The **Telecom** Universe should report a loss for the 20th consecutive quarter, largely led by IDEA. We project a sequential ARPU improvement of ~3% for all three telcos, aided by tariff hike benefits.

1QFY23 PREVIEW

Expect BFSI, O&G, and Autos to lead incremental profit growth YoY in 1QFY23

Expect revenue/PAT for the MOFSL Universe to report a 42%/21% YoY growth in 1QFY23

Expect sales/PAT for Nifty constituents to see a 35%/31% YoY growth in 1QFY23

Our Nifty FY23/FY24 EPS estimate sees a minor increase of 0.3%/0.4% to INR866/INR1,006

BFSI to drive half of earnings growth

Financials, O&G, and Autos to propel earnings growth in 1QFY23

- Corporate earnings growth in 1QFY23 will represent the inter-play of low base and sharp commodity cost inflation. Though commodity prices have cooled off in the last five weeks, the benefit of the same will reflect in the P&L only from 2QFY23, in our view. The earnings growth is expected to be narrow and led by BFSI, O&G, Auto and Consumer.
- BFSI will drive 53% of incremental YoY earnings growth for MOSL universe in 1QFY23, aided by credit cost moderation. Loan growth witnessed a healthy acceleration, driven by continued momentum in Retail and SME segments, while industry growth is showing signs of a revival.
- Cement, Metals, Chemicals, Oil and Gas, and Healthcare are likely to face severe gross and EBITDA margin pressures. The MOFSL Universe is likely to deliver 21% earnings growth in 1QFY23E, on a higher base of 137% earnings growth in 1QFY22. Excluding Financials, earnings growth for the MOFSL Universe in 1QFY23 is projected at 13% YoY.
- We expect EBITDA/PBT for the MOFSL Universe to grow by 8%/21% YoY. Sequentially, PBT/PAT for the MOFSL Universe should decline by 8%/15% in 1QFY23E. On a two/three year CAGR basis, MOSL earnings are expected to compound at 69%/19%, respectively.
- Earnings growth is expected to be driven by BFSI, O&G, and Autos sectors, accounting for 87% of incremental PAT YoY.
- Autos/NBFC/Private Banks/ Consumer sectors are likely to report a YoY earnings growth of 670%/130%/40%/30%.
- Profits for Oil and Gas/Technology/PSU Banks/Specialty Chemical companies are expected to grow by 17%/7%/6%/2% YoY, but decline by 20%/19%/14% for Cement/Metals/Healthcare universe.
- The MOFSL Universe is anticipated to see an 8% YoY EBITDA growth. The EBITDA margin for the MOFSL Universe, excluding Financials and OMCs, should decline by 180bp YoY to 20.5%.
- The MOSL Universe is likely to post a two-year sales/EBITDA/PBT/PAT CAGR of 47%/28%/66%/69% over 1QFY21-1QFY23E.
- Sales/EBITDA/PBT/PAT for Nifty companies is expected to grow at 35%/19%/29%/31% YoY. The Nifty is likely to post a two-year sales/EBITDA/PBT/PAT CAGR of 41%/29%/60%/63% over 1QFY21-1QFY23E. Over a pre-covid base of 1QFY20, the three year profit CAGR for Nifty should stand at 22%.
- **Minor tweak in Nifty FY23E/FY24E EPS:** Our Nifty FY23/FY24 EPS estimate has seen a minor tweaking to INR866/INR1,006 (prior: INR864/INR1,002). Nine companies saw an earnings upgrade of over 5%, while the earnings of 12 companies have been downgraded by over 5%.
- **Companies that have seen upgrades to their FY23E earnings** are RIL (18%), TTAN (12%), DRRD (12%), HMCL (10%), EIM (6%), MM (5%), HDFC (5%) and ITC (5%).
- **Companies that have seen downgrades to their FY23E earnings** are UTCM (-23%), TATA (-22%), BPCL (-22%), JSTL (19%), HNDL (-19%), SRCM (-13%), TECHM (-9%), TTMT (-8%), TATACONS (-8%), and AXSB (-7%).

Exhibit 1: Nifty/MOFSL Universe to post 31%/21% YoY earnings growth in 1QFY23 (INR b)

	Sales	Gr. (%)	EBIDTA	Gr. (%)	PBT	Gr. (%)	PAT	Gr. (%)	PAT Delta	Delta	EBIDTA Margin (%)
Sector	Jun-22	YoY	Jun-22	YoY	Jun-22	YoY	Jun-22	YoY	INR b	Share (%)	Change (YoY bp)
PAT growth sectors	13,485	58	1,903	24	1,383	53	986	54	346	114	-395
Retail (12)	300	146	41	940	27	LP	20	LP	25	8	1030
Automobiles (23)	2,024	24	222	45	100	122	59	670	51	17	158
Insurance (5)	353	26	26	LP	10	2,215	10	400	8	3	767
Real Estate (4)	45	45	15	80	15	121	14	151	8	3	641
NBFC (18)	247	18	192	14	148	107	127	130	72	24	-230
Media (3)	39	49	12	69	10	61	7	59	3	1	373
Logistics (5)	59	27	9	40	7	57	5	58	2	1	140
Staffing (3)	86	27	3	10	2	15	2	49	1	0	-57
Banks – Private (12)	591	18	452	8	338	42	253	40	73	24	-727
Consumer (19)	718	23	164	25	156	29	117	30	27	9	46
Oil and Gas (15)	8,557	81	698	16	538	29	351	17	52	17	-463
Others (17)	465	52	69	86	32	LP	21	LP	25	8	270
Medium to low growth sectors	2,376	18	785	-2	531	7	395	6	24	8	-661
Technology (13)	1,624	19	364	8	341	8	256	7	16	5	-228
Banks – PSU (6)	680	13	408	-9	178	7	130	6	7	2	-1515
Specialty Chemicals (9)	72	34	13	4	12	3	9	2	0	0	-541
PAT decline in sectors	4,379	18	1,045	-7	601	-12	393	-15	-67	-22	-622
Infrastructure (4)	57	3	13	-2	7	-6	4	-8	0	0	-125
Healthcare (23)	607	2	120	-13	97	-13	75	-14	-12	-4	-336
Metals (10)	2,722	21	577	-13	431	-18	304	-19	-69	-23	-847
Cement (11)	453	27	75	-18	55	-21	40	-20	-10	-3	-894
Telecom (4)	540	15	260	23	10	LP	-30	Loss	25	8	306
MOFSL Universe (216)	20,240	42	3,733	8	2,515	21	1,774	21	303	100	-580
Nifty (50)	12,396	35	2,994	19	2,036	29	1,469	31	345		-329
Sensex (30)	7,836	32	2,333	18	1,624	30	1,177	29	268		-361

Exhibit 2: Expect a two-year PBT/PAT CAGR of 66%/69% for the MOFSL Universe (INR b)

	PBT (INR b)				Growth (%)			PAT (INR b)				Growth (%)		
Sector	Jun-20	Jun-21	Mar-22	Jun-22	YoY	Two-year CAGR	QoQ	Jun-20	Jun-21	Mar-22	Jun-22	YoY	Two-year CAGR	QoQ
Automobiles (23)	-79	45	118	100	122	LP	-15	-95	8	85	59	670	LP	-31
Cement (11)	32	70	57	55	-21	32	-4	23	51	41	40	-20	33	-1
Chemicals-Specialty (9)	7	12	13	12	3	30	-6	5	9	10	9	2	31	-6
Consumer (19)	95	121	151	156	29	29	4	71	90	116	117	30	29	1
Financials (41)	355	476	755	673	42	38	-11	277	360	581	520	44	37	-10
Banks-Private (12)	182	238	383	338	42	36	-12	139	180	292	253	40	35	-13
Banks-PSU (6)	64	166	200	178	7	67	-11	47	123	152	130	6	66	-14
Insurance (5)	14	0	11	10	2,215	-14	-9	14	2	13	10	400	-15	-20
NBFC (18)	95	71	161	148	107	25	-8	76	55	125	127	130	29	2
Healthcare (23)	92	112	102	97	-13	3	-4	68	87	71	75	-14	5	5
Infrastructure (4)	3	7	10	7	-6	42	-35	1	5	7	4	-8	73	-39
Logistics (5)	-2	4	7	7	57	LP	-1	-1	3	5	5	58	LP	-3
Media (3)	2	6	8	10	61	135	19	2	5	5	7	59	76	42
Metals (10)	14	526	572	431	-18	462	-25	-13	373	418	304	-19	LP	-27
Oil & Gas (15)	191	416	583	538	29	68	-8	162	299	445	351	17	47	-21
Oil Ex OMCs (12)	98	293	449	664	126	160	48	94	206	346	477	132	125	38
Real Estate (4)	-4	7	18	15	121	LP	-19	-2	6	15	14	151	LP	-5
Retail (12)	-12	-7	17	27	LP	LP	56	-8	-5	14	20	LP	LP	42
Staffing (3)	1	2	2	2	15	27	-12	1	1	2	2	49	53	-23
Technology (13)	254	317	341	341	8	16	0	189	239	263	256	7	16	-3
Telecom (4)	-33	-35	6	10	LP	LP	61	-46	-55	-25	-30	Loss	Loss	Loss
Others (17)	-7	-1	34	32	LP	Loss	-5	-13	-3	26	21	LP	Loss	-17
MOFSL Universe (216)	909	2,078	2,794	2,515	21	66	-10	621	1,471	2,078	1,774	21	69	-15
Nifty (50)	792	1,574	2,098	2,036	29	60	-3	554	1,124	1,584	1,469	31	63	-7
Sensex (30)	735	1,248	1,625	1,624	30	49	0	554	909	1,227	1,177	29	46	-4

Sales/PAT for the MOFSL Universe to grow by 42%/21% YoY in 1QFY23

Exhibit 3: Expect sales for the MOFSL Universe to grow 42% YoY in 1QFY23

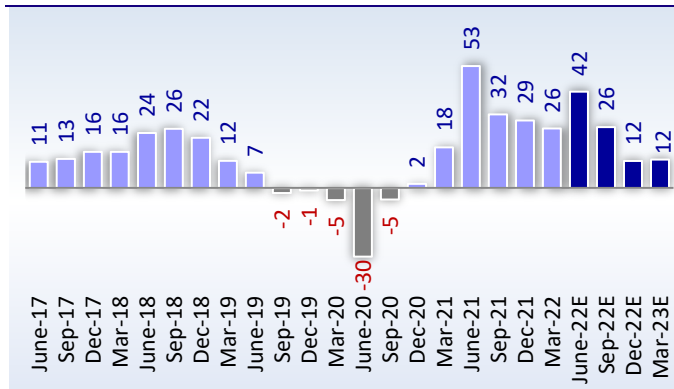


Exhibit 4: Expect earnings for the MOFSL Universe to grow by 21% YoY in 1QFY23, led by BFSI and O&G

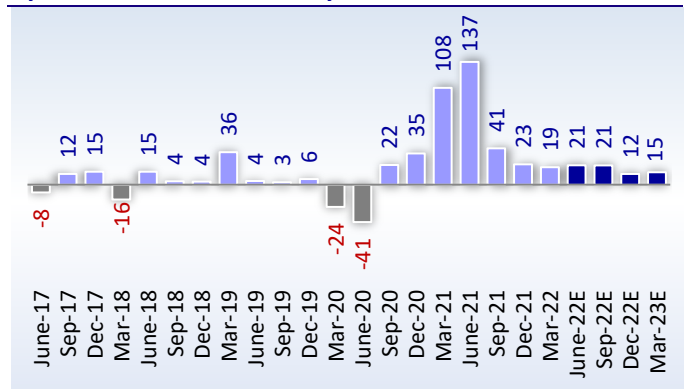
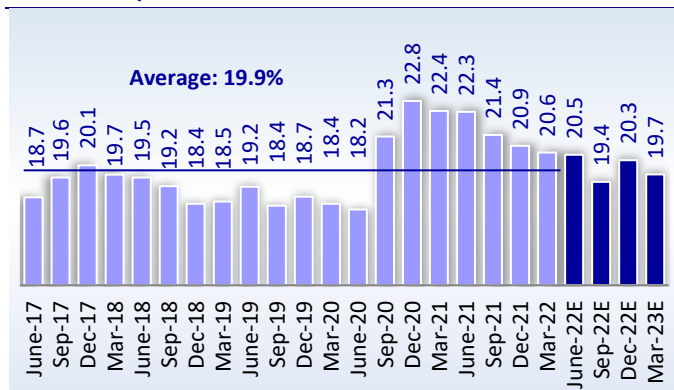
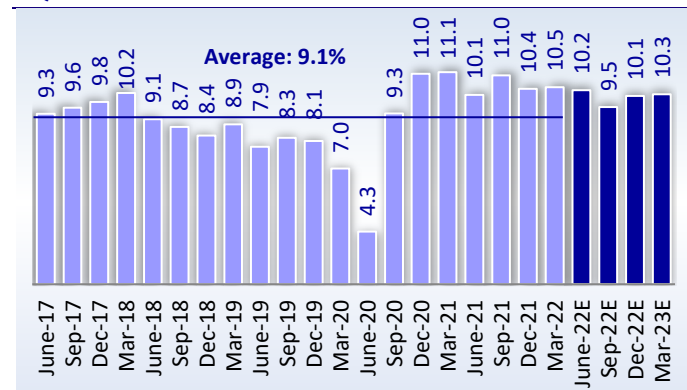


Exhibit 5: Expect EBITDA margin to decline by 180bp YoY to 20.5% in 1QFY23



Source: MOFSL, excluding Financials and OMCs

Exhibit 6: Expect PAT margin to grow 10bp YoY to 10.2% in 1QFY23



Source: MOFSL, excluding Financials and OMCs

Exhibit 7: Key assumptions

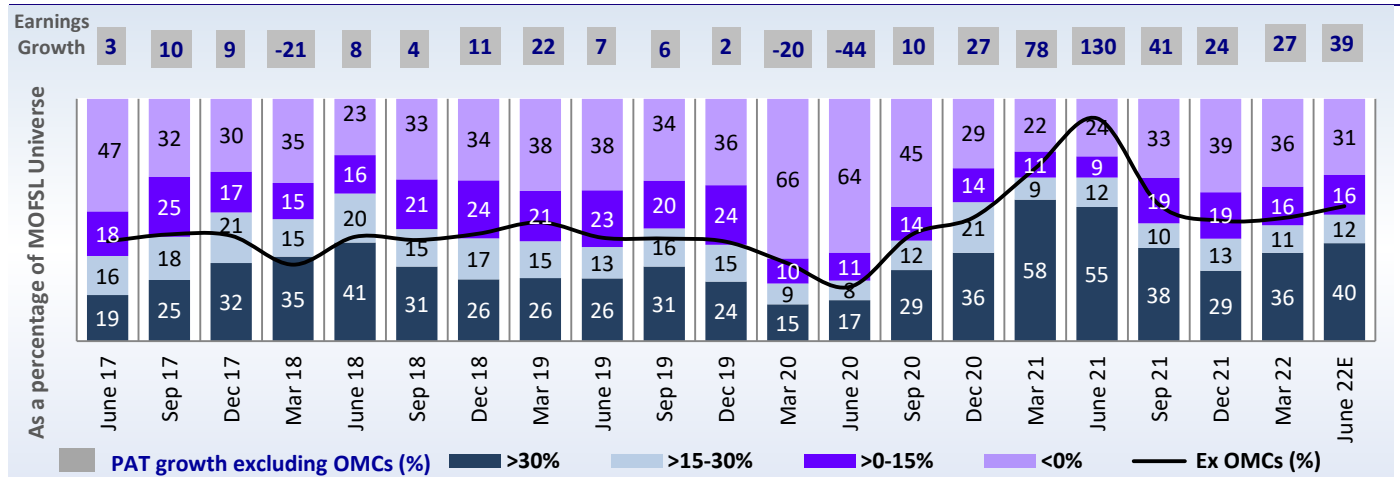
Macro	1QFY23E	2QFY23E	3QFY23E	4QFY23E	FY22	FY23E	FY24E
GDP growth (%)	9.4	4.4	6.0	5.9	8.7	6.3	5.6
IIP growth (%)	14.7	1.4	6.6	5.6	11.4	6.9	3.3
Inflation CPI-RU (%)	7.3	7.4	6.8	6.6	5.5	7.0	5.2
Currency: USD:INR	77.3	77.7	78.5	78.0	74.5	77.9	77.0
Repo rate (%)	4.90	5.15	5.50	5.50	4.0	5.5	5.5
Sectoral	1QFY23E	2QFY23E	3QFY23E	4QFY23E	FY22	FY23E	FY24E
Auto: CV volume growth (%)	100.1	32.8	11.3	8.9	32.7	28.1	16.4
Car volume growth (%)	-10.2	-9.7	17.2	5.8	13.3	20.1	14.3
Banking: Loan growth (%)	11.2	11.7	12.3	11.8	8.6	11.8	13.5
Interest Rate (%) : One-year CP Rate (avg.)	6.26	6.74	6.88	7.12	4.61	6.75	7.38
10-year G Sec (avg.)	7.31	7.62	7.68	7.74	6.33	7.59	7.56
Cement: Volume growth (%)	13.0	5.0	8.1	4.7	8.2	7.5	7.7
Metal: Steel (USD/t)	912	879	879	886	898	819	710
Aluminum (USD/t)	3,003	2,903	2,803	2,891	2,754	2,900	2,400
Zinc (USD/t)	4,400	4,100	3,800	3,600	3,230	2,900	2,750
Oil: Brent crude (USD/bbl)	115.0	109.3	92.9	83.6	80.2	100.2	90.0
Singapore GRM (USD/bbl)	21.0	6.0	6.0	6.0	5.0	9.8	6.0
Technology: USD revenue growth (%)	3.4	4.4	3.1	3.6	18.1	14.6	13.2

Exhibit 8: Sectoral quarterly PAT trend (INR b) – MOFSL Universe to report a 15% sequential decline in PAT

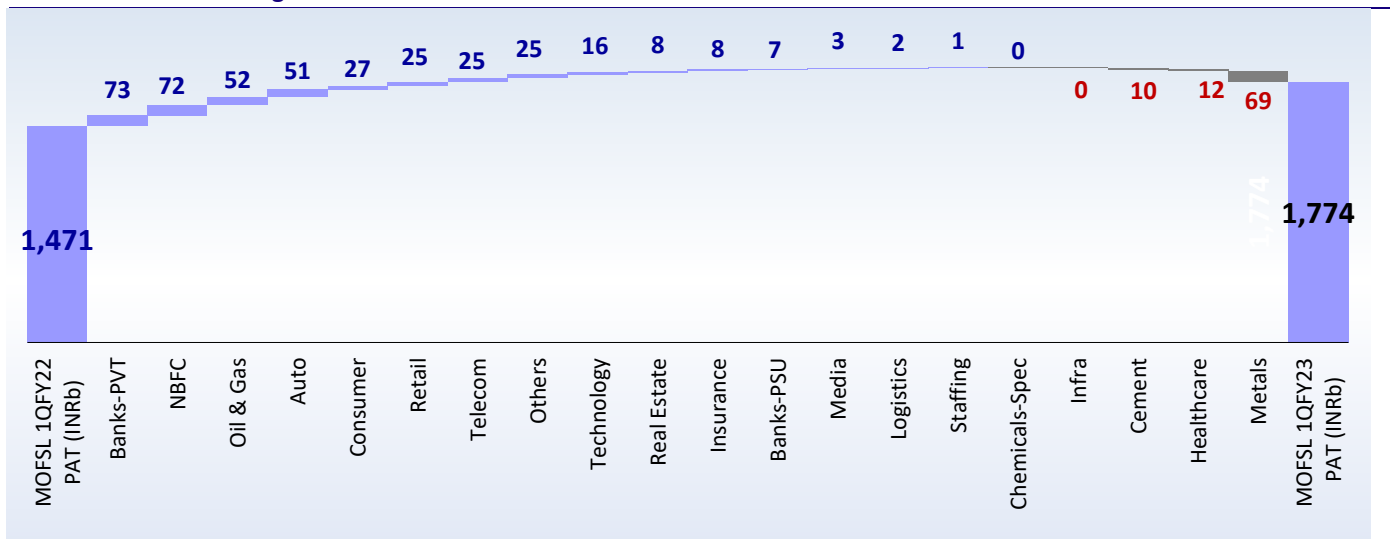
Sector	Mar-20	June-20	Sep-20	Dec-20	Mar-21	June-21	Sep-21	Dec-21	Mar-22	June-22E	Sep-22E	Dec-22E	Mar-23E
Automobiles	-8	-95	76	141	148	8	30	59	85	59	110	124	165
Banks – Private	96	139	183	192	191	180	189	259	292	253	286	319	333
Banks – PSU	-26	47	82	87	100	123	148	150	152	130	180	192	218
insurance	17	14	9	8	1	2	9	5	13	10	11	14	18
NBFC	60	76	87	85	86	55	108	112	125	127	128	129	143
Cement	31	23	39	44	54	51	45	32	41	40	25	31	45
Specialty Chemicals	8	5	7	8	9	9	8	8	10	9	10	11	11
Consumer	85	71	102	110	104	90	109	118	116	117	122	126	130
Healthcare	57	68	83	85	74	87	92	80	71	75	84	99	113
Infrastructure	3	1	3	6	6	5	4	4	7	4	4	6	7
Logistics	3	-1	3	4	3	3	5	6	5	5	6	6	7
Media	-4	2	4	8	6	5	5	8	5	7	8	9	8
Metals	123	-13	137	244	345	373	416	353	418	304	200	248	262
Oil and Gas	214	162	283	296	393	299	386	415	445	351	680	457	525
Real Estate	7	-2	5	9	11	6	10	14	15	14	18	20	24
Retail	3	-8	-1	12	9	-5	13	23	14	20	16	21	19
Staffing	2	1	1	1	2	1	2	2	2	2	2	3	3
Technology	205	189	215	234	227	239	247	256	263	256	274	289	303
Telecom	-49	-46	-56	-48	-41	-55	-46	-45	-25	-30	-26	-22	-17
Others	9	-13	10	18	11	-3	13	36	26	21	33	48	73
MOFSL Universe	837	621	1,275	1,542	1,740	1,471	1,792	1,893	2,078	1,774	2,171	2,128	2,390

Exhibit 9: Sectoral quarterly PAT growth trend (YoY %)

Sector	Mar-20	June-20	Sep-20	Dec-20	Mar-21	June-21	Sep-21	Dec-21	Mar-22	June-22E	Sep-22E	Dec-22E	Mar-23E
Automobiles	PL	PL	-6	52	LP	LP	-60	-58	-43	670	264	112	94
Banks – Private	-20	2	50	5	99	29	3	35	53	40	52	23	14
Banks – PSU	Loss	-4	118	80	LP	159	79	73	51	6	22	27	43
Insurance	12	32	24	-24	-96	-86	-6	-40	1935	400	32	183	43
NBFC	-28	3	-6	-5	43	-27	24	32	45	130	19	16	15
Cement	-9	-43	54	84	73	123	13	-27	-25	-20	-45	-5	12
Specialty Chemicals	84	-5	-5	33	8	68	7	-2	8	2	30	36	15
Consumer	1	-23	-3	6	23	27	7	7	11	30	11	7	13
Healthcare	9	19	29	46	30	27	11	-6	-4	-14	-8	24	59
Infrastructure	-20	-53	-10	90	74	226	51	-35	30	-8	-1	53	0
Logistics	-28	PL	-5	34	-7	LP	52	28	77	58	8	15	21
Media	PL	-73	-60	17	LP	95	30	-5	-6	59	55	22	45
Metals	-32	PL	90	216	181	LP	203	45	21	-19	-52	-30	-37
Oil and Gas	-30	-34	13	24	84	84	36	40	13	17	76	10	18
Real Estate	11	PL	-14	70	53	LP	98	61	34	151	91	44	63
Retail	-49	PL	PL	7	163	Loss	LP	85	53	LP	20	-6	36
Staffing	9	-55	-29	-23	-7	57	45	43	17	49	28	31	32
Technology	2	1	9	13	11	26	15	9	16	7	11	13	15
Telecom	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss	Loss
Others	-68	PL	-14	-39	29	Loss	31	103	125	LP	152	34	185
MOFSL Univ.	-24	-41	22	35	108	137	41	23	19	21	21	12	15

Exhibit 10: Around 69% of companies in the MOFSL Universe are seen reporting PAT growth

Around 28% of companies will grow over 15% YoY and 40% of MOFSL Universe will report over 30% PAT growth. About 31% of MOFSL Universe will report a YoY decline in profit

Exhibit 11: Expect Financials, O&G, and Autos to lead aggregate earnings growth in 1QFY23, while Metals, Healthcare, and Cement will act as a drag

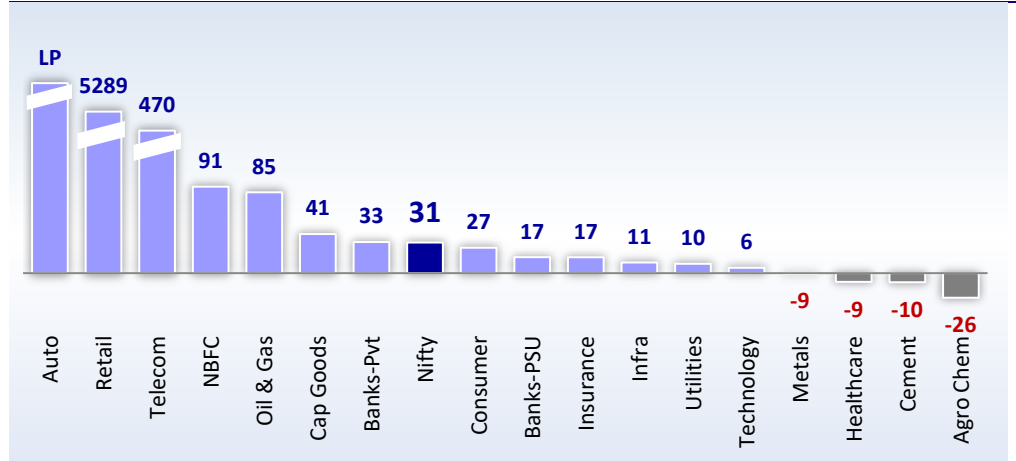
Source: MOFSL

Expect profit for Nifty constituents to grow by 31% YoY

- We expect EBITDA/PBT/PAT for Nifty constituents to grow by 19%/29%/31% YoY, led by BFSI, O&G, and Autos. Even excluding the low base of 1QFY22, over a three year period between 1QFY20-1QFY23, Nifty earnings are expected compound 22%.
- Excluding RIL and ONGC, we expect profit to grow by 13% YoY for Nifty constituents in 1QFY23 – these two companies are expected to contribute 65% of Nifty's incremental earnings YoY.
- BFSI, O&G, and Autos are likely to contribute 89% of incremental profit growth YoY in 1QFY23E.
- The EBITDA margin for Nifty companies, excluding Financials and OMC, is likely to decline by 90bp to 22.4%.

Exhibit 12: Sector-wise PAT breakdown for Nifty constituents in 1QFY23E (YoY %)

Autos, BFSI, and O&G are likely to lead Nifty earnings



Source: MOFSL

Exhibit 13: Expect Nifty revenue to grow 35% YoY in 1QFY23

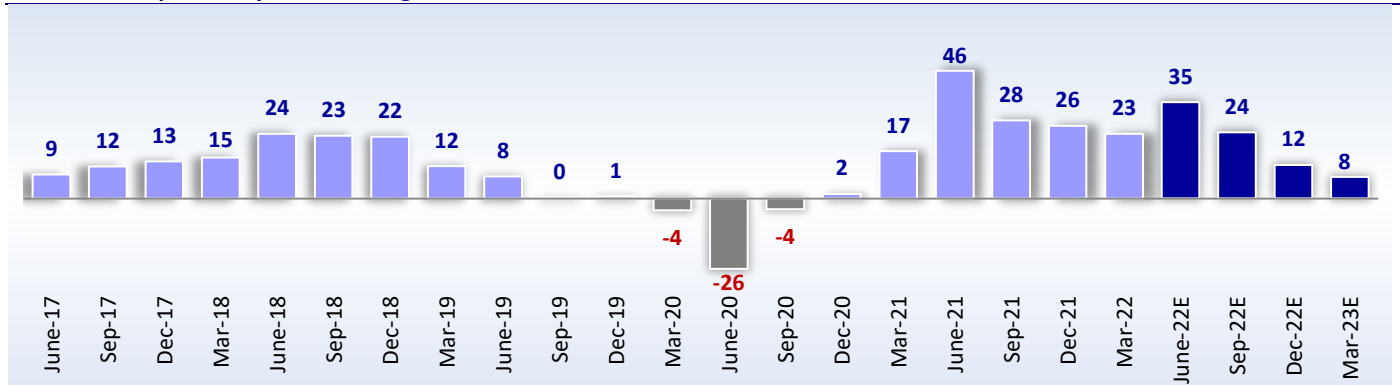


Exhibit 14: Expect Nifty PAT to grow by 31% YoY in 1QFY23 on a high base

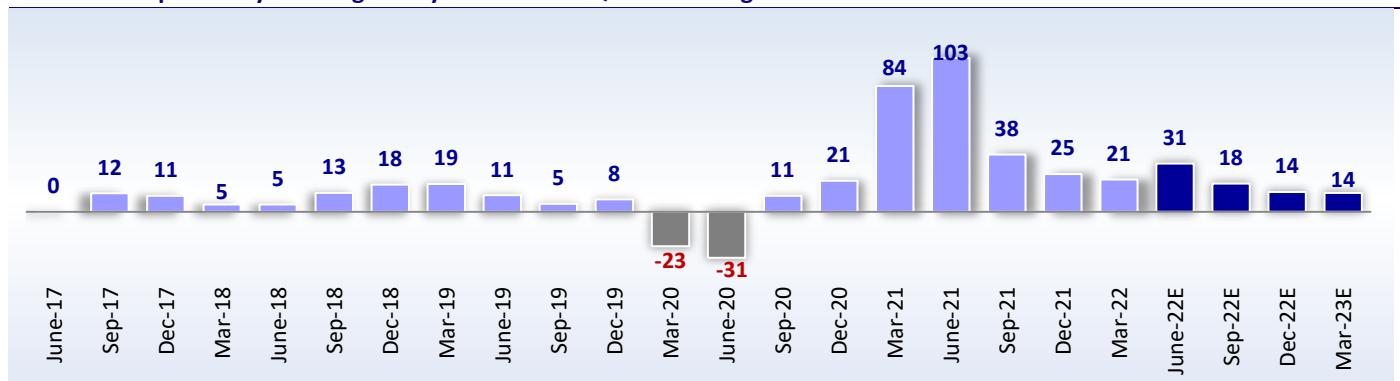


Exhibit 15: Expect Nifty EBITDA to grow by 19% YoY in 1QFY23

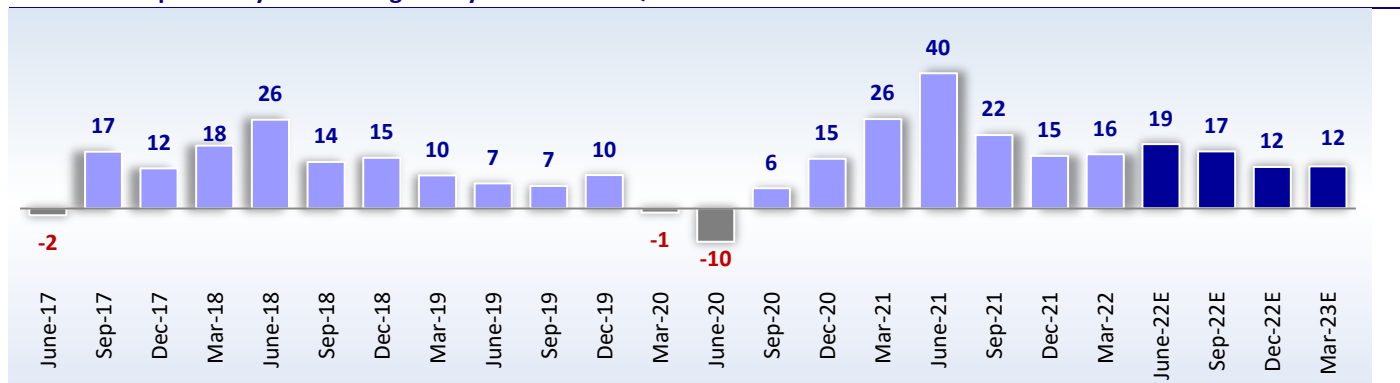


Exhibit 16: Nifty earnings snapshot for 1QFY23E (INR b)

	Sales	Growth (%)	EBIDTA	Growth (%)	PBT	Growth (%)	PAT	Growth (%)
Sector	Jun-22	YoY	Jun-22	YoY	Jun-22	YoY	Jun-22	YoY
Bajaj Auto	77	4.2	12	8.2	13	-5.7	10	-6.5
Eicher Motors	33	68.8	8	111.8	7	84.5	5	123.8
Hero MotoCorp	87	59.3	11	109.0	10	110.6	8	110.4
Mahindra & Mahindra	198	68.0	24	45.3	18	52.1	14	48.8
Maruti Suzuki	257	44.8	19	134.5	15	164.5	11	158.9
Tata Motors	711	7.1	65	23.6	-17	Loss	-18	Loss
Axis Bank	93	19.4	61	-1.6	46	60.0	35	59.8
HDFC Bank	197	16.1	163	8.0	126	22.4	93	20.0
ICICI Bank	132	20.5	104	16.6	85	40.4	64	39.7
IndusInd Bank	41	15.5	32	1.4	20	46.5	15	44.7
Kotak Mahindra Bank	47	19.3	32	11.3	29	30.5	21	29.9
State Bank of India	326	17.8	176	-7.1	103	15.0	76	17
HDFC Life Insur.	93	22.9	3	469.6	3	11.1	3	11.6
SBI Life Insurance	110	32.6	10	826.8	3	19.4	3	23.5
Bajaj Finance	50	34.2	38	23.4	30	120.0	21	110.4
Bajaj Finserv	193	38.6	193	38.6	34	94.9	14	64.0
HDFC	48	15.8	47	21.0	43	33.1	50	92.2
Larsen & Toubro	330	12.5	37	15.5	29	28.0	17	41.1
Grasim Industries	67	78.4	12	57.6	9	64.1	7	50.1
Shree Cement	40	16.8	9	-14.7	7	-24.3	5	-25.7
UltraTech Cement	145	22.3	28	-15.9	20	-22.1	14	-19.0
Asian Paints	78	40.0	14	54.0	13	62.2	9	65.0
Britannia	38	10.5	5	-3.1	5	-5.2	4	-2.6
Hind. Unilever	133	12.0	31	10.6	30	11.0	22	12.6
ITC	149	21.8	51	27.2	54	35.2	41	34.8
Nestle	39	13.0	9	8.4	8	7.8	6	10.2
Tata Consumer	33	9.9	4	12.0	4	16.0	3	33.6
Apollo Hospitals	38	-0.2	5	-6.1	3	-16.4	2	-46.3
Cipla	54	-1.3	10	-21.9	8	-26.1	6	-24.0
Divi's Labs.	22	12.9	9	5.4	8	5.4	7	4.8
Dr. Reddy's Labs.	52	6.3	10	13.6	14	85.3	10	82.0
Sun Pharma.	95	-1.4	21	-21.4	17	-25.9	14	-28.7
Adani Ports	48	6.0	30	14.9	21	15.0	19	11.2
Hindalco	530	28.1	62	1.8	40	0.9	27	4.5
JSW Steel	387	34.0	42	-59.2	16	-80.9	12	-80.5
Tata Steel	617	15.4	115	-28.7	79	-34.9	60	-33.8
BPCL	1,332	87.8	-47	PL	-53	PL	-53	PL
ONGC	452	96.3	260	113.6	194	187.7	145	235.2
Reliance Inds.	2,345	67.6	424	81.5	353	104.0	244	98.7
Titan Company	104	200.1	14	924.6	13	3,225.0	10	5,288.7
HCL Technologies	236	17.4	52	6.4	44	7.8	34	4.9
Infosys	338	21.3	80	7.0	77	7.5	57	9.7
TCS	523	15.2	136	7.3	134	10.1	100	11.2
Tech Mahindra	125	22.8	19	2.1	17	-7.9	12	-10.2
Wipro	213	16.8	43	5.9	38	-1.7	29	-9.5
Bharti Airtel	323	20.4	165	27.1	49	178.3	15	469.9
Coal India	311	22.9	128	180.1	121	179.7	91	185.7
NTPC	295	10.0	91	11.2	43	-0.2	34	2.6
Power Grid Corp.	113	9.3	102	12.1	45	5.1	35	17.8
UPL	97	13.8	22	15.6	10	52.0	8	-25.9
Nifty Universe	12,396	35.0	2,994	18.8	2,036	29.4	1,469	30.7

Note: For Financials, sales represent net interest income, and EBITDA represents operating profit.

Exhibit 17: Expect 28% PAT CAGR for MOFSL's Universe over FY21-23E

Sector	Sales CAGR (%)	EBIDTA CAGR (%)	EBIDTA Margin (%)			PAT (INR b)			PAT Grw / CAGR (%)				PAT Delta Share (%)
	(FY21-23)	(FY21-23)	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	(FY21-23)	(FY21-23)
High PAT CAGR (over 20%)	28	18	18.7	17.3	18.7	5,817	6,771	7,957	52	16	18	33	85
Retail (12)	40	68	11.7	12.7	13.0	41	75	95	815	85	26	311	2
Real Estate (4)	27	45	26.6	34.2	35.0	43	77	99	49	80	29	64	1
Logistics (5)	21	42	15.8	16.1	16.3	20	24	29	107	22	20	59	0
Staffing (3)	23	13	4.3	4.1	4.4	7	9	13	36	33	43	35	0
Financials (44)	11	10	37.6	37.8	39.6	2,052	2,647	3,325	39	29	26	34	33
Banks – Private (12)	17	12	82.2	80.4	80.9	955	1,232	1,531	29	29	24	29	14
Banks – PSU (6)	11	8	70.2	67.0	68.8	610	771	1,019	81	26	32	51	12
Insurance (6)	9	38	1.5	2.1	2.6	70	132	180	13	89	36	46	2
NBFC (20)	13	10	78.9	78.4	78.4	418	512	595	22	22	16	22	5
Oil and Gas (15)	42	30	11.2	11.0	11.4	1,793	2,195	2,290	45	22	4	33	27
Excl. OMCs (12)	38	46	15.7	18.2	18.3	1,354	1,911	1,991	73	41	4	56	32
Auto (23)	19	18	10.0	11.9	13.1	195	468	673	-29	140	44	30	6
Media (3)	23	24	28.3	30.3	30.3	23	32	37	14	43	13	28	0
Metals (10)	24	12	25.0	18.2	19.1	1,552	1,044	1,145	118	-33	10	21	10
Others (18)	30	35	16.0	18.5	20.6	91	199	251	123	118	26	120	5
Medium PAT CAGR (0-20%)	16	12	23.4	23.0	23.8	1,824	2,050	2,386	14	12	16	13	13
Chemicals-Specialty (9)	27	18	20.5	21.9	23.3	34	41	48	16	20	17	18	0
Infrastructure (4)	13	9	24.6	23.6	23.7	20	22	27	29	7	24	18	0
Technology (13)	18	13	24.2	23.4	23.9	1,005	1,122	1,289	17	12	15	14	8
Consumer (19)	16	14	22.9	23.1	24.3	433	494	579	12	14	17	13	3
Healthcare (23)	10	6	22.0	22.1	23.1	332	371	444	6	12	20	9	2
Negative PAT CAGR	13	12	34.7	34.0	36.7	46	89	187	1,361	93	109	431	2
Cement (11)	17	-5	20.0	15.4	18.3	221	185	224	16	-16	22	-1	0
Telecom (4)	10	17	46.5	49.0	50.8	-174	-95	-38	Loss	Loss	Loss	Loss	3
MOFSL (220)	26	16	20.1	18.9	20.3	7,687	8,910	10,530	42	16	18	28	100
Nifty (50)	23	19	23.4	23.3	24.3	5,857	6,954	8,018	40	19	15	29	NA
Sensex (30)	22	16	30.0	29.2	30.1	4,400	5,137	5,958	36	17	16	26	NA

Note: For Banks, sales represent net interest income, and EBITDA represents operating profit; Sensex and Nifty Numbers are free float

Source: MOFSL

Exhibit 18: Top upgrades/downgrades for Nifty for FY23E

(INR)	Current EPS (INR)			EPS UPGRADE / DOWNGRADE (%)	
	FY22	FY23E	FY24E	FY23E	FY24E
Reliance Inds.	86.4	129.3	126.7	17.5	3.5
Titan Company	26.2	33.3	38.8	12.2	0.3
Dr. Reddy's Labs.	175.9	222.1	233.9	11.7	0.1
Hero MotoCorp	123.8	174.4	199.5	10.0	6.4
Eicher Motors	61.3	105.9	143.4	5.6	10.2
Mahindra & Mahindra	43.0	51.9	68.5	5.5	8.9
HDFC	62.4	75.6	85.4	5.5	2.9
SBI Life Insurance	15.1	17.3	18.9	5.1	4.3
ITC	12.2	14.0	15.7	5.0	0.2
Axis Bank	42.5	54.2	69.9	-6.7	-4.8
Tata Consumer	10.6	12.9	16.8	-7.5	-1.7
Tata Motors	-28.2	14.1	27.1	-7.9	-2.4
HDFC Life Insur.	5.7	6.8	7.9	-8.5	-7.1
Tech Mahindra	62.6	63.2	74.9	-9.3	-9.8
Shree Cement	658.7	453.0	540.8	-13.3	-17.1
Hindalco	61.3	44.8	50.4	-19.4	-12.2
JSW Steel	89.5	57.2	68.1	-19.5	-21.1
BPCL	52.0	38.6	40.1	-22.2	5.6
Tata Steel	329.5	157.7	169.1	-22.5	-6.7
UltraTech Cement	196.3	164.9	203.9	-23.1	-26.9

Source: MOFSL

Exhibit 19: Absolute FY23E PAT change (INR b) for Nifty constituents

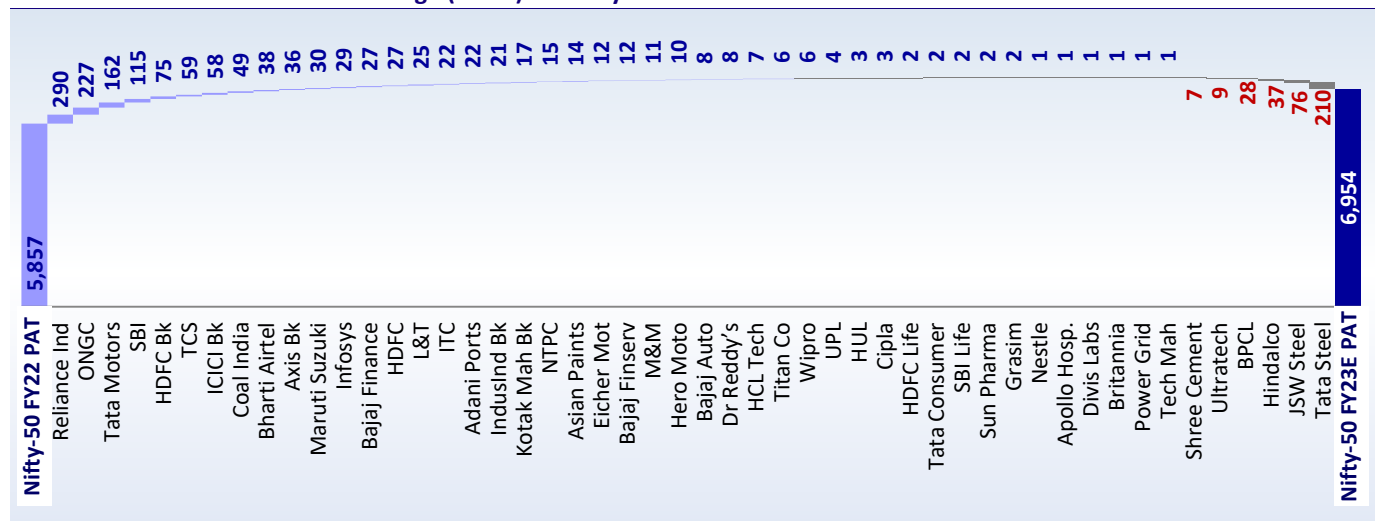


Exhibit 20: Absolute FY24E PAT change (INR b) for Nifty constituents

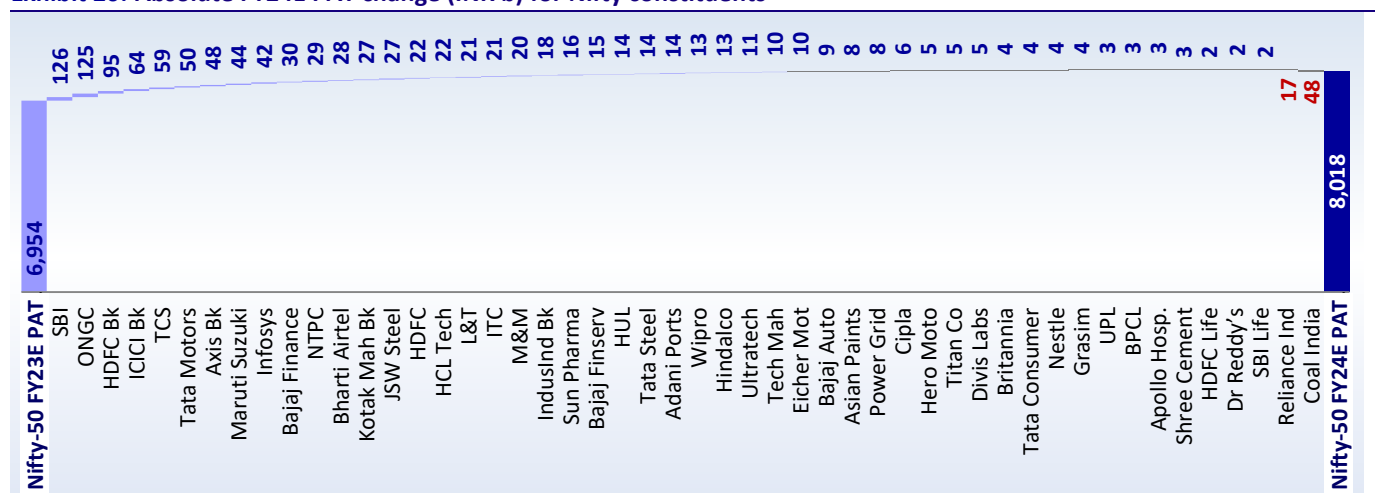


Exhibit 21: Nifty performance – Expect FF PAT CAGR (FY21-23E) of 28%

Company	Sales (INR b)			Sales CAGR % 21-23	EBIDTA Margin (%)			EBITDA CAGR % 21-23	PAT (INR b)			PAT CAGR % 21-23	Contbn to Delta %
	FY22	FY23E	FY24E		FY22	FY23E	FY24E		FY22	FY23E	FY24E		
High PAT Growth (20%+)	30,710	35,203	37,873	25	23	24	24	25	3,408	4,273	4,911	47	82
Bharti Airtel	1,165	1,350	1,507	16	49	51	53	24	31	69	98	LP	3
Tata Motors	2,785	3,355	3,823	16	9	12	13	14	-108	54	104	401	2
Apollo Hospitals	147	164	191	25	15	14	14	43	10	11	14	254	0
ONGC	5,318	5,328	5,398	22	16	25	26	55	512	739	864	89	19
Titan Company	288	362	412	29	12	12	12	59	23	30	35	74	1
Axis Bank	331	394	471	16	75	73	77	5	130	166	214	59	4
IndusInd Bank	150	172	198	13	87	82	82	10	48	69	87	56	1
Tata Steel	2,440	2,403	2,455	24	26	17	18	15	402	193	207	53	4
Bajaj Finance	175	216	263	25	82	79	79	19	70	98	127	49	2
Eicher Motors	101	144	170	29	21	25	26	39	17	29	39	45	1
State Bank	1,207	1,385	1,623	12	62	62	65	10	354	469	595	45	9
Reliance Inds.	7,000	8,952	9,305	38	16	17	16	39	584	874	857	42	16
Adani Ports	159	190	225	23	61	63	63	23	60	81	95	36	1
Hindalco	1,951	1,992	1,973	23	15	12	13	16	136	99	112	35	2
ICICI Bank	475	578	705	22	83	81	81	14	233	292	356	34	5
JSW Steel	1,464	1,778	1,993	49	27	16	17	21	216	140	167	34	2
Coal India	1,097	1,148	1,198	13	23	28	22	32	174	223	175	33	3
Grasim Industries	209	272	269	48	15	14	15	58	71	73	77	28	1
Larsen & Toubro	1,565	1,764	1,970	14	12	12	12	17	86	111	132	27	2
Maruti Suzuki	884	1,106	1,313	25	6	9	11	36	39	69	113	25	1
Dr Reddy's Labs	212	236	265	12	21	23	24	9	29	37	39	25	0
Mahindra & Mahindra	574	753	874	30	12	12	14	16	51	62	82	23	1
Divis Labs	90	98	111	18	43	42	42	18	29	30	35	23	0
UPL	462	511	551	15	22	22	22	15	49	53	56	23	1
HDFC	171	201	226	16	96	96	96	15	128	155	177	21	2
Asian Paints	291	349	385	27	17	19	20	17	32	46	54	20	1
Medium PAT Growth (0-20%)	11,685	13,441	15,120	16	31	30	31	11	2,244	2,520	2,925	14	20
HDFC Bank	720	872	1,067	16	89	87	86	15	370	444	539	19	5
Kotak Mahindra Bank	168	198	238	14	72	72	72	8	121	138	165	17	1
Tata Consumer	124	139	155	9	14	14	16	14	10	12	16	17	0
TCS	1,918	2,213	2,476	16	28	27	28	14	384	443	502	17	4
ITC	563	613	669	16	34	35	36	18	151	173	194	15	2
Sun Pharma	383	424	482	13	26	25	27	15	77	79	94	14	1
Infosys	1,216	1,429	1,604	19	26	25	26	13	221	251	293	14	2
Bajaj Finserv	218	257	309	20	74	70	64	7	46	57	73	13	0
Cipla	217	237	263	11	22	22	23	10	28	31	37	13	0
Bajaj Auto	330	391	428	19	16	17	17	17	53	61	71	13	0
Tech Mahindra	446	531	597	18	18	17	17	13	56	56	67	11	0
NTPC	1,327	1,468	1,541	14	30	31	32	12	167	181	211	9	1
HCL Technologies	857	995	1,115	15	24	22	23	7	135	142	164	9	1
Wipro	791	903	1,001	21	21	21	21	12	122	128	142	9	1
SBI Life Insurance	584	689	834	18	3	3	3	9	15	17	19	9	0
Hero MotoCorp	292	354	389	7	12	14	14	10	25	35	40	9	0
Nestle	147	165	187	11	24	23	23	9	23	25	29	8	0
Power Grid Corp.	416	429	442	4	88	88	88	3	141	141	149	6	1
Hind. Unilever	512	566	630	11	24	23	24	7	89	92	106	6	0
HDFC Life Insur.	454	567	695	22	2	2	2	-8	12	14	17	3	0
PAT de-growth (<0%)	4,278	5,710	5,291	38	8	5	6	-15	204	161	182	-16	-2
Ultratech Cement	526	587	620	15	22	17	19	-7	57	48	59	-7	0
Britannia	141	158	174	10	16	14	16	-5	15	16	20	-7	0
Shree Cement	143	157	167	11	25	20	23	-12	24	16	20	-16	0
BPCL	3,468	4,809	4,331	45	5	3	3	-22	109	81	84	-22	-2
Nifty (PAT free float)	46,673	54,354	58,284	23	23	23	24	19	3,231	3,796	4,412	28	100



SECTOR WEIGHT / PORTFOLIO PICKS	BSE 100	MOST WEIGHT	WEIGHT RELATIVE TO BSE100	EFFECTIVE SECTOR STANCE
Financials	33.0	35.0	2.0	Overweight
Private Banks	19.9	19.0	-0.9	Neutral
HDFC Bank	7.3	6.0	-1.3	Buy
ICICI Bank	6.3	8.0	1.7	Buy
Axis Bank	2.2	3.0	0.8	Buy
IndusInd Bank	0.6	2.0	1.4	Buy
PSU Bank	2.2	7.0	4.8	Overweight
SBI	2.2	5.0	2.8	Buy
Bank of Baroda	0.0	2.0	2.0	Buy
Diversified Financials	10.8	9.0	-1.8	Underweight
HDFC	4.9	3.0	-1.9	Buy
SBI Life Insurance	0.6	2.0	1.4	Buy
Angel One	0.0	2.0	2.0	Buy
MMFS	0.0	2.0	2.0	Buy
Technology	14.1	16.0	1.9	Overweight
Infosys	6.6	8.0	1.4	Buy
TCS	4.0	6.0	2.0	Buy
HCL Technologies	1.3	2.0	0.7	Buy
Consumption / Retail	13.5	13.0	-0.5	Neutral
HUL	2.7	3.0	0.3	Buy
ITC	3.1	3.0	-0.1	Buy
Titan Company	1.1	3.0	1.9	Buy
Godrej Consumer	0.4	2.0	1.6	Buy
Jubilant Foodworks	0.3	2.0	1.7	Buy
Auto	5.7	7.0	1.3	Overweight
Ashok Leyland	0.2	2.0	1.8	Buy
Maruti	1.3	3.0	1.7	Buy
Samvardhana Motherson Intl.	0.0	2.0	2.0	Buy
Energy/Telecom	14.6	11.0	-3.6	Underweight
Reliance Industries	9.9	8.0	-1.9	Buy
Bharti Airtel	2.0	3.0	1.0	Buy
Cap Goods, Infra & Cement	7.2	7.0	-0.2	Neutral
Larsen & Toubro	2.4	4.0	1.6	Buy
Ultratech Cement	0.8	2.0	1.2	Buy
Macrotech Developers	0.0	1.0	1.0	Buy
Healthcare	4.0	4.0	0.0	Neutral
Apollo Hospitals	0.5	2.0	1.5	Buy
Gland Pharma	0.0	2.0	2.0	Buy
Metals / Utilities	5.1	2.0	-3.1	Underweight
Hindalco	0.6	2.0	1.4	Buy
Midcaps/Smallcaps	2.8	5.0	2.2	Overweight
Restaurant Brands Asia	0.0	1.0	1.0	Buy
VRL Logistics	0.0	1.0	1.0	Buy
APL Apollo Tubes	0.0	1.0	1.0	Buy
Clean Science	0.0	1.0	1.0	Neutral
Lemon Tree Hotels	0.0	1.0	1.0	Buy
Cash	0.0	0.0	0.00	
TOTAL	100.0	100.0		

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Sectors & Companies

BSE Sensex: 53,235

Nifty 50: 15,835

July 2022

MOFSL Universe: 1QFY23 Highlights & Ready Reckoner

Note: In our quarterly performance tables, our four-quarter numbers may not always add up to the full-year numbers. This is because of differences in classification of account heads in the company's quarterly and annual results or because of differences in the way we classify account heads as opposed to the company. **All stock prices and indices as on 4 July 2022, unless otherwise stated.**

MOFSL Universe: 1QFY23 aggregate performance highlights

Exhibit 22: Quarterly Performance - MOFSL Universe (INR b)

Sector (Nos of Cos)	Sales			EBITDA			PAT		
	Jun-22	Var. % YoY	Var. % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Automobiles (23)	2,024	24.2	-3.2	222	45.1	-4.7	59	669.6	-30.8
Cement (11)	453	26.8	-3.8	75	-17.8	-8.1	40	-20.5	-0.9
Chemicals-Specialty (9)	72	34.4	5.1	13	3.9	-5.6	9	1.7	-6.0
Consumer (19)	718	22.6	3.2	164	25.1	2.8	117	30.2	1.2
Financials (41)	1,872	17.6	-6.9	1,078	4.0	-4.6	520	44.4	-10.5
Banks-Private (12)	591	18.0	4.0	452	7.7	-1.7	253	40.4	-13.4
Banks-PSU (6)	680	13.5	4.4	408	-9.4	-9.4	130	5.9	-14.4
Insurance (5)	353	25.7	-35.5	26	LP	-5.8	10	400.0	-19.6
NBFC (18)	247	17.6	1.6	192	14.3	-0.2	127	129.7	2.0
Healthcare (23)	607	1.6	0.3	120	-13.2	-0.8	75	-13.9	4.7
Infrastructure (4)	57	3.1	-8.8	13	-2.2	-6.5	4	-8.0	-39.3
Logistics (5)	59	27.2	1.4	9	39.5	1.0	5	58.3	-3.1
Media (3)	39	48.9	7.4	12	69.5	24.5	7	58.6	41.9
Metals (10)	2,722	21.4	-12.0	577	-13.3	-22.5	304	-18.5	-27.2
Oil & Gas (15)	8,557	81.2	21.4	698	15.6	-13.0	351	17.4	-21.3
Oil Ex OMCs (12)	3,714	76.7	15.7	819	91.9	32.2	477	131.8	37.9
Real Estate (4)	45	45.2	-36.7	15	80.1	-18.9	14	150.7	-5.0
Retail (12)	300	145.8	22.9	41	940.4	38.0	20	LP	42.4
Staffing (3)	86	27.0	3.7	3	9.9	-10.8	2	49.4	-22.6
Technology (13)	1,624	19.0	3.8	364	8.0	-1.1	256	6.8	-2.8
Telecom (4)	540	15.1	1.6	260	22.9	0.9	-30	Loss	Loss
Others (17)	465	51.8	-2.3	69	85.6	-6.2	21	LP	-16.5
MOFSL Universe (216)	20,240	41.8	5.4	3,733	7.9	-8.3	1,774	20.6	-14.6
Nifty (50)	12,396	35.0	0.9	2,994	18.8	-2.4	1,469	30.7	-7.3
Sensex (30)	7,836	32.0	1.4	2,333	17.7	1.5	1,177	29.4	-4.1

For Banks: Sales = Net Interest Income, EBITDA = Operating Profits. LP: Loss to Profit; PL: Profit to Loss

Exhibit 23: Quarter-wise sales growth (% YoY)

Sales for MOFSL Universe is likely to grow 42% YoY led by higher commodity and energy prices

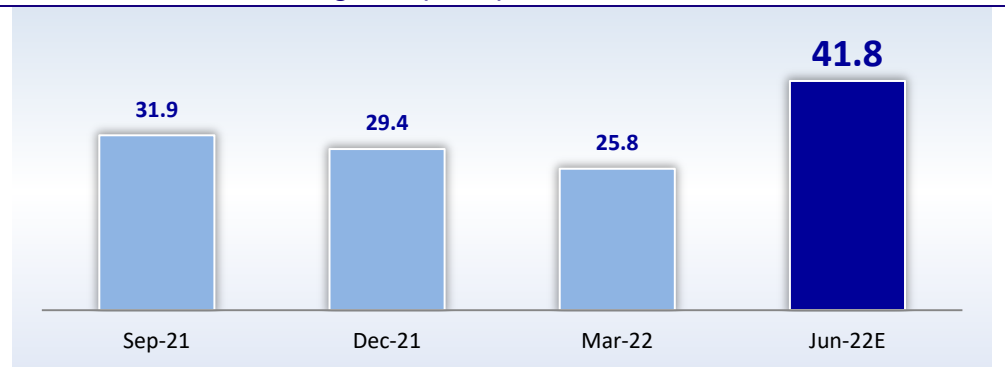


Exhibit 24: Quarter-wise net profit growth (% YoY)

PAT to grow 21% YoY led by Financials



Annual performance - MOFSL universe (INR Billion)

Sector	Sales (INR b)			Chg. YoY (%)			EBIDTA (INR b)			Chg. YoY (%)			PAT (INR b)			Chg. YoY (%)		
	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Auto (23)	7,484	9,011	10,273	18.1	20.4	14.0	751	1,074	1,347	-2.6	43.1	25.4	195	468	673	-29.3	139.8	43.7
Cement (11)	1,603	1,818	1,901	21.0	13.4	4.6	321	280	347	3.4	-12.7	24.0	221	185	224	16.1	-16.3	21.5
Chem.-Specialty (9)	242	270	295	44.6	11.5	9.2	50	59	69	15.9	19.3	16.1	34	41	48	16.1	19.8	16.5
Consumer (19)	2,637	2,976	3,293	18.5	12.8	10.7	605	688	800	13.6	13.7	16.3	433	494	579	11.9	14.2	17.1
Financials (44)	11,646	13,111	14,979	9.6	12.6	14.3	4,373	4,958	5,925	7.7	13.4	19.5	2,052	2,647	3,325	38.5	29.0	25.6
Banks-PVT (12)	2,136	2,567	3,127	13.5	20.2	21.8	1,756	2,065	2,529	6.6	17.6	22.5	955	1,232	1,531	29.2	29.0	24.3
Banks-PSU (6)	2,529	2,869	3,296	7.8	13.4	14.9	1,775	1,923	2,268	7.4	8.3	17.9	610	771	1,019	80.8	26.5	32.1
Insurance (6)	6,032	6,618	7,363	8.4	9.7	11.3	93	141	192	25.3	52.0	35.8	70	132	180	13.1	89.1	36.1
NBFC (20)	949	1,057	1,193	13.9	11.3	12.9	749	829	936	9.0	10.7	12.9	418	512	595	21.7	22.5	16.3
Healthcare (23)	2,417	2,659	3,019	9.2	10.0	13.5	531	587	696	2.0	10.6	18.5	332	371	444	5.9	11.8	19.6
Infrastructure (4)	217	244	280	13.6	12.6	14.8	53	58	66	9.3	7.9	15.4	20	22	27	29.4	7.3	23.7
Logistics (5)	217	257	299	24.3	18.2	16.4	34	41	49	67.7	20.1	18.1	20	24	29	107.2	22.2	20.5
Media (3)	129	169	187	16.2	30.9	10.3	37	51	57	8.9	40.3	10.2	23	32	37	14.2	43.4	12.8
Metals (10)	10,519	10,845	11,294	50.1	3.1	4.1	2,625	1,979	2,154	66.0	-24.6	8.9	1,552	1,044	1,145	118.3	-32.7	9.7
Oil & Gas (15)	27,750	36,156	34,629	53.9	30.3	-4.2	3,103	3,969	3,964	31.9	27.9	-0.1	1,793	2,195	2,290	44.7	22.4	4.3
Ex OMCs (12)	14,890	18,513	18,165	52.5	24.3	-1.9	2,335	3,364	3,331	48.1	44.1	-1.0	1,354	1,911	1,991	73.1	41.1	4.2
Real Estate (4)	195	220	241	42.3	12.7	9.8	52	75	84	44.8	44.7	12.6	43	77	99	49.4	80.1	29.4
Retail (12)	887	1,257	1,503	37.7	41.7	19.6	104	159	195	84.7	53.4	22.7	41	75	95	815.4	84.6	26.1
Staffing (3)	302	377	456	21.7	24.9	20.7	13	15	20	8.0	18.7	29.7	7	9	13	36.0	33.3	42.8
Technology (13)	5,884	6,884	7,729	19.6	17.0	12.3	1,422	1,610	1,844	13.2	13.2	14.6	1,005	1,122	1,289	17.3	11.6	14.9
Telecom (4)	1,995	2,240	2,479	7.6	12.3	10.7	927	1,098	1,259	16.3	18.5	14.6	-174	-95	-38	Loss	Loss	Loss
Others (18)	1,753	2,231	2,386	33.4	27.3	6.9	281	413	492	23.7	46.9	19.2	91	199	251	122.7	118.2	25.9
MOFSL (220)	75,878	90,726	95,243	31.9	19.6	5.0	15,282	17,116	19,368	20.7	12.0	13.2	7,687	8,910	10,530	41.8	15.9	18.2
Ex OMCs (217)	63,018	73,083	78,779	27.9	16.0	7.8	14,514	16,510	18,735	22.1	13.8	13.5	7,248	8,626	10,231	46.0	19.0	18.6

For Banks: Sales = Net Interest Income, EBIDTA = Operating Profits; *MOFSL

Valuations - MOFSL universe

Sector	PE (x)			PB (x)			EV/EBIDTA (x)			ROE (%)			EARN. CAGR (%)	
	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	(FY21-FY23)	(FY21-FY24)
Auto (23)	62.9	26.2	18.3	3.9	3.5	3.1	16.4	10.9	8.3	6.2	13.4	16.9	30.2	34.6
Cement (11)	23.1	27.6	22.7	2.6	2.5	2.4	16.1	18.4	14.7	11.5	9.2	10.5	-1.4	5.7
Chem.-Specialty (9)	42.3	35.3	30.3	8.4	7.0	5.9	29.1	24.4	20.8	19.8	19.9	19.6	17.9	17.5
Consumer (19)	50.4	44.1	37.7	11.2	10.8	10.2	35.5	31.1	26.7	22.3	24.4	27.0	13.0	14.4
Financials (44)	21.6	16.7	13.3	2.5	2.3	2.0	N.M	N.M	N.M	11.7	13.5	14.8	33.7	30.9
Banks-PVT (12)	21.3	16.5	13.3	2.8	2.5	2.1	N.M	N.M	N.M	13.3	15.1	16.1	29.1	27.5
Banks-PSU (6)	9.6	7.6	5.7	0.9	0.8	0.7	N.M	N.M	N.M	9.5	11.0	13.1	51.2	44.5
Insurance (6)	113.6	60.1	44.2	14.4	11.8	9.7	N.M	N.M	N.M	12.7	19.7	22.0	46.3	42.8
NBFC (20)	24.4	19.9	17.1	3.0	2.7	2.4	N.M	N.M	N.M	12.2	13.4	13.8	22.1	20.1
Healthcare (23)	27.0	24.2	20.2	3.9	3.3	2.9	16.8	15.1	12.4	14.3	13.7	14.4	8.8	12.3
Infrastructure (4)	15.4	14.3	11.6	1.4	1.3	1.2	7.7	6.2	4.9	9.2	9.1	10.2	17.8	19.7
Logistics (5)	36.0	29.5	24.5	4.9	4.5	4.0	19.2	15.8	13.1	13.6	15.2	16.5	59.1	45.0
Media (3)	21.7	15.1	13.4	2.4	2.2	2.0	13.4	9.1	8.0	11.2	14.6	15.0	28.0	22.7
Metals (10)	4.6	6.9	6.3	1.3	1.2	1.1	3.3	4.6	4.2	28.7	17.8	17.8	21.2	17.2
Oil & Gas (15)	11.8	9.7	9.3	1.5	1.4	1.3	8.8	6.6	6.4	12.8	14.2	13.5	33.1	22.7
Ex OMCs (12)	14.1	10.0	9.6	1.6	1.4	1.3	9.8	6.5	6.2	11.5	14.4	13.5	56.2	36.5
Real Estate (4)	45.5	25.2	19.5	2.9	2.6	2.3	40.3	27.2	23.2	6.3	10.3	11.9	64.0	51.6
Retail (12)	135.8	73.6	58.3	16.0	13.7	11.4	54.0	35.1	28.5	11.8	18.6	19.6	311.0	177.2
Staffing (3)	32.2	24.1	16.9	4.2	3.5	2.9	17.2	14.1	10.7	12.9	14.5	17.2	34.7	37.3
Technology (13)	27.3	24.5	21.3	7.7	7.4	7.0	18.5	16.3	14.2	28.2	30.1	32.9	14.4	14.6
Telecom (4)	-28.2	-51.6	-130.2	17.8	16.2	21.2	8.7	6.7	5.4	-63.0	-31.3	-16.3	Loss	-41.3
Others (18)	51.4	23.5	18.7	3.7	3.3	2.8	18.2	12.3	9.9	7.1	13.8	15.2	120.5	82.9
MOFSL (220)	21.9	18.9	16.0	3.2	2.9	2.6	8.8	7.7	6.7	14.4	15.2	16.1	28.2	24.8
MOFSL Ex OMCs (217)	23.0	19.3	16.3	3.3	2.9	2.6	9.0	7.7	6.6	14.2	15.3	16.2	31.8	27.3

N.M.: Not Meaningful

Ready reckoner: Quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Amara Raja Batt.	470	Neutral	22,630	20.0	3.8	2,377	-4.8	8.1	1,107	-10.7	12.3
Apollo Tyres	190	Buy	55,385	20.8	-0.7	6,042	6.6	-3.5	895	-30.3	-21.1
Ashok Leyland	145	Buy	68,321	131.5	-21.9	4,119	LP	-46.9	1,142	LP	-72.7
Bajaj Auto	3681	Neutral	76,999	4.2	-3.4	12,111	8.2	-11.3	9,924	-6.5	-19.0
Balkrishna Inds	2186	Neutral	24,692	35.1	1.5	5,432	2.9	-2.6	3,363	-5.9	-9.3
Bharat Forge	649	Buy	16,532	20.5	-1.2	4,122	5.4	-4.3	2,311	7.9	-12.4
Bosch	15951	Neutral	32,988	35.0	-0.4	3,992	30.2	-8.3	2,874	10.7	-18.0
CEAT	946	Buy	25,736	35.0	-0.7	1,467	-11.7	-21.8	-77	PL	PL
Eicher Motors	2797	Buy	33,320	68.8	4.3	7,687	111.8	1.5	5,308	123.8	-13.0
Endurance Tech.	1443	Buy	20,406	20.5	-1.8	2,804	14.8	9	1,416	16.8	4.0
Escorts Kubota	1527	Neutral	21,241	27.1	14.1	2,576	10.4	5.8	1,875	1.3	-7.2
Exide Inds.	143	Buy	33,566	35.0	-1.5	3,488	33.9	0.0	1,881	50.0	-16.4
Hero Motocorp	2759	Buy	87,434	59.3	17.8	10,761	109.0	30.0	7,687	110.4	22.6
Mahindra & Mahindra	1091	Buy	1,97,600	68.0	15.4	23,712	45.3	21.9	13,900	48.8	19.1
Mahindra CIE	237	Buy	25,603	25.4	-1.1	3,004	15.6	1.2	1,499	10.1	-7.2
Maruti Suzuki	8440	Buy	2,57,342	44.8	-3.8	19,253	134.5	-20.7	11,414	158.9	-37.9
Motherson Sumi	117	Buy	1,61,830	-1.4	-5.7	11,511	-15.8	-5.8	2,181	-30.6	68.9
Motherson Wiring	62	Buy	15,618	40.2	-6.0	2,068	88.0	-14.5	1,236	102.6	-22.5
MRF	71805	Neutral	52,422	27.0	0.8	5,190	6.5	-1.6	1,399	-13.3	-10.8
Sona BLW Precis.	568	Neutral	5,933	18.5	7.9	1,424	2.6	5.2	790	9.8	-13.4
Tata Motors	408	Buy	7,11,358	7.1	-9.3	65,008	23.6	-25.6	-17,733	Loss	Loss
Tube Investments	1742	Buy	18,116	44.2	4.4	1,997	26.6	14.5	1,306	34.6	-4.3
TVS Motor	841	Neutral	59,285	50.7	7.2	5,834	113.1	4.8	2,893	283.8	5.4
Automobiles			20,24,358	24.2	-3.2	2,22,098	45.1	-4.7	58,592	669.6	-30.8
ACC	2165	Buy	43,448	11.8	-1.8	4,294	-50.9	-32.2	2,251	-59.8	-42.2
Ambuja Cements	369	Neutral	40,193	19.2	2.4	6,080	-36.6	-23.1	7,520	4.0	51.9
Birla Corporation	855	Buy	21,106	20.7	-6.8	2,315	-32.6	-16.3	418	-70.4	-69.7
Dalmia Bharat	1316	Buy	32,007	23.3	-5.3	5,150	-28.2	-24.6	1,352	-52.2	-48.0
Grasim Industries	1351	Buy	67,108	78.4	5.2	11,667	57.6	55.0	6,695	50.1	92.0
India Cements	161	Neutral	13,059	27.7	-6.2	618	-61.9	0.6	-280	PL	Loss
J K Cements	2196	Neutral	21,271	30.2	-6.3	3,551	-11.1	-7.2	1,591	-23.6	-15.5
JK Lakshmi Cem.	421	Buy	14,090	14.4	-5.9	2,242	3.8	-18.8	1,206	1.6	6.7
Ramco Cements	643	Buy	16,025	30.4	-6.2	2,414	-33.7	-18.2	717	-57.5	-41.8
Shree Cement	19269	Neutral	40,277	16.8	-1.7	8,647	-14.7	-5.0	4,918	-25.7	-9.8
Ultratech Cement	5705	Buy	1,44,713	22.3	-8.2	27,825	-15.9	-9.4	13,783	-19.0	-6.7
Cement			4,53,298	26.8	-3.8	74,803	-17.8	-8.1	40,171	-20.5	-0.9
Alkyl Amines	2533	Neutral	4,628	18.1	8.7	828	-25.3	12.6	550	-30.0	18.5
Atul	8088	Neutral	14,366	33.0	4.8	2,250	-4.7	9.7	1,477	-8.4	11.1
Clean Science	1456	Neutral	2,295	56.9	12.2	895	25.5	6.9	671	22.8	7.5
Deepak Nitrite	1741	Neutral	19,717	29.2	5.3	4,050	-10.3	-1.3	2,697	-10.9	0.9
Fine Organic	4869	Neutral	5,020	39.5	-16.4	868	74.0	-40.6	603	72.7	-45.2
Galaxy Surfactants	2851	Buy	11,857	43.5	12.6	1,139	5.0	-21.4	719	-6.4	-26.9
Navin Fluorine	3702	Neutral	4,595	46.4	15.4	1,173	50.4	22.5	862	52.8	9.5
NOCIL	253	Buy	4,377	27.1	-5.4	594	-18.2	-46.3	364	-22.8	-46.9
Vinati Organics	2002	Buy	5,402	39.8	11.1	1,503	48.0	8.3	1,139	40.7	12.7
Chemicals-Specialty			72,258	34.4	5.1	13,300	3.9	-5.6	9,082	1.7	-6.0
Asian Paints	2791	Neutral	78,195	40.0	-0.9	14,071	54.0	-2.5	9,478	65.0	-4.2
Britannia	3702	Buy	37,608	10.5	5.9	5,365	-3.1	-2.4	3,766	-2.6	-0.3
Colgate	1521	Neutral	12,126	4.0	-6.8	3,698	4.1	-13.9	2,449	5.0	-16.0
Dabur	525	Buy	28,205	8.0	12.0	5,415	-1.9	19.4	4,407	0.8	16.2
Emami	435	Buy	7,535	14.0	-2.2	1,884	11.0	14.9	1,533	9.2	-23.8
Godrej Consumer	812	Buy	31,260	8.0	7.2	5,252	-14.1	0.4	3,478	-16.2	-13.9
Hind. Unilever	2375	Buy	1,33,411	12.0	-0.9	31,497	10.6	-2.9	22,086	12.6	-3.3
Indigo Paints	1401	Buy	2,262	45.0	-21.5	385	90.7	-28.5	242	108.8	-29.9

Ready reckoner: Quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
ITC	292	Buy	1,48,804	21.8	-4.2	50,791	27.2	-2.8	40,622	34.8	-3.1
Jyothy Labs	150	Neutral	5,846	12.0	8.8	728	12.0	28.1	460	14.7	19.3
Marico	499	Buy	25,755	2.0	19.2	4,945	2.8	42.9	3,531	-0.8	40.7
Nestle	17973	Neutral	39,287	13.0	-1.3	9,036	8.4	-2.9	5,778	10.2	-3.8
P&G Hygiene	13695	Buy	8,482	7.8	-4.8	1,214	62.1	-26.4	937	91.2	-17.1
Page Industries	42039	Neutral	11,335	126.0	2.0	2,550	645.6	-4.5	1,748	1,496.4	-8.3
Pidilite Inds.	2192	Neutral	25,566	32.0	2.0	4,049	16.5	0.9	2,512	16.7	0.8
Tata Consumer	730	Buy	33,063	9.9	4.1	4,476	12.0	0.7	2,512	33.6	8.5
United Breweries	1545	Sell	21,000	87.8	23.0	3,115	226.5	19.7	1,919	522.1	17.7
United Spirits	797	Neutral	25,034	55.0	2.8	3,914	133.4	-8.3	2,404	178.6	-22.3
Varun Beverages	786	Buy	42,882	75.0	51.7	11,268	97.4	112.2	7,096	130.3	179.2
Consumer			7,17,655	22.6	3.2	1,63,652	25.1	2.8	1,16,959	30.2	1.2
Ajanta Pharma	1235	Buy	8,352	11.7	-4.0	2,046	-7.0	-6.9	1,479	-3.9	-8.2
Alembic Pharma	729	Neutral	13,623	2.7	-3.8	2,684	13.7	-5.2	1,838	11.6	2.9
Alkem Lab	3040	Buy	25,823	-5.5	4.0	4,003	-32.5	18.7	2,943	-37.1	28.3
Apollo Hospitals	3773	Buy	37,538	-0.2	5.8	4,880	-6.1	5.3	1,535	-46.3	-15.7
Aurobindo Pharma	529	Buy	58,739	3.0	1.1	9,986	-17.4	2.5	6,174	-17.5	7.6
Biocon	311	Neutral	23,779	35.0	-1.3	5,564	43.0	-5.9	2,609	116.3	-4.3
Cipla	930	Neutral	53,814	-1.3	2.3	10,117	-21.9	6.5	5,989	-24.0	-1.8
Divis Labs	3638	Buy	22,127	12.9	-12.1	8,984	5.4	-18.7	6,699	4.8	-20.4
Dr Reddy's Labs	4366	Buy	52,285	6.3	0.2	10,248	13.6	-2.6	10,388	82.0	59.2
Eris Lifescience	638	Buy	3,737	7.0	22.2	1,140	-9.9	17.6	878	-17.7	9.8
Gland Pharma	2593	Buy	9,939	-13.9	-9.9	3,111	-28.7	-10.7	2,554	-27.1	-10.7
Glenmark Pharma	387	Neutral	27,286	-8.0	-9.6	4,366	-23.9	-13.1	1,745	-37.6	-9.3
Granules India	280	Buy	10,580	24.5	2.7	1,957	-2.8	1.6	1,160	-3.5	4.5
GSK Pharma	1532	Neutral	8,217	4.0	1.5	1,890	24.6	7.9	1,439	18.9	LP
IPCA Labs.	918	Buy	13,863	-11.5	7.5	2,787	-33.1	15.5	1,888	-38.4	27.2
Jubilant Pharmova	344	Neutral	15,026	-8.1	-1.6	2,449	-34.7	-1.0	713	-55.6	19.7
Laurus Labs	469	Buy	13,380	4.7	-6.1	3,666	-7.3	-7.6	2,071	-14.3	-10.6
Lupin	629	Neutral	39,943	2.5	2.9	3,195	-42.3	13.2	687	-71.7	31.7
Solara Active Pharma	346	Buy	3,569	-12.0	-1.1	146	-84.0	8.2	-249	PL	PL
Strides Pharma	335	Buy	9,085	32.0	4.9	627	LP	51.0	-301	Loss	Loss
Sun Pharma	829	Buy	95,381	-1.4	1.6	21,149	-21.4	-0.2	14,232	-28.7	-10.0
Torrent Pharma	2905	Neutral	22,083	3.5	3.6	6,514	-3.8	16.1	3,301	0.0	23.8
Zydus Lifesciences	360	Buy	38,918	-3.3	0.7	8,130	-12.9	-5.6	4,914	-13.0	-7.0
Healthcare			6,07,086	1.6	0.3	1,19,639	-13.2	-0.8	74,687	-13.9	4.7
Ashoka Buildcon	74	Buy	12,000	14.3	-23.0	1,260	-20.5	-19.4	939	-32.9	-50.0
G R Infraproject	1100	Buy	20,000	-6.2	-11.8	3,160	-8.5	-21.6	1,807	-11.2	-31.9
IRB Infra	196	Neutral	16,700	2.7	16.5	7,176	2.5	11.8	823	14.5	-52.8
KNR Constructions	230	Buy	8,500	14.9	-15.9	1,573	9.7	-24.4	922	26.3	-18.2
Infrastructure			57,200	3.1	-8.8	13,169	-2.2	-6.5	4,492	-8.0	-39.3
Blue Dart Express	7783	Neutral	11,588	34.0	-0.6	1,854	122.3	-14.9	1,066	263.1	-21.3
Concor	617	Buy	20,695	14.5	1.3	4,682	8.0	13.4	2,901	13.8	13.0
Mahindra Logistics	459	Neutral	11,703	34.0	9.1	609	35.2	10.7	132	41.0	7.8
Transport Corp.	717	Buy	8,632	24.0	-3.8	1,019	34.5	-14.6	689	47.0	-19.3
VRL Logistics	630	Buy	6,620	60.0	-0.5	1,238	243.2	-1.6	503	LP	-10.4
Logistics			59,238	27.2	1.4	9,401	39.5	1.0	5,292	58.3	-3.1
PVR	1889	Neutral	8,864	1,635.4	78.4	1,470	LP	LP	287	LP	LP
Sun TV	422	Buy	10,423	28.7	25.1	6,823	37.9	23.3	4,672	19.9	15.5
Zee Entertainment	219	Buy	19,953	12.4	-14.1	3,728	8.4	-23.4	2,478	12.1	15.0
Media			39,240	48.9	7.4	12,022	69.5	24.5	7,437	58.6	41.9
Coal India	182	Buy	3,10,735	22.9	-5.0	1,28,460	180.1	3.0	90,730	185.7	35.1
Hindalco	341	Buy	5,29,894	28.1	-5.0	62,440	1.8	-14.5	27,485	4.5	-33.1
Hindustan Zinc	248	Neutral	89,656	37.3	1.9	49,989	40.5	0.7	31,925	50.8	9.0

Ready reckoner: Quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
JSPL	332	Buy	1,09,951	3.6	-23.3	20,960	-53.8	-31.7	8,978	-64.7	-53.9
JSW Steel	552	Neutral	3,87,257	34.0	-17.4	41,956	-59.2	-54.3	11,528	-80.5	-72.7
Nalco	70	Buy	38,896	57.2	-10.4	9,533	64.1	-41.1	6,221	78.9	-39.3
NMDC	109	Neutral	46,425	-28.7	-30.7	16,227	-61.1	-43.7	12,875	-59.6	-41.9
SAIL	69	Buy	2,22,995	8.0	-27.5	19,994	-69.5	-53.8	7,436	-80.7	-69.1
Tata Steel	855	Neutral	6,17,251	15.4	-11.0	1,14,934	-28.7	-23.5	60,180	-33.8	-40.0
Vedanta	217	Neutral	3,68,737	29.8	-7.4	1,12,556	12.4	-17.4	46,723	4.4	-24.2
Metals			27,21,797	21.4	-12.0	5,77,049	-13.3	-22.5	3,04,081	-18.5	-27.2
Aegis Logistics	206	Neutral	21,975	224.1	4.5	1,543	46.8	7.8	963	44.6	1.6
BPCL	316	Neutral	13,31,629	87.8	22.4	-47,015	PL	PL	-52,991	PL	PL
Castrol India	105	Buy	14,580	63.9	18.0	3,762	90.5	18.6	2,770	97.9	21.3
GAIL	134	Buy	2,94,189	69.2	9.1	33,350	38.3	-10.2	21,983	43.7	-15.6
Gujarat Gas	443	Buy	57,153	89.8	22.4	5,228	-27.7	-25.0	3,215	-32.5	-29.1
Gujarat State Petronet	222	Buy	4,544	3.4	21.8	3,753	0.2	22.6	2,433	4.5	20.4
HPCL	227	Neutral	12,18,044	68.1	24.8	-65,296	PL	PL	-35,829	PL	PL
Indraprastha Gas	363	Neutral	30,363	141.5	26.2	4,729	24.2	-5.5	3,157	29.2	-12.7
IOC	74	Buy	22,92,877	93.2	29.3	-8,391	PL	PL	-37,280	PL	PL
Mahanagar Gas	777	Buy	13,388	117.5	23.2	2,887	-5.0	34.0	1,871	-8.3	41.9
MRPL	79	Neutral	2,85,448	152.7	15.1	39,121	969.0	33.0	25,386	LP	-16.7
Oil India	202	Buy	57,749	92.3	28.9	29,767	142.0	52.0	19,127	276.6	17.3
ONGC	126	Buy	4,51,820	96.3	31.0	2,59,627	113.6	39.7	1,45,316	235.2	64.0
Petronet LNG	219	Buy	1,38,015	60.5	23.7	10,831	2.7	-7.4	6,489	2.1	-13.5
Reliance Inds.	2414	Buy	23,45,006	67.6	13.1	4,24,033	81.5	35.2	2,43,906	98.7	50.5
Oil & Gas			85,56,779	81.2	21.4	6,97,926	15.6	-13.0	3,50,516	17.4	-21.3
Oil Ex OMCs			37,14,230	76.7	15.7	8,18,629	91.9	32.2	4,76,616	131.8	37.9
DLF	325	Neutral	15,175	33.2	-1.9	6,677	68.9	81.7	6,896	104.6	70.0
Godrej Properties	1236	Neutral	1,961	127.6	-85.3	-650	Loss	PL	1,026	503.4	-60.3
Macrotech Developers	1058	Buy	18,860	17.5	-45.2	4,717	25.5	-45.9	3,124	156.1	-45.5
Oberoi Realty	771	Buy	9,244	225.2	12.3	4,248	240.2	20.8	2,913	261.3	25.4
Real Estate			45,241	45.2	-36.7	14,993	80.1	-18.9	13,960	150.7	-5.0
Aditya Birla Fashion	249	Buy	27,439	237.9	20.2	3,924	LP	5.2	318	LP	3.5
Avenue Supermarts	3496	Neutral	1,00,408	93.7	14.3	9,727	333.9	31.6	6,171	547.1	44.6
Barbeque Nation	1039	Neutral	2,549	150.0	1.6	460	LP	3.2	45	LP	816.6
Devyani Intl.	159	Buy	7,055	100.0	19.4	1,623	163.6	16.2	610	LP	-22.4
Jubilant Foodworks	548	Buy	11,866	35.0	2.5	2,967	40.3	2.4	1,149	68.7	-1.3
Restaurant Brands	111	Buy	3,144	110.0	17.0	361	2,251.5	19.4	-154	Loss	Loss
Sapphire Foods	1107	Buy	5,303	75.0	6.7	875	156.8	-12.3	140	LP	-47.3
Shoppers Stop	473	Neutral	9,368	365.9	32.0	1,724	LP	124.7	392	LP	LP
Titan Company	1962	Buy	1,04,213	200.1	33.7	14,038	924.6	60.2	9,700	5,288.7	46.3
Trent	1116	Buy	17,403	431.7	46.8	3,307	LP	117.1	1,223	LP	63.0
V-Mart Retail	2512	Buy	6,962	292.4	51.7	824	LP	63.8	188	LP	LP
Westlife Development	514	Neutral	4,665	80.0	2.5	676	2,598.1	7.5	163	LP	6.6
Retail			3,00,376	145.8	22.9	40,504	940.4	38.0	19,944	LP	42.4
Quess Corp	607	Buy	39,777	33.2	4.9	1,591	19.7	-13.6	694	126.5	-11.1
SIS	460	Buy	27,261	14.6	3.0	1,165	-4.0	-6.4	607	16.9	-37.7
Team Lease Serv.	3253	Neutral	18,587	35.0	2.3	362	22.8	-11.7	297	21.9	-4.2
Staffing			85,624	27.0	3.7	3,118	9.9	-10.8	1,597	49.4	-22.6
Coforge	3500	Neutral	18,452	26.2	5.9	3,155	41.6	-5.5	1,883	38.3	-11.3
Cyient	763	Buy	12,328	16.5	4.4	1,911	1.8	-10.5	1,006	-12.6	-34.7
HCL Technologies	985	Buy	2,35,645	17.4	4.3	52,234	6.4	0.3	33,710	4.9	-6.2
Infosys	1488	Buy	3,38,455	21.3	4.9	79,527	7.0	0.9	56,982	9.7	0.2
L&T Infotech	3977	Neutral	44,577	28.7	3.6	7,801	20.4	-7.8	5,851	17.8	-8.2
L&T Technology	2974	Buy	18,202	19.9	3.6	3,877	22.0	1.9	2,705	25.1	3.3
Mindtree	2864	Neutral	30,601	33.5	5.6	6,334	36.4	4.1	4,665	35.8	-1.4

Ready reckoner: Quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Mphasis	2229	Buy	33,962	26.2	3.6	6,079	24.2	5.3	4,152	22.2	5.9
Persistent Systems	3260	Neutral	18,229	48.2	11.3	3,081	47.4	9.6	2,105	32.6	4.7
TCS	3235	Buy	5,23,233	15.2	3.4	1,35,850	7.3	-1.9	1,00,461	11.2	0.9
Tech Mahindra	1000	Neutral	1,25,264	22.8	3.4	19,165	2.1	-8.2	12,159	-10.2	-19.2
Wipro	420	Neutral	2,13,212	16.8	2.2	43,219	5.9	0.0	29,245	-9.5	-5.3
Zensar Tech	271	Buy	11,864	26.6	2.8	1,376	-20.3	-16.2	716	-29.1	-44.8
Technology			16,24,024	19.0	3.8	3,63,610	8.0	-1.1	2,55,639	6.8	-2.8
Bharti Airtel	682	Buy	3,23,197	20.4	2.6	1,65,023	27.1	2.9	15,185	469.9	-18.4
Indus Towers	210	Neutral	69,631	2.4	-2.2	39,161	11.4	-3.6	17,567	24.1	-3.9
Tata Comm	948	Neutral	43,903	7.0	3.0	10,940	10.9	4.7	3,436	18.3	-11.0
Vodafone Idea	8	Neutral	1,03,007	12.5	0.6	45,234	22.0	-2.7	-66,269	Loss	Loss
Telecom			5,39,738	15.1	1.6	2,60,358	22.9	0.9	-30,082	Loss	Loss
APL Apollo Tubes	835	Buy	28,429	12.2	-32.5	1,963	-22.9	-26.2	1,132	-23.2	-30.6
BSE	597	Neutral	1,708	11.9	-11.1	453	-2.4	-21.0	435	3.0	-25.8
Coromandel Int.	982	Buy	61,184	67.0	44.8	4,928	2.0	29.8	3,431	1.6	18.4
EPL	155	Buy	8,953	12.0	1.7	1,344	-7.2	1.0	451	-22.1	-7.4
Godrej Agrovat	506	Buy	23,208	16.5	11.5	2,324	37.1	37.3	1,469	38.6	20.1
Indiamart Inter.	3764	Buy	2,255	24.2	12.0	592	-33.2	3.5	690	-21.5	20.2
Indian Hotels	232	Buy	11,730	240.4	34.5	3,175	LP	99.7	1,069	LP	72.7
Info Edge	3830	Neutral	4,923	54.0	8.1	1,391	39.6	8.7	1,340	32.8	11.1
Interglobe Aviation	1650	Neutral	1,09,563	264.4	36.6	4,958	LP	381.4	-11,992	Loss	Loss
Kaveri Seed	512	Buy	7,280	15.6	993.4	2,333	16.9	LP	2,286	12.2	LP
Lemon Tree Hotel	64	Buy	1,842	336.9	54.1	860	LP	133.5	196	LP	LP
MCX	1287	Buy	1,007	15.0	-5.4	463	25.7	-13.0	421	5.9	15.0
P I Industries	2648	Buy	13,636	14.2	-2.3	2,986	20.0	-2.1	2,224	18.8	8.8
SRF	2183	Neutral	34,841	29.1	-1.8	9,100	37.0	-2.8	5,701	46.9	-4.1
Tata Chemicals	803	Neutral	40,849	37.2	17.4	7,633	27.0	16.1	3,707	28.7	-19.9
Trident	38	Buy	16,479	11.6	-10.8	2,772	-25.8	-12.4	1,348	-31.7	-16.9
UPL	655	Neutral	96,893	13.8	-38.9	21,541	15.6	-40.0	7,520	-25.9	-60.2
Others			4,64,779	51.8	-2.3	68,816	85.6	-6.2	21,429	LP	-16.5

PL: Profit to Loss; LP: Loss to Profit

Ready reckoner: Quarterly performance

	CMP		NII (INR M)			OP. PROFITS (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Financials											
AU Small Finance	563	Buy	9,734	34.4	3.9	4,335	-9.9	-10.1	2,583	27.1	-25.4
Axis Bank	654	Buy	92,638	19.4	5.0	60,853	-1.6	-5.9	34,512	59.8	-16.2
Bandhan Bank	271	Neutral	24,740	17.0	-2.6	22,387	15.5	-11.2	8,293	122.3	-56.4
DCB Bank	76	Neutral	3,853	24.8	1.3	2,176	7.6	-1.5	920	172.6	-18.9
Equitas Holdings	84	Buy	5,793	25.7	4.9	2,281	41.0	-19.6	953	699.3	-20.2
Federal Bank	95	Buy	15,720	10.8	3.1	9,128	-12.0	14.4	5,053	37.6	-6.5
HDFC Bank	1355	Buy	1,97,395	16.1	4.6	1,63,481	8.0	-0.1	92,755	20.0	-7.8
ICICI Bank	720	Buy	1,31,771	20.5	4.5	1,03,724	16.6	0.8	64,481	39.7	-8.1
IndusInd Bank	832	Buy	41,178	15.5	3.3	32,299	1.4	-4.5	14,701	44.7	5.0
Kotak Mahindra Bank	1671	Neutral	47,025	19.3	4.0	32,175	11.3	-3.7	21,324	29.9	-22.9
RBL Bank	87	UR	11,031	13.8	-2.5	6,235	-18.6	-5.2	1,752	LP	-11.4
SBI Cards	786	Buy	10,566	14.3	5.8	12,659	20.1	8.0	5,338	75.2	-8.1
Banks-Private			5,91,444	18.0	4.0	4,51,732	7.7	-1.7	2,52,665	40.4	-13.4
Bank of Baroda	98	Buy	88,884	12.6	3.2	50,367	-10.1	-10.6	12,775	5.7	-28.2
Canara Bank	188	Buy	72,797	18.2	3.9	57,957	5.7	-6.5	13,872	17.8	-16.7
Indian Bank	151	Buy	44,443	11.3	4.4	29,580	-13.4	8.1	9,245	-21.8	-6.1
Punjab National Bank	30	Neutral	76,380	5.6	4.6	46,369	-27.5	-11.9	5,681	-44.5	181.9
State Bank	473	Buy	3,25,507	17.8	4.3	1,76,182	-7.1	-10.6	75,952	16.8	-16.7
Union Bank	35	Buy	72,121	2.8	6.5	47,803	-7.7	-13.4	12,507	5.9	-13.1
Banks-PSU			6,80,131	13.5	4.4	4,08,258	-9.4	-9.4	1,30,034	5.9	-14.4
HDFC Life Insur.	574	Neutral	92,613	22.9	-35.2	3,373	469.6	-38.9	3,373	11.6	-5.7
ICICI Pru Life	511	Buy	81,771	23.9	-28.0	12,122	682.0	6.0	1,949	LP	5.5
Max Financial	809	Buy	42,237	21.2	-47.2	NA	NA	NA	856	11.2	-44.4
SBI Life Insurance	1115	Buy	1,10,185	32.6	-36.8	10,372	826.8	-18.9	2,757	23.5	-59.0
Star Health	497	Buy	26,591	21.7	-27.9	119	LP	LP	1,407	LP	LP
Insurance			3,53,398	25.7	-35.5	25,986	LP	-5.8	10,342	400.0	-19.6
AAVAS Financiers	1949	Sell	1,850	23.2	2.6	1,188	29.2	-12.4	886	48.0	-23.4
Angel One	1264	Buy	4,167	60.3	2.5	2,294	41.4	-16.4	1,721	41.7	-16.0
Bajaj Finance	5630	Buy	49,667	34.2	3.4	38,466	23.4	-3.0	21,090	110.4	-12.8
Can Fin Homes	442	Buy	2,417	33.4	1.8	2,068	35.6	6.3	1,407	29.3	14.5
Chola. Inv & Fin.	653	Buy	14,636	15.5	7.0	10,305	3.8	13.0	5,567	70.4	-19.3
HDFC	2216	Buy	47,789	15.8	3.9	47,246	21.0	2.2	49,804	92.2	42.9
ICICI Securities	435	Buy	7,582	1.4	-15.0	3,562	-14.5	-21.8	2,672	-14.0	-21.5
IIFL Wealth Mgt	1552	Buy	3,561	25.7	-15.8	1,767	35.5	-5.9	1,514	29.5	-8.6
L&T Fin.Holdings	69	Buy	15,519	3.5	1.7	10,185	-11.0	-10.3	2,690	52.0	-21.2
LIC Housing Fin	337	Buy	16,407	28.7	0.2	14,306	39.2	-5.1	7,845	411.3	-29.9
M & M Financial	179	Buy	15,683	35.4	5.2	10,536	40.7	17.3	3,768	LP	-37.3
Manappuram Finance	91	Buy	9,295	-9.6	3.4	4,903	-30.8	-3.0	2,833	-35.2	8.6
MAS Financial	511	Buy	951	21.1	5.9	698	9.6	15.3	464	26.0	9.0
Muthoot Finance	1064	Buy	18,233	7.2	6.0	14,263	6.9	16.7	10,480	7.9	9.1
PNB Housing	330	Neutral	3,669	-27.9	-0.5	3,324	-30.0	-10.0	1,617	-33.5	-4.6
Repco Home Fin	132	Neutral	1,430	-1.2	1.8	1,185	-2.9	-0.8	507	57.8	20.6
Shriram City Union	1733	Buy	9,822	11.7	2.0	5,833	2.5	-1.7	2,836	36.4	-6.3
Shriram Transport Fin.	1266	Buy	24,030	21.3	-4.8	20,222	20.8	-4.2	9,503	459.2	-12.5
NBFC			2,46,709	17.6	1.6	1,92,349	14.3	-0.2	1,27,204	129.7	2.0

PL: Profit to Loss; LP: Loss to Profit; For Banks: Sales = Net Interest Income, EBITDA = Operating Profits; For Life Insurance: Sales = Net Premium, EBITDA = Operating Profits

Ready reckoner: Full year valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Automobiles						62.9	26.2	18.3	3.9	3.5	3.1	6.2	13.4	16.9
Amara Raja Batt.	470	Neutral	29.9	35.4	40.7	15.7	13.3	11.5	1.8	1.6	1.5	11.7	12.8	13.6
Apollo Tyres	190	Buy	11.2	13.3	20.6	16.9	14.3	9.2	0.9	0.9	0.8	5.5	6.3	9.3
Ashok Leyland	145	Buy	0.1	3.0	7.3	1,374	49	19.9	5.8	5.6	4.6	0.4	11.7	25.4
Bajaj Auto	3,681	Neutral	183.6	212.5	244.5	20.0	17.3	15.1	4.0	3.9	3.8	20.5	22.8	25.4
Balkrishna Inds	2,186	Neutral	76.6	80.6	98.2	28.5	27.1	22.3	6.1	5.3	4.5	22.9	20.9	21.9
Bharat Forge	649	Buy	21.7	26.3	32.7	29.9	24.7	19.9	4.6	4.0	3.5	16.9	17.4	18.7
Bosch	15,951	Neutral	412.8	474.1	602.1	38.6	33.6	26.5	4.4	4.0	3.6	11.9	12.5	14.4
CEAT	946	Buy	19.6	33.5	83.0	48.2	28.3	11.4	1.2	1.1	1.0	2.4	4.1	9.6
Eicher Motors	2,797	Buy	61.3	105.9	143.4	45.6	26.4	19.5	6.1	5.2	4.2	13.9	21.1	23.9
Endurance Tech.	1,443	Buy	34.5	45.7	58.6	41.8	31.6	24.6	5.2	4.6	4.1	13.0	15.5	17.7
Escorts Kubota	1,527	Neutral	69.2	75.6	86.5	22.1	20.2	17.7	2.2	1.7	1.7	12.1	9.4	9.9
Exide Inds.	143	Buy	9.9	10.9	13.0	14.5	13.1	11.0	1.1	1.1	1.0	7.9	8.2	9.1
Hero Motocorp	2,759	Buy	123.8	174.4	199.5	22.3	15.8	13.8	3.5	3.2	3.0	16.0	21.3	22.4
M&M	1,091	Buy	43.0	51.9	68.5	25.4	21.0	15.9	3.4	3.0	2.6	13.9	15.0	17.3
Mahindra CIE	237	Buy	13.8	16.3	21.3	17.1	14.5	11.1	1.7	1.6	1.4	10.4	11.4	13.4
Maruti Suzuki	8,440	Buy	128.3	228.1	373.0	65.8	37.0	22.6	4.7	4.3	3.8	7.0	11.5	16.9
Motherson Sumi	117	Buy	2.0	4.1	7.2	59.0	28.4	16.3	2.6	2.4	2.2	5.4	8.8	14.1
Motherson Wiring	62	Buy	1.5	1.9	2.3	42.7	33.5	26.8	17.6	13.7	10.5	50.3	45.9	44.2
MRF	71,805	Neutral	1,578.4	1,958.3	3,195.0	45.5	36.7	22.5	2.2	2.1	1.9	4.9	5.8	8.8
Sona BLW Precis.	568	Neutral	5.8	7.6	12.2	97.7	74.3	46.5	16.6	14.2	11.4	20.6	20.6	27.2
Tata Motors	408	Buy	-28.2	14.1	27.1	-14.5	28.9	15.1	3.5	3.1	2.6	-21.7	11.4	18.8
Tube Investments	1,742	Buy	50.5	58.9	73.8	34.5	29.6	23.6	10.9	8.7	7.0	37.2	32.8	32.8
TVS Motor	841	Neutral	18.9	28.0	34.9	44.4	30.1	24.1	8.3	6.8	5.5	20.0	24.8	25.2
Cement						23.1	27.6	22.7	2.6	2.5	2.4	11.5	9.2	10.5
ACC	2,165	Buy	100.5	60.6	92.3	21.5	35.7	23.5	2.9	2.9	2.6	14.1	8.0	11.6
Ambuja Cements	369	Neutral	10.7	9.3	11.0	34.4	39.7	33.4	3.3	3.2	3.1	22.3	17.1	19.1
Birla Corporation	855	Buy	56.0	20.5	49.6	15.3	41.6	17.2	1.1	1.1	1.0	7.5	2.6	6.1
Dalmia Bharat	1,316	Buy	39.6	25.8	39.8	33.2	50.9	33.1	1.6	1.5	1.5	5.2	3.1	4.6
Grasim Industries	1,351	Buy	108.3	111.5	117.1	12.5	12.1	11.5	1.8	1.8	1.7	12.0	12.7	12.0
India Cements	161	Neutral	1.3	-1.8	6.1	127.3	-88.4	26.5	0.9	0.9	0.8	0.7	-1.0	3.2
J K Cements	2,196	Neutral	87.9	69.3	84.6	25.0	31.7	26.0	3.9	3.6	3.3	17.0	11.9	13.3
JK Lakshmi Cem.	421	Buy	32.5	30.3	38.2	12.9	13.9	11.0	2.0	1.8	1.6	16.9	13.7	15.4
Ramco Cements	643	Buy	25.0	11.6	23.3	25.8	55.6	27.6	2.3	2.3	2.1	9.7	4.1	7.9
Shree Cement	19,269	Neutral	658.7	453.0	540.8	29.3	42.5	35.6	4.0	3.7	3.4	14.6	9.1	10.0
Ultratech Cement	5,705	Buy	196.3	164.9	203.9	29.1	34.6	28.0	3.3	3.0	2.8	12.0	9.1	10.4
Chemicals-Specialty						42.3	35.3	30.3	8.4	7.0	5.9	19.8	19.9	19.6
Alkyl Amines	2,533	Neutral	44.0	58.5	74.0	57.5	43.3	34.2	13.1	10.7	8.6	25.2	27.1	27.9
Atul	8,088	Neutral	198.7	242.2	254.4	40.7	33.4	31.8	5.4	4.7	4.2	14.3	15.1	14.0
Clean Science	1,456	Neutral	21.5	32.0	43.3	67.7	45.5	33.6	20.1	14.6	10.7	34.9	37.2	36.7
Deepak Nitrite	1,741	Neutral	78.2	84.0	89.2	22.3	20.7	19.5	7.1	5.5	4.4	37.5	29.9	25.2
Fine Organic	4,869	Neutral	81.8	83.4	99.6	59.5	58.4	48.9	15.6	13.1	11.0	29.5	24.4	24.5
Galaxy Surfactants	2,851	Buy	74.1	81.1	88.4	38.5	35.2	32.2	6.4	5.6	5.0	18.3	17.1	16.4
Navin Fluorine	3,702	Neutral	53.8	80.0	98.9	68.9	46.3	37.4	9.8	8.4	7.1	15.2	19.6	20.6
NOCIL	253	Buy	10.6	11.2	13.9	23.9	22.5	18.2	2.9	2.7	2.5	13.0	12.6	14.3
Vinati Organics	2,002	Buy	33.7	44.7	59.7	59.4	44.8	33.6	11.3	9.4	7.6	20.6	22.8	25.1
Consumer						50.4	44.1	37.7	11.2	10.8	10.2	22.3	24.4	27.0
Asian Paints	2,791	Neutral	33.4	47.9	56.7	83.6	58.2	49.2	19.4	17.6	16.2	24.0	31.7	34.3
Britannia	3,702	Buy	63.0	66.1	83.0	58.8	56.0	44.6	34.9	36.6	31.4	49.7	63.7	75.8
Colgate	1,521	Neutral	38.5	40.1	43.6	39.5	37.9	34.9	23.9	23.9	23.9	72.1	62.9	68.3
Dabur	525	Buy	10.3	11.6	14.0	50.9	45.4	37.6	11.1	9.9	8.9	22.7	23.0	25.0
Emami	435	Buy	19.1	19.5	22.2	22.8	22.3	19.6	9.3	8.7	7.9	44.1	40.3	42.3
Godrej Consumer	812	Buy	17.7	17.0	21.7	45.8	47.7	37.4	7.2	6.7	6.2	17.3	14.5	17.1
Hind. Unilever	2,375	Buy	37.7	39.0	44.9	63.0	61.0	52.8	11.4	11.9	12.5	18.4	19.2	23.1
Indigo Paints	1,401	Buy	17.7	27.3	40.2	79.3	51.4	34.9	10.3	8.5	6.9	13.9	18.1	21.8

Ready reckoner: Full year valuations

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
ITC	292	Buy	12.2	14.0	15.7	23.9	20.8	18.5	5.9	5.6	5.2	25.0	27.5	29.1
Jyothy Labs	150	Neutral	4.3	5.1	6.3	34.6	29.3	23.8	3.8	3.7	3.5	11.1	12.8	15.2
Marico	499	Buy	9.5	11.2	13.3	52.6	44.5	37.6	19.2	17.2	16.5	37.2	40.8	44.8
Nestle	17,973	Neutral	240.8	254.9	296.3	74.6	70.5	60.7	83.1	81.3	82.7	113.2	116.6	135.2
P&G Hygiene	13,695	Buy	196.3	255.5	321.1	69.8	53.6	42.7	56.6	51.2	45.7	84.9	100.3	113.3
Page Industries	42,039	Neutral	481.0	651.8	756.6	87.4	64.5	55.6	43.1	37.5	33.9	49.3	58.2	61.1
Pidilite Inds.	2,192	Neutral	23.5	25.5	37.0	93.2	86.0	59.2	17.4	16.0	14.2	19.9	19.4	25.4
Tata Consumer	730	Buy	10.6	12.9	16.8	69.0	56.6	43.5	4.4	4.1	3.9	6.6	7.6	9.3
United Breweries	1,545	Sell	14.1	19.7	25.8	109	78	59.9	10.4	9.6	8.9	9.9	12.8	15.4
United Spirits	797	Neutral	12.5	13.7	16.1	64	58	49.6	11.8	11.2	10.6	18.6	19.2	21.3
Varun Beverages	786	Buy	10.7	19.0	21.6	73.5	41.3	36.3	12.5	10.0	8.1	18.3	26.9	24.6
Financials														
Banks-Private						21.3	16.5	13.3	2.8	2.5	2.1	13.3	15.1	16.1
AU Small Finance	563	Buy	18.0	22.7	32.0	31.2	24.8	17.6	4.7	4.0	3.2	16.6	17.4	20.3
Axis Bank	654	Buy	42.5	54.2	69.9	15.4	12.1	9.4	1.7	1.7	1.4	12.0	14.2	16.6
Bandhan Bank	271	Neutral	0.8	26.0	36.6	346.7	10.4	7.4	2.5	2.1	1.7	0.7	21.9	25.3
DCB Bank	76	Neutral	9.2	13.7	18.2	8.2	5.5	4.2	0.6	0.5	0.5	7.8	10.6	12.7
Equitas Holdings	84	Buy	8.2	14.6	21.5	10.2	5.7	3.9	0.7	0.6	0.6	7.3	11.3	15.0
Federal Bank	95	Buy	9.2	11.2	13.8	10.3	8.5	6.9	1.1	1.0	0.9	10.8	11.9	13.2
HDFC Bank	1,355	Buy	66.8	80.1	97.2	20.3	16.9	13.9	3.1	2.7	2.3	16.7	17.1	17.8
ICICI Bank	720	Buy	33.7	42.0	51.3	21.4	17.1	14.0	3.0	2.6	2.2	15.0	16.1	16.8
IndusInd Bank	832	Buy	62.1	89.2	112.3	13.4	9.3	7.4	1.3	1.2	1.0	10.6	13.6	15.1
Kotak Mah. Bank	1,671	Neutral	60.9	69.3	83.0	27.4	24.1	20.1	3.4	3.0	2.6	12.7	12.5	13.2
RBL Bank	87	UR	-1.2	14.8	21.6	-70.1	5.9	4.1	0.4	0.4	0.4	-0.6	6.8	9.3
SBI Cards	786	Buy	17.2	26.6	37.9	45.8	29.6	20.7	9.6	7.4	5.6	23.0	28.2	30.6
Banks-PSU						9.6	7.6	5.7	0.9	0.8	0.7	9.5	11.0	13.1
Bank of Baroda	98	Buy	14.0	15.9	24.1	7.0	6.2	4.1	0.6	0.6	0.5	8.5	9.2	12.6
Canara Bank	188	Buy	32.8	40.9	51.7	5.7	4.6	3.6	0.6	0.5	0.4	9.1	10.7	12.1
Indian Bank	151	Buy	33.2	38.0	46.7	4.5	4.0	3.2	0.5	0.4	0.4	11.2	12.0	13.3
Punjab National Bk	30	Neutral	3.2	3.7	5.5	9.3	8.2	5.5	0.4	0.3	0.3	3.7	4.2	5.9
State Bank	473	Buy	39.6	52.6	66.7	11.9	9.0	7.1	1.4	1.3	1.1	13.0	15.2	16.7
Union Bank	35	Buy	7.9	8.4	12.7	4.4	4.1	2.7	0.3	0.3	0.3	8.3	8.5	12.0
Insurance						113.6	60.1	44.2	14.4	11.8	9.7	12.7	19.7	22.0
HDFC Life Insur.	574	Neutral	5.7	6.8	7.9	100.6	84.2	72.6	3.5	3.0	2.5	23.8	18.0	18.7
ICICI Pru Life	511	Buy	5.3	6.9	8.6	97.4	74.6	59.3	2.3	2.0	1.7	8.7	14.3	16.7
Life Insurance Corp.	693	Buy	6.5	12.4	18.1	106.2	55.8	38.2	0.8	0.7	0.7	NM	3.2	11.4
Max Financial	809	Buy	10.4	11.0	14.3	77.6	73.3	56.5	2.5	2.1	1.7	19.8	19.9	20.6
SBI Life Insurance	1,115	Buy	15.1	17.3	18.9	74.0	64.5	59.1	2.8	2.4	2.0	18.7	18.3	19.5
Star Health	497	Buy	-18.1	13.2	19.4	-27.5	37.7	25.6	6.2	4.1	3.5	-25.7	13.0	14.7
NBFC						24.4	19.9	17.1	3.0	2.7	2.4	12.2	13.4	13.8
AAVAS Financiers	1,949	Sell	45.2	54.9	69.9	43.1	35.5	27.9	5.5	4.7	4.1	13.7	14.3	15.7
Aditya Birla Cap	90	Buy	7.1	8.4	9.7	12.8	10.7	9.3	1.4	1.2	1.1	11.7	12.1	12.0
Angel One	1,264	Buy	75.4	86.6	102.9	16.8	14.6	12.3	6.6	5.1	4.0	46.0	39.5	36.6
Bajaj Finance	5,630	Buy	116.5	162.0	211.0	48.3	34.8	26.7	7.8	6.5	5.4	17.5	20.4	22.2
Can Fin Homes	442	Buy	35.4	40.8	48.5	12.5	10.8	9.1	1.9	1.6	1.4	16.6	16.3	16.6
Chola. Inv & Fin.	653	Buy	26.1	29.1	33.6	25.0	22.4	19.4	4.6	3.9	3.3	20.2	18.7	18.3
HDFC	2,216	Buy	62.4	75.6	85.4	35.5	29.3	26.0	3.3	3.1	2.8	12.7	13.8	14.0
ICICI Securities	435	Buy	42.9	35.7	38.7	10.1	12.2	11.2	5.8	5.0	4.3	65.0	43.7	40.9
IIFL Wealth Mgt	1,552	Buy	65.2	77.9	87.7	23.8	19.9	17.7	4.6	4.4	4.2	19.8	22.5	24.2
Indostar Capital	136	Buy	4.6	18.4	29.5	29.5	7.4	4.6	0.5	0.5	0.4	1.7	6.4	9.6
L&T Fin.Holdings	69	Buy	4.2	6.4	8.0	16.3	10.8	8.7	0.9	0.8	0.7	5.4	7.6	8.9
LIC Housing Fin	337	Buy	41.6	58.0	65.2	8.1	5.8	5.2	0.8	0.7	0.6	10.1	12.4	12.8
M & M Financial	179	Buy	8.0	11.6	11.9	22.3	15.4	15.0	1.5	1.4	1.3	6.6	9.1	8.8
Manappuram Fin.	91	Buy	15.7	15.7	17.5	5.8	5.8	5.2	0.9	0.8	0.7	17.0	14.9	14.8
MAS Financial	511	Buy	28.9	37.2	47.3	17.7	13.7	10.8	2.2	2.0	1.7	13.2	15.1	16.8

Ready reckoner: Full year valuations

Company Name	CMP	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR		FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Muthoot Finance	1,064	Buy	98.6	102.1	102.6	10.8	10.4	10.4	2.3	2.0	1.7	23.5	20.5	17.8
PNB Housing	330	Neutral	49.6	49.8	54.0	6.6	6.6	6.1	0.6	0.5	0.5	8.9	8.2	8.3
Repco Home Fin	132	Neutral	30.6	43.6	49.9	4.3	3.0	2.6	0.4	0.3	0.3	8.9	11.6	11.8
Shriram City Union	1,733	Buy	162.9	194.7	247.4	10.6	8.9	7.0	1.3	1.2	1.0	12.7	13.7	15.4
Shriram Trans. Fin.	1,266	Buy	100.1	126.9	136.7	12.6	10.0	9.3	1.3	1.2	1.1	11.5	12.6	12.3
Healthcare						27.0	24.2	20.2	3.9	3.3	2.9	14.3	13.7	14.4
Ajanta Pharma	1,235	Buy	53.7	55.7	66.9	23.0	22.2	18.5	4.9	4.2	3.6	22.1	20.3	20.8
Alembic Pharma	729	Neutral	35.0	36.6	40.9	20.8	19.9	17.8	2.7	2.5	2.3	13.9	13.8	14.0
Alkem Lab	3,040	Buy	138.1	139.7	171.4	22.0	21.8	17.7	4.2	3.7	3.2	20.6	18.0	19.1
Apollo Hospitals	3,773	Buy	68.1	76.0	98.5	55.4	49.7	38.3	9.3	7.9	6.6	19.1	17.8	19.3
Aurobindo Pharma	529	Buy	44.0	46.9	52.9	12.0	11.3	10.0	1.3	1.1	1.0	11.1	10.6	10.9
Biocon	311	Neutral	7.4	10.9	16.4	42.3	28.6	18.9	4.4	2.2	2.0	11.0	10.3	11.2
Cipla	930	Neutral	35.3	38.5	45.7	26.3	24.2	20.4	3.6	3.2	2.8	13.6	13.4	13.9
Divis Labs	3,638	Buy	110.4	114.5	132.4	33.0	31.8	27.5	8.2	7.0	5.9	27.9	23.7	23.3
Dr Reddy's Labs	4,366	Buy	175.9	222.1	233.9	24.8	19.7	18.7	3.8	3.2	2.8	16.0	17.7	15.9
Eris Lifescience	638	Buy	29.5	31.8	39.7	21.6	20.1	16.1	4.6	3.9	3.3	23.3	21.0	22.1
Gland Pharma	2,593	Buy	73.7	84.5	108.5	35.2	30.7	23.9	6.0	5.0	4.1	18.6	17.7	18.9
Glenmark Pharma	387	Neutral	34.6	36.0	41.6	11.2	10.7	9.3	1.2	1.1	1.0	12.1	10.7	11.2
Granules India	280	Buy	16.1	20.5	24.5	17.4	13.6	11.4	2.7	2.3	1.9	16.8	18.0	18.1
GSK Pharma	1,532	Neutral	21.8	37.3	42.4	70.3	41.1	36.1	9.7	8.9	8.0	13.9	21.7	22.2
IPCA Labs.	918	Buy	36.5	37.1	45.1	25.2	24.8	20.4	4.2	3.7	3.2	18.2	16.0	16.9
Jubilant Pharmova	344	Neutral	26.6	26.5	38.2	13.0	13.0	9.0	1.0	0.9	0.9	8.2	7.5	10.0
Laurus Labs	469	Buy	15.5	22.2	28.5	30.3	21.1	16.4	7.5	5.8	4.5	27.9	30.9	30.6
Lupin	629	Neutral	19.1	18.5	23.6	32.9	34.0	26.6	2.4	2.3	2.2	6.7	6.8	8.5
Solara Active Phar.	346	Buy	-15.2	8.1	33.2	-22.8	42.8	10.4	0.8	0.8	0.8	-3.5	1.9	8.0
Strides Pharma	335	Buy	-41.6	14.3	29.2	-8.1	23.5	11.5	1.3	1.0	0.9	-14.5	4.8	8.4
Sun Pharma	829	Buy	31.9	32.7	39.2	26.0	25.3	21.1	4.2	3.6	3.1	16.2	15.2	15.9
Torrent Pharma	2,905	Neutral	34.3	45.1	55.2	42.3	32.2	26.3	8.3	6.6	5.7	19.7	22.9	23.6
Zydus Lifesciences	360	Buy	21.6	20.5	21.8	16.7	17.5	16.5	2.2	1.9	1.8	14.7	11.7	11.2
Infrastructure						15.4	14.3	11.6	1.4	1.3	1.2	9.2	9.1	10.2
Ashoka Buildcon	74	Buy	19.0	15.9	16.1	3.9	4.7	4.6	0.8	0.7	0.6	18.7	15.4	13.7
G R Infraproject	1,100	Buy	78.7	86.6	104.7	14.0	12.7	10.5	2.4	2.0	1.7	19.1	17.5	17.7
IRB Infra	196	Neutral	6.0	7.8	12.0	32.7	25.0	16.4	0.9	0.9	0.9	3.7	3.7	5.5
KNR Constructions	230	Buy	12.8	14.6	17.5	17.9	15.8	13.2	2.9	2.5	2.1	17.5	16.8	17.1
Logistics						36.0	29.5	24.5	4.9	4.5	4.0	13.6	15.2	16.5
Blue Dart Express	7,783	Neutral	173.8	202.6	226.1	44.8	38.4	34.4	19.3	14.0	10.6	50.5	42.3	35.2
Concor	617	Buy	17.4	21.8	26.7	35.4	28.3	23.2	3.5	3.3	3.1	10.1	12.0	14.0
Mahindra Logistics	459	Neutral	5.2	9.6	14.7	88.6	47.9	31.2	5.6	5.1	4.5	6.4	11.1	15.4
Transport Corp.	717	Buy	37.6	41.3	50.8	19.1	17.4	14.1	3.9	3.2	2.6	22.0	19.8	20.3
VRL Logistics	630	Buy	18.1	22.8	26.0	34.8	27.7	24.3	8.5	7.0	5.7	25.6	27.7	25.8
Media						21.7	15.1	13.4	2.4	2.2	2.0	11.2	14.6	15.0
PVR	1,889	Neutral	-68.7	61.4	61.3	-27.5	30.8	30.8	8.4	6.6	5.4	-26.2	24.0	19.4
Sun TV	422	Buy	41.7	41.4	45.3	10.1	10.2	9.3	2.1	1.9	1.8	21.9	19.5	19.1
Zee Entertainment	219	Buy	10.8	12.9	15.6	20.3	17.0	14.1	1.9	1.8	1.6	9.9	11.0	12.1
Metals						4.6	6.9	6.3	1.3	1.2	1.1	28.7	17.8	17.8
Coal India	182	Buy	28.2	36.2	28.3	6.5	5.0	6.4	2.6	2.1	1.8	40.3	41.1	27.7
Hindalco	341	Buy	61.3	44.8	50.4	5.6	7.6	6.8	1.4	1.2	1.1	28.0	17.1	16.8
Hindustan Zinc	248	Neutral	23.1	25.5	26.5	10.7	9.7	9.4	3.1	3.2	3.4	29.3	32.3	35.4
JSPL	332	Buy	86.0	46.6	64.1	3.9	7.1	5.2	0.9	0.8	0.7	25.9	12.4	15.0
JSW Steel	552	Neutral	89.5	57.2	68.1	6.2	9.6	8.1	2.0	1.8	1.5	37.9	19.3	20.0
Nalco	70	Buy	16.1	8.2	14.4	4.3	8.6	4.8	1.0	1.0	0.9	25.4	11.6	19.0
NMDC	109	Neutral	33.4	14.6	17.7	3.3	7.4	6.2	0.9	0.9	0.8	30.2	12.0	13.8
SAIL	69	Buy	33.4	8.2	20.2	2.1	8.4	3.4	0.5	0.5	0.5	27.7	6.2	14.6
Tata Steel	855	Neutral	329.5	157.7	169.1	2.6	5.4	5.1	0.9	0.9	0.8	44.6	16.6	16.1
Vedanta	217	Neutral	46.7	38.3	39.6	4.6	5.7	5.5	1.2	1.2	1.2	27.2	21.7	22.0

Ready reckoner: Full year valuations

Company Name	CMP	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR		FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Oil & Gas						11.8	9.7	9.3	1.5	1.4	1.3	12.8	14.2	13.5
Aegis Logistics	206	Neutral	10.7	13.4	14.9	19.3	15.3	13.9	3.2	2.7	2.4	17.4	19.2	18.5
BPCL	316	Neutral	52.0	38.6	40.1	6.1	8.2	7.9	1.3	1.1	1.1	20.6	14.7	13.9
Castrol India	105	Buy	7.7	14.7	15.1	13.7	7.1	6.9	6.3	5.0	4.2	49.6	78.6	65.9
GAIL	134	Buy	22.8	21.4	18.6	5.9	6.2	7.2	1.0	0.9	0.8	20.3	16.2	12.6
Gujarat Gas	443	Buy	18.8	22.0	25.8	23.6	20.1	17.2	5.4	4.4	3.6	25.8	24.2	22.9
Gujarat State Pet.	222	Buy	17.4	21.1	23.0	12.8	10.6	9.7	1.5	1.3	1.2	12.2	13.2	12.8
HPCL	227	Neutral	47.9	14.6	40.0	4.7	15.5	5.7	0.8	0.9	0.9	18.4	5.5	15.5
Indraprastha Gas	363	Neutral	18.8	18.0	19.9	19.3	20.1	18.2	3.7	3.2	2.9	26.2	17.1	16.8
IOC	74	Buy	9.3	6.6	5.6	8.0	11.3	13.3	1.5	1.7	1.8	21.0	14.1	13.0
Mahanagar Gas	777	Buy	60.4	80.4	83.4	12.9	9.7	9.3	2.1	1.9	1.7	17.5	20.7	19.1
MRPL	79	Neutral	17.0	28.5	10.4	4.6	2.8	7.6	1.9	1.3	1.1	52.2	54.8	15.5
Oil India	202	Buy	34.4	46.1	53.0	5.9	4.4	3.8	0.8	0.7	0.6	13.9	16.6	17.3
ONGC	126	Buy	39.9	57.6	67.3	3.2	2.2	1.9	0.6	0.5	0.4	21.3	26.0	25.6
Petronet LNG	219	Buy	22.3	21.2	23.4	9.8	10.3	9.3	2.4	2.2	2.0	26.7	22.4	22.2
Reliance Inds.	2,414	Buy	86.4	129.3	126.7	28.0	18.7	19.0	2.0	1.8	1.7	7.9	10.7	9.5
Real Estate						45.5	25.2	19.5	2.9	2.6	2.3	6.3	10.3	11.9
DLF	325	Neutral	9.3	19.0	27.4	34.8	17.1	11.8	1.6	1.5	1.3	4.6	9.0	12.0
Godrej Properties	1,236	Neutral	12.6	23.1	43.0	98.0	53.5	28.8	4.0	3.7	3.3	4.1	7.1	12.0
Macrotech Dev.	1,058	Buy	25.0	35.0	41.3	42.4	30.2	25.6	4.2	3.7	3.2	14.4	13.0	13.5
Oberoi Realty	771	Buy	28.8	53.8	50.9	26.8	14.3	15.2	2.7	2.3	2.0	10.6	17.2	14.0
Retail						135.8	73.6	58.3	16.0	13.7	11.4	11.8	18.6	19.6
Aditya Birla Fashion	249	Buy	-1.3	3.4	3.7	-193.3	74.0	67.0	8.4	7.5	6.8	-4.4	10.7	10.6
Avenue Supermarts	3,496	Neutral	23.0	42.2	52.6	151.7	82.8	66.4	15.9	13.3	11.0	11.5	18.2	18.8
Barbeque Nation	1,039	Neutral	-6.6	4.6	12.9	-157.3	223.9	80.2	10.5	10.0	8.9	-6.7	4.5	11.1
Devyani Intl.	159	Buy	1.5	2.5	3.2	109.2	63.4	50.5	28.0	19.3	13.9	43.9	36.0	32.0
Jubilant Foodworks	548	Buy	6.6	7.7	9.9	83.0	70.9	55.5	18.6	17.0	14.5	22.4	24.0	26.2
Restaurant Brands	111	Buy	-4.3	-1.6	0.9	-26.0	-68.4	120.9	5.1	5.5	5.3	-19.6	-8.1	4.4
Sapphire Foods	1,107	Buy	7.2	10.7	24.1	152.9	103.7	45.9	7.0	6.5	5.7	6.2	6.5	13.3
Shoppers Stop	473	Neutral	-12.2	17.5	18.4	-38.8	27.0	25.7	40.2	16.2	9.9	-72.6	85.3	47.8
Titan Company	1,962	Buy	26.2	33.3	38.8	74.8	59.0	50.6	18.7	15.9	13.2	27.7	29.2	28.6
Trent	1,116	Buy	1.2	11.0	16.3	939	101	68.4	15.7	13.5	11.1	1.8	15.3	19.0
V-Mart Retail	2,512	Buy	6.4	48.7	80.0	390	52	31.4	5.3	4.8	4.2	1.4	9.9	14.3
Westlife Dev.	514	Neutral	-0.1	4.4	8.1	-4,805.1	116.8	63.8	17.3	15.1	12.2	-0.4	13.8	21.1
Staffing						32.2	24.1	16.9	4.2	3.5	2.9	12.9	14.5	17.2
Qess Corp	607	Buy	17.6	27.7	42.8	34.4	21.9	14.2	2.8	2.4	2.0	11.5	16.2	20.8
SIS	460	Buy	19.4	21.3	28.9	23.8	21.6	15.9	1.5	1.3	1.1	14.8	14.2	16.5
Team Lease Serv.	3,253	Neutral	65.1	88.0	109.5	50.0	37.0	29.7	7.9	6.1	5.0	16.3	18.5	18.5
Technology						27.3	24.5	21.3	7.7	7.4	7.0	28.2	30.1	32.9
Coforge	3,500	Neutral	110.9	140.4	167.9	31.5	24.9	20.8	7.8	6.5	5.5	26.0	28.6	29.2
Cyient	763	Buy	47.8	48.5	59.8	16.0	15.7	12.8	2.7	2.6	2.4	17.2	16.9	19.8
HCL Technologies	985	Buy	49.8	52.3	60.4	19.8	18.8	16.3	4.3	4.2	4.1	21.9	22.5	25.3
Infosys	1,488	Buy	52.4	59.4	69.4	28.4	25.1	21.4	8.3	8.0	7.6	29.2	32.6	36.4
L&T Infotech	3,977	Neutral	130.8	154.6	184.0	30.4	25.7	21.6	7.9	6.7	5.6	28.5	28.2	28.3
L&T Technology	2,974	Buy	90.5	108.2	126.5	32.8	27.5	23.5	7.5	6.5	5.6	25.0	25.4	25.6
Mindtree	2,864	Neutral	100.1	116.6	140.5	28.6	24.6	20.4	8.6	7.2	6.0	33.8	32.1	32.3
Mphasis	2,229	Buy	75.1	93.0	109.4	29.7	24.0	20.4	6.1	5.5	5.0	21.5	24.5	26.1
Persistent Systems	3,260	Neutral	91.3	118.7	142.7	35.7	27.5	22.8	7.4	6.2	5.2	22.6	24.6	24.9
TCS	3,235	Buy	104.0	121.8	138.1	31.1	26.5	23.4	13.4	12.8	12.4	43.7	49.1	53.8
Tech Mahindra	1,000	Neutral	62.6	63.2	74.9	16.0	15.8	13.3	3.3	3.1	2.9	21.5	20.3	22.8
Wipro	420	Neutral	21.9	23.4	25.8	19.2	18.0	16.3	3.5	3.4	3.3	20.2	19.2	20.6
Zensar Tech	271	Buy	18.3	14.8	19.6	14.8	18.4	13.9	2.2	2.1	1.9	16.3	11.9	14.7
Telecom						-28	-52	-130.2	17.8	16.2	21.2	-63.0	-31.3	-16.3
Bharti Airtel	682	Buy	5.6	12.4	17.5	122.0	55.1	39.1	5.7	4.3	3.9	5.0	8.9	10.4
Indus Towers	210	Neutral	23.6	26.8	28.5	8.9	7.8	7.4	2.6	2.2	1.9	33.5	30.1	27.4

Ready reckoner: Full year valuations

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Tata Comm	948	Neutral	51.8	58.7	86.5	18.3	16.2	11.0	29.1	10.4	5.3	283.3	94.8	64
Vodafone Idea	8	Neutral	-9.9	-8.8	-8.2	-0.8	-0.9	-1.0	-0.4	-0.3	-0.2	NM	NM	NM
Others						51.4	23.5	18.7	3.7	3.3	2.8	7.1	13.8	15.2
APL Apollo Tubes	835	Buy	20.2	27.3	36.1	41.3	30.5	23.2	10.2	7.6	5.9	28.2	28.5	28.7
BSE	597	Neutral	18.1	19.0	22.3	32.9	31.4	26.8	3.0	3.0	2.9	9.2	9.4	10.6
Coromandel Int.	982	Buy	52.1	55.0	63.2	18.9	17.9	15.5	4.5	3.8	3.2	26.6	23.2	22.4
EPL	155	Buy	6.8	8.7	11.2	22.9	17.8	13.9	2.7	2.5	2.3	12.2	14.6	17.2
Godrej Agrovet	506	Buy	21.6	25.9	29.5	23.4	19.5	17.1	4.3	3.8	3.3	19.2	20.5	20.5
Indiamart Inter.	3,764	Buy	97.2	99.6	122.2	38.7	37.8	30.8	6.2	5.3	4.7	17.1	15.1	16.1
Indian Hotels	232	Buy	-1.8	3.6	5.7	-127.0	64.4	40.6	4.7	4.4	4.0	-4.8	7.0	10.3
Info Edge	3,830	Neutral	34.1	45.5	54.2	112.4	84.1	70.7	3.5	3.4	3.2	4.8	4.3	4.7
Interglobe Aviation	1,650	Neutral	-160.5	38.9	95.1	-10.3	42.4	17.3	-10.5	-14.0	-71.8	206.9	-28.3	-134.8
Kaveri Seed	512	Buy	36.4	43.1	54.4	14.0	11.9	9.4	2.3	2.0	1.7	16.8	18.2	19.7
Lemon Tree Hotel	64	Buy	-1.0	0.9	1.1	-66.0	70.9	57	6.0	5.6	5.1	-8.7	8.2	9.3
MCX	1,287	Buy	28.2	38.8	48.2	45.7	33.2	26.7	4.6	4.3	3.9	10.2	13.3	15.2
P I Industries	2,648	Buy	55.5	68.9	83.2	47.7	38.4	31.8	6.6	5.7	4.9	14.7	15.9	16.5
Piramal Enterprises	1,681	Buy	83.7	100.9	119.7	20.1	16.7	14.0	1.2	1.1	1.1	6.1	7.0	7.9
SRF	2,183	Neutral	61.1	73.9	83.1	35.8	29.5	26.3	7.6	6.3	5.3	23.6	23.4	22.0
Tata Chemicals	803	Neutral	49.6	54.2	56.5	16.2	14.8	14.2	1.1	1.1	1.0	7.8	7.3	7.2
Trident	38	Buy	1.6	1.7	2.5	23.5	22.9	15.6	5.0	4.1	3.3	22.6	19.6	23.3
UPL	655	Neutral	63.5	68.7	73.1	10.3	9.5	9.0	1.5	1.3	1.1	24.5	22.0	19.8

Sectors & Companies

BSE Sensex: 53,235

Nifty 50: 15,835

July 2022

Sector and Companies Preview Compendium

Automobiles

Cement

Chemicals-Specialty

Consumer

Financials

Banks-Private

Banks-PSU

Life Insurance

NBFC

Healthcare

Infrastructure

Logistics

Metals

Oil & Gas

Real Estate

Retail

Staffing

Technology

Telecom

Note: In our quarterly performance tables, our four-quarter numbers may not always add up to the full-year numbers. This is because of differences in classification of account heads in the company's quarterly and annual results or because of differences in the way we classify account heads as opposed to the company. **All stock prices and indices as on 4 July 2022, unless otherwise stated.**

Automobiles

Company

Amara Raja Batt.
Apollo Tyres
Ashok Leyland
Bajaj Auto
Balkrishna Inds
Bharat Forge
Bosch
CEAT
Eicher Motors
Endurance Tech.
Escorts Kubota
Exide Inds.
Hero Motocorp
Mahindra & Mahindra
Mahindra CIE
Maruti Suzuki
Motherson Sumi
Motherson Wiring
MRF
Sona BLW Precis.
Tata Motors
Tube Investments
TVS Motor

Demand recovery underway, supply side issues easing up

1QFY23 will see cost inflation, but expect relief from 2QFY23 onwards

- Volumes in 1QFY23 recovered across segments on low base of 1QFY22, supported by some improvement in the supply of semi-conductors. Demand momentum sustained in PVs and CVs, while 2Ws and tractors witnessed some signs of recovery.
- The wholesale volumes for PVs grew 22% YoY (-12% QoQ), CVs grew +105% YoY (-10% QoQ), 2Ws grew 25% YoY (flat QoQ) and tractors grew 16% YoY (+49% QoQ).
- After the last three quarters of YoY decline in EBITDA margins, we estimate margins to improve on YoY basis by 140bp (-90bp QoQ) for MOFSL Auto OEM universe, driven by operating leverage, despite increase in RM cost (+140bp YoY, +40bp QoQ). Except HMCL and MM, all other OEMs are likely to report QoQ erosion in margins.
- We revise our FY23E EPS estimates for select companies for it to reflect a) commodity price/Fx changes, b) weakness in EU markets, and c) increase in interest rates. We lower our FY23 estimates for TTMT (-12%), CEAT/APTY (-9%), and ENDU (-6%). We raise our estimates for HMCL (+10%), TVSL (7%), and MM/EIM (+5.5%).

Demand recovery getting broad based; Supply side issues easing

Volumes in 1QFY23 recovered across segments on low base of 1QFY22, supported by some improvement in the supply of semi-conductors. While demand momentum sustained in PVs and CVs, 2Ws and tractors witnessed some signs of recovery. The wholesale volumes for PVs grew 22% YoY (-12% QoQ), CVs grew +105% YoY (-10% QoQ), 2Ws grew 25% YoY (flat QoQ), and tractors grew 16% YoY (+49% QoQ). 2Ws and tractors have witnessed QoQ improvement in volumes as OEMs were focused on inventory correction in 4QFY22. On the other hand, M&HCV volumes were relatively strong for a seasonally weak quarter.

EBITDA margins to improve on YoY basis, driven by operating leverage

After the last three quarters of YoY decline in EBITDA margins, we estimate margins to improve 140bp YoY (-90bp QoQ) for MOFSL Auto OEM universe, driven by operating leverage, despite increase in RM cost (+140bp YoY, +40bp QoQ). Except HMCL and MM, all other OEMs are likely to report QoQ erosion in margins. 1QFY23 will see increase in commodity cost on account of steel prices (negotiations are on-going) and crude derivatives, diluted by some softening in other commodities as well price hikes take by the OEMs.

Headwinds are receding, some tailwinds emerging

After operating in the head-winded environment for the last three-four years, we are witnessing signs of some emerging tailwinds. While demand recovery is expected to sustain on a low base, commodity prices have started to moderate, though the benefit might come with a lag. Although fuel prices have moderated from the peak levels, increase in interest rates could have some impact on demand. While we expect 2W/PV/Tractor volumes to register 9.6%/13.5%/7% CAGRs over FY22-25E, 3Ws/LCVs/ M&HCVs is expected to register 10%/17%/21%.

Valuation and view

We revise our FY23E EPS estimates for select companies to reflect a) commodity price/Fx changes, b) weakness in EU markets, and c) increase in interest rates. We lower our FY23 estimates for TTMT (-12%), CEAT/APTY (-9%), and ENDU (-6%). We

raise our estimates for HMCL (+10%), TVSL (7%), and MM/EIM (+5.5%). We prefer companies with: a) higher visibility in terms of demand recovery, b) a strong competitive positioning, c) margin drivers, and d) a strong balance sheet. **MSIL** and **AL** are our top OEM picks. Among Auto Component stocks, we prefer **MSUMI** and **TIINDIA**.

Exhibit 1: Summary of expected quarterly performance (INR m)

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Amara Raja Batt.	470	Neutral	22,630	20.0	3.8	2,377	-4.8	8.1	1,107	-10.7	12.3
Apollo Tyres	190	Buy	55,385	20.8	-0.7	6,042	6.6	-3.5	895	-30.3	-21.1
Ashok Leyland	145	Buy	68,321	131.5	-21.9	4,119	LP	-46.9	1,142	LP	-72.7
Bajaj Auto	3,681	Neutral	76,999	4.2	-3.4	12,111	8.2	-11.3	9,924	-6.5	-19.0
Balkrishna Inds	2,186	Neutral	24,692	35.1	1.5	5,432	2.9	-2.6	3,363	-5.9	-9.3
Bharat Forge	649	Buy	16,532	20.5	-1.2	4,122	5.4	-4.3	2,311	7.9	-12.4
Bosch	15,951	Neutral	32,988	35.0	-0.4	3,992	30.2	-8.3	2,874	10.7	-18.0
CEAT	946	Buy	25,736	35.0	-0.7	1,467	-11.7	-21.8	-77	PL	PL
Eicher Motors	2,797	Buy	33,320	68.8	4.3	7,687	111.8	1.5	5,308	123.8	-13.0
Endurance Tech.	1,443	Buy	20,406	20.5	-1.8	2,804	14.8	9	1,416	16.8	4.0
Escorts Kubota	1,527	Neutral	21,241	27.1	14.1	2,576	10.4	5.8	1,875	1.3	-7.2
Exide Inds.	143	Buy	33,566	35.0	-1.5	3,488	33.9	0.0	1,881	50.0	-16.4
Hero Motocorp	2,759	Buy	87,434	59.3	17.8	10,761	109.0	30.0	7,687	110.4	22.6
Mahindra & Mahindra	1,091	Buy	1,97,600	68.0	15.4	23,712	45.3	21.9	13,900	48.8	19.1
Mahindra CIE	237	Buy	25,603	25.4	-1.1	3,004	15.6	1.2	1,499	10.1	-7.2
Maruti Suzuki	8,440	Buy	2,57,342	44.8	-3.8	19,253	134.5	-20.7	11,414	158.9	-37.9
Motherson Sumi	117	Buy	1,61,830	-1.4	-5.7	11,511	-15.8	-5.8	2,181	-30.6	68.9
Motherson Wiring	62	Buy	15,618	40.2	-6.0	2,068	88.0	-14.5	1,236	102.6	-22.5
MRF	71,805	Neutral	52,422	27.0	0.8	5,190	6.5	-1.6	1,399	-13.3	-10.8
Sona BLW Precis.	568	Neutral	5,933	18.5	7.9	1,424	2.6	5.2	790	9.8	-13.4
Tata Motors	408	Buy	7,11,358	7.1	-9.3	65,008	23.6	-25.6	-17,733	Loss	Loss
Tube Investments	1,742	Buy	18,116	44.2	4.4	1,997	26.6	14.5	1,306	34.6	-4.3
TVS Motor	841	Neutral	59,285	50.7	7.2	5,834	113.1	4.8	2,893	283.8	5.4
Automobiles			20,24,358	24.2	-3.2	2,22,098	45.1	-4.7	58,592	669.6	-30.8

Exhibit 2: Volume snapshot 1QFY23 ('000 units)

	1QFY23	1QFY22	YoY (%)	4QFY22	QoQ (%)	FY23E	FY22	YoY (%)
Two wheelers	4,436	3,544	25.2	4,452	-0.4	19,750	17,911	10.3
Three wheelers	178	162	9.8	197	-9.7	808	760	6.4
Passenger cars	378	417	-9.2	537	-29.5	1,897	1,842	3.0
UVs & MPVs	566	357	58.7	538	5.2	2,338	1,805	29.5
Total PVs	945	773	22.1	1,075	-12.1	4,235	3,647	16.1
M&HCV	87	35	146.3	104	-16.6	368	273	34.9
LCV	163	87	87.8	173	-6.1	688	536	28.3
Total CVs	249	122	104.7	277	-10.0	1,056	809	30.5
Tractors	266	229	15.7	178	49.2	948	853	11.1
Total (ex Tractor)	5,808	4,601	26.2	6,001	-3.2	25,849	23,126	11.8

Source: Company, MOFSL

Exhibit 3: Commodity prices slightly softening (indexed)

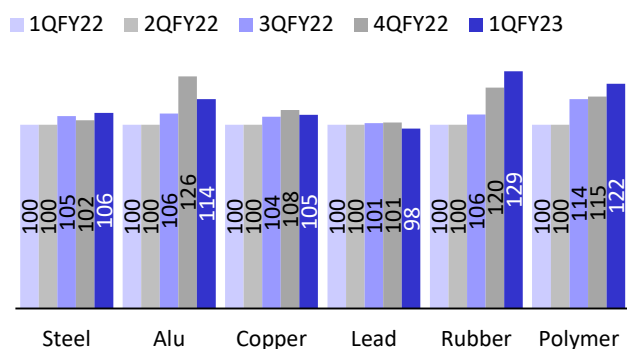


Exhibit 4: Trend in key currencies v/s INR (average, indexed)

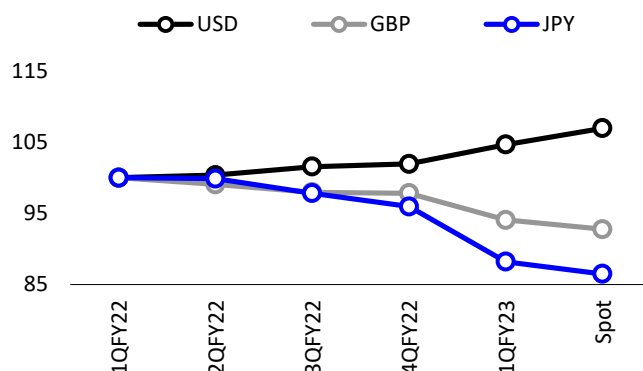
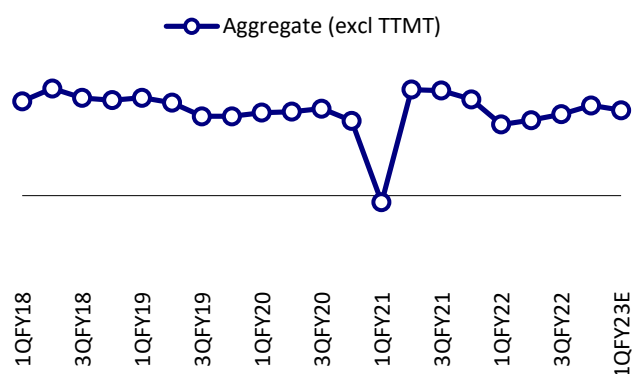
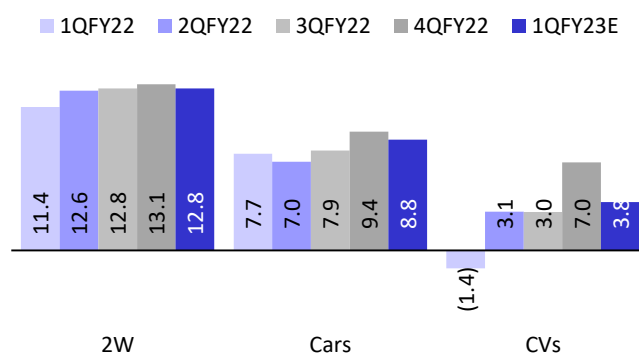


Exhibit 5: Margins to slightly decline on QoQ basis



Source: MOFSL

Exhibit 6: Trend in segment-wise EBITDA margins (%)



Source: MOFSL

Exhibit 7: QoQ increase in RM cost; deleveraging drives margin decline

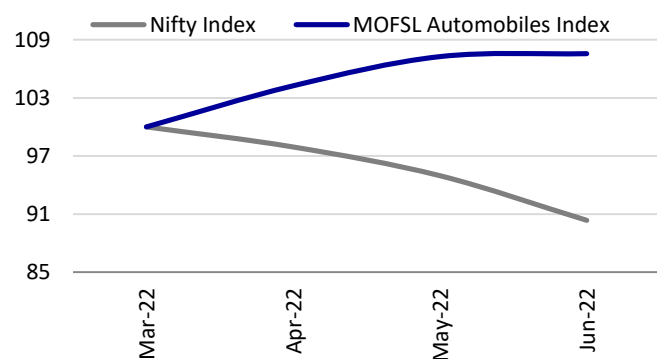
	Volumes ('000 units)					EBITDA margins (%)					Adj PAT (INR M)		
	1QFY23E	1QFY22	YoY (%)	4QFY22	QoQ (%)	1QFY23E	1QFY22	YoY (bq)	4QFY22	QoQ (bq)	1QFY23E	YoY (%)	QoQ (%)
BJAUT	934	1006	-7.2	976.7	-4.4	15.7	15.2	60	17	-140	9,924	-6.5	-19.0
HMCL	1,390	1024	35.7	1,188.9	16.9	12.3	9.4	290	11	120	7,687	110.4	22.6
TVS Motor	907	658	37.9	856.5	5.9	9.8	7.0	290	10	-20	2,893	283.8	5.4
MSIL	468	354	32.3	488.7	-4.2	7.5	4.6	290	9	-160	11,414	158.9	-37.9
MM	272	187	45.6	228.8	18.9	12.0	13.9	-190	11	60	13,900	48.8	19.1
TTMT India CV**	101	50	104.9	119.8	-15.3	2.8	0.1	270	6.1	-320	-1,486	NA	-124.4
TTMT India PV**	130	15	792.7	123.6	5.5	6.0	4.1	190	7.0	-100	49	NA	-88.3
TTMT (JLR) *	79	97	-18.3	89.1	-11.0	11.6	9.0	250	13	-100	-74	-74.0	328.7
TTMT (Cons)						9.1	7.9	120	11	-200	-17,733	-60.2	456
Ashok Leyland	40	18	120.4	48.7	-18.6	6.0	-4.7	1,080	9	-280	1,142	-140.7	-72.7
Eicher (RE)	187	124	51.4	185.7	0.8	23.0	17.5	540	24	-70	5,316	98.9	-3.9
Eicher (VECV)	17	6	200.9	20.1	-13.0	5.6	1.1	450	7	-100	570	-180.4	-43.1
Eicher (Consol)						23.0	17.5	540	24	-70	5,308	123.8	-13.0
Agg. (ex JLR)	4,446	3491	27.4	4,234	5.0	9.0	7.6	150	9.9	-90	50,832	79.4	-17.5

Source: *JLR (in GBP m), ** PBT numbers in adj.PAT column Company, MOFSL

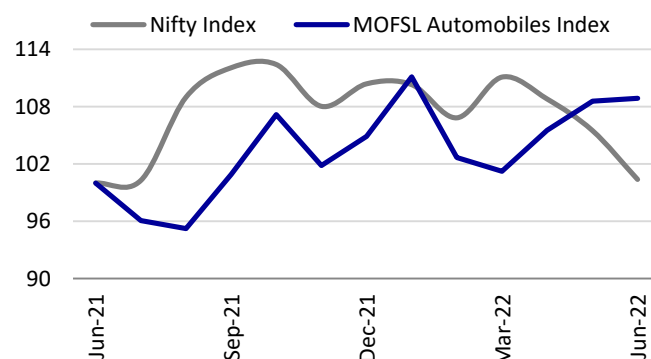
Exhibit 8: Revised estimates

	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Bajaj Auto	212.5	215.2	-1.3	244.5	238.4	2.6
Hero MotoCorp	174.4	158.6	10.0	199.5	187.5	6.4
TVS Motor	28.0	26.1	7.3	34.9	32.2	8.4
Eicher Motors *	105.9	100.3	5.6	143.4	130.1	10.2
Maruti *	228.1	229.2	-0.5	373.0	355.1	5.0
M&M (incl MVML)	51.9	49.1	5.5	68.5	62.9	8.9
Tata Motors *	14.1	16.1	-12.2	27.1	27.6	-1.8
Ashok Leyland	3.0	3.0	1.0	7.3	6.6	10.4
Escorts	75.6	77.9	-3.0	86.5	87.4	-1.0
Amara Raja	35.4	35.8	-1.0	40.7	42.1	-3.2
Exide Industries	10.9	10.6	2.8	13.0	12.9	0.5
BOSCH	474	487	-2.6	602	581	3.6
Endurance Tech*	45.7	48.8	-6.3	58.6	57.9	1.1
Mahindra CIE *	16.3	16.2	0.6	21.3	20.8	2.3
Bharat Forge *	26.3	27.2	-3.6	32.7	34.6	-5.6
SAMIL *	4.1	4.3	-3.4	7.2	7.6	-5.5
Sona BLW	7.6	7.5	1.7	12.2	12.2	0.2
Ceat	33.5	36.9	-9.2	83.0	89.2	-6.9
Apollo Tyres*	13.3	14.6	-8.8	20.6	22.2	-7.2
Balkrishna Ind	80.6	80.8	-0.2	98.2	93.3	5.3
MRF	1,958.3	1,945.4	0.7	3,195.0	3,203.4	-0.3
MSUMI	1.9	1.8	1.5	2.3	2.3	-1.1
TIINDIA	58.9	59.0	-0.2	73.8	73.6	0.2

*Source: Company, MOFSL

Exhibit 9: Relative performance – three-months (%)

Source: Bloomberg, MOFSL

Exhibit 10: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Automobiles						62.9	26.2	18.3	3.9	3.5	3.1	6.2	13.4	16.9
Amara Raja Batt.	470	Neutral	29.9	35.4	40.7	15.7	13.3	11.5	1.8	1.6	1.5	11.7	12.8	13.6
Apollo Tyres	190	Buy	11.2	13.3	20.6	16.9	14.3	9.2	0.9	0.9	0.8	5.5	6.3	9.3
Ashok Leyland	145	Buy	0.1	3.0	7.3	1,374	49	19.9	5.8	5.6	4.6	0.4	11.7	25.4
Bajaj Auto	3,681	Neutral	183.6	212.5	244.5	20.0	17.3	15.1	4.0	3.9	3.8	20.5	22.8	25.4
Balkrishna Inds	2,186	Neutral	76.6	80.6	98.2	28.5	27.1	22.3	6.1	5.3	4.5	22.9	20.9	21.9
Bharat Forge	649	Buy	21.7	26.3	32.7	29.9	24.7	19.9	4.6	4.0	3.5	16.9	17.4	18.7
Bosch	15,951	Neutral	412.8	474.1	602.1	38.6	33.6	26.5	4.4	4.0	3.6	11.9	12.5	14.4
CEAT	946	Buy	19.6	33.5	83.0	48.2	28.3	11.4	1.2	1.1	1.0	2.4	4.1	9.6
Eicher Motors	2,797	Buy	61.3	105.9	143.4	45.6	26.4	19.5	6.1	5.2	4.2	13.9	21.1	23.9
Endurance Tech.	1,443	Buy	34.5	45.7	58.6	41.8	31.6	24.6	5.2	4.6	4.1	13.0	15.5	17.7
Escorts Kubota	1,527	Neutral	69.2	75.6	86.5	22.1	20.2	17.7	2.2	1.7	1.7	12.1	9.4	9.9
Exide Inds.	143	Buy	9.9	10.9	13.0	14.5	13.1	11.0	1.1	1.1	1.0	7.9	8.2	9.1
Hero Motocorp	2,759	Buy	123.8	174.4	199.5	22.3	15.8	13.8	3.5	3.2	3.0	16.0	21.3	22.4
M&M	1,091	Buy	43.0	51.9	68.5	25.4	21.0	15.9	3.4	3.0	2.6	13.9	15.0	17.3
Mahindra CIE	237	Buy	13.8	16.3	21.3	17.1	14.5	11.1	1.7	1.6	1.4	10.4	11.4	13.4
Maruti Suzuki	8,440	Buy	128.3	228.1	373.0	65.8	37.0	22.6	4.7	4.3	3.8	7.0	11.5	16.9
Motherson Sumi	117	Buy	2.0	4.1	7.2	59.0	28.4	16.3	2.6	2.4	2.2	5.4	8.8	14.1
Motherson Wiring	62	Buy	1.5	1.9	2.3	42.7	33.5	26.8	17.6	13.7	10.5	50.3	45.9	44.2
MRF	71,805	Neutral	1,578.4	1,958.3	3,195.0	45.5	36.7	22.5	2.2	2.1	1.9	4.9	5.8	8.8
Sona BLW Precis.	568	Neutral	5.8	7.6	12.2	97.7	74.3	46.5	16.6	14.2	11.4	20.6	20.6	27.2
Tata Motors	408	Buy	-28.2	14.1	27.1	-14.5	28.9	15.1	3.5	3.1	2.6	-21.7	11.4	18.8
Tube Investments	1,742	Buy	50.5	58.9	73.8	34.5	29.6	23.6	10.9	8.7	7.0	37.2	32.8	32.8
TVS Motor	841	Neutral	18.9	28.0	34.9	44.4	30.1	24.1	8.3	6.8	5.5	20.0	24.8	25.2

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Amara Raja Batteries

Neutral

CMP: INR470 | TP: INR490 (+4%)

EPS CHANGE (%): FY23|24E: -1|-3

- Strong revenue growth on low base of last year, as both replacement and OEM demand was affected in 1QFY22
- Lead prices declined 3%/11.5% QoQ in 1QFY23/Spot basis; the benefit will reflect in 2QFY23

Quarterly Performance

(INR Million)

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	18,859	22,642	23,651	21,807	22,630	24,453	25,543	25,150	86,958	97,777
YoY Change (%)	63.8	17.0	20.7	3.7	20.0	8.0	8.0	15.3	21.6	12.4
RM Cost (% of sales)	68.9	70.1	70.3	72.1	71.8	71.0	70.0	69.0	70.4	70.4
Staff Cost (% of sales)	6.3	5.8	5.5	5.5	5.7	5.4	5.3	5.4	5.7	5.5
Other Exp (% of sales)	11.6	12.2	12.3	12.3	12.0	12.0	12.0	12.0	12.1	12.0
EBITDA	2,499	2,689	2,840	2,199	2,377	2,832	3,248	3,423	10,226	11,880
Margins (%)	13.2	11.9	12.0	10.1	10.5	11.6	12.7	13.6	11.8	12.2
Depreciation	963	986	1,021	987	1,000	1,050	1,070	1,079	3,957	4,199
Interest	32	36	38	46	40	40	35	35	151	150
Other Income	166	264	190	160	150	160	150	140	780	600
PBT after EO	1,670	1,932	1,971	1,325	1,487	1,902	2,293	2,449	6,898	8,131
Tax	431	491	524	340	381	487	587	627	1,786	2,081
Tax Rate (%)	25.8	25.4	26.6	25.6	25.6	25.6	25.6	25.6	25.9	25.6
Adj PAT	1,239	1,441	1,447	985	1,107	1,415	1,706	1,822	5,113	6,049
YoY Change (%)	97.7	-28.5	-25.1	-48.0	-10.7	-1.8	17.9	84.9	-21.0	18.3

E: MOFSL Estimates

Apollo Tyres

Buy

CMP: INR190 | TP: INR270 (+42%)

EPS CHANGE (%): FY23|24E: -9|-7

- Replacement demand is seeing recovery on sequential basis, with support from growth in OEM sales
- EU business margin to be impacted by higher SR prices, partially offset by price hikes
- RM cost is higher by 3-5% QoQ in 1QFY23, whereas price hike of 2-3% were implemented in 1Q.
- Earnings downgrade for FY23E, driven by higher RM cost & higher interest rate.

Consolidated - Quarterly Earning Model

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenues	45,845	50,773	57,075	55,783	55,385	55,283	61,307	61,058	2,09,476	2,33,032
YoY Change (%)	59.1	18.2	12.4	11.0	20.8	8.9	7.4	9.5	21.2	11.2
EBITDA	5,668	6,380	7,429	6,264	6,042	6,198	8,152	9,001	25,741	29,392
Margins (%)	12.4	12.6	13.0	11.2	10.9	11.2	13.3	14.7	12.3	12.6
Depreciation	3,404	3,397	3,443	3,753	3,820	3,920	3,900	3,994	13,997	15,634
Interest	1,046	1,036	1,083	1,279	1,300	1,280	1,230	1,246	4,444	5,056
Other Income	405	289	170	372	220	295	310	297	1,235	1,122
PBT before EO expense	1,623	2,236	3,073	1,603	1,142	1,293	3,332	4,058	8,535	9,825
Extra-Ord expense	9	44	5	0	0	0	0	0	59	0
PBT	1,613	2,192	3,068	1,603	1,142	1,293	3,332	4,058	8,476	9,825
Rate (%)	20.8	20.7	27.2	29.2	21.6	21.9	22.3	23.3	24.7	22.6
Reported PAT	1,278	1,738	2,235	1,136	895	1,009	2,588	3,111	6,359	7,574
Adj PAT	1,285	1,766	2,238	1,135	895	1,009	2,588	3,111	6,403	7,574
YoY Change (%)	-195.5	37.2	-40.4	-60.6	-30.3	-42.8	15.6	174.1	-2.6	18.3
Margins (%)	2.8	3.5	3.9	2.0	1.6	1.8	4.2	5.1	3.1	3.3

E: MOFSL Estimates

Ashok Leyland**Buy****CMP: INR145 | TP: INR185 (+28%)****EPS CHANGE (%): FY23|24E: 1|10**

- M&HCV demand has remained strong in a seasonally weak quarter
- Discounts have been stable QoQ despite seasonality
- QoQ margin decline is due to a) higher RM cost, b) operational deleverage and c) benefit of cost reversal in 4QFY22
- EPS upgrade, driven by volumes and lower commodity prices.

Quarterly Performance (S/A)**(INR Million)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Total Volumes (nos)	17,987	27,543	34,077	48,719	39,651	42,941	39,699	53,260	1,28,326	1,75,550
Growth %	371.6	41.7	2.0	10.6	120.4	55.9	16.5	9.3	27.4	36.8
Realizations (INR '000)	1,641	1,619	1,624	1,795	1,723	1,671	1,680	1,760	1,690	1,712
Change (%)	-3.9	10.9	12.7	13.0	5.0	3.3	3.4	-1.9	11.2	1.3
Net operating revenues	29,510	44,579	55,352	87,443	68,321	71,769	66,682	93,753	2,16,883	3,00,525
Change (%)	353.4	57.2	15.0	24.9	131.5	61.0	20.5	7.2	41.7	38.6
RM/sales %	74.1	76.7	77.9	78.2	78.8	78.0	77.0	75.4	77.3	77.2
Staff/sales %	14.4	9.0	7.8	5.0	6.2	6.3	6.6	5.1	7.8	6.0
Other exp/sales %	16.2	11.3	10.2	7.9	9.0	9.5	10.0	10.0	10.3	9.7
EBITDA	-1,401	1,347	2,239	7,760	4,119	4,471	4,269	8,804	9,945	21,663
EBITDA Margins (%)	-4.7	3.0	4.0	8.9	6.0	6.2	6.4	9.4	4.6	7.2
Interest	707	871	668	765	750	700	650	587	3,011	2,687
Other Income	134	209	176	242	150	220	250	300	761	920
Depreciation	1,835	1,843	1,897	1,954	2,000	2,040	2,075	2,106	7,528	8,221
PBT before EO Item	-3,809	-1,157	-149	5,284	1,519	1,951	1,794	6,411	168	11,675
EO Exp/(Inc)	17	-2	-420	-4,703	0	0	0	0	-5,108	0
PBT after EO	-3,826	-1,155	271	9,987	1,519	1,951	1,794	6,411	5,276	11,675
Effective Tax Rate (%)	26.2	28.1	78.7	9.7	24.8	24.8	24.8	24.8	-2.7	24.8
Adj PAT	-2,806	-832	-374	4,184	1,142	1,467	1,349	4,820	172	8,779
Change (%)	-27.6	-42.7	-338.6	96.7	-140.7	-276.2	-460.7	15.2	-105.7	4,994.4

E: MOFSL Estimates

Bajaj Auto**Neutral****CMP: INR3,681 | TP: INR4,020 (9%)****EPS CHANGE (%): FY23|24E:-1|3**

- 2W domestic market continues to remain weak and export markets are also showing some signs of weakness
- Chip shortages have affected volumes in 1QFY23 for premium motorcycles and 3Ws
- Other income to be impacted due to MTM losses as G-Sec rates hardened in 1Q
- Margins to decline QoQ due to higher RM cost and operating deleverage, despite price hikes & favorable Fx.

Quarterly Performance**(INR Million)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Volumes ('000 units)	1,006	1,144	1,181	977	934	1,264	1,297	1,272	4,308	4,767
Growth YoY (%)	127.0	8.6	-9.6	-16.5	-7.2	10.5	9.8	30.3	8.4	10.6
Realization (INR/unit)	73,419	75,328	76,367	81,655	82,472	82,884	81,641	81,520	76,601	82,101
Growth YoY (%)	5.6	10.9	12.0	11.1	12.3	10.0	6.9	-0.2	9.7	7.2
Net Sales	73,860	86,206	90,217	79,748	76,999	1,04,795	1,05,853	1,03,710	3,30,032	3,91,356
Change (%)	139.9	20.5	1.3	-7.2	4.2	21.6	17.3	30.0	19.0	18.6
RM/Sales %	73.0	74.9	74.7	71.9	73.0	72.5	72.5	72.3	73.7	72.6
Staff cost/Sales %	4.9	4.1	3.8	3.8	4.6	3.5	3.5	3.6	4.1	3.7
Oth. Exp./Sales %	6.9	6.5	6.3	7.1	6.7	6.7	6.6	6.6	6.7	6.6
EBITDA	11,198	12,596	13,721	13,656	12,111	18,187	18,463	18,141	51,171	66,903
EBITDA Margins (%)	15.2	14.6	15.2	17.1	15.7	17.4	17.4	17.5	15.5	17.1
Other Income	3,293	3,183	2,728	2,889	1,650	2,800	3,000	3,415	12,092	10,865
Extraordinary Inc	0	1,416	0	3,153	0	0	0	0	4,568	0
Interest	23	17	18	29	21	21	21	22	87	85
Depreciation	641	656	698	697	705	725	735	753	2,692	2,918
PBT after EO	13,827	16,521	15,733	18,972	13,035	20,241	20,707	20,781	65,054	74,765
Effective Tax Rate (%)	23.3	22.9	22.8	22.6	23.9	23.9	23.9	23.9	22.8	23.9
Adj. PAT	10,612	11,653	12,142	12,257	9,924	15,411	15,766	15,822	46,665	56,923
Change (%)	101.0	2.4	(22.0)	(8.0)	(6.5)	32.2	29.8	29.1	2.5	22.0

E: MOFSL Estimates

Balkrishna Industries**Neutral****CMP: INR2,186 | TP: INR2,220 (2%)****EPS CHANGE (%): FY23|24E: 0|5**

- BIL volumes to grow with the commencement of production at the Bhuj Plant
- There will be continued adverse impact of sharp increase in logistic and commodity costs
- RM cost increases to continue in 1QFY23, with estimated 3-4% QoQ increase. Further, adverse EUR movement will impact profitability.
- FY24 EPS upgrade is led by increase in margin estimates

Quarterly Earning Model (Standalone)**(INR Million)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Volumes (Ton)	68,608	72,748	70,320	77,119	77,527	79,295	82,978	84,115	2,88,795	3,23,915
YoY Change (%)	80.1	18.8	17.6	13.4	13.0	9.0	18.0	9.1	27.1	12.2
Realizations (INR '000/ton)	266.5	285.9	295.6	315.3	318.5	318.5	319.3	314.8	291.5	317.7
YoY Change (%)	7.8	12.8	18.2	22.5	19.5	11.4	8.0	-0.2	15.4	9.0
Net Revenues	18,281	20,798	20,790	24,319	24,692	25,255	26,494	26,480	84,187	1,02,920
YoY Change (%)	94.1	34.0	38.9	39.0	35.1	21.4	27.4	8.9	46.7	22.3
Total Expenditure	13,004	15,299	15,865	18,744	19,260	19,522	20,374	20,054	62,912	79,210
EBITDA	5,277	5,499	4,924	5,575	5,432	5,733	6,120	6,426	21,275	23,711
Margins (%)	28.9	26.4	23.7	22.9	22.0	22.7	23.1	24.3	25.3	23.0
Depreciation	1,041	1,085	1,145	1,167	1,200	1,225	1,275	1,301	4,438	5,001
Interest	21	18	18	21	25	25	25	26	79	101
Other Income	632	1,031	626	497	300	500	500	650	2,786	1,950
PBT before EO expense	4,847	5,427	4,387	4,884	4,507	4,983	5,320	5,749	19,545	20,560
Rate (%)	26.2	26.4	25.1	24.1	25.4	25.4	25.4	25.4	25.5	25.4
Adj PAT	3,575	4,044	3,286	3,707	3,363	4,983	3,969	4,289	14,566	15,339
YoY Change (%)	193.5	19.1	2.1	-0.4	-5.9	23.2	20.8	15.7	26.1	5.3
Margins (%)	19.6	19.4	15.8	15.2	13.6	19.7	15.0	16.2	17.3	14.9

E: MOFSL Estimates

Bharat Forge**Buy****CMP: INR649 | TP: INR820 (+26%)****EPS CHANGE (%): FY23|24E: -4|-6**

- Continued traction in all the business segments and higher steel prices driving strong growth on low base
- We are yet to build-in for Sanghvi Forgings, JS Auto, and US aluminum forging business
- RM cost inflation impacting EBITDA margins on YoY/QoQ basis
- EPS downgrade led by lowering of assumptions for CV Export business and Oil & Gas segment

S/A Quarterly**(INR Million)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Tonnage	53,512	57,094	53,365	57,543	57,793	61,662	61,903	66,738	2,21,514	2,48,096
Change (%)	200.0	40.0	4.8	3.1	8.0	8.0	16.0	16.0	33.9	12.0
Realization (INR '000/ton)	256.4	279.5	300.2	290.9	286.0	282.3	281.5	279.1	281.9	282.1
Change (%)	7.1	29.3	47.7	24.3	11.6	1.0	-6.2	-4.1	27.7	0.1
Net operating income	13,718	15,956	16,021	16,741	16,532	17,405	17,424	18,627	62,436	69,987
Change (%)	221.3	81.0	54.7	28.1	20.5	9.1	8.8	11.3	71.0	12.1
EBITDA	3,910	4,437	4,034	4,307	4,122	4,478	4,487	4,925	16,687	18,012
EBITDA Margins (%)	28.5	27.8	25.2	25.7	24.9	25.7	25.8	26.4	26.7	25.7
Non-Operating Income	333	322	358	662	250	350	370	410	1,675	1,380
Interest	406	142	118	407	250	275	275	265	1,073	1,065
Depreciation	1019	1026	1031	1042	1050	1070	1080	1100	4,118	4,300
Fx loss/(gain)	-4	-307	-45	-4	0	0	0	0	-360	0
PBT after EO items	2,206	4,009	4,247	3,499	3,072	3,483	3,502	3,970	13,959	14,027
Eff. Tax Rate (%)	24.4	22.2	20.5	25.1	24.8	24.8	24.8	24.8	22.8	24.8
Rep. PAT	1,667	3,118	3,374	2,620	2,311	2,620	2,634	2,986	10,778	10,553
Change (%)	-396.0	343.9	263.9	27.5	38.7	-16.0	-21.9	14.0	245.4	-2.1
Adj. PAT	2,143	3,033	2,633	2,639	2,311	2,620	2,634	2,986	10,448	10,553
Change (%)	-480.6	318.7	172.0	28.1	7.9	-13.6	0.0	13.2	227.5	1.0

E: MOFSL Estimates

Bosch**Neutral****CMP: INR15,951 | TP: INR15,575 (-2%)****EPS CHANGE (%): FY23|24E: -3|4**

- Strong revenue growth, led by low base for CV and tractor segment
- Impact of MTM losses on treasury due to increase in G-Sec yields
- Adverse Fx movement would hurt EBITDA margins on QoQ/YoY basis
- FY24 EPS upgrade due to improved volume outlook for tractors and CVs

Quarterly performance (S/A)**(INR Million)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	24,435	29,180	31,091	33,110	32,988	33,848	34,200	36,858	1,17,816	1,37,894
YoY Change (%)	146.4	17.7	2.6	2.9	35.0	16.0	10.0	11.3	21.2	17.0
RM Cost (% of sales)	58.9	62.8	60.8	64.6	63.0	62.0	61.0	61.1	61.9	61.8
Staff Cost (% of sales)	11.1	8.7	9.4	7.7	8.4	8.4	8.4	8.1	9.1	8.3
Other Expenses (% of sales)	17.5	16.3	18.3	14.5	16.5	16.5	18.0	15.3	16.6	16.6
EBITDA	3,066	3,575	3,575	4,354	3,992	4,434	4,309	5,709	14,570	18,443
Margins (%)	12.5	12.3	11.5	13.2	12.1	13.1	12.6	15.5	12.4	13.4
Depreciation	671	829	851	892	850	900	950	993	3,243	3,693
Interest	32	15	169	73	30	35	30	35	289	130
Other Income	990	1,244	803	926	700	1,000	1,100	1,119	3,963	3,919
PBT before EO expense	3,353	3,975	3,359	4,315	3,812	4,499	4,429	5,800	15,001	18,540
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT after EO Expense	3,353	3,975	3,359	4,315	3,812	4,499	4,429	5,800	15,001	18,540
Tax	756	255	1,009	809	937	1,106	1,089	1,426	2,829	4,558
Tax Rate (%)	22.5	6.4	30.0	18.7	24.6	24.6	24.6	24.6	18.9	24.6
Reported PAT	2,598	3,720	2,350	3,506	2,874	3,393	3,340	4,374	12,172	13,982
Adj PAT	2,598	3,720	2,350	3,506	2,874	3,393	3,340	4,374	12,172	13,982
YoY Change (%)	390.4	33.5	-24.6	1.4	10.7	-8.8	42.2	24.8	23.1	14.9

E: MOFSL Estimates

Ceat**Buy****CMP: INR946 | TP: INR1,200 (+27%)****EPS CHANGE (%): FY23|24E: -9|-7**

- Strong revenue growth on low base, replacement demand recovery and price hikes
- Despite consistent price hikes, there is under-recovery of 4-5% on account of commodity cost inflation
- Ramp-up at new TBR/PCR plant to support domestic and export volumes
- Earnings downgrade for FY23E, driven by higher assumptions for commodity basket & higher interest cost.

Consolidated - Quarterly Earning Model**(INR Million)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	19,064	24,518	24,133	25,920	25,736	26,724	26,305	28,104	93,634	1,06,869
YoY Change (%)	70.2	23.9	8.6	13.2	35.0	9.0	9.0	8.4	23.0	14.1
RM cost (%)	61.1	63.1	66.0	66.5	67.5	66.5	64.5	62.7	64.4	65.3
Employee cost (%)	9.3	7.0	7.1	6.6	6.8	6.5	6.8	6.3	7.4	6.6
Other expenses (%)	20.9	20.9	21.3	19.7	20.0	20.0	20.0	21.3	20.6	20.4
EBITDA	1,662	2,203	1,341	1,875	1,467	1,858	2,297	2,714	7,098	8,336
Margins (%)	8.7	9.0	5.6	7.2	5.7	7.0	8.7	9.7	7.6	7.8
Depreciation	965	1,206	1,086	1,096	1,100	1,125	1,130	1,137	4,352	4,492
Interest	460	496	548	566	590	600	600	571	2,070	2,361
Other Income	39	28	32	33	35	35	35	35	114	140
PBT before EO expense	276	529	-260	246	-188	168	602	1,040	790	1,622
Exceptional item	0	5	65	59	0	0	0	0	129	0
PBT	276	524	-326	187	-188	168	602	1,040	661	1,622
Tax Rate (%)	41.8	29.2	10.7	5.2	35.0	35.0	35.0	35.0	36.7	35.0
Minority Int. & Profit of Asso. Cos.	-79	-49	-91	-75	-45	-62	-55	-138	-294	-300
Reported PAT	240	420	-200	253	-77	171	446	814	712	1,354
Adj PAT	240	423	-159	290	-77	171	446	814	794	1,354
YoY Change (%)	-255	-77	-111	-81	-132	-60	-381	181	-83	71
Margins (%)	1.3	1.7	-0.7	1.1	-0.3	0.6	1.7	2.9	0.8	1.3

Eicher Motors**Buy****CMP: INR2,797 | TP: INR3,220 (+15%)****EPS CHANGE (%): FY23|24E: 6|10**

- Export ramp-up has been strong, with 56% YoY growth. Domestic volume ramp-up continued to be impacted by chip shortages.
- For S/A, operating leverage to dilute the impact of higher RM cost
- VECV margins impacted by RM cost pressures and operating deleverage
- EPS upgrade, driven by volume and margin upgrades in both businesses

Quarterly performance (Consolidated)

Y/E March	FY22				FY23E				FY22		FY23E	
	1Q	2Q	3Q	4Q	1QE	2Q	3Q	4Q				
Net Operating income	19,743	22,496	28,807	31,933	33,320	37,332	36,599	39,075	1,02,978		1,46,325	
Growth (%)	141.3	5.4	1.9	8.6	68.8	66.0	27.1	22.4	18.1		42.1	
EBITDA	3,630	4,699	5,824	7,571	7,687	9,029	8,937	9,851	21,723		35,503	
EBITDA Margins (%)	18.4	20.9	20.2	23.7	23.1	24.2	24.4	25.2	21.1		24.3	
PAT	2,765	3,634	4,202	5,564	4,998	6,760	6,664	7,524	16,165		25,946	
Share of JV Loss/(PAT)/ Min. Int.	394	-98	-359	-538	-310	-582	-700	-1,424	-602		-3,017	
Recurring PAT	2,371	3,732	4,561	6,101	5,308	7,342	7,364	8,948	16,766		28,962	
Growth (%)	-529.8	8.7	-14.4	8.3	123.8	96.7	61.4	46.7	21.2		72.7	

Standalone (Royal Enfield)

Y/E March	FY22				FY23E				FY22		FY23E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Royal Enfield ('000 units)	124	123	170	186	187	209	204	219	602		819	
Growth (%)	115.9	-18.0	-15.1	-9.3	51.4	69.5	20.6	17.7	-1.6		36.1	
Net Realn (INR '000/unit)	154.3	176.8	167.4	172.1	174.2	175.1	175.5	175.6	168.1		175.1	
Change - YoY (%)	14.9	25.3	19.2	20.5	12.9	-1.0	4.8	2.0	19.4		4.2	
EBITDA	3,345	4,427	5,814	7,550	7,487	8,829	8,737	9,651	21,136		34,705	
EBITDA Margins (%)	17.5	20.3	20.5	23.6	23.0	24.1	24.3	25.2	20.9		24.2	
PBT after EO item	3,561	4,452	5,618	7,490	7,087	8,904	8,762	9,875	21,121		34,628	
Effective tax rate (%)	25.0	22.9	24.8	26.1	25.0	25.0	25.0	25.0	24.9		25.0	
Recurring PAT	2,672	3,434	4,223	5,534	5,316	6,678	6,572	7,406	15,862		25,971	
Growth (%)	2,072.4	-4.8	-13.6	13.7	98.9	94.5	55.6	33.8	19.9		63.7	

Endurance Technologies**Buy****CMP: INR1,443 | TP: INR1,650 (+14%)****EPS CHANGE (%): FY23|24E: -6|1**

- India business to benefit from improvement in 2W industry volumes as well as start of ABS supplies
- EU business impacted by slow recovery and delayed pass through of energy cost.
- QoQ margin improvement due to benefit of incentives in the India operations.
- Downgrade in FY23 EPS, led by cut in EU estimates, due to slower recovery and difficulty in energy cost pass through.

Consolidated - Quarterly

Y/E March	FY22				FY23E				FY22		FY23E	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE				
Net Sales	16,937	18,876	18,891	20,788	20,406	22,286	21,819	22,725	75,491		87,237	
YoY Change (%)	180.8	8.3	-7.4	-2.5	20.5	18.1	15.5	9.3	15.8		15.6	
RM Cost (% of sales)	53.8	58.6	60.8	60.4	58.6	59.1	58.8	58.8	58.6		58.8	
Staff Cost (% of sales)	11.5	8.7	8.8	8.1	8.4	7.9	8.3	8.1	9.2		8.2	
Other Exp. (% of sales)	20.3	18.9	19.6	19.1	19.0	18.7	18.4	18.9	19.5		19.0	
EBITDA	2,443	2,600	2,032	2,571	2,804	3,136	3,007	3,225	9,646		12,172	
Margins (%)	14.4	13.8	10.8	12.4	13.7	14.1	13.8	14.2	12.8		14.0	
Depreciation	983	940	914	981	995	980	1,040	1,071	3,817		4,086	
Interest	15	18	14	17	14	14	14	19	64		61	
Other Income	127	82	75	127	90	130	150	168	410		538	
PBT before EO expense	1,573	1,724	1,179	1,700	1,885	2,272	2,103	2,302	6,176		8,562	
Exceptional Item	315	0	0	0	0	0	0	0	315		0	
PBT after EO	1,258	1,724	1,179	1,700	1,885	2,272	2,103	2,302	5,861		8,562	
Eff. Tax Rate (%)	23.3	22.7	19.8	19.9	24.8	24.8	24.9	24.9	21.4		24.8	
Rep. PAT	966	1,333	946	1,362	1,416	1,708	1,580	1,730	4,608		6,434	
Adj. PAT	1,213	1,333	946	1,362	1,416	1,708	1,580	1,730	4,855		6,434	
YoY Change (%)	-587.0	-7.9	-52.5	-27.3	16.8	28.1	67.0	27.0	-4.1		32.5	

E: MOFSL estimates

Escorts Kubota**Neutral****CMP: INR1,527 | TP: INR1,560 (2%)****EPS CHANGE (%): FY23|24E: -3|-1**

- 1Q witnessed good recovery in demand, though delayed monsoon has lead to delayed sowing
- MTM losses on treasury due to higher G-Sec yields
- Higher RM cost to impact margins
- Yet to factor in benefits from the Kubota alliance

Standalone Quarterly Performance**(INR Million)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	16,715	16,623	19,575	18,614	21,241	21,920	20,202	20,499	71,527	83,862
YoY Change (%)	57.4	1.4	-3.0	-15.8	27.1	31.9	3.2	10.1	3.2	17.2
EBITDA	2,332	2,101	2,646	2,434	2,576	2,652	2,530	2,641	9,513	10,399
Margins (%)	14.0	12.6	13.5	13.1	12.1	12.1	12.5	12.9	13.3	12.4
Depreciation	314	329	325	330	335	335	338	341	1,298	1,349
Interest	30	36	33	29	35	35	35	35	127	140
Other Income	472	639	400	620	300	600	650	700	2,130	2,250
PBT	2,461	2,374	2,688	2,695	2,506	2,882	2,807	2,965	10,219	11,160
Rate (%)	24.8	25.6	25.0	25.0	25.2	25.2	25.2	25.2	25.1	25.2
Adj. PAT	1,852	1,767	2,015	2,022	1,875	2,157	2,101	2,219	7,656	8,352
YoY Change (%)	101.0	-23.1	-28.2	-25.5	1.3	22.1	4.2	9.8	-12.4	9.1
Margins (%)	11.1	10.6	10.3	10.9	8.8	9.8	10.4	10.8	10.7	10.0

E: MOFSL Estimates

Exide Industries**Buy****CMP: INR143 | TP: INR190 (+33%)****EPS CHANGE (%): FY23|24E: 3|0.5**

- Strong revenue growth on low base of last year, as both replacement and OEM demand was impacted in 1QFY22
- Lead prices declined 3%/11.5% QoQ in 1QFY23/Spot basis; the benefit will reflect in 2QFY23

S/A Quarterly Performance**(INR Million)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	24,864	32,900	31,967	34,086	33,566	35,203	35,802	36,111	1,23,817	1,40,682
Growth YoY (%)	60.7	19.5	14.1	16.0	35.0	7.0	12.0	5.9	23.3	13.6
RM(%)	68.5	67.2	69.0	72.0	70.5	69.5	69.0	68.1	69.3	69.3
Employee cost (%)	7.4	6.5	6.4	5.6	6.1	5.9	5.9	5.9	6.4	5.9
Other Exp(%)	13.6	13.8	13.0	12.2	13.0	13.5	13.3	13.1	13.1	13.2
EBITDA	2,606	4,134	3,726	3,490	3,488	3,915	4,207	4,678	13,956	16,288
EBITDA Margin(%)	10.5	12.6	11.7	10.2	10.4	11.1	11.8	13.0	11.3	11.6
Change (%)	75.5	5.4	-7.5	-15.4	33.9	-5.3	12.9	34.0	3.0	16.7
Non-Operating Income	152	109	150	392	200	270	280	315	803	1,065
Interest	109	86	83	106	100	90	90	90	384	370
Depreciation	1,009	1,012	1,041	1,065	1,080	1,100	1,150	1,281	4,126	4,611
PBT after EO Exp	1,640	3,145	2,753	49,649	2,508	2,995	3,247	3,622	57,186	12,372
Effective Tax Rate (%)	23.5	25.5	25.8	17.0	25.0	25.0	25.0	25.0	18.1	25.0
Adj. PAT	1,254	2,344	2,041	2,250	1,881	2,246	2,435	2,717	8,394	9,279
Change (%)	185.4	2.4	-15.5	-7.8	50.0	-4.2	19.3	20.8	10.7	10.6

Hero MotoCorp

Buy

CMP: INR2,759 | TP: INR3,200 (+16%)

EPS CHANGE (%): FY23 | 24E: 10 | 6

- Good recovery in volumes in 1QFY23 on QoQ basis, as inventory correction was largely achieved in 4QFY22
- Operating leverage will more than offset RM cost pressures, leading to margin expansion
- EPS upgrade led by upgrade in volume estimates.

Quarterly Performance (S/A)

(INR Million)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Total Volumes ('000 nos)	1,024	1,439	1,292	1,189	1,390	1,540	1,390	1,294	4,944	5,614
Growth YoY (%)	81.4	-20.7	-30.0	-24.1	35.7	7.1	7.6	8.8	-14.6	13.5
Net Realization	53,559	58,760	61,010	62,425	62,893	63,208	63,113	63,284	59,152	63,124
Growth YoY (%)	1.8	13.8	15.2	12.6	17.4	7.6	3.4	1.4	11.2	6.7
Net Op Revenues	54,871	84,534	78,833	74,217	87,434	97,345	87,716	81,866	2,92,455	3,54,362
Growth YoY (%)	84.7	-9.8	-19.4	-14.6	59.3	15.2	11.3	10.3	-5.0	21.2
RM Cost (% sales)	72.5	72.3	71.0	69.3	70.7	70.0	69.3	69.0	71.2	69.8
Staff Cost (% sales)	7.9	6.0	6.6	6.4	6.0	5.5	6.0	6.2	6.6	5.9
Other Exp (% sales)	10.2	9.1	10.3	13.1	11.0	10.5	10.5	11.0	10.6	10.7
EBITDA	5,148	10,664	9,600	8,276	10,761	13,638	12,525	11,340	33,688	48,264
EBITDA Margins (%)	9.4	12.6	12.2	11.2	12.3	14.0	14.3	13.9	11.5	13.6
Other Income	1,386	1,569	1,216	1,398	1,100	1,300	1,300	1,305	5,569	5,005
Interest	61	65	65	67	60	60	60	70	258	250
Depreciation	1,630	1,639	1,644	1,585	1,600	1,625	1,725	1,740	6,498	6,690
PBT before EO Exp/(Inc)	4,844	10,529	9,107	8,022	10,201	13,253	12,040	10,836	32,501	46,329
Effective Tax Rate (%)	24.6	24.5	24.7	21.8	24.6	24.6	24.6	24.6	23.9	24.6
Adj. PAT	3,654	7,944	6,861	6,271	7,687	9,988	9,074	8,166	24,730	34,914
Growth (%)	496.1	-16.7	-36.7	-27.5	110.4	25.7	32.2	30.2	-16.6	41.2

Mahindra & Mahindra

Buy

CMP: INR1091 | TP: INR1270 (+16%)

EPS CHANGE (%): FY23 | 24E: 5.5 | 9

- Strong volume recovery in both autos and tractor volumes, supported by improving chip supplies.
- QoQ improvement in margins supported by better mix and operating leverage, despite higher RM cost.
- Easing chip supplies will drive Auto segment volumes.
- EPS upgrade led by upgrade in Auto segment volumes.

Quarterly Performance (incl MVML)

(INR Million)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Total Volumes (nos)	1,86,781	1,90,600	2,14,134	2,28,784	2,71,971	2,60,413	2,38,359	2,53,103	8,20,248	10,23,846
Growth YoY (%)	96.0	2.9	-4.4	13.1	45.6	36.6	11.3	10.6	16.1	24.8
Net Realization	6,29,763	6,98,078	7,11,834	7,48,478	7,05,335	7,26,001	7,29,630	7,31,642	7,00,349	7,35,366
Growth YoY (%)	7.4	3.0	3.0	13.3	12.0	4.0	2.5	-2.2	11.3	5.0
Net Op. Income	1,17,628	1,33,054	1,52,428	1,71,240	1,97,600	1,92,495	1,77,626	1,85,181	5,74,460	7,52,901
Growth YoY (%)	110.4	15.5	9.1	28.2	68.0	44.7	16.5	8.1	29.2	31.1
RM Cost (% of sales)	69.6	72.8	74.7	76.4	75.5	75.0	74.0	74.4	73.7	74.8
Staff (% of sales)	7.5	6.0	5.8	4.4	4.5	4.5	4.7	4.9	5.8	4.6
Oth. Exp. (% of Sales)	9.0	8.8	7.7	9.0	8.0	8.4	8.5	8.8	8.6	8.4
EBITDA	16,317	16,598	18,048	19,455	23,712	23,292	22,736	22,246	70,423	91,986
EBITDA Margins (%)	13.9	12.5	11.8	11.4	12.0	12.1	12.8	12.0	12.3	12.2
Other income	2,052	11,048	5,248	2,387	2,200	12,000	4,500	2,406	20,759	21,106
Interest	714	425	533	558	550	550	525	521	2,230	2,146
Depreciation	5,586	5,807	6,313	6,805	7,000	7,250	7,350	7,364	24,511	28,964
EO Income/(Exp)	-785	-2,550	0	1,248	0	0	0	0	-2,087	0
PBT after EO	11,284	18,865	16,451	15,727	18,362	27,492	19,361	16,768	62,355	81,983
Effective Tax Rate (%)	24.2	24.1	17.7	17.9	24.3	24.3	24.3	24.3	22.5	24.3
Reported PAT	8,556	14,317	13,532	12,919	13,900	20,811	14,656	12,693	49,352	62,061
Adj PAT	9,340	16,870	13,532	11,670	13,900	20,811	14,656	12,693	51,440	62,061
Change (%)	2,294.9	30.6	-20.7	16.9	48.8	23.4	8.3	8.8	26.4	20.6

E: MOFSL Estimates

Mahindra CIE**Buy****CMP: INR237 | TP: INR290 (+23%)****EPS CHANGE (%): CY22|23E: 1|2**

- Strong growth in India business, led by sharp volume recovery for its key customers (MM & TTMT)
- Cost-cutting initiatives in both India and EU to support margins
- EU impacted by supply chain issues and difficulty in pass through of higher energy cost
- Domestic sales growth offset impact in EU

Quarterly performance (Consol.)**(INR Million)**

(INR m)	CY21				CY22E				CY21	CY22E
Y/E December	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	21,894	20,425	20,907	20,641	25,884	25,603	25,525	24,764	83,867	101,776
YoY Change (%)	31.7	177.7	23.4	5.4	18.2	25.4	22.1	20.0	38.6	21.4
EBITDA	2,868	2,598	2,685	2,022	2,969	3,004	3,124	3,021	10,173	12,118
Margins (%)	13.1	12.7	12.8	9.8	11.5	11.7	12.2	12.2	12.1	11.9
Depreciation	883	886	835	827	866	900	900	862	3,431	3,528
Interest	142	131	133	127	85	135	130	124	533	473
Other Income	194	116	74	172	107	130	145	154	556	537
Share of profit from associates				12	4	4	4	4	12	16
PBT before EO expense	2,037	1,697	1,791	1,241	2,126	2,099	2,239	2,190	6,766	8,654
EO Exp/(Inc)	1,425	0	-293	128	0	0	0	0	1,260	0
PBT after EO exp	612	1,697	2,084	1,113	2,126	2,099	2,239	2,190	5,505	8,654
Tax Rate (%)	83.6	19.7	20.1	29.0	24.2	28.8	28.8	33.2	28.9	28.8
Adj. PAT	1,526	1,362	1,456	892	1,614	1,499	1,598	1,467	5,236	6,178
YoY Change (%)	143.5	-205.9	139.7	-20.2	5.8	10.1	9.8	64.4	390.9	18.0

Maruti Suzuki**Buy****CMP: INR8,440 | TP: INR10,600 (+26%)****EPS CHANGE (%): FY23|24E:-0.5|5**

- Easing of supply chain constraints combined with low channel inventory aiding wholesales
- EBIT margins impacted on QoQ basis due to a) higher discounts, b) higher RM cost and c) operating deleverage
- 1QFY23 would see MTM losses on treasury due to increase in G-Sec yields.
- FY24 EPS upgrade driven by benefit of higher yields on its treasury book.

S/A Quarterly Performance**(INR Million)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4QE	1QE	2QE	3QE	4QE		
Financial Performance										
Volumes ('000 units)	353.6	379.5	430.7	488.7	467.9	508.9	503.5	517.7	1,652.5	1,998.1
Change (%)	361.6	-3.5	-13.2	-0.8	32.3	34.1	16.9	6.0	13.3	20.9
Realizations (INR/car)	5,02,545	5,41,151	5,39,766	5,47,222	5,49,958	5,51,883	5,50,503	5,59,875	5,34,324	5,53,155
Change (%)	-6.3	13.5	14.1	12.2	9.4	2.0	2.0	2.3	10.8	3.5
Net operating revenues	1,77,707	2,05,389	2,32,460	2,67,400	2,57,342	2,80,867	2,77,187	2,89,870	8,82,956	11,05,267
Change (%)	332.7	9.6	-0.9	11.3	44.8	36.7	19.2	8.4	25.5	25.2
RM Cost (% of sales)	74.8	75.8	75.3	73.5	74.5	73.5	73.0	72.8	74.8	73.4
Staff Cost (% of sales)	6.0	4.7	4.2	3.8	4.2	3.9	3.8	3.8	4.6	3.9
Other Cost (% of sales)	14.6	15.3	13.8	13.5	13.8	13.6	13.6	13.6	14.2	13.6
EBITDA	8,211	8,549	15,590	24,268	19,253	25,167	26,668	28,539	57,012	99,627
EBITDA Margins (%)	4.6	4.2	6.7	9.1	7.5	9.0	9.6	9.8	6.5	9.0
Depreciation	7,432	7,561	6,400	6,472	6,600	6,900	7,100	7,302	27,865	27,902
EBIT	779	988	9,190	17,796	12,653	18,267	19,568	21,237	29,147	71,725
EBIT Margins (%)	0.4	0.5	4.0	6.7	4.9	6.5	7.1	7.3	3.3	6.5
Non-Operating Income	5,078	5,227	3,280	4,744	2,500	4,750	5,000	5,277	17,935	17,527
PBT	5,635	5,990	12,218	21,980	14,903	22,817	24,368	26,335	45,823	88,422
Adjusted PAT	4,408	4,753	10,113	18,389	11,414	17,475	18,663	20,170	37,663	67,722
Change (%)	-276.7	-65.3	-47.9	57.7	158.9	267.7	84.5	9.7	-11.0	79.8

Motherson Sumi**Buy****CMP: INR117 | TP: INR146 (+25%)****EPS CHANGE (%): FY23 | 24E: -3 | -5.5**

- SMRPBV business continues to be impacted by supply side issues and weakness in the EU market
- Margins to remain stable QoQ due to partial recovery of higher energy prices in SMRPBV
- India PV industry drives domestic growth
- FY24 EPS cut to factor in for risk to US Class 8 truck business of PKC.

Quarterly performance (Consol.)**(INR Million)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2QE	3Q	4Q	1Q	2QE	3Q	4Q		
Net Sales	1,64,080	1,44,150	1,64,350	1,71,610	1,61,830	1,56,077	1,74,980	1,98,982	6,44,200	6,91,868
YoY Change (%)	0.0	0.0	0.0	0.0	-1.4	8.3	6.5	16.0	10.6	7.4
EBITDA	13,670	10,820	12,320	12,220	11,511	11,730	15,717	21,793	49,030	60,750
Margins (%)	8.3	7.5	7.5	7.1	7.1	7.5	9.0	11.0	7.6	8.8
Depreciation	7,780	7,640	7,600	7,370	7,500	7,700	7,900	8,090	30,390	31,190
Interest	1,208	1,313	1,294	1,612	1,600	1,500	1,335	1,265	5,115	5,700
Other income	1,548	871	1,227	1,412	700	600	500	567	4,957	2,367
PBT after EO Expense	6,225	2,738	4,653	4,175	3,111	3,130	6,982	13,005	18,002	26,227
Tax Rate (%)	173.4	350.5	212.8	228.1	30.0	30.0	30.0	30.0	222.5	30.0
Min. Int & Share of profit	70	-630	80	190	-3	-137	-79	-119	-290	-338
Adj PAT	3,141	1,410	2,270	1,291	2,181	2,328	4,966	9,222	8,040	18,697
YoY Change (%)	-142.4	-51.7	-65.6	-76.2	-30.6	65.1	118.8	614.1	-24.1	132.6

E: MOFSL Estimates

Motherson Wiring India**Buy****CMP: INR74 | TP: INR84 (+14%)****EPS CHANGE (%): FY23 | 24E: 1.5 | -1**

- Strong YoY growth on low base, driven by easing chip supplies for PVs & cyclical recovery in CVs/2Ws/tractors
- YoY improvement in EBITDA margin, led by strong operating leverage, despite higher RM cost

MSUMI: Quarterly performance**(INR Million)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	11,140	14,000	14,596	16,615	15,618	17,571	16,868	17,563	56,350	67,620
YoY Change (%)	455.8	29.7	8.3	10.0	40.2	25.5	15.6	5.7	36.2	20.0
RM Cost (% of sales)	64.0	64.4	64.1	63.8	64.3	64.0	64.0	63.8	64.1	64.0
Staff Cost (% of sales)	19.2	16.8	16.4	15.5	16.0	15.2	15.9	15.7	16.8	15.7
Other Expenses (% of sales)	6.9	6.1	5.8	6.1	6.5	6.1	6.3	6.2	6.2	6.3
EBITDA	1,100	1,780	2,002	2,420	2,068	2,579	2,335	2,519	7,303	9,501
Margins (%)	9.9	12.7	13.7	14.6	13.2	14.7	13.8	14.3	13.0	14.1
Depreciation	240	240	230	343	340	350	360	360	1,055	1,410
Interest	80	80	100	20	75	75	70	70	285	290
Other Income	50	80	79	93	40	50	60	60	300	210
PBT before EO expense	830	1,540	1,750	2,150	1,693	2,204	1,965	2,149	6,263	8,011
Extra-Ord expense	0	0	0	654	0	0	0	0	654	0
PBT after EO Expense	830	1,540	1,750	1,496	1,693	2,204	1,965	2,149	5,609	8,011
Tax Rate (%)	27	26.0	24.6	31	27	27.0	27.0	27	27	27
Reported PAT	610	1,140	1,320	1,036	1,236	1,609	1,434	1,569	4,107	5,848
Adj PAT	610	1,140	1,320	1,596	1,236	1,609	1,434	1,569	4,670	5,848
YoY Change (%)	-172.6	72.7	9.5	6.0	102.6	41.1	8.7	-1.7	83.9	25.2

E: MOFSL Estimates

MRF**Neutral****CMP: INR71,805 | TP: INR68,750 (-4%)****EPS CHANGE (%): FY23|24E: 1 | 0**

- Strong revenue growth on low base, replacement demand recovery and price hikes.
- Despite consistent price hikes, there is under-recovery of 4-5% on account of commodity cost inflation.

Standalone - Quarterly Earning Model**(INR Million)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	41,277	48,317	48,299	52,003	52,422	53,148	53,128	54,708	1,89,895	2,13,406
YoY Change (%)	69.8	15.4	5.8	9.8	27.0	10.0	10.0	5.2	19.3	12.4
Total Expenditure	36,405	43,194	43,442	46,728	47,232	47,741	46,812	47,455	1,69,769	1,89,240
EBITDA	4,872	5,122	4,856	5,275	5,190	5,407	6,316	7,252	20,126	24,166
Margins (%)	11.8	10.6	10.1	10.1	9.9	10.2	11.9	13.3	10.6	11.3
Depreciation	3,007	2,958	2,946	3,103	3,150	3,200	3,225	3,291	12,014	12,866
Interest	621	566	628	656	650	650	650	668	2,470	2,618
Other Income	924	887	690	649	500	675	675	689	3,149	2,539
PBT before EO expense	2,168	2,485	1,973	2,165	1,890	2,232	3,116	3,982	8,791	11,220
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	2,168	2,485	1,973	2,165	1,890	2,232	3,116	3,982	8,791	11,220
Tax	555	652	514	598	491	580	810	1,035	2,318	2,917
Rate (%)	25.6	26.2	26.1	27.6	26.0	26.0	26.0	26.0	26.4	26.0
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	1,613	1,834	1,458.3	1,568	1,399	1,652	2,306.0	2,946	6,473	8,303
Adj PAT	1,613	1,834	1,458.3	1,568	1,399	1,652	2,306.0	2,946	6,473	8,303
YoY Change (%)	845.8	-54.5	-71.5	-50.6	-13.3	-9.9	58.1	88.0	-48.2	28.3
Margins (%)	3.9	3.8	3.0	3.0	2.7	3.1	4.3	5.4	3.4	3.9

E: MOFSL Estimates

Sona BLW Precis.**Neutral****CMP: INR568 | TP: INR613 (8%)****EPS CHANGE (%): FY23|24E: 2 | 0**

- Revenue growth driven by execution/ramp-up of new orders on the EV business
- Weakness in the underlying EU and China market to restrict growth in 1QFY23
- Commodity cost inflation to impact margins, partially offset by operating leverage

Consol. Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net operating revenues	5,007	5,857	4,941	5,500	5,933	6,923	8,275	9,031	21,306	30,162
Change (%)	226.5	52.4	1.0	2.0	18.5	18.2	67.5	64.2	36.0	41.6
RM Cost (% of sales)	43.4	46.3	42.5	44.9	45.5	45.3	44.8	44.7	44.4	45
Staff Cost (% of sales)	8.6	7.5	8.5	7.3	7.5	7.5	7.2	6.8	7.9	7.2
Other Cost (% of sales)	20.3	19.9	22.5	23.2	23.0	22.8	22.5	22.5	21.5	22.7
EBITDA	1,387	1,544	1,305	1,354	1,424	1,696	2,114	2,345	5,591	7,580
EBITDA Margins (%)	27.7	26.4	26.4	24.6	24.0	24.5	25.6	26.0	26.2	25.1
Depreciation	334	355	357	374	385	415	440	493	1,420	1,733
EBIT	1,054	1,189	949	980	1,039	1,281	1,674	1,853	4,171	5,847
EBIT Margins (%)	21.0	20.3	19.2	17.8	17.5	18.5	20.2	20.5	19.6	19.4
Interest	86	29	33	35	35	35	35	39	183	144
Non-Operating Income	2	6	50	143	15	15	15	19	200	64
PBT	1,102	1,166	966	1,223	1,019	1,261	1,654	1,832	4,456	5,766
Effective Tax Rate (%)	25.4	24.3	10.5	14.5	22.5	22.5	22.5	22.5	18.9	22.5
Adjusted PAT	719	882	864	912	790	977	1,282	1,420	3,399	4,469
Change (%)		22.3	3.5	29.4	9.8	10.8	48.3	55.7	39.1	31.5

Tata Motors

Buy

CMP: INR408 | TP: INR490 (+20%)

EPS CHANGE (%): FY23|24E: -12|-2

- India business continues with the strong growth in PVs and CVs.
- JLR volumes to decline YoY due to chip shortages. We estimate near EBIT breakeven supported by mix.
- India EBITDA margins are estimated to decline on QoQ due to RM cost inflation and operating deleverage.
- EPS downgrade for FY23 due to reduction in JLR volumes and higher interest cost.

Quarterly Performance [Consol]

(INR Billion)

INR b	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
JLR Volumes (incl JV; '000 units)	97.1	78.3	83.1	89.1	79.4	93.8	104.6	129.3	347.7	407.0
JLR Realizations (GBP/unit)	58,810	60,454	68,168	62,293	63,538	64,174	63,532	63,041	62,274	63,520
JLR EBITDA Margins (%)	9.0	7.3	12.0	12.6	11.6	13.6	14.8	16.7	10.3	14.5
India CV Volumes ('000 units)	49.5	87.4	100.7	119.8	101.4	110.2	111.3	132.5	357.4	455.4
India CV Realizations (INR '000/unit)	1304.7	1259.9	1230.8	1590.8	1487.6	1495.8	1505.3	1647.1	1367.3	1540.0
India CV EBIT Margins (%)	0.1	3.1	2.6	6.1	2.8	4.0	5.5	7.2	3.7	5.1
India PV Volumes ('000 units)	64.6	84.4	99.5	123.6	130.3	139.4	122.1	129.7	372.1	521.5
India PV Realizations (INR '000/unit)	824.2	882.0	863.8	857.0	865.6	868.2	866.5	871.2	858.8	867.9
India PV EBIT Margins (%)	4.1	5.2	4.2	7.0	6.0	7.0	7.3	7.9	5.3	7.1
Net Consol. Op Income	664.1	613.8	722.3	784.4	711.4	797.9	823.2	1022.4	2784.5	3354.9
Growth (%)	107.6	14.7	-4.5	-11.5	7.1	30.0	14.0	30.3	11.5	20.5
Consol. EBITDA	52.6	40.5	67.6	87.4	65.0	86.5	100.1	146.9	248.1	398.4
EBITDA Margins (%)	7.9	6.6	9.4	11.1	9.1	10.8	12.2	14.4	8.9	11.9
Depreciation	62.0	61.2	60.8	64.3	63.0	63.0	63.0	63.4	248.4	252.4
Other Income	5.8	8.7	7.0	9.0	6.0	6.0	6.0	9.2	30.5	27.2
Interest Expenses	22.0	23.3	24.0	23.9	25.0	25.0	24.0	21.7	93.3	95.7
PBT before EO	-25.8	-34.7	-7.0	3.7	-17.0	4.5	19.1	71.0	-63.7	77.6
EO Exp/(Inc)	0.0	0.0	-0.9	7.1	0.00	0.00	0.00	0.0	6.30	0.00
PBT after EO Exp	-25.8	-34.7	-6.1	-3.4	-17.0	4.5	19.1	71.0	-70.0	77.6
Tax rate (%)	-67.6	-29.0	-118.6	-222.3	0.0	0.0	0.0	33.9	-60.4	31.1
PAT	-43.2	-44.8	-13.4	-11.0	-17.0	4.5	19.1	46.9	-112.3	53.5
Minority Interest	0.0	-0.3	-0.7	-0.4	-0.1	-0.1	-0.2	-0.4	-1.3	-0.8
Share in profit of Associate	-1.3	0.6	-1.1	1.1	-0.7	0.2	0.8	1.1	-0.7	1.4
Reported PAT	-44.5	-44.4	-15.2	-10.3	-17.7	4.5	19.8	47.6	-114.4	54.1
Adj PAT	-44.5	-44.4	-16.0	-3.2	-17.7	4.5	19.8	47.6	-108.1	54.1
Growth (%)	-47.2	1301.9	-149.6	-105.6	-60.2	-110.1	-223.3	-1592.0	-5109.7	-150.1

E: MOFSL Estimates

Tube Investments

Buy

CMP: INR1742 | TP: INR2022 (+16%)

EPS CHANGE (%): FY23|24E: 0|0

- Engineering business to benefit from 2W industry recovery as well as ramp-up in exports
- EBITDA margins to decline on YoY basis due to higher RM cost

Quarterly performance (S/A)

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	12,567	16,667	17,014	17,345	18,116	18,979	19,809	20,314	63,593	77,218
YoY Change (%)	231.8	53.3	29.9	17.2	44.2	13.9	16.4	17.1	49.4	21.4
RM Cost (% of sales)	61.5	65.0	66.6	66.3	0.0	0.0	0.0	0.0	62.4	0.0
Staff Cost (% of sales)	9.4	7.7	7.4	7.7	0.0	0.0	0.0	0.0	8.0	0.0
Other Expenses (% of sales)	16.6	15.7	15.0	15.9	0.0	0.0	0.0	0.0	15.8	88.4
Total Expenditure	10,991	14,738	15,150	15,602	0	0	0	0	54,753	68,231
EBITDA	1,576	1,928	1,865	1,744	1,997	2,144	2,343	2,504	8,841	8,987
Margins (%)	12.5	11.6	11.0	10.1	11.0	11.3	11.8	12.3	13.9	11.6
Depreciation	354	360	369	367	375	380	390	401	1,450	1,546
Interest	30	29	38	22	32	32	32	33	118	129
Other Income	109	97	153	377	150	200	250	346	736	946
PBT before EO expense	1,302	1,637	1,611	1,731	1,740	1,932	2,171	2,416	8,009	8,258
Tax	332	423	406	368	434	482	542	603	1,472	2,060
Tax Rate (%)	25.5	25.8	25.2	21.2	24.9	24.9	24.9	24.9	18.4	24.9
Adj PAT	970	1,214	1,204	1,364	1,306	1,450	1,629	1,813	4,808	6,198
YoY Change (%)	-284.7	26.6	12.5	-2.2	34.6	19.4	35.3	33.0	63.1	28.9

E: MOFSL Estimates

TVS Motor Company**Neutral****CMP: INR841 | TP: INR765 (-9%)****EPS CHANGE (%): FY23 | 24E: 7 | 8**

- Strong recovery in the domestic business though growth moderated in export business
- EBITDA margins to decline QoQ due to RM cost impact, diluted by operating leverage
- Chip shortage impacted premium motorcycle volumes
- EPS upgrade driven by increase in margin estimates

S/A Quarterly Performance**(INR Million)**

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Vols ('000 units)	657.8	916.7	878.7	856.5	906.8	982.6	933.8	944.2	3,309	3,767
Growth (%)	146.4	5.6	(11.2)	(7.7)	37.9	7.2	6.3	10.2	8.4	13.8
Realn (INR '000/unit)	59.8	61.1	64.9	64.6	65.4	65.9	65.9	65.9	62.8	65.8
Growth (%)	11.5	15.0	19.2	12.5	9.3	7.9	1.4	2.1	14.3	4.8
Net Sales	39,344	55,969	57,064	55,303	59,285	64,724	61,507	62,227	2,07,680	2,47,743
Growth (%)	174.8	21.5	5.8	3.9	50.7	15.6	7.8	12.5	24.0	19.3
RM (% of sales)	75.7	76.2	76.3	76.2	76.5	76.0	75.5	75.2	76.1	75.8
Emp cost (% of sales)	6.6	5.3	5.2	5.1	5.1	4.9	5.0	5.0	5.5	5.0
Other exp (% of sales)	10.7	8.8	8.6	8.6	8.6	8.8	8.8	8.8	9.1	8.8
EBITDA	2,738	5,404	5,683	5,568	5,834	6,688	6,557	6,811	19,392	25,889
EBITDA Margin (%)	7.0	9.7	10.0	10.1	9.8	10.3	10.7	10.9	9.3	10.5
Interest	300	350	279	330	350	350	350	328	1,259	1,378
Depreciation	1,431	1,544	1,546	1,593	1,615	1,700	1,735	1,748	6,114	6,798
Other Income	16	35	57	82	40	50	60	78	190	228
PBT before EO Exp	1,023	3,544	3,915	3,727	3,909	4,688	4,532	4,814	12,209	17,942
EO Exp	302	-225	0	0	0	0	0	0	77	
PBT after EO Exp	722	3,769	3,915	3,727	3,909	4,688	4,532	4,814	12,132	17,942
Tax rate (%)	26.4	26.3	26.3	26.3	26.0	26.0	26.0	26.0	26.3	26.0
Adjusted PAT	754	2,610	2,883	2,745	2,893	3,470	3,354	3,563	8,992	13,279
Growth (%)	(154.2)	33.0	8.5	(5.1)	283.8	32.9	16.3	29.8	46.9	47.7

E: MOFSL Estimates

Cement

Company

ACC
Ambuja Cements
Birla Corporation
Dalmia Bharat
Grasim Industries
India Cements
JK Cement
JK Lakshmi Cement
The Ramco Cements
Shree Cement
UltraTech Cement

Tepid quarter as higher cost continues to hurt

Steep contraction in margins led by higher variable costs

- We expect profitability of our Cement Coverage Universe (excluding GRASIM) to witness a steep contraction (34% YoY drop in EBITDA/t), led by a sharp increase in variable costs (up 46% YoY). EBITDA is expected to decline by 24% YoY, while OPM should drop by 9.8pp YoY to 16.3%. Profit is estimated to drop by 27% YoY.
- Aggregate sales volume for our Coverage Universe is expected to increase by 14% YoY, which will also be supported by a low base of previous year. We expect a 24-37% YoY volume growth for ICEM, DALBHARA, and TRCL, while other companies are expected to report a volume growth of 5-18% YoY. Average realization is expected to increase by 6% YoY, leading to a revenue growth of 21%.
- Revenue of GRASIM is expected to increase by 78% YoY, led by: 1) volume/realization growth of 67%/15% in the VSF segment, and 2) volume/realization growth of 18%/48% in the Chemical segment. EBITDA for the company should increase by 58% YoY, led by a 2.2x YoY increase in EBITDA for the Chemical segment. Profit is expected to increase by 50% YoY.

Average Cement prices up 6% QoQ; exit price down 4% in Jun'22 v/s its first quarter average

- Our channel checks indicate that average Cement prices across India rose 6% each YoY and QoQ in 1QFY23, led by a 6-9% price improvement across regions, except South India (average price fell 1% QoQ). This will support a better realization for our Coverage Universe.
- There was a rollback of prices in most regions in Jun'22. We believe that the average exit Cement price in Jun'22 was 4% lower than its first quarter average price. We believe that the Jun'22 exit price was 3-5% below its first quarter average price across regions.

Higher coal/petcoke prices to lead to a steep increase in OPEX

- Average OPEX/t for our Coverage Universe is expected to increase by 20% YoY (and 6% QoQ), led by a rise in coal and petcoke prices, which will drive a steep 46% YoY increase in variable costs.
- Freight cost/other expense is expected to increase by 2%/3% YoY, while employee cost/t should decline by 10% on higher volumes.
- JKLC is the only company where we expect an increase in EBITDA (up 4% YoY). The 62% YoY drop in ICEM's EBITDA will be the highest among our Coverage Universe, followed by a 51% drop for ACC. TRCL, BCORP, DALBHARA and ACEM are expected to report an EBITDA decline of 28-37% YoY. JKCE, UTCCEM, and SRCM should report an EBITDA decline of 11-16% YoY.
- EBITDA/t of ICEM is expected to decline by 70% YoY, whereas ACC, ACEM, BCORP, DALBHARA, and TRCL are expected to report a decline of 41-55% YoY. UTCCEM, SRCM, and JKCE are expected to see a 23-25% YoY drop in EBITDA/t, whereas JKLC will see a mere 1% YoY drop.

Sanjeev Kumar Singh - Research analyst (Sanjeev.Singh@MotilalOswal.com)

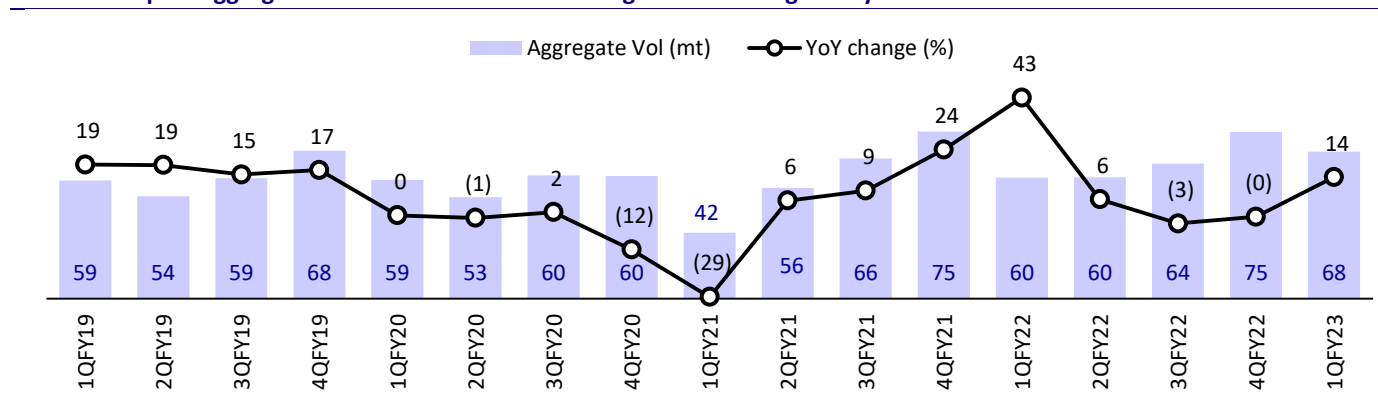
Mudit Agarwal - Research analyst (Mudit.Agarwal@MotilalOswal.com)

Reduce our estimates; stock price correction factors in various concerns

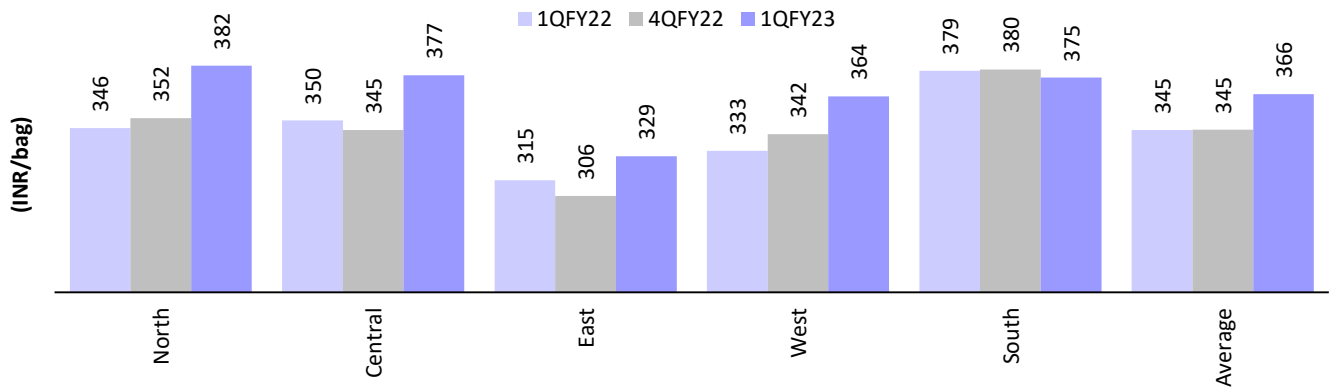
- We expect energy costs for the Cement industry to increase by INR300-350/t in 1HFY23, led by higher coal and petcoke prices. Though there has been a recent reduction in petcoke prices (down USD25-30/t in Jun'22), we believe the benefits of the same will mostly reflect in 3QFY23.
- The increase in Cement prices were not able to offset the cost pressures. The recent decline in Cement prices will put further pressure on margin at a time when energy cost is expected to increase in 2QFY23. We had earlier reduced our FY23/FY24 EBITDA estimate by 15%/18% for UTCEM ([link](#)). We have reduced our FY23/FY24 EBITDA estimates for other companies by 3-18%/4-14% (we reduce our FY23 EBITDA estimate for ICEM by 34%). We now expect aggregate EBITDA of our coverage companies to drop by 16% YoY in FY23.
- Cement stocks (except ACC and ACEM) have underperformed broader indices (17-38% underperformance v/s BSE in CY22 till date) on concerns of margin contraction. We believe that valuations have become reasonable after a steep correction in stock prices. We maintain UTCEM as our top largecap pick, whereas BCORP is our preferred midcap pick. We also like GRASIM (a diversified play) in the largecap space.

Exhibit 1: Summary of expected quarterly performance

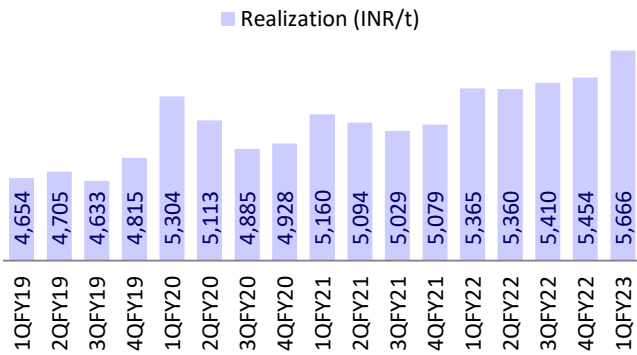
Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
ACC	2165	Buy	43,448	11.8	-1.8	4,294	-50.9	-32.2	2,251	-59.8	-42.2
Ambuja Cements	369	Neutral	40,193	19.2	2.4	6,080	-36.6	-23.1	7,520	4.0	51.9
Birla Corporation	855	Buy	21,106	20.7	-6.8	2,315	-32.6	-16.3	418	-70.4	-69.7
Dalmia Bharat	1316	Buy	32,007	23.3	-5.3	5,150	-28.2	-24.6	1,352	-52.2	-48.0
Grasim Industries	1351	Buy	67,108	78.4	5.2	11,667	57.6	55.0	6,695	50.1	92.0
India Cements	161	Neutral	13,059	27.7	-6.2	618	-61.9	0.6	-280	PL	Loss
J K Cements	2196	Neutral	21,271	30.2	-6.3	3,551	-11.1	-7.2	1,591	-23.6	-15.5
JK Lakshmi Cem.	421	Buy	14,090	14.4	-5.9	2,242	3.8	-18.8	1,206	1.6	6.7
Ramco Cements	643	Buy	16,025	30.4	-6.2	2,414	-33.7	-18.2	717	-57.5	-41.8
Shree Cement	19269	Neutral	40,277	16.8	-1.7	8,647	-14.7	-5.0	4,918	-25.7	-9.8
Ultratech Cement	5705	Buy	1,44,713	22.3	-8.2	27,825	-15.9	-9.4	13,783	-19.0	-6.7
Cement			4,53,298	26.8	-3.8	74,803	-17.8	-8.1	40,171	-20.5	-0.9

Exhibit 2: Expect aggregate sales volume for our coverage universe to grow by 14% YoY

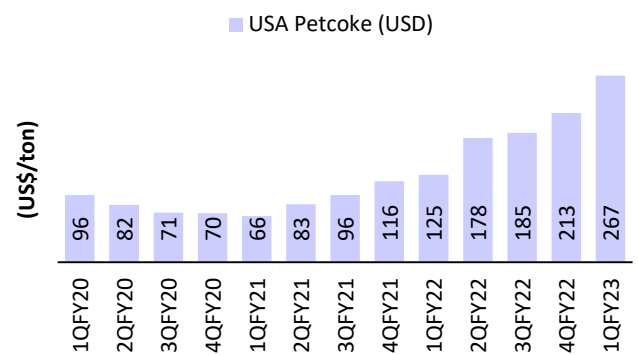
Source: MOFSL, Company

Exhibit 3: Pan-India average price up 6% QoQ as prices increase by 6-9% across regions, except South India (down 1% QoQ)

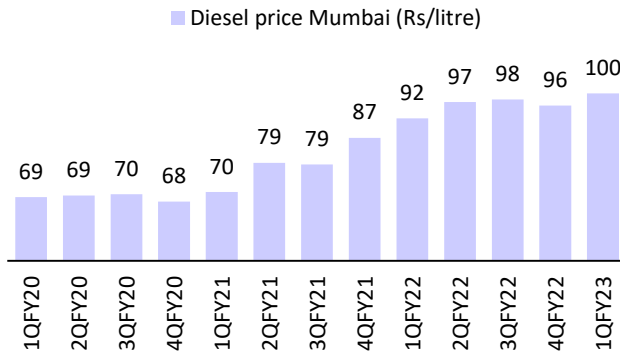
Source: MOFSL, Industry

Exhibit 4: Expect blended realization to increase by 6% YoY**Exhibit 5: USA Petcoke price up an avg. 113%/25% YoY/QoQ**

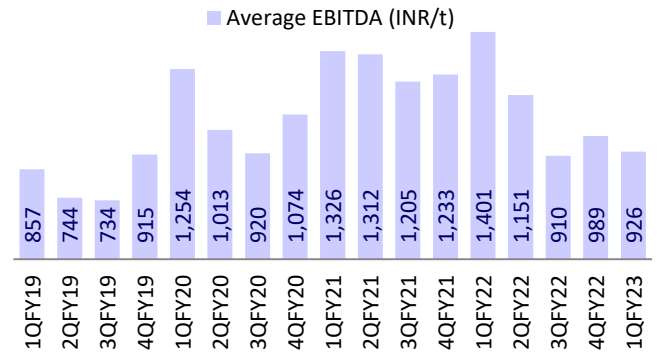
Source: Industry, MOFSL



Source: MOSFL, Industry

Exhibit 6: Diesel prices up an average 8% YoY and 4% QoQ**Exhibit 7: Expect average EBITDA/t to decline by 34% YoY**

Source: Bloomberg, MOFSL



Source: Company, MOFSL

Exhibit 8: Key operating parameters

Companies	Volume (mt)			Realization (INR/t)			EBITDA (INR/t)		
	1QFY23	YoY (%)	QoQ (%)	1QFY23	YoY (INR)	QoQ (INR)	1QFY23	YoY (INR)	QoQ (INR)
ACC	7.4	8.2	(4.0)	5,870	191	129	580	(699)	(242)
Ambuja Cements	7.3	14.3	(2.0)	5,476	225	235	828	(666)	(227)
Birla Corporation	3.8	13.9	(10.0)	5,531	310	191	607	(419)	(46)
Dalmia Bharat	6.1	24.2	(8.0)	5,271	(36)	150	848	(618)	(187)
India Cements	2.5	27.0	(7.0)	5,287	30	48	250	(583)	19
JK Cement	3.6	18.4	(8.9)	5,936	537	165	991	(329)	18
JK Lakshmi Cem.	2.8	5.3	(11.0)	5,033	400	270	801	(12)	(77)
The Ramco Cements	2.9	37.0	(8.1)	5,463	(275)	109	823	(877)	(102)
Shree Cement	7.6	11.0	(5.4)	5,305	262	200	1,139	(343)	5
UltraTech Cement	24.2	12.2	(12.8)	5,992	498	298	1,148	(389)	38
Sector aggregate/avg.	68	14.3	(8.7)	5,666	301	212	926	(475)	(62)

Exhibit 9: Valuation summary

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Cement						23.1	27.6	22.7	2.6	2.5	2.4	11.5	9.2	10.5
ACC	2,165	Buy	100.5	60.6	92.3	21.5	35.7	23.5	2.9	2.9	2.6	14.1	8.0	11.6
Ambuja Cements	369	Neutral	10.7	9.3	11.0	34.4	39.7	33.4	3.3	3.2	3.1	22.3	17.1	19.1
Birla Corporation	855	Buy	56.0	20.5	49.6	15.3	41.6	17.2	1.1	1.1	1.0	7.5	2.6	6.1
Dalmia Bharat	1,316	Buy	39.6	25.8	39.8	33.2	50.9	33.1	1.6	1.5	1.5	5.2	3.1	4.6
Grasim Industries	1,351	Buy	108.3	111.5	117.1	12.5	12.1	11.5	1.8	1.8	1.7	12.0	12.7	12.0
India Cements	161	Neutral	1.3	-1.8	6.1	127.3	-88.4	26.5	0.9	0.9	0.8	0.7	-1.0	3.2
J K Cements	2,196	Neutral	87.9	69.3	84.6	25.0	31.7	26.0	3.9	3.6	3.3	17.0	11.9	13.3
JK Lakshmi Cem.	421	Buy	32.5	30.3	38.2	12.9	13.9	11.0	2.0	1.8	1.6	16.9	13.7	15.4
Ramco Cements	643	Buy	25.0	11.6	23.3	25.8	55.6	27.6	2.3	2.3	2.1	9.7	4.1	7.9
Shree Cement	19,269	Neutral	658.7	453.0	540.8	29.3	42.5	35.6	4.0	3.7	3.4	14.6	9.1	10.0
Ultratech Cement	5,705	Buy	196.3	164.9	203.9	29.1	34.6	28.0	3.3	3.0	2.8	12.0	9.1	10.4

Source: Company, MOFSL

Exhibit 10: Relative performance – three-months (%)

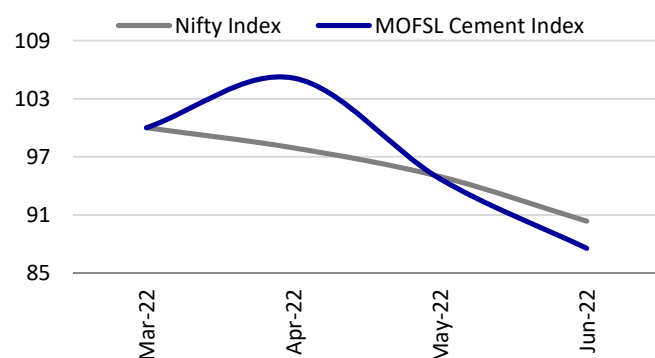
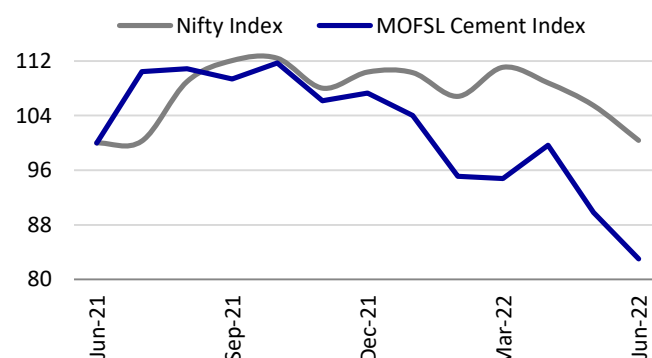


Exhibit 11: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

ACC**Buy****CMP: INR2,165 | TP: INR2,435 (+12%)****EPS CHANGE (%): CY22|23: -23.0|-16.7**

- Expect sales volume to increase by 8% YoY, whereas blended realization should improve by 3%.
- Expect EBITDA/t at INR580 v/s INR1,279/INR822 in 2QCY21/1QCY22.
- Expect variable cost/t to increase by 44% YoY. Freight cost should increase by 1% YoY.
- OPEX/t is expected to increase by 20% YoY.

Standalone performance

Y/E December	CY21				CY22				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	CY21	CY22E
Cement Sales (mt)	7.97	6.84	6.57	7.49	7.71	7.40	6.96	7.69	28.89	29.76
Change (YoY %)	21.5	43.7	1.2	(2.9)	(3.3)	8.2	5.9	2.6	13.2	3.0
Cement Realization	4,835	5,198	5,096	5,081	5,092	5,398	5,298	5,281	5,044	5,169
Change (YoY %)	4.2	0.7	1.1	4.4	5.3	3.9	4.0	3.9	2.8	2.5
Change (QoQ %)	(0.7)	7.5	(2.0)	(0.3)	0.2	6.0	(1.9)	(0.3)		
Net Sales	42,919	38,848	37,489	42,258	44,265	43,448	40,120	44,063	1,61,514	1,71,896
Change (YoY %)	22.6	49.4	6.0	2.0	3.1	11.8	7.0	4.3	17.2	6.4
EBITDA	8,594	8,747	7,113	5,551	6,337	4,294	3,605	6,148	30,004	20,382
Margin (%)	20.0	22.5	19.0	13.1	14.3	9.9	9.0	14.0	18.6	11.9
Depreciation	1,424	1,456	1,497	1,596	1,531	1,531	1,538	1,907	5,973	6,507
Interest	112	134	171	129	130	130	130	135	546	525
Other Income	432	447	640	529	576	403	443	539	2,048	1,960
PBT before EO Item	7,489	7,604	6,085	4,355	5,252	3,036	2,380	4,644	25,533	15,311
EO Income/(Expense)	-	(381)	-	(548)	-	-	-	-	(929)	-
PBT after EO Item	7,489	7,223	6,085	3,807	5,252	3,036	2,380	4,644	24,604	15,311
Tax	1,915	1,885	1,594	1,007	1,358	785	615	1,161	6,401	3,920
Rate (%)	25.6	26.1	26.2	26.5	25.9	25.9	25.9	25.0	26.0	25.6
Reported PAT	5,574	5,338	4,490	2,800	3,894	2,251	1,764	3,482	18,203	11,391
Adjusted PAT	5,574	5,597	4,490	3,172	3,894	2,251	1,764	3,482	18,834	11,391
Margin (%)	13.0	14.4	12.0	7.5	8.8	5.2	4.4	7.9	11.7	6.6
Change (YoY %)	59.3	89.2	12.4	(26.1)	(30.1)	(59.8)	(60.7)	9.8	27.7	(39.5)

Ambuja Cements**Neutral****CMP: INR369 | TP: INR345 (-6%)****EPS CHANGE (%): CY22|23: -10.6|-6.4**

- Expect sales volume to increase by 14% YoY and blended realization to improve by 4%.
- Expect EBITDA/t to fall by 45% YoY and 22% QoQ to INR828.
- Expect variable cost/tonne to increase by 62% YoY. OPEX/tonne should increase by 24% YoY.
- Expect other income to rise by 256% YoY on higher dividend as ACC announced a special dividend in CY21.

Standalone performance

Y/E December	CY21				CY22				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	CY21	CY22E
Sales Volume (mt)	7.24	6.42	6.20	7.16	7.49	7.34	6.90	7.45	27.02	29.18
Change (YoY %)	25	53	9	2	3	14	11	4	19	8
Cement Realization (INR/t)	4,943	5,206	5,150	5,138	5,147	5,404	5,296	5,276	5,105	5,280
Change (YoY %)	3	2	4	4	4	4	3	3	4	3
Net Sales	36,214	33,712	32,373	37,351	39,252	40,193	37,095	39,957	1,39,650	1,56,498
Change (YoY %)	28	55	13	6	8	19	15	7	23	12
EBITDA	9,768	9,597	7,032	5,679	7,904	6,080	4,245	6,825	32,075	25,055
Margin (%)	27.0	28.5	21.7	15.2	20.1	15.1	11.4	17.1	23.0	16.0
Depreciation	1,254	1,304	1,257	1,698	1,515	1,540	1,560	1,655	5,512	6,269
Interest	204	239	215	252	214	240	240	223	909	917
Other Income	552	1,610	362	332	367	5,726	320	376	2,856	6,789
PBT before EO Item	8,861	9,665	5,922	4,061	6,543	10,027	2,765	5,323	28,509	24,657
Extraordinary Inc./ (Exp.)	0	0	0	-657	0	0	0	0	-657	0
PBT after EO Exp./ (Inc.)	8,861	9,665	5,922	3,404	6,543	10,027	2,765	5,323	27,853	24,657
Tax	2,215	2,434	1,510	888	1,591	2,507	691	1,450	7,047	6,239
Rate (%)	25.0	25.2	25.5	26.1	24.3	25.0	25.0	27.2	25.3	25.3
Reported Profit	6,646	7,231	4,412	2,517	4,952	7,520	2,074	3,873	20,805	18,419
Adj. PAT	6,646	7,231	4,412	2,990	4,952	7,520	2,074	3,873	21,278	18,419
Change (YoY %)	67	59	0	(40)	(25)	4	(53)	30	19	(13)

Birla Corporation**Buy****CMP: INR855 | TP: INR1,145 (+34%)****EPS CHANGE (%): FY23 | 24: -10.5 | -18.7**

- Expect revenue to increase by 21% YoY on a 14% growth in volume and a 6% improvement in realization.
- Expect blended EBITDA/t at INR607 v/s INR1,026/INR653 in 1QFY22/4QFY22.
- Expect OPEX/t to rise by 17% YoY on a 45% rise in variable cost. Freight cost/t to increase by 3% YoY.
- Depreciation and interest expense should rise as the Yawatmal (Maharashtra) plant was commissioned in 1QFY23.

Consolidated performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales volume (mt)	3.35	3.27	3.35	4.24	3.82	3.51	3.86	4.54	14.22	15.73
Change (YoY %)	39.0	0.3	(5.6)	1.7	13.9	7.4	15.3	7.1	6.2	10.6
Cement Realization (INR/t)	4,943	4,878	4,934	5,071	5,251	5,151	5,101	4,945	4,961	5,103
Change (YoY %)	0.2	(0.0)	3.4	4.4	6.2	5.6	3.4	(2.5)	2.2	2.9
Net Sales	17,491	16,978	17,501	22,642	21,106	19,222	20,737	23,564	74,612	84,629
Change (YoY %)	43.1	2.6	(1.5)	6.2	20.7	13.2	18.5	4.1	10.0	13.4
Total Expenditure	14,055	14,306	15,276	19,875	18,791	17,445	18,480	20,148	63,512	74,863
EBITDA	3,436	2,673	2,225	2,767	2,315	1,777	2,257	3,417	11,100	9,766
Margin (%)	19.6	15.7	12.7	12.2	11.0	9.2	10.9	14.5	14.9	11.5
Depreciation	984	982	1,007	997	1,200	1,150	1,260	1,389	3,969	4,999
Interest	639	632	608	547	650	720	820	947	2,427	3,137
Other Income	93	133	69	693	100	120	140	148	988	508
Profit before Tax	1,906	1,192	678	1,916	565	27	317	1,228	5,692	2,137
EO (Income)/Expense	-	-	(70)	341	-	-	-	-	271	-
Profit before Tax after EO	1,906	1,192	748	1,576	565	27	317	1,228	5,421	2,137
Tax	491	336	144	465	147	7	83	319	1,435	556
Rate (%)	25.7	28.2	19.2	29.5	26.0	26.0	26.0	26.0	26.5	26.0
Reported PAT	1,415	855	605	1,111	418	20	235	909	3,986	1,582
Adj. PAT	1,415	855	661	1,382	418	20	235	909	4,313	1,582
Margin (%)	8.1	5.0	3.8	6.1	2.0	0.1	1.1	3.9	5.8	1.9
Change (YoY %)	115.3	(48.7)	(55.7)	(16.0)	(70.4)	(97.7)	(64.5)	(34.2)	(21.0)	(63.3)

Dalmia Bharat**Buy****CMP: INR1,316 | TP: INR1,675 (+27%)****EPS CHANGE (%): FY23 | 24: -28.1 | -25.9**

- Expect sales volume to grow by 24% YoY. Expect a 1% YoY fall in realization due to weak pricing in South India.
- Expect EBITDA/t to decline by 42% YoY and 18% QoQ to INR848.
- Expect OPEX/t to increase by 15% YoY on a 42%/7% rise in variable/freight costs.
- Expect interest expense to decline by 14% YoY.

Consolidated performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales volume (mt)	4.9	5.1	5.7	6.6	6.1	5.5	6.3	6.7	22.3	24.5
Change (YoY %)	33.6	6.3	-1.7	2.8	24.2	7.2	10.0	1.7	7.7	10.0
Realization (INR/t)	5,307	4,943	4,796	5,121	5,271	5,221	5,121	5,149	5,038	5,188
Change (YoY %)	2.2	2.6	1.6	4.3	-0.7	5.6	6.8	0.5	3.2	3.0
Net Sales	25,950	25,210	27,340	33,800	32,007	28,533	32,110	34,558	1,12,300	1,27,208
Change (YoY %)	36.5	9.0	-0.1	7.3	23.3	13.2	17.4	2.2	11.1	13.3
EBITDA	7,170	5,450	4,090	6,830	5,150	3,633	4,831	6,533	23,540	20,148
Margin (%)	27.6	21.6	15.0	20.2	16.1	12.7	15.0	18.9	21.0	15.8
Depreciation	2,970	3,030	3,020	3,340	3,150	3,170	3,200	3,110	12,360	12,630
Interest	560	510	440	460	480	480	520	684	1,970	2,164
Other Income	265	455	300	530	400	380	350	560	1,550	1,690
PBT before EO Expense	3,905	2,365	930	3,560	1,920	363	1,461	3,299	10,760	7,044
Extra-Ord. expense	0	-600	0	-3,340	0	0	0	0	-3,940	0
PBT after EO Expense	3,905	2,965	930	6,900	1,920	363	1,461	3,299	14,700	7,044
Tax	980	870	340	910	519	98	395	891	3,100	1,902
Rate (%)	25.1	29.3	36.6	13.2	27.0	27.0	27.0	27.0	21.1	27.0
Reported PAT (pre-minority)	2,925	2,095	590	5,990	1,402	265	1,067	2,408	11,600	5,142
Minority + associate	95	35	60	50	50	50	80	120	240	300
PAT Adj. for EO items	2,830	1,460	530	2,600	1,352	215	987	2,288	7,420	4,842
Change (YoY %)	46.6	-36.8	-70.2	-0.8	-52.2	-85.3	86.2	-12.0	-11.7	-34.7

Grasim Industries

Buy

CMP: INR1,351 | TP: INR1,715 (+27%)

EPS CHANGE (%): FY23|24: +4.5|+4.2

- Expect revenue for the VSF/Chemical segment to grow by 93%/75% on a 15%/48% YoY growth in realization.
- Expect EBITDA for the VSF/Chemical segment to grow by 15%/119% YoY.
- Expect EBITDA to increase by 58% YoY. However, OPM is estimated to decline by 2.3pp YoY.
- Expect an EBITDA/kg of INR26 for the VSF segment v/s INR40 in 1QFY22. Expect margin for the Chemical segment to improve by 4.8pp YoY and 3.9pp QoQ.

Standalone performance

Y/E March	FY21				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY22	FY23E
Net Sales	37,627	49,330	57,847	63,764	67,108	68,724	70,373	65,482	2,08,568	2,71,687
Change (YoY %)	181.7	66.7	56.5	45.1	78.4	39.3	21.7	2.7	68.4	30.3
EBITDA	7,402	8,012	9,221	7,526	11,667	9,606	9,045	8,685	32,162	39,002
Margin (%)	19.7	16.2	15.9	11.8	17.4	14.0	12.9	13.3	15.4	14.4
Depreciation	2,018	2,075	2,218	2,829	2,510	2,615	2,615	2,720	9,140	10,460
Interest	581	551	534	806	656	556	506	576	2,472	2,294
Other Income	649	7,024	406	874	450	6,892	450	850	8,953	8,642
PBT before EO Items	5,453	12,411	6,875	4,764	8,950	13,326	6,374	6,239	29,503	34,889
Extraordinary Inc./(Exp.)	0	0	0	-691	0	0	0	0	-691	0
PBT after EO Items	5,453	12,411	6,875	4,073	8,950	13,326	6,374	6,239	28,812	34,889
Tax	993	2,942	1,985	-4,063	2,255	3,358	1,606	1,572	1,857	8,792
Rate (%)	18.2	23.7	28.9	-99.7	25.2	25.2	25.2	25.2	6.4	25.2
Reported PAT	4,459	9,469	4,890	8,136	6,695	9,968	4,767	4,667	26,954	26,097
Adj. PAT	4,459	9,469	4,890	3,488	6,695	9,968	4,767	4,667	22,306	26,097
Margin (%)	11.9	19.2	8.5	5.5	10.0	14.5	6.8	7.1	10.7	9.6
Change (YoY %)	-275.7	188.6	47.8	-28.3	50.1	5.3	-2.5	33.8	150.2	17.0

India Cements

Neutral

CMP: INR161 | TP: INR155 (-4%)

EPS CHANGE (%): FY23|24: NM|-30.1

- Expect volume to grow by 27% YoY, albeit on a low base of last year. Expect blended realization to grow by 1% each on a YoY and QoQ basis.
- Estimate blended EBITDA/t at INR250 v/s INR833/INR231 in 1QFY22/4QFY22.
- Expect variable cost/t to increase by 36% YoY on higher fuel prices. However, we expect other expense/employee cost per tonne to decline by 5%/24% YoY.
- Expect OPEX/t to increase by 14% YoY.

Standalone performance

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY22	FY23E
Sales volume (mt)	1.95	2.36	2.11	2.66	2.47	2.38	2.26	2.50	9.07	9.61
Change (YoY %)	36.2	12.0	(11.3)	(11.1)	27.0	1.0	7.0	(5.7)	1.9	6.0
Realization (INR/t)	5,257	5,043	5,258	5,239	5,287	5,271	5,360	5,385	5,196	5,326
Change (YoY %)	(0.8)	(0.7)	7.7	8.1	0.6	4.5	1.9	2.8	4.2	2.5
Change (QoQ %)	8.4	(4.1)	4.3	(0.4)	0.9	(0.3)	1.7	0.5		
Net Sales	10,225	11,902	11,085	13,920	13,059	12,564	12,090	13,488	47,131	51,201
Change (YoY %)	35.1	11.3	(4.5)	(4.0)	27.7	5.6	9.1	(3.1)	6.2	8.6
EBITDA	1,620	1,336	1,041	615	618	371	833	1,554	4,611	3,376
Margin (%)	15.8	11.2	9.4	4.4	4.7	3.0	6.9	11.5	9.8	6.6
Depreciation	545	564	546	543	535	550	540	536	2,198	2,161
Interest	545	511	501	483	550	550	550	600	2,040	2,250
Other Income	31	32	58	47	55	40	65	50	167	210
PBT before EO expense	561	293	52	-365	-412	-689	-192	467	540	-826
Extra-Ord. expense	0	0	0	0	0	0	0	0		
PBT	561	293	52	-365	-412	-689	-192	467	540	-826
Tax	186	73	19	-128	-132	-220	-62	150	151	-264
Rate (%)	33.3	24.9	36.2	35.0	32.0	32.0	32.0	32.0	27.9	32.0
Reported PAT	374	220	33	-237	-280	-468	-131	318	390	-562
Adj. PAT	374	220	33	-237	-280	-468	-131	318	390	-562
Change (YoY %)	120.6	(69.2)	(94.7)	(133.1)	(174.9)	(313.2)	(496.6)	(234.0)	(82.4)	(244.1)
Margin (%)	3.7	1.8	0.3	(1.7)	(2.1)	(3.7)	(1.1)	2.4	0.8	(1.1)

JK Cement**Neutral****CMP: INR2,196 | TP: INR2,350 (+7%)****EPS CHANGE (%): FY23|24: -10.8|-18.2**

- Expect Gray/White Cement volume to grow by 17%/35% YoY.
- Expect EBITDA/t at INR991 v/s INR1,320/INR973 in 1Q/4QFY22.
- Expect realization for Gray/White Cement to increase by 10%/3% YoY.
- Expect variable cost to increase by 39% YoY. Expect OPEX/t to rise by 21% YoY.

Standalone performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales volume (mt)	3.03	3.33	3.32	3.93	3.58	3.41	3.57	4.20	13.61	14.76
Change (YoY %)	71.4	18.5	4.8	1.0	18.4	2.4	7.3	6.8	16.9	8.4
Realization (INR/t)	5,398	5,510	5,842	5,770	5,936	5,915	5,906	5,687	5,641	5,853
Change (YoY %)	(1.2)	(0.1)	5.1	9.5	10.0	7.3	1.1	(1.4)	3.8	3.7
Change (QoQ %)	2.4	2.1	6.0	(1.2)	2.9	(0.3)	(0.2)	(3.7)		
Net Sales	16,337	18,355	19,404	22,690	21,271	20,178	21,058	23,884	76,786	86,392
Change (YoY %)	69.3	18.4	10.2	10.5	30.2	9.9	8.5	5.3	21.3	12.5
Total Expenditure	12,341	14,805	15,696	18,863	17,720	17,730	17,966	19,804	61,705	73,219
EBITDA	3,996	3,550	3,708	3,827	3,551	2,448	3,092	4,081	15,081	13,173
Margin (%)	24.5	19.3	19.1	16.9	16.7	12.1	14.7	17.1	19.6	15.2
Depreciation	657	687	719	757	760	770	780	789	2,820	3,099
Interest	560	591	653	689	660	630	580	571	2,493	2,441
Other Income	273	480	264	412	300	280	300	438	1,428	1,318
PBT before EO expense	3,052	2,752	2,600	2,792	2,431	1,328	2,032	3,159	11,195	8,951
Extra-Ord. expense	0	260	0	1,300	0	0	0	0	1,560	0
PBT	3,052	2,492	2,600	1,492	2,431	1,328	2,032	3,159	9,635	8,951
Tax	969	803	926	630	840	459	702	863	3,329	2,864
Rate (%)	31.8	32.2	35.6	42.2	34.5	34.5	34.5	27.3	34.5	32.0
Reported PAT	2,083	1,688	1,673	863	1,591	869	1,330	2,296	6,306	6,087
Adj. PAT	2,083	1,865	1,673	1,882	1,591	869	1,330	2,296	7,503	6,087
Change (YoY %)	168.1	(16.6)	(29.8)	(21.4)	(23.6)	(53.4)	(20.5)	22.0	(3.7)	(18.9)

JK Lakshmi**Buy****CMP: INR421 | TP: INR515 (+22%)****EPS CHANGE (%): FY23|24: -3.6|-4.3**

- Expect sales volume to grow by 5% YoY, but fall by 11% QoQ. Expect realization to increase by 9% YoY.
- EBITDA/t is estimated at INR801 v/s INR813/INR879 in 1Q/4QFY22.
- Expect variable/freight cost per tonne to rise by 21%/7% YoY.
- Expect OPEX/t to increase by 11% YoY. Interest expense is estimated to decline by 15% YoY on debt reductions.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales volume (mt)	2.66	2.32	2.46	3.14	2.80	2.52	2.53	3.27	10.58	11.12
Change (YoY %)	40	(3)	(9)	8	5	9	3	4	7	5
Realization (INR/t)	4,633	4,828	4,853	4,763	5,033	4,883	4,833	4,904	4,766	4,916
Change (YoY %)	7.0	10.2	9.7	4.6	8.6	1.1	-0.4	2.9	7.5	3.1
Change (QoQ %)	2	4	1	(2)	6	(3)	(1)	1		
Net Sales	12,315	11,182	11,934	14,976	14,090	12,305	12,238	16,055	50,408	54,688
Change (YoY %)	49	7	0	13	14	10	3	7	15	8
EBITDA	2,161	1,626	1,464	2,762	2,242	1,038	1,397	2,558	8,013	7,235
Margin (%)	17.5	14.5	12.3	18.4	15.9	8.4	11.4	15.9	15.9	13.2
Depreciation	460	470	468	507	507	507	507	508	1,905	2,030
Interest	257	237	251	219	219	219	224	233	963	894
Other Income	169	163	164	176	170	165	160	178	673	673
PBT before EO expense	1,613	1,081	910	2,213	1,686	477	826	1,995	5,817	4,985
Extra-Ord. expense	0	0	0	234	0	0	0	0	234	0
PBT	1,613	1,081	910	1,979	1,686	477	826	1,995	5,583	4,985
Tax	426	316	318	262	481	136	235	569	1,321	1,421
Rate (%)	26.4	29.2	34.9	13.2	28.5	28.5	28.5	28.5	23.7	28.5
Reported PAT	1,187	765	592	1,717	1,206	341	591	1,427	4,262	3,564
Adj. PAT	1,187	765	748	1,130	1,206	341	591	1,427	3,831	3,564
Change (YoY %)	167	(5)	(27)	-28	2	-55	(21)	26	(0)	-7

The Ramco Cements

Buy
CMP: INR643 | TP: INR705 (+10%)
EPS CHANGE (%): FY23 | 24: -29.2 | -25.0

- Expect volumes to rise by 37% YoY, albeit on a low base. Expect realization to decline by 5% YoY due to weak pricing in South and increasing exposure in East India.
- Cement EBITDA/t is estimated at INR782 v/s INR1,636/INR932 in 1Q/4QFY22.
- Expect an increase in variable cost/t by 44% and freight cost by 4% YoY. While employee/other expense per tonne is estimated to decline by 25%/12% YoY.
- Expect OPEX/t to increase by 15% YoY. Interest expense is estimated to rise by 71% YoY.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Volume (mt)	2.14	2.71	3.01	3.19	2.93	2.85	3.16	3.33	11.05	12.26
Change (YoY %)	10.4	22.6	15.0	-0.6	37.0	5.0	5.0	4.2	10.7	11.0
Cement Realization (INR/t)	5,648	5,386	5,138	5,346	5,396	5,396	5,316	5,428	5,359	5,384
Change (YoY %)	6.9	-3.1	0.9	5.4	-4.5	0.2	3.5	1.5	2.6	0.5
Change (QoQ %)	11.4	-4.6	-4.6	4.0	0.9	0.0	-1.5	2.1		
Net Sales	12,287	14,931	15,491	17,091	16,025	15,696	16,824	18,112	59,800	66,657
Change (YoY %)	17.9	18.8	15.7	4.8	30.4	5.1	8.6	6.0	13.5	11.5
EBITDA	3,640	3,938	2,309	2,951	2,414	2,012	2,452	3,230	12,838	10,107
Margin (%)	29.6	26.4	14.9	17.3	15.1	12.8	14.6	17.8	21.5	15.2
Depreciation	956	985	992	1,075	1,107	1,107	1,107	1,501	4,008	4,822
Interest	243	294	253	334	416	416	416	717	1,124	1,965
Other Income	60	79	68	99	68	90	78	100	306	336
PBT before EO expense	2,501	2,738	1,132	1,641	959	580	1,006	1,111	8,012	3,656
PBT	2,501	2,738	1,132	1,641	959	580	1,006	1,111	8,012	3,656
Tax	811	-2,432	306	400	242	146	254	279	-915	920
Rate (%)	32.4	21.4	27.1	24.4	25.2	546.2	25.2	25.1	-11.4	25.2
Reported PAT	1,690	5,171	826	1,241	717	433	753	832	8,927	2,736
Adj. PAT	1,690	2,152	826	1,232	717	433	753	832	5,899	2,736
Change (YoY %)	54.2	-8.7	-59.0	-42.5	-57.5	-79.9	-8.8	-32.4	-22.5	-53.6
Margin (%)	13.8	14.4	5.3	7.2	4.5	2.8	4.5	4.6	9.9	4.1

Shree Cement

Neutral
CMP: INR19,269 | TP: INR20,000 (+4%)
EPS CHANGE (%): FY23 | 24: -13.3 | -17.1

- Expect sales volume to increase by 11% YoY, but decline by 5% QoQ.
- Expect blended realization to increase by 5% YoY and 4% QoQ.
- Expect EBITDA/t at INR1,139 v/s INR1,482/INR1,134 in 1Q/4QFY22.
- Expect variable cost/t to increase by 63% YoY, resulting in a 17% rise in OPEX/t.

Standalone quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Volume (mt)	6.84	6.32	6.55	8.03	7.59	6.76	7.08	8.63	27.74	30.06
Change (YoY %)	38.7	-3.2	-8.6	-2.3	11.0	7.0	8.0	7.5	3.3	8.4
Blended Realization (INR/t)	5,043	5,073	5,422	5,105	5,305	5,205	5,205	5,138	5,158	5,196
Change (YoY %)	6.9	9.6	17.4	6.7	5.2	2.6	-4.0	0.6	9.8	0.7
Change (QoQ %)	5.4	0.6	6.9	-5.8	3.9	-1.9	0.0	-1.3		
Net Sales	34,495	32,059	35,518	40,988	40,277	35,198	36,825	44,328	1,43,059	1,56,629
Change (YoY %)	48.3	6.1	7.3	4.3	16.8	9.8	3.7	8.1	13.5	9.5
Total Expenditure	24,360	23,077	27,262	31,882	31,631	29,803	29,485	34,966	1,06,581	1,25,885
EBITDA	10,135	8,982	8,255	9,106	8,647	5,395	7,341	9,362	36,478	30,744
Margin (%)	29.4	28.0	23.2	22.2	21.5	15.3	19.9	21.1	25.5	19.6
Depreciation	2,325	2,505	2,521	3,013	2,775	2,825	3,075	3,519	10,365	12,194
Interest	535	556	551	536	515	515	515	671	2,178	2,216
Other Income	1,392	1,500	1,101	1,381	1,200	1,100	1,300	1,573	5,373	5,173
PBT before EO Exp.	8,667	7,420	6,284	6,938	6,557	3,155	5,051	6,745	29,309	21,507
Extra-Ord. Expense	0	0	0	0	0	0	0	0	0	0
PBT	8,667	7,420	6,284	6,938	6,557	3,155	5,051	6,745	29,309	21,507
Tax	2,049	1,643	1,364	486	1,639	789	1,263	1,471	4,382	5,162
Rate (%)	23.6	22.1	21.7	7.0	25.0	25.0	25.0	21.8	18.9	24.0
Reported PAT	6,617	5,777	4,920	6,452	4,918	2,366	3,788	5,274	23,766	16,345
Adj. PAT	6,617	5,734	4,920	5,450	4,918	2,366	3,788	5,274	22,721	16,345
Change (YoY %)	78.5	6.8	-21.4	-29.0	-25.7	-58.7	-23.0	-3.2	-1.3	-28.1

UltraTech Cement

Buy

CMP: INR5,705 | TP: INR6,450 (+13%)

EPS CHANGE (%): FY23 | 24: -23.1 | -26.9

- Expect sales volumes to rise by 12% YoY on a 36%/12% increase in White/Gray Cement volumes.
- Expect RMC revenue to increase by 52% YoY and OOI to rise by 38%.
- Expect EBITDA/t at INR1,148 v/s INR1,536 YoY and INR1,110 QoQ.
- Expect variable/freight cost per tonne to increase by 47%/2% YoY.
- Other expense/t is estimated to rise by 5% YoY, while employee cost/t is to decline by 2% YoY.
- Interest expense is estimated to decline by 37% YoY on a reduction in debt.

Consolidated performance

(INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Volume (mt)	21.53	21.64	23.13	27.69	24.15	22.98	24.65	29.50	93.99	101.29
Change (YoY %)	47.0	7.9	-3.1	-0.3	12.2	6.2	6.6	6.5	8.8	7.8
Blended Realn. (INR/t)	5,495	5,553	5,614	5,694	5,992	5,809	5,736	5,668	5,596	5,797
Change (YoY %)	4.9	7.2	9.3	9.8	9.1	4.6	2.2	-0.5	8.1	3.6
Change (QoQ %)	6.0	1.1	1.1	1.4	5.2	-3.1	-1.3	-1.2		
Net Sales	1,18,298	1,20,168	1,29,849	1,57,673	1,44,713	1,33,500	1,41,403	1,67,204	5,25,988	5,87,121
Change (YoY %)	54.2	15.7	5.9	9.5	22.3	11.1	8.9	6.0	17.6	11.6
Total Expenditure	85,224	93,021	1,05,656	1,26,945	1,16,889	1,15,351	1,18,146	1,35,830	4,10,845	4,86,216
EBITDA	33,075	27,147	24,194	30,728	27,825	18,150	23,257	31,374	1,15,144	1,00,906
Margin (%)	28.0	22.6	18.6	19.5	19.2	13.6	16.4	18.8	21.9	17.2
Depreciation	6,598	6,774	6,742	7,034	6,900	6,900	6,900	8,600	27,148	29,300
Interest	3,261	2,300	1,823	2,063	2,050	1,950	1,850	1,609	9,447	7,459
Other Income	2,049	1,401	705	924	800	650	950	1,686	5,078	4,086
PBT before EO expense	25,265	19,474	16,334	22,555	19,675	9,950	15,457	22,851	83,627	68,233
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	
PBT after EO Expense	25,265	19,474	16,334	22,555	19,675	9,950	15,457	22,851	83,627	68,233
Tax	8,269	6,371	-760	-1,980	5,902	2,985	4,637	7,227	11,901	20,752
Rate (%)	32.7	32.7	-4.7	-8.8	30.0	30.0	30.0	31.6	14.2	30.4
Reported PAT	16,995	13,103	17,094	24,535	13,772	6,965	10,820	15,624	71,726	47,481
Minority Interest	31	33	-17	71	11	11	11	85	118	118
Adj. PAT	17,026	13,135	11,725	14,779	13,783	6,976	10,831	15,709	56,665	47,598
Change (YoY %)	91.7	8.0	-25.7	-18.5	-19.0	-46.9	-7.6	6.3	3.1	-16.0

Specialty Chemicals

Company

Alkyl Amines
Atul
Clean Science
Deepak Nitrite
Fine Organic
Galaxy Surfactants
Navin Fluorine
NOCIL
Vinati Organics

Near-term challenges on margins persist

...albeit robust demand may provide some respite

- Brent price averaged USD113.7/bbl in 1QFY23, increasing 13% QoQ (+65% YoY), primarily driven by a spike in May'22 (of USD8/bbl MoM) with no respite to the Russia-Ukraine conflict, tightened supply from Russia and fresh lockdown in China in the wake of new COVID cases. Brent scaled a record high of USD139/bbl in Mar'22 – last seen seven years ago.
- The prices of organic compounds such as Propylene/Butadiene/Toluene stood at -3%/+40%/+25% QoQ, respectively. The prices of other key raw materials for specialty chemical companies, such as Acetic Acid/Acetone/Aniline/Phenol, stood at -10%/-3%/+1%/+6% QoQ, respectively.
- Concerns remain on international supply chain with challenges persisting in the form of freight costs although container availability issues may have improved subsequently. Raw material volatility is expected to continue in 1QFY23, adversely affected by Russia-Ukraine crisis, higher natural gas prices in Europe, fresh COVID-induced lockdown measures and shutting down of various plants in China. However, downstream demand for chemicals remains robust with capacities being added to meet the growing demand.
- We expect our coverage universe to post robust revenue, primarily driven by strong demand and pricing action taken by the companies in Jan'22. We forecast our coverage companies to report: a) sales of +34% YoY /+5% QoQ, b) EBITDA of +4% YoY/-6% QoQ, and c) PAT of +2% YoY /-6% QoQ in 1QFY23.
- The margins were flat in 4QFY22, due to higher input costs and continuing freight challenges. However, demand was robust with positive commentaries from the managements on overall demand environment. The same is likely to continue in 1QFY23 as well.
- Despite the aforesaid challenges, we reiterate our belief that the industry as a whole stands to benefit in the long term due to: a) accelerated capex, providing longevity to revenue growth, b) backward/forward integration – moving away from the commodity vagaries and capturing more of the value chain, and c) import substitution, thereby capturing market share and growing faster than the global chemical industry.

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Alkyl Amines	2,533	Neutral	4,628	18.1	8.7	828	-25.3	12.6	550	-30.0	18.5
Atul	8,088	Neutral	14,366	33.0	4.8	2,250	-4.7	9.7	1,477	-8.4	11.1
Clean Science	1,456	Neutral	2,295	56.9	12.2	895	25.5	6.9	671	22.8	7.5
Deepak Nitrite	1,741	Neutral	19,717	29.2	5.3	4,050	-10.3	-1.3	2,697	-10.9	0.9
Fine Organic	4,869	Neutral	5,020	39.5	-16.4	868	74.0	-40.6	603	72.7	-45.2
Galaxy Surfactants	2,851	Buy	11,857	43.5	12.6	1,139	5.0	-21.4	719	-6.4	-26.9
Navin Fluorine	3,702	Neutral	4,595	46.4	15.4	1,173	50.4	22.5	862	52.8	9.5
NOCIL	253	Buy	4,377	27.1	-5.4	594	-18.2	-46.3	364	-22.8	-46.9
Vinati Organics	2,002	Buy	5,402	39.8	11.1	1,503	48.0	8.3	1,139	40.7	12.7
Chemicals-Specialty			72,258	34.4	5.1	13,300	3.9	-5.6	9,082	1.7	-6.0

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Recommendations and view (snapshot of FY23 and ahead)

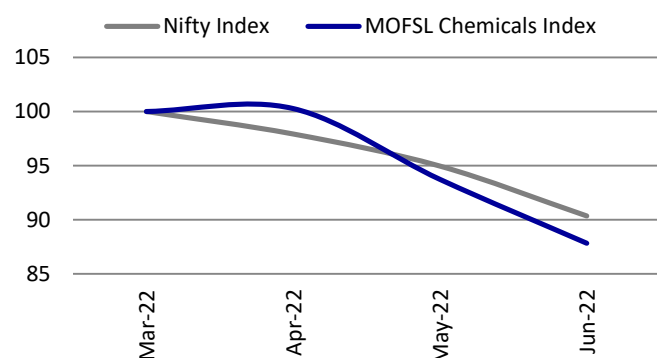
- **Alkyl Amines (AACL):** The ongoing expansions will boost aliphatic amines capacity by ~30% (capex: INR3b, with expected completion by end-FY23). The current capacity stands at 90-100ktpa for aliphatic amines. AACL capitalized the ACN plant at its Dahej location in 3QFY22 that commenced production in 4QFY22. Closure of global capacities and higher-than-expected revenue CAGR are the upside risks to our call, while the downward risk could emanate from an increase in domestic competition.
- **Atul (ATLP):** ATLP is implementing projects at a total investment of INR17b in Atul (parent company), Atul Products, Amal Specialty, and Atul Finserv. At full capacity, revenue is expected to touch INR60b. ATLP has been focusing on key aspects such as: a) enhancing people productivity and manufacturing efficiencies, b) deploying technologies in every function, and c) working with customers on high potential ideas. The management believes in prioritizing its FCF, which will enable greater innovation and guide investments in assets that pay off faster.
- **Clean Science (CLEAN):** Continuing with its R&D pursuit, CLEAN forayed into the Hindered Amine Light Stabilizers (HALS) series, having an estimated global market size of USD1b. CLEAN is the first company to develop the HALS series in India. The company has dedicated its first production line (Unit III) to the HALS series (expected to be commercialized in 2HFY23), while additional production lines would be installed in Unit IV. CLEAN has acquired land for Unit IV, which will focus on stabilizers and other downstream intermediates that will find use in the Pharma and Agro industries.
- **Deepak Nitrite (DN):** The company has committed a capital investment of INR15b over the next two years in new upstream/downstream products besides debottlenecking projects in existing product line bolstered by strong end-use demand, expanding Indian economy and China+1 strategy. Upstream projects are likely to come online in the next 18-24 months with specialty projects expected in the next 9-12 months. The management's vision is to become the largest player in Solvents, with a play on import substitution. DN will continue to focus on bringing additional products under the Fine and Specialty Chemicals segment and keep closing the value chain gaps by manufacturing these products.
- **Fine Organic (FINEORG):** The plants are currently operating at almost full capacity and the management expects full capacity utilization by end-Mar'23. FINEORG's customers are also expanding their capacities and hence, the management foresees huge opportunities in the existing product portfolio. The company plans to set up a new plant by Mar'24. FINEORG is also setting up a new JV in Thailand. Once complete, the company would have the advantage of easier access to its key raw material, with Indonesia, Malaysia, and Thailand being the major (88% share) producers of palm oil globally.
- **Galaxy Surfactants (GALSURF):** The management said the growth trajectory in India has been scaling down every quarter, with the first signs of a cutback in demand being seen. However, it is confident that once prices of palm kernel oil normalize, demand in India will grow at 8-10% per annum. Robust performance in the US market was driven by expansion of its US facility just before the pandemic and was aided by a sharp margin expansion in 4QFY22. The guidance for EBITDA/mt remains unchanged at INR16-18/kg in the medium term from

current levels, with a bias towards the higher limit. Expansion in products will be across the board, but the focus will be mainly on Specialty Care products.

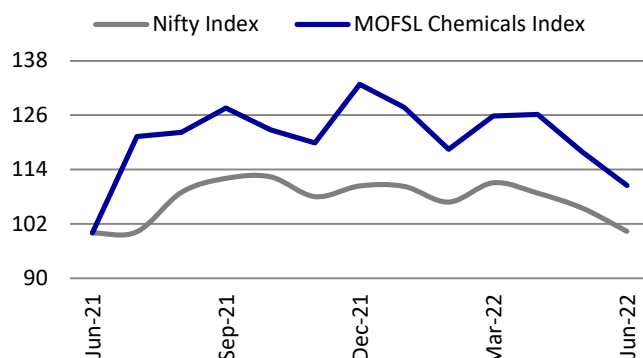
- **Navin Fluorine (NFIL):** Refgas volumes in the domestic market are seeing strong traction, although exports may be under pressure due to higher logistic costs. The approved de-bottlenecking of its cGMP-3 plant in 3QFY22 is progressing as per schedule. NFIL is undertaking a capex of INR5.4b for a Fluoro-Specialty molecule, with commissioning expected in Dec'23 – thus, setting the stage for a strong revenue growth until FY26E. The Specialty Chemicals and the CRAMS segment will continue to drive robust growth (17-20% CAGR over FY22-24E), with increasing use of fluorine in the Pharma and Agro space. Long lasting relationships with innovators in Europe are resulting in higher inquiries.
- **NOCIL:** The management guided for debottlenecking of its existing units in the near term, even as it evaluates its plans for the next three-to-five years. Specialized products constituted 25% of total revenue as of FY22 with limited room for expansion (industry standard is 12%). The Indian Tyre industry is likely to grow 7-9% in volume terms in FY23. Domestic Tyre companies are planning to ramp up production, with a planned capex of INR200b over the next three years.
- **Vinati Organics (VO):** The demand outlook for the ATBS segment remains positive going forward, after a temporary blip in FY22. Butyl Phenol is expected to generate INR5b in revenue over the next two years, with VO set to start production of an Agrochemical intermediate through Veeral Organics in FY24. Veeral Additives will commence production of AOs from Butyl Phenol, thus resulting in forward integration. Post amalgamation, VO will emerge as the largest and only doubly integrated manufacturer of AOs. The latter is right now imported into India and the domestic market is seeing huge demand for PP, LLDPE, etc. (the same is expected to grow at 8% YoY). The management expects AOs to contribute ~25% of total sales, two-to-three years down the line.

Exhibit 2: Comparative valuations

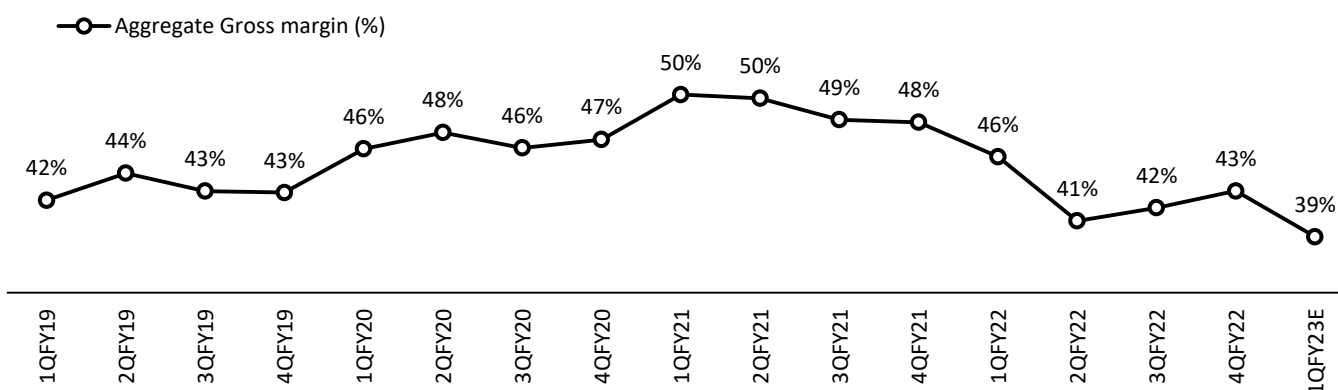
Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Chemicals-Specialty						42.3	35.3	30.3	8.4	7.0	5.9	19.8	19.9	19.6
Alkyl Amines	2,533	Neutral	44.0	58.5	74.0	57.5	43.3	34.2	13.1	10.7	8.6	25.2	27.1	27.9
Atul	8,088	Neutral	198.7	242.2	254.4	40.7	33.4	31.8	5.4	4.7	4.2	14.3	15.1	14.0
Clean Science	1,456	Neutral	21.5	32.0	43.3	67.7	45.5	33.6	20.1	14.6	10.7	34.9	37.2	36.7
Deepak Nitrite	1,741	Neutral	78.2	84.0	89.2	22.3	20.7	19.5	7.1	5.5	4.4	37.5	29.9	25.2
Fine Organic	4,869	Neutral	81.8	83.4	99.6	59.5	58.4	48.9	15.6	13.1	11.0	29.5	24.4	24.5
Galaxy Surfactants	2,851	Buy	74.1	81.1	88.4	38.5	35.2	32.2	6.4	5.6	5.0	18.3	17.1	16.4
Navin Fluorine	3,702	Neutral	53.8	80.0	98.9	68.9	46.3	37.4	9.8	8.4	7.1	15.2	19.6	20.6
NOCIL	253	Buy	10.6	11.2	13.9	23.9	22.5	18.2	2.9	2.7	2.5	13.0	12.6	14.3
Vinati Organics	2,002	Buy	33.7	44.7	59.7	59.4	44.8	33.6	11.3	9.4	7.6	20.6	22.8	25.1

Exhibit 3: Relative performance – three-months (%)

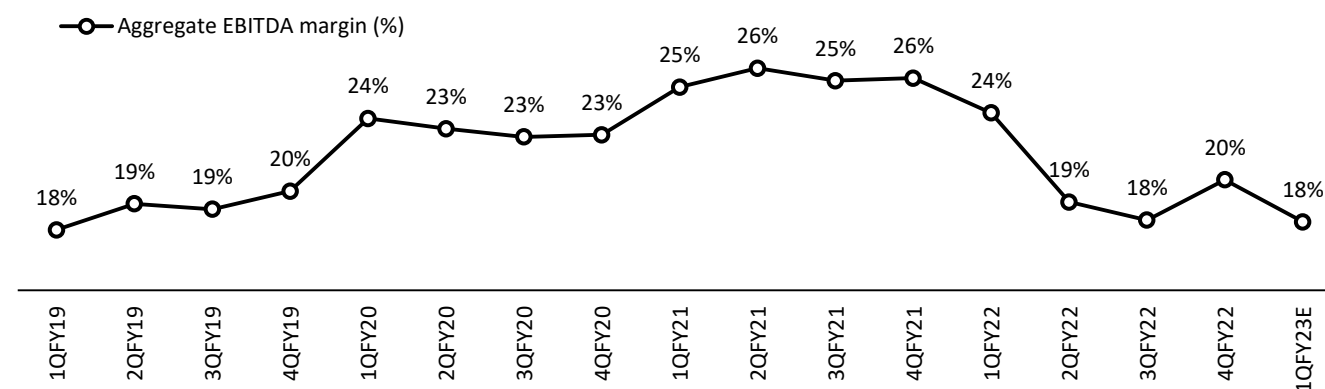
Source: Bloomberg, MOFSL

Exhibit 4: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

Exhibit 1: Gross margin expected to contract 360bp QoQ in 1QFY23 (-630bp YoY)

Source: Company, MOSL

Exhibit 2: EBITDAM expected to contract 210bp QoQ in 1QFY23 (-540bp YoY)

Source: Company, MOSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Alkyl Amines

Neutral

CMP: INR2533 | TP: INR2590 (+2%)

EPS CHANGE (%): FY23|24: -7|-7

- Expect 9% QoQ revenue growth led by better demand from the end-user industries.
- Key monitorable – export-led revenue after the expansion of the ACN plant that is pivotal to revenue growth.
- Expect EBITDA margin to be flat at 17.9% in 1QFY23 v/s 17.3% in 4QFY22 – as Acetic Acid prices cool off.
- Watch out for an increase in domestic competition, with continued expansion by its immediate competitor.

Standalone - Quarterly Snapshot

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	3,918	3,487	3,767	4,256	4,628	4,490	4,582	4,814	15,428	18,514
YoY Change (%)	59.8	19.7	16.3	11.4	18.1	28.8	21.7	13.1	24.2	20.0
Gross Margin (%)	49%	46%	45%	44%	43%	45%	45%	50%	46%	46%
EBITDA	1,109	755	666	736	828	1,081	1,176	1,278	3,265	4,363
Margins (%)	28.3	21.6	17.7	17.3	17.9	24.1	25.7	26.5	21.2	23.6
Depreciation	76	77	79	116	118	119	122	113	348	472
Interest	11	10	10	8	7	6	5	5	38	23
Other Income	20	42	46	34	32	34	35	28	142	128
PBT before EO expense	1,043	709	623	646	735	989	1,084	1,188	3,021	3,996
PBT	1,043	709	623	646	735	989	1,084	1,188	3,021	3,996
Tax	258	169	164	182	185	249	273	299	772	1,006
Rate (%)	24.7	23.8	26.3	28.2	25.2	25.2	25.2	25.2	25.6	25.2
Reported PAT	785	541	459	464	550	741	811	889	2,249	2,990
YoY Change (%)	48.8	-17.4	-45.7	-49.9	-30.0	36.9	76.8	91.4	-23.8	32.9
Margins (%)	20.0	15.5	12.2	10.9	11.9	16.5	17.7	18.5	14.6	16.2

Atul

Neutral

CMP: INR8088 | TP: INR8902 (+10%)

EPS CHANGE (%): FY23|24: -13|-16

- Expect revenues to remain flat QoQ (+35% YoY) and EBITDA margin at 15.7% (v/s 15.0% in 4QFY22).
- Watch out for EBIT mix further improving in the Life Science segment after introduction of new products.
- Margins to normalize in the current quarter, in line with raw material price movements.
- Delays in implementation and ramping up of its new capacity expansions may impact growth adversely.

Consolidated - Quarterly Snapshot

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	10,802	12,500	13,803	13,704	14,366	14,797	15,228	13,073	50,809	57,466
YoY Change (%)	63.5	24.7	44.9	22.8	33.0	18.4	10.3	-4.6	36.2	13.1
Gross Margin (%)	52%	47%	51%	47%	45%	47%	52%	52%	49%	49%
EBITDA	2,361	2,187	2,515	2,052	2,250	2,634	3,346	2,820	9,114	11,051
Margin (%)	21.9	17.5	18.2	15.0	15.7	17.8	22.0	21.6	17.9	19.2
Depreciation	433	440	454	441	483	521	537	607	1,767	2,148
Interest	21	18	19	34	54	81	99	125	92	358
Other Income	296	211	31	222	287	316	244	302	760	1,149
PBT before EO expense	2,204	1,940	2,072	1,800	2,001	2,349	2,955	2,389	8,016	9,694
PBT	2,204	1,940	2,072	1,800	2,001	2,349	2,955	2,389	8,016	9,694
Tax	572	495	530	452	503	592	744	601	2,050	2,440
Rate (%)	26.0	25.5	25.6	25.1	25.2	25.2	25.2	25.1	25.6	25.2
Minority Interest and Profit/Loss of Asso. Cos.	19	17	27	18	20	20	20	20	82	82
Reported PAT	1,652	1,461	1,569	1,366	1,518	1,777	2,231	1,809	6,047	7,336
YoY change (%)	37.1	-16.1	-18.4	-22.9	-8.4	21.6	44.6	33.0	-8.9	21.9
Margin (%)	14.9	11.4	11.0	9.7	10.3	11.7	14.4	13.5	11.6	12.5

Clean Science

Neutral

CMP: INR1456 | TP: INR1646 (+13%)

EPS CHANGE (%): FY23|24: 0|0

- Expect 12% QoQ revenue growth led by increase in volume and pricing action taken in Jan'22
- Key monitorables – performance of the two new products started during 3QFY22 and HALS production update.
- Expect EBITDA margin to dip 190bp QoQ to 39%, as there is a continuous uptick in RM costs.
- Key risks – raw material price volatility along with supply chain constraints could dampen margins.

Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	1,463	1,532	1,808	2,046	2,295	2,410	2,545	2,430	6,849	9,680
YoY Change (%)	29.6	9.2	44.2	52.8	56.9	57.3	40.8	18.8	33.7	41.3
Gross Margin (%)	71%	69%	65%	65%	63%	66%	69%	70%	67%	67%
EBITDA	713	687	761	837	895	1,006	1,218	1,334	2,999	4,453
Margin (%)	48.8	44.9	42.1	40.9	39.0	41.8	47.8	54.9	43.8	46.0
Depreciation	58	61	60	70	82	84	85	77	249	328
Other Income	65	86	75	74	83	130	104	99	300	416
PBT before EO expense	721	712	776	839	896	1,053	1,236	1,355	3,048	4,540
PBT	721	712	776	839	896	1,053	1,236	1,355	3,048	4,540
Tax	175	177	196	215	226	266	311	340	763	1,143
Rate (%)	24.2	24.9	25.3	25.7	25.2	25.2	25.2	25.1	25.0	25.2
Reported PAT	546	535	580	624	671	787	925	1,015	2,285	3,397
YoY Change (%)	30.3	-1.4	18.2	17.4	22.8	47.0	59.5	62.8	15.2	48.7
Margin (%)	37.3	34.9	32.1	30.5	29.2	32.7	36.3	41.8	33.4	35.1

Deepak Nitrite

Neutral

CMP: INR1741 | TP: INR1963 (+13%)

EPS CHANGE (%): FY23|24: 0|0

- Expect EBITDA margin of 20.5% in 1QFY23 (v/s 21.9% in 4QFY22) led by RM price volatility.
- Demand recovery in OBA and DASDA (performance chemicals); overall recovery expected in FY23.
- Unexpected surge in Brent in the past couple of months could lead to lower margins in 1QFY23E.
- Watch out for: Fine & Specialty Chemicals segment as margins could remain strong in 1QFY23E.

Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	15,262	16,814	17,223	18,724	19,717	17,145	16,288	15,431	68,022	68,581
YoY Change (%)	126.3	70.3	39.5	28.0	29.2	2.0	-5.4	-17.6	56.0	0.8
Gross Margin (%)	46%	37%	37%	38%	35%	40%	43%	43%	40%	40%
EBITDA	4,515	3,865	3,519	4,103	4,050	4,402	4,118	4,283	16,002	16,852
Margin (%)	29.6	23.0	20.4	21.9	20.5	25.7	25.3	27.8	23.5	24.6
Depreciation	436	441	455	446	460	472	483	426	1,777	1,840
Interest	109	92	68	71	66	56	51	31	340	204
Other Income	83	84	258	35	81	119	188	113	460	501
PBT before EO expense	4,053	3,417	3,253	3,622	3,604	3,993	3,772	3,939	14,345	15,308
PBT	4,053	3,417	3,253	3,622	3,604	3,993	3,772	3,939	14,345	15,308
Tax	1,026	873	829	950	907	1,007	949	990	3,678	3,853
Rate (%)	25.3	25.6	25.5	26.2	25.2	25.2	25.2	25.1	25.6	25.2
Reported PAT	3,026	2,543	2,425	2,672	2,697	2,986	2,823	2,949	10,666	11,455
YoY Change (%)	205.8	49.4	12.0	-7.9	-10.9	17.4	16.4	10.4	37.5	7.4
Margin (%)	19.8	15.1	14.1	14.3	13.7	17.4	17.3	19.1	15.7	16.7

Fine Organic

Neutral

CMP: INR4869 | TP: INR4483 (-8%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenue to grow 39% YoY (-16% QoQ) and EBITDA margin to expand 160bp QoQ to 18.6%.
- Key monitorables – new capex announcements and foray into new territories through customer additions.
- Ever-increasing rise in freight rates, shortage of containers and rise in fuel prices could dampen near-term growth.
- Delay in the ramp up in utilization levels of additional capacities could hamper long-term growth visibility.

Standalone - Quarterly Snapshot

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	3,599	4,296	4,682	6,007	5,020	5,170	4,970	4,919	18,584	20,079
YoY Change (%)	52.8	61.6	57.0	86.7	39.5	20.4	6.1	-18.1	65.7	8.0
Gross Margins (%)	31%	34%	33%	42%	36%	35%	35%	38%	36%	36%
EBITDA	499	728	797	1,461	868	914	930	944	3,485	3,658
Margins (%)	13.9	17.0	17.0	24.3	17.3	17.7	18.7	19.2	18.8	18.2
Depreciation	95	98	101	106	110	113	115	104	399	442
Interest	13	12	12	13	11	10	9	6	51	36
Other Income	60	62	66	144	59	65	61	52	332	238
PBT	451	681	750	1,486	807	857	867	887	3,368	3,418
Tax	101	181	193	385	203	216	218	223	861	860
Rate (%)	22.5	26.6	25.7	25.9	25.2	25.2	25.2	25.1	25.6	25.2
Reported PAT	349	500	557	1,101	603	641	649	664	2,507	2,557
YoY Change (%)	22.2	69.5	98.8	281.2	72.7	28.3	16.5	-39.7	118.1	2.0
Margins (%)	9.7	11.6	11.9	18.3	12.0	12.4	13.1	13.5	13.5	12.7

Galaxy Surfactants

Buy

CMP: INR2851 | TP: INR3536 (+24%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenue growth of 43% YoY/13% QoQ backed by better volumes in the Specialty Products segment.
- Key monitorable – Update on demand cutback in AMET, India and RoW regions that the company serves.
- Expect EBITDA margin to contract to 9.6% QoQ due to inventory gains in 4QFY22
- Supply issues may subside but elevated RM and feedstock prices may continue to pose a challenge.

Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	8,264	8,773	9,291	10,529	11,857	9,676	8,063	8,348	36,857	37,943
YoY Change (%)	36.1	22.1	37.7	34.4	43.5	10.3	-13.2	-20.7	32.4	2.9
Gross Margins (%)	32%	27%	27%	33%	26%	29%	33%	29%	30%	29%
EBITDA	1,085	709	764	1,450	1,139	1,035	1,124	1,255	4,007	4,553
Margins (%)	13.1	8.1	8.2	13.8	9.6	10.7	13.9	15.0	10.9	12.0
Depreciation	168	181	177	184	195	201	197	187	711	779
Interest	29	37	28	34	31	32	29	31	129	124
Other Income	45	50	18	12	47	47	47	47	125	190
PBT	933	541	576	1,244	961	849	946	1,085	3,293	3,840
Tax	164	122	120	260	242	214	238	273	665	967
Rate (%)	17.6	22.5	20.8	20.9	25.2	25.2	25.2	25.2	20.2	25.2
Reported PAT	768	419	456	984	719	635	708	812	2,628	2,874
YoY Change (%)	36.0	-48.7	-46.5	25.1	-6.4	51.4	55.1	-17.5	-13.0	9.4
Margins (%)	9.3	4.8	4.9	9.3	6.1	6.6	8.8	9.7	7.1	7.6

Navin Fluorine

Neutral

CMP: INR3702 | TP: INR3955 (+7%)

EPS CHANGE (%): FY23|24: 0|0

- Built in revenue of INR4.6b on sustained run rate in high value business and commissioning of HPP in 1QFY23E.
- Key monitorable – update on the commissioning of the MPP plant (any delay could be detrimental).
- EBITDA margin to improve 150bp QoQ – led by growth in higher value business and commissioning of HPP plant
- Watch out for: Quarterly run rate in CRAMs, and sustainable performance of Legacy business.

Standalone - Quarterly Snapshot

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	3,139	3,244	3,670	3,984	4,595	5,050	5,151	5,403	14,036	20,199
YoY Change (%)	53.3	5.4	23.7	22.9	46.4	55.6	40.4	35.6	23.9	43.9
Gross Margin (%)	55%	55%	56%	52%	55%	55%	55%	53%	55%	55%
EBITDA	780	835	981	958	1,173	1,333	1,390	1,477	3,554	5,373
Margin (%)	24.8	25.8	26.7	24.0	25.5	26.4	27.0	27.3	25.3	26.6
Depreciation	109	110	112	112	116	119	123	105	443	463
Interest	4	3	4	6	4	3	3	6	16	17
Other Income	76	85	72	141	101	116	76	111	375	404
PBT before EO expense	743	808	937	982	1,154	1,327	1,340	1,476	3,470	5,296
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	743	808	937	982	1,154	1,327	1,340	1,476	3,470	5,296
Tax	179	187	246	194	291	334	338	370	806	1,333
Rate (%)	24.1	23.2	26.2	19.8	25.2	25.2	25.2	25.0	23.2	25.2
Reported PAT	564	621	692	788	862	993	1,001	1,107	2,664	3,963
Adj. PAT	564	621	692	788	862	993	1,001	1,107	2,664	3,963
YoY Change (%)	9.4	-7.8	17.8	11.0	52.8	59.9	44.8	40.5	6.2	48.7
Margin (%)	18.0	19.1	18.8	19.8	18.8	19.7	19.4	20.5	19.0	19.6

NOCIL

Buy

CMP: INR253 | TP: INR306 (+21%)

EPS CHANGE (%): FY23|24: 0|0

- Expect 27% YoY revenue growth to INR4.4b (-5% QoQ) on robust demand from the domestic Tyre industry.
- Key monitorable – new capex announcements in the Specialty segment.
- EBITDA margins to contract to 13.6% QoQ; absolute EBITDA/mt to remain flat (barring 4QFY22)
- There is probable risk of higher dumping from China as ADD was rejected by the Government of India in 4QFY22

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	3,445	3,752	3,889	4,627	4,377	4,158	4,465	4,509	15,713	17,509
YoY Change (%)	223.4	69.3	41.6	43.7	27.1	10.8	14.8	-2.6	69.9	11.4
Gross Margin (%)	49%	41%	41%	50%	42%	41%	42%	39%	45%	41%
EBITDA	727	495	500	1,105	594	644	822	876	2,826	2,936
Margin (%)	21.1	13.2	12.8	23.9	13.6	15.5	18.4	19.4	18.0	16.8
Depreciation	102	104	105	160	119	125	128	103	471	475
Interest	2	2	3	4	3	2	2	4	11	11
Other Income	10	22	9	11	13	15	11	14	51	53
PBT before EO expense	632	411	400	952	486	532	703	783	2,396	2,503
PBT	632	411	400	952	486	532	703	783	2,396	2,503
Tax	161	106	102	268	122	134	177	197	636	630
Rate (%)	25.5	25.8	25.3	28.1	25.2	25.2	25.2	25.1	26.6	25.2
Reported PAT	471	305	299	685	364	398	525	586	1,760	1,873
YoY Change (%)	300.3	83.4	35.4	90.1	-22.8	30.4	75.8	-14.4	103.4	6.5
Margin (%)	13.7	8.1	7.7	14.8	8.3	9.6	11.8	13.0	11.2	10.7

Vinati Organics

Buy

CMP: INR2002 | TP: INR2387 (+19%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenue growth of 11% QoQ/40% YoY at INR5.4b driven by surge in demand for ATBS
- Key driver – Commissioning of Antioxidants plant to aid sales growth in FY23E.
- EBITDA margins to contract to 27.8% (from 28.6% in 4QFY22), with gross margin at 45% for 1QFY23.
- Demand pick up for ATBS and IBB to drive revenue; watch out for new product announcements and capex updates.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	3,864	3,741	3,690	4,861	5,402	5,300	5,096	4,586	16,155	20,384
YoY Change (%)	66.8	70.5	65.1	73.7	39.8	41.7	38.1	-5.6	69.3	26.2
Gross Margin (%)	45%	48%	49%	46%	45%	46%	48%	49%	47%	47%
EBITDA	1,015	1,010	928	1,388	1,503	1,468	1,337	1,652	4,341	5,959
Margin (%)	26.3	27.0	25.1	28.6	27.8	27.7	26.2	36.0	26.9	29.2
Depreciation	110	113	115	117	126	133	140	161	455	562
Interest	0	0	0	2	7	8	9	6	3	30
Other Income	176	136	146	151	154	192	183	240	609	769
PBT before EO expense	1,081	1,033	959	1,420	1,524	1,519	1,370	1,725	4,493	6,137
PBT	1,081	1,033	959	1,420	1,524	1,519	1,370	1,725	4,493	6,137
Tax	272	220	126	409	385	383	346	431	1,026	1,545
Rate (%)	25.1	21.3	13.2	28.8	25.2	25.2	25.2	25.0	22.8	25.2
Reported PAT	809	814	833	1,011	1,139	1,136	1,024	1,293	3,466	4,592
YoY Change (%)	11.9	31.1	29.8	42.7	40.7	39.6	23.0	27.9	28.7	32.5
Margin (%)	20.9	21.7	22.6	20.8	21.1	21.4	20.1	28.2	21.5	22.5

Consumer

Asian Paints

Britannia Industries

Colgate-Palmolive India

Dabur India

Emami

Godrej Consumer Products

Hindustan Unilever

Indigo Paints

ITC

Jyothy Laboratories

Marico

Nestle India

Page Industries

Pidilite Industries

P&G Hygiene and Healthcare

Tata Consumer Products

United Breweries

United Spirits

Varun Beverages

Inflationary pressures dent demand

We expect 1QFY23 to report strong cumulative growth numbers – +22.6% on topline, +25.1% on EBITDA, and +30.2% on PAT – for the 19 consumer compaies under our coverage universe. While this performance comes on the back of strong sales and EBITDA growth of 31% in 1QFY22, the weak base of 1QFY21/22 meant that the three-year sales/EBITDA CAGR is just 10%/5%, respectively. Sales growth in 1QFY23 will largely be led by price hikes as volumes for most categories remain impacted by grammage reduction, high CPI inflation, and a sustained slowdown in rural demand. Most of the companies took a further round of price hike in either 4QFY22 or 1QFY23 to battle high input costs. Although the cost of raw materials, such as crude and palm oil, has come off the peaks, this decline was towards the end of the quarter and therefore, unlikely to benefit margins in 1QFY23. Curtailing A&P spends during the quarter could alleviate some margin pressure. While the monsoon progressed to cover the entire country, total rainfall so far are still 5% below annual averages. With July being a key month for planting of summer crops, good rainfall will be crucial to revive rural demand and sentiments. In the case of the distribution channels, e-commerce continues to strengthen its salience for most consumer companies, while general trade (GT) remains resilient. Revival for the MT channel remains slow with ‘sales per store’ still below the pre-COVID levels as discretionary demand remains subdued and stiff competition from quick commerce and hyperlocal delivery players continues as they impose their dominance in metros where MT has a higher salience.

Discretionary demand remains lackluster notwithstanding a weak base

Among the large companies, we expect APNT to report 40% YoY sales growth (26% domestic decorative volume growth) and 54%/65% EBITDA/PAT growth, respectively. We expect a muted performance from Staples owing to its higher rural salience and underperformance in its discretionary portfolios. Moreover, margins will be affected as the impact of higher input costs flows into the P&L. For HUVR, we expect YoY sales/EBITDA/adj. PAT growth of 12.0%/10.6%/12.6%, respectively. PAG is likely to report one of the strongest performances within our coverage on a very weak base with a 126% topline growth and 6x/15x EBITDA/PAT growth. ITC is likely to post YoY sales/EBITDA/adj. PAT growth of 21.8%/27.2%/34.8%, respectively, backed by strong cigarette demand and lower drag from the hotels business. Alcobev players, UNSP and UBBL, are projected to deliver robust sales performance as this was the first year (among the last three) where mobility was not restricted during the crucial summer season and the on-trade channel saw a full recovery. However, earnings growth may be lackluster owing to steep increase in input costs. Among other discretionaries, VBL, INDIGOPN, and PIDI are likely to report strong YoY revenue growth.

Key input costs start coming off their peaks

Overall inflation in the commodity basket has been 20% YoY and 6.6% sequentially in 1QFY23. Some relief, however, has come from the recent correction in key commodities such as crude and palm oil with spot prices coming off 11% and 40%, respectively, from their recent peaks. Companies have been compelled to pass on a significant part of the input cost inflation to consumers with further price hikes taken during 4QFY22 and 1QFY23. Even so, gross margins are likely to remain under pressure, as the impact of higher input costs flows through the companies’ P&Ls in

1QFY23 with notable improvement likely only beyond 1HFY23. Crude prices have remained elevated during 1QFY23 rising 64.4% YoY / 13.4% sequentially. HDPE/LLP costs – which affect packaging / hair oil companies adversely – were on an increasing trend until Apr'22. VAM prices had softened in Jan'22, but higher crude prices pushed VAM prices up in 1QFY23 and are likely to affect PIDI's gross margins negatively. The correction in palm oil prices is likely to favor HUVR, GCPL, and food companies (though to a lesser extent) in 2HFY23 if prices remain at these levels. Among other agri commodities, barley price has risen 67.2% YoY/26.2% QoQ, with the current price (INR3,169/quintal) near its all-time high. Prices for most other agri commodities have remained benign.

Top picks in the Consumer space

ITC, GCPL, DABUR, and VBL: A revival in cigarette demand, recovery in some profitable FMCG-Others categories, and a reduced lag in the hotels business coupled with lower input cost pressures than peers and attractive valuations make ITC a top pick from a one-year perspective. The appointment of the new CEO at GCPL offers scope for transformative change, especially if the company is able to grow the domestic business strongly and introduce better capital allocation. We like DABUR on account of: a) its focus on the core Healthcare business, b) its power brand strategy, c) increasing direct distribution reach, and d) cost savings being plowed back in the form of higher advertisements. We like VBL owing to: a) the revival in out-of-home consumption aided by an increase in the pace of vaccination, b) rising penetration in newly acquired regions (Southern and Western India), and c) the growing penetration of Refrigerators in rural/semi-rural areas per household as well as power availability for longer hours.

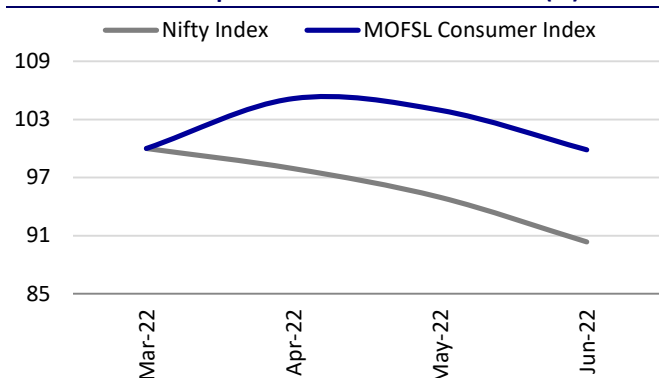
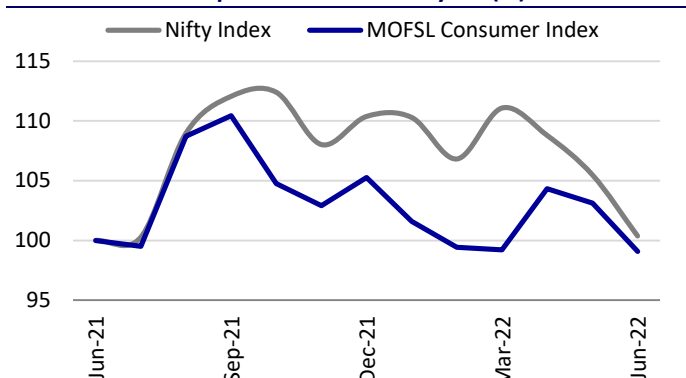
Exhibit 1: Overall performance – Discretionaries likely to outperform Staples

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Asian Paints	2,791	Neutral	78,195	40.0	-0.9	14,071	54.0	-2.5	9,478	65.0	-4.2
Britannia	3,702	Buy	37,608	10.5	5.9	5,365	-3.1	-2.4	3,766	-2.6	-0.3
Colgate	1,521	Neutral	12,126	4.0	-6.8	3,698	4.1	-13.9	2,449	5.0	-16.0
Dabur	525	Buy	28,205	8.0	12.0	5,415	-1.9	19.4	4,407	0.8	16.2
Emami	435	Buy	7,535	14.0	-2.2	1,884	11.0	14.9	1,533	9.2	-23.8
Godrej Consumer	812	Buy	31,260	8.0	7.2	5,252	-14.1	0.4	3,478	-16.2	-13.9
Hind. Unilever	2,375	Buy	1,33,411	12.0	-0.9	31,497	10.6	-2.9	22,086	12.6	-3.3
Indigo Paints	1,401	Buy	2,262	45.0	-21.5	385	90.7	-28.5	242	108.8	-29.9
ITC	292	Buy	1,48,804	21.8	-4.2	50,791	27.2	-2.8	40,622	34.8	-3.1
Jyothy Labs	150	Neutral	5,846	12.0	8.8	728	12.0	28.1	460	14.7	19.3
Marico	499	Buy	25,755	2.0	19.2	4,945	2.8	42.9	3,531	-0.8	40.7
Nestle	17,973	Neutral	39,287	13.0	-1.3	9,036	8.4	-2.9	5,778	10.2	-3.8
P&G Hygiene	13,695	Buy	8,482	7.8	-4.8	1,214	62.1	-26.4	937	91.2	-17.1
Page Industries	42,039	Neutral	11,335	126.0	2.0	2,550	645.6	-4.5	1,748	1,496.4	-8.3
Pidilite Inds.	2,192	Neutral	25,566	32.0	2.0	4,049	16.5	0.9	2,512	16.7	0.8
Tata Consumer	730	Buy	33,063	9.9	4.1	4,476	12.0	0.7	2,512	33.6	8.5
United Breweries	1,545	Sell	21,000	87.8	23.0	3,115	226.5	19.7	1,919	522.1	17.7
United Spirits	797	Neutral	25,034	55.0	2.8	3,914	133.4	-8.3	2,404	178.6	-22.3
Varun Beverages	786	Buy	42,882	75.0	51.7	11,268	97.4	112.2	7,096	130.3	179.2
Consumer			7,17,655	22.6	3.2	1,63,652	25.1	2.8	1,16,959	30.2	1.2

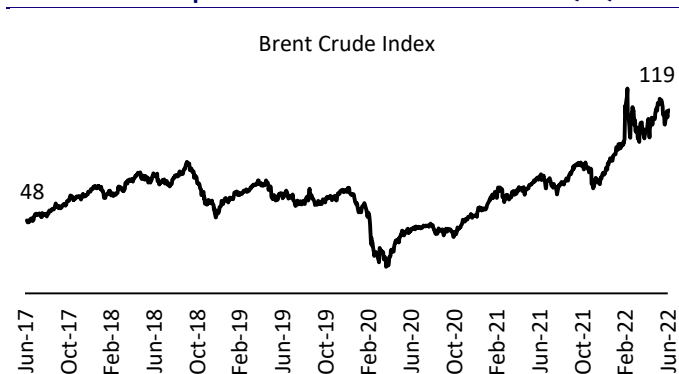
Exhibit 2: Expect most of the companies to post single-digit volume growth in 1QFY23

Quarter ending (growth %)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23E
Asian Paints (Dom. Deco.)	(38.0)	11.0	33.0	48.0	106.0	34.0	18.0	8.0	26.0
Britannia (Biscuits)	21.0	9.0	3.0	8.0	1.0	5.0	6.0	4.0	4.0
Colgate (Toothpaste)	0.0	4.0	6.0	16.0	8.0	4.0	1.0	-4.0	1.0
Dabur	(9.7)	16.8	18.1	25.4	34.4	10.0	2.0	2.0	3.0
Emami	(28.0)	10.0	13.0	39.0	38.0	6.2	0.0	0.0	8.0
Hindustan Unilever	4.0	14.0	17.0	31.0	9.0	4.0	2.0	0.0	2.0
ITC (Cigarettes)	(37.0)	(12.0)	(7.0)	7.0	31.0	9.0	12.5	9.0	11.0
Marico (Dom.)	(14.0)	11.0	15.0	25.0	21.0	8.0	0.0	1.0	0.0
Pidilite	(58.6)	7.4	22.0	45.0	105.0	25.0	9.4	20.2	3.0

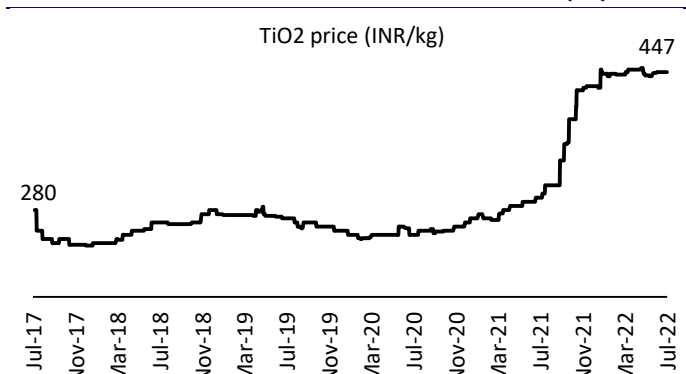
Source: Company, MOFSL

Exhibit 3: Relative performance – three-months (%)**Exhibit 4: Relative performance – one-year (%)**

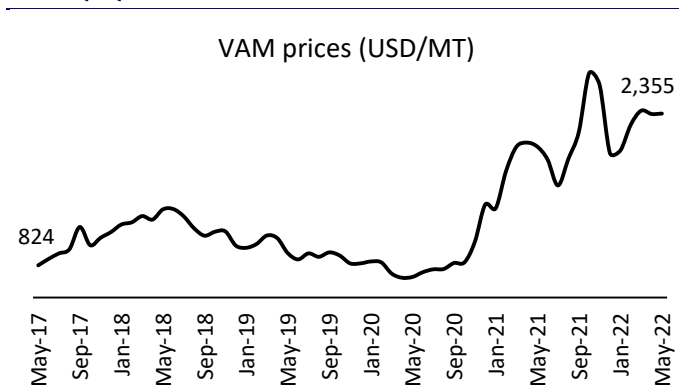
Source: Bloomberg, MOFSL

Exhibit 5: Crude prices rose 64.4% YoY and 13.4% QoQ

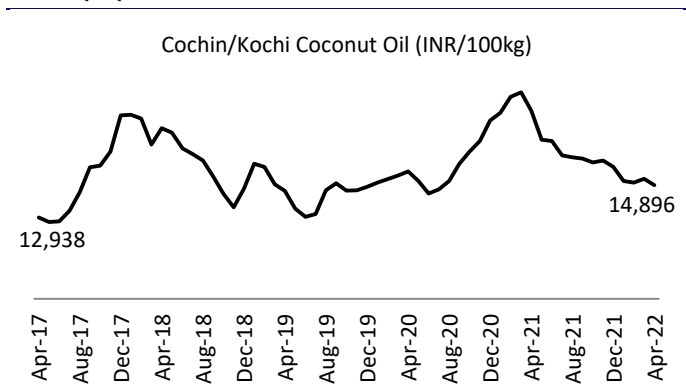
Source: Bloomberg, MOFSL

Exhibit 6: TiO2 rose 54.9% YoY but remained flat QoQ

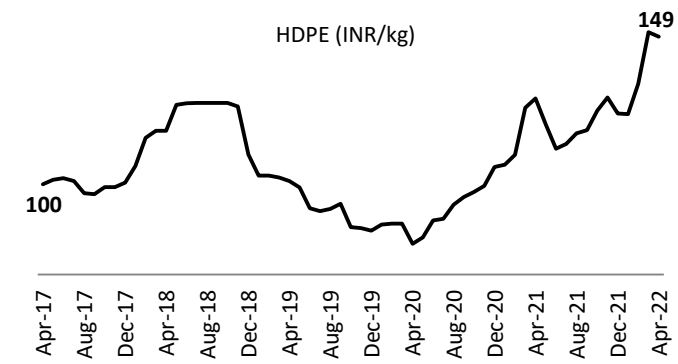
Source: Bloomberg, MOFSL

Exhibit 7: VAM prices (until May'22) rose 18.1% YoY and 6.8% QoQ

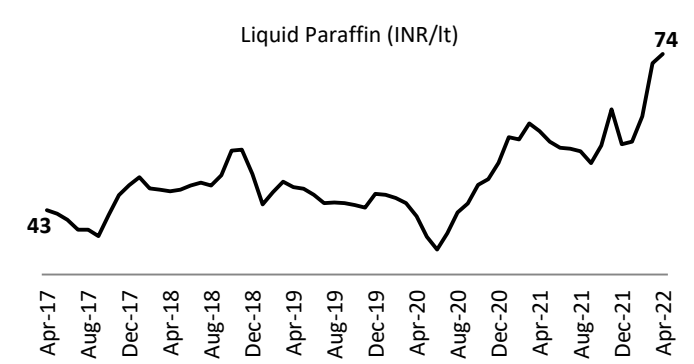
Source: Bloomberg, MOFSL

Exhibit 8: Copra prices (until Apr'22) declined 18.2% YoY and 1.8% QoQ

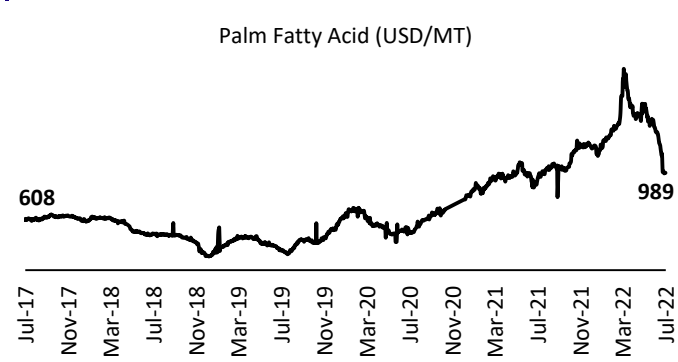
Source: Company, MOFSL

Exhibit 9: HDPE prices (until Apr'22) rose 24.1% YoY and 9.8% QoQ

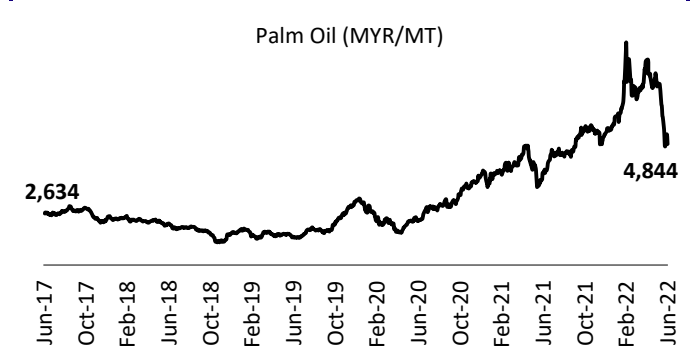
Source: Company, MOFSL

Exhibit 10: LLP prices (until Apr'22) rose 30.4% YoY and 16.8% QoQ

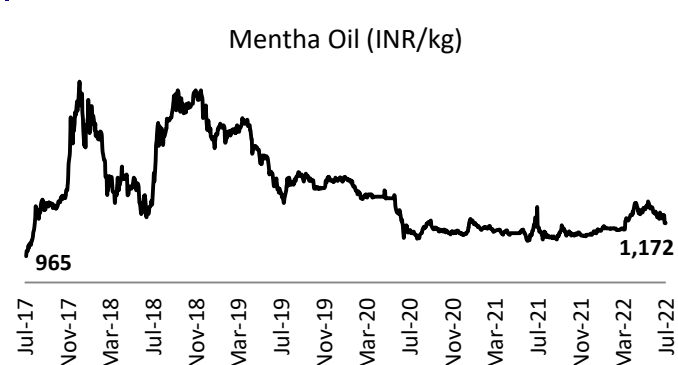
Source: Company, MOFSL

Exhibit 11: PFAD prices rose 39.7% YoY but fell 5.8% QoQ

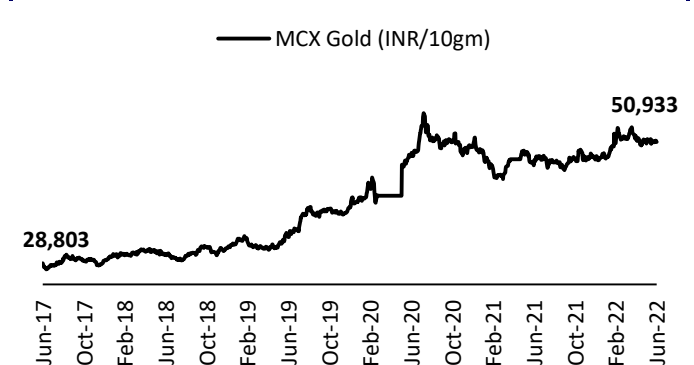
Source: Bloomberg, MOFSL

Exhibit 12: Malaysian palm oil prices rose 53.7% YoY and 4.4% QoQ

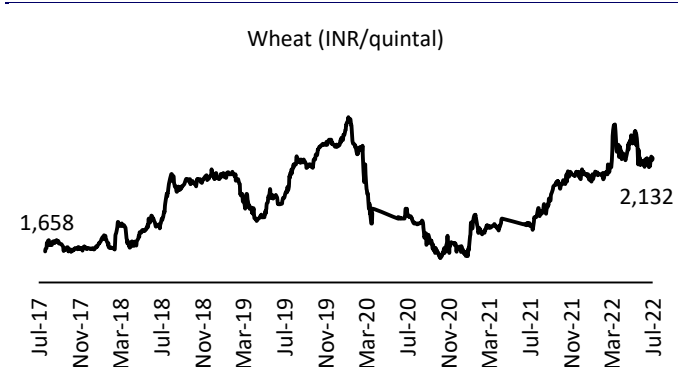
Source: Bloomberg, MOFSL

Exhibit 13: Mentha oil prices rose 11.8% YoY and 7.8% QoQ

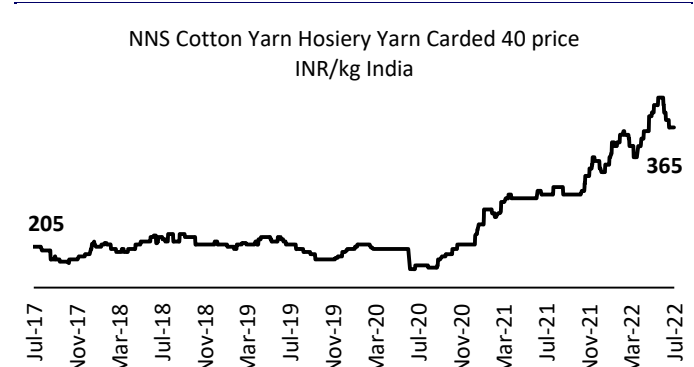
Source: Bloomberg, MOFSL

Exhibit 14: Domestic gold prices rose 7.8% YoY and 3% QoQ

Source: Bloomberg, MOFSL

Exhibit 15: Wheat prices rose 19.8% YoY and 2.4% QoQ

Source: Bloomberg, MOFSL

Exhibit 16: Yarn prices rose 39.5% YoY and 10.4% QoQ

Source: Bloomberg, MOFSL

Exhibit 17: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Consumer						50.4	44.1	37.7	11.2	10.8	10.2	22.3	24.4	27.0
Asian Paints	2,791	Neutral	33.4	47.9	56.7	83.6	58.2	49.2	19.4	17.6	16.2	24.0	31.7	34.3
Britannia	3,702	Buy	63.0	66.1	83.0	58.8	56.0	44.6	34.9	36.6	31.4	49.7	63.7	75.8
Colgate	1,521	Neutral	38.5	40.1	43.6	39.5	37.9	34.9	23.9	23.9	23.9	72.1	62.9	68.3
Dabur	525	Buy	10.3	11.6	14.0	50.9	45.4	37.6	11.1	9.9	8.9	22.7	23.0	25.0
Emami	435	Buy	19.1	19.5	22.2	22.8	22.3	19.6	9.3	8.7	7.9	44.1	40.3	42.3
Godrej Consumer	812	Buy	17.7	17.0	21.7	45.8	47.7	37.4	7.2	6.7	6.2	17.3	14.5	17.1
Hind. Unilever	2,375	Buy	37.7	39.0	44.9	63.0	61.0	52.8	11.4	11.9	12.5	18.4	19.2	23.1
Indigo Paints	1,401	Buy	17.7	27.3	40.2	79.3	51.4	34.9	10.3	8.5	6.9	13.9	18.1	21.8
ITC	292	Buy	12.2	14.0	15.7	23.9	20.8	18.5	5.9	5.6	5.2	25.0	27.5	29.1
Jyothy Labs	150	Neutral	4.3	5.1	6.3	34.6	29.3	23.8	3.8	3.7	3.5	11.1	12.8	15.2
Marico	499	Buy	9.5	11.2	13.3	52.6	44.5	37.6	19.2	17.2	16.5	37.2	40.8	44.8
Nestle	17,973	Neutral	240.8	254.9	296.3	74.6	70.5	60.7	83.1	81.3	82.7	113.2	116.6	135.2
P&G Hygiene	13,695	Buy	196.3	255.5	321.1	69.8	53.6	42.7	56.6	51.2	45.7	84.9	100.3	113.3
Page Industries	42,039	Neutral	481.0	651.8	756.6	87.4	64.5	55.6	43.1	37.5	33.9	49.3	58.2	61.1
Pidilite Inds.	2,192	Neutral	23.5	25.5	37.0	93.2	86.0	59.2	17.4	16.0	14.2	19.9	19.4	25.4
Tata Consumer	730	Buy	10.6	12.9	16.8	69.0	56.6	43.5	4.4	4.1	3.9	6.6	7.6	9.3
United Breweries	1,545	Sell	14.1	19.7	25.8	109	78	59.9	10.4	9.6	8.9	9.9	12.8	15.4
United Spirits	797	Neutral	12.5	13.7	16.1	64	58	49.6	11.8	11.2	10.6	18.6	19.2	21.3
Varun Beverages	786	Buy	10.7	19.0	21.6	73.5	41.3	36.3	12.5	10.0	8.1	18.3	26.9	24.6

Source: Bloomberg, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

Asian Paints

Neutral
CMP: INR2,791 | TP: INR2,835 (+2%)
EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect 26% YoY volume growth
- Expect GM to decline YoY and QoQ due high inflationary environment albeit offset to some extent by a better mix
- Tio2 prices up 54.9% YoY but flat QoQ in 1QFY23
- Watch out for commentary on the RM cost inflation and demand outlook post the price hikes

Quarterly Performance (Consol.)

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Est. Dom. Deco. Vol. growth (%)	106.0	34.0	18.0	8.0	26.0	4.0	4.0	10.0	31.0	10.0
Net Sales	55.9	71.0	85.3	78.9	78.2	81.6	98.1	91.4	291.0	349.2
Change (%)	91.1	32.6	25.6	18.7	40.0	15.0	15.0	15.8	34.0	20.0
Gross Profit	21.5	24.7	31.3	30.5	29.9	31.8	38.7	39.2	108.0	139.6
Gross Margin (%)	38.4	34.7	36.8	38.7	38.2	39.0	39.5	42.9	37.1	40.0
EBITDA	9.1	9.0	15.4	14.4	14.1	14.8	19.7	17.7	48.0	66.3
Margin (%)	16.4	12.7	18.1	18.3	18.0	18.2	20.1	19.3	16.5	19.0
Change (%)	88.7	-28.5	-13.7	9.5	54.0	63.9	28.0	22.3	-1.1	38.0
Interest	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.3	1.0	1.2
Depreciation	2.0	2.0	2.1	2.1	2.0	2.1	2.1	2.4	8.2	8.6
Other Income	0.9	1.4	0.7	0.8	0.9	1.4	1.1	1.0	3.8	4.3
PBT	7.8	8.2	13.8	13.0	12.7	13.8	18.5	16.0	42.7	60.9
Tax	2.0	2.2	3.6	3.2	3.2	3.5	4.7	4.0	11.0	15.3
Effective Tax Rate (%)	26.2	27.1	26.3	24.3	25.2	25.2	25.2	25.2	25.8	25.2
Adjusted PAT	5.7	6.1	10.3	9.9	9.5	10.3	13.8	12.4	32.0	46.0
Change (%)	161.5	-29.0	-18.5	13.8	65.0	70.4	33.9	25.2	-0.2	43.7

E: MOFSL Estimates

Britannia Industries

Buy
CMP: INR3,702 | TP: INR 4,300 (+16%)
EPS CHANGE (%): FY23|24: 6.0|6.0

- Expect 4% volume growth in the base business in 1QFY23
- EM to be under pressure but sustain in the teens on cost-saving initiatives
- GM to remain under pressure due to RM cost inflation
- RM cost outlook and commentary on ICD are the key monitorables

Consol. Quarterly Performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Base business volume growth (%)	1.0	5.0	6.0	4.0	4.0	5.0	6.0	6.0	3.9	-
Net Sales	34.0	36.1	35.7	35.5	37.6	40.4	40.0	39.9	141.4	157.9
YoY change (%)	-0.5	5.5	12.9	13.4	10.5	12.0	12.0	12.3	7.6	11.7
Gross Profit	13.2	13.5	13.6	13.5	13.9	15.2	15.2	15.2	53.8	59.5
Margins (%)	38.7	37.5	37.9	38.0	37.0	37.5	38.0	38.1	38.0	37.7
EBITDA	5.5	5.6	5.4	5.5	5.4	6.2	6.1	6.6	22.0	22.8
Margins (%)	16.3	15.5	15.1	15.5	14.3	15.2	15.1	16.6	15.6	14.4
YoY growth (%)	-22.8	-17.3	-11.7	8.8	-3.1	10.2	12.4	20.7	-12.3	3.4
Depreciation	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.7	2.0	2.4
Interest	0.3	0.4	0.4	0.3	0.4	0.4	0.4	0.4	1.4	1.7
Other Income	0.6	0.5	0.6	0.5	0.6	0.6	0.7	0.7	2.2	2.6
PBT	5.3	5.2	5.1	5.2	5.0	5.8	5.7	6.3	20.8	21.3
Tax	1.4	1.4	1.4	1.4	1.3	1.5	1.4	1.2	5.6	5.4
Rate (%)	27.2	27.0	26.9	27.2	25.2	25.2	25.2	19.3	27.0	25.2
Adjusted PAT	3.9	3.8	3.7	3.8	3.8	4.3	4.2	5.1	15.2	15.9
YoY change (%)	-28.7	-23.0	-18.1	5.1	-2.6	13.3	14.0	34.0	-18.0	4.9

E: MOFSL Estimates

Colgate

Neutral

CMP: INR1,521 | TP: INR1,530 (+1%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect marginal volume growth of 1% YoY in 1QFY23
- Expect EBITDA margin to remain low due to GM pressure
- Expect YoY contraction in GM on higher material costs
- Monitorables: Volume growth, RM cost, A&P spends, and performance of new launches and the Naturals category

Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Toothpaste Volume Gr %	8.0	4.0	1.0	-4.0	1.0	3.0	4.0	4.0		
Net Sales (inclgd. OOI)	11,660	13,524	12,801	13,013	12,126	14,336	13,697	13,919	50,998	54,078
YoY change (%)	12.0	5.2	3.9	1.4	4.0	6.0	7.0	7.0	5.3	6.0
Gross Profit	8,062	9,038	8,526	8,696	8,027	9,533	9,150	9,320	34,323	36,031
Gross margin (%)	69.1	66.8	66.6	66.8	66.2	66.5	66.8	67.0	67.3	66.6
EBITDA	3,552	4,008	3,806	4,294	3,698	4,301	4,041	4,180	15,660	16,220
Margins (%)	30.5	29.6	29.7	33.0	30.5	30.0	29.5	30.0	30.7	30.0
YoY growth (%)	15.3	-2.1	2.7	1.8	4.1	7.3	6.2	-2.7	3.7	3.6
Depreciation	447	449	439	438	469	471	466	469	1,773	1,875
Interest	15	15	15	14	14	17	15	13	59	59
Financial other Income	52	65	57	89	58	75	68	93	263	294
PBT	3,142	3,609	3,408	3,931	3,274	3,888	3,628	3,790	14,090	14,579
Tax	810	917	885	1,015	825	980	914	954	3,627	3,673
Rate (%)	25.8	25.4	26.0	25.8	25.2	25.2	25.2	25.2	25.7	25.2
Adj PAT	2,332	2,692	2,523	2,916	2,449	2,908	2,714	2,836	10,463	10,905
YoY change (%)	17.7	-1.8	1.6	3.0	5.0	8.0	7.6	-2.7	4.2	4.2

E: MOFSL Estimates

Dabur

Buy

CMP: INR525 | TP: INR630 (+20%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect 5% YoY volume growth in 1QFY23 on a very high Herbal segment sales base in 1QFY22
- Demand for power brands to normalize going ahead
- Expect GM pressure on higher input costs
- Key monitorables: Demand outlook for Herbal and Immunity products, commentary on rural demand as well as international business.

Quarterly Performance (Consolidated)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Domestic FMCG vol. growth (%)	34.4	10.0	2.0	2.0	5.0	5.0	6.0	7.0	10.1	
Net sales	26,115	28,176	29,418	25,178	28,205	31,275	32,948	29,033	1,08,887	1,21,460
YoY change (%)	31.9	12.0	7.8	7.7	8.0	11.0	12.0	15.3	14.1	11.5
Gross profit	12,562	13,761	14,222	11,946	13,454	15,262	16,375	14,667	52,490	59,758
Margin (%)	48.1	48.8	48.3	47.4	47.7	48.8	49.7	50.5	48.2	49.2
Total Exp	20,595	21,969	23,143	20,642	8,038	8,788	9,192	8,339	86,349	34,358
EBITDA	5,520	6,207	6,275	4,536	5,415	6,474	7,183	6,328	22,538	25,400
Margins (%)	21.1	22.0	21.3	18.0	19.2	20.7	21.8	21.8	20.7	20.9
YoY growth (%)	32.5	9.0	9.3	2.5	-1.9	4.3	14.5	39.5	12.5	12.7
Depreciation	613	633	632	651	674	684	720	713	2,529	2,792
Interest	75	83	111	118	101	112	111	100	386	423
Non Recurring								0		
Other income	848	1,124	967	991	1,061	1,158	1,064	1,118	3,932	4,401
PBT	5,681	6,616	6,500	4,759	5,700	6,836	7,415	6,634	23,555	26,586
Tax	1,297	1,558	1,455	954	1,283	1,538	1,668	1,466	5,264	5,955
Rate (%)	22.8	23.6	22.4	20.0	22.5	22.5	22.5	22.1	22.3	22.4
Minority interest	10	14	11	13	10	14	11	16	49	52
Adjusted PAT	4,373	5,044	5,033	3,792	4,407	5,284	5,736	4,992	18,242	20,420
YoY change (%)	28.0	4.7	2.3	0.4	0.8	4.8	14.0	31.7	7.7	11.9

Emami**Buy****CMP: INR435 | TP: INR510 (+17%)****EPS CHANGE (%): FY23 | 24: 0.0 | 0.0**

- Expect 8% YoY increase in domestic volumes in 1QFY23 aided by the addition of Dermicool (excluded in the base)
- Watch out for commentary on the outlook on incremental impact of material prices beyond 1QFY23E.
- Expect 300bp/70bp YoY decline in GM/EM from a low base
- Outlook for volume growth and growth in rural India are the key monitorables

Consol. Quarterly performance**(INR m)**

Y/E MARCH	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Domestic volume growth (%)	38.0	6.2	0.0	0.0	8.0	7.0	8.0	8.0	11.1	2.1
Net Sales	6,610	7,888	9,719	7,704	7,535	8,898	11,001	8,655	31,920	36,090
YoY change (%)	37.3	7.4	4.1	5.4	14.0	12.8	13.2	12.3	10.8	13.1
Gross Profit	4,363	5,425	6,549	4,805	4,747	5,784	7,261	5,903	21,142	23,695
Gross margin (%)	66.0	68.8	67.4	62.4	63.0	65.0	66.0	68.2	66.2	65.7
EBITDA	1,697	2,772	3,415	1,639	1,884	2,758	3,520	2,651	9,524	10,814
Margins (%)	25.7	35.1	35.1	21.3	25.0	31.0	32.0	30.6	29.8	30.0
YoY change	38.0	7.8	0.4	0.7	11.0	-0.5	3.1	61.7	7.9	13.5
Depreciation	234	236	242	230	257	264	278	277	942	1,077
Interest	6	8	18	18	7	9	16	15	51	47
Other Income	107	376	166	303	166	226	208	230	953	830
PBT	1,564	2,904	3,322	1,694	1,786	2,711	3,434	2,589	9,483	10,519
Tax	175	410	491	-259	312	474	601	453	817	1,841
Rate (%)	11.2	14.1	14.8	-15.3	17.5	17.5	17.5	17.5	8.6	17.5
PAT before Amortization	1,404	2,532	2,864	2,013	1,533	2,276	2,873	2,176	8,813	8,679
YoY change (%)	44.4	18.7	5.7	34.8	9.2	-10.1	0.3	8.1	20.6	-1.5

E: MOFSL Estimates

Godrej Consumer**Buy****CMP: INR812 | TP: INR973 (+20%)****EPS CHANGE (%): FY23 | 24: +4.5 | +0.4**

- Expect value-led sales growth on high volume base and a weak HI season in recent months
- GM pressure continues due to RM cost inflation primarily on account of palm oil
- Demand for out-of-home categories, such as Hair Color, to improve
- Watch out for the commentary on GAUM and Indonesia

Quarterly Performance (Consolidated)

Y/E March	FY22				FY23E				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales (including OOI)	28,945	31,637	33,026	29,158	31,260	35,433	36,989	32,869	1,22,765	1,36,551
YoY change (%)	24.4	8.5	8.1	6.8	8.0	12.0	12.0	12.7	11.3	11.2
Cost of Goods Sold	13,847	15,876	16,294	14,734	16,099	18,071	18,310	15,581	60,751	68,060
Gross Profit	15,098	15,760	16,732	14,424	15,161	17,362	18,679	17,288	62,014	68,490
Margin (%)	52.2	49.8	50.7	49.5	48.5	49.0	50.5	52.6	50.5	50.2
Other Operating Exp.	8,987	8,969	9,742	9,196	9,909	11,268	12,132	10,474	36,893	43,784
EBITDA	6,111	6,792	6,991	5,228	5,252	6,094	6,547	6,814	25,121	24,707
Margins (%)	21.1	21.5	21.2	17.9	16.8	17.2	17.7	20.7	20.5	18.1
YoY growth (%)	29.3	-0.8	-1.7	-9.0	-14.1	-10.3	-6.3	30.3	5.2	-1.7
Depreciation	509	509	542	540	549	560	558	594	2,099	2,261
Interest	273	245	256	328	311	319	307	359	1,102	1,295
Other Income	209	226	224	238	242	267	303	347	897	1,159
Forex gain / (loss)	-111.4	-195.6	-310.8	-348.5	-122.5	-215.2	-341.9	-175.3	-966	-855
PBT	5,427	6,068	6,107	4,249	4,511	5,268	5,643	6,033	21,851	21,455
Tax	1,272	1,267	972	208	1,033	1,206	1,292	1,367	3,719	4,899
Rate (%)	23.4	20.9	15.9	4.9	22.9	22.9	22.9	22.7	17.0	22.8
Minority Int	2.5	-2.1	-3.1	-0.1					-3	0
Adj PAT	4,152	4,803	5,138	4,042	3,478	4,062	4,351	4,666	18,135	16,557
YoY change (%)	8.8	4.8	3.7	-5.9	-16.2	-15.4	-15.3	15.4	2.7	-8.7

E: MOFSL Estimate

Hindustan Unilever**Buy****CMP: INR2,375 | TP: INR2,730 (+15%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect 2% YoY domestic volume growth on a high base in the last year
- GM to contract 130bp YoY, led by higher material costs
- Outlook on the Nutrition business and rural v/s urban demand
- Key Monitorables: Outlook on RM cost, discretionary, and out-of-home demand

Quarterly performance (Standalone)**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Domestic volume growth (%)	9.0	4.0	2.0	0.0	2.0	3.0	5.0	6.0	3.0	0.0
Net sales	119.2	127.2	130.9	134.6	133.4	140.6	144.3	148.1	511.9	566.4
YoY change (%)	12.8	11.2	10.4	11.0	12.0	10.5	10.2	10.0	11.3	10.6
Gross Profit	60.1	65.7	68.2	66.7	65.5	70.8	73.8	73.2	260.7	283.3
Margin %	50.4	51.6	52.1	49.5	49.1	50.4	51.2	49.4	50.9	50.0
EBITDA	28.5	31.3	32.8	32.5	31.5	33.3	34.2	31.4	125.0	130.4
YoY change (%)	7.7	9.2	14.9	9.7	10.6	6.2	4.2	-3.1	10.4	4.3
Margins (%)	23.9	24.6	25.0	24.1	23.6	23.7	23.7	21.2	24.4	23.0
Depreciation	2.4	2.7	2.6	2.6	2.7	2.9	2.8	3.1	10.3	11.5
Interest	0.1	0.3	0.3	0.4	0.3	0.3	0.3	0.3	1.0	1.2
Other income	0.7	1.1	0.9	1.2	1.0	1.3	1.2	1.2	3.9	4.7
PBT	26.6	29.5	30.9	30.7	29.5	31.3	32.2	29.3	117.7	122.3
Tax	5.7	7.7	7.8	8.0	7.4	7.9	8.1	7.3	29.2	30.8
Rate (%)	21.5	26.0	25.3	26.1	25.2	25.2	25.2	25.1	24.8	25.2
PAT bei	19.6	21.9	22.9	22.8	22.1	23.4	24.1	21.9	88.5	91.5
YoY change (%)	4.8	7.5	17.5	8.6	12.6	7.1	5.2	-4.0	9.0	3.4
Reported Profit	20.6	21.9	22.4	23.3	22.1	23.4	24.1	21.9	88.2	91.5

E: MOFSL Estimates

Indigo Paints**Buy****CMP: INR1,401 | TP: INR1,800 (+29%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect 45% sales growth supported by healthy demand and price hikes
- Expect GM to remain flat QoQ due to price hikes
- Outlook on demand and expansion in new urban markets
- Expect better sales in Kerala (~30% contribution) post recovery from severe impact of Covid earlier in the year

Quarterly Performance (Consol.)**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	1,560	1,961	2,655	2,884	2,262	2,491	3,318	3,344	9,060	11,415
Change (%)	49.2	26.7	26.6	13.4	45.0	27.0	25.0	16.0	25.3	26.0
Gross Profit	710	818	1,138	1,258	984	1,118	1,520	1,572	3,925	5,194
Gross Margin (%)	45.5	41.7	42.9	43.6	43.5	44.9	45.8	47.0	43.3	45.5
EBITDA	202	234	387	538	385	436	584	542	1,360	1,947
Margin (%)	12.9	11.9	14.6	18.6	17.0	17.5	17.6	16.2	15.0	17.1
Change (%)	6.1	-19.6	22.8	25.2	90.7	86.4	51.0	0.8	11.0	43.1
Interest	3	3	3	5	3	3	3	6	13	15
Depreciation	74	77	79	83	77	79	79	54	313	288
Other Income	30	30	23	25	20	24	24	22	109	90
PBT	156	185	328	474	324	379	526	504	1,143	1,733
Tax	40	49	85	128	82	95	133	127	302	437
Effective Tax Rate (%)	25.5	26.6	26.0	27.1	25.2	25.2	25.2	25.2	26.5	25.2
Adjusted PAT	116	135	243	346	242	283	394	377	840	1,296
Change (%)	38.2	-28.0	29.4	39.1	108.8	109.1	61.9	9.0	18.6	54.2

E: MOFSL Estimates

ITC**Buy****CMP: INR292 | TP: INR335 (+15%)****EPS CHANGE (%): FY23|24: +1.2|-0.4**

- Expect 11% volume growth in Cigarettes
- Watch out for Cigarettes volume and Hotels revenue post opening of workplaces and an increase in travel
- Expect GM expansion of 190bp YoY on better cigarette mix and reduction in lag from Hotels
- Outlook on the Agri, paper & packaging and Hotel businesses are the key monitorables

Quarterly Performance**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4QE	1QE	2QE	3QE	4QE		
Est. cigarette vol. gr. (%)	31.0	9.0	12.5	9.0	11.0	6.0	-2.0	1.0	15.4	4.0
Net Sales	122.2	127.3	158.6	155.3	148.8	149.1	150.7	164.6	563.4	613.1
YoY change (%)	37.1	12.6	32.5	16.8	21.8	17.1	-5.0	6.0	23.9	8.8
Gross Profit	64.3	72.8	81.4	82.5	81.1	83.8	85.6	95.5	292.9	345.9
Margin (%)	52.6	57.2	51.3	53.1	54.5	56.2	56.8	58.0	52.0	56.4
EBITDA	39.9	46.2	51.0	52.2	50.8	52.0	52.7	60.5	189.5	215.9
Growth (%)	50.8	12.9	18.2	16.8	27.2	12.6	3.3	15.8	22.0	13.9
Margins (%)	32.7	36.3	32.2	33.6	34.1	34.9	35.0	36.8	33.6	35.2
Depreciation	4.0	4.0	4.1	4.5	4.4	4.4	4.5	4.5	16.5	17.9
Interest	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	0.2
Other Income	4.3	6.8	8.1	6.7	7.9	8.3	8.5	8.6	25.9	33.3
PBT	40.2	48.8	54.9	54.4	54.3	55.8	56.6	64.5	198.3	231.2
Tax	10.0	11.8	13.4	12.5	13.7	14.0	14.3	16.2	47.7	58.2
Rate (%)	25.0	24.2	24.3	23.0	25.2	25.2	25.2	25.2	24.1	25.2
Adj PAT	30.1	37.0	41.6	41.9	40.6	41.8	42.4	48.2	150.6	173.0
YoY change (%)	28.6	13.7	12.7	11.8	34.8	13.0	2.0	15.1	15.5	14.9

E: MOFSL estimate; Full year COGS also includes contract processing charges (included in other op. exps. in quarterly)

Jyothy Labs.**Neutral****CMP: INR150 | TP: INR151 (+1%)****EPS CHANGE (%):FY23|24: 0.0|0.0**

- Expect standalone net sales to grow 12% YoY
- Expect GM contraction of 110bp YoY
- Expect out-of-home categories to see better demand
- Key monitorable: Update on detergent, HI portfolio and new launches performance

Standalone Quarterly Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	5,219	5,783	5,287	5,374	5,846	6,361	6,027	5,911	21,663	24,381
YoY change (%)	21.8	15.7	12.6	10.3	12.0	10.0	14.0	10.0	14.9	12.5
Gross Profit	2,250	2,296	2,170	2,154	2,455	2,685	2,594	2,547	8,869	10,244
Margins (%)	43.1	39.7	41.0	40.1	42.0	42.2	43.0	43.1	40.9	42.0
EBITDA	650	671	605	568	728	833	810	743	2,495	3,049
EBITDA growth %	-16.9	-24.5	-24.2	-18.6	12.0	24.2	33.9	30.8	-21.2	22.2
Margins (%)	12.5	11.6	11.4	10.6	12.5	13.1	13.4	12.6	11.5	12.5
Depreciation	206	206	210	164	206	206	210	172	785	867
Interest	17	18	18	14	20	21	22	17	67	83
Other Income	48	52	43	46	44	47	38	42	190	197
PBT	476	500	420	437	545	653	617	596	1,832	2,296
Tax	75	79	66	52	86	103	111	113	271	413
Rate (%)	15.7	15.7	15.7	11.8	15.7	15.7	18.0	19.0	14.8	18.0
Adjusted PAT	401	421	354	385	460	551	506	483	1,561	1,883
YoY change (%)	-20.5	-30.6	-32.2	-23.7	14.7	30.8	43.0	25.4	-27.0	20.6

E: MOFSL Estimates

Marico

Buy

CMP: INR499 | TP: INR600 (+20%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect -5% domestic volume growth on a higher base
- Expect a YoY expansion in GM on lower RM prices
- Rural slowdown could affect domestic performance adversely
- Outlook on RM and margin guidance are key monitorables

Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Domestic volume growth (%)	21.0	8.0	0.0	1.0	-5.0	3.0	4.0	2.0	7.0	
Net Sales	25,250	24,190	24,070	21,610	25,755	26,561	26,477	24,413	95,120	1,03,206
YoY Change (%)	31.2	21.6	13.4	7.4	2.0	9.8	10.0	13.0	18.2	8.5
COGS	14,890	13,920	13,550	12,000	14,165	14,476	14,351	13,019	54,360	56,010
Gross Profit	10,360	10,270	10,520	9,610	11,590	12,085	12,126	11,395	40,760	47,196
Gross margin (%)	41.0	42.5	43.7	44.5	45.0	45.5	45.8	46.7	42.9	45.7
Other Expenditure	5,550	6,040	6,210	6,150	6,645	7,012	6,910	6,453	23,950	27,020
% to Sales	22.0	25.0	25.8	28.5	25.8	26.4	26.1	26.4	25.2	26.2
EBITDA	4,810	4,230	4,310	3,460	4,945	5,073	5,216	4,942	16,810	20,176
Margins (%)	19.0	17.5	17.9	16.0	19.2	19.1	19.7	20.2	17.7	19.5
YoY Change (%)	3.0	8.7	4.4	8.5	2.8	19.9	21.0	42.8	5.7	20.0
Depreciation	330	330	360	370	380	380	396	405	1,390	1,560
Interest	80	100	100	110	108	111	117	123	390	459
Other Income	270	250	220	240	275	265	238	236	980	1,014
PBT	4,670	4,050	4,070	3,220	4,733	4,848	4,941	4,651	16,010	19,172
Tax	1,020	890	900	650	1,112	1,115	1,136	1,046	3,460	4,409
Rate (%)	21.8	22.0	22.1	20.2	23.5	23.0	23.0	22.5	21.6	23.0
Minority Interest	90	70	70	60	90	70	70	70	300	300
Adjusted PAT	3,560	3,090	3,100	2,510	3,531	3,663	3,734	3,535	12,250	14,462
YoY Change (%)	7.6	4.0	1.0	5.5	-0.8	18.5	20.5	40.8	5.5	18.1

E: MOSL Estimates

Nestlé India

Neutral

CMP: INR17,973 | TP: INR18,450 (+3%)

EPS CHANGE (%): CY22|23: 0.0|0.0

- Expect growth momentum in sales to continue
- Expect 130bp/100bp YoY GM/EM contraction on higher agri commodity prices, respectively
- Expect higher contribution from out of home consumption
- Watch out for commentaries on demand and material costs

Quarterly performance

Y/E December	CY21				CY22				CY21	(INR b) CY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	36.1	34.8	38.8	37.4	39.8	39.3	43.1	43.2	147.1	165.4
YoY Change (%)	8.6	14.0	9.6	8.9	10.2	13.0	11.0	15.6	10.2	12.5
COGS	15.0	14.9	17.2	16.1	17.8	17.4	19.0	18.9	63.2	73.0
Gross Profit	21.1	19.8	21.6	21.3	22.0	21.9	24.1	24.3	83.9	92.4
Margin (%)	58.5	57.0	55.7	57.0	55.4	55.7	56.0	56.3	57.0	55.9
Operating Exp	11.8	11.5	12.1	12.8	12.7	12.8	14.1	14.5	48.2	54.2
EBITDA	9.3	8.3	9.5	8.5	9.3	9.0	10.0	9.9	35.7	38.2
Margins (%)	25.8	24.0	24.5	22.8	23.4	23.0	23.2	22.8	24.3	23.1
YoY Growth (%)	16.2	9.9	5.9	12.4	0.1	8.4	5.0	15.7	10.9	7.1
Depreciation	0.9	1.0	1.0	1.1	1.0	1.1	1.1	1.2	3.9	4.5
Interest	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.6	2.0	2.0
Other income	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.4	1.2	1.1
PBT	8.1	7.2	8.4	7.3	8.1	7.7	8.6	8.4	31.0	32.9
Tax	2.1	1.9	2.2	1.6	2.1	1.9	2.2	2.0	7.7	8.3
Rate (%)	25.8	26.8	25.9	21.4	26.0	25.2	25.2	24.4	25.0	25.2
Adjusted PAT	6.0	5.2	6.2	5.7	6.0	5.8	6.5	6.3	23.2	24.6
YoY Change (%)	13.1	5.4	3.2	23.6	(0.3)	10.2	4.0	10.3	10.8	5.8

E: MOFSL Estimates

Page Industries

Neutral

CMP: INR42,039 | TP: INR41,611 (-1%)

EPS CHANGE (%): FY23|24: +6.1|+1.6

- Strong sales momentum to continue in 1QFY23E
- Need to watch out for athleisure demand momentum given improved mobility
- Expect marginal GM expansion due to price increases
- Watch out for commentary on traction in Kids' wear and Athleisure

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	5,015	10,840	11,898	11,111	11,335	11,924	12,850	12,214	38,865	48,323
YoY change (%)	76.1	46.4	28.3	26.2	126.0	10.0	8.0	9.9	37.2	24.3
Gross Profit	2,895	5,941	6,335	6,603	6,574	6,797	7,260	6,913	21,775	27,544
Gross margin (%)	57.7	54.8	53.2	59.4	58.0	57.0	56.5	56.6	56.0	57.0
EBITDA	342	2,334	2,507	2,671	2,550	2,623	2,763	2,660	7,855	10,597
Margins (%)	6.8	21.5	21.1	24.0	22.5	22.0	21.5	21.8	20.2	21.9
YoY change	L/P	41.2	10.9	57.3	645.6	12.4	10.2	-0.4	49.2	34.9
Depreciation	159	165	167	164	183	202	204	227	655	816
Interest	73	74	77	97	82	82	89	99	322	352
Other Income	36	54	71	49	52	60	81	97	210	290
PBT	145	2,148	2,334	2,460	2,337	2,400	2,551	2,432	7,088	9,719
Tax	36	543	589	555	589	605	643	613	1,722	2,449
Rate (%)	24.6	25.3	25.2	22.6	25.2	25.2	25.2	25.2	24.3	25.2
PAT	109	1,605	1,746	1,905	1,748	1,795	1,908	1,819	5,365	7,270
YoY change (%)	L/P	44.8	13.6	64.9	1,496.4	11.9	9.3	-4.5	57.5	35.5

E: MOFSL Estimates

P&G Hygiene

Buy

CMP: INR13,695 | TP: INR15,850 (+16%)

EPS CHANGE (%): FY22|23: 0.0|0.0

- Expect sales growth of ~24% YoY in 4QFY22E
- Whisper sales likely to be healthy while Vicks sales to be muted on a high base
- Expect EM expansion of 480bp YoY over a low base, partly led by adspend normalization
- A&P spends and price hikes are the key monitorables

Standalone - Quarterly Earnings

(INR m)

Y/E June	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	10,095	10,184	7,597	7,866	10,583	10,930	8,913	8,482	35,741	38,907
YoY Change (%)	18.5	18.5	15.8	24.0	4.8	7.3	17.3	7.8	19.1	8.9
Gross profit	6,663	7,056	5,078	5,352	7,041	7,127	5,275	5,458	24,148	24,901
Margin (%)	66.0	69.3	66.8	68.0	66.5	65.2	59.2	64.4	67.6	64.0
EBITDA	2,293	2,567	1,363	749	3,013	2,965	1,650	1,214	6,972	8,842
Growth	25.8	37.5	-1.5	-32.1	31.4	15.5	21.0	62.1	12.2	26.8
Margins (%)	22.7	25.2	17.9	9.5	28.5	27.1	18.5	14.3	19.5	22.7
Depreciation	118	120	113	126	127	129	131	141	477	528
Interest	4	21	30	7	6	29	68	22	61	125
Other Income	96	94	148	57	58	69	60	140	394	327
PBT	2,267	2,520	1,369	672	2,938	2,875	1,511	1,192	6,828	8,517
Tax	552	698	326	183	756	754	381	255	1,759	2,172
Rate (%)	17.9	21.8	24.9	27.2	25.7	26.2	27.0	21.4	21.3	25.2
Reported PAT	2,539	2,506	983	490	2,183	2,121	1,029	937	6,518	6,446
Adj PAT	1,715	1,822	1,042	490	2,183	2,121	1,130	937	5,068	6,370
YoY Change (%)	25.3	34.0	2.6	-29.2	27.3	16.4	8.4	91.2	13.2	25.7
Margins (%)	17.0	17.9	13.7	6.2	20.6	19.4	12.7	11.0	14.2	16.4

E: MOFSL Estimates

Pidilite Industries**Neutral****CMP: INR2,192 | TP: INR2,035 (-7%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect 3% volume growth in the domestic C&B segment
- Revival in real estate continues – a further positive for demand
- Expect a YoY contraction in GM on sharp YoY RM inflation with QoQ expansion due to price increases
- Outlook for raw material prices, especially VAM prices, is a key monitorable

Consolidated Quarterly performance**(INR m)**

Y/E March	FY22				FY23E				FY22E	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	19,368	26,264	28,507	25,071	25,566	30,203	31,358	29,439	99,210	1,16,565
YoY change (%)	120.6	39.7	24.0	12.1	32.0	15.0	10.0	17.4	36.0	17.5
Gross Profit	9,511	11,924	12,425	10,908	11,249	13,742	14,581	14,371	44,768	53,944
Margin (%)	49.1	45.4	43.6	43.5	44.0	45.5	46.5	48.8	45.1	46.3
EBITDA	3,476	5,496	5,490	4,011	4,049	5,142	5,681	5,395	18,473	20,267
YoY change (%)	423.7	7.2	-14.3	-13.0	16.5	-6.4	3.5	34.5	9.9	9.7
Margins (%)	17.9	20.9	19.3	16.0	15.8	17.0	18.1	18.3	18.6	17.4
Depreciation	566	603	605	622	650	665	690	715	2,396	2,720
Interest	96	124	108	94	140	160	165	180	421	645
Other Income	61	139	52	111	100	100	100	115	363	415
Adj PAT	2,154	3,749	3,555	2,491	2,512	3,304	3,685	3,452	11,949	12,954
YoY change (%)	1,303.0	5.4	-20.1	-19.6	16.7	-11.9	3.7	38.6	6.1	8.4
Margins (%)	11.1	14.3	12.5	9.9	9.8	10.9	11.8	11.7	12.0	11.1

E: MOFSL Estimates

Tata Consumer Products**Buy****CMP: INR730 | TP: INR880 (+21%)****EPS CHANGE (%): FY23|24: -7|-2**

- Expect revenue for the India Foods business to grow by 18% YoY. Expect 4% volume growth in the India branded tea business
- Tea prices is a key monitorable
- Expect Nourishco to perform well aided by extended summer.
- Update on new product launches in the India Foods business

Consolidated - Quarterly Earning Model

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	30,085	30,331	32,084	31,754	33,063	33,713	35,580	36,157	1,24,254	1,38,513
YoY Change (%)	10.9	9.1	4.5	4.5	9.9	11.1	10.9	13.9	7.1	11.5
Total Expenditure	26,090	26,198	27,467	27,311	28,587	28,975	30,204	30,801	1,07,066	1,18,567
EBITDA	3,995	4,133	4,617	4,443	4,476	4,738	5,376	5,356	17,188	19,946
Margins (%)	13.3	13.6	14.4	14.0	13.5	14.1	15.1	14.8	13.8	14.4
Depreciation	668	693	698	721	730	745	760	780	2,780	3,015
Interest	204	198	162	164	150	140	130	120	728	540
Other Income	280	396	250	474	350	450	350	500	1,401	1,650
PBT before EO expense	3,403	3,638	4,007	4,032	3,946	4,303	4,836	4,956	15,081	18,041
Extra-Ord expense	-39	-163	-132	-187	0	0	0	0	-521	0
PBT	3,364	3,475	3,876	3,846	3,946	4,303	4,836	4,956	14,560	18,041
Tax	957	861	999	953	1,065	1,162	1,306	1,338	3,770	4,871
Rate (%)	28.1	23.7	24.9	23.6	27.0	27.0	27.0	27.0	25.0	27.0
Minority Interest	151	178	250	215	166	195	275	237	794	873
Profit/Loss of Asso. Cos.	-404	244	24	-502	-202	122	12	-251	-638	-319
Reported PAT	1,851	2,680	2,651	2,175	2,512	3,068	3,267	3,131	9,358	11,978
Adj PAT	1,881	2,803	2,749	2,315	2,512	3,068	3,267	3,131	9,748	11,978
YoY Change (%)	-28.8	3.3	23.4	104.3	33.6	9.5	18.8	35.2	11.8	22.9
Margins (%)	6.3	9.2	8.6	7.3	7.6	9.1	9.2	8.7	7.8	8.6

E: MOFSL estimates

United Breweries

Sell
CMP: INR1,545 | TP: INR1,150 (-26%)
EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect strong revenue growth QoQ over last quarter which was hit by Omicron-led disruptions
- Expect EM expansion of 630bp YoY over a weak base
- Expect GM to witness pressure due to higher barley and glass bottle prices
- RM costs and on-trade performance to be the key monitorables

Standalone Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	11,180	14,262	15,809	17,069	21,000	16,401	18,180	19,151	58,384	74,732
YoY Change (%)	120.6	58.4	22.6	10.6	87.8	15.0	15.0	12.2	37.7	28.0
Gross Profit	5,404	7,380	7,899	8,310	10,185	7,955	8,726	9,827	29,123	36,692
Margin (%)	48.3	51.7	50.0	48.7	48.5	48.5	48.0	51.3	49.9	49.1
EBITDA	954	1,656	2,096	2,603	3,115	1,755	1,996	2,692	7,402	9,558
YoY Change (%)	L/P	309.6	6.7	-0.4	226.5	6.0	-4.7	3.4	83.9	29.1
Margins (%)	8.5	11.6	13.3	15.3	14.8	10.7	11.0	14.1	12.7	12.8
Depreciation	552	556	529	532	600	630	650	676	2,172	2,556
Interest	39	47	37	25	60	70	90	106	148	326
Other Income	61	46	60	130	110	60	60	83	298	313
PBT	425	1,098	1,590	2,176	2,565	1,115	1,316	1,993	5,117	6,989
Tax	117	291	421	547	646	281	332	502	1,376	1,761
Rate (%)	27.4	26.5	26.5	25.1	25.2	25.2	25.2	25.2	26.9	25.2
Adj PAT	308	806	906	1,630	1,919	834	985	1,491	3,741	5,228
YoY Change (%)	L/P	1,911.2	-11.6	2.5	522.1	3.4	8.7	-8.5	136.3	39.7
Margins (%)	2.8	5.7	5.7	9.5	9.1	5.1	5.4	7.8	6.4	7.0

E: MOFSL Estimates

United Spirits

Neutral
CMP: INR797 | TP: INR804 (+1%)
EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect strong QoQ sales growth in 1QFY23E
- Updates on strategic review that announced in May'22
- Material cost pressures to lead to 260bp YoY impact on GM
- The outlook for ENA/glass and price increase granted by states are the key monitorables

Standalone Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Volume growth %	61.2	3.5	3.7	5.0					11.9	
Total revenues	16,151	24,468	28,847	24,351	25,034	26,181	23,655	22,101	93,817	96,971
YoY change (%)	56.8	14.0	15.9	9.5	55.0	7.0	-18.0	-9.2	18.9	3.4
Gross Profit	7,205	11,023	12,727	10,166	10,514	11,258	10,645	10,251	41,121	42,667
Margin (%)	44.6	45.1	44.1	41.7	42.0	43.0	45.0	46.4	43.8	44.0
Total Exp	14,474	20,454	23,940	20,084	21,120	22,023	19,410	18,418	78,952	80,971
EBITDA	1,677	4,014	4,907	4,267	3,914	4,158	4,245	3,684	14,865	16,000
Margins (%)	10.4	16.4	17.0	17.5	15.6	15.9	17.9	16.7	15.8	16.5
EBITDA growth (%)	L/P	48.8	27.9	3.6	133.4	3.6	-13.5	-13.7	50.5	7.6
Depreciation	554	655	662	671	670	700	700	726	2,542	2,796
Interest	198	230	338	127	150	120	120	57	893	447
PBT	1,031	3,164	3,923	3,727	3,214	3,418	3,575	3,111	11,845	13,318
Tax	168	921	1,012	633	810	861	901	784	2,734	3,356
Rate (%)	16.3	29.1	25.8	17.0	25.2	25.2	25.2	25.2	23.1	25.2
Adj. PAT	863	2,243	2,911	3,094	2,404	2,556	2,674	2,327	9,111	9,962
YoY change (%)	L/P	74.7	26.6	27.0	L/P	14.0	-8.1	-24.8	97.3	9.3

E: MOFSL Estimate

Varun Beverages

Buy
CMP: INR786 | TP: INR1,013 (+29%)
EPS CHANGE (%): CY22|23: +9|+6

- Expect CSD sales volumes to grow 80% YoY in 2QCY22
- Expect EBITDA margin to expand to ~26% i.e. ~2x YoY growth
- Update on penetration levels and distribution in South and West India
- Update on new product launches and market acceptance of Sting and Mountain Dew Ice

Consolidated - Quarterly Earning Model

(INR m)

Y/E December	CY21				CY22				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Gross Sales	22,409	24,498	23,982	17,343	28,275	42,882	26,138	19,130	88,232	1,16,425
YoY Change (%)	33.7	49.4	33.0	30.3	26.2	75.0	9.0	10.3	36.8	32.0
Total Expenditure	18,593	18,790	19,035	15,268	22,965	31,614	20,673	16,791	71,686	92,043
EBITDA	3,816	5,708	4,947	2,076	5,310	11,268	5,465	2,339	16,546	24,381
Margins (%)	17.0	23.3	20.6	12.0	18.8	26.3	20.9	12.2	18.8	20.9
Depreciation	1,347	1,288	1,385	1,293	1,313	1,450	1,500	1,550	5,313	5,813
Interest	579	468	427	373	470	430	450	500	1,847	1,850
Other Income	57	244	369	9	85	244	369	9	679	707
PBT before EO expense	1,947	4,197	3,504	419	3,612	9,632	3,884	297	10,066	17,426
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	1,947	4,197	3,504	419	3,612	9,632	3,884	297	10,066	17,426
Tax	579	1,009	925	93	901	2,408	971	74	2,606	4,355
Rate (%)	29.8	24.0	26.4	22.1	25.0	25.0	25.0	25.0	25.9	25.0
Minority Interest & Profit/Loss of Asso. Cos.	75	106	178	161	169	128	213	193	520	703
Reported PAT	1,293	3,082	2,401	165	2,542	7,096	2,700	30	6,941	12,368
Adj PAT	1,293	3,082	2,401	165	2,542	7,096	2,700	30	6,941	12,368
YoY Change (%)	153.5	118.9	56.9	-183.6	96.7	130.3	12.4	-82.0	113.5	78.2
Margins (%)	5.8	12.6	10.0	1.0	9.0	16.5	10.3	0.2	7.9	10.6

Financials: Banks and Insurance

1QFY23 earnings estimate (INR b)

PAT (INR b)	1Q	YoY	QoQ
Private Banks			
AUBANK	2.58	27.1	-25.3
AXSB	34.51	59.8	-16.2
BANDHAN	8.29	122.3	-56.4
DCBB	0.92	172.6	-18.9
EQUITAS	0.95	699.3	-20.2
FB	5.05	37.6	-6.5
HDFCB	92.75	20.0	-7.8
ICICIBC	64.48	39.7	-8.1
IIB	14.70	44.7	5.0
KMB	21.32	29.9	-22.9
RBK	1.75	NM	-11.4
Private Total	247.33	39.8	-13.5
PSU Banks			
BOB	12.78	5.7	-28.2
CBK	13.87	17.8	-16.7
INBK	9.24	-21.8	-6.1
PNB	5.68	-44.5	181.9
SBIN	75.95	16.8	-16.7
UNBK	12.51	5.9	-13.1
PSU Total	130.03	5.9	-14.4
Banks Total	377.36	25.9	-13.8
Other Financials			
SBICARD	5.34	75.2	-8.1
Life Insurance			
HDFCLIFE	3.37	11.6	-5.7
IPRULIFE	1.95	NM	5.5
SBILIFE	2.76	23.5	-59.0
MAXF	0.86	11.2	-44.4
Life Total	8.93	114.4	-34.7

Earnings outlook resilient; remain watchful of treasury performance

Business growth and margins gaining traction; Asset quality stable

- **Credit growth gaining traction:** Systemic loan is witnessing a healthy revival, with credit growth accelerating to ~12.1% YoY as of 17th Jun'22, led by continued strength in the Retail and SME segment, while the Corporate segment is also seeing a revival. Disbursement growth across several Retail products has surpassed pre-COVID levels, while Corporate growth was led by improved utilization levels and working capital requirements. **Among segments – Home, Vehicle, Unsecured, and Small Business continue to do well, while the demand for CV is also improving.** The Credit Cards business is seeing a healthy momentum, with spends remaining strong over 1QFY23.
- While an uncertain macro and rising inflation can impact the demand environment, we **estimate loans to grow by ~12%/13.5% YoY in FY23/FY24. We expect our Banking Coverage Universe to deliver ~26% YoY growth in PAT in 1QFY23, while PPOP will undergo a marginal YoY decline, largely due to higher MTM losses.**
- **Earnings to remain steady:** Our estimates indicate steady traction in earnings over FY23/FY24, even as we expect treasury income to be subdued and near-term OPEX to remain elevated, likely to be offset by an uptick in NII and lower credit cost. **We expect Private/PSU Banks to report an earnings growth of ~29%/~26% YoY in FY23.** Our Banking Coverage Universe is likely to report an earnings growth of ~28% YoY in FY23, after posting a growth of ~45% in FY22.
- **Asset quality and credit cost to remain controlled:** We estimate slippages to remain controlled, which, along with healthy recoveries and upgrades, will result in a continuous improvement in asset quality across Banks. While the performance of restructured and ECLGS book will be important to assess the credit cost trajectory, we expect credit cost to remain under control, while the balance sheets strengthen further.

Private Banks – PAT to grow ~40% YoY in 1QFY23

- **We estimate Private Banks to report a PPOP growth of 7.4% YoY (-2% QoQ) and PAT growth of 39.8% YoY (-13.5% QoQ) in 1QFY23.** Earnings are likely to remain healthy, led by higher business growth, NIM expansion, and a sustained reduction in credit cost.
- **Loan growth is projected to remain strong. We forecast loans by Private Banks to grow by 18%/19% over FY23/FY24.** We estimate ICICIBC to deliver a loan growth of ~20% YoY over 1QFY23 and KMB/AXSB to grow by ~29%/19%. HDFCB/IIB reported a growth of ~22%/~18% YoY.
- **Margins to witness stable/improving trends,** supported by rising interest rates, which will benefit the floating rate book. This will be further supported by the deployment of excess liquidity and healthy traction in loan growth. **We forecast NII growth of ~18% YoY,** with ICICIBC ~20%, AXSB/KMB ~19% each, and IIB/HDFCB at 16% each in 1QFY23.
- **We predict slippages to remain controlled and are optimistic on asset quality.** Slippages are likely to remain controlled over 1QFY23 across segments, barring BANDHAN, which can see some stress due to the ongoing floods. This will result in a continuous improvement in asset quality. The performance of the restructured and ECLGS book will be a key monitorable.

PSBs – Improvement in business growth and asset quality; treasury to drag earnings

- We forecast earnings for PSBs to remain muted, impacted by a weak treasury performance as a rise in bond yields will drive treasury losses, thereby denting the operating performance.
- However, traction in loan growth will keep NII healthy and enable margin expansion. This will be further supported by a sustained reduction in credit cost as the asset quality performance for PSBs remains steady.
- **PSBs are likely to deliver a NII/PPOP growth of 13.5%/-9.4% YoY (+4.4%/-9.4% QoQ), while PAT will grow by ~6% YoY (-14.4% QoQ) in 1QFY23.**

Small Finance Banks – A mixed performance

- We expect AUBANK to report a modest performance, impacted by margin pressure and higher OPEX, even as loan growth (+37%) remains healthy. Provisions are likely to remain controlled, which will support earnings.
- EQUITAS is likely to report a PPOP/PAT growth of 41%/8x YoY.

Life Insurers – Premium growth and VNB margins to remain healthy

- We expect premium growth to remain healthy (albeit on a low base) on strong demand for Annuity, Guaranteed, and Credit Life products.
- Protection is likely to see a gradual recovery, while ULIP is likely to remain subdued amid a volatile market.
- SBILIFE will post an APE growth of 68% YoY, while IPRU/HDFCLIFE will see a growth of 39%/32% in 1QFY23. MAXF would see a modest growth of 23% YoY.
- We project VNB growth of 77% YoY for SBILIFE, while others are likely to see a healthy growth of 35-37%. VNB margin to moderate on a QoQ basis, but remains healthy/higher on a YoY basis (barring MAXF).

SBICARD: Strong growth in spends; robust Asset quality outlook

- The momentum in Credit Card spends and new account sourcing is likely to remain strong over 1QFY23, which will keep fee income robust.
- Restructured book under RBI RE is anticipated to get fully dissolved, driving continued improvement in asset quality.
- While we expect credit cost to continue to improve, the performance on the margin front will be a key monitorable owing to a low revolve rate.

Other monitorables

- **The performance of the restructured and ECLGS book:** Commentaries on slippages, the performance of the restructured and ECLGS book, and provisioning guidance are key focus areas.
- **Outlook on growth and margins:** Commentaries on the growth outlook, revival in capex, and margin, amid rising interest rates, higher inflation, and a challenging macro, are key monitorables.
- **Fee income traction and treasury performance:** The traction in fee income and treasury performance due to a rise in bond yields are key focus areas.
- **Technological spends and elevated OPEX:** Outlook on technological spends and investments in the business could affect normalization in OPEX.

Our top picks – ICICIB, SBIN, HDFCB, FB, and SBILIFE

ICICIB: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
NII	475	578	705
OP	393	470	571
NP	233	292	356
NIM (%)	4.0	4.2	4.4
EPS (INR)	33.7	42.0	51.3
EPS Gr. (%)	39.2	24.7	22.1
ABV/Sh. (INR)	223	264	313
Cons. BV/Sh. (INR)	263	306	359

Ratios

RoE (%)	15.0	16.1	16.8
RoA (%)	1.8	1.9	2.0

Valuations

P/BV (x) (Cons.)	2.7	2.3	2.0
P/ABV (x)	2.5	2.1	1.7
P/E (x)	16.2	13.0	10.6

*Adjusted for investment in subsidiaries

SBIN: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
NII	1,207	1,385	1,623
OP	753	865	1,051
NP	317	417	523
NIM (%)	2.9	3.0	3.2
EPS (INR)	35.5	46.8	58.6
EPS Gr. (%)	55.2	31.7	25.3
ABV (INR)	256	298	352
Cons. BV. (INR)	328	378	441

Ratios

RoE (%)	13.0	15.2	16.7
RoA (%)	0.7	0.8	0.9

Valuations

P/BV (x) Cons.	1.4	1.3	1.1
P/ABV (x)*	1.1	0.9	0.8
P/E (x)*	7.8	6.0	4.8

*Adjusted for investment in subsidiaries

ICICIB (Buy)

- ICICIB has substantially increased its PCR to ~79% as of 4QFY22 – the highest in the industry – and carries COVID-related provisions of INR64.3b (~0.7% of loans). Slippages have moderated over the past few quarters and we expect these to subside further. ICICIB is well-cushioned, with higher provisions on its Balance Sheet, and has guided at a normalization in credit costs from FY23.
- Steady mix of a high-yielding book such as Retail/Business banking, deployment of excess liquidity, and a low-cost liability franchise is aiding margin expansion, which improved to ~4.1%. Around 70% of its book is floating in nature, with ~41%/7% linked to repo/other EBLR, which will aid margin. We expect margin to remain healthy as growth in the SME and high-yielding Retail segment picks up.
- The bank is becoming a new growth leader in the SME and Retail segments, aided by continued investments in technology and partnerships with new ecosystem players. We expect a 19% loan CAGR over FY22-24 for the bank.
- ICICIB has ample room for further re-rating as it continues with its journey to deliver consistent solid return ratios and sustainable growth, led by its focus on core operating performance. We estimate a RoA/RoE of 2%/16.8% for FY24. Adjusted for subsidiaries, the standalone bank trades at 1.7x FY24E ABV.

SBIN (Buy)

- SBIN has demonstrated a strong improvement in asset quality, which has been resilient over the past few quarters, aided by improved underwriting and significant mobilization in customer engagement by the recovery team. Fresh slippages moderated to a low of 1%, beating private peers, while PCR improved to 75%. This, coupled with controlled restructuring (1.13% of loans) and a low SMA book (13bp of loans), will drive a sustained reduction in credit cost to 0.9%.
- Retail growth is likely to remain strong. This, along with a pick-up in the SME and Corporate book (as the un-utilized limit continues to moderate), will support loan growth. Stable margin, deployment of surplus liquidity, and reversal in the rate cycle (as ~75% of loans are floating in nature) will enable a recovery in NII.
- SBIN inarguably has one of the best liability franchises (CASA mix: ~46%). This puts it in a better position to manage funding cost in a rising rate regime. While there could be some increase in the cost of deposits, margin is likely to remain stable.
- SBIN appears well positioned to report a strong uptick in earnings. We estimate a FY24 RoA/RoE of 0.9%/16.7%. Subsidiaries account for ~32% of the total SoTP. Adjusted for subsidiaries, the bank trades at 0.8x FY24E ABV.

HDFCB: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
NII	720	872	1,067
OP	641	756	914
NP	370	444	539
NIM (%)	3.9	4.1	4.2
EPS (INR)	66.8	80.1	97.2
EPS Gr. (%)	18.1	19.8	21.4
BV/Sh. (INR)	433	504	591
ABV/Sh. (INR)	420	490	575
Ratios			
RoE (%)	16.7	17.1	17.8
RoA (%)	1.9	2.0	2.1
Valuations			
P/E (x)	20.3	16.9	13.9
P/BV (x)	3.1	2.7	2.3
P/ABV (x)	3.2	2.8	2.4

FB: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
NII	59.6	67.5	81.0
OP	37.6	42.7	52.2
NP	18.9	23.6	29.0
NIM (%)	3.2	3.3	3.4
EPS (INR)	9.2	11.2	13.8
EPS Gr. (%)	15.6	21.6	23.0
BV/Sh. (INR)	89.4	98.8	110.2
ABV/Sh. (INR)	82.1	90.9	101.9
Ratios			
RoE (%)	10.8	11.9	13.2
RoA (%)	0.9	1.0	1.1
Valuations			
P/E (x)	10.3	8.5	6.9
P/BV (x)	1.1	1.0	0.9
P/ABV (x)	1.2	1.0	0.9

SBILIFE: Financial snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
Net Premium	584	689	834
Sh. PAT	15.1	17.3	18.9
NBP gr- unwttd.(%)	23.4	22.0	23.0
NBP gr. – APE (%)	23.4	22.1	23.6
Premium gr. (%)	16.9	18.2	21.1
VNB margin. (%)	25.9	26.7	27.0
RoEV (%)	18.7	18.3	19.5
Total AUM (INR t)	2.7	3.1	3.8
VNB	37.0	45.7	57.3
EV per share	396	469	560
Valuations			
P/EV (x)	2.8	2.4	2.0
P/EVOP (x)	16.2	14.1	11.6

HDFCB (Buy)

- HDFCB has been delivering a healthy growth in advances, driven by strong trends in Retail loans. The growth has been fueled by Commercial and Rural Banking, while Wholesale advances have seen modest trends. We expect the steady traction to continue and estimate a 19% CAGR in loans over FY22-24.
- Asset quality remains robust, with credit costs undershooting the long-term trend. HDFCB is increasing its contingency buffers prudently, which provide comfort and limit the adverse impact on profitability. We estimate credit costs to sustain ~1% over FY23-24.
- A strong liability franchise, along with a pick-up in Retail loan growth, will support margin and its operating performance. We estimate HDFCB to report a RoA/RoE of 2.1%/17.8% in FY24. HDFCB currently trades at 2.4x FY24E ABV.

FB (Buy)

- Asset quality ratios have improved, led by healthy recoveries and upgrades and moderation in slippages. CE stood healthy ~95% in 4QFY22, with no big-ticket account (over INR1b) on its watch-list. While we remain watchful of stress from the SME and Agri segment and a high restructuring book, we nevertheless expect credit costs to moderate. We expect a slippage/credit cost/PCR of 1.3%/0.7%/~68% in FY24.
- CASA and retail TD constitute over 91% of total deposits. The bank has a lower cost of funds advantage v/s other mid-sized Banks. This, along with a focus on cross-selling liability products to Corporate clients to garner salary accounts and a pick-up in loan growth, is likely to support margin.
- The management has been taking a cautious approach towards building its loan mix to higher-rated Corporates and secured Retail loans. The mix of Retail loans improved to ~32% as of 4QFY22 (from 28.4% in FY19). We expect loan growth to remain healthy, resulting in a further improvement in its overall operating performance.
- We expect a RoA/RoE of 1.1%/13.2% by FY24. FB currently trades at 0.9x FY24E ABV.

SBILIFE (Buy)

- SBILIFE is seeing strong traction in premium growth across segments, with Individual WRP delivering a robust 134% growth over FY23 till date – much higher than the industry and other listed peers. Both the agency and banca channels are contributing to growth. We estimate a 22% APE CAGR over FY22-24, led by continued momentum in Non-PAR Savings and Protection products.
- The share of ULIP can remain slightly muted. However, trends in Protection and Non-PAR segments are likely to remain healthy. This will continue to support VNB margin.
- Persistency ratios are likely to remain healthy across cohorts, while cost ratios may increase moderately on a revival in business growth. However, cost leadership is likely to continue.
- We estimate 24% VNB CAGR over FY22-24, with operating RoEV to sustain ~21% by FY24. We forecast a steady improvement in margin to ~27% over FY22-24. SBILIFE currently trades at 2x FY24E EV.

Exhibit 1: 1QFY23 earnings estimates

	CMP		NII (INR m)			Op. profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Jun'22	Variance YoY (%)	Variance QoQ (%)	Jun'22	Variance YoY (%)	Variance QoQ (%)	Jun'22	Variance YoY (%)	Variance QoQ (%)
Financials											
AU Small Finance	563	Buy	9,734	34.4	3.9	4,335	-9.9	-10.1	2,584	27.1	-25.3
Axis Bank	654	Buy	92,638	19.4	5.0	60,853	-1.6	-5.9	34,512	59.8	-16.2
Bandhan Bank	271	Neutral	24,740	17.0	-2.6	22,387	15.5	-11.2	8,293	122.3	-56.4
DCB Bank	76	Neutral	3,853	24.8	1.3	2,176	7.6	-1.5	920	172.6	-18.9
Equitas Holdings	84	Buy	5,793	25.7	4.9	2,281	41.0	-19.6	953	699.3	-20.2
Federal Bank	95	Buy	15,720	10.8	3.1	9,128	-12.0	14.4	5,053	37.6	-6.5
HDFC Bank	1,355	Buy	197,395	16.1	4.6	163,481	8.0	-0.1	92,755	20.0	-7.8
ICICI Bank	720	Buy	131,771	20.5	4.5	103,724	16.6	0.8	64,481	39.7	-8.1
IndusInd Bank	832	Buy	41,178	15.5	3.3	32,299	1.4	-4.5	14,701	44.7	5.0
Kotak Mahindra Bank	1,671	Neutral	47,025	19.3	4.0	32,175	11.3	-3.7	21,324	29.9	-22.9
RBL Bank	87	UR	11,031	13.8	-2.5	6,235	-18.6	-5.2	1,753	NM	-11.4
Banks – Private			580,878	18.0	4.0	439,073	7.4	-2.0	247,329	39.8	-13.5
Bank of Baroda	98	Buy	88,884	12.6	3.2	50,367	-10.1	-10.6	12,776	5.7	-28.2
Canara Bank	188	Buy	72,797	18.2	3.9	57,957	5.7	-6.5	13,872	17.8	-16.7
Indian Bank	151	Buy	44,443	11.3	4.4	29,580	-13.4	8.1	9,245	-21.8	-6.1
Punjab National Bank	30	Neutral	76,380	5.6	4.6	46,369	-27.5	-11.9	5,681	-44.5	181.9
State Bank of India	473	Buy	325,507	17.8	4.3	176,182	-7.1	-10.6	75,953	16.8	-16.7
Union Bank	35	Buy	72,121	2.8	6.5	47,803	-7.7	-13.4	12,508	5.9	-13.1
Banks – PSU			680,131	13.5	4.4	408,258	-9.4	-9.4	130,035	5.9	-14.4
Total Banks			1,261,009	15.5	4.2	847,331	-1.4	-5.7	377,363	25.9	-13.8
HDFC Life Insurance	574	Neutral	92,613	22.9	-35.2	3,408	11.1	6.0	3,373	11.6	-5.7
ICICI Prudential Life	511	Buy	81,771	23.9	-28.0	2,084	-196.6	-5.7	1,949	NM	5.5
SBI Life Insurance	1,115	Buy	110,185	32.6	-36.8	2,788	19.4	-59.8	2,757	23.5	-59.0
Max Financial	809	Buy	42,237	21.2	-47.2	NA	NA	NA	856	11.2	-44.4
Life Insurance			326,807	26.0	-36.0	8,280	155.3	-33.0	8,935	114.4	-34.7
SBI Cards	786	Buy	10,566	14.3	5.8	12,659	20.1	8.0	5,338	75.2	-8.1

Note: For Life Insurance - NII represents net premium income, PPOP represents the shareholder's PBT, and PAT represents the shareholder's profits

Exhibit 2: Loan growth picks up to 12.1%

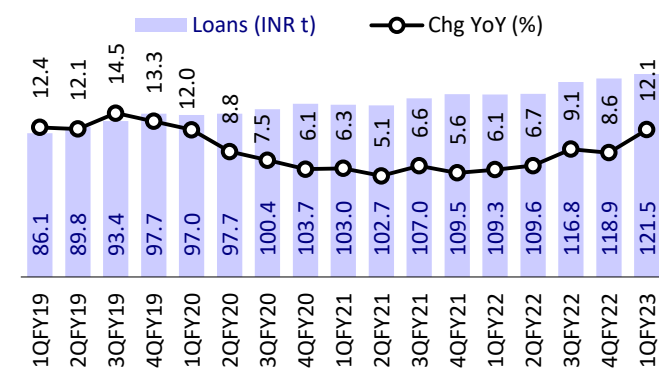


Exhibit 3: Deposit growth modest at 8.3%

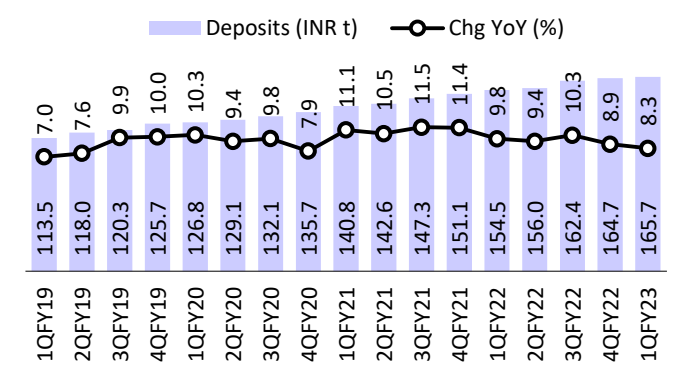


Exhibit 4: Margins to exhibit a positive bias, supported by rising interest rate and healthy pick up in business growth

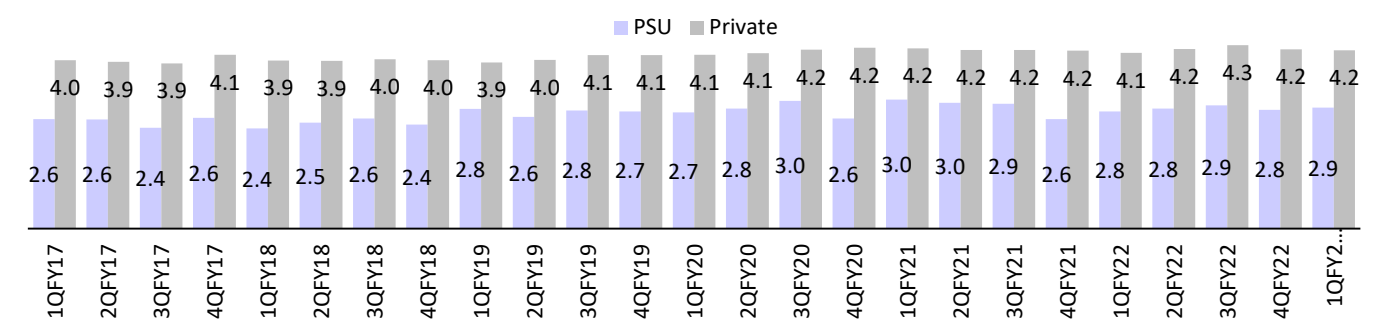


Exhibit 5: Our FY23E earnings estimates are broadly unchanged for Private Banks, while we cut the same for PSU Banks due to weak treasury performance

PAT (INR b)	Old estimates		Revised estimates		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Private Banks						
AXSB	178.4	225.2	166.4	214.4	-6.7%	-4.8%
BANDHAN	43.7	61.6	41.9	58.9	-4.2%	-4.4%
DCBB	4.2	5.5	4.3	5.7	1.7%	3.3%
HDFCB	445.4	535.2	444.2	539.2	-0.3%	0.7%
ICICIBC	282.4	340.9	291.8	356.2	3.4%	4.5%
IIB	71.1	89.5	69.1	87.0	-2.8%	-2.8%
KMB	95.9	113.8	96.2	114.7	0.3%	0.8%
FB	23.0	27.9	23.6	29.0	2.3%	4.0%
RBK	9.2	14.4	8.9	12.9	-4.1%	-10.5%
AUBANK	15.6	21.2	14.3	20.2	-8.5%	-5.1%
EQUITAS	4.6	6.7	5.0	7.4	7.8%	10.0%
Total Private Banks	1,173.6	1,441.9	1,165.6	1,445.6	-0.7%	0.3%
YoY growth	29.9%	22.9%	29.0%	24.0%		
PSU Banks						
BOB	95.2	132.7	82.4	124.6	-13.5%	-6.1%
CBK	82.9	100.6	74.2	93.9	-10.4%	-6.7%
INBK	49.1	60.2	47.3	58.2	-3.7%	-3.4%
PNB	51.2	67.5	40.4	60.3	-21.0%	-10.7%
SBIN	423.7	521.6	417.3	522.6	-1.5%	0.2%
UNBK	59.8	88.8	57.5	86.6	-3.9%	-2.5%
Total PSU Bank	762.0	971.4	719.2	946.0	-5.6%	-2.6%
YoY growth	33.1%	27.5%	25.6%	31.5%		
Total for Banks	1,935.6	2,413.4	1,884.7	2,391.6	-2.6%	-0.9%
YoY growth	31.1%	24.7%	27.7%	26.9%		
Other Financials						
SBICARD	26.3	36.2	25.1	35.7	-4.6%	-1.4%

Source: MOFSL, Company

Large Banks continue to carry additional provision buffers

Exhibit 6: Snapshot of additional provision buffers as of 4QFY22

As of 4QFY22	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB*	7,077	50.1	74.2	124.3	1.8
BANDHAN	940	-	-	-	0.0
DCBB	291	0.7	-	0.7	0.2
HDFCB**	13,688	96.9	14.5	111.4	0.8
ICICIBC	8,590	64.3	-	64.3	0.7
IIB***	2,391	33.3	-	33.3	1.4
IDFCFIRST	1,179	1.7	-	1.7	0.1
KMB	2,713	5.5	-	5.5	0.2
FB	1,449	-	-	-	0.0
RBK	600	-	-	-	0.0
AUBANK	461	1.6	-	1.6	0.3
EQUITAS	194	-	-	-	0.0
SBIN	27,340	-	-	-	0.0
SBICARD	302	0.5	-	0.5	0.2

*AXSB holds total provisions of INR124b, including standard and additional, other than NPA

**Floating provisions for HDFCB stands at INR14.51b

***For IIB, counter-cyclical provisions (INR6.35b) and floating provisions (INR0.7b) are included in the PCR

Source: MOFSL, Company

Restructuring book remains controlled for large Banks, but it is relatively higher for mid-sized Banks

Exhibit 7: Snapshot of restructuring book across Banks

INR b	Restructured book				
	Absolute	Mar'21	Sep'21	Dec'21	Mar'22
AXSB	40.3	0.30%	0.66%	0.63%	0.52%
BANDHAN	54.2	0.76%	11.18%	8.22%	5.77%
DCBB	18.7	4.26%	6.80%	6.81%	6.42%
HDFCB	157.0	0.57%	1.50%	1.40%	1.14%
ICICIB	82.7	0.54%	1.27%	1.19%	1.00%
IIB	62.2	1.80%	3.60%	3.30%	2.60%
KMB	12.1	0.19%	0.54%	0.54%	0.44%
FB	35.4	1.07%	2.49%	2.45%	2.44%
RBK	19.6	1.58%	3.66%	3.44%	3.27%
AUBANK	11.8	1.85%	3.60%	3.10%	2.50%
BOB	190.0	1.34%	2.95%	2.65%	2.44%
SBIN	309.6	0.73%	1.24%	1.20%	1.13%
INBK	184.2	1.64%	5.85%	5.09%	4.73%
PNB	172.0	NA	2.60%	2.76%	2.36%
UNBK	214.4	1.10%	3.69%	3.32%	2.99%
BOI	110.6	NA	3.61%	2.97%	2.63%
CBK	195.0	NA	2.85%	2.78%	2.77%

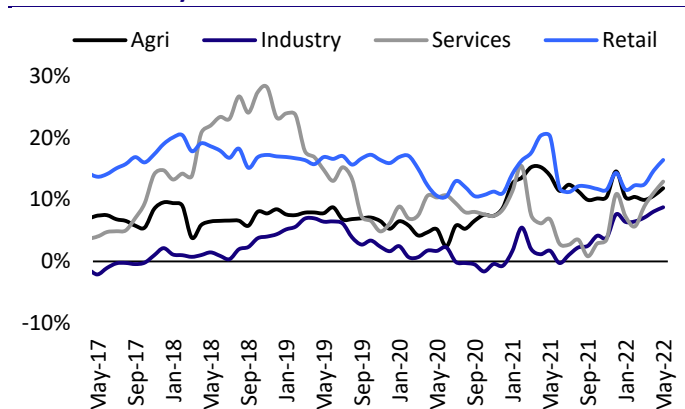
Source: MOFSL, Company

Exhibit 8: SMA book across Banks as of 4QFY22

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA	44bp	
BOI	174bp	54bp	12bp
CBK	83bp	43bp	27bp
INBK	NA	75bp	18bp
PNB	NA	NA	2bp
SBIN	NA	11bp	2bp
UNBK	NA	NA	9bp
BANDHAN	300bp	160bp	190bp
KMB	NA	NA	7bp

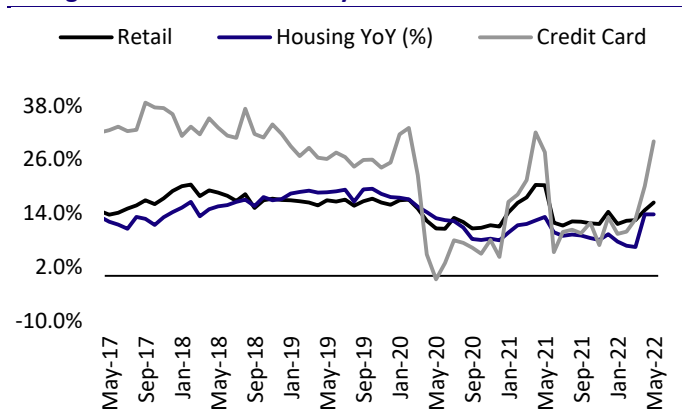
Source: MOFSL, Company

Exhibit 9: Retail loan growth improves to 16.4%; Retail mix at 31.1% in May'22



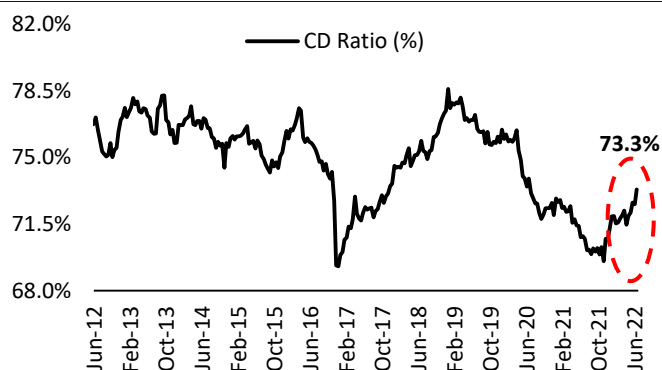
Source: MOFSL, RBI

Exhibit 10: Credit Card growth ~30% YoY; Housing/Vehicle loan growth ~14% each in May'22



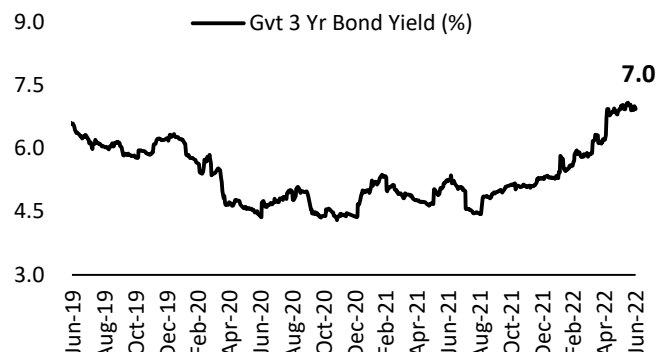
Source: MOFSL, RBI

Exhibit 11: CD ratio picks up to 73.3% as of 17th Jun'22, expect it to improve gradually



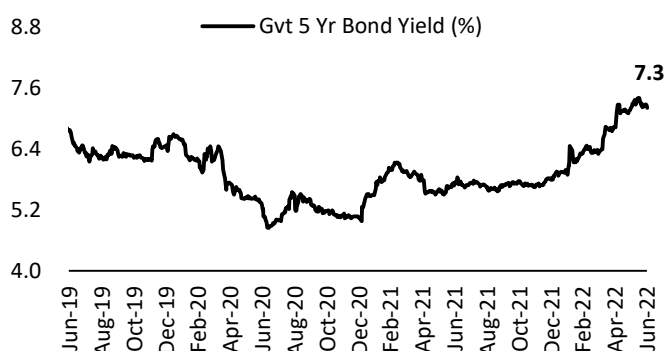
Source: MOFSL, RBI

Exhibit 12: Three-year G-Sec yield increases 113bp over 1QFY23, currently ~6.9%



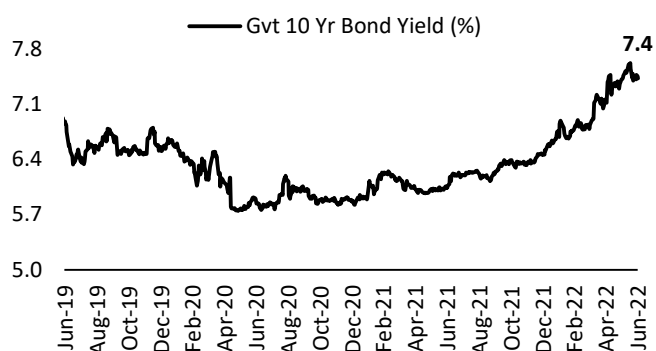
Source: MOFSL, BBG

Exhibit 13: Five-year G-Sec yield increases by 93bp in 1QFY23, currently ~7.2%



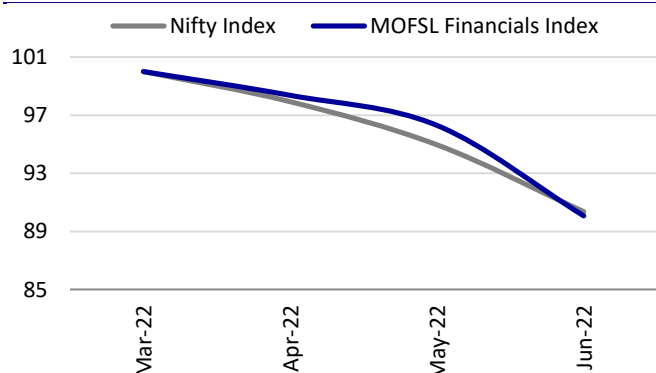
Source: MOFSL, BBG

Exhibit 14: 10-year G-Sec yield increases by 61bp in 1QFY23, currently ~7.4%



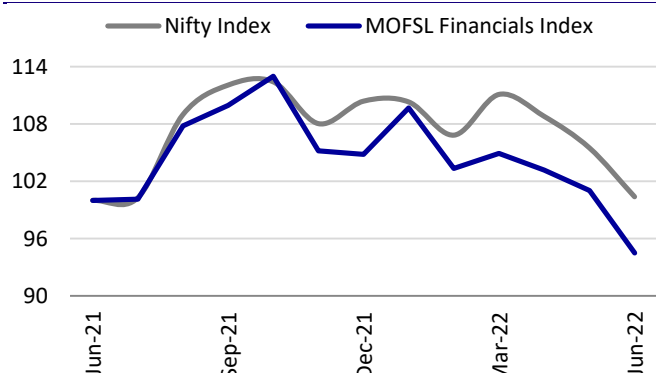
Source: MOFSL, BBG

Exhibit 15: Relative performance – three months (%)



Source: MOFSL, Company

Exhibit 16: One-year relative performance (%)



Source: MOFSL, Company

Exhibit 17: Valuation summary

	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	(INR)	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Financials														
Banks-Private						21.3	16.5	13.3	2.8	2.5	2.1	13.3	15.1	16.1
AU Small Finance	563	Buy	18.0	22.7	32.0	31.2	24.8	17.6	4.7	4.0	3.2	16.6	17.4	20.3
Axis Bank	654	Buy	42.5	54.2	69.9	15.4	12.1	9.4	1.7	1.7	1.4	12.0	14.2	16.6
Bandhan Bank	271	Neutral	0.8	26.0	36.6	346.7	10.4	7.4	2.5	2.1	1.7	0.7	21.9	25.3
DCB Bank	76	Neutral	9.2	13.7	18.2	8.2	5.5	4.2	0.6	0.5	0.5	7.8	10.6	12.7
Equitas Holdings	84	Buy	8.2	14.6	21.5	10.2	5.7	3.9	0.7	0.6	0.6	7.3	11.3	15.0
Federal Bank	95	Buy	9.2	11.2	13.8	10.3	8.5	6.9	1.1	1.0	0.9	10.8	11.9	13.2
HDFC Bank	1,355	Buy	66.8	80.1	97.2	20.3	16.9	13.9	3.1	2.7	2.3	16.7	17.1	17.8
ICICI Bank	720	Buy	33.7	42.0	51.3	21.4	17.1	14.0	3.0	2.6	2.2	15.0	16.1	16.8
IndusInd Bank	832	Buy	62.1	89.2	112.3	13.4	9.3	7.4	1.3	1.2	1.0	10.6	13.6	15.1
Kotak Mahindra Bank	1,671	Neutral	60.9	69.3	83.0	27.4	24.1	20.1	3.4	3.0	2.6	12.7	12.5	13.2
RBL Bank	87	Buy	-1.2	14.8	21.6	-70.1	5.9	4.1	0.4	0.4	0.4	-0.6	6.8	9.3
SBI Cards	786	Buy	17.2	26.6	37.9	45.8	29.6	20.7	9.6	7.4	5.6	23.0	28.2	30.6
Banks-PSU						9.6	7.6	5.7	0.9	0.8	0.7	9.5	11.0	13.1
Bank of Baroda	98	Buy	14.0	15.9	24.1	7.0	6.2	4.1	0.6	0.6	0.5	8.5	9.2	12.6
Canara Bank	188	Buy	32.8	40.9	51.7	5.7	4.6	3.6	0.6	0.5	0.4	9.1	10.7	12.1
Indian Bank	151	Buy	33.2	38.0	46.7	4.5	4.0	3.2	0.5	0.4	0.4	11.2	12.0	13.3
Punjab National Bank	30	Neutral	3.2	3.7	5.5	9.3	8.2	5.5	0.4	0.3	0.3	3.7	4.2	5.9
State Bank	473	Buy	39.6	52.6	66.7	11.9	9.0	7.1	1.4	1.3	1.1	13.0	15.2	16.7
Union Bank	35	Buy	7.9	8.4	12.7	4.4	4.1	2.7	0.3	0.3	0.3	8.3	8.5	12.0
Insurance						113.6	60.1	44.2	14.4	11.8	9.7	12.7	19.7	22.0
HDFC Life Insur.	574	Neutral	5.7	6.8	7.9	100.6	84.2	72.6	3.5	3.0	2.5	23.8	18.0	18.7
ICICI Pru Life	511	Buy	5.3	6.9	8.6	97.4	74.6	59.3	2.3	2.0	1.7	8.7	14.3	16.7
Life Insurance Corp.	693	Buy	6.5	12.4	18.1	106.2	55.8	38.2	0.8	0.7	0.7	NM	3.2	11.4
Max Financial	809	Buy	10.4	11.0	14.3	77.6	73.3	56.5	2.5	2.1	1.7	19.8	19.9	20.6
SBI Life Insurance	1,115	Buy	15.1	17.3	18.9	74.0	64.5	59.1	2.8	2.4	2.0	18.7	18.3	19.5
Star Health	497	Buy	-18.1	13.2	19.4	-27.5	37.7	25.6	6.2	4.1	3.5	-25.7	13.0	14.7

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

AU Small Finance Bank

Buy

CMP: INR563 | TP: INR750 (+33%)

EPS CHANGE (%): FY23|24: -8.5|-5.1

- Expect margin to compress to ~6%.
- Expect business growth to see a strong traction.
- CoF and C/I ratio are the other key monitorables.
- Asset quality and movement in the restructuring book are key monitorables.

Quarterly performance

(INR m)

	FY22				FY23E				FY22	FY23E
	1Q*	2Q*	3Q*	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	7,240	7,531	8,204	9,366	9,734	10,332	10,887	11,741	32,341	42,694
Change (YoY %)	40.4	34.3	29.6	42.8	34.4	37.2	32.7	25.4	36.7	32.0
Other Income	2,141	1,919	2,756	3,114	1,858	2,295	3,170	3,607	9,937	10,931
Total Income	9,381	9,451	10,961	12,479	11,592	12,627	14,057	15,348	42,278	53,624
Operating Expenses	4,570	5,526	6,376	7,656	7,258	7,474	7,875	8,277	24,128	30,884
Operating Profit	4,811	3,925	4,584	4,823	4,335	5,153	6,181	7,071	18,150	22,741
Change (YoY %)	8.0	-11.1	-48.8	40.1	-9.9	31.3	34.8	46.6	-15.9	25.3
Provisions	2,065	46	560	932	881	914	888	972	3,610	3,654
Profit before Tax	2,747	3,878	4,025	3,891	3,454	4,240	5,293	6,099	14,541	19,086
Tax Provisions	715	1,093	1,004	430	870	1,068	1,334	1,537	3,242	4,810
Net Profit	2,032	2,785	3,020	3,461	2,584	3,171	3,959	4,562	11,298	14,276
Change (YoY %)	1.2	-13.5	-36.9	104.8	27.1	13.9	31.1	31.8	-3.5	26.4
Operating Parameters										
Deposit (INR b)	370.1	390.3	442.8	525.8	546.3	576.3	626.8	694.1	525.8	694.1
Loan (INR b)	339.6	358.5	401.8	461.0	483.2	505.4	549.8	609.1	461.0	609.1
Deposit Growth (%)	38.5	44.7	49.0	46.2	47.6	47.6	41.6	32.0	46.2	32.0
Loan Growth (%)	29.4	31.6	32.6	33.2	42.3	41.0	36.8	32.1	33.2	32.1
Asset Quality										
GNPA (%)	4.3	3.2	2.6	2.0	2.0	2.0	2.0	2.0	2.0	2.0
NNPA (%)	2.3	1.7	1.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5
PCR (%)	48.8	48.6	50.8	75.0	75.5	77.0	76.5	75.5	75.0	75.5

*YoY growth is not comparable due to gain from the Aavas stake sale

Axis Bank

Buy

CMP: INR654 | TP: INR850 (+30%)

EPS CHANGE (%): FY23|24: -6.7|-4.8

- Expect credit costs to remain steady. Slippages will be a key monitorable.
- Restructuring and BB & below pool to remain a key focus area.
- Expect margin to witness a slight expansion to ~3.5%. Cost to assets is another key monitorable.
- Expect business growth to see a healthy traction.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	77.6	79.0	86.5	88.2	92.6	97.4	99.7	104.5	331.3	394.2
Change (YoY %)	11.1	7.8	17.4	16.7	19.4	23.2	15.3	18.5	13.3	19.0
Other Income	33.6	38.0	38.4	42.2	30.9	37.2	41.5	48.8	152.2	158.3
Total Income	111.2	117.0	124.9	130.4	123.5	134.6	141.2	153.2	483.5	552.5
Operating Expenses	49.3	57.7	63.3	65.8	62.7	65.3	68.0	70.7	236.1	266.6
Operating Profit	61.9	59.3	61.6	64.7	60.9	69.2	73.2	82.6	247.4	285.9
Change (YoY %)	5.9	-11.0	17.4	12.7	-1.6	16.8	18.8	27.7	-3.7	15.5
Provisions	33.0	17.4	13.3	9.9	14.7	15.4	15.5	17.8	73.6	63.4
Profit before Tax	28.8	41.9	48.3	54.8	46.1	53.8	57.7	64.8	173.8	222.5
Tax	7.2	10.6	12.1	13.6	11.6	13.6	14.5	16.3	43.6	56.1
Net Profit	21.6	31.3	36.1	41.2	34.5	40.3	43.1	48.5	130.3	166.4
Change (YoY %)	94.2	86.2	223.7	53.8	59.8	28.5	19.4	17.7	97.7	27.8
Operating Parameters										
Deposit (INR t)	7.1	7.4	7.7	8.2	8.4	8.6	8.9	9.5	8.2	9.5
Loan (INR t)	6.1	6.2	6.6	7.1	7.3	7.5	7.8	8.3	7.1	8.3
Deposit Growth (%)	16.0	18.1	20.3	17.7	17.7	17.0	15.9	16.0	17.7	16.0
Loan Growth (%)	12.0	10.1	16.7	15.2	18.6	20.5	17.1	16.7	15.2	16.7
Asset Quality										
Gross NPA (%)	3.9	3.5	3.2	2.8	2.7	2.5	2.4	2.4	3.0	2.4
Net NPA (%)	1.2	1.1	0.9	0.7	0.7	0.6	0.6	0.6	0.8	0.6
PCR (%)	69.8	70.2	72.0	74.7	74.6	75.0	75.2	74.9	74.7	74.9

Bandhan Bank**Neutral****CMP: INR271 | TP: INR315 (+16%)****EPS CHANGE (%): FY23|24: -4.2|-4.4**

- Expect NIM to witness a slight compression to ~8.5%.
- We stay watchful of credit costs and slippages, especially the commentary on the Assam floods, will be a key focus area.
- Expect business growth to see a healthy traction.
- Commentaries around CE and SMA book are key monitorables.

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	21.1	19.4	21.2	25.4	24.7	25.9	27.2	28.8	87.1	106.6
Change (YoY %)	16.7	0.6	2.6	44.6	17.0	33.9	28.0	13.4	15.2	22.4
Other Income	6.0	5.3	7.1	9.6	7.5	8.3	8.8	9.3	28.2	33.9
Total Income	27.1	24.6	28.4	35.0	32.2	34.2	36.0	38.1	115.4	140.5
Operating Expenses	7.8	8.8	8.9	9.8	9.8	10.4	11.0	11.5	35.2	42.6
Operating Profit	19.4	15.8	19.5	25.2	22.4	23.9	25.0	26.6	80.1	97.9
Change (YoY %)	22.3	-1.7	1.4	53.5	15.5	50.5	28.2	5.6	16.9	22.1
Provisions	14.4	56.1	8.1	0.0	11.3	10.8	10.3	9.5	78.8	41.9
Profit Before Tax	5.0	-40.3	11.4	25.2	11.1	13.0	14.8	17.2	1.3	56.0
Tax	1.2	-10.2	2.9	6.1	2.8	3.3	3.7	4.3	0.0	14.1
Net Profit	3.7	-30.1	8.6	19.0	8.3	9.7	11.0	12.8	1.3	41.9
Change (YoY %)	-32.1	NM	35.8	NM	122.3	NM	28.5	-32.5	-94.3	NM
Operating Parameters										
Deposits (INR b)	773	819	845	963	998	1,056	1,114	1,194	963	1,194
Loans (INR b)	748	745	803	940	963	1,018	1,081	1,171	940	1,171
Deposit Growth (%)	27.6	23.8	18.7	23.5	29.0	28.9	31.8	24.0	23.5	24.0
Loan Growth (%)	7.2	1.6	4.6	15.1	28.8	36.7	34.6	24.6	15.1	24.6
Asset Quality										
Gross NPA (%)	8.2	10.8	10.8	6.5	6.2	6.0	5.4	4.9	6.5	4.9
Net NPA (%)	3.3	3.0	3.0	1.7	1.6	1.5	1.3	1.2	1.7	1.2
PCR (%)	61.8	74.1	74.4	75.5	76.0	76.4	77.0	76.4	75.5	76.4

Bank of Baroda**Buy****CMP: INR98 | TP: INR135 (+37%)****EPS CHANGE (%): FY23|24: -13.5|-6.1**

- Expect earnings to be impacted by treasury losses and business growth to see a healthy traction.
- OPEX trajectory, particularly employee costs, is a key focus area. Expect credit cost to remain stable.
- Expect slippages to moderate and asset quality to stay steady.
- Movement in its watch-list and stressed pool are key monitorables.

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	78.9	75.7	85.5	86.1	88.9	91.5	92.6	94.3	326.2	367.3
Change (YoY %)	15.8	2.1	14.4	21.2	12.6	20.9	8.3	9.5	13.2	12.6
Other Income	28.6	35.8	25.2	25.2	15.3	24.0	26.2	36.7	114.8	102.2
Total Income	107.5	111.5	110.7	111.3	104.2	115.5	118.8	131.0	441.1	469.5
Operating Expenses	51.5	54.8	55.9	55.0	53.8	57.1	58.9	61.2	217.2	231.1
Operating Profit	56.0	56.7	54.8	56.4	50.4	58.4	59.9	69.8	223.9	238.4
Change (YoY %)	38.6	5.8	7.9	-9.6	-10.1	3.0	9.2	23.8	5.6	6.5
Provisions	40.1	27.5	25.1	37.4	33.3	32.4	29.6	33.3	130.0	128.5
Profit before Tax	16.0	29.2	29.8	19.0	17.1	26.0	30.3	36.5	93.9	109.9
Tax	3.9	8.3	7.8	1.2	4.3	6.6	7.6	9.0	21.1	27.5
Net Profit	12.1	20.9	22.0	17.8	12.8	19.4	22.7	27.5	72.7	82.4
Change (YoY %)	NM	24.4	107.1	NM	5.7	-6.8	3.2	54.6	777.3	13.3
Operating Parameters										
Deposit (INR b)	9,313	9,595	9,780	10,459	10,619	10,815	11,037	11,348	10,459	11,348
Loan (INR b)	6,684	6,938	7,322	7,772	7,900	8,071	8,327	8,626	7,772	8,626
Deposit Growth (%)	(0.3)	0.5	2.5	8.2	14.0	12.7	12.9	8.5	8.2	8.5
Loan Growth (%)	(2.7)	3.6	4.8	10.0	18.2	16.3	13.7	11.0	10.0	11.0
Asset Quality										
Gross NPA (%)	8.9	8.1	7.3	6.6	6.3	6.1	5.8	5.4	6.6	5.4
Net NPA (%)	3.0	2.8	2.3	1.7	1.6	1.5	1.4	1.3	1.7	1.3
PCR (%)	67.9	67.1	70.6	75.3	76.0	76.4	77.0	77.2	75.3	77.2

Canara Bank

Buy

CMP: INR188 | TP: INR280 (+49%)

EPS CHANGE (%): FY23|24: -10.4|-6.7

- Expect business growth to remain steady.
- Expect credit costs to stay elevated. Restructuring book a key monitorable.
- Expect asset quality to remain steady and slippages to moderate.
- Expect margin to expand to ~3%. The outlook on its treasury performance will be a key monitorable.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	61.6	62.7	69.4	70.1	72.8	74.6	76.1	78.5	263.8	302.1
Change (YoY %)	1.0	-0.5	14.1	24.9	18.2	18.9	9.6	12.1	9.5	14.5
Other Income	41.6	42.7	36.1	44.6	33.4	36.4	38.5	43.4	165.0	151.8
Total Income	103.2	105.4	105.6	114.7	106.2	111.0	114.7	121.9	428.8	453.8
Operating Expenses	48.3	49.4	47.5	52.7	48.2	48.8	50.2	52.0	184.4	199.3
Operating Profit	54.8	56.0	58.0	62.0	58.0	62.2	64.4	69.9	244.4	254.5
Change (YoY %)	27.9	21.9	10.2	18.8	5.7	11.0	11.1	12.7	24.2	4.1
Other Provisions	34.6	33.6	22.4	37.1	36.9	35.2	35.2	34.7	141.3	142.1
Exceptional Item (Exp.)	NA	NA	13.5	NA	NA	NA	NA	NA	13.5	NA
Profit before Tax	20.2	22.4	22.0	24.9	21.0	27.0	29.2	35.3	89.6	112.5
Tax	8.4	9.1	7.0	8.3	7.1	9.2	9.9	12.0	32.8	38.2
Net Profit	11.8	13.3	15.0	16.7	13.9	17.8	19.3	23.3	56.8	74.2
Change (YoY %)	189.8	199.9	115.8	64.8	17.8	33.6	28.4	39.7	122.0	30.7
Operating Parameters										
Deposit (INR b)	10,218	10,325	10,434	10,864	11,021	11,168	11,429	11,733	10,864	11,733
Loan (INR b)	6,485	6,496	6,922	7,036	7,144	7,258	7,448	7,669	7,036	7,669
Deposit Growth (%)	12.3	8.8	7.2	7.5	7.9	8.2	9.5	8.0	7.5	8.0
Loan Growth (%)	5.1	5.4	9.1	10.1	10.2	11.7	7.6	9.0	10.1	9.0
Asset Quality										
Gross NPA (%)	8.5	8.4	7.8	7.5	7.3	7.0	6.7	6.3	7.5	6.3
Net NPA (%)	3.5	3.2	2.9	2.7	2.6	2.5	2.3	2.2	2.7	2.2
PCR (%)	61.5	63.9	65.2	66.5	66.0	66.4	66.8	66.9	65.9	66.9

DCB Bank

Neutral

CMP: INR76 | TP: INR90 (+19%)

EPS CHANGE (%): FY23|24: +1.7|+3.3

- Expect credit costs to remain steady on potential stress in the SME/LAP segment.
- The C/I ratio may remain under pressure.
- Expect asset quality to stay under pressure. The performance of the restructuring book will be a key focus area.
- NIM expansion and loan growth are key monitorables.

Quarterly performance

(INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	3,087	3,233	3,450	3,805	3,853	4,018	4,199	4,397	13,575	16,467
Change (YoY %)	0.6	-3.2	3.1	22.3	24.8	24.3	21.7	15.6	5.5	21.3
Other Income	1,212	977	1,183	1,148	1,007	1,174	1,356	1,527	4,520	5,063
Total Income	4,299	4,211	4,634	4,953	4,860	5,191	5,555	5,923	18,095	21,530
Operating Expenses	2,277	2,459	2,645	2,744	2,684	2,826	3,023	3,213	10,126	11,746
Operating Profit	2,022	1,751	1,988	2,208	2,176	2,366	2,531	2,711	7,970	9,784
Change (YoY %)	5.8	-17.8	-28.8	9.8	7.6	35.1	27.3	22.7	-10.0	22.8
Provisions	1,565	863	970	676	946	986	1,030	1,079	4,074	4,041
Profit before Tax	457	888	1,019	1,532	1,230	1,380	1,501	1,632	3,895	5,743
Tax	119	239	265	398	310	348	378	446	1,020	1,482
Net Profit	338	649	754	1,134	920	1,032	1,123	1,186	2,875	4,261
Change (YoY %)	-57.5	-21.1	-21.7	45.6	172.6	58.9	49.0	4.6	-14.4	48.2
Operating Parameters										
Deposit (INR b)	306.0	317.7	322.3	346.9	354.2	363.9	376.1	395.5	346.9	395.5
Loan (INR b)	255.0	268.5	276.6	291.0	297.5	306.2	317.1	334.6	291.0	334.6
Deposit Growth (%)	4.0	10.4	11.7	16.8	15.7	14.5	16.7	14.0	16.8	14.0
Loan Growth (%)	1.7	7.9	9.3	13.0	16.7	14.1	14.7	15.0	13.0	15.0
Asset Quality										
Gross NPA (%)	4.9	4.7	4.8	4.3	4.2	4.1	3.9	3.8	4.3	3.8
Net NPA (%)	2.8	2.6	2.6	2.0	1.9	1.8	1.7	1.6	2.0	1.6
PCR (%)	43.3	45.0	48.0	55.6	56.0	57.0	57.5	58.7	55.6	58.7

Equitas Holdings

Buy
CMP: INR84 | TP: INR130 (+56%)
EPS CHANGE (%): FY23|24: +7.8|+10.0

- Expect NIM to expand to ~9.2%.
- Movement in asset quality in the MSME book is a key monitorable. Focus to remain on CE and the restructuring book.
- Expect elevated credit costs to keep earnings under pressure.
- Expect a pick-up in business growth. Management commentary will be a key monitorable.

Quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	4,610	4,838	5,411	5,525	5,793	6,120	6,498	6,775	20,385	25,187
Change (YoY %)	14.0	4.9	11.8	23.2	25.7	26.5	20.1	22.6	13.4	23.6
Other Income	1,010	1,521	1,339	1,481	1,029	1,497	1,746	1,964	5,376	6,236
Total Income	5,620	6,359	6,749	7,006	6,822	7,617	8,244	8,740	25,761	31,423
Operating Expenses	4,002	4,370	4,502	4,167	4,541	4,843	5,247	5,550	17,041	20,180
Operating Profit	1,618	1,989	2,247	2,839	2,281	2,774	2,997	3,190	8,719	11,243
Change (YoY %)	13.9	-5.5	-20.7	13.6	41.0	39.4	33.4	12.4	-1.7	28.9
Provisions	1,475	1,421	784	1,232	1,007	1,190	1,227	1,153	4,938	4,577
Profit before Tax	142	568	1,463	1,607	1,274	1,584	1,771	2,037	3,781	6,666
Tax	23	156	382	412	321	399	446	511	974	1,678
Net Profit	119	412	1,081	1,195	953	1,185	1,324	1,525	2,807	4,988
Change (YoY %)	-79.3	-60.0	-2.3	5.9	699.3	187.6	22.5	27.6	-26.9	77.7
Operating Parameters										
AUM (INR b)	178	190	197	206	214	224	237	257	206	247
Deposits (INR b)	171	181	179	190	197	206	218	237	190	237
Loans (INR b)	167	178	183	194	201	211	223	242	194	242
AUM Growth (%)	15	13	13	15	20	18	20	25	15	20
Deposit Growth (%)	45	40	13	16	15	14	22	25	16	25
Loan Growth (%)	16	12	9	15	20	18	22	25	15	25
Asset Quality										
Gross NPA (%)	4.8	4.8	4.6	4.2	4.2	4.2	4.1	4.0	4.2	4.0
Net NPA (%)	2.4	2.5	2.5	2.5	2.5	2.3	2.2	2.1	2.5	2.1
PCR (%)	51.2	50.1	46.8	42.7	43.0	45.0	46.0	49.1	42.7	49.1

Federal Bank

Buy
CMP: INR95 | TP: INR130 (+37%)
EPS CHANGE (%): FY23|24: +2.3|+4.0

- Expect business growth to see a gradual recovery.
- Asset quality and loans under restructuring are key monitorables.
- Expect credit costs to stay steady on exposure to SMEs.
- Expect NIM to remain stable ~3.2%. Treasury performance to be a key monitorable.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	14.2	14.8	15.4	15.3	15.7	16.5	17.2	18.0	59.6	67.5
Change (YoY %)	9.4	7.2	7.1	7.4	10.8	11.7	11.8	18.1	7.7	13.2
Other Income	5.5	4.9	4.8	4.7	4.1	4.5	4.8	5.6	20.9	19.0
Total Income	19.7	19.7	20.2	19.9	19.9	21.0	22.1	23.6	80.5	86.5
Operating Expenses	9.3	10.6	11.1	11.9	10.7	10.9	11.0	11.1	42.9	43.8
Operating Profit	10.4	9.1	9.1	8.0	9.1	10.1	11.0	12.4	37.6	42.7
Change (YoY %)	11.2	-3.6	-4.4	-11.0	-12.0	10.6	20.4	55.8	-0.8	13.5
Provisions	5.4	2.9	2.1	0.8	2.3	2.7	2.8	3.2	12.2	11.0
Profit before Tax	4.9	6.2	7.0	7.2	6.8	7.4	8.2	9.3	25.4	31.6
Tax	1.3	1.6	1.8	1.8	1.7	1.9	2.1	2.4	6.5	8.1
Net Profit	3.7	4.6	5.2	5.4	5.1	5.5	6.1	6.9	18.9	23.6
Change (YoY %)	-8.4	49.6	29.1	13.1	37.6	19.8	17.1	27.7	18.8	24.8
Operating Parameters										
Deposit (INR b)	1,694	1,720	1,754	1,817	1,834	1,888	1,959	2,053	1,817	2,053
Loan (INR b)	1,298	1,344	1,407	1,449	1,514	1,554	1,605	1,681	1,449	1,681
Deposit Growth (%)	9.3	9.7	8.5	5.2	8.2	9.8	11.7	13.0	5.2	13.0
Loan Growth (%)	7.0	9.4	12.1	9.9	16.7	15.6	14.0	16.0	9.9	16.0
Asset Quality										
Gross NPA (%)	3.5	3.2	3.1	2.8	2.7	2.7	2.6	2.5	2.8	2.5
Net NPA (%)	1.2	1.1	1.1	1.0	0.9	0.9	0.9	0.9	1.0	0.9
PCR (%)	65.7	66.2	66.6	66.3	66.5	66.8	67.2	65.8	66.3	65.8

HDFC Bank**Buy****CMP: INR1,355 | TP: INR1,850 (+36%)****EPS CHANGE (%): FY23|24: -0.3|+0.7**

- Expect business growth to see a strong traction.
- Asset quality in Agri/Unsecured book and slippages to be the other key monitorables.
- Margin expansion will be an important metric.
- Commentary around Credit Cards, traction in fee income, and the merger with HDFC are key monitorables.

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	170.1	176.8	184.4	188.7	197.4	210.9	226.0	237.2	720.1	871.5
Change (YoY %)	8.6	12.1	13.0	10.2	16.1	19.3	22.5	25.7	11.0	21.0
Other Income	62.9	74.0	81.8	76.4	71.3	81.2	90.6	99.2	295.1	342.3
Total Income	233.0	250.9	266.3	265.1	268.7	292.1	316.6	336.4	1,015.2	1,213.8
Operating Expenses	81.6	92.8	98.5	101.5	105.2	109.8	116.7	125.8	374.4	457.6
Operating Profit	151.4	158.1	167.8	163.6	163.5	182.3	199.9	210.6	640.8	756.2
Change (YoY %)	18.0	14.4	10.5	5.3	8.0	15.3	19.2	28.7	11.7	18.0
Provisions	48.3	39.2	29.9	33.1	37.3	39.9	38.2	46.2	150.6	161.6
Profit before Tax	103.1	118.8	137.8	130.4	126.1	142.4	161.7	164.4	490.2	594.6
Tax	25.8	30.5	34.4	29.9	33.4	35.9	38.3	42.9	120.5	150.4
Net Profit	77.3	88.3	103.4	100.6	92.8	106.5	123.4	121.5	369.6	444.2
Change (YoY %)	16.1	17.6	18.1	22.8	20.0	20.6	19.3	20.8	18.8	20.2
Operating Parameters										
Deposit	13,458	14,063	14,459	15,592	16,050	16,540	17,214	18,087	15,592	18,087
Loan	11,477	11,988	12,609	13,688	13,950	14,494	15,249	16,289	13,688	16,289
Deposit Growth (%)	13.2	14.4	13.8	16.8	19.3	17.6	19.1	16.0	16.8	16.0
Loan Growth (%)	14.4	15.5	16.5	20.8	21.6	20.9	20.9	19.0	20.8	19.0
Asset Quality										
Gross NPA (%)	1.5	1.4	1.3	1.2	1.2	1.1	1.1	1.1	1.2	1.1
Net NPA (%)	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
PCR (%)	67.9	70.9	70.8	72.7	72.5	73.0	73.5	74.1	72.7	74.1

ICICI Bank**Buy****CMP: INR720 | TP: INR1,050 (+46%)****EPS CHANGE (%): FY23|24: +3.4|+4.5**

- Expect loan growth to see healthy traction and margin to stay stable at 4%.
- Commentary on asset quality is a key monitorable.
- Expect credit costs to remain stable and slippages to moderate.
- Movement in stressed loans to remain a key monitorable.

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	109.4	116.9	122.4	126.0	131.8	141.6	148.5	156.0	474.7	577.9
Change (YoY %)	17.8	24.8	23.4	20.8	20.5	21.1	21.4	23.8	21.7	21.8
Other Income	40.0	48.0	49.9	47.4	42.6	49.6	56.4	64.3	185.2	213.0
Total Income	149.3	164.9	172.2	173.4	174.4	191.2	205.0	220.4	659.8	790.9
Operating Expenses	60.4	65.7	70.7	70.5	70.6	76.1	81.9	92.5	267.3	321.1
Operating Profit	88.9	99.1	101.5	102.9	103.7	115.1	123.1	127.9	392.5	469.8
Change (YoY %)	-17.5	20.0	15.1	20.5	16.6	16.1	21.3	24.2	7.8	19.7
Provisions	28.5	27.1	20.1	10.7	18.9	21.5	22.3	23.2	86.4	85.8
Profit before Tax	60.4	72.0	81.4	92.2	84.8	93.7	100.8	104.7	306.1	384.0
Tax	14.3	16.9	19.5	22.1	20.4	22.5	24.2	25.1	72.7	92.2
Net Profit	46.2	55.1	61.9	70.2	64.5	71.2	76.6	79.6	233.4	291.8
Change (YoY %)	77.6	29.6	25.4	59.4	39.7	29.2	23.7	13.4	44.1	25.0
Operating Parameters										
Deposit	9,262	9,774	10,175	10,646	10,850	11,208	11,668	12,349	10,646	12,349
Loan	7,386	7,649	8,140	8,590	8,876	9,115	9,544	10,179	8,590	10,179
Deposit Growth (%)	15.5	17.3	16.4	14.2	17.1	14.7	14.7	16.0	14.2	16.0
Loan Growth (%)	17.0	17.2	16.4	17.1	20.2	19.2	17.2	18.5	17.1	18.5
Asset Quality										
Gross NPA (%)	5.2	4.8	4.1	3.6	3.5	3.3	3.1	2.9	3.6	2.9
Net NPA (%)	1.2	1.0	0.9	0.8	0.7	0.7	0.6	0.5	0.8	0.5
PCR (%)	78.4	80.3	80.2	79.5	80.0	80.8	81.2	82.9	79.5	82.9

IndusInd Bank

Buy

CMP: INR832 | TP: INR1,300 (+56%)

EPS CHANGE (%): FY23|24: -2.8|-2.8

- Expect loan growth to see a healthy pickup and deposit traction to remain stable.
- Expect margin to remain stable ~4.2%.
- Expect asset quality to remain under watch. MFI slippages and restructuring book to be key monitorables.
- Credit costs to witness a gradual moderation as the focus remains on maintaining higher PCR.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	35.6	36.6	37.9	39.9	41.2	42.2	43.6	44.6	150.0	171.6
Change (YoY %)	7.7	11.6	11.4	12.7	15.5	15.4	14.9	11.9	10.9	14.4
Other Income	17.9	18.4	18.8	19.1	16.9	18.6	20.0	21.6	74.1	77.0
Total Income	53.5	55.0	56.7	58.9	58.1	60.8	63.5	66.2	224.1	248.6
Operating Expenses	21.7	22.8	23.6	25.1	25.8	26.4	27.1	28.1	93.1	107.5
Operating Profit	31.9	32.2	33.1	33.8	32.3	34.3	36.4	38.1	131.0	141.1
Change (YoY %)	8.8	12.9	11.8	8.1	1.4	6.7	9.9	12.6	11.7	7.7
Provisions	18.4	17.0	16.5	14.6	12.6	12.5	11.8	11.9	66.6	48.8
Profit before Tax	13.4	15.2	16.6	19.2	19.7	21.9	24.6	26.2	64.3	92.3
Tax	3.3	3.7	4.2	5.2	5.0	5.5	6.2	6.6	16.3	23.3
Net Profit	10.2	11.5	12.4	14.0	14.7	16.3	18.4	19.6	48.0	69.1
Change (YoY %)	99.1	72.9	49.5	51.2	44.7	42.6	48.5	39.9	69.4	43.8
Operating Parameters										
Deposit (INR b)	2,672	2,753	2,845	2,933	3,031	3,102	3,213	3,344	2,933	3,344
Loan (INR b)	2,107	2,208	2,286	2,391	2,495	2,563	2,643	2,773	2,391	2,773
Deposit Growth (%)	26.5	20.8	19.0	14.6	13.4	12.7	12.9	14.0	14.5	14.0
Loan Growth (%)	6.4	9.7	10.4	12.4	18.4	16.1	15.6	16.0	12.4	16.0
Asset Quality										
Gross NPA (%)	2.9	2.8	2.5	2.3	2.2	2.1	1.9	1.8	2.3	1.8
Net NPA (%)	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.6	0.5
PCR (%)	71.6	71.6	71.7	72.3	72.5	73.0	73.0	70.4	72.3	70.4

Indian Bank

Buy

CMP: INR151 | TP: INR185 (+23%)

EPS CHANGE (%): FY23|24: -3.7|-3.4

- Expect loan growth to remain steady.
- Stress in the SME and restructuring book are key monitorables.
- Expect margin to remain stable ~2.9%. Treasury performance to be a key monitorable.
- Expect asset quality to remain stable and steady credit cost.

Quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	39.9	40.8	44.0	42.6	44.4	46.5	47.6	48.2	167.3	186.7
Change (YoY %)	3.1	-1.5	1.9	27.6	11.3	13.9	8.3	13.2	6.8	11.6
Other Income	18.2	19.7	15.6	15.7	13.1	15.8	17.4	19.3	69.2	65.7
Total Income	58.1	60.5	59.5	58.3	57.6	62.3	65.0	67.5	236.4	252.4
Operating Expenses	24.0	27.7	26.6	30.9	28.0	29.2	30.4	31.6	109.3	119.2
Operating Profit	34.2	32.8	32.9	27.4	29.6	33.1	34.6	35.9	127.2	133.3
Change (YoY %)	24.1	11.3	15.5	14.8	-13.4	1.2	5.4	31.2	16.0	4.8
Other Provisions	25.6	25.5	24.9	19.1	19.5	20.3	20.6	20.3	95.1	80.7
Profit before Tax	8.6	7.3	7.9	8.2	10.0	12.8	14.1	15.7	32.0	52.6
Tax	-3.2	-3.6	1.1	-1.6	0.8	1.2	1.5	1.8	-7.4	5.3
Net Profit	11.8	10.9	6.9	9.8	9.2	11.6	12.5	13.9	39.4	47.3
Change (YoY %)	220.0	164.2	34.1	-42.4	-21.8	6.9	81.4	41.3	31.3	19.9
Operating Parameters										
Deposits (INR b)	5,401	5,515	5,626	5,936	6,016	6,123	6,283	6,470	5,936	6,470
Loans (INR b)	3,644	3,604	3,743	3,892	3,951	4,014	4,120	4,242	3,892	4,242
Deposit Growth (%)	10.4	9.9	7.9	10.3	11.4	11.0	11.7	9.0	10.3	9.0
Loan Growth (%)	7.3	6.1	3.2	7.3	8.4	11.4	10.1	9.0	7.3	9.0
Asset Quality										
Gross NPA (%)	9.7	9.6	9.1	8.5	8.3	8.0	7.7	7.3	8.5	7.3
Net NPA (%)	3.5	3.3	2.7	2.3	2.2	2.1	2.0	1.9	2.3	1.9
PCR (%)	66.5	68.1	72.2	74.9	75.5	75.0	75.1	76.0	74.9	76.0

Kotak Mahindra Bank**Neutral****CMP: INR1,671 | TP: INR2,000 (+20%)****EPS CHANGE (%): FY23|24: +0.3|+0.8**

- Expect loan growth to see strong traction QoQ.
- Expect liability franchise to remain strong. Expect stable margin at 4.8%.
- Commentaries around stress in the SME book and other unsecured loans are key monitorables. Expect credit costs to remain stable.
- Expect asset quality to witness steady trends.

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	39.4	40.2	43.3	45.2	47.0	48.6	50.4	52.4	168.2	198.4
Change (YoY %)	5.8	3.2	11.8	17.7	19.3	20.9	16.3	15.9	9.6	18.0
Other Income	13.5	18.1	13.6	18.3	15.4	16.9	18.7	22.4	63.5	73.3
Total Income	52.9	58.3	57.0	63.5	62.4	65.5	69.1	74.7	231.7	271.7
Operating Expenses	24.0	27.1	30.0	30.1	30.2	31.5	32.8	34.1	111.2	128.7
Operating Profit	28.9	31.2	27.0	33.4	32.2	33.9	36.3	40.6	120.5	143.0
Change (YoY %)	10.1	-4.4	-7.1	12.7	11.3	8.8	34.3	21.7	-1.3	18.7
Other Provisions	7.0	4.2	-1.3	-3.1	3.6	3.7	4.0	4.1	6.9	15.5
Profit before Tax	21.9	27.0	28.3	36.5	28.5	30.2	32.2	36.6	113.6	127.5
Tax Provisions	5.4	6.6	7.0	8.8	7.2	7.3	7.5	9.4	27.9	31.4
Net Profit	16.4	20.3	21.3	27.7	21.3	22.9	24.8	27.2	85.7	96.2
Change (YoY %)	31.9	-7.0	15.0	64.5	29.9	12.7	16.2	-1.7	23.1	12.2
Deposits (INR b)	2,866	2,917	3,053	3,117	3,192	3,295	3,421	3,584	3,117	3,584
Loans (INR b)	2,175	2,350	2,529	2,713	2,799	2,875	3,038	3,255	2,713	3,255
Deposit growth (%)	9.6	11.5	15.1	11.3	11.4	12.9	12.1	15.0	11.3	15.0
Loan growth (%)	6.6	14.7	18.1	21.3	28.7	22.4	20.1	20.0	21.3	20.0
Asset Quality										
Gross NPA (%)	3.6	3.2	2.7	2.3	2.3	2.3	2.2	2.1	2.3	2.1
Net NPA (%)	1.3	1.1	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6
PCR (%)	64.8	67.5	71.3	73.2	73.0	72.0	72.5	73.2	73.2	73.2

Punjab National Bank**Neutral****CMP: INR30 | TP: INR30 (+0%)****EPS CHANGE (%): FY23|24: -21.0|-10.7**

- Expect loan growth to see some traction.
- Expect margin to remain stable ~2.8%. OPEX and treasury performance are key monitorables.
- SMA, slippages, and restructuring book are key monitorables.
- Expect asset quality to remain under pressure.

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	72.3	63.5	78.0	73.0	76.4	78.9	79.9	80.5	286.9	315.6
Change (YoY %)	6.7	-24.9	-6.5	5.3	5.6	24.2	2.3	10.2	-6.1	10.0
Other Income	38.9	32.8	27.0	24.5	18.1	27.1	29.9	38.2	123.2	113.3
Total Income	111.2	96.3	105.0	97.5	94.5	106.0	109.8	118.7	410.1	429.0
Operating Expenses	47.2	56.1	54.3	44.9	48.1	51.1	55.4	58.4	202.5	213.0
Operating Profit	64.0	40.2	50.8	52.6	46.4	54.9	54.4	60.3	207.6	215.9
Change (YoY %)	21.2	-27.1	-17.2	-6.6	-27.5	36.4	7.1	14.6	-6.3	4.0
Other Provisions	49.8	32.6	33.5	48.5	38.9	40.7	40.0	43.1	164.5	162.7
Profit before Tax	14.2	7.6	17.2	4.1	7.5	14.2	14.4	17.2	43.2	53.2
Tax	4.0	-3.5	6.0	2.1	1.8	3.4	3.4	4.1	8.6	12.8
Net Profit	10.2	11.1	11.3	2.0	5.7	10.8	10.9	13.1	34.6	40.4
Change (YoY %)	231.8	78.0	122.7	-65.6	-44.5	-2.5	-3.2	548.0	71.0	16.9
Operating Parameters										
Deposits	10,976	11,154	11,273	11,462	11,565	11,703	11,875	12,150	11,462	12,150
Loans	6,613	6,732	6,928	7,282	7,369	7,497	7,661	7,864	7,282	7,864
Deposit Growth (%)	2.1	4.3	4.2	3.6	5.4	4.9	5.3	6.0	3.6	6.0
Loan Growth (%)	0.8	3.2	4.9	8.0	11.4	11.4	10.6	8.0	8.0	8.0
Asset Quality										
Gross NPA (%)	14.3	13.6	12.9	11.8	11.5	11.1	10.6	10.1	11.8	10.1
Net NPA (%)	5.8	5.5	4.9	4.8	4.7	4.4	4.2	3.9	4.9	3.9
PCR (%)	62.9	63.2	65.2	62.2	62.5	63.0	63.5	63.6	61.5	63.6

RBL Bank**Under Review****CMP: INR87 | TP: NA****EPS CHANGE (%): FY23|24: -4.1|-10.5**

- Expect business growth to see an uptick. Margin likely to witness a slight compression to 4.8%.
- Expect credit costs to see a gradual moderation.
- Expect asset quality to witness a gradual improvement. We remain watchful on its exposure to MFI/Credit Cards.
- Guidance post the management change will be a key monitorable.

Quarterly performance**(INR m)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	9,695	9,155	10,104	11,313	11,031	11,541	11,680	12,097	40,267	46,349
Change (YoY %)	-6.9	-1.8	11.3	24.9	13.8	26.1	15.6	6.9	6.3	15.1
Other Income	6,534	5,929	5,830	5,114	5,355	5,720	6,451	6,816	23,405	24,342
Total Income	16,229	15,083	15,934	16,427	16,386	17,261	18,130	18,913	63,673	70,691
Operating Expenses	8,567	8,174	9,626	9,853	10,151	10,354	10,537	10,772	36,220	41,814
Operating Profit	7,661	6,910	6,308	6,574	6,235	6,907	7,593	8,141	27,453	28,876
Change (YoY %)	11.1	1.4	-21.2	-10.8	-18.6	0.0	20.4	23.8	-5.9	5.2
Provisions	13,844	6,515	4,239	4,007	3,892	4,173	4,429	4,540	28,604	17,034
Profit before Tax	-6,182	395	2,069	2,568	2,343	2,734	3,164	3,601	-1,151	11,842
Tax	-1,588	87	508	589	590	689	797	904	-404	2,981
Net Profit	-4,595	308	1,561	1,978	1,753	2,045	2,367	2,697	-747	8,861
Change (YoY %)	NM	-78.6	6.1	162.6	NM	NM	51.6	36.3	NM	NM
Operating Parameters										
Deposit (INR b)	744.7	755.9	736.4	790.1	792.2	817.7	841.4	869.1	790.1	869.1
Loan (INR b)	565.3	560.1	581.4	600.2	601.9	629.6	653.2	684.2	600.2	684.2
Deposit Growth (%)	20.6	17.2	9.6	8.0	6.4	8.2	14.3	10.0	8.0	10.0
Loan Growth (%)	-0.3	-0.3	3.0	2.4	6.5	12.4	12.3	14.0	2.4	14.0
Asset Quality										
Gross NPA (%)	5.0	5.4	4.8	4.4	4.3	4.1	3.9	3.6	4.4	3.6
Net NPA (%)	2.0	2.1	1.9	1.3	1.5	1.5	1.4	1.3	1.3	1.3
PCR (%)	60.9	61.7	62.9	70.4	66.0	65.2	64.0	64.2	70.4	64.2

State Bank of India**Buy****CMP: INR473 | TP: INR600 (+27%)****EPS CHANGE (%): FY23|24: -1.5|+0.2**

- Expect credit costs to remain modest.
- Expect loan growth to see a healthy traction.
- Expect asset quality to continue to see a steady improvement
- Expect margin to stay stable ~3.2%. Traction in OPEX, fee income, and treasury performance are key monitorables.

Quarterly performance**(INR b)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	276.4	311.8	306.9	312.0	325.5	343.5	354.6	361.5	1,207.1	1,385.1
Change (YoY %)	3.7	10.7	6.5	15.3	17.8	10.2	15.6	15.9	9.0	14.8
Other Income	118.0	82.1	86.7	118.8	71.0	100.3	105.3	141.2	405.6	417.8
Total Income	394.4	393.9	393.6	430.8	396.5	443.8	459.9	502.7	1,612.7	1,802.9
Operating Expenses	204.7	213.1	208.4	233.6	220.4	229.7	234.4	253.2	859.8	937.7
Operating Profit	189.7	180.8	185.2	197.2	176.2	214.1	225.5	249.6	752.9	865.3
Change (YoY %)	5.1	9.8	6.9	0.1	-7.1	18.4	21.7	26.6	5.2	14.9
Provisions	100.5	1.9	69.7	72.4	73.5	71.7	73.8	82.3	244.5	301.4
Exception items (exp.)	NA	74.2	NA	NA	NA	NA	NA	NA	74.2	NA
Profit before Tax	89.2	104.7	115.5	124.8	102.6	142.3	151.6	167.3	434.2	563.9
Tax Provisions	24.2	28.5	31.2	33.7	26.7	37.0	39.4	43.5	117.5	146.6
Net Profit	65.0	76.3	84.3	91.1	76.0	105.3	112.2	123.8	316.8	417.3
Change (YoY %)	55.3	66.7	62.3	41.3	16.8	38.1	33.1	35.8	55.2	31.7
Operating Parameters										
Deposits (INR t)	37.2	38.1	38.5	40.5	41.3	42.2	43.2	44.6	40.5	44.6
Loans (INR t)	24.3	24.4	25.8	27.3	28.0	28.5	29.5	30.8	27.3	30.8
Deposit Growth (%)	8.8	9.8	8.8	10.1	10.9	10.7	12.3	10.2	10.1	10.2
Loan Growth (%)	5.8	6.5	8.9	11.6	15.3	16.6	14.4	12.7	11.6	12.7
Asset Quality										
Gross NPA (%)	5.3	4.9	4.5	4.0	3.8	3.7	3.5	3.3	4.0	3.3
Net NPA (%)	1.8	1.5	1.3	1.0	1.0	0.9	0.9	0.8	1.0	0.8
PCR (%)	67.9	70.1	71.2	75.0	75.5	75.8	76.0	76.6	75.0	76.6

Union Bank of India

Buy
CMP: INR35 | TP: INR50 (+44%)
EPS CHANGE (%): FY23|24: -3.9|-2.5

- Expect loan growth to witness steady traction.
- Expect margin to improve slightly to 2.8%. OPEX and treasury performance are key monitorables.
- SMA and restructuring book are key monitorables.
- Expect asset quality to witness a steady improvement.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	70.1	68.3	71.7	67.7	72.1	77.4	80.2	82.4	277.9	312.2
Change (YoY %)	9.5	8.5	8.9	25.3	2.8	13.4	11.8	21.8	12.5	12.4
Other Income	27.8	39.8	25.2	32.4	22.2	25.5	26.5	29.7	125.2	104.0
Total Income	97.9	108.1	97.0	100.1	94.4	102.9	106.7	112.2	403.1	416.2
Operating Expenses	46.1	47.3	46.0	44.9	46.6	49.0	51.4	53.8	184.4	200.7
Operating Profit	51.8	60.7	51.0	55.2	47.8	53.9	55.4	58.4	218.7	215.5
Change (YoY %)	28.4	25.7	-3.2	11.3	-7.7	-11.2	8.6	5.7	11.2	-1.5
Provisions	34.0	37.2	25.5	36.2	28.6	31.1	32.4	34.9	132.9	126.9
Profit before Tax	17.8	23.5	25.5	19.0	19.2	22.8	23.0	23.5	85.8	88.5
Tax	6.0	8.2	14.6	4.6	6.7	8.0	9.0	7.3	33.5	31.0
Net Profit	11.8	15.3	10.9	14.4	12.5	14.8	14.0	16.2	52.3	57.5
Change (YoY %)	254.9	195.4	49.3	8.3	5.9	-2.8	29.2	12.3	80.0	10.0
Operating Parameters										
Deposit (INR b)	9,085	9,140	9,375	10,324	10,482	10,696	10,956	11,253	10,324	11,253
Loan (INR b)	5,846	5,810	6,168	6,610	6,735	6,853	7,040	7,304	6,610	7,304
Deposit Growth (%)	1.8	3.2	6.2	11.8	15.4	17.0	16.9	9.0	11.8	9.0
Loan Growth (%)	0.5	0.3	5.8	11.8	15.2	18.0	14.1	10.5	11.8	10.5
Asset Quality										
Gross NPA (%)	13.6	12.6	11.6	11.1	10.7	10.2	9.7	9.1	11.1	9.1
Net NPA (%)	4.7	4.6	4.1	3.7	3.5	3.3	3.2	3.1	3.8	3.1
PCR (%)	68.7	66.6	67.5	69.5	70.0	70.0	69.5	68.5	68.7	68.5

SBI Cards and Payment Services

Buy
CMP: INR786 | TP: INR1,100 (+40%)
EPS CHANGE (%): FY23|24: -4.6|-1.4

- Expect credit costs to remain steady.
- Expect restructuring book and asset quality to moderate.
- Traction in fee income will be a key assessment metric.
- Pressure on margin and revolver book to be another key monitorable.

Quarterly performance

(INR b)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Interest Income	9.2	9.2	10.0	10.0	10.6	11.7	12.9	13.5	38.4	48.7
Change (YoY %)	-18.7	-9.1	9.9	20.6	14.3	27.2	29.5	35.5	-1.2	26.8
Other Income	13.0	15.2	18.7	17.5	18.4	19.3	20.8	20.2	64.4	78.8
Total Income	22.2	24.4	28.6	27.5	29.0	31.0	33.7	33.8	102.7	127.5
Operating Expenses	11.7	13.8	17.2	15.8	16.3	17.0	19.3	18.3	58.5	71.0
Operating Profit	10.5	10.6	11.4	11.7	12.7	13.9	14.4	15.5	44.3	56.4
Change (YoY %)	4.0	-7.2	22.9	24.8	20.1	31.7	25.7	31.8	11.8	27.4
Provisions	6.4	5.9	6.3	3.9	5.5	5.7	5.8	5.7	22.6	22.7
Profit before Tax	4.1	4.6	5.2	7.8	7.2	8.2	8.6	9.8	21.7	33.8
Tax	1.1	1.2	1.3	2.0	1.8	2.1	2.2	2.5	5.6	8.7
Net Profit	3.0	3.4	3.9	5.8	5.3	6.1	6.4	7.2	16.2	25.1
Change (YoY %)	-22.5	67.3	84.0	231.1	75.2	77.4	65.8	24.5	64.2	55.2
Operating Parameters										
Loan (INR b)	230.4	253.9	279.7	301.9	320.0	333.6	358.0	392.4	301.9	392.4
Loan Growth (%)	5.1	15.8	18.0	28.7	38.9	31.4	28.0	30.0	28.7	30.0
Asset Quality										
Gross NPA (%)	3.9	3.4	2.4	2.2	2.1	2.1	2.0	1.9	2.2	1.9
Net NPA (%)	0.9	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.8	0.6
PCR (%)	78.2	73.7	65.9	65.3	67.8	68.2	69.5	69.9	65.3	69.9

HDFC Life

Neutral

CMP: INR574 | TP: INR625 (+9%)

EPS CHANGE (%): FY23|24: -8.5|-7.1

- New business premium to see a healthy growth. Expect strong trends in Annuity/PAR.
- Expect expense ratio to see an uptick – in line with a pick-up in business growth. Expect RoEV to stay healthy.
- Expect VNB growth to remain healthy and margin to expand YoY, but moderate QoQ.
- Improvement in persistency ratio is another monitorable.

Quarterly performance (INR b)

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First year premium	12.9	20.8	21.2	25.7	17.4	27.2	28.9	35.4	80.5	109.0
Growth (%)	25.8%	24.0%	19.4%	7.8%	35.6%	31.1%	36.5%	37.5%	17.4%	35.3%
Renewal premium	38.9	50.3	55.4	73.4	44.9	65.0	68.8	81.1	218.1	259.8
Growth (%)	20.1%	16.8%	21.1%	15.6%	15.4%	29.0%	24.2%	10.5%	18.0%	19.1%
Single premium	24.8	45.2	46.0	45.1	32.2	51.3	54.3	67.3	161.0	205.1
Growth (%)	54.9%	7.7%	40.2%	8.0%	29.6%	13.5%	18.2%	49.4%	21.5%	27.4%
Net premium income	75.4	114.4	121.2	142.9	92.6	141.9	150.4	182.6	454.0	567.5
Growth (%)	31.7%	13.9%	27.8%	11.0%	22.9%	24.0%	24.0%	27.8%	19.1%	25.0%
PAT	3.0	2.7	2.7	3.6	3.4	3.2	3.5	4.3	12.1	14.4
Growth (%)	-33.0%	-15.9%	3.3%	12.4%	11.6%	17.5%	28.5%	20.6%	-11.2%	19.4%
Key metrics (INR b)										
New business APE	15.6	25.5	26.0	30.5	20.6	32.4	34.3	42.1	96.6	129.5
Growth (%)	30.3	19.4	20.4	5.8	32.3	26.9	32.1	38.2	18.1	34.0
VNB	4.1	6.8	6.9	9.0	5.6	8.8	9.4	12.0	26.7	35.8
Growth (%)	40.2	23.9	21.8	15.2	36.6	30.3	36.0	34.0	22.4	34.1
AUM (INR b)	1,813	1,912	1,947	2,042	2,007	2,112	2,269	2,391	2,042	2,391
Growth (%)	29.5	27.0	17.6	17.4	10.7	10.4	16.5	17.1	17.4	17.1
Key Ratios (%)										
VNB Margin (%)	26.2	26.6	26.7	29.4	27.0	27.3	27.5	28.5	27.4	27.7
Solvency ratio (%)	203.0	190.0	190.0	176.0	175.0	174.0	173.0	171.0	175.6	171.0

ICICI Prudential Life

Buy

CMP: INR511 | TP: INR630 (+23%)

EPS CHANGE (%): FY23|24: +17.7|+14.4

- New business premiums to see healthy traction – albeit on a low base.
- Expect VNB growth to remain healthy. Expect margin to remain healthy, but will moderate on a YoY and QoQ basis.
- Expect expense ratio to move in line with a pick-up in business growth.
- Expect growth in the Non-Linked Savings business to remain healthy and a recovery in the Protection business.

Quarterly performance (INR b)

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First year premium	8.8	15.6	15.5	19.8	14.7	18.8	19.2	21.0	59.7	73.7
Growth (%)	40.3%	33.1%	13.7%	-2.4%	67.4%	20.6%	23.8%	6.0%	15.0%	23.5%
Renewal premium	41.4	55.7	54.4	68.0	41.4	55.8	60.5	75.1	219.6	232.9
Growth (%)	-0.1%	-3.5%	-4.1%	-1.6%	0.2%	0.2%	11.2%	10.3%	-2.4%	6.1%
Single premium	18.5	24.1	23.5	29.3	22.5	28.7	29.2	32.0	95.4	112.4
Growth (%)	89.1%	34.4%	11.4%	-7.3%	21.3%	19.1%	24.2%	9.4%	18.6%	17.8%
Net premium Inc.	66.0	92.9	90.7	113.6	81.8	104.3	106.3	116.5	363.2	408.9
Growth (%)	18.9%	8.3%	1.1%	-4.4%	23.9%	12.3%	17.2%	2.6%	3.9%	12.6%
PAT	-1.9	4.4	3.1	1.8	1.9	2.4	2.6	2.9	7.5	9.8
Growth (%)	NM	46.6%	1.7%	189.5%	NM	-45.1%	-16.7%	55.0%	-21.5%	30.5%
Key metrics (INR b)										
New Business APE	12.2	19.8	19.3	26.1	17.0	21.7	22.1	32.7	77.3	93.4
Growth (%)	48.1	34.9	15.8	4.0	39.3	9.5	14.4	25.3	19.7	20.8
VNB	3.6	5.2	5.2	7.8	4.8	6.1	6.3	9.5	21.7	26.6
Growth (%)	78.1	28.4	20.3	31.1	34.7	17.7	22.2	22.1	33.5	23.0
AUM	2,232	2,371	2,376	2,405	2,444	2,518	2,614	2,727	2,405	2,727
Growth (%)	31.3	30.6	16.0	12.3	9.5	6.2	10.0	13.4	12.3	13.4
Key Ratios (%)										
VNB Margin (%)	29.4	26.0	26.7	29.7	28.4	28.0	28.5	29.0	28.0	28.5
Solvency ratio (%)	194	200	202	205	202	200	198	195	205	195

SBI Life**Buy****CMP: INR1,115 | TP: INR1,450 (+30%)****EPS CHANGE (%): FY23|24: +5.1|+4.3**

- New business premiums to see healthy trends.
- Expect margin to expand YoY and VNB growth to remain robust.
- Cost leadership to continue
- Expect protection mix to improve and Non-PAR to remain healthy.

Quarterly performance (INR b)

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First year premium	14.0	36.1	40.7	38.5	24.9	36.6	42.9	51.5	129.4	155.9
Growth (%)	29%	56%	24%	5%	78%	2%	5%	34%	25%	20%
Renewal premium	50.3	77.8	96.5	108.4	56.5	92.5	108.2	126.7	333.0	383.8
Growth (%)	10%	9%	14%	15%	12%	19%	12%	17%	12%	15%
Single premium	19.4	33.3	44.3	28.1	22.8	36.3	42.5	53.0	125.2	154.7
Growth (%)	-2%	-8%	105%	0%	17%	9%	-4%	89%	22%	24%
Net premium income	83.1	146.6	180.3	174.3	110.2	161.8	189.4	227.3	584.3	688.7
Growth (%)	10%	14%	31%	12%	33%	10%	5%	30%	17%	18%
PAT	2.2	2.5	3.6	6.7	2.8	3.2	4.3	7.1	15.1	17.3
Growth (%)	-43%	-18%	56%	26%	24%	29%	17%	5%	3%	15%
Key metrics (INR b)										
New Business APE	16.2	39.7	45.7	41.3	27.2	40.3	47.1	56.8	141.9	171.4
Growth (%)	27.6	46.5	30.6	4.0	68.0	1.4	3.1	37.4	24.9	20.7
VNB	3.9	10.3	11.7	11.1	6.9	10.5	12.5	15.8	37.0	45.7
Growth (%)	50.0	90.7	53.9	0.9	76.6	2.1	7.1	42.4	39.1	23.6
AUM	2,316	2,442	2,569	2,674	2,707	2,840	2,983	3,149	2,674	3,149
Growth (%)	32.1	31.0	22.6	21.1	16.9	16.3	16.1	17.8	21.1	17.8
Key Ratios (%)										
VNB margin (%)	24.1	25.9	25.6	26.8	25.3	26.1	26.6	27.8	25.9	26.7
Solvency ratio (%)	215.0	212.0	209.0	205.0	202.0	200.0	198.0	197.1	205.0	197.1

Max Financial**Buy****CMP: INR809 | TP: INR950 (+17%)****EPS CHANGE (%): FY23|24: -21.0|-7.3**

- New business premium to remain under pressure.
- Expect VNB margin to witness pressure and VNB growth to remain healthy.
- Expect the proprietary channel to exhibit healthy trends, while banca channel will witness pressure.
- Expect Non-PAR growth to remain healthy and ULIP to be under pressure

Quarterly performance (INR b)

Policy holder's A/c	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
First Year premium	8.0	12.3	15.4	17.4	10.2	13.8	17.6	21.2	53.2	62.8
Growth (%)	29.5%	8.9%	28.7%	-7.6%	27.3%	12.5%	14.0%	21.4%	10.0%	18.1%
Renewal premium	22.4	34.6	34.2	53.8	26.7	39.8	43.9	60.1	145.1	170.5
Growth (%)	21.2%	17.9%	18.8%	19.0%	18.9%	14.9%	28.4%	11.8%	19.0%	17.5%
Single premium	4.4	6.4	6.3	8.8	5.3	6.4	8.1	9.1	25.9	28.9
Growth (%)	56.5%	37.4%	15.3%	25.5%	22.3%	-1.2%	27.6%	4.2%	29.8%	11.6%
Gross premium income	34.8	53.3	56.0	80.0	42.2	59.9	69.6	90.4	224.1	262.2
Growth (%)	26.6%	17.6%	21.0%	12.6%	21.2%	12.4%	24.3%	13.0%	17.9%	17.0%
PAT	0.8	0.7	1.2	1.5	0.9	1.0	1.3	1.6	4.5	4.8
Growth (%)	-44.2%	163.0%	-54.4%	45.3%	11.2%	34.0%	15.8%	5.0%	-14.1%	5.9%
Key metrics (INR b)										
New Business APE	8.8	12.8	15.9	18.4	10.8	14.5	18.4	22.1	55.9	65.7
Growth (%)	32.4	11.2	30.0	-4.2	23.1	12.6	15.5	20.2	12.7	17.6
VNB	1.7	3.7	4.0	5.9	2.3	3.7	4.9	6.2	15.3	17.1
Growth (%)	52.2	15.1	13.1	27.1	34.6	-0.3	22.6	5.5	22.3	11.8
AUM (INR b)	937	1,001	1,025	1,075	1,102	1,128	1,173	1,226	1,075	1,226
Growth (%)	28.4	28.7	20.6	18.9	17.6	12.7	14.5	14.1	18.9	14.1
Key Ratios (%)										
VNB Margin (%)	19.7	29.2	24.9	31.9	21.5	25.8	26.4	28.0	27.4	26.0
Solvency ratio (%)	197.0	211.0	207.0	201.0	200.0	199.0	198.0	197.4	201.0	197.4

Financials - NBFCs

Company

Aavas Financiers
Bajaj Finance
Can Fin Homes
Chola Inv. & Fin.
HDFC
ICICI Securities
IIFL Wealth Management
Angel One
BSE
MCX
Star Health
LIC Housing Finance
L&T Finance Holdings
M&M Financial Services
Manappuram Finance
MAS Financial Services
Muthoot Finance
PNB Housing Finance
Repco Home Finance
Shriram City Union
Shriram Transport Finance

Healthy disbursement momentum; steady quarter despite seasonality

No major impact on margins in 1Q, impact in remainder of FY23 will be the key

- We expect our coverage universe of NBFC – Lending Financials to deliver 26% /26%/175% YoY growth in NII/PPoP/PAT, respectively, in 1QFY23. We forecast a strong YoY growth in earnings for SHTF, BAF and LICHF, while we estimate a decline in earnings for MGFL (driven by muted loan growth and deterioration in margin profile).
- In general, 1Q of a fiscal year is a seasonally weak quarter both in terms of disbursements as well as asset quality. However, we expect 1QFY23 to be slightly different with healthy disbursement momentum across both vehicle as well as housing financiers. The deterioration in asset quality (typical of 1Q) is also not as pronounced this time around with housing financiers likely to report a sequential improvement in asset quality while we expect a minor sequential asset quality deterioration (seasonal) for the vehicle financiers.
- Discussions with NBFCs/HFCs seem to suggest that the incremental cost of borrowings have gone up 30-50bp. However, since most of them were already carrying high liquidity on their balance sheets, the quantum of incremental borrowings in 1QFY23 has been very low. A large proportion of the bank term loans for most of the NBFCs are still MCLR-linked, which will get re-priced on their contracted reset frequency. The increase in the weighted average cost of borrowings is between 5bp and 20bp across NBFCs/HFCs.
- While large HFCs have raised their PLRs to transmit the increase in repo rates to customers, the smaller affordable housing financiers have restrained from increasing the lending rates just yet. Vehicle financiers did increase their lending rates by ~25bp in Jun'22 but on many occasions the increase was selectively done in particular lower-yielding product segments such as HCV, CE, Car, UV and Bus. Hence, the impact on margins was limited in 1QFY23; however, the impact in the remainder of FY23 will be the key to monitor for the cohort of lending NBFCs/HFCs.
- Driven by healthy disbursements and a low base of 1QFY22, we expect AUM growth for the NBFCs/HFCs to be healthy in 1QFY23. However, companies suggest that they are already seeing signs of a demand slowdown particularly in HCVs. Besides, with a projected (further) increase in the repo rates over the next six months, we expect companies to begin discussing about the impact on demand in their respective earnings calls.
- Equity markets continue to remain subdued leading to further decline in cash volumes; however, F&O volumes have managed to sustain its momentum. A sharp decline in IPO activity and muted distribution income will adversely affect the performance of the capital market players in 1QFY23. The momentum in inflows for the Wealth Management space is likely to remain decent.
- Growth in the health insurance industry in 1QFY23 has been mainly driven by strong premium growth in the group health business, whereas retail health business has seen some slowdown. SAHIs continue to gain market share, especially in the retail health segment, whereas PSU players have reported weak performance in both group and retail health businesses. However, claim ratios are likely to see sharp improvement with no material impact of COVID claims. Non-COVID claims are also likely to see some normalization.
- We continue to favor: a) franchises with strong balance sheets and b) those companies which can change their asset/liability mix to mitigate the impact on margins. Our top picks are CIFIC, SHTF, IIFL Wealth and Star Health.

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HFCs: Disbursement momentum healthy across large and affordable lenders; large HFCs such as HDFC might exhibit some NIM moderation

Property registrations continued to remain buoyant all through 1QFY23. Home loans continued to witness healthy demand despite increasing interest rates and concerns on inflation. We expect HDFC and LICHF (aided by their lower CoF) to deliver strong retail home loan disbursements while we forecast others such as PNBHOUSI to see relatively modest disbursements while it aligns to its new business model. Overall disbursements would be supported by better Corporate/Developer disbursements for HDFC/LICHF. Affordable Housing Financiers (AHFCs; with the exception of Aavas and CanFin) could potentially report a sequential improvement in disbursements in 1QFY23. AHFCs (except Aavas) have not increased their lending rates in 1QFY23 given that they were already operating at very healthy spreads/margins and did not see a significant increase in borrowing costs during the quarter. We expect asset quality to improve for the housing financiers leading to an improvement in GS3 and the 1+dpd metrics.

Vehicle Financiers – Healthy disbursements in an otherwise weak quarter; margin impact limited even as there would be a seasonal increase in GS3

PVs (particularly cars and UVs) continue to exhibit strong demand evident in their long waiting periods. M&HCV volumes have continued to demonstrate recovery in the last four to five months. Used CV sales also have continued to benefit from the momentum in the sales of new commercial vehicles. However, our discussions with vehicles financiers suggested that there were early/transitory signs of a demand slowdown in HCVs in Jun'22. MMFS has already reported its quarterly disbursements for 1QFY23 at ~INR94.5b (up 3% QoQ in a seasonally weak quarter). For SHTF, we estimate a 13% QoQ decline in disbursements while for CIFIC we expect disbursements to remain flat sequentially. We estimate seasonal deterioration in asset quality (30-45bp in GS3) across all the three vehicle financiers. Vehicle financiers will be most vulnerable to margin compression in the remainder of this fiscal year but the impact in 1QFY23 has been insignificant.

Gold financiers – Gold loan demand still muted but yields/margins have started improving from the lows of 4QFY22

Teaser rate gold loans (at interest rates of 6.9% p.a.) were withdrawn by the gold financiers post-Mar'22. A major part of the lending by gold loan NBFCs is now happening at interest-rates of 11%-12%. Demand in the lower-than-INR100K ticket segment has still not improved and banks/gold loan fintechs continue to remain very aggressive in the ticket-size above INR100K.

We expect the gold loan portfolio for MGFL to remain flat sequentially and we forecast the portfolio to grow ~2% sequentially for MUTH. Yields clearly have started to improve based on our channel checks ([refer report](#)) on both MUTH and MGFL. Besides, both the gold financiers have witnessed considerable success in re-pricing teaser rate gold loans upwards, which were done at 6.9% between Dec'21 and Mar'22. We expect their margins to recover from the lows reported in 4QFY22.

Diversified financiers exhibit healthy customer acquisitions and loan growth; asset quality stable with an improvement bias

Despite the improvement in real estate outlook and improving health of the developers, we believe that the wholesale lenders have stressed assets on their balance sheets that will be recognized as NPAs during the course of this year. Many of these stressed developers had availed 18-24 months moratorium under the RBI restructuring scheme and would be expected to resume repayments (particularly of principal) after 6-9 months.

BAF has already reported a healthy ~31% YoY/6% QoQ growth in its core AUM and delivered the highest ever quarterly addition in its customer franchise. We project a minor compression in margin for BAF but expect its asset quality to remain stable. We forecast SCUF to report healthy disbursements and deliver a 15% YoY growth in AUM. Further, we expect its margins to remain stable and model a ~20bp improvement in its Gross Stage 3.

Subdued equity markets to impact client acquisition run-rate as well as activation rates

The retail segment cash ADTO grew 13% MoM in Apr'22 but saw a 23% MoM decline in May'22. The decline was primarily attributable to weak equity markets. The cash volumes are expected to remain muted for Jun'22 as well. Retail F&O volumes too saw some slowdown in growth with only 7%/2% MoM increase in Apr/May'22, respectively. Customer acquisition run rate for the current quarter has been subdued. Angel One has seen a decline in client addition during 1QFY23 (v/s 4QFY22); its activation rate and F&O ADTO market share have also remained weak, leading to muted revenue growth for the quarter. However, continued investments in client acquisition, technology and hiring of resources are expected to keep its CI ratio elevated. For ISEC, we expect revenue growth to remain weak due to sharp decline in corporate finance segment led by volatile equity markets as well as subdued broking income. IIFLWAM shall see sequential decline in revenue because of normalization of TBR income, whereas ARR shall see moderate growth on both sequential and YoY basis.

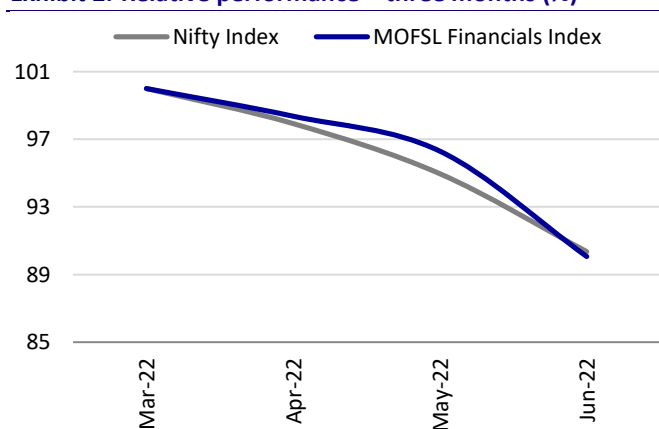
Health insurance premium continues on its growth trajectory driven by Group business

Overall health insurance premium grew 27%/20% YoY in Apr/May'22, respectively, whereas retail health grew only by 10% YoY during the same period. We expect health insurance premium growth to be dominated by the Group business for Jun'22 as well. Star Health along with other SAHIs outperformed the industry growth. Although Star Health continued to gain market share in the retail business, it has deliberately reduced its Group health book, thus impacting its overall premium growth. Claims ratios are likely to moderate during the quarter leading to improvement in combined ratio for the company.

Exhibit 1: Quarterly performance

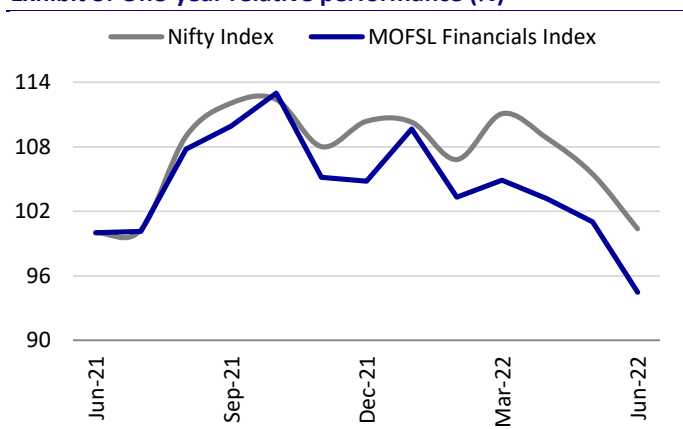
	CMP		NII (INR M)			OP. PROFITS (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
AAVAS Financiers	1,949	Sell	1,850	23.2	2.6	1,188	29.2	-12.4	886	48.0	-23.4
Angel One	1,264	Buy	4,167	60.3	2.5	2,294	41.4	-16.4	1,721	41.7	-16.0
Bajaj Finance	5,630	Buy	49,667	34.2	3.4	38,466	23.4	-3.0	21,090	110.4	-12.8
Can Fin Homes	442	Buy	2,417	33.4	1.8	2,068	35.6	6.3	1,407	29.3	14.5
Chola. Inv & Fin.	653	Buy	14,636	15.5	7.0	10,305	3.8	13.0	5,567	70.4	-19.3
HDFC	2,216	Buy	47,789	15.8	3.9	47,246	21.0	2.2	49,804	92.2	42.9
ICICI Securities	435	Buy	7,582	1.4	-15.0	3,562	-14.5	-21.8	2,672	-14.0	-21.5
IIFL Wealth Mgt	1,552	Buy	3,561	25.7	-15.8	1,767	35.5	-5.9	1,514	29.5	-8.6
L&T Fin.Holdings	69	Buy	15,519	3.5	1.7	10,185	-11.0	-10.3	2,690	52.0	-21.2
LIC Housing Fin	337	Buy	16,407	28.7	0.2	14,306	39.2	-5.1	7,845	411.3	-29.9
M & M Financial	179	Buy	15,683	35.4	5.2	10,536	40.7	17.3	3,768	LP	-37.3
Manappuram Finance	91	Buy	9,295	-9.6	3.4	4,903	-30.8	-3.0	2,833	-35.2	8.6
MAS Financial	511	Buy	951	21.1	5.9	698	9.6	15.3	464	26.0	9.0
Muthoot Finance	1,064	Buy	18,233	7.2	6.0	14,263	6.9	16.7	10,480	7.9	9.1
PNB Housing	330	Neutral	3,669	-27.9	-0.5	3,324	-30.0	-10.0	1,617	-33.5	-4.6
Repco Home Fin	132	Neutral	1,430	-1.2	1.8	1,185	-2.9	-0.8	507	57.8	20.6
Shriram City Union	1,733	Buy	9,822	11.7	2.0	5,833	2.5	-1.7	2,836	36.4	-6.3
Shriram Transport Fin.	1,266	Buy	24,030	21.3	-4.8	20,222	20.8	-4.2	9,503	459.2	-12.5
NBFC			2,46,709	17.6	1.6	1,92,349	14.3	-0.2	1,27,204	129.7	2.0

Exhibit 2: Relative performance – three months (%)



Source: MOFSL, Company

Exhibit 3: One-year relative performance (%)



Source: MOFSL, Company

Exhibit 4: EPS estimate changes for FY23-24

Company	Old estimates (INR)		New estimates (INR)		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
AAVAS	53.7	68.1	54.9	69.9	-2.1	-2.5
BAF	164.0	212.3	162.0	211.0	1.2	0.6
CANF	39.4	47.7	40.8	48.5	-3.3	-1.7
CIFC	28.5	34.2	29.1	33.6	-2.0	1.7
HDFC	74.5	86.0	75.6	85.4	-1.5	0.8
Angel One	93.1	114.0	86.6	102.9	-7.0	-9.8
ISEC	42.0	45.3	35.7	38.7	-15.1	-14.7
IIFWAM	76.8	86.9	77.9	87.7	1.5	0.9
Star Health	14.2	21.0	13.2	19.4	-1.1	-1.5
BSE	21.5	25.8	19.0	22.3	-11.7	-13.8
MCX	40.4	50.2	38.8	48.2	-4.1	-3.9
LTFH	6.1	7.1	6.4	8.0	-4.7	-11.0
LICHF	51.7	60.4	58.0	65.2	-10.9	-7.4
MMFS	11.5	12.8	11.6	11.9	-1.3	7.5
MASFIN	35.0	44.6	37.2	47.3	-6.0	-5.7
MUTH	93.8	100.3	102.1	102.6	-8.1	-2.3
MGFL	16.3	17.5	15.7	17.5	3.8	-
PNBHOUSI	58.4	63.9	49.8	54.0	17.3	18.5
REPCO	43.0	50.1	43.6	49.9	-1.5	0.4
SCUF	194.7	247.4	194.7	247.4	-	-
SHTF	119.2	136.9	126.9	136.7	-6.0	0.2

Source: MOFSL, Company, Note: HDFC's numbers are for the core mortgage business only

Exhibit 5: Valuation summary

CMP			EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
NBFC						24.4	19.9	17.1	3.0	2.7	2.4	12.2	13.4	13.8
AAVAS Financiers	1,949	Sell	45.2	54.9	69.9	43.1	35.5	27.9	5.5	4.7	4.1	13.7	14.3	15.7
Aditya Birla Cap	90	Buy	7.1	8.4	9.7	12.8	10.7	9.3	1.4	1.2	1.1	11.7	12.1	12.0
Angel One	1,264	Buy	75.4	86.6	102.9	16.8	14.6	12.3	6.6	5.1	4.0	46.0	39.5	36.6
Bajaj Finance	5,630	Buy	116.5	162.0	211.0	48.3	34.8	26.7	7.8	6.5	5.4	17.5	20.4	22.2
Can Fin Homes	442	Buy	35.4	40.8	48.5	12.5	10.8	9.1	1.9	1.6	1.4	16.6	16.3	16.6
Chola. Inv & Fin.	653	Buy	26.1	29.1	33.6	25.0	22.4	19.4	4.6	3.9	3.3	20.2	18.7	18.3
HDFC	2,216	Buy	62.4	75.6	85.4	35.5	29.3	26.0	3.3	3.1	2.8	12.7	13.8	14.0
ICICI Securities	435	Buy	42.9	35.7	38.7	10.1	12.2	11.2	5.8	5.0	4.3	65.0	43.7	40.9
IIFL Wealth Mgt	1,552	Buy	65.2	77.9	87.7	23.8	19.9	17.7	4.6	4.4	4.2	19.8	22.5	24.2
Indostar Capital	136	Buy	4.6	18.4	29.5	29.5	7.4	4.6	0.5	0.5	0.4	1.7	6.4	9.6
L&T Fin.Holdings	69	Buy	4.2	6.4	8.0	16.3	10.8	8.7	0.9	0.8	0.7	5.4	7.6	8.9
LIC Housing Fin	337	Buy	41.6	58.0	65.2	8.1	5.8	5.2	0.8	0.7	0.6	10.1	12.4	12.8
M & M Financial	179	Buy	8.0	11.6	11.9	22.3	15.4	15.0	1.5	1.4	1.3	6.6	9.1	8.8
Manappuram Fin.	91	Buy	15.7	15.7	17.5	5.8	5.8	5.2	0.9	0.8	0.7	17.0	14.9	14.8
MAS Financial	511	Buy	28.9	37.2	47.3	17.7	13.7	10.8	2.2	2.0	1.7	13.2	15.1	16.8
Muthoot Finance	1,064	Buy	98.6	102.1	102.6	10.8	10.4	10.4	2.3	2.0	1.7	23.5	20.5	17.8
PNB Housing	330	Neutral	49.6	49.8	54.0	6.6	6.6	6.1	0.6	0.5	0.5	8.9	8.2	8.3
Repc Home Fin	132	Neutral	30.6	43.6	49.9	4.3	3.0	2.6	0.4	0.3	0.3	8.9	11.6	11.8
Shriram City Union	1,733	Buy	162.9	194.7	247.4	10.6	8.9	7.0	1.3	1.2	1.0	12.7	13.7	15.4
Shriram Trans. Fin.	1,266	Buy	100.1	126.9	136.7	12.6	10.0	9.3	1.3	1.2	1.1	11.5	12.6	12.3

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Aavas Financiers

Sell
CMP INR1,949 | TP: INR1,760 (-10%)
EPS CHANGE (%): FY23|24: -2.1|-2.5

- Expect AUM/disbursement to grow 24%/128% YoY.
- Expect asset quality to improve with GS3 further improving sequentially to 0.96% (down 3 bp QoQ)
- Expect NIM to deteriorate ~20bp QoQ (including upfront assignment income in the range of ~INR140m).
- Expect opex to remain elevated driven by investments in technology/distribution and increments to employees

Quarterly performance

INR m

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	2,630	2,787	2,830	3,041	3,211	3,403	3,608	3,850	11,288	14,072
Interest Expenses	1,128	1,160	1,251	1,237	1,360	1,524	1,706	1,886	4,775	6,477
Net Income	1,502	1,627	1,579	1,804	1,850	1,880	1,901	1,963	6,513	7,595
YoY Growth (%)	29	26	12	37	23	16	20	9	26	17
Other income	90	468	599	612	269	529	678	760	1,768	2,236
Total Income	1,592	2,095	2,178	2,416	2,120	2,408	2,579	2,724	8,281	9,831
YoY Growth (%)	31	34	13	37	33	15	18	13	28	19
Operating Expenses	673	864	910	1,059	932	959	997	1,109	3,506	3,997
YoY Growth (%)	28	36	37	43	39	11	10	5	37	14
Operating Profits	919	1,231	1,268	1,357	1,188	1,449	1,582	1,615	4,775	5,834
YoY Growth (%)	33	33	0	33	29	18	25	19	22.3	22.2
Provisions	170	47	113	-104	59	76	80	97	226	311
Profit before Tax	749	1,183	1,155	1,461	1,129	1,373	1,502	1,518	4,549	5,523
Tax Provisions	150	262	264	304	243	295	323	332	981	1,193
Profit after tax	599	921	891	1,157	886	1,078	1,179	1,186	3,568	4,330
YoY Growth (%)	20	39	4	32	48	17	32	3	23.2	21.3

Bajaj Finance

Buy
CMP INR5,630 | TP: INR6,880 (22%)
EPS CHANGE (%): FY23|24: 1.2|0.6

- New loan bookings up ~60% YoY (on a lower base).
- Reported core AUM growth of 31% YoY/6% QoQ; however, total AUM growth to be muted at ~3.5% QoQ
- Expect margins to remain stable sequentially and opex to remain elevated with CIR at ~34%
- Expect ~20bp QoQ increase in credit costs in 1QFY23.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	59,542	66,873	72,623	73,659	77,342	81,983	87,722	99,668	2,72,698	3,46,715
Interest expenses	22,536	23,976	25,345	25,626	27,676	30,167	32,882	39,967	97,482	1,30,692
Net Interest Income	37,007	42,898	47,277	48,034	49,667	51,816	54,840	59,701	1,75,215	2,16,024
YoY Growth (%)	12.3	26.0	40.7	25.1	34.2	20.8	16.0	24.3	26.2	23.3
Other Operating Income	7,888	10,447	12,728	12,643	10,646	11,740	12,547	11,601	43,707	46,535
Net Income	44,895	53,345	60,005	60,677	60,313	63,556	67,387	71,302	2,18,922	2,62,558
YoY Growth (%)	8.1	28.2	39.7	30.2	34.3	19.1	12.3	17.5	26.8	19.9
Operating Expenses	13,733	20,297	20,814	21,006	21,847	22,721	23,629	23,785	75,850	91,981
Operating Profit	31,162	33,048	39,192	39,671	38,466	40,836	43,758	47,517	1,43,072	1,70,577
YoY Growth (%)	4.0	9.9	34.9	29.9	23.4	23.6	11.7	19.8	19.6	19.2
Provisions and Cont.	17,503	13,003	10,512	7,016	8,419	9,261	10,002	10,828	48,034	38,509
Profit before Tax	13,659	20,045	28,680	32,655	30,047	31,575	33,756	36,690	95,038	1,32,068
Tax Provisions	3,634	5,235	7,427	8,460	8,957	8,374	8,773	8,234	24,756	34,338
Net Profit	10,025	14,810	21,253	24,195	21,090	23,201	24,983	28,456	70,282	97,730
YoY Growth (%)	4.2	53.5	85.5	79.7	110.4	56.7	17.6	17.6	59.0	39.1

Can Fin Homes

Buy

CMP INR442 | TP: INR560 (+27%)

EPS CHANGE (%): FY23|24: -3.3|-1.7

- Expect healthy disbursements of ~INR20b leading to a ~124% YoY growth (on a low base).
- Expect credit costs of INR181m v/s INR65m in 1QFY22.
- Expect asset quality to remain stable with GS3 at ~0.6%
- Watch out for commentary on margins, credit costs and audit/inspection report of the remaining branches.

Quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	4,492	4,626	5,020	5,558	5,825	6,116	6,483	6,874	19,697	25,362
Interest Expenses	2,680	2,708	2,961	3,185	3,408	3,749	4,124	4,435	11,535	15,717
Net Interest Income	1,812	1,918	2,059	2,373	2,417	2,367	2,359	2,439	8,162	9,644
YoY Growth (%)	-5.3	-8.9	-2.1	27.7	33.4	23.4	14.6	2.8	2.3	18.2
Other income	16	53	64	55	51	66	71	90	188	216
Total Income	1,828	1,971	2,124	2,428	2,468	2,433	2,430	2,529	8,350	9,860
YoY Growth (%)	-4.6	-7.2	-0.6	26.1	35.0	23.5	14.4	4.2	3.1	18.1
Operating Expenses	303	342	403	482	400	424	451	429	1,530	1,704
YoY Growth (%)	40.8	35.8	17.1	12.4	32.1	24.0	11.8	-11.0	23.4	11.4
Operating Profits	1,526	1,628	1,720	1,946	2,068	2,009	1,979	2,101	6,820	8,156
YoY Growth (%)	-10.4	-13.0	-4.0	30.0	35.6	23.3	15.0	8.0	-0.6	19.6
Provisions	65	-62	164	302	181	200	220	266	469	867
Profit before Tax	1,460	1,690	1,557	1,643	1,886	1,809	1,759	1,834	6,351	7,289
Tax Provisions	372	454	400	414	479	459	447	473	1,640	1,859
Profit after tax	1,088	1,236	1,157	1,229	1,407	1,350	1,312	1,361	4,711	5,430
YoY Growth (%)	16.8	-3.7	-12.3	19.8	29.3	9.2	13.4	10.7	3.3	15.3

Cholamandalam Inv. & Fin.

Buy

CMP INR653 | TP: INR780 (+19%)

EPS CHANGE (%): FY23|24: -2.0|-1.7

- Expect disbursements at levels similar to 4QFY22 and AUM growth of ~19% YoY.
- Expect ~10bp QoQ improvement in spreads and margins.
- Expect deterioration of ~65bp QoQ in 30+ dpd
- Watch out for guidance on loan growth and margins.

Quarterly Performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	23,712	23,468	24,095	24,390	26,097	27,663	29,046	30,541	95,668	1,13,348
Interest Expenses	11,038	10,778	10,460	10,712	11,461	12,837	14,377	16,255	42,988	54,930
Net Interest Income	12,674	12,690	13,634	13,679	14,636	14,827	14,669	14,285	52,680	58,417
YoY Growth (%)	34.8	8.2	6.0	9.5	15.5	16.8	7.6	4.4	13.3	10.9
Other Income	958	1,239	1,208	1,927	1,597	1,580	1,634	1,926	5,720	6,737
Total Income	13,632	13,929	14,842	15,606	16,233	16,407	16,303	16,211	58,400	65,154
YoY Growth (%)	38.7	11.0	8.8	16.3	19.1	17.8	9.8	3.9	16.8	11.6
Operating Expenses	3,705	5,179	5,317	6,486	5,929	5,697	5,848	6,131	20,687	23,605
Operating Profit	9,927	8,750	9,525	9,120	10,305	10,709	10,455	10,080	37,712	41,549
YoY Growth (%)	55.8	-2.7	-4.3	10.2	3.8	22.4	9.8	10.5	10.4	10.2
Provisions & Loan Losses	5,519	584	2,483	-174	2,802	3,128	2,346	1,109	8,803	9,385
Profit before Tax	4,407	8,165	7,043	9,294	7,503	7,581	8,108	8,971	28,909	32,164
Tax Provisions	1,139	2,100	1,805	2,398	1,936	1,971	2,108	2,265	7,442	8,280
Net Profit	3,268	6,065	5,238	6,896	5,567	5,610	6,000	6,706	21,467	23,883
YoY Growth (%)	-24.2	40.4	28.1	183.5	70.4	-7.5	14.6	-2.7	41.7	11.3

HDFC**Buy****CMP INR2,216 | TP: INR2,870 (+30%)****EPS CHANGE (%): FY23|24: -1.5|0.8**

- AUM growth likely to be healthy (~18% YoY). Expect disbursements in individual loans to be strong with momentum in non-individual segment as well.
- NIM to contract ~35bp QoQ due to delay in transmission of increase in borrowing costs
- PPOP is likely to grow ~18% YoY. ESOP expense likely at INR0.6b-0.7b in 1QFY23
- Watch out for outlook on margins, home loan demand and asset quality in the non-individual segment

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	1,06,471	1,06,831	1,11,569	1,13,716	1,20,914	1,29,715	1,38,808	1,48,181	4,38,586	5,37,617
Interest Expense	65,219	65,735	68,731	67,708	73,124	79,706	87,676	95,771	2,67,392	3,36,277
Net Interest Income	41,252	41,096	42,838	46,009	47,789	50,010	51,132	52,409	1,71,194	2,01,340
YoY Change (%)	23.7	14.1	7.0	14.2	15.8	21.7	19.4	13.9	14.4	17.6
Assignment Income	2,675	1,278	2,247	4,361	4,385	3,000	3,000	1,821	10,560	12,206
NII (including assignment income)	43,926	42,373	45,085	50,370	52,174	53,010	54,132	54,230	1,81,754	2,13,546
YoY Change (%)	24.8	12.6	2.1	12.8	18.8	25.1	20.1	7.7	12.5	17.5
Other Operating Income	614	895	811	984	909	885	856	1,065	3,337	3,715
Core Income	44,540	43,268	45,896	51,354	53,083	53,895	54,988	55,295	1,85,091	2,17,261
YoY Change (%)	24.9	12.7	2.3	12.8	19.2	24.6	19.8	7.7	12.5	17.4
Operating Expenses	5,507	5,299	4,780	5,142	5,837	5,908	5,329	6,018	20,727	23,092
YoY Change (%)	38.9	44.8	-11.0	3.1	6.0	11.5	11.5	17.0	15.3	11.4
Core Operating profits	39,033	37,970	41,116	46,212	47,246	47,987	49,658	49,278	1,64,364	1,94,169
YoY Change (%)	23.1	9.3	4.2	13.9	21.0	26.4	20.8	6.6	12.2	18.1
Provisions	6,860	4,520	3,930	4,010	4,411	4,852	4,609	4,481	19,320	18,354
Core PBT	32,173	33,450	37,186	42,202	42,835	43,135	45,049	44,796	1,45,044	1,75,815
YoY Change (%)	12.0	10.1	10.9	26.5	33.1	29.0	21.1	6.1	15.1	21.2
Profit on Sale of Inv./MTM on Inv.	6,652	1,444	1,256	2,660	340	2,500	2,500	2,734	11,978	8,074
Dividend income	164	11,713	1,955	1,279	6,870	5,500	1,500	3,960	15,110	17,830
One off expense/Prov									0	0
Other Income	57	104	86	85	99	99	99	99	331	398
PBT	39,046	46,711	40,482	46,225	50,144	51,234	49,148	51,589	1,72,463	2,02,116
YoY Change (%)	8.3	32.3	7.9	17.8	28.4	9.7	21.4	11.6	16.4	17.2
Provision for Tax	9,039	8,906	7,875	9,222	10,235	10,459	10,033	10,303	35,041	41,030
PAT	30,007	37,805	32,607	37,003	39,910	40,775	39,115	41,287	1,37,422	1,61,087
YoY Change (%)	-1.7	31.7	11.4	16.4	33.0	7.9	20.0	11.6	14.3	17.2

ICICI Securities

Buy
CMP INR435 | TP: INR580 (+33%)
EPS CHANGE (%):FY23|24: -15.1|-14.7

- Broking revenue to remain weak due to continued decline in Cash volumes.
- Investment banking revenue to see a steep decline with lower execution of deals in a weak equity market environment.
- Distribution income to decline sequentially but expected to see some growth on YoY basis.
- Cost-to-income ratio is expected to jump on both sequential and YoY basis.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue from Operations	7,453	8,564	9,416	8,917	7,579	7,731	8,349	8,702	34,350	32,361
Other Income	24	2	3	6	3	4	4	4	35	14
Total Income	7,477	8,566	9,419	8,923	7,582	7,734	8,353	8,706	34,385	32,375
Change YoY (%)	36.8	25.9	51.9	20.7	1.4	-9.7	-11.3	-2.4	33.0	-5.8
Operating Expenses	3,310	3,856	4,321	4,369	4,020	4,100	4,387	4,533	15,856	17,039
Change YoY (%)	15.3	25.1	64.8	46.6	21.4	6.3	1.5	3.7	37.2	7.5
PBT	4,167	4,709	5,099	4,554	3,562	3,634	3,966	4,173	18,529	15,335
Change YoY (%)	60.6	26.5	42.5	3.2	-14.5	-22.8	-22.2	-8.4	29.5	-17.2
Tax Provisions	1,060	1,197	1,295	1,149	891	909	991	1,043	4,700	3,834
Net Profit	3,107	3,512	3,804	3,405	2,672	2,726	2,974	3,130	13,828	11,501
Change YoY (%)	60.9	26.3	42.5	3.3	-14.0	-22.4	-21.8	-8.1	29.5	-16.8

IIFL Wealth Management

Buy
CMP INR1,552 | TP: INR2,200 (+42%)
EPS CHANGE (%):FY23|24: 1.5|0.9

- Revenue to see a sequential decline led by normalization of TBR income.
- ABR yields likely to remain stable whereas TBR yields to contract both sequentially and YoY.
- Overall AUM growth expected to moderate led by marginal decline in TBR assets.
- Cost-to-income ratio is expected to improve.

Quarterly performance

INR m

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Revenues	2,834	3,143	3,781	4,228	3,561	3,731	3,992	4,148	13,987	15,432
Change (%)	42.6	48.3	58.1	59.2	25.7	18.7	5.6	-1.9	52.8	10.3
ARR Assets Income	1,936	2,222	2,451	2,524	2,675	2,809	3,034	3,160	9,133	11,678
TBR Assets Income	898	921	1,330	1,704	886	922	959	988	4,854	3,754
Operating Expenses	1,531	1,730	2,220	2,350	1,795	1,833	1,872	1,942	7,831	7,442
Change (%)	17.8	29.2	46.2	54.3	17.2	6.0	-15.7	-17.4	37.9	-5.0
Cost to Income Ratio (%)	54.0	55.0	58.7	55.6	50.4	49.1	46.9	46.8	56.0	48.2
Operating Profits	1,304	1,413	1,561	1,878	1,767	1,898	2,120	2,206	6,156	7,990
Change (%)	89.3	80.9	78.8	65.8	35.5	34.3	35.8	17.5	77.2	29.8
Other Income	206	480	420	265	225	250	300	325	1,371	1,100
Profit Before Tax	1,510	1,893	1,981	2,143	1,992	2,148	2,420	2,531	7,527	9,090
Change (%)	38.1	67.8	54.9	59.0	31.9	13.5	22.1	18.1	55.2	20.8
Tax	341	458	449	487	478	515	581	607	1,735	2,182
Tax Rate (%)	22.6	24.2	22.7	22.7	24.0	24.0	24.0	24.0	23.1	24.0
PAT	1,169	1,435	1,532	1,657	1,514	1,632	1,839	1,923	5,792	6,909
Change (%)	42.0	64.6	58.8	60.3	29.5	13.8	20.0	16.1	56.9	19.3
PAT Margins (%)	41.2	45.6	40.5	39.2	42.5	43.8	46.1	46.4	41.4	44.8

Angel One

Buy

CMP INR1,264 | TP: INR1,850 (46%)

EPS CHANGE (%):FY23|24: -7.0|-9.8

- With continued growth momentum in F&O ADTO, Angel's revenue growth to remain strong YoY.
- Gross customer acquisition run rate saw a decline along with a dip in activation rate.
- Interest income is expected to be flattish led by subdued MTF book.
- Cost-to-income ratio is likely to increase both sequentially and YoY on higher investments.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue from Operations	2,600	2,992	3,512	4,064	4,167	4,085	4,085	4,053	13,167	16,390
Other Income	807	888	936	1,031	936	1,030	1,086	1,160	3,662	4,212
Total Income	3,407	3,880	4,448	5,095	5,103	5,115	5,170	5,214	16,829	20,601
Change YoY (%)	110.4	83.3	100.5	68.9	49.8	31.8	16.2	2.3	87.6	22.4
Operating Expenses	1,744	2,040	2,191	2,298	2,756	2,660	2,689	2,712	8,273	10,816
Change YoY (%)	119.3	89.9	94.6	48.0	58.0	30.4	22.7	18.0	76.9	30.7
Depreciation	41.0	45.3	48.3	52.3	53.3	54.1	54.9	57.4	186.8	219.7
PBT	1,622	1,795	2,209	2,744	2,294	2,401	2,427	2,444	8,369	9,566
Change YoY (%)	109.5	80.1	111.2	92.8	41.4	33.8	9.9	-10.9	103.6	14.3
Tax Provisions	408	451	562	696	574	600	607	611	2,117	2,391
Net Profit	1,214	1,343	1,647	2,048	1,721	1,801	1,820	1,833	6,253	7,174
Change YoY (%)	99.0	80.2	124.7	101.0	41.7	34.0	10.5	-10.5	109.8	14.7

Star Health

Buy

CMP INR497 | TP: INR750 (+51%)

EPS CHANGE (%):FY23|24: -1.1|-1.5

- Retail health premium growth expected to be strong at 20%+, Group health to decline
- Expense ratio to remain flattish on a YoY basis
- Claims ratio to normalize to pre-COVID levels.
- Combined ratio to taper down materially, on both YoY and QoQ basis.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross premium	21,851	28,847	27,045	36,892	26,591	33,603	35,032	44,814	1,14,635	1,40,040
Net written premium	20,497	27,293	25,568	34,738	25,075	31,688	33,036	42,253	1,08,096	1,32,052
Net earned premium	22,430	24,167	25,283	26,212	21,565	27,251	28,411	36,338	98,092	1,13,565
Investment Income	871	971	901	1,192	1,264	1,339	1,420	2,016	4,796	6,039
Total Income	23,301	25,138	26,184	27,404	22,828	28,591	29,830	38,354	1,02,887	1,19,604
Change YoY (%)	109.2	62.6	78.3	266.1	-2.0	13.7	13.9	40.0	111.0	16.2
Incurred claims	20,415	20,696	26,442	17,848	13,801	17,441	18,183	23,363	85,401	72,788
Net commission	2,665	3,597	3,588	5,072	3,385	4,278	4,460	5,664	14,922	17,787
Employee expense	2,812	3,288	3,018	4,260	3,206	3,781	3,682	4,716	13,378	15,384
Other expenses	698	1,746	1,359	1,204	1,053	1,394	1,520	1,975	5,007	5,942
Total Operating Expenses	26,590	29,326	34,407	28,384	21,445	26,894	27,844	35,718	1,18,707	1,11,902
Change YoY (%)	187.0	81.8	87.4	45.1	-19.3	-8.3	-19.1	25.8	86.7	-5.7
Underwriting profit	-4,160	-5,159	-9,124	-2,172	119	358	566	620	-20,615	1,663
Other charges	-18	-842	-	-	-	-	-	-	-860	-
Operating profit	-3,271	-3,347	-8,223	-980	1,383	1,697	1,986	2,636	-15,820	7,702
Shareholder's P/L										
Transfer from Policyholder's	-3,271	-3,347	-8,223	-980	1,383	1,697	1,986	2,636	-15,820	7,702
Investment income	556	1,112	926	618	610	627	1,157	1,535	3,214	3,929
Total Income	-2,715	-2,235	-7,297	-362	1,993	2,324	3,143	4,170	-12,606	11,631
Provisions other than taxation	-	-	23	0	-	-	-	-	26	-
Other expenses	90	90	363	795	117	134	417	866	1,334	1,534
Total Expenses	90	90	386	795	117	134	417	866	1,360	1,534
PBT	-2,805	-2,325	-7,682	-1,158	1,876	2,190	2,726	3,304	-13,966	10,097
Change YoY (%)	-229.3	490.2	142.6	-90.9	-166.9	-194.2	-135.5	-385.5	-3.4	-172.3
Tax Provisions	-705	-618	-1,899	-337	469	547	682	826	-3,559	2,524
Net Profit	-2,100	-1,706	-5,783	-820	1,407	1,642	2,045	2,478	-10,407	7,572
Change YoY (%)	-229.3	432.1	139.0	-91.4	-167.0	-196.2	-135.4	-402.1	-4.2	-172.8

L&T Finance Holdings**Buy****CMP INR69 | TP: INR95 (+37%)****EPS CHANGE (%): FY23|24: -4.7|-11.0**

- Expect MFI, Tractor and Housing to be the key growth drivers. Overall, we expect the loan book to grow by ~2.8% QoQ led by rural finance and home loans.
- Anticipate the credit costs to remain elevated at ~3% (annualized) in 1QFY23
- NIM could decline ~70bp QoQ driven by rundown in high-margin wholesale business but fees likely to be higher led by improved disbursements.
- Watch out for commentary on how it plans to rundown the wholesale segments and initiatives in retail segments.

LTFFH: Quarterly performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	30,083	29,028	28,744	29,188	28,604	29,462	30,051	31,066	1,17,042	1,19,182
Interest Expenses	15,089	14,417	14,066	13,923	14,340	14,914	15,660	17,753	57,494	62,667
Net Interest Income	14,994	14,611	14,678	15,265	14,263	14,548	14,392	13,313	59,548	56,516
Change YoY (%)	13.8	4.9	-7.1	-5.5	-4.9	-0.4	-2.0	-12.8	0.8	-5.1
Other Operating Income	1,318	1,490	1,964	1,281	1,255	994	1,014	5,926	6,053	9,189
Net Operating Income	16,313	16,101	16,642	16,546	15,519	15,542	15,406	19,239	65,601	65,705
Change YoY (%)	15.8	6.0	-4.6	-8.4	-4.9	-3.5	-7.4	16.3	1.3	0.2
Other income	614	826	1,284	1,204	700	950	1,300	1,370	3,928	4,320
Total Income	16,926	16,928	17,925	17,749	16,219	16,492	16,706	20,609	69,529	70,025
Change YoY (%)	2.9	4.5	-3.8	-10.3	-4.2	-2.6	-6.8	16.1	-2.2	0.7
Operating Expenses	5,485	5,905	6,167	6,389	6,034	6,495	6,783	6,849	23,946	26,161
Change YoY (%)	31.4	28.8	25.5	5.1	10.0	10.0	10.0	7.2	21.3	9.3
Operating Profits	11,441	11,023	11,759	11,360	10,185	9,997	9,922	13,761	45,582	43,864
Change YoY (%)	-6.8	-5.1	-14.3	-17.1	-11.0	-9.3	-15.6	21.1	-11.2	-3.8
Provisions	9,062	7,830	7,418	6,524	6,500	5,550	5,450	4,793	30,833	22,293
Profit before Tax	2,379	3,193	4,341	4,837	3,685	4,447	4,472	8,967	14,750	21,571
Tax Provisions	609	963	1,261	1,423	995	1,201	1,207	2,421	4,256	5,824
Profit after tax	1,770	2,230	3,080	3,414	2,690	3,246	3,265	6,546	10,494	15,747
Change YoY (%)	20.1	-10.0	7.0	28.3	52.0	45.6	6.0	91.8	10.6	50.1

LIC Housing Finance**Buy****CMP INR337 | TP: INR425 (+26%)****EPS CHANGE (%): FY23|24: -10.9|-7.4**

- Expect loan growth at 9% YoY, with a largely stable mix.
- Estimate provisions of INR4.5b v/s INR1.9b QoQ.
- Expect CoF to increase marginally by ~10bp QoQ and yields compression of ~7bp. We factor in largely stable spreads at ~1.9% sequentially.
- Watch out for commentaries on asset quality in the developer segment and margin trajectory

Quarterly Performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	48,253	46,734	50,006	51,893	53,345	54,946	56,594	63,086	1,96,885	2,27,972
Interest Expenses	35,500	35,060	35,460	35,518	36,938	39,524	42,686	46,342	1,41,537	1,65,490
Net Interest Income	12,753	11,674	14,546	16,375	16,407	15,422	13,908	16,744	55,348	62,482
YoY Growth (%)	4.5	-5.7	13.6	8.8	28.7	32.1	-4.4	2.3	5.5	12.9
Fees and other income	338	416	698	1,193	320	392	566	904	2,646	2,182
Net Income	13,091	12,090	15,244	17,568	16,727	15,814	14,474	17,648	57,994	64,663
YoY Growth (%)	7.9	-5.7	14.7	11.8	27.8	30.8	-5.1	0.5	7.5	11.5
Operating Expenses	2,815	2,609	2,070	2,500	2,421	2,401	2,194	2,292	9,994	9,308
Operating Profit	10,276	9,481	13,174	15,069	14,306	13,413	12,280	15,356	48,000	55,356
YoY Growth (%)	-4.5	-15.4	13.5	12.7	39.2	41.5	-6.8	1.9	2.3	15.3
Provisions and Cont.	8,346	6,392	3,556	1,925	4,500	4,500	4,000	2,441	20,218	15,441
Profit before Tax	1,929	3,090	9,619	13,144	9,806	8,913	8,280	12,915	27,782	39,915
Tax Provisions	395	611	1,945	1,958	1,961	1,783	1,656	2,583	4,909	7,983
Net Profit	1,534	2,479	7,673	11,186	7,845	7,131	6,624	10,332	22,873	31,932
YoY Growth (%)	-81.2	-68.7	5.5	180.4	411.3	187.7	-13.7	-7.6	-16.3	39.6

Mahindra Financial Services

Buy
CMP INR179 | TP: INR210 (+18%)
EPS CHANGE (%): FY23 | 24: -1.3 | 7.5

- Reported disbursements grew ~3% QoQ in 1QFY23.
- Expect margins to improve QoQ driven by better yields and ~8bp QoQ increase in CoF.
- Estimate credit costs of INR5.4b (~3.3% annualized) including write-offs of INR2b.
- Guidance on asset quality, margins and loan-growth will be the key monitorables.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Operating Income	21,760	25,079	25,317	24,424	25,387	25,168	25,455	27,071	96,580	1,03,081
Other Income	111	145	114	239	150	175	200	206	609	731
Total income	21,871	25,224	25,430	24,664	25,537	25,343	25,655	27,277	97,189	1,03,811
YoY Growth (%)	-17.6	-4.8	-1.2	-6.5	16.8	0.5	0.9	10.6	-7.6	6.8
Interest Expenses	10,179	10,151	9,514	9,514	9,704	10,384	11,318	12,478	39,359	43,884
Net Income	11,691	15,073	15,916	15,150	15,833	14,959	14,336	14,799	57,830	59,927
YoY Growth (%)	-15.9	5.6	12.4	-2.2	35.4	-0.8	-9.9	-2.3	-0.1	3.6
Operating Expenses	4,203	4,910	5,294	6,170	5,296	5,499	5,717	6,260	20,577	22,773
Operating Profit	7,488	10,163	10,623	8,979	10,536	9,460	8,619	8,539	37,253	37,154
YoY Growth (%)	-28.3	-1.4	6.4	-15.1	40.7	-6.9	-18.9	-4.9	-10.4	-0.3
Provisions	28,186	-3,668	-1,474	639	5,445	5,000	4,000	3,279	23,683	17,724
Profit before Tax	-20,698	13,831	12,096	8,341	5,091	4,460	4,619	5,259	13,570	19,430
Tax Provisions	-5,411	3,602	3,158	2,333	1,324	1,160	1,201	1,406	3,682	5,091
Net Profit	-15,288	10,229	8,939	6,008	3,768	3,300	3,418	3,853	9,888	14,339
YoY Growth (%)	-1,121.3	237.0	-426.1	300.6	-124.6	-67.7	-61.8	-35.9	195.0	45.0

MAS Financial

Buy
CMP INR511 | TP: INR720 (+41%)
EPS CHANGE (%): FY23 | 24: -6.0 | -5.7

- Expect AUM to grow 7% QoQ/ ~29% YoY.
- Watch out for commentary on asset quality in partnered NBFCs.
- Expect margins to largely remain stable QoQ
- Expect provisions of INR75m in 1QFY23 (increasing by ~100% QoQ on a lower base).

Quarterly Performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Revenue from Operations	1,485	1,567	1,718	1,804	1,929	2,101	2,282	2,465	6,574	8,778
Interest Income	1,283	1,352	1,473	1,590	1,709	1,863	2,031	2,056	5,697	7,659
Gain on assignments	149	155	175	147	158	172	188	282	625	800
Other operating Income	53	61	70	67	62	66	64	127	252	318
Interest expenses	699	759	831	905	978	1,066	1,172	1,270	3,195	4,486
Total income	786	808	887	899	951	1,036	1,110	1,194	3,379	4,291
Growth Y-o-Y (%)	-13.7	-1.6	13.4	15.1	21.1	28.2	25.2	32.9	2.6	27.0
Operating Expenses	149	203	280	294	254	240	302	295	926	1,090
Operating Profits	636	605	607	605	698	796	808	900	2,453	3,201
Growth Y-o-Y (%)	-19.2	-13.1	-4.5	5.3	9.6	31.6	33.1	48.7	-8.4	30.5
Provisions	141	90	68	38	75	117	117	159	336	468
Profit before tax	495	515	539	567	623	679	691	741	2,117	2,733
Growth Y-o-Y (%)	1.3	12.9	11.4	13.5	25.7	31.8	28.2	30.5	9.7	29.1
Tax Provisions	127	132	138	142	159	173	176	189	538	697
Net Profit	368	383	401	426	464	506	515	552	1,578	2,036
Growth Y-o-Y (%)	0.6	12.0	10.8	16.6	26.0	32.0	28.3	29.6	10.0	29.0

Muthoot Finance

Buy

CMP INR 1,064 | TP: INR1,240 (+16%)

EPS CHANGE (%): FY23|24: -8.1|-2.3

- Estimate muted standalone AUM growth of ~2% QoQ driven by weak gold loan demand in below INR100K ticket size segment and high competition.
- Building in a ~20bp sequential expansion in margins and spreads.
- Expect improvement in both Stage 2 and Stage 3 loans
- Watch out for commentaries on gold loan demand and margin guidance for FY23.

Quarterly Performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Income from operations	26,837	27,920	28,394	26,410	27,994	28,834	29,699	30,760	1,09,560	1,17,287
Other operating income	301	385	288	289	318	350	385	437	1,263	1,490
Total Operating income	27,138	28,304	28,682	26,699	28,312	29,184	30,084	31,197	1,10,823	1,18,777
YoY Growth (%)	13.8	9.6	3.7	-5.5	4.3	3.1	4.9	16.8	5.0	7.2
Other income	11	29	36	85	20	32	43	55	161	150
Total Income	27,149	28,333	28,718	26,784	28,332	29,216	30,127	31,252	1,10,984	1,18,927
YoY Growth (%)	13.8	9.6	3.4	-5.3	4.4	3.1	4.9	16.7	5.0	7.2
Interest Expenses	9,822	9,794	9,533	9,208	9,761	10,444	11,175	12,195	38,358	43,576
Net Income	17,327	18,539	19,185	17,575	18,571	18,772	18,951	19,057	72,626	75,351
Operating Expenses	3,989	4,397	4,519	5,357	4,309	4,617	4,745	5,740	18,262	19,410
Operating Profit	13,338	14,142	14,666	12,218	14,263	14,155	14,207	13,317	54,364	55,941
YoY Growth (%)	17.0	16.8	5.5	-10.2	6.9	0.1	-3.1	9.0	6.6	2.9
Provisions	337	744	889	-700	101	312	312	211	1,270	936
Profit before Tax	13,001	13,398	13,777	12,918	14,162	13,843	13,895	13,105	53,094	55,005
Tax Provisions	3,290	3,458	3,488	3,315	3,682	3,599	3,613	3,144	13,551	14,038
Net Profit	9,712	9,940	10,289	9,603	10,480	10,244	10,282	9,961	39,543	40,967
YoY Growth (%)	15.5	11.1	3.8	-3.6	7.9	3.1	-0.1	3.7	6.2	3.6

Manappuram Finance

Buy

CMP INR91 | TP: INR125 (+38%)

EPS CHANGE (%): FY23|24: 3.8|0.0

- Expect gold AUM to remain flat sequentially and consolidated AUM to grow ~2% QoQ
- Factored in a margin expansion of ~50bp QoQ and spread expansion of ~60bp on the consolidated book.
- Expect credit costs to decline to ~1.4% in 1QFY23 (v/s 2% in 4QFY22)
- Watch out for commentaries on demand in gold loans and asset quality in the MFI and Vehicle segments.

Quarterly Performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	15,216	14,787	14,461	13,933	14,491	15,215	15,976	16,702	58,397	62,383
Interest Expenses	4,931	4,924	5,311	4,948	5,196	5,507	5,838	6,664	20,114	23,205
Net Interest Income	10,285	9,863	9,151	8,985	9,295	9,708	10,138	10,038	38,283	39,179
YoY Growth (%)	13.2	1.0	-11.6	-14.5	-9.6	-1.6	10.8	11.7	-3.6	2.3
Other income	521	758	607	980	626	909	729	1,065	2,866	3,328
Total Income	10,806	10,621	9,758	9,965	9,920	10,617	10,867	11,103	41,149	42,507
Operating Expenses	3,720	4,593	5,228	4,912	5,018	5,219	5,427	5,322	18,453	20,986
Operating Profit	7,086	6,028	4,530	5,053	4,903	5,398	5,439	5,782	22,696	21,521
YoY Growth (%)	11.1	-7.6	-38.6	-30.7	-30.8	-10.5	20.1	14.4	-17.7	-5.2
Provisions	1,223	1,078	1,048	1,514	1,100	1,100	926	579	4,862	3,706
Profit before Tax	5,864	4,950	3,482	3,539	3,803	4,298	4,513	5,202	17,835	17,815
Tax Provisions	1,495	1,252	872	930	970	1,096	1,151	1,327	4,548	4,543
Net Profit	4,369	3,699	2,610	2,610	2,833	3,202	3,362	3,876	13,286	13,273
YoY Growth (%)	18.7	-8.8	-46.0	-44.3	-35.2	-13.4	28.8	48.5	-23.0	-0.1

PNB Housing Finance**Neutral****CMP INR330 | TP: INR370 (+12%)****EPS CHANGE (%): FY23|24: 17.3|18.5**

- Rebalancing portfolio towards Retail to result in a moderation in AUM growth (-8% YoY).
- Expect provisions to decline to INR1.24b in 1QFY23 from INR1.45b in 4QFY22.
- Spreads likely to decline ~15bp sequentially to 1.9%.
- Watch out for commentaries on asset quality of the corporate loan book and disbursement trajectory

Quarterly performance**(INR M)**

	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	16,114	14,999	14,112	12,995	13,255	14,448	15,748	16,436	58,220	59,886
Interest Expenses	11,029	10,348	9,961	9,307	9,586	10,257	10,975	11,833	40,645	42,651
Net Interest Income	5,085	4,651	4,151	3,688	3,669	4,190	4,773	4,603	17,575	17,235
YoY Growth (%)	16.1	-25.1	-18.9	-29.0	-27.9	-9.9	15.0	24.8	-15.9	-1.9
Other income	815	865	844	1,264	900	850	900	1,039	3,787	3,689
Total Income	5,900	5,516	4,995	4,951	4,569	5,040	5,673	5,643	21,363	20,924
YoY Growth (%)	16.0	-19.1	-23.2	-27.6	-22.6	-8.6	13.6	14.0	-15.4	-2.1
Operating Expenses	1,152	1,186	1,163	1,258	1,245	1,305	1,279	1,403	4,760	5,231
YoY Growth (%)	10.6	11.1	16.7	-13.1	8.0	10.0	10.0	11.5	4.5	9.9
Operating Profits	4,748	4,330	3,832	3,693	3,324	3,736	4,394	4,239	16,603	15,693
YoY Growth (%)	17.3	-24.7	-30.4	-31.4	-30.0	-13.7	14.7	14.8	-19.7	-5.5
Provisions	1,595	1,418	1,295	1,455	1,237	1,262	1,287	1,082	5,764	4,868
Profit before Tax	3,153	2,912	2,537	2,238	2,087	2,474	3,107	3,157	10,840	10,825
Tax Provisions	720	560	653	542	470	557	699	710	2,475	2,436
Profit after tax	2,433	2,352	1,885	1,695	1,617	1,917	2,408	2,447	8,365	8,389
YoY Growth (%)	-5.4	-24.9	-18.9	33.5	-33.5	-18.5	27.8	44.3	-8.0	0.3

Repco Home Finance**Neutral****CMP INR132 | TP: INR150 (+14%)****EPS CHANGE (%): FY23|24: -1.5|0.4**

- Expect disbursements to grow 140% YoY.
- Estimate loan book to remain flat sequentially with balance transfers remaining elevated
- Expect spreads to expand ~6bp QoQ and credit costs to remain elevated at 1.7% (annualized).
- Watch out for commentary around the asset quality and guidance on disbursements/AUM growth

Quarterly performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	3,205	3,304	3,211	3,084	3,177	3,272	3,370	3,682	12,804	13,502
Interest Expenses	1,757	1,744	1,719	1,680	1,747	1,834	1,944	2,144	6,899	7,670
Net Income	1,448	1,560	1,492	1,405	1,430	1,438	1,426	1,539	5,905	5,832
YoY Growth (%)	13.1	11.7	-3.4	-2.6	-1.2	-7.8	-4.4	9.5	8.4	-1.2
Other income	19	42	44	158	84	84	84	166	262	419
Total Income	1,467	1,602	1,536	1,563	1,514	1,522	1,510	1,704	6,166	6,251
YoY Growth (%)	11.5	13.4	-2.4	0.9	3.3	-4.9	-1.7	9.1	5.4	1.4
Operating Expenses	246	283	344	368	330	331	333	342	1,241	1,335
YoY Growth (%)	4.5	10.2	17.9	2.0	34.0	17.0	-3.2	-7.1	8.4	7.6
Operating Profits	1,221	1,318	1,192	1,195	1,185	1,191	1,178	1,362	4,926	4,916
YoY Growth (%)	13.0	14.1	-7.0	0.6	-2.9	-9.7	-1.2	14.1	4.7	-0.2
Provisions	783	169	765	613	500	350	200	165	2,331	1,215
Profit before Tax	437	1,149	427	582	685	841	978	1,198	2,595	3,701
Tax Provisions	116	290	112	161	178	219	254	319	680	969
Profit after tax	321	859	315	420	507	622	723	879	1,915	2,732
YoY Growth (%)	-49.8	6.3	-60.5	-33.5	57.8	-27.6	129.9	109.2	-33.4	42.6

Shriram City Union Finance

Buy

CMP INR1,743 | TP: INR2,200 (+27%)

EPS CHANGE (%): FY23 | 24: 0.0 | 0.0

- Estimate disbursements of ~INR73b and AUM of ~INR340b reflecting growth of 15% YoY and 2.6% QoQ.
- Spreads and NIMs likely to decline ~10bp QoQ.
- Credit costs expected at 2.4% (v/s 2.2% in 4QFY22).
- Watch out for commentaries on growth and asset quality in the MSME, 2W and PL segments. Digital play also remains a key monitorable.

Quarterly Performance

INR m

Y/E MARCH	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	14,539	15,147	15,891	16,566	16,897	17,235	17,580	19,877	62,142	71,588
Interest expenses	5,746	6,158	6,486	6,936	7,075	7,216	7,361	8,496	25,325	30,147
Net Interest Income	8,793	8,989	9,406	9,630	9,822	10,019	10,219	11,381	36,817	41,441
Y-o-Y Growth (%)	3.1	5.6	7.3	12.2	11.7	11.5	8.7	18.2	7.1	12.6
Fees and Other Income	417	696	1,124	933	731	1,180	979	1,072	3,169	3,962
Net Operating Income	9,210	9,685	10,530	10,562	10,553	11,199	11,198	12,453	39,986	45,403
Y-o-Y Growth (%)	5.0	10.0	14.7	13.6	14.6	15.6	6.4	17.9	10.9	13.5
Operating Expenses	3,517	3,890	4,472	4,628	4,720	4,815	4,911	3,804	16,507	18,250
Operating Profit	5,693	5,795	6,058	5,935	5,833	6,384	6,287	8,649	23,480	27,153
Y-o-Y Growth (%)	0.5	3.1	8.1	7.6	2.5	10.2	3.8	45.7	4.8	15.6
Provisions	2,901	2,029	2,184	1,762	2,000	2,040	2,081	3,577	8,876	9,698
Profit before Tax	2,792	3,766	3,873	4,173	3,833	4,344	4,207	5,072	14,604	17,455
Tax Provisions	712	943	948	1,148	997	1,130	1,094	1,263	3,751	4,483
Net Profit	2,080	2,823	2,925	3,025	2,836	3,215	3,113	3,808	10,853	12,973
Y-o-Y Growth (%)	8.2	9.9	4.6	7.3	36.4	13.9	6.4	25.9	7.4	19.5

Shriram Transport Finance

Buy

CMP INR1,266 | TP: INR1,500 (+19%)

EPS CHANGE (%): FY23 | 24: -6.0 | 0.2

- Expect disbursements of ~INR148b and AUM growth of ~9% YoY/ ~2% QoQ
- Model credit costs of ~2.3% in 1QFY23 with a minor sequential deterioration in the asset quality.
- Estimate normalized spreads and margins to remain stable sequentially (adjusted for the one-offs in 4QFY22)
- Watch out for commentaries on AUM growth, margins, asset quality and progress on the announced merger.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23		
Interest Income	44,793	45,784	46,607	49,282	48,789	50,009	51,509	53,385	1,86,463	2,03,691
Interest expenses	24,981	24,352	23,973	24,037	24,758	26,244	27,818	29,768	97,343	1,08,589
Net Interest Income	19,812	21,432	22,634	25,244	24,030	23,765	23,690	23,617	89,120	95,102
Change YoY (%)	7.9	5.2	5.5	19.3	21.3	10.9	4.7	-6.4	10.4	6.7
Other Operating Income	1,688	1,194	1,672	1,535	1,565	1,596	1,628	1,786	6,089	6,576
Other Income	34	50	45	60	37	54	49	73	191	213
Net Income	21,534	22,676	24,351	26,839	25,633	25,416	25,368	25,476	95,399	1,01,892
Change YoY (%)	14.7	8.6	10.3	21.4	19.0	12.1	4.2	-5.1	13.8	6.8
Operating Expenses	4,791	5,507	5,275	5,725	5,411	5,999	6,188	6,843	21,298	24,441
Operating Profit	16,743	17,169	19,076	21,114	20,222	19,417	19,179	18,633	74,101	77,451
Change YoY (%)	12.0	8.9	14.7	27.1	20.8	13.1	0.5	-11.8	15.8	4.5
Provisions	14,396	6,762	9,843	7,608	7,380	7,380	7,380	9,556	38,609	31,696
Profit before Tax	2,347	10,407	9,233	13,506	12,842	12,037	11,799	9,077	35,493	45,755
Tax Provisions	648	2,694	2,427	2,645	3,339	3,130	3,068	1,902	8,413	11,439
Net Profit	1,699	7,712	6,806	10,861	9,503	8,907	8,732	7,174	27,079	34,316
Change YoY (%)	-46.9	12.7	-6.5	43.9	459.2	15.5	28.3	-33.9	8.9	26.7

Healthcare

Company

Alembic Pharma.
Alkem Lab.
Ajanta Pharma
Apollo Hospitals
Aurobindo Pharma
Biocon
Cipla
Divi's Lab.
Dr. Reddy's Lab.
Eris Lifesciences
Gland Pharma
Glenmark Pharma.
Granules India
GSK Pharma.
IPCA Lab.
Jubilant Pharmova
Laurus Labs
Lupin
Solara
Strides Pharma.
Sun Pharma.
Torrent Pharma.
Zydus Lifesciences.

Cost pressures/high base of last year to hinder 1QFY23 performance

The USFDA Regulatory risk escalates; ANDA approvals to accelerate

Performance of pharma companies under our coverage is expected to remain muted as the third consecutive quarter witnessed earnings decline YoY. Multiple factors are likely to weigh on the aggregate 1QFY23 performance, such as: a) higher COVID-related sales in 1QFY22, and b) rising competitive intensity in the US generics segment, which are expected to moderate YoY sales growth to 2% for companies under our coverage, resulting in sales of INR544b for 1QFY23. In addition, cost pressures in terms of raw materials/freight and ongoing price erosion in the US generics are projected to drag down EBITDA/PAT of companies under our coverage (excluding Apollo Hospitals) by 12%/10% YoY for 1QFY23, respectively.

COVID-led sales in 1QFY22 and higher opex to hurt DF performance in 1QFY23

We expect the aggregate DF segment sales to decline 8% YoY for the companies under our coverage. COVID-related therapies, especially Anti-Infectives/VMN, declined as the pandemic eased in India during the quarter. The Respiratory, Cardiac, and Hormone therapies would also witness decline because of the high base of last year. While Non-COVID sales are normalizing, the promotional activities have picked up pace considerably via both, physical as well as virtual connect between Doctors and MRs. Besides, companies are adding MRs to enhance the existing as well as new divisions. This would adversely affect profitability over near term. However, the improved scope of taking inflation-linked price hikes (~10% YoY) for portfolio under the National List of Essential Medicines (NLEM) would offset the negative impact to some extent. Company-wise, we expect ERIS to report 7% YoY growth in DF revenue in 1QFY23 – the highest in our coverage universe – backed by continued outperformance in Cardio/Anti-Diabetes/Gynec segments. We forecast GNP/ZYDUS/CIPLA/DRRD/SUNP to deliver 25%/15%/15%/10%/10% YoY decline in DF sales, respectively, owing to: a) decrease in COVID-related sales (GNP/ZYDUS/CIPLA), and b) lower sales due to the high base of last year (DRRD/SUNP).

Market share gain to drive aggregate US sales growth in 1QFY23; pricing pressure remains intense

For the second consecutive quarter, we expect the US sales to be on growth path on YoY basis. We forecast the aggregate US sales to rise 5% YoY in 1QFY23 to USD1.8b. Particularly, we expect new launches and market share gains in complex products; g-Vascepa for DRRD/g-Albuterol/Ianreotide for Cipla to drive 15%/17% YoY sales growth, respectively. We forecast SUNP to deliver 8% YoY growth aided by strong specialty sales growth and bottoming out of Taro business. We anticipate ALPM to report 10% YoY growth in its US business due to the low base of last year. TRP's US business is likely to decline 13% YoY led by the lack of new launches and high price erosion in its portfolio. The ANDA approvals for our coverage companies are likely to increase to 55 in 1QFY23 from 45 in 4QFY22. The number of tentative approvals as a percentage of total approvals has been steady QoQ at ~25% in 1QFY23E. The new launches (comprising limited competition products) would provide scope for

incremental business. At the same time, the ease of travelling has increased the regulatory risk for companies focusing on the US generics. Notably, there have been 13 inspections in the past three to four months and the companies are in the process to address the issues highlighted in Form 483, issued during inspections.

BIOS/DRRD/DIVI to outperform the healthcare pack

We expect BIOS/DRRD to outperform the rest of our coverage companies with 116%/82% earnings growth YoY, respectively. The outperformance will be fueled by new biosimilar launches and market share gains in existing products (for BIOS) as well as high other income due to litigation settlement (for DRRD). For DIVI, the continued traction in CRAMS and increased capacity utilization are anticipated to drive strong 23% YoY earnings growth. We expect LPC/JP/IPCA/GNP to report earnings decline of 72%/56%/38%/38% YoY, respectively, led by: a) headwinds in the US generics and higher raw material costs (for LPC), b) pricing pressure / the negative impact of import alerts and the COVID impact on the US Radiopharma (for JP), and c) high earnings base of last year (for GNP/IPCA).

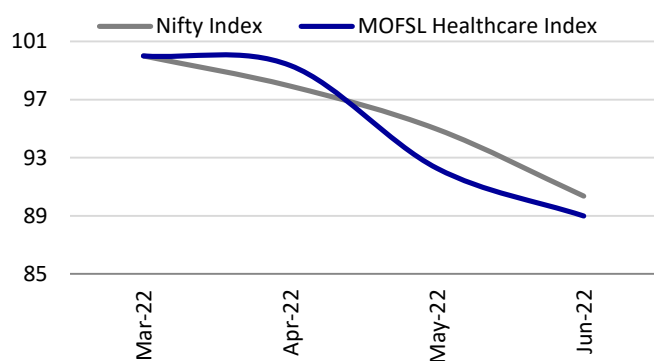
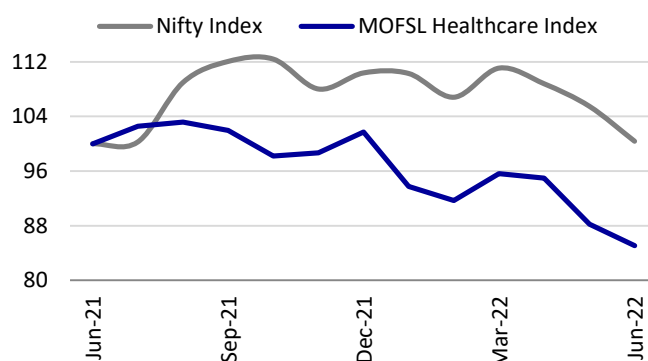
Estimates lowered for GLAND, SUNP and ERIS

We have cut our FY23/FY24 EPS estimates for GLAND by 4.8%/4.1%, respectively, factoring in the prolonged lower availability of ancillary material. We have also reduced our FY23/FY24 EPS estimates for SUNP by 4.4%/1.7%, respectively, to account for the higher R&D costs for its specialty portfolio. We have also cut our FY23/FY24 EPS estimates for ERIS by 3.8%/2.0%, respectively, considering the time taken to close out the Oaknet acquisition. Conversely, we have increased our FY23 EPS estimates for DRRD by 11.7% driven by the recent litigation settlement and sale of products to JB Chemicals and Pharmaceuticals.

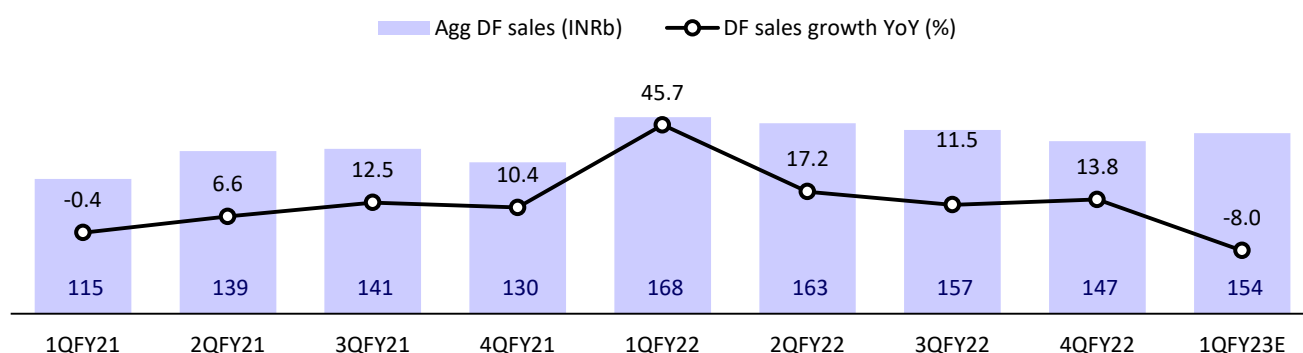
Exhibit 1: Summary of quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Ajanta Pharma	1235	Buy	8,352	11.7	-4.0	2,046	-7.0	-6.9	1,479	-3.9	-8.2
Alembic Pharma	729	Neutral	13,623	2.7	-3.8	2,684	13.7	-5.2	1,838	11.6	2.9
Alkem Lab	3040	Buy	25,823	-5.5	4.0	4,003	-32.5	18.7	2,943	-37.1	28.3
Apollo Hospitals	3773	Buy	37,538	-0.2	5.8	4,880	-6.1	5.3	1,535	-46.3	-15.7
Aurobindo Pharma	529	Buy	58,739	3.0	1.1	9,986	-17.4	2.5	6,174	-17.5	7.6
Biocon	311	Neutral	23,779	35.0	-1.3	5,564	43.0	-5.9	2,609	116.3	-4.3
Cipla	930	Neutral	53,814	-1.3	2.3	10,117	-21.9	6.5	5,989	-24.0	-1.8
Divis Labs	3638	Buy	22,127	12.9	-12.1	8,984	5.4	-18.7	6,699	4.8	-20.4
Dr Reddy's Labs	4366	Buy	52,285	6.3	0.2	10,248	13.6	-2.6	10,388	82.0	59.2
Eris Lifescience	638	Buy	3,737	7.0	22.2	1,140	-9.9	17.6	878	-17.7	9.8
Gland Pharma	2593	Buy	9,939	-13.9	-9.9	3,111	-28.7	-10.7	2,554	-27.1	-10.7
Glenmark Pharma	387	Neutral	27,286	-8.0	-9.6	4,366	-23.9	-13.1	1,745	-37.6	-9.3
Granules India	280	Buy	10,580	24.5	2.7	1,957	-2.8	1.6	1,160	-3.5	4.5
GSK Pharma	1532	Neutral	8,217	4.0	1.5	1,890	24.6	7.9	1,439	18.9	LP
IPCA Labs.	918	Buy	13,863	-11.5	7.5	2,787	-33.1	15.5	1,888	-38.4	27.2
Jubilant Pharmova	344	Neutral	15,026	-8.1	-1.6	2,449	-34.7	-1.0	713	-55.6	19.7
Laurus Labs	469	Buy	13,380	4.7	-6.1	3,666	-7.3	-7.6	2,071	-14.3	-10.6
Lupin	629	Neutral	39,943	2.5	2.9	3,195	-42.3	13.2	687	-71.7	31.7
Solara Active Pharma	346	Buy	3,569	-12.0	-1.1	146	-84.0	8.2	-249	PL	PL
Strides Pharma	335	Buy	9,085	32.0	4.9	627	LP	51.0	-301	Loss	Loss
Sun Pharma	829	Buy	95,381	-1.4	1.6	21,149	-21.4	-0.2	14,232	-28.7	-10.0
Torrent Pharma	2905	Neutral	22,083	3.5	3.6	6,514	-3.8	16.1	3,301	0.0	23.8
Zydus Lifesciences	360	Buy	38,918	-3.3	0.7	8,130	-12.9	-5.6	4,914	-13.0	-7.0
Healthcare			6,07,086	1.6	0.3	1,19,639	-13.2	-0.8	74,687	-13.9	4.7

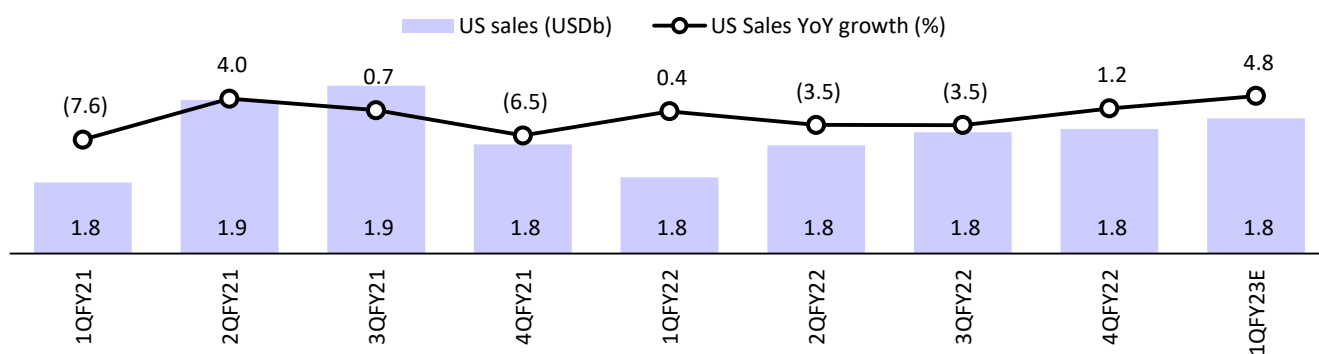
Source: Company, MOFSL

Exhibit 2: Relative performance – three months (%)**Exhibit 3: Relative performance – one-year (%)**

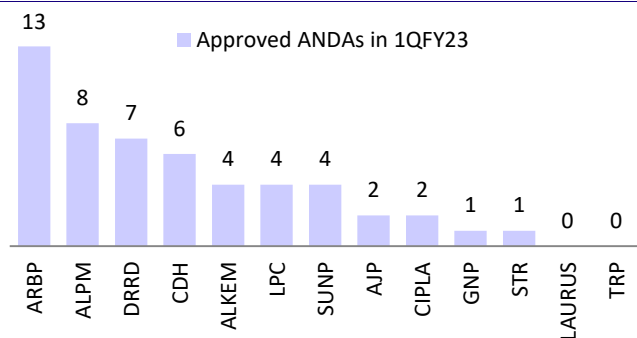
Source: Bloomberg, MOFSL

Exhibit 4: Expect DF sales to decline 8% YoY for 1QFY23

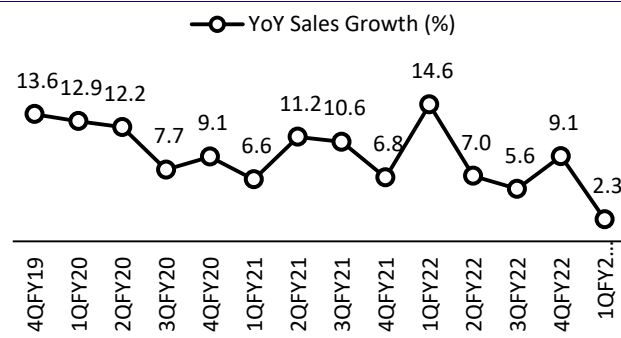
Source: MOFSL, Company

Exhibit 5: Expect the US sales to grow 5% YoY in 1QFY23

Source: MOFSL, Company

Exhibit 6: 52 ANDAs approved on an aggregate basis for our coverage universe in 1QFY23

Source: MOFSL, Company

Exhibit 7: YoY sales growth for 1QFY23E to moderate v/s 4QFY22

Source: MOFSL, Company

*Sales, EBITDA, PAT YoY growth figures exclude GLAND and JUBLPHRM due to limited historical data. It also excludes APHS data.

Exhibit 8: Opex to weigh on EBITDA...

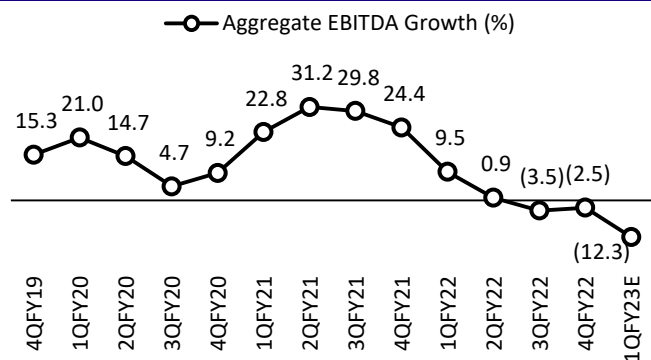
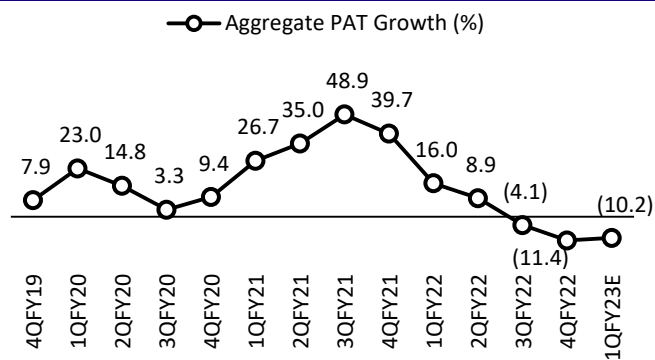


Exhibit 9: ...and PAT as well in 1QFY23E



Source: MOFSL, Company

Source: MOFSL, Company

*Sales, EBITDA, PAT YoY growth figures exclude GLAND and JUBLPHRM due to limited historical data. It also excludes APHS data.

Exhibit 10: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Healthcare						27.0	24.2	20.2	3.9	3.3	2.9	14.3	13.7	14.4
Ajanta Pharma	1,235	Buy	53.7	55.7	66.9	23.0	22.2	18.5	4.9	4.2	3.6	22.1	20.3	20.8
Alembic Pharma	729	Neutral	35.0	36.6	40.9	20.8	19.9	17.8	2.7	2.5	2.3	13.9	13.8	14.0
Alkem Lab	3,040	Buy	138.1	139.7	171.4	22.0	21.8	17.7	4.2	3.7	3.2	20.6	18.0	19.1
Apollo Hospitals	3,773	Buy	68.1	76.0	98.5	55.4	49.7	38.3	9.3	7.9	6.6	19.1	17.8	19.3
Aurobindo Pharma	529	Buy	44.0	46.9	52.9	12.0	11.3	10.0	1.3	1.1	1.0	11.1	10.6	10.9
Biocon	311	Neutral	7.4	10.9	16.4	42.3	28.6	18.9	4.4	2.2	2.0	11.0	10.3	11.2
Cipla	930	Neutral	35.3	38.5	45.7	26.3	24.2	20.4	3.6	3.2	2.8	13.6	13.4	13.9
Divis Labs	3,638	Buy	110.4	114.5	132.4	33.0	31.8	27.5	8.2	7.0	5.9	27.9	23.7	23.3
Dr Reddy's Labs	4,366	Buy	175.9	222.1	233.9	24.8	19.7	18.7	3.8	3.2	2.8	16.0	17.7	15.9
Eris Lifescience	638	Buy	29.5	31.8	39.7	21.6	20.1	16.1	4.6	3.9	3.3	23.3	21.0	22.1
Gland Pharma	2,593	Buy	73.7	84.5	108.5	35.2	30.7	23.9	6.0	5.0	4.1	18.6	17.7	18.9
Glenmark Pharma	387	Neutral	34.6	36.0	41.6	11.2	10.7	9.3	1.2	1.1	1.0	12.1	10.7	11.2
Granules India	280	Buy	16.1	20.5	24.5	17.4	13.6	11.4	2.7	2.3	1.9	16.8	18.0	18.1
GSK Pharma	1,532	Neutral	21.8	37.3	42.4	70.3	41.1	36.1	9.7	8.9	8.0	13.9	21.7	22.2
IPCA Labs.	918	Buy	36.5	37.1	45.1	25.2	24.8	20.4	4.2	3.7	3.2	18.2	16.0	16.9
Jubilant Pharmova	344	Neutral	26.6	26.5	38.2	13.0	13.0	9.0	1.0	0.9	0.9	8.2	7.5	10.0
Laurus Labs	469	Buy	15.5	22.2	28.5	30.3	21.1	16.4	7.5	5.8	4.5	27.9	30.9	30.6
Lupin	629	Neutral	19.1	18.5	23.6	32.9	34.0	26.6	2.4	2.3	2.2	6.7	6.8	8.5
Solara Active Phar.	346	Buy	-15.2	8.1	33.2	-22.8	42.8	10.4	0.8	0.8	0.8	-3.5	1.9	8.0
Strides Pharma	335	Buy	-41.6	14.3	29.2	-8.1	23.5	11.5	1.3	1.0	0.9	-14.5	4.8	8.4
Sun Pharma	829	Buy	31.9	32.7	39.2	26.0	25.3	21.1	4.2	3.6	3.1	16.2	15.2	15.9
Torrent Pharma	2,905	Neutral	34.3	45.1	55.2	42.3	32.2	26.3	8.3	6.6	5.7	19.7	22.9	23.6
Zydus Lifesciences	360	Buy	21.6	20.5	21.8	16.7	17.5	16.5	2.2	1.9	1.8	14.7	11.7	11.2

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Ajanta Pharma

Buy
CMP: INR1,235 | TP: INR1,430 (+16%)
EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect DF sales growth of 8.5% YoY
- Expect Africa (Branded + Institutional) business to post 10% YoY growth in sales for 1QFY23
- Expect 5% YoY decline in the US sales given the lack of product launches
- Watch out for an outlook on price erosion, ANDA approvals, and launches in the US

Consol. - Quarterly perf.

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	7,479	8,848	8,379	8,703	8,352	9,295	9,558	9,229	33,410	36,433
YoY Change (%)	11.9	23.6	11.9	15.0	11.7	5.0	14.1	6.0	15.6	9.0
Total Expenditure	5,278	6,220	5,983	6,505	6,306	6,841	6,834	6,579	23,986	26,560
EBITDA	2,201	2,628	2,396	2,197	2,046	2,454	2,724	2,649	9,424	9,873
YoY Change (%)	-1.4	-4.2	-0.9	-15.3	-7.0	-6.6	13.7	20.6	-5.6	4.8
Margins (%)	29.4	29.7	28.6	25.2	24.5	26.4	28.5	28.7	28.2	27.1
Depreciation	309	315	317	312	320	330	340	352	1,253	1,342
EBIT	1,892	2,313	2,079	1,886	1,726	2,124	2,384	2,297	8,171	8,531
YoY Change (%)	-3.1	-6.0	-2.2	-17.6	-8.8	-8.2	14.7	21.8	-7.4	4.4
Interest	15	4	10	73	10	11	13	13	102	47
Other Income	76	145	240	295	180	200	225	220	757	825
PBT before EO expense	1,954	2,454	2,309	2,107	1,896	2,313	2,596	2,505	8,826	9,310
Extra-Ord expense	-250	-150	0	131	0	0	0	0	-269	0
PBT	2,204	2,604	2,309	1,977	1,896	2,313	2,596	2,505	9,095	9,310
Tax	467	645	392	465	417	520	610	594	1,968	2,141
Effective Rate (%)	21.2	24.8	17.0	23.5	22.0	22.5	23.5	23.7	21.6	23.0
MI & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	1,737	1,959	1,918	1,512	1,479	1,792	1,986	1,911	7,127	7,168
Adj PAT	1,540	1,847	1,918	1,612	1,479	1,792	1,986	1,911	6,918	7,170
YoY Change (%)	4.2	8.5	8.6	1.2	-3.9	-2.9	3.6	18.6	5.8	3.6

Alembic Pharma

Neutral
CMP: INR729 | TP: INR730 (+0%)
EPS CHANGE (%): FY23|24: (2.4)|(2.4)

- Expect 10% YoY growth in the US sales
- DF sales expected to decline ~5% YoY
- Outlook on the US generics pricing and ANDA approvals/launches remains a key monitorable
- Clarity on injectables site (regulatory aspect)

Quarterly perf. (Consol.)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	13,260	12,923	12,717	14,157	13,623	13,347	13,833	12,507	53,058	53,310
YoY Change (%)	-1.1	-11.3	-3.2	10.6	2.7	3.3	8.8	-11.7	-1.6	0.5
EBITDA	2,360	2,572	2,557	2,831	2,684	2,656	2,919	2,457	9,972	10,715
YoY Change (%)	-42.1	-42.0	-30.0	-17.1	13.7	3.3	14.2	-13.2	-36.0	7.5
Margins (%)	17.8	19.9	20.1	20.0	19.7	19.9	21.1	19.6	18.8	20.1
Depreciation	532	546	559	581	520	545	565	525	2,218	2,155
EBIT	2,892	3,118	3,116	3,412	3,204	3,201	3,484	2,982	12,190	12,870
YoY Change (%)	-35.6	-36.0	-24.4	-13.2	10.8	2.7	11.8	-12.6	-30.0	5.6
Interest	21	46	43	67	55	65	75	84	177	279
Other Income	19	22	13	103	22	22	22	94	505	160
PBT before EO expense	1,826	2,003	1,967	2,286	2,131	2,068	2,301	1,942	8,081	8,441
Extra-Ord expense	0	0	0	1,880	0	0	0	0	1,880	0
PBT	1,826	2,003	1,967	406	2,131	2,068	2,301	1,942	6,201	8,441
Tax	342	395	325	-17	373	383	449	400	1,045	1,604
Rate (%)	18.7	19.7	16.5	-4.3	17.5	18.5	19.5	20.6	16.8	19.0
MI & P/L of Asso. Cos.	-162	-86	-122	69	-80	-85	-95	-100	-300	-360
Reported PAT	1,646	1,693	1,764	355	1,838	1,771	1,947	1,642	5,457	7,198
Adj PAT	1,646	1,693	1,764	1,785	1,838	1,771	1,947	1,642	6,889	7,199
YoY Change (%)	-45.4	-49.2	-39.7	-28.8	11.6	4.6	10.4	-8.0	-41.5	4.5

Alkem Labs**Buy****CMP: INR3,040 | TP: INR3,600 (+18%)****EPS CHANGE (%): FY23|24 : (3.2)|(2.3)**

- Expect India business (72% of sales) to decline 3% YoY, on account of COVID-related high base of last year
- Expect US sales to be flattish QoQ at INR5.4b
- Outlook on Trade Generics in DF business and biologics development for emerging markets remains key
- Watch out for an outlook on approvals/new launches/price erosion in the US

Quarterly Perf. (Consolidated)**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenues	27,314	27,999	26,190	24,839	25,823	28,063	28,799	30,772	1,06,342	1,13,457
YoY Change (%)	38.1	18.5	13.0	13.3	-5.5	0.2	10.0	23.9	20.2	6.7
EBITDA	5,929	6,243	4,985	3,372	4,003	5,136	5,357	6,495	20,529	20,989
YoY Change (%)	16.9	4.0	-5.8	-9.1	-32.5	-17.7	7.5	92.6	2.2	2.2
Margins (%)	21.7	22.3	19.0	13.6	15.5	18.3	18.6	21.1	19.3	18.5
Depreciation	705	728	775	831	770	780	790	795	3,040	3,135
EBIT	5,223	5,515	4,210	2,541	3,233	4,356	4,567	5,700	17,490	17,855
YoY Change (%)	18.6	4.0	-8.5	-16.0	-38.1	-21.0	8.5	124.3	38.7	3.0
Margins (%)	19.1	19.7	16.1	10.2	12.5	15.5	15.9	18.5	16.4	15.7
Interest	129	120	106	170	150	140	120	119	524	529
Other Income	467	420	535	205	240	370	510	650	1,627	1,770
PBT before EO Exp	5,561	5,815	4,639	2,576	3,323	4,586	4,957	6,230	18,592	19,095
EO Exp/(Inc)	0	0	0	150	0	0	0	0	150	0
PBT after EO Exp	5,561	5,815	4,639	2,427	3,323	4,586	4,957	6,230	18,443	19,095
Tax	759	230	-694	1,345	316	468	555	666	1,640	2,005
Rate (%)	13.6	4.0	-15.0	55.4	9.5	10.2	11.2	10.7	8.8	10.5
PAT (pre Minority Interest)	4,802	5,584	5,334	1,082	3,007	4,118	4,401	5,564	16,803	17,090
Minority Interest	121	95	77	6	64	46	28	253	347	392
Reported PAT	4,681	5,489	5,257	1,076	2,943	4,072	4,373	5,310	16,456	16,698
Adj Net Profit	4,681	5,489	4,052	2,293	2,943	4,072	4,373	5,310	16,516	16,698
YoY Change (%)	17.1	16.3	-3.8	-27.7	-37.1	-25.8	7.9	131.6	2.6	1.1

Apollo Hospitals**Buy****CMP: INR3,773 | TP: INR4,900 (+30%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect gradual improvement in occupancy to be offset by high base of last year in the hospital segment.
- Expect Pharmacy business to be flat YoY to INR15b
- Watch out for an online traction under Apollo 24/7
- Watch out for an improvement in traction in international patients segment within the hospitals space

Consolidated - Quarterly Earning Model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	37,602	37,171	36,389	35,464	37,538	40,222	42,423	44,114	1,46,626	1,64,298
YoY Change (%)	73.2	34.6	31.9	23.7	-0.2	8.2	16.6	24.4	38.9	12.1
EBITDA	5,199	6,150	5,870	4,632	4,880	5,470	5,939	7,041	21,851	23,330
YoY Change (%)	1,365.2	105.1	50.4	12.5	-6.1	-11.1	1.2	52.0	92.1	6.8
Margins (%)	13.8	16.5	16.1	13.1	13.0	13.6	14.0	16.0	14.9	14.2
Depreciation	1,406	1,448	1,490	1,664	1,575	1,530	1,530	1,462	6,007	6,097
Interest	947	954	937	949	895	785	858	1,112	3,786	3,650
Other Income	246	56	172	307	175	175	175	789	781	1,314
PBT before EO expense	3,093	3,805	3,615	2,327	2,585	3,330	3,726	5,257	12,839	14,898
Extra-Ord expense/(Income)	-2,941	0	0	0	0	0	0	0	-2,941	0
PBT	6,034	3,805	3,615	2,327	2,585	3,330	3,726	5,257	15,780	14,898
Tax	986	1,156	1,242	1,387	685	883	987	1,170	4,770	3,725
Rate (%)	16.3	30.4	34.4	59.6	26.5	26.5	26.5	22.2	30.2	25.0
Minority Interest & Profit/Loss of Asso. Cos.	42	-25	-60	-30	365	-75	-50	-240	-74	0
Reported PAT	5,007	2,674	2,433	970	1,535	2,523	2,788	4,327	11,084	11,174
Adj PAT	2,859	2,674	2,433	1,822	1,535	2,523	2,788	4,327	9,787	8,463
YoY Change (%)	NA	902.8	81.3	19.5	-46.3	-5.7	14.6	137.5	1,024.9	-13.5
Margins (%)	7.6	7.2	6.7	5.1	4.1	6.3	6.6	9.8	6.7	5.2

Aurobindo Pharma**Buy****CMP: INR529 | TP: INR640 (+21%)****EPS CHANGE (%): FY22|23: 0.0|0.0**

- Expect the US sales to be stable YoY to USD366m as new launches to be offset by ongoing price erosion in the US
- Watch out for an outlook on margin trend in the EU business
- Expect the EU sales to flattish YoY, on high base of last year
- Update on progress of the Biosimilars and niche product development remains key

Quarterly performance (Consolidated)**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	57,020	59,419	60,022	58,094	58,739	60,574	61,416	62,642	2,34,555	2,43,371
YoY Change (%)	-3.8	-8.4	-5.7	-3.2	3.0	1.9	2.3	7.8	-5.3	3.8
EBITDA	12,094	11,867	10,163	9,744	9,986	10,479	11,239	12,103	43,868	43,807
YoY Change (%)	-8.2	-17.2	-25.7	-23.6	-17.4	-11.7	10.6	24.2	-18.7	-0.1
Margins (%)	21.2	20.0	16.9	16.8	17.0	17.3	18.3	19.3	18.7	18.0
Depreciation	2,797	2,942	2,991	2,536	2,525	2,700	3,000	3,304	11,265	11,529
EBIT	9,297	8,925	7,172	7,208	7,461	7,779	8,239	8,799	32,603	32,278
YoY Change (%)	-12.4	-24.1	-34.3	-28.5	-19.8	-12.8	14.9	22.1	-24.8	-1.0
Interest	129	104	161	92	70	60	40	43	486	213
Other Income	813	947	452	292	450	700	800	900	2,504	2,850
PBT before EO expense	9,981	9,768	7,463	7,408	7,841	8,419	8,999	9,656	34,620	34,915
Forex loss/(gain)	-286	-19	-198	-197	0	0	0	0	-700	0
Exceptional (expenses)/income	0	0	348	-1,628	0	0	0	0	-1,280	0
PBT	10,267	9,787	8,009	5,977	7,841	8,419	8,999	9,656	34,040	34,915
Tax	2,477	2,709	1,895	175	1,568	1,768	1,935	2,061	7,256	7,332
Rate (%)	24.1	27.7	23.7	2.9	20.0	21.0	21.5	21.3	21.3	21.0
Minority Interest	90	111	71	41	98	99	100	-177	313	120
Reported PAT	7,700	6,967	6,043	5,761	6,174	6,552	6,964	7,772	26,471	27,463
Adj PAT	7,483	6,954	5,626	5,737	6,174	6,552	6,964	7,772	25,800	27,463
YoY Change (%)	-7.4	-13.2	-26.5	-27.4	-17.5	-5.8	23.8	35.5	-18.5	6.4
Margins (%)	13.1	11.7	9.4	9.9	10.5	10.8	11.3	12.4	11.0	11.3

Biocon**Neutral****CMP: INR311 | TP: INR330 (6%)****EPS CHANGE (%): FY22|23: 0.3|0.1**

- Expect 45% YoY growth in Biologics sales on ramp-up in recent launches and geographic expansion
- Outlook on newer contracts for existing biosimilar products, especially Semglee post-formulary coverage
- Expect Syngene sales to grow 10% YoY in 1QFY23
- Progress on development of biosimilars and business outlook in vaccine space remains key

Quarterly performance (Consolidated)**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	17,610	18,404	21,743	24,088	23,779	25,724	28,645	29,455	81,845	1,07,604
YoY Change (%)	5.4	5.5	17.5	31.0	35.0	39.8	31.7	22.3	15.2	31.5
EBITDA	3,890	4,464	5,653	5,916	5,564	6,277	7,620	9,090	19,923	28,550
YoY Change (%)	-5.7	9.0	42.0	35.8	43.0	40.6	34.8	53.7	20.4	43.3
Margins (%)	22.1	24.3	26.0	24.6	23.4	24.4	26.6	30.9	24.3	26.5
Depreciation	1,950	2,020	2,060	2,120	2,150	2,200	2,250	2,243	8,150	8,843
EBIT	1,940	2,444	3,593	3,796	3,414	4,077	5,370	6,847	11,773	19,707
YoY Change (%)	-21.0	5.5	69.5	50.8	76.0	66.8	49.4	80.4	25.1	67.4
Interest	200	230	150	106	190	850	900	931	686	2,871
Other Income	470	1,050	480	674	450	500	520	530	2,674	2,000
Extraordinary Income	0	-700	-770	-410	0	0	0	0	-1,880	0
PBT	1,650	2,054	2,683	3,428	3,674	3,727	4,990	6,446	9,815	18,835
Tax	570	470	490	586	845	820	1,148	1,520	2,116	4,332
Rate (%)	34.5	22.9	18.3	17.1	23.0	22.0	23.0	23.6	21.6	23.0
Minority Interest	240	200	325	455	220	240	265	739	1,220	1,464
PAT	840	1,384	1,868	2,387	2,609	2,667	3,577	4,187	6,479	13,039
Adj PAT	1,207	2,394	2,497	2,727	2,609	2,667	3,577	4,187	8,825	13,039
YoY Change (%)	-18.9	33.9	49.4	141.5	116.3	11.4	43.2	53.5	45.2	47.8

Cipla

Neutral

CMP: INR930 | TP: INR890 (-4%)

EPS CHANGE (%): FY23|24: 0.3|0.3

- The US sales to grow 21% YoY to USD170m driven by new launches and market share gains in gAlbuterol/g-Lanreotide
- Update on ARV tenders for Low and Middle Income countries (LMIC)
- Expect DF sales to decline 15% YoY on a high base
- Update on: a) gAbraxane, and b) other niche molecules expected in FY24 remains key

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenues	54,532	55,198	54,789	52,603	53,814	57,880	62,457	62,663	2,17,121	2,36,813
YoY Change (%)	25.5	9.6	6.0	14.2	-1.3	4.9	14.0	19.1	13.3	9.1
EBITDA	12,947	12,262	12,310	9,497	10,117	12,386	14,115	15,007	47,016	51,625
YoY Change (%)	23.4	4.2	0.0	19.3	-21.9	1.0	14.7	58.0	10.6	9.8
Margins (%)	23.7	22.2	22.5	18.1	18.8	21.4	22.6	23.9	21.7	21.8
Depreciation	2,611	2,531	2,475	2,903	2,700	2,800	2,850	2,833	10,520	11,183
EBIT	10,336	9,731	9,835	6,594	7,417	9,586	11,265	12,173	36,496	40,442
YoY Change (%)	32.5	6.8	0.1	29.0	-28.2	-1.5	14.5	84.6	14.6	10.8
Interest	296	380	207	181	160	190	220	267	1,064	837
Other Income	649	607	913	640	645	646	647	653	2,809	2,590
Profit before Tax	10,689	9,958	10,541	7,053	7,902	10,042	11,692	12,560	38,242	42,195
One-time (expense)/income	-734	0	0	-2,575	0	0	0	0	-3,309	0
PBT after EO expense	9,955	9,958	10,541	4,478	7,902	10,042	11,692	12,560	34,933	42,195
Tax	2,837	2,838	2,952	711	1,975	2,661	3,157	3,810	9,338	11,604
Rate (%)	26.5	28.5	28.0	10.1	25.0	26.5	27.0	30.3	24.4	27.5
Minority Interest	-29.2	6.4	302.7	146.5	-63.0	-72.5	-77.0	-87.5	427.2	-300.0
Reported PAT	7,147	7,114	7,287	3,621	5,989	7,453	8,612	8,837	25,168	30,892
Adj PAT	7,881	7,114	7,287	6,100	5,989	7,453	8,612	8,837	28,382	30,892
YoY Change (%)	36.4	6.9	-2.6	47.6	-24.0	4.8	18.2	44.9	18.0	8.8

Divi's Laboratories

Buy

CMP: INR3,638 | TP: INR4,460 (+23%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect YoY sales growth to moderate with reducing benefit from Molnupiravir opportunity
- Update on the capex plans for the company over the next 18-24 months including Kakinada project
- Expect moderation in profitability on a YoY basis due to lower operating leverage
- Update on new molecule addition in the API space and additional contracts in custom synthesis segment

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	19,606	19,875	24,932	25,184	22,127	22,743	25,037	27,598	89,598	97,505
YoY Change (%)	13.3	13.6	46.5	40.8	12.9	14.4	0.4	9.6	28.6	8.8
EBITDA	8,521	8,252	11,003	11,044	8,984	9,279	10,415	11,786	38,819	40,465
YoY Change (%)	21.7	9.0	51.7	54.2	5.4	12.4	-5.3	6.7	33.9	4.2
Margins (%)	43.5	41.5	44.1	43.9	40.6	40.8	41.6	42.7	43.3	41.5
Depreciation	733	774	799	810	809	833	857	849	3,115	3,348
EBIT	7,788	7,478	10,204	10,234	8,174	8,446	9,559	10,938	35,704	37,116
YoY Change (%)	21.0	7.5	55.3	58.4	5.0	12.9	-6.3	6.9	35.1	4.0
Interest	3	2	2	1	0	0	0	-1	8	0
Other Income	163	191	166	212	200	220	225	233	733	878
PBT before EO Income	7,948	7,667	10,368	10,446	8,374	8,666	9,783	11,171	36,429	37,994
Forex gain/(Loss)	196	-71	-31	312	0	0	0	0	406	0
PBT	8,145	7,596	10,337	10,757	8,374	8,666	9,783	11,171	36,835	37,994
Tax	2,574	1,532	1,314	1,811	1,675	1,820	2,152	1,952	7,231	7,599
Rate (%)	31.6	20.2	12.7	16.8	20.0	21.0	22.0	17.5	19.6	20.0
PAT	5,571	6,065	9,022	8,946	6,699	6,846	7,631	9,219	29,605	30,395
Adj. PAT	6,391	6,165	8,336	8,413	6,699	6,846	7,631	9,219	29,303	30,388
YoY Change (%)	32.6	16.0	68.8	68.5	4.8	11.1	-8.5	9.6	46.1	3.7

Dr Reddy's Labs**Buy****CMP: INR4,366 | TP: INR5,000 (+15%)****EPS CHANGE (%): FY22|23: 11.7|0.0**

- Expect the US sales to grow 15% YoY to USD269m, driven by ramp-up in key complex products
- India revenue to decline 10% YoY on high base of last year
- Business outlook on Russia/CIS business
- Outlook for PSAI segment, given the global volatility related to raw materials and logistics costs, remains a key monitorable

Quarterly Performance - IFRS**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales	49,194	57,632	53,197	52,204	52,285	56,866	59,658	67,465	2,12,227	2,36,274
YoY Change (%)	11.4	17.7	9.9	10.4	6.3	-1.3	12.1	29.2	11.9	11.3
Total Expenditure	40,169	44,275	41,179	41,683	42,037	45,208	45,400	50,467	1,67,306	1,83,113
EBITDA	9,025	13,357	12,018	10,521	10,248	11,657	14,258	16,998	44,921	53,162
YoY Change (%)	-18.9	9.3	15.9	4.4	13.6	-12.7	18.6	61.6	0.5	18.3
Margins (%)	18.3	23.2	22.6	20.2	19.6	20.5	23.9	25.2	21.2	22.5
Amortization	2,905	2,985	2,976	2,959	2,719	2,957	3,102	3,744	11,825	12,523
EBIT	6,120	10,372	9,042	7,562	7,529	8,700	11,156	13,254	33,096	40,639
YoY Change (%)	-23.4	16.0	26.4	9.4	23.0	-16.1	23.4	75.3	3.8	22.8
Other Income	1,305	2,309	714	1,255	6,230	1,032	1,120	920	5,583	9,303
PBT before EO expenses	7,425	12,681	9,756	8,817	13,759	9,733	12,276	14,174	38,679	49,942
One-off income/(expense)	0	0	-47	-6,334	0	0	0	0	-6,381	0
Profit before Tax	7,425	12,681	9,709	2,483	13,759	9,733	12,276	14,174	32,298	49,941
Tax	1,717	2,761	2,644	1,608	3,371	2,482	3,253	3,879	8,730	12,985
Rate (%)	23.1	21.8	27.2	64.8	24.5	25.5	26.5	27.4	27.0	26.0
Reported Profit	5,708	9,920	7,065	875	10,388	7,251	9,023	10,295	23,568	36,956
Adjusted PAT	5,708	9,920	7,112	6,525	10,388	7,251	9,023	10,295	29,265	36,957
YoY Change (%)	-1.5	34.2	19.6	38.7	82.0	-26.9	26.9	57.8	22.8	26.3
Margins (%)	11.6	17.2	13.4	12.5	19.9	12.8	15.1	15.3	13.8	15.6

Eris Lifesciences**Buy****CMP: INR638 | TP: INR850 (33%)****EPS CHANGE (%): FY23|24: (3.8)|(2.0)**

- Expect subdued 7% YoY sales growth in 1QFY23 on muted performance of certain brands such as Glimisave
- Lower operating leverage to affect profitability adversely in 1QFY23
- Watch out for an outlook on insulin off-take and insulin analog launches
- Update on launch pipeline over the next 12–15 months

Consolidated - Quarterly Earning Model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	3,493	3,597	3,322	3,059	3,737	4,352	4,384	4,553	13,470	17,027
YoY Change (%)	19.1	9.0	7.0	10.0	7.0	21.0	32.0	48.8	11.2	26.4
Total Expenditure	2,228	2,199	2,104	2,091	2,597	2,994	2,885	2,881	8,621	11,357
EBITDA	1,265	1,398	1,217	969	1,140	1,358	1,499	1,673	4,850	5,670
Margins (%)	36.2	38.9	36.6	31.7	30.5	31.2	34.2	36.7	36.0	33.3
Depreciation	145	150	169	184	190	235	245	259	647	929
Interest	8	11	10	13	65	63	63	66	41	257
Other Income	59	70	52	81	85	85	89	82	261	341
PBT before EO expense	1,171	1,308	1,090	853	970	1,145	1,280	1,430	4,422	4,825
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	1,171	1,308	1,090	853	970	1,145	1,280	1,430	4,422	4,825
Tax	104	124	82	54	92	109	122	136	364	458
Rate (%)	8.9	9.5	7.5	6.3	9.5	9.5	9.5	9.5	8.2	9.5
Reported PAT	1,067	1,184	1,008	800	878	1,036	1,159	1,294	4,058	4,367
Adj PAT	1,067	1,184	1,008	800	878	1,036	1,159	1,294	4,058	4,367
YoY Change (%)	19.8	9.9	11.8	17.2	-17.7	-12.5	15.0	61.8	14.3	7.6
Margins (%)	30.5	32.9	30.3	26.1	23.5	23.8	26.4	28.4	30.1	25.6

GSK Pharma**Neutral****CMP: INR1,532 | TP: INR1,570 (2%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect 4% YoY growth in 1QFY23 due to high base on account of sales of certain brands
- Watch out for an outlook on new launches from the parent portfolio
- Improved operating leverage to drive profitability as well for the quarter
- Watch out for the benefits from inflation-linked hike in portfolio under NLEM.

Quarterly Performance (Consolidated)**(INR m)**

Y/E March (Standalone)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	7,900	9,341	8,159	8,096	8,217	9,326	8,676	8,529	32,780	34,747
YoY Change (%)	21.8	6.2	3.0	8.8	4.0	-0.2	6.3	5.3	12.0	6.0
Total Expenditure	6,383	6,761	6,181	6,344	6,327	6,901	6,377	6,687	25,162	26,291
EBITDA	1,517	2,581	1,978	1,752	1,890	2,425	2,299	1,842	7,619	8,456
YoY Change (%)	33.0	26.0	9.5	11.8	24.6	-6.0	16.2	5.1	27.4	11.0
Margins (%)	19.2	27.6	24.2	21.6	23.0	26.0	26.5	21.6	23.2	24.3
Depreciation	177	174	179	154	120	120	120	299	682	659
EBIT	1,340	2,406	1,799	1,599	1,770	2,305	2,179	1,543	6,937	7,797
YoY Change (%)	45.1	31.6	10.3	15.0	32.1	-4.2	21.1	-3.5	33.5	12.4
Margins (%)	17.0	25.8	22.1	19.7	21.5	24.7	25.1	18.1	21.2	22.4
Interest	8	4	6	3	16	16	16	17	20	65
Other Income	317	150	103	188	165	165	165	195	757	689
PBT before EO Expense	1,649	2,552	1,897	1,784	1,919	2,454	2,328	1,721	7,674	8,421
Tax	438	644	335	2,625	480	613	582	430	3,983	2,105
Rate (%)	26.6	25.2	17.7	147.2	25.0	25.0	25.0	25.0	75.2	25.0
Adjusted PAT	1,211	1,908	1,562	-842	1,439	1,840	1,746	1,291	3,692	6,316
YoY Change (%)	53.9	35.7	21.3	-168.6	18.9	-3.6	11.8	-253.4	-19.7	71.1
Margins (%)	15.3	20.4	19.1	-10.4	17.5	19.7	20.1	15.1	11.3	18.2
One-off Expense/(Income)	0	0	179	-295	0	0	0	0	-116	0
Reported PAT before disc. operations	1,211	1,908	1,383	-547	1,439	1,840	1,746	1,291	3,808	6,316
Reported PAT incl disc operations	1,211	2,042	1,504	12,191	1,439	1,840	1,746	1,291	16,947	6,316

Gland Pharma**Buy****CMP: INR2,593 | TP: INR3,550 (37%)****EPS CHANGE (%): FY22|23: (4.8)|(4.1)**

- Expect sales to moderate across geographies due to ancillary material availability constraints
- Watch out for an outlook on the core markets business
- Outlook for the product approvals and launches in China
- Update on intermittent supply chain logistics aspects is key

Consol. - Quarterly perf.**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	11,539	10,804	10,633	11,030	9,939	11,730	13,535	15,898	44,007	51,102
YoY Change (%)	30.5	29.9	23.7	24.2	-13.9	8.6	27.3	44.1	27.1	16.1
EBITDA	4,363	3,765	3,489	3,484	3,111	3,883	4,629	5,855	15,102	17,477
YoY Change (%)	5.7	26.5	32.0	6.3	-28.7	3.1	32.7	68.1	16.0	15.7
Margins (%)	37.8	34.9	32.8	31.6	31.3	33.1	34.2	36.8	34.3	34.2
Depreciation	253	261	278	311	315	325	330	349	1,103	1,319
Interest	10	10	12	20	10	10	10	21	52	51
Other Income	618	512	457	652	620	615	610	429	2,239	2,274
PBT before EO expense	4,718	4,006	3,656	3,805	3,406	4,163	4,899	5,914	16,186	18,381
One-off income/(expense)	0	0	0	0	0	0	0	0	0	0
PBT	4,718	4,006	3,656	3,805	3,406	4,163	4,899	5,914	16,186	18,381
Tax	1,212	986	925	946	851	1,020	1,210	1,422	4,069	4,503
Rate (%)	25.7	24.6	25.3	24.9	25.0	24.5	24.7	24.0	25.1	24.5
Reported PAT	3,506	3,020	2,730	2,859	2,554	3,143	3,689	4,492	12,117	13,878
Adj PAT	3,506	3,020	2,730	2,859	2,554	3,143	3,689	4,492	12,117	13,878
YoY Change (%)	11.8	38.0	33.8	9.8	-27.1	4.1	35.1	57.1	21.5	14.5

Glenmark Pharma

Neutral

CMP: INR387 | TP: INR410 (6%)

EPS CHANGE (%): FY23|24: (3.0)|(2.1)

- Expect 25% YoY decline in DF sales on account of higher Covid-led sales in 1QFY22
- Expect the US sales to be stable at USD100m on YoY basis.
- Expect Europe to continue on its steady growth path
- Update on resolution of the USFDA regulatory issues is key

Quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenues (Core)	29,649	31,474	30,024	30,191	27,286	31,078	33,010	31,595	1,21,339	1,22,969
YoY Change (%)	26.4	6.6	7.7	5.6	-8.0	-1.3	9.9	4.6	10.9	1.3
EBITDA	5,736	5,902	5,222	5,022	4,366	5,532	6,206	5,449	21,881	21,552
YoY Change (%)	20.0	3.6	-10.4	-4.1	-23.9	-6.3	18.9	8.5	1.6	-1.5
Margins (%)	19.3	18.8	17.4	16.6	16.0	17.8	18.8	17.2	18.0	17.5
Depreciation	1,131	1,232	1,189	1,315	1,215	1,240	1,255	1,189	4,867	4,899
EBIT	4,605	4,670	4,032	3,707	3,151	4,292	4,951	4,259	17,014	16,653
YoY Change (%)	26.2	0.2	-13.8	-10.1	-31.6	-8.1	22.8	14.9	-0.6	-2.1
Margins (%)	15.5	14.8	13.4	12.3	11.5	13.8	15.0	13.5	14.0	13.5
Interest	756	689	667	869	790	740	650	551	2,981	2,731
Other Income	197	128	139	152	150	170	180	200	617	700
PBT before EO Expense	4,047	4,109	3,504	2,990	2,511	3,722	4,481	3,908	14,650	14,622
One-off loss/(gain)	-389	259	74	293	0	0	0	0	237	0
PBT after EO Expense	4,436	3,850	3,430	2,697	2,511	3,722	4,481	3,908	14,412	14,622
Tax	1,370	1,102	1,033	971	766	1,154	1,367	1,114	4,476	4,401
Rate (%)	30.9	28.6	30.1	36.0	30.5	31.0	30.5	28.5	31.1	30.1
Reported PAT	3,065	2,577	2,219	1,556	1,745	2,568	3,114	2,794	9,417	10,221
Adj PAT	2,796	2,761	2,271	1,923	1,745	2,568	3,114	2,794	9,752	10,171
YoY Change (%)	35.9	1.9	-17.9	-17.8	-37.6	-7.0	37.2	45.3	-1.2	4.3
Margins (%)	9.4	8.8	7.6	6.4	6.4	8.3	9.4	8.8	8.0	8.3

Granules India

Buy

CMP: INR280 | TP: INR330 (18%)

EPS CHANGE (%): FY23|24: (2.6)|(4.7)

- Expect sales to grow 25% YoY propelled by better API/intermediates off-take
- Outlook on the raw material/logistics costs inflation
- Cost pressures in terms of raw material/freight would continue to drag down profitability
- Watch out for an outlook on launch pipeline for the next 24 months

Quarterly Performance

(INR m)

Y/E March	FY22E				FY23E				FY22	FY23E
(Consolidated)	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	8,498	8,883	9,795	10,300	10,580	10,922	10,750	10,921	37,477	43,172
YoY Change (%)	15.5	3.5	16.0	28.9	24.5	23.0	9.7	6.0	15.8	15.2
EBITDA	2,014	1,512	1,565	1,927	1,957	2,108	2,171	2,268	7,050	8,505
YoY Change (%)	1.4	-39.3	-29.3	-4.6	-2.8	39.4	38.8	17.7	-19.1	20.6
Margins (%)	23.7	17.0	16.0	18.7	18.5	19.3	20.2	20.8	18.8	19.7
Depreciation	394	398	392	402	415	440	465	479	1,586	1,799
EBIT	1,620	1,113	1,173	1,525	1,542	1,668	1,706	1,789	5,464	6,706
YoY Change (%)	-1.6	-47.7	-36.4	-3.2	-4.8	49.8	45.5	17.3	-24.1	22.7
Margins (%)	19.1	12.5	12.0	14.8	14.6	15.3	15.9	16.4	14.6	15.5
Interest	68	55	46	64	69	80	90	98	232	337
Other Income	76	44	49	40	42	48	59	132	176	281
PBT before EO expense	1,629	1,102	1,175	1,501	1,515	1,636	1,675	1,823	5,407	6,650
Extra-Ord expense	0	0	-173	0	0	0	0	0	-173	0
PBT	1,629	1,102	1,348	1,501	1,515	1,636	1,675	1,823	5,580	6,650
Tax	427	296	339	391	356	384	394	430	1,452	1,565
Rate (%)	26.2	26.8	25.2	26.1	23.5	23.5	23.5	23.6	26.0	23.5
Reported PAT	1,202	807	1,009	1,110	1,158	1,252	1,282	1,394	4,128	5,085
Adjusted PAT	1,202	807	880	1,110	1,160	1,252	1,282	1,392	4,000	5,085
YoY Change (%)	-2.1	-48.9	-38.9	-13.0	-3.5	55.1	45.7	25.4	-27.6	27.1

Ipca Laboratories**Buy****CMP: INR918 | TP: INR1,060 (+15%)****EPS CHANGE (%): FY23 | 24: (0.5) | 0.0**

- Reduced API/Exports formulation sales to weigh on earnings for the quarter
- Expect DF to grow moderately at 5% YoY for the quarter
- Outlook on the DF/CIS business growth and the UK business recovery remains a key monitorable
- Update on the impurity-related issues in certain APIs

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenues (Core)	15,658	15,444	14,305	12,891	13,863	15,395	15,796	16,731	58,298	61,785
YoY Change (%)	2.0	13.5	1.5	15.6	-11.5	-0.3	10.4	32.3	7.6	6.0
EBITDA	4,165	3,852	3,078	2,413	2,787	3,341	3,491	4,036	13,509	13,655
YoY Change (%)	-29.2	6.9	-16.1	5.4	-33.1	-13.3	13.4	67.3	-12.5	1.1
Margins (%)	26.6	24.9	21.5	18.7	20.1	21.7	22.1	24.1	23.2	22.1
Depreciation	559	570	587	609	600	610	615	615	2,324	2,440
EBIT	3,607	3,282	2,492	1,804	2,187	2,731	2,876	3,421	11,184	11,214
YoY Change (%)	-32.9	6.5	-20.5	2.2	-39.4	-16.8	15.4	89.7	-16.2	0.3
Margins (%)	23.0	21.3	17.4	14.0	15.8	17.7	18.2	20.4	19.2	18.2
Interest	18	11	14	34	24	27	30	36	77	117
Other Income	210	181	129	145	198	199	200	213	666	810
PBT before EO Expense	3,799	3,452	2,607	1,915	2,361	2,903	3,046	3,598	11,773	11,907
One-off (gain)/ Expense	0	-196	0	-220	0	0	0	0	-416	0
PBT after EO Expense	3,799	3,256	2,607	1,695	2,361	2,903	3,046	3,598	11,357	11,907
Tax	708	679	573	288	472	639	685	704	2,248	2,500
Rate (%)	18.6	19.7	22.0	15.0	20.0	22.0	22.5	19.6	19.1	21.0
Reported PAT	3,091	2,577	2,033	1,408	1,888	2,264	2,361	2,893	9,110	9,403
Minority Interest	-24	-75	-64	-106	0	0	0	0	-269	0
Adj PAT after Minority Int	3,067	2,697	1,970	1,485	1,888	2,264	2,361	2,893	9,218	9,406
YoY Change (%)	-31.2	6.7	-25.8	-7.9	-38.4	-16.1	19.9	94.9	-18.1	2.0

Jubilant Pharmova**Neutral****CMP: INR344 | TP: INR370 (7%)****EPS CHANGE (%): FY23 | 24: (2.0) | 3.3**

- Expect ~8% drop in revenues YoY due to decline in generics business
- Watch out for an outlook on expansion plans for Ruby-fill
- Update on the Radiopharmacy business turnaround and competition scenario
- Update on outlook for the radiopharma segment with respect to competition in existing products/new launches

Consolidated - Quarterly Earning Model**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	16,347	16,575	13,105	15,275	15,026	15,411	16,302	16,736	61,302	63,475
YoY Change (%)	41.4	4.2	-26.0	-3.3	-8.1	-7.0	24.4	9.6	-31.2	3.5
EBITDA	3,752	3,395	1,942	2,474	2,449	2,651	2,967	3,295	11,563	11,362
YoY Change (%)	109.3	-2.9	-60.6	-34.0	-34.7	-21.9	52.7	33.2	-39.2	-1.7
Margins (%)	23.0	20.5	14.8	16.2	16.3	17.2	18.2	19.7	18.9	17.9
Depreciation	880	998	933	1,006	960	980	990	1,057	3,817	3,987
EBIT	2,872	2,397	1,009	1,468	1,489	1,671	1,977	2,238	7,746	7,375
YoY Change (%)	194.2	-9.4	-74.6	-49.1	-48.1	-30.3	95.9	52.4	-46.9	-4.8
Margins (%)	17.6	14.5	7.7	9.6	9.9	10.8	12.1	13.4	12.6	11.6
Interest	346	347	366	395	415	440	400	356	1,455	1,611
Other Income	39	45	59	-30	40	50	65	67	113	222
PBT before EO expense	2,565	2,094	702	1,043	1,114	1,281	1,642	1,949	6,404	5,986
PBT	2,565	2,094	702	1,043	1,114	1,281	1,642	1,949	6,404	5,986
Tax	860	654	194	466	301	366	493	576	2,174	1,736
Rate (%)	33.5	31.2	27.7	44.6	27.0	28.6	30.0	29.6	34.0	29.0
Reported PAT	1,605	1,428	510	596	713	903	1,068	1,449	4,139	4,132
Adj PAT	1,605	1,428	510	596	713	903	1,068	1,448	4,139	4,132
YoY Change (%)	353.5	-2.8	-77.4	-66.8	-55.6	-36.8	109.5	143.2	-50.9	-0.2

Laurus Labs

Buy

CMP: INR469 | TP: INR700 (+49%)

EPS CHANGE (%): FY23|24: (2.0)|(1.6)

- Expect sales growth to moderate to 5% YoY on a high base
- Outlook on ANDA fillings/approvals/launches pace for the formulation business in the next 18-24 months
- Custom Synthesis business expected to grow 54% YoY
- Update on pricing scenario in ARV business and new contracts in the CDMO segment

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	12,785	12,035	10,288	14,248	13,380	15,540	17,630	20,045	49,356	66,595
YoY Change (%)	31.2	5.7	-20.2	0.9	4.7	29.1	71.4	40.7	2.5	34.9
Total Expenditure	8,832	8,584	7,435	10,281	9,714	11,173	12,517	13,811	35,131	47,216
EBITDA	3,954	3,451	2,853	3,967	3,666	4,367	5,113	6,234	14,224	19,379
YoY Change (%)	42.0	-7.7	-33.1	-16.0	-7.3	26.5	79.2	57.1	-8.3	36.2
Margins (%)	30.9	28.7	27.7	27.8	27.4	28.1	29.0	31.1	28.8	29.1
Depreciation	585	632	640	657	680	730	780	835	2,515	3,025
EBIT	3,368	2,819	2,213	3,310	2,986	3,637	4,333	5,398	11,709	16,354
YoY Change (%)	46.7	-12.7	-40.9	-20.9	-11.3	29.0	95.8	63.1	-13.0	39.7
Margins (%)	26.3	23.4	21.5	23.2	22.3	23.4	24.6	26.9	23.7	24.6
Interest	266	221	231	306	325	310	308	300	1,024	1,243
Other Income	59	28	53	13	35	55	85	91	153	266
PBT before EO expense	3,161	2,626	2,035	3,017	2,696	3,382	4,110	5,190	10,839	15,378
PBT	3,161	2,626	2,035	3,017	2,696	3,382	4,110	5,190	10,839	15,378
Tax	744	586	485	698	625	778	925	1,069	2,514	3,397
Rate (%)	23.6	22.3	23.8	23.1	23.2	23.0	22.5	20.6	23.2	22.1
Reported PAT	2,416	2,040	1,550	2,317	2,071	2,604	3,185	4,121	8,322	11,981
Adj PAT	2,416	2,040	1,550	2,317	2,071	2,604	3,185	4,121	8,322	11,981
YoY Change (%)	40.7	-15.8	-43.2	-22.0	-14.3	27.7	105.6	77.9	-15.4	44.0
Margins (%)	18.9	16.9	15.1	16.3	15.5	16.8	18.1	20.6	16.9	18.0

Lupin

Neutral

CMP: INR629 | TP: INR590 (-6%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- The US business to stabilize on a low base (+6% YoY to USD182m)
- Update on the DF business with the launch of new divisions and easing of the pandemic
- Update on g-Spiriva launch
- Watch out for an outlook and subsequent impact of cost rationalization measures at operational level

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	38,968	40,913	41,609	38,830	39,943	41,617	43,471	45,070	1,60,321	1,70,102
YoY Change (%)	10.5	6.7	5.4	2.6	2.5	1.7	4.5	16.1	6.2	6.1
Total Expenditure	33,426	34,950	35,970	36,007	36,747	37,206	37,559	37,497	1,40,353	1,49,009
EBITDA	5,542	5,963	5,640	2,823	3,195	4,411	5,912	7,574	19,968	21,093
YoY Change (%)	9.0	2.6	-23.2	-60.1	-42.3	-26.0	4.8	168.3	-21.1	5.6
Margins (%)	14.2	14.6	13.6	7.3	8.0	10.6	13.6	16.8	12.5	12.4
Depreciation	2,088	2,116	2,034	1,982	1,995	2,050	2,100	2,293	8,220	8,438
EBIT	3,454	3,847	3,606	842	1,200	2,361	3,812	5,281	11,748	12,655
YoY Change (%)	17.7	4.4	-26.5	-82.9	-65.2	-38.6	5.7	527.5	-28.6	7.7
Margins (%)	8.9	9.4	8.7	2.2	3.0	5.7	8.8	11.7	7.3	7.4
Interest	335	344	334	415	420	400	380	402	1,428	1,602
Other Income	278	728	341	157	190	210	250	350	1,504	1,000
EO Exp/(Inc)	-4,106	26,279	1,942	1,435	0	0	0	0	-25,550	0
PBT	7,503	-22,048	1,671	-852	970	2,171	3,682	5,228	37,374	12,052
Tax	2,023	-1,099	-3,820	4,267	272	586	1,031	1,666	1,372	3,555
Rate (%)	27.0	5.0	-228.7	-501.1	28.0	27.0	28.0	31.9	3.7	29.5
Minority Interest	-55	-32	-14	-61	-12	-15	-24	-40	-183	-91
Reported PAT	5,425	-20,980	5,477	-5,179	687	1,570	2,627	3,522	-15,280	8,405
Adj PAT	2,426	3,057	2,695	521	687	1,570	2,627	3,522	8,699	8,406
YoY Change (%)	111.0	44.9	-32.8	-88.5	-71.7	-48.6	-2.5	575.5	-26.2	-3.4
Margins (%)	6.2	7.5	6.5	1.3	1.7	3.8	6.0	7.8	5.4	4.9

Solara**Buy****CMP: INR346 | TP: INR680 (+97%)****EPS CHANGE (%): FY23|24: (24.4)|(11.4)**

- Expect sales to decline 12% YoY due to demand challenges and easing of the pandemic
- Progress on ramp-up of products apart from Ibuprofen
- Outlook on the raw material pricing pressures and logistics costs
- Progress on cost optimization measures to improve profitability

Consolidated - Quarterly Earning Model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Gross Sales	4,056	4,016	1,003	3,608	3,569	3,815	3,963	4,210	12,683	15,557
YoY Change (%)	16.4	1.0	-76.5	-18.8	-12.0	-5.0	295.0	16.7	-21.6	22.7
Total Expenditure	3,142	3,298	1,972	3,473	3,423	3,453	3,456	3,126	11,884	13,457
EBITDA	914	719	-968	135	146	362	507	1,084	800	2,100
YoY Change (%)	9.1	-26.4	-191.9	-86.3	-84.0	-49.6	-152.4	701.3	-79.3	162.6
Margins (%)	22.5	17.9	-96.5	3.7	4.1	9.5	12.8	25.8	6.3	13.5
Depreciation	277	284	284	278	285	287	289	225	1,123	1,086
Interest	190	170	178	215	161	161	161	395	753	877
Other Income	59	33	47	61	50	35	26	45	200	156
PBT before EO expense	507	298	-1,384	-297	-249	-50	84	509	-876	292
Extra-Ord expense	6	1	15	13	0	0	0	0	35	0
PBT	501	297	-1,399	-310	-249	-50	84	509	-911	292
Tax	0	0	0	-328	0	0	0	3	-328	3
Rate (%)	0.0	0.0	0.0	105.8	0.0	0.0	0.0	0.6	36.0	1.0
Minority Int. & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	-1	-1
Reported PAT	501	297	-1,399	18	-249	-50	84	506	-581	291
Adj PAT	507	298	-1,383	32	-249	-50	84	506	-547	291
YoY Change (%)	20.0	-47.5	-310.2	-94.4	-149.2	-116.9	-106.0	1,502.9	-124.7	-153.2
Margins (%)	12.5	7.4	-137.9	0.9	-7.0	-1.3	2.1	12.0	-4.3	1.9

Strides Pharma**Buy****CMP: INR335 | TP: INR410 (22%)****EPS CHANGE (%): FY23|24:(3.7)| 0.0**

- Expect the US sales to improve QoQ to INR3.8b on better traction in existing portfolio and addition of Endo products
- Update on the business of Stelis Biopharma
- Expect other regulated markets to grow 50% YoY as Covid subsidies
- Watch out for an outlook on raw material prices

Consolidated - Quarterly Earning Model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	6,884	7,215	7,944	8,660	9,085	9,396	9,741	10,656	30,703	38,878
YoY Change (%)	-12.0	-9.1	-4.5	-4.7	32.0	30.2	22.6	23.0	-7.4	26.6
Total Expenditure	7,437	7,226	7,898	8,245	8,458	8,429	8,445	8,297	30,806	33,629
EBITDA	-554	-11	46	415	627	968	1,296	2,358	-103	5,248
YoY Change (%)	-136.7	-100.7	-97.1	-73.9	-213.2	-9,078.0	2,713.4	468.2	-101.6	-5,184.8
Margins (%)	-8.0	-0.1	0.6	4.8	6.9	10.3	13.3	22.1	-0.3	13.5
Depreciation	549	566	609	607	520	530	570	595	2,330	2,215
EBIT	-1,102	-576	-563	-192	107	438	726	1,764	-2,433	3,034
YoY Change (%)	-208.2	-155.2	-152.7	-117.9	-109.7	-176.0	-228.9	-1,019.8	-157.8	-224.6
Margins (%)	-16.0	-8.0	-7.1	-2.2	1.2	4.7	7.4	16.6	-7.9	7.8
Interest	415	436	423	495	425	400	350	364	1,767	1,539
Other Income	135	222	102	861	175	180	190	155	1,320	700
PBT before EO expense	-1,382	-790	-884	174	-143	218	566	1,555	-2,881	2,195
Extra-Ord expense	864	724	185	763	0	0	0	0	2,661	0
PBT	-2,246	-1,514	-1,069	-589	-143	218	566	1,555	-5,542	2,195
Tax	-355	-68	-45	-1,315	-14	24	68	142	-1,783	219
Rate (%)	15.8	4.5	4.2	223.3	10.0	11.0	12.0	9.1	32.2	10.0
MI & (P)/L of Asso. Cos.	195	234	243	436	172	172	172	184	1,108	700
Reported PAT from Continuing Ops.	-2,086	-1,680	-1,266	290	-301	22	326	1,229	-4,868	1,275
Adj. PAT from Continuing Ops.	-1,358	-988	-1,089	-280	-301	22	326	1,229	-3,715	1,275
YoY Change (%)	-342.4	-300.6	-337.9	-159.5	-77.8	-102.2	-129.9	-539.1	-287.7	-134.4

Sun Pharma

Buy

CMP: INR829 | TP: INR1,020 (+23%)

EPS CHANGE (%): FY23|24: (4.4)|(1.7)

- Expect the US sales to grow 8% YoY to USD410m as strong execution in specialty sales offset to some extent by flat Taro sales YoY
- Watch out for an outlook on Specialty portfolio scale-up across key markets
- DF sales to decline 10% YoY due to reduced COVID-related off-take
- Update on progress of clinical trials for additional indication(s) of Illumya

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenues	96,694	94,817	98,142	93,861	95,381	1,02,313	1,11,031	1,14,777	3,83,514	4,23,502
YoY Change (%)	29.5	12.1	11.8	11.3	-1.4	7.9	13.1	22.3	15.7	10.4
Total Expenditure	69,775	69,196	72,461	72,674	74,232	77,428	80,857	83,347	2,84,107	3,15,865
EBITDA	26,919	25,621	25,680	21,187	21,149	24,885	30,174	31,430	99,407	1,07,638
YoY Change (%)	63.5	15.7	12.7	7.7	-21.4	-2.9	17.5	48.3	22.6	8.3
Margins (%)	27.8	27.0	26.2	22.6	22.2	24.3	27.2	27.4	25.9	25.4
Depreciation	5,032	5,304	5,537	5,565	5,350	5,500	5,600	5,660	21,437	22,109
EBIT	21,887	20,317	20,144	15,622	15,799	19,385	24,574	25,770	77,970	85,528
YoY Change (%)	90.3	18.4	15.3	10.5	-27.8	-4.6	22.0	65.0	29.3	9.7
Interest	351	360	190	373	350	275	250	249	1,274	1,124
Net Other Income	2,018	2,921	3,127	1,743	2,000	2,500	2,800	3,000	9,808	10,300
PBT before EO Exp	23,554	22,879	23,080	16,991	17,449	21,610	27,124	28,522	86,505	94,705
Less: EO Exp/(Inc)	5,512	1,514	-1,582	37,747	0	0	0	0	43,191	0
PBT	18,042	21,365	24,662	-20,756	17,449	21,610	27,124	28,522	43,314	94,705
Tax	3,956	1,978	3,354	1,468	2,617	3,241	4,069	3,994	10,755	13,922
Rate (%)	16.8	8.6	14.5	8.6	15.0	15.0	15.0	14.0	12.4	14.7
PAT (pre Minority Interest)	14,087	19,387	21,308	-22,224	14,832	18,368	23,055	24,527	32,559	80,783
Minority Interest	-355	417	720	549	600	700	800	-100	1,331	2,000
Reported PAT	14,442	18,970	20,588	-22,773	14,232	17,668	22,255	24,627	31,228	78,784
Adj Net Profit*	19,954	20,484	19,006	15,821	14,232	17,668	22,255	24,627	76,671	78,783
YoY Change (%)	74.1	24.8	6.7	8.6	-28.7	-13.7	17.1	55.7	27.3	2.8

Torrent Pharmaceuticals

Neutral

CMP: INR1,452 | TP: INR1,450 (0%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect the US sales to decline YoY due to ongoing price erosion to USD31m for 1QFY23
- Update on the resolution of regulatory issues at Indrad/Dahej
- Expect DF sales growth to moderate to ~7% YoY led by the Chronic portfolio
- Progress on new launches and business growth in the LATAM segment remains key

Quarterly performance (Consolidated)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
INR m	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenues	21,340	21,370	21,080	21,310	22,083	22,959	24,127	24,683	85,080	93,852
YoY Change (%)	3.8	5.9	5.7	10.0	3.5	7.4	14.5	15.8	6.3	10.3
EBITDA	6,770	6,600	5,380	5,610	6,514	6,911	7,479	7,908	24,310	28,813
YoY Change (%)	0.0	3.9	-11.4	-3.6	-3.8	4.7	39.0	41.0	-2.8	18.5
Margins (%)	31.7	30.9	25.5	26.3	29.5	30.1	31.0	32.0	28.6	30.7
Depreciation	1,650	1,680	1,670	1,620	1,550	1,590	1,620	1,685	6,620	6,445
EBIT	5,120	4,920	3,710	3,990	4,964	5,321	5,859	6,223	17,690	22,368
YoY Change (%)	-0.8	4.7	-15.7	-4.3	-3.0	8.1	57.9	56.0	-21.9	26.4
Interest	680	710	620	570	580	550	540	531	2,550	2,201
Other Income	400	510	480	560	400	450	550	700	1,970	2,100
PBT before EO Expense	4,840	4,720	3,570	3,980	4,784	5,221	5,869	6,392	17,110	22,267
One-off expenses	0	0	0	4,850	0	0	0	0	4,850	4,850
PBT after EO Expense	4,840	4,720	3,570	-870	4,784	5,221	5,869	6,392	12,260	17,417
Tax	1,540	1,560	1,080	310	1,483	1,645	1,861	2,026	4,490	7,014
Rate (%)	31.8	33.1	30.3	7.8	31.0	31.5	31.7	31.7	26.2	31.5
Reported PAT	3,300	3,160	2,490	-1,180	3,301	3,576	4,009	4,367	7,770	10,403
Adj PAT	3,300	3,160	2,490	2,667	3,301	3,576	4,009	4,367	11,617	15,253
YoY Change (%)	-2.1	1.9	-16.2	-17.7	0.0	13.2	61.0	63.8	-8.4	31.3

Zydus Lifesciences

Buy

CMP: INR360 | TP: INR420 (+17%)

EPS CHANGE (%): FY23|24: (3.5)|(3.6)

- Expect the US sales to decline slightly YoY to USD192m due to the ongoing pricing pressure
- Watch out for an outlook on the ZyCov-D vaccine supply as booster dose, in light of the easing of Covid
- Expect DF sales to decline 7% YoY with contribution from COVID product sales subsiding
- Update on pipeline for complex products in the US for FY23/24

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenues	40,254	37,848	36,398	38,638	38,918	39,666	41,935	46,840	1,52,652	1,67,359
YoY Change (%)	10.6	-0.9	-4.1	5.3	-3.3	4.8	15.2	21.2	5.3	9.6
Total Expenditure	30,924	29,240	28,882	30,026	30,788	31,397	33,436	37,792	1,17,413	1,33,413
EBITDA	9,330	8,608	7,516	8,612	8,130	8,269	8,499	9,048	35,239	33,947
YoY Change (%)	14.4	-0.3	-6.9	1.4	-12.9	-3.9	13.1	5.1	11.0	-3.7
Margins (%)	23.2	22.7	20.6	22.3	20.9	20.8	20.3	19.3	23.1	20.3
Depreciation	1,827	1,848	1,770	1,854	1,700	1,800	1,900	1,816	7,130	7,216
EBIT	7,503	6,760	5,746	6,758	6,430	6,469	6,599	7,232	28,109	26,731
YoY Change (%)	17.5	-1.2	-8.3	0.2	-14.3	-4.3	14.8	7.0	13.9	-4.9
Margins (%)	18.6	17.9	15.8	17.5	16.5	16.3	15.7	15.4	18.4	16.0
Interest	273	301	311	385	110	110	110	805	1,270	1,135
Other Income	316	533	607	791	260	270	280	293	2,247	1,103
PBT before EO Income	7,546	6,992	6,042	7,164	6,580	6,629	6,769	6,720	29,086	26,699
EO Exp/(Inc)	0	957	0	1,435	0	0	0	0	705	0
PBT after EO Income	7,546	6,035	6,042	5,729	6,580	6,629	6,769	6,720	28,381	26,699
Tax	1,415	1,000	1,094	1,092	1,316	1,392	1,455	1,443	5,117	5,607
Rate (%)	18.8	16.6	18.1	19.1	20.0	21.0	21.5	21.5	18.0	21.0
Min. Int/Adj on Consol	-483	27	121	-513	-350	-100	100	290	-848	-60
Reported PAT	5,648	5,062	5,069	4,124	4,914	5,137	5,414	5,567	22,416	21,032
Adj PAT	5,648	5,860	5,069	5,285	4,914	5,137	5,414	5,567	22,079	21,032
YoY Change (%)	24.4	1.4	-3.9	19.1	-13.0	-12.3	6.8	5.3	8.9	-4.7
Margins (%)	14.0	15.5	13.9	13.7	12.6	13.0	12.9	11.9	14.5	12.6
PAT from discontinued operations	224	24,961	-65	-150	0	0	0	0	22,457	0
Total Reported PAT (Incl Discontinued operations)	5,872	30,023	5,004	3,974	4,914	5,137	5,414	5,567	44,873	21,032
YoY Change (%)	25.0	491.6	-5.1	-41.5	-16.3	-82.9	8.2	40.1	110.3	-53.1

Infrastructure

Company

Ashoka Buildcon

G R Infraprojects

IRB Infrastructure Developers

KNR Constructions

Commodity price inflation to keep margins under pressure

Slow project awarding in 1QFY23; execution steady with an elevated order book

- Project awarding was slow in 1QFY23, after a strong awarding in the later part of 4QFY22, taking the total awarding to ~6,300km in FY22.
- A lion's share of the awarding by NHAI in FY22 has been through the HAM mode. This has pumped up the order book of players like GRINFRA and PNCL.
- With an elevated order book, execution is expected to be steady in 1QFY23.

Toll revenue continues to remain robust; monetization efforts gather pace

- FASTag-based toll collections remain robust in 1QFY23 and clocked record high daily average toll collections of INR1.4b in May'22. The rise in collections is on the back of toll rates being hiked from 1st Apr'22, which are typically linked to the Wholesale Price Index (WPI).
- NHAI recently monetized INR62b of toll assets via the toll-operate-transfer (TOT-7) route, which constitutes 135km of the eastern peripheral expressway project in Delhi-NCR. NHAI has released an indicative list of 1,750km of road assets to monetize through TOT/InvIT/toll securitization modes over FY23.
- An increase in funds with NHAI will help improve awarding and construction activity in the Road sector. With an improved outlook on toll collections, authorities will be in a position to bid out additional BOT toll projects.
- NHAI's debt levels have spiked to INR3.5t at the end of FY22 (FY14: INR250b) due to increase in the cost of land acquisition and construction costs. Hence, raising funds outside budgetary resources remains crucial.

Execution for our Coverage Universe to remain flat YoY

- We expect execution for our Coverage Universe to rise 3% YoY, but fall 9% QoQ. The execution of certain south-based companies are expected to be impacted by the early onset of the monsoons in India.
- Several companies have received appointed dates for HAM projects in the last few months, which will support execution going forward.

Higher commodity prices to impact margins

- We expect operating profit to fall ~2% YoY for our Coverage Universe on higher input costs. The prices of Cement, steel, and aluminum have, however, cooled down by 10-15% in Jun'22 from their respective highs in Mar-Apr'22.
- In line with our operating performance, we expect net profit for our Coverage Universe to decline by 8% YoY.

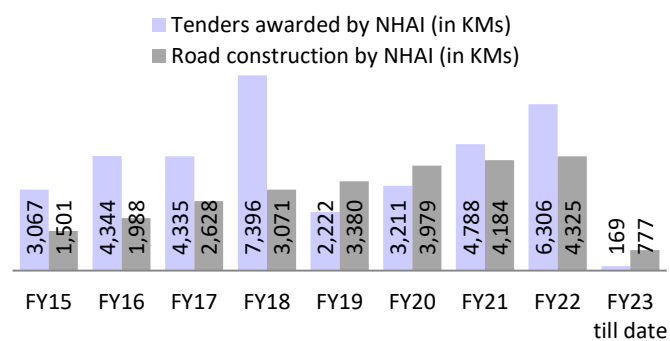
Companies with decent balance sheets are our preferred bets

- KNRC is our top pick in the sector. We like KNRC owing to its net cash Balance Sheet on account of its: a) already monetized HAM projects, b) superior focus on working capital management over growth, and c) robust execution capabilities.

Exhibit 1: Summary of expected quarterly performance

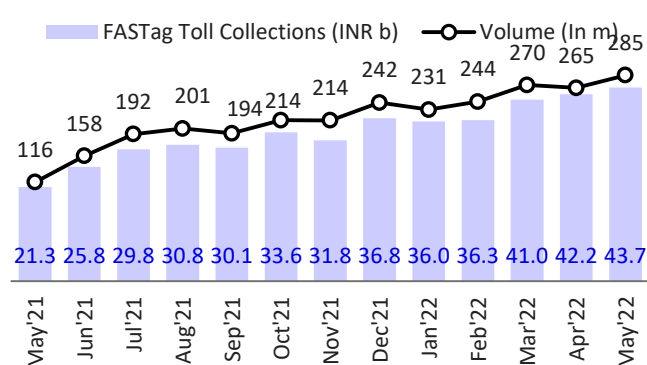
Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Ashoka Buildcon	74	Buy	12,000	14.3	-23.0	1,260	-20.5	-19.4	939	-32.9	-50.0
G R Infraproject	1100	Buy	20,000	-6.2	-11.8	3,160	-8.5	-21.6	1,807	-11.2	-31.9
IRB Infra	196	Neutral	16,700	2.7	16.5	7,176	2.5	11.8	823	14.5	-52.8
KNR Constructions	230	Buy	8,500	14.9	-15.9	1,573	9.7	-24.4	922	26.3	-18.2
Infrastructure			57,200	3.1	-8.8	13,169	-2.2	-6.5	4,492	-8.0	-39.3

Exhibit 2: Trend in NHAI awarding and construction



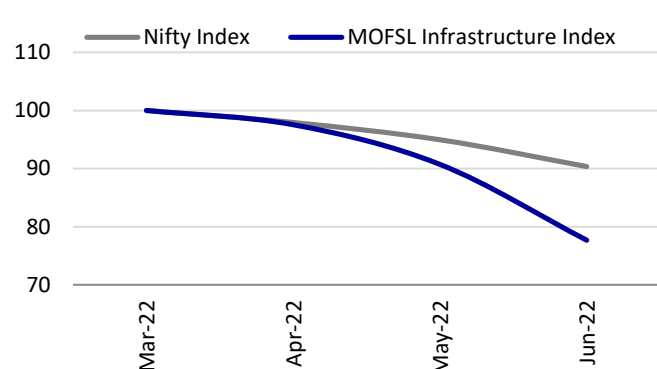
Source: NHAI, MOFSL

Exhibit 3: FASTag toll collections are on the rise



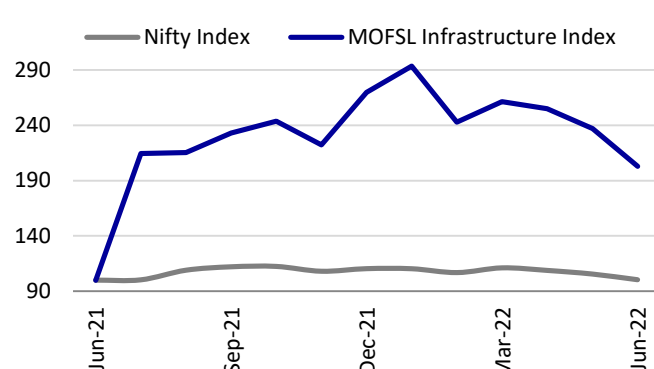
Source: NPCI, MOFSL

Exhibit 4: Relative performance – three-months (%)



Source: Bloomberg, MOFSL

Exhibit 5: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

Exhibit 6: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Infrastructure						15.4	14.3	11.6	1.4	1.3	1.2	9.2	9.1	10.2
Ashoka Buildcon	74	Buy	19.0	15.9	16.1	3.9	4.7	4.6	0.8	0.7	0.6	18.7	15.4	13.7
G R Infraproject	1,100	Buy	78.7	86.6	104.7	14.0	12.7	10.5	2.4	2.0	1.7	19.1	17.5	17.7
IRB Infra	196	Neutral	6.0	7.8	12.0	32.7	25.0	16.4	0.9	0.9	0.9	3.7	3.7	5.5
KNR Constructions	230	Buy	12.8	14.6	17.5	17.9	15.8	13.2	2.9	2.5	2.1	17.5	16.8	17.1

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter / financial year under review.

Ashoka Buildcon

Buy
CMP: INR74 | TP: INR120 (+62%)
EPS CHANGE (%): FY23|24: +1|-3

- Expect revenue to increase by 14% YoY to INR12b.
- Expect EBITDA at INR1.3b, with a marginal sequential rise in EBITDA margin at 10.5% on the easing of commodity prices.
- Expect adjusted PAT to fall by 32% YoY due to a decline in operating margin.
- Watch out for commentary on new project awarding and monetization of assets.

Standalone quarterly performance

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY22	FY23E
Net Sales	10,500	9,500	11,037	15,592	12,000	11,200	13,000	17,292	46,629	53,492
YoY Change (%)	83.4	8.3	12.5	12.4	14.3	17.9	17.8	10.9	22.1	14.7
EBITDA	1,585	1,384	1,207	1,563	1,260	1,232	1,456	2,029	5,740	5,977
Margin (%)	15.1	14.6	10.9	10.0	10.5	11.0	11.2	11.7	12.3	11.2
Depreciation	161	166	167	204	185	185	185	205	697	760
Interest	164	210	249	234	220	220	220	212	856	872
Other Income	472	590	291	635	400	400	400	405	1,988	1,605
PBT before EO expense	1,733	1,599	1,082	1,761	1,255	1,227	1,451	2,017	6,175	5,950
Extra-Ord. expense	0	0	-7,696	0	0	0	0	0	-7,696	0
PBT	1,733	1,599	-6,614	1,761	1,255	1,227	1,451	2,017	-1,521	5,950
Tax	334	315	321	-119	316	309	365	508	851	1,498
Rate (%)	19.3	19.7	-4.9	-6.8	25.2	25.2	25.2	25.2	-55.9	25.2
Reported PAT	1,399	1,285	-6,935	1,880	939	918	1,086	1,509	-2,372	4,452
Adj. PAT	1,399	1,285	761	1,880	939	918	1,086	1,509	5,324	4,452
YoY Change (%)	102.6	22.7	-11.2	26.0	-32.9	-28.5	42.8	-19.7	30.3	-16.4
Margin (%)	13.3	13.5	6.9	12.1	7.8	8.2	8.4	8.7	11.4	8.3

G R Infraprojects

Buy
CMP: INR1,100 | TP: INR1,490 (+35%)
EPS CHANGE (%): FY23|24: +4|+1

- Expect a 6% YoY decline in revenue to INR20b.
- Expect EBITDA at INR3.2b, with a decline of ~40bp YoY in EBITDA margin to 15.8%.
- Expect adjusted PAT to fall by 11% YoY due to a decline in revenue.
- Watch out for commentary on new project awarding and monetization of assets through the InvIT route.

Standalone quarterly performance

Y/E March	FY22				FY23E				(INR m)	
	1Q	1Q	1Q	1Q	1Q	2Q	3Q	4Q	FY22	FY23E
Net Sales	21,332	16,995	18,184	22,681	20,000	19,000	22,500	25,313	79,192	86,813
YoY Change (%)	73.2	45.5	(17.9)	(13.7)	(6.2)	11.8	23.7	11.6	9.3	9.6
EBITDA	3,454	2,779	2,548	4,030	3,160	3,078	3,690	4,223	12,811	14,151
Margin (%)	16.2	16.4	14.0	17.8	15.8	16.2	16.4	16.7	16.2	16.3
Depreciation	666	710	823	617	765	765	765	765	2,816	3,060
Interest	388	311	297	273	280	275	275	296	1,269	1,126
Other Income	302	339	351	331	300	300	300	322	1,324	1,222
PBT before EO expense	2,702	2,098	1,779	3,470	2,415	2,338	2,950	3,484	10,050	11,187
Extra-Ord. expense	-	-	(31)	-	-	-	-	-	(31)	-
PBT	2,702	2,098	1,779	3,470	2,415	2,338	2,950	3,484	10,050	11,187
Tax	666	467	459	819	608	588	742	877	2,411	2,816
Rate (%)	24.7	22.3	25.8	23.6	25.2	25.2	25.2	25.2	24.0	25.2
Reported PAT	2,036	1,630	1,290	2,652	1,807	1,749	2,207	2,607	7,608	8,371
Adj. PAT	2,036	1,630	1,321	2,652	1,807	1,749	2,207	2,607	7,639	8,371
YoY Change (%)	186.8	15.6	(58.9)	7.2	(11.2)	7.3	67.2	(1.7)	(2.1)	9.6
Margin (%)	9.5	9.6	7.3	11.7	9.0	9.2	9.8	10.3	9.6	9.6

IRB Infrastructure Developers**Neutral****CMP: INR196 | TP: INR220 (12%)****EPS CHANGE (%): FY23 | 24: -31 | -18**

- Expect flat Construction revenue on a YoY basis. Expect 12% YoY revenue growth from BOT projects.
- Expect adjusted PAT at INR823m.
- Expect a 180bp QoQ decline in operating margin to 43% due to the execution of lower margin HAM projects.
- Watch out for new order wins in the Construction segment and overall toll collection trends.

Quarterly performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	16,257	14,652	12,791	14,336	16,700	15,300	16,800	18,707	58,037	67,507
YoY Change (%)	59.0	30.4	(17.3)	(10.7)	2.7	4.4	31.3	30.5	9.5	16.3
Total Expenditure	9,258	7,476	5,407	7,920	9,524	8,274	9,070	10,087	30,062	36,954
EBITDA	6,999	7,176	7,384	6,416	7,176	7,027	7,730	8,620	27,975	30,553
Margin (%)	43.1	49.0	57.7	44.8	43.0	45.9	46.0	46.1	48.2	45.3
Depreciation	1,364	1,652	1,924	1,889	1,900	1,900	1,900	1,929	6,828	7,629
Interest	4,675	4,770	5,471	3,990	4,200	4,200	4,200	4,192	18,906	16,792
Other Income	448	392	2,187	2,491	575	575	575	646	5,517	2,371
PBT	1,407	1,147	2,176	3,028	1,651	1,502	2,205	3,146	7,758	8,504
Tax	349	368	487	679	428	389	571	811	1,882	2,198
Rate (%)	24.8	32.1	22.4	22.4	25.9	25.9	25.9	25.8	24.3	25.9
Share of profit in Associates	(340)	(356)	(962)	(604)	(400)	(400)	(400)	(384)	(2,262)	(1,584)
Reported PAT	719	423	727	1,745	823	713	1,234	1,952	3,614	4,722
Adj. PAT	719	423	727	1,745	823	713	1,234	1,952	3,614	4,722
YoY Change (%)	NA	NA	4.6	79.0	14.5	68.4	69.7	11.8	208.5	30.6
Margin (%)	4.4	2.9	5.7	12.2	4.9	4.7	7.3	10.4	6.2	7.0

KNR Constructions**Buy****CMP: INR230 | TP: INR280 (+22%)****EPS CHANGE (%): FY23 | 24: -1 | -1**

- Expect a revenue of INR8.5b (+15% YoY).
- Expect adjusted PAT of INR922m (+26% YoY) on lower taxes.
- Expect EBITDA at INR1.6b (+10% YoY). Expect operating margin to decline by 90bp YoY due to commodity price inflation.
- Watch out for updates on new order inflows.

Standalone quarterly performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	7,400	7,556	7,663	10,107	8,500	8,000	8,750	10,753	32,726	36,003
YoY Change (%)	54.4	25.7	11.7	8.0	14.9	5.9	14.2	6.4	21.1	10.0
Total Expenditure	5,967	5,880	6,074	8,027	6,928	6,496	7,079	8,660	25,949	29,163
EBITDA	1,433	1,675	1,589	2,080	1,573	1,504	1,671	2,093	6,777	6,841
Margin (%)	19.4	22.2	20.7	20.6	18.5	18.8	19.1	19.5	20.7	19.0
Depreciation	269	320	358	399	385	385	385	387	1,346	1,542
Interest	79	72	64	60	60	60	60	72	274	252
Other Income	48	105	78	185	105	105	105	117	417	432
Extra-Ord. expense	0	0	214	0	0	0	0	0	214	0
PBT	1,133	1,389	1,246	1,806	1,233	1,164	1,331	1,751	5,574	5,479
Tax	403	437	452	679	310	293	335	441	1,970	1,379
Rate (%)	35.5	31.4	36.3	37.6	25.2	25.2	25.2	25.2	35.3	25.2
Reported PAT	730	952	1,008	1,128	922	871	996	1,311	3,818	4,100
Adj. PAT	730	952	794	1,128	922	871	996	1,311	3,604	4,100
YoY Change (%)	83.5	61.9	2.3	46.5	26.3	-8.5	25.5	16.2	42.4	13.8
Margin (%)	9.9	12.6	10.4	11.2	10.9	10.9	11.4	12.2	11.0	11.4

Logistics

Company

Blue Dart Express
 Container Corporation of India
 Mahindra Logistics
 Transport Corporation of India
 VRL Logistics

Demand environment soft; diesel prices steady after the excise duty cut

Daily e-way bill generation declines marginally in Apr-May'22; domestic Rail container traffic rises

- Freight rates rose with a rise in retail diesel prices, amid a strong demand environment over the last few months. The reduction in excise duty by INR8 per liter on diesel by the GoI on 21st May'22 resulted in an INR7-8 per liter reduction in retail diesel prices. The fall in diesel prices and softening demand led to a 5-6% drop in freight rates in May'22.
- Average daily e-way bill generation fell marginally in Apr-May'22 to ~2.4m from a record high of ~2.5m in Mar'22, indicating a softening in the demand environment.
- EXIM container volumes handled by the Railways grew 6% YoY in Apr-May'22. Domestic container volumes handled by the Indian Railways saw a steep rise, up ~26% YoY in Apr-May'22. CCRI, which commands ~65% market share in the Indian Rail container cargo movement, is a direct beneficiary of the same.

Demand environment soft, marginal decline in freight rates due to declining diesel prices

- Demand has softened marginally in 1QFY23 from the seasonally strong 4QFY22. Truck operators were forced to pass on the benefits of the 3-4% fall in the diesel price, resulting in a cumulative fall of ~2% in freight rates in Apr-May'22.
- The decrease in fuel prices offsets the decline in freight rates, resulting in a minimal impact on the margins of freight operators.

Operating performance to stay robust

- We expect our Coverage Universe to report a sales growth of 27% YoY (flat QoQ), EBITDA growth of 40% YoY (flat QoQ), and PAT growth of 58% YoY (flat QoQ). The higher earnings growth in 1QFY23 is due to a weaker base in 1QFY22, which was impacted by the second COVID wave.
- We expect VRLL to report a sales growth of 60% YoY. The addition of new branches will result in higher volumes, thus boosting revenue. Increasing scale and operational efficiencies will keep its margin profile elevated.

Investments to rise to capture rising volumes

- Organized Logistics operators are well placed to reap the benefits from reforms like the GST and e-way bill, which is propelling higher growth and formalization in the industry. Logistics companies in our Coverage Universe are looking to incur capex towards fleet addition and sorting centers, which will help cater to incremental volumes.
- VRLL has decided to buy 1,600 vehicles over the next 12-18 months to replace its outgoing fleet and to add of new capacity. CCRI is planning a capex of INR80b over the next three-to-four years towards infrastructure, rolling stock, containers, and equipment. TRPC is looking to add a new ship to its fleet in FY23. MAHLOG plans to add 1-5-2m sq. ft. of warehousing space annually over the next five years.

Exhibit 1: Summary of expected quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Blue Dart Express	7,783	Neutral	11,588	34.0	-0.6	1,854	122.3	-14.9	1,066	263.1	-21.3
Concor	617	Buy	20,695	14.5	1.3	4,682	8.0	13.4	2,901	13.8	13.0
Mahindra Logistics	459	Neutral	11,703	34.0	9.1	609	35.2	10.7	132	41.0	7.8
Transport Corp.	717	Buy	8,632	24.0	-3.8	1,019	34.5	-14.6	689	47.0	-19.3
VRL Logistics	630	Buy	6,620	60.0	-0.5	1,238	243.2	-1.6	503	LP	-10.4
Logistics			59,238	27.2	1.4	9,401	39.5	1.0	5,292	58.3	-3.1

Exhibit 2: e-way bill generation

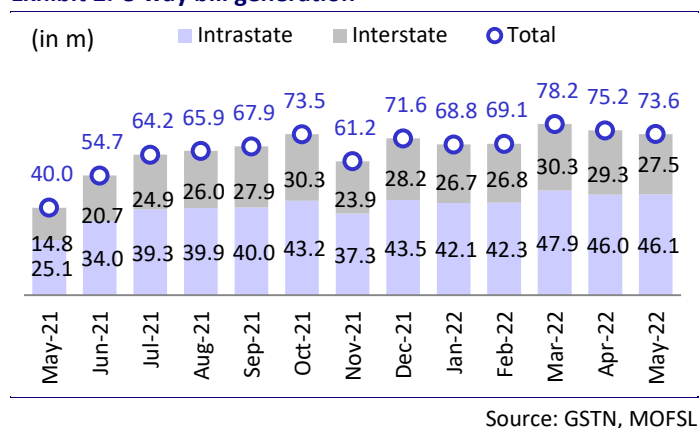


Exhibit 3: Movement in freight rates v/s diesel prices

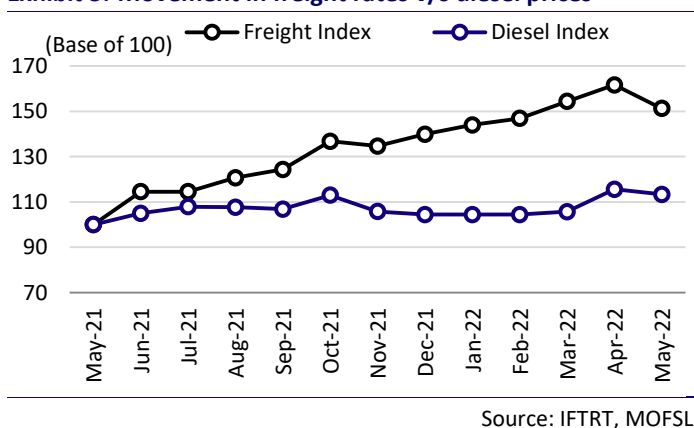


Exhibit 4: Relative performance – three-months (%)

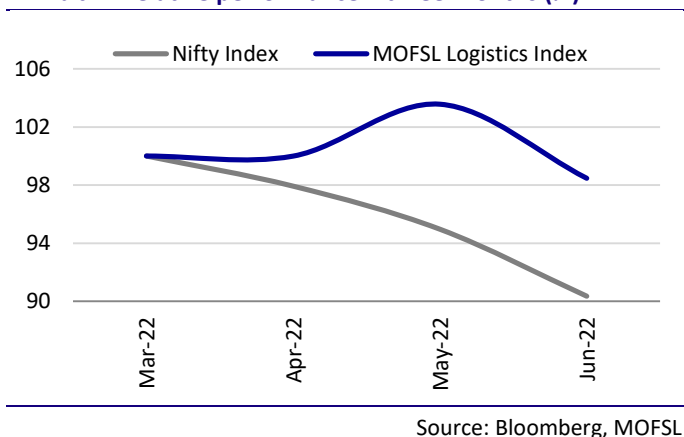


Exhibit 5: Relative performance – one-year (%)

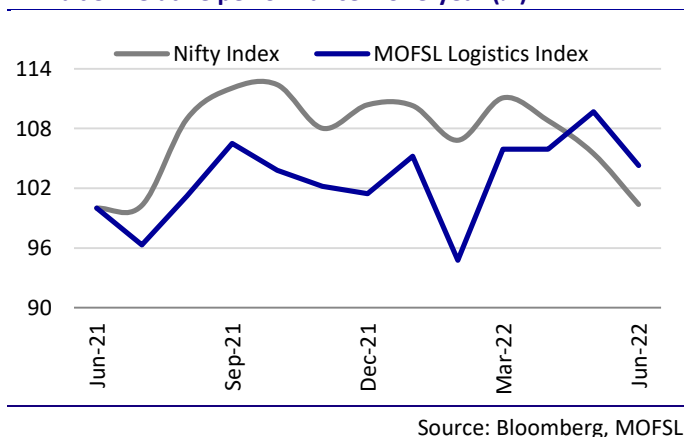


Exhibit 6: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Logistics						36.0	29.5	24.5	4.9	4.5	4.0	13.6	15.2	16.5
Blue Dart Express	7,783	Neutral	173.8	202.6	226.1	44.8	38.4	34.4	19.3	14.0	10.6	50.5	42.3	35.2
Concor	617	Buy	17.4	21.8	26.7	35.4	28.3	23.2	3.5	3.3	3.1	10.1	12.0	14.0
Mahindra Logistics	459	Neutral	5.2	9.6	14.7	88.6	47.9	31.2	5.6	5.1	4.5	6.4	11.1	15.4
Transport Corp.	717	Buy	37.6	41.3	50.8	19.1	17.4	14.1	3.9	3.2	2.6	22.0	19.8	20.3
VRL Logistics	630	Buy	18.1	22.8	26.0	34.8	27.7	24.3	8.5	7.0	5.7	25.6	27.7	25.8

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter / financial year under review.

Blue Dart Express

Neutral
CMP: INR7,783 | TP: INR8,200 (+5%)
EPS CHANGE (%): FY23|24: +9|+15

- Expect revenue to increase by 34% YoY to INR11.6b on the back of an improvement in volumes.
- Expect EBITDA at INR1.9b, with EBITDA margin down 270bp QoQ to 16% due to a rise in aviation turbine fuel (ATF) prices.
- Expect adjusted PAT to decline by 21% YoY to INR1.1b.
- Movement in ATF prices is a key monitorable.

Standalone quarterly snapshot

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	8,648	11,236	12,548	11,659	11,588	12,135	13,551	13,187	44,090	50,461
YoY Change (%)	108.8	30.0	21.2	20.7	34.0	8.0	8.0	13.1	34.4	14.5
EBITDA	834	1,986	2,039	2,179	1,854	1,942	2,222	2,112	7,038	8,130
Margin (%)	9.6	17.7	16.2	18.7	16.0	16.0	16.4	16.0	16.0	16.1
YoY Change (%)	-170.6	34.6	17.6	25.3	122.3	-2.2	9.0	-3.1	86.9	15.5
Depreciation	430	433	430	394	444	444	444	444	1,687	1,774
Interest	68	59	54	59	55	55	55	63	241	228
Other Income	58	64	78	85	70	70	75	84	285	299
PBT before EO expense	394	1,558	1,632	1,811	1,426	1,513	1,799	1,689	5,395	6,426
Extra-Ord. expense	0	360	0	0	0	0	0	0	360	0
PBT	394	1,198	1,632	1,811	1,426	1,513	1,799	1,689	5,035	6,426
Tax	100	303	410	457	359	381	453	426	1,271	1,619
Rate (%)	25.4	25.3	25.1	25.2	25.2	25.2	25.2	25.2	25.2	25.2
Reported PAT	294	895	1,222	1,354	1,066	1,132	1,346	1,263	3,764	4,807
Adj. PAT	294	1,254	1,222	1,354	1,066	1,132	1,346	1,263	4,124	4,807
YoY Change (%)	NA	66.0	43.0	52.0	263.1	-9.8	10.1	-6.7	237.6	16.6
Margin (%)	3.4	11.2	9.7	11.6	9.2	9.3	9.9	9.6	9.4	9.5

Container Corp. of India (CONCOR)

Buy
CMP: INR617 | TP: INR750 (+22%)
EPS CHANGE (%): FY23|24: +4|+4

- Expect volumes to increase by 10% YoY.
- Expect EBITDA margin to improve QoQ to 22.6%, with the partial commissioning of the DFC and the management's focus on high-margin long-haul routes.
- Expect EXIM/domestic volumes to grow by 7%/22% YoY.
- Progress on commissioning of the DFC to be a key monitorable.

Standalone quarterly snapshot

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	18,075	18,239	19,200	20,430	20,695	21,697	23,274	24,590	75,945	90,257
YoY Change (%)	52.0	21.4	9.5	5.3	14.5	19.0	21.2	20.4	18.9	18.8
EBITDA	4,335	4,265	4,556	4,127	4,682	4,982	5,444	5,824	17,283	20,932
Margin (%)	24.0	23.4	23.7	20.2	22.6	23.0	23.4	23.7	22.8	23.2
YoY Change (%)	172.6	36.3	22.5	118.4	8.0	16.8	19.5	41.1	67.3	21.1
Depreciation	1,303	1,362	1,324	1,309	1,353	1,353	1,353	1,353	5,298	5,413
Interest	139	135	132	140	150	150	150	150	546	600
Other Income	555	750	632	694	700	700	700	731	2,631	2,831
PBT before EO expense	3,448	3,518	3,733	3,372	3,879	4,179	4,640	5,052	14,071	17,750
Extra-Ord. expense	0	1	0	0	0	0	0	0	1	0
PBT	3,448	3,517	3,733	3,372	3,879	4,179	4,640	5,052	14,070	17,750
Tax	899	876	867	804	978	1,053	1,169	1,273	3,447	4,473
Rate (%)	26.1	24.9	23.2	23.8	25.2	25.2	25.2	25.2	24.5	25.2
Reported PAT	2,549	2,641	2,865	2,568	2,901	3,126	3,471	3,779	10,623	13,277
Adj. PAT	2,549	2,641	2,865	2,568	2,901	3,126	3,471	3,779	10,624	13,277
YoY Change (%)	313.4	40.8	20.5	158.1	13.8	18.4	21.1	47.1	81.1	25.0
Margin (%)	14.1	14.5	14.9	12.6	14.0	14.4	14.9	15.4	14.0	14.7

Mahindra Logistics**Neutral****CMP: INR459 | TP: INR515 (+12%)****EPS CHANGE (%): FY23 | 24: -6 | -4**

- Expect revenue to rise by 34% YoY to INR11.7b.
- Expect adjusted PAT at INR132m (+41% YoY) on higher revenue.
- Expect EBITDA at INR609m (+35% YoY). Expect a flat operating margin QoQ.
- Outlook on MM Auto segment sales in 2QFY23 and status on the semiconductor shortage are key focus areas.

Quarterly snapshot

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	8,734	10,191	11,179	10,727	11,703	11,822	13,191	12,970	40,830	49,686
YoY Change (%)	112.8	22.4	6.8	10.1	34.0	16.0	18.0	20.9	25.1	21.7
EBITDA	450	500	477	550	609	627	712	707	1,977	2,654
Margin (%)	5.2	4.9	4.3	5.1	5.2	5.3	5.4	5.4	4.8	5.3
YoY Change (%)	NA	34.1	-10.0	19.1	35.2	25.2	49.5	28.6	47.3	34.3
Depreciation	286	328	357	374	390	390	390	390	1,345	1,559
Interest	62	68	75	91	93	93	93	95	295	374
Other Income	19	20	26	57	45	45	40	41	122	171
PBT	122	123	71	142	171	189	270	262	458	892
Tax	31	31	21	31	43	48	68	66	113	224
Rate (%)	25.2	24.7	28.8	21.7	25.2	25.2	25.2	25.2	24.6	25.2
Minority Interest/Associates	3	5	6	11	4	4	4	6	25	18
Reported PAT	94	98	57	122	132	145	206	202	371	685
Adj. PAT	94	98	57	122	132	145	206	202	371	685
YoY Change (%)	NA	-34.6	-68.9	-20.2	41.0	48.3	261.6	65.4	13.2	84.8
Margin (%)	1.1	1.0	0.5	1.1	1.1	1.2	1.6	1.6	0.9	1.4

Transport Corporation of India**Buy****CMP: INR717 | TP: INR860 (+20%)****EPS CHANGE (%): FY23 | 24: +1 | -4**

- Expect revenue to rise by 24% YoY to INR8.6b, led by the Freight and Seaways segments.
- Expect adjusted PAT at INR689m (+47% YoY) on account of an improvement in operating margin.
- Expect EBITDA at INR1b (+12% YoY). Expect operating margin to improve by 90bp YoY due to greater revenue share from the high-margin Seaways segment.
- Outlook on return payloads from Myanmar and purchase of a new ship is a key monitorable.

Quarterly snapshot

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	6,961	8,251	8,377	8,977	8,632	9,489	9,717	10,153	32,567	37,991
YoY Change (%)	71.6	18.4	3.8	0.6	24.0	15.0	16.0	13.1	16.2	16.7
EBITDA	758	1,045	1,092	1,193	1,019	1,129	1,161	1,239	4,087	4,548
Margin (%)	10.9	12.7	13.0	13.3	11.8	11.9	12.0	12.2	12.6	12.0
YoY Change (%)	147.3	67.9	37.0	34.6	34.5	8.1	6.4	3.9	56.5	11.3
Depreciation	247	256	255	371	300	300	300	334	1,130	1,234
Interest	47	33	26	22	22	22	22	21	128	87
Other Income	41	29	53	76	55	55	55	74	199	239
PBT before EO expense	504	785	864	875	752	862	894	958	3,028	3,466
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	504	785	864	875	752	862	894	958	3,028	3,466
Tax	64	96	108	109	135	155	161	172	377	624
Rate (%)	12.7	12.3	12.5	12.4	18.0	18.0	18.0	18.0	12.4	18.0
Minority Interest	-6.0	-7.5	-7.5	-9.8	-7.5	-7.5	-7.5	-7.5	-32.1	-30.0
Profit/Loss of Asso. Cos	35	73	72	97	80	92	95	102	277	370
Reported PAT	469	754	821	854	689	791	821	880	2,896	3,182
Adj. PAT	469	754	821	854	689	791	821	880	2,896	3,182
YoY Change (%)	1,049	106.0	57.0	27.0	47.0	5.0	0.1	3.1	80.8	9.9
Margin (%)	6.7	9.1	9.8	9.5	8.0	8.3	8.4	8.7	8.9	8.4

VRL Logistics

Buy

CMP: INR630 | TP: INR730 (+16%)

EPS CHANGE (%): FY22|23: +14|+8

- Expect revenue to increase by 60% YoY to INR6.6b, with strong growth in the Goods Transport segment.
- Expect adjusted PAT to grow to INR503m.
- Expect EBITDA at INR1.2b. Expect margin to decline by 20bp QoQ on higher fuel prices.
- Progress on newer branch additions and capex on fleet additions are key monitorables.

Quarterly performance

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	4,138	6,364	6,784	6,651	6,620	6,746	7,734	7,490	23,936	28,589
YoY Change (%)	158.5	44.9	20.4	10.8	60.0	6.0	14.0	12.6	35.8	19.4
EBITDA	361	1,133	1,290	1,258	1,238	1,214	1,322	1,293	4,042	5,068
Margin (%)	8.7	17.8	19.0	18.9	18.7	18.0	17.1	17.3	16.9	17.7
YoY Change (%)	-206.5	30.3	30.6	31.5	243.2	7.2	2.5	2.8	63.3	25.4
Depreciation	377	396	444	463	480	500	510	520	1,680	2,010
Interest	95	98	118	120	130	130	140	152	431	552
Other Income	35	18	49	66	45	45	45	50	168	185
PBT before EO expense	-76	657	778	741	673	629	717	671	2,099	2,691
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	-76	657	778	741	673	629	717	671	2,099	2,691
Tax	-16	162	173	179	170	159	181	169	498	678
Rate (%)	20.5	24.7	22.2	24.2	25.2	25.2	25.2	25.2	23.7	25.2
Reported PAT	-60	495	605	562	503	471	537	502	1,601	2,013
Adj. PAT	-60	495	605	562	503	471	537	502	1,601	2,013
YoY Change (%)	NA	60.2	52.2	51.2	NA	-4.9	-11.3	-10.7	255.3	25.7
Margin (%)	-1.5	7.8	8.9	8.4	7.6	7.0	6.9	6.7	6.7	7.0

Metals

Company

Coal India

Hindalco Industries

Hindustan Zinc

Jindal Steel & Power

JSW Steel

NMDC

National Aluminum Co.

Steel Authority of India

Tata Steel

Vedanta

Export duty takes the wind out of the ferrous sector; China slowdown impacts the non-ferrous sector; COAL to shine

We expect our Metals and Mining Coverage Universe to report a revenue growth of 21% YoY, but an EBITDA/PAT decline of 13%/16%, led by a sharp jump in input costs (coking coal and thermal coal). Sequentially, we expect aggregate revenue for our Metals and Mining Coverage Universe to drop by 12%, driven by a sharp 17% drop in ferrous companies. EBITDA/PAT is likely to correct by 23% each, led by a sharp decline in the ferrous sector, which is likely to report a 37%/53% fall in EBITDA/PAT.

The Steel sector has been impacted by the triple whammy of: a) falling ASP, b) peaking input costs, and c) imposition of export duty. The convergence of these factors has adversely impacted margins, with the same likely to continue in 2QFY23. The non-ferrous sector has been impacted by: a) a continued slowdown in China, and b) rising energy costs, which has severely impacted margins. The Mining sector will have a divergent scorecard, with NMDC reporting a contraction in margins due to factors impacting the Steel industry. COAL is likely to report a stellar performance on the back of sky high e-auction premiums and strong volume growth in FSA sales.

Ferrous: Generally, the first quarter is slightly weaker on a sequential basis traditionally and inventory is also sufficient in the trade channel. To compound matters, the government announced an imposition of export duty on steel (15% on most finished steel products, barring alloy and products with a narrow width), pellets (45% with no exception), and iron ore (50% across grades without exception). This resulted in exports turning unviable overnight and a sharp correction in domestic steel prices. The duties, effective from 22nd May'22, have taken the wind out of steel pricing. HRC prices, which stood at INR76,500/t at the beginning of 1QFY23, had corrected to INR71,400/t before the announcement of the export duty. Since then, HRC prices have corrected to INR60,200/t from INR71,400/t, a reduction of INR11,200 (15.6%). On the other hand, coking coal consumed by major steel mills in 1QFY23 was its peak purchase price, reflecting an impact of USD100-125/t on coal. The cost-push is likely to peak out 1QFY23. Due to the sudden imposition of export duty and expectation of a sharp drop in steel prices, buyers withheld purchases, leading to a deferment in demand and lower sales in 1QFY23. TATA has reported lower sales (by 1mt) in India, while we expect a similar reduction in sales for JSTL. Sales volumes for SAIL and JSP should also be lower on a sequential basis. We expect a reduction of ~25% QoQ in sales volume for our steel Coverage Universe. The outlook for 2Q appears challenging, with coking coal costs likely to remain stagnant, before correcting in 3QFY23. The price reduction is likely to continue eroding margins further.

The **non-ferrous** sector witnessed a mixed movement in prices, with a downward bias. On a YoY basis, aluminum/zinc/nickel/lead/alumina rose 20%/33%/67%/4%/36%, while copper remained muted with a 1% correction. On a QoQ basis, copper/aluminum/lead/alumina corrected by 5%/12%/5%/8%, while zinc/nickel were marginally higher (up 5%/2%). However, the overall bias for commodities remained negative. Aluminum prices have corrected by 32% since the start of

1QFY23, re-tracing the entire gain the metal had at the start of the Russia-Ukraine war, as expectations of an imposition of a ban on aluminum exports by Rusal did not materialize.

Mining: Once a shunned sector due to ESG concerns, the world is now back to fossil fuels as Russia reduced gas supplies to Europe. The economic rationale for coal has now outweighed ESG concerns, with Europe increasing thermal coal purchases on a MoM basis to counter reducing gas supplies from Russia. The Mining sector is likely to report divergent results. NMDC is likely to report a sharp decline in EBITDA/PAT of 61%/60% on YoY basis and 44%/42% on QoQ basis due to lower volumes and ASP. COAL, on the other hand, will enjoy a dream run in terms of both volumes as well as e-auction premium, which is likely to continue up to 3QFY23 at least. We expect COAL to report an e-auction premium of 180% v/s 13%/65% in 1QFY23/4QFY22. While e-auction volumes continue to remain thin, with the company diverting most of the coal to Power producers, the remaining coal available for e-auction is fetching record premiums. Europe continues to draw coal from the international market, with prices of RB1 thermal coal (from South Africa) rising by 229% YoY.

Ferrous: Triple whammy of falling ASP, rising input cost, and sliding volumes

- Steel prices started 1QFY23 on a strong note, with steel mills hiking prices to INR75,000/t, and to INR78,000/t in some cases. However, the effective peak price was ~INR76,000/t. With such peak prices, trade activities started reducing as the risk of price correction was high.
- Lower trade activities eventually led to softer prices, with prices correcting to INR71,000/t by the end of Apr'22. Mills rolled over these prices in May'22. The trade, however, continued to remain skeptical of prices and started softening further with lower volumes.
- China started reporting a surge in COVID-19 cases from Mar'22 onwards. With a rise in COVID-19 cases in Apr'22, the government announced a lockdown in Shanghai – the biggest economic center in China. The frequent lockdown and partial re-opening, disrupted demand as well as the supply chain in China, leading to a correction in steel prices in the domestic market. Domestic HRC prices in China corrected to USD740/t in May'22 and further to USD694/t in Jun'22 from USD816/t in Mar'22.
- However, production continued unabated in China, with output rising to 93mt/97mt in Apr'22/May'22 from 88mt in Mar'22. Rising production and declining demand resulted in higher exports. This led to a correction in international prices, in line with rising exports from China.
- Chinese export FoB prices corrected to USD824/t in Apr'22 from USD919/t in Mar'22. It fell further to USD755/t in Jun'22, with the average price currently at USD675/t. The steep correction in Chinese FoB prices dragged down overall HRC prices.
- In a bid to control inflation, the government announced imposition of export duty on several grades of steel, covering almost 90% of exports and on iron ore and pellet. The government also imposed a 15% export duty on all flat non-alloy steel, with a width of more than 600mm, which effectively covered almost entire existing exports. What was left out was largely semi-finished steel and alloy steel, which

constitute less than 10% of overall export tonnages. Export duty on pellet was 45%, effectively making all exports unviable. Export duty on iron ore was increased from 30% earlier (only on high grade ore of more than 58% previously), to 50% on all grades of iron ore, making any exports economically unviable.

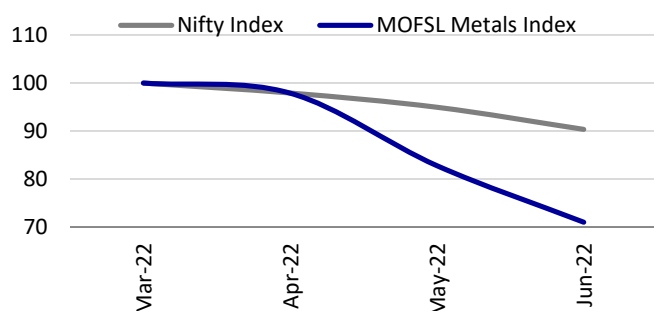
- The imposition of export duty led to a sharp oversupply in the domestic market, a steep correction of over INR11,200/t in HRC prices since the announcement, and an overall correction of over INR16,000/t from the peak.
- Primary TMT prices have also corrected from the peak of INR74,000/t in Apr'22 to INR58,800/t at the end of 1QFY23.
- Both Galvanized and Color Coated Steel prices corrected in line with the correction in HRC prices.
- **Coking coal:** Prices for prime hard grade coking coal grew 202% YoY in 1QFY23, but fell 5% on a QoQ basis. On a consumption basis, coking coal cost for most steel producers is up USD100-125/t as the consumption price lags the purchase price by USD100/t. While coking coal prices have been correcting from the peak of USD704/t (recorded on 15th Mar'22), the fall is not in line with the correction in steel prices, and therefore margins for steel producers will continue to deteriorate in 2QFY23.
- Domestic spot HRC spreads, which stood at USD329/t at the beginning of 1QFY23, have improved to USD381/t, but this is yet to translate into EBITDA, due to the lag effect of coking coal prices.
- We expect EBITDA/t for steel players to contract between 12% and 38% QoQ in 1QFY23, with JSP and TATA being the least impacted due to its least dependence on coking coal and the highest price hikes taken, respectively. We expect EBITDA/t for JSTL to contract by 38% QoQ due to its high exposure to exports and dependence on the IBM reference price for payment of the premium on iron ore, which also moves with lag and is therefore likely to remain high.

Mining to reflect divergent results with COAL in focus, NMDC subdued

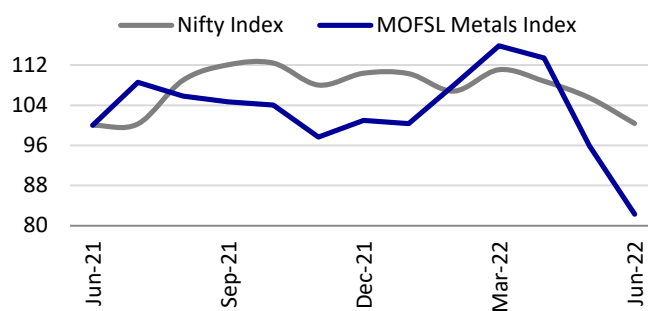
- **Iron ore:** After the continuous hike in prices in 4QFY22, driven by rising steel, DRI, and pellet prices, NMDC took the last hike of INR200/t in iron ore fines in Apr'22, in line with the hike taken by steel producers. With the imposition of export duty on pellets, the domestic market had surplus iron ore, leading to a sharp correction in Odisha iron ore prices. NMDC cut prices on 25th May'22 and again on 4th Jun'22 by INR750/t and INR1,100/t respectively. In a span of 11 days, it reduced prices by 36% to reflect the downtrend in steel prices. We expect a further reduction in iron ore prices going forward.
- We expect further delays in the commissioning of NMDC's steel plant as a few projects remain to be completed.
- **Thermal Coal:** Domestic e-auction premium for thermal coal rose sharply on higher international prices. The latter rose sharply in 1QFY23 due to the continued disruption of gas supplies to Europe from Russia. The EU continues to increase purchases of South African thermal coal to offset the reduction in NG supplies from Russia. With winter looming ahead, purchases are likely to increase, putting further pressure on thermal coal prices in the international market. We expect thermal coal prices to rise further with the onset of winter in Europe, as Russia continues to retaliate with lower NG supplies in response to Western sanctions.
- We expect the e-auction premium for COAL to surge to 180% in 1Q v/s 65% in 4QFY22, driving profitability sharply higher on both a QoQ and YoY basis.

LME prices continue to correct in line with a slowdown in China

- LME prices continue to correct with a slowdown in China and Europe, though it will be still higher on a YoY basis. Aluminum/zinc/nickel/lead/alumina were up 20%/33%/67%/4%/36% YoY, while copper remained muted with a 1% correction during the same period. On a QoQ basis, copper/aluminum/lead/alumina corrected by 5%/12%/5%/8%, while, zinc/nickel rose marginally (up 5%/2%).
- Aluminum prices corrected sharply by 32% from their peak on expectations that aluminum output from Rusal will not be banned. Prices on the LME retraced its entire up move to USD4,000/t from USD2,800/t during the outbreak of the war, back to USD2,800/t and even lower after the COVID-related demand disruption resulted in a slowdown in the Chinese economy.

Exhibit 1: Relative performance – three months (%)

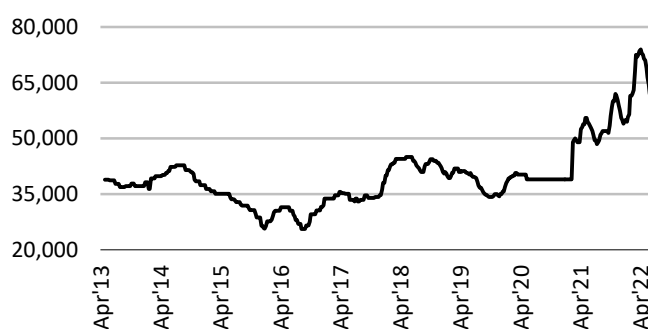
Source: Bloomberg, MOFSL

Exhibit 2: Relative performance – one year (%)

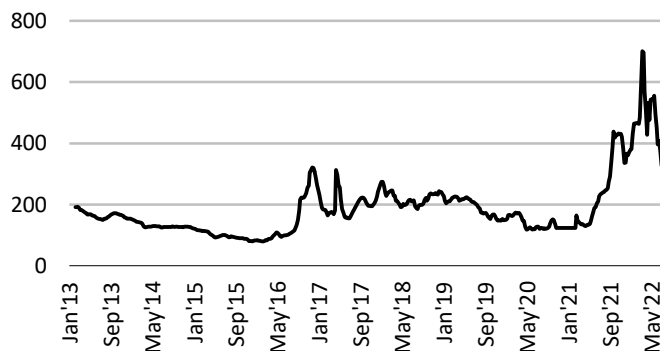
Source: Bloomberg, MOFSL

Exhibit 3: Domestic HRC prices rose 4% QoQ, but fell 15% from its recent peak

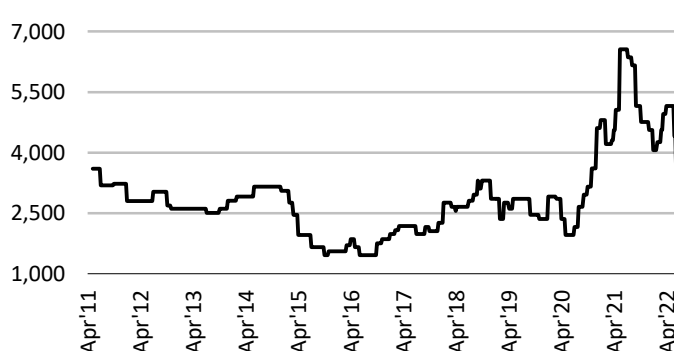
Source: Steelmint

Exhibit 4: TMT prices rose 8% QoQ, but fell 21% from its peak

Source: Steelmint

Exhibit 5: HCC prices fell 3% QoQ, but rose 202% YoY

Source: Steelmint

Exhibit 6: Domestic iron ore (NMDC fines 64% Fe) prices were flat QoQ

Source: Steelmint

Exhibit 7: Key assumptions for 1QFY23

Key assumptions	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23E	YoY (%)	QoQ (%)
JSTL (Standalone)											
Sales (mt)	2.8	4.12	3.9	4.06	3.61	3.79	4	5.11	4.1	13.4	-19.9
Realization/t	36,761	40,769	49,331	60,094	71,909	73,879	72,125	70,472	73,110	1.7	3.7
EBITDA/t	5,104	10,136	14,444	19,756	26,291	22,884	16,993	13,517	8,339	-68.3	-38.3
TATA											
Standalone											
Sales (mt)	2.11	4.87	4.49	4.5	3.99	4.42	4.25	4.97	3.89	-2.6	-21.8
Realization/t	44,344	44,355	40,013	47,117	69,413	73,937	75,210	73,805	77,006	10.9	4.3
EBITDA/t	5,940	11,754	14,926	20,417	33,327	30,385	28,631	24,616	19,679	-41	-20.1
TSE											
Sales (mt)	1.94	2.26	2.11	2.47	2.36	2.14	2.16	2.4	2.16	-8.5	-10
EBITDA/t (USD)	-43	-27	-46	66	88	211	182	241	264	199.8	9.6
SAIL											
Sales (mt)	2.24	4.21	4.15	4.35	3.33	4.28	3.84	4.71	3.2	-3.8	-32.1
Realization/t	40,534	40,237	47,813	53,531	62,045	62,680	65,745	65,304	69,686	12.3	6.7
EBITDA/t	-1,801	4,518	12,241	14,145	19,728	16,395	8,881	9,196	6,248	-68.3	-32.1
JSP											
Sales – standalone	1.56	1.93	1.88	1.91	1.61	2.13	1.82	2.08	1.56	-3.1	-25
Realization/t	39,491	40,691	46,577	54,607	64,501	62,259	65,686	66,494	67,806	5.1	2
EBITDA/t	10,949	12,585	20,833	25,569	28,098	21,216	17,404	14,695	12,822	-54.4	-12.7
NMDC											
Sales (mt)	6.28	6.6	9.28	11.09	8.99	8.99	9.84	12.28	7.66	-14.7	-37.6
Realization/t	3,088	3,378	4,691	6,174	7,248	7,561	5,967	5,456	6,061	-16.4	11.1
EBITDA/t	1,203	1,560	2,982	3,825	4,644	3,466	2,654	2,347	2,118	-54.4	-9.8
HNDL											
Aluminum sales (kt)	303	303	315	329	303	338	325	336	325	7.3	-3.3
Copper sales (kt)	58	75	73	107	80	110	110	105	101	26.3	-3.8
Aluminum (incl. Utkal) EBITDA	423	527	619	746	1,052	1,296	1,389	1,601	936	-11	-41.5
Copper EBITDA (USD/t)	150	429	431	406	442	432	453	489	436	-1.4	-11
Novelis – volkt)	781	923	933	983	973	968	930	987	1,000	2.8	1.3
Novelis – adjEBITDA (USD/t)	253	455	476	505	508	553	506	430	501	-1.4	16.5
HZL											
Zinc vol (India, kt)	163	181	182	198	187	164	212	214	206	10.2	-3.7
Lead vol (India, kt)	45	57	53	62	49	47	47	49	54	10.2	10.2
Silver vol(t)	146	203	183	203	160	152	173	162	174	9	7.7
VEDL											
Aluminum sales (kt)	479	469	502	542	534	569	573	586	565	5.8	-3.6
Aluminum EBITDA (USD/t)	359	477	557	693	945	1,102	874	1,183	722	-23.6	-38.9
Oil and Gas (kbpoed)	159	165	160	165	165	165	159	154	148	-10.2	-3.7
EBITDA (USD/bbl)	4.4	6.3	6.6	8.9	10	10.5	11.5	14.1	14.7	46.1	4.1
Zinc Intl - sales (kt)	36	52	58	57	60	64	53	59	68	13.3	15.3
Zinc Intl - EBITDA (USD/t)	242	674	661	484	906	630	926	1,051	965	6.5	-8.2
NACL											
Aluminum sales (kt)	73	123	103	113	91	126	114	126	116	27.5	-8
Aluminum EBITDA (USD/t)	120	141	287	744	650	902	862	1,310	930	43.2	-29
Alumina sales (kt)	220	285	344	378	286	318	356	272	366	27.8	34.4
Alumina EBITDA (USD/t)	38	69	85	120	69	120	176	197	43	-37.2	-78.1
COAL											
Sales (mt)	120	134	154	165	161	147	174	181	178	10.6	-1.9
NSR – FSA (INR/t)	1,359	1,412	1,354	1,392	1,394	1,382	1,370	1,474	1,428	2.4	-3.2
e-auction premium	17.5	2	8	26	13	15	42	65	180	1,334.60	176.5
EBITDA/t	253	297	335	386	302	267	393	504	726	140.5	44

Source: MOFSL, Company

Exhibit 8: Sales volumes likely to contract on both a YoY and QoQ basis

Sales volumes	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23E	YoY (%)	QoQ (%)
TATA	2.11	4.87	4.49	4.50	3.99	4.42	4.25	4.97	3.89	-2.6	-21.8
JSTL	2.80	4.12	3.90	4.06	3.61	3.79	4.00	5.11	4.10	13.4	-19.9
JSP	1.56	1.93	1.88	1.91	1.61	2.13	1.82	2.08	1.56	-3.1	-25.0
SAIL	2.24	4.21	4.15	4.35	3.33	4.28	3.84	4.71	3.20	-3.8	-32.1
Total	8.70	15.13	14.41	14.82	12.54	14.62	13.91	16.87	12.74	1.6	-24.5

Source: MOFSL, Company

Exhibit 9: ASP for major steel companies is likely to be higher on QoQ and YoY

ASP	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23E	YoY (%)	QoQ (%)
TATA	44,344	44,355	40,013	47,117	69,413	73,937	75,210	73,805	77,006	10.9	4.3
JSTL	36,761	40,769	49,331	60,094	71,909	73,879	72,125	70,472	73,110	1.7	3.7
JSP	39,491	40,691	46,577	54,607	64,501	62,259	65,686	66,494	67,806	5.1	2.0
SAIL	40,534	40,237	47,813	53,531	62,045	62,680	65,745	65,304	69,686	12.3	6.7

Source: MOFSL, Company

Exhibit 10: Changes to our estimates

(INR b)	Revised				Earlier				Change (%)			
	EBITDA		PAT		EBITDA		PAT		EBITDA		PAT	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
TATA	404	434	193	207	379	420	172	194	6.4	3.4	12.3	6.6
JSTL	291	335	140	167	346	409	174	211	-15.7	-18.0	-19.5	-21.1
JSP	99	125	47	65	113	140	58	76	-12.8	-10.5	-18.7	-14.5
SAIL	80	142	34	83	109	155	51	88	-26.5	-8.6	-33.2	-5.6
HNDL	235	251	99	112	269	275	123	127	-12.6	-8.6	-19.4	-12.2
VEDL	366	393	143	147	484	420	223	177	-24.5	-6.4	-36.0	-16.9
HZL	172	180	108	112	195	191	123	119	-12.1	-5.9	-12.5	-6.3
NACL	25	41	15	27	41	35	27	22	-39.5	17.2	-44.7	20.1
NMDC	54	68	43	52	59	69	47	53	-8.6	-2.1	-8.0	-2.0
COAL	331	276	223	175	334	324	213	196	-1.0	-14.8	4.7	-10.8
Aggregate	1,361	1,476	712	772	1,605	1,609	865	859	-15.2	-8.3	-17.7	-10.1

Source: MOFSL

Exhibit 11: Key commodity prices

Key commodity prices		1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	YoY (%)	QoQ (%)
Non-ferrous/oil												
Copper LME	USD/t	5,356	6,522	7,185	8,492	9,682	9,372	9,696	9,992	9,539	-1	-5
Aluminum LME	USD/t	1,497	1,705	1,919	2,095	2,395	2,648	2,765	3,273	2,883	20	-12
Zinc LME	USD/t	1,961	2,338	2,634	2,749	2,913	2,991	3,371	3,752	3,936	35	5
Nickel LME	USD/t	12,233	14,269	15,975	17,545	17,354	19,111	19,784	28,347	29,018	67	2
Lead LME	USD/t	1,673	1,875	1,903	2,017	2,123	2,341	2,330	2,335	2,207	4	-5
Alumina Spot	USD/t	242	273	280	300	277	316	417	411	377	36	-8
Aluminum Scrap	USD/t	1,050	1,029	1,160	1,389	1,602	1,705	1,726	2,048	1,932	21	-6
Al. Scrap Spread	USD/t	446	676	759	706	793	943	1,038	1,225	951	20	-22
Silver	USD/oz	16	24	24	26	27	24	23	24	23	-15	-6
Brent	USD/bbl	31	43	45	61	69	73	79	100	113	64	13
China domestic steel prices												
China Rebar	RMB/t	3,764	3,754	4,001	4,499	5,224	5,328	5,108	4,859	4,847	-7	0
China HRC	RMB/t	3,548	3,926	4,163	4,742	5,673	5,744	5,131	4,998	4,941	-13	-1
China Wire Rod	RMB/t	3,849	4,016	4,350	4,788	5,698	5,855	5,578	5,303	5,329	-6	0
India steel prices												
India HRC FOB	USD/t	415	492	576	751	974	897	837	809	872	-11	8
Mumbai HRC	INR/t	36,578	38,931	46,354	55,255	65,034	65,738	68,877	67,354	69,962	8	4
Billet Raigarh	INR/t	27,497	28,648	33,391	38,806	43,585	43,232	45,264	51,931	52,142	20	0
Wire Rod	INR/t	37,716	36,685	44,354	49,901	50,655	50,751	56,484	59,144	65,912	30	11
Mumbai Rebar Prime	INR/t	37,714	37,285	43,846	49,333	53,127	50,769	57,904	62,250	67,465	27	8
Mumbai Rebar Sec	INR/t	33,252	31,997	36,575	44,288	48,326	47,628	50,810	59,274	59,555	23	0
Spread-Prime-Sec	INR/t	4,462	5,287	7,271	5,046	4,801	3,141	7,094	2,976	7,910	65	166
Cold Roll Coil	INR/t	42,500	44,996	55,712	66,353	79,314	77,615	74,054	72,162	79,485	0	10
Galvanized Plan	INR/t	47,375	48,296	55,056	65,719	82,846	82,596	82,985	78,531	82,992	0	6
Color Coated	INR/t	55,955	59,627	64,837	72,654	88,781	91,385	92,227	86,377	91,331	3	6
Durgapur SG Pig Iron	INR/t	23,736	27,126	30,903	34,527	38,712	38,888	42,157	49,757	52,042	34	5
		482	523	628	758	882	887	929	895	906	162	149
Other benchmark regions HRC prices												
N. West Europe Dom. HRC	EUR/t	440	426	530	725	1,045	1,187	1,006	1,060	1,188	14	12
USA Dom. HRC	USD/t	515	502	742	1,165	1,500	1,863	1,841	1,294	1,368	-9	6
South Korea HRC FoB	USD/t	419	482	576	754	1,002	1,024	936	850	868	-13	2
China HRC FoB	USD/t	421	494	565	685	939	976	865	815	832	-11	2
Vietnam HRC CNF	USD/t	432	507	581	724	971	963	880	845	825	-15	-2
Vietnam HRC CNF	INR/t	32,743	37,674	42,874	52,744	71,638	71,355	65,230	63,580	63,666	-11	0
Coking coal prices												
HCC Prem. India CNF	USD/t	126	127	125	133	159	283	395	507	482	202	-5
Met Coke China CNF	USD/t	278	275	316	421	420	471	629	619	646	54	4
India CNF South Africa RB1	USD/t	57	56	70	52	61	87	110	169	201	229	19
Iron ore, pellets, and metallic prices												
62% CNF China – Aus.	USD/t	94	118	134	167	199	166	109	140	139	-30	-1
NMDC K'taka Fines Fe 60%	INR/t	1,458	1,833	2,460	3,163	4,097	3,873	3,153	3,050	3,660	-11	20
NMDC 64 %Fines (C'garh)	INR/t	2,040	2,685	3,954	4,385	5,685	5,893	4,535	4,593	4,510	-21	-2
NMDC 65%-Lumps	INR/t	2,204	2,825	4,211	5,083	6,735	6,643	5,290	4,920	4,845	-28	-2
Pellets 64% FOB India	USD/t	98	110	138	184	213	171	134	154	141	-34	-8
Domestic Pellet	INR/t	5,390	6,954	9,352	11,498	14,090	13,163	10,719	11,181	9,413	-33	-16
Sponge Iron- Raigarh	INR/t	15,173	17,999	22,524	25,003	29,201	29,536	30,199	35,226	33,246	14	-6
Ferro alloys and ores												
China Chrome Ore (40-42%)	USD/t	152	139	136	163	155	174	162	194	288	85	48
Odisha Chrome Ore)	INR/t	8,360	9,307	12,348	14,326	18,669	20,298	20,531	18,103	19,867	6	10
Global Mn Ore 38%	USD/dmtu	5.6	4.2	4.06	4.84	4.68	4.73	4.83	4.98	5.3	13	6
Mn Ore India M 44% Fe 5%	USD/dmtu	5.88	4.45	4.35	5.23	5.1	5.38	5.68	6.36	7.8	53	23
Balaghat Mn 37.5%, Fe 7%	INR/t	14,888	12,351	12,783	14,038	14,553	15,334	15,570	15,390	17,260	19	12
Silico manganese	INR/t	63,258	61,189	60,821	76,263	92,055	94,910	1,08,221	1,06,238	92,055	0	-13
Ferro Manganese	INR/t	65,929	61,375	61,558	72,528	90,223	99,643	1,15,492	1,04,727	97,215	8	-7
Key Currencies												
EUR/USD	EUR/USD	1.1	1.17	1.19	1.21	1.21	1.18	1.14	1.12	1.06	-12	-5
USD/CNY	USD/CNY	7.09	6.92	6.62	6.48	6.46	6.47	6.39	6.35	6.61	2	4
USD/GBP	USD/GBP	0.81	0.77	0.76	0.73	0.72	0.73	0.74	0.75	0.8	11	7
USD/INR	USD/INR	75.87	74.37	73.78	72.9	73.75	74.09	74.13	75.24	77.19	5	3
GBP/INR	GBP/INR	94.17	96.01	97.52	100.53	103.11	102.08	99.91	100.88	96.92	-6	-4
EUR/INR	EUR/INR	83.56	86.93	88.03	87.85	88.88	87.32	84.75	84.4	82.18	-8	-3

Exhibit 12: Summary of expected quarterly performance

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	Rating	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Coal India	182	Buy	3,10,735	22.9	-5.0	1,28,460	180.1	3.0	90,730	185.7	35.1
Hindalco	341	Buy	5,29,894	28.1	-5.0	62,440	1.8	-14.5	27,485	4.5	-33.1
Hindustan Zinc	248	Neutral	89,656	37.3	1.9	49,989	40.5	0.7	31,925	50.8	9.0
JSPL	332	Buy	1,09,951	3.6	-23.3	20,960	-53.8	-31.7	8,978	-64.7	-53.9
JSW Steel	552	Neutral	3,87,257	34.0	-17.4	41,956	-59.2	-54.3	11,528	-80.5	-72.7
Nalco	70	Buy	38,896	57.2	-10.4	9,533	64.1	-41.1	6,221	78.9	-39.3
NMDC	109	Neutral	46,425	-28.7	-30.7	16,227	-61.1	-43.7	12,875	-59.6	-41.9
SAIL	69	Buy	2,22,995	8.0	-27.5	19,994	-69.5	-53.8	7,436	-80.7	-69.1
Tata Steel	855	Neutral	6,17,251	15.4	-11.0	1,14,934	-28.7	-23.5	60,180	-33.8	-40.0
Vedanta	217	Neutral	3,68,737	29.8	-7.4	1,12,556	12.4	-17.4	46,723	4.4	-24.2
Metals			27,21,797	21.4	-12.0	5,77,049	-13.3	-22.5	3,04,081	-20.4	-27.3

Exhibit 13: Valuation summary

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Metals						4.6	6.9	6.3	1.3	1.2	1.1	28.7	17.8	17.8
Coal India	182	Buy	28.2	36.2	28.3	6.5	5.0	6.4	2.6	2.1	1.8	40.3	41.1	27.7
Hindalco	341	Buy	61.3	44.8	50.4	5.6	7.6	6.8	1.4	1.2	1.1	28.0	17.1	16.8
Hindustan Zinc	248	Neutral	23.1	25.5	26.5	10.7	9.7	9.4	3.1	3.2	3.4	29.3	32.3	35.4
JSPL	332	Buy	86.0	46.6	64.1	3.9	7.1	5.2	0.9	0.8	0.7	25.9	12.4	15.0
JSW Steel	552	Neutral	89.5	57.2	68.1	6.2	9.6	8.1	2.0	1.8	1.5	37.9	19.3	20.0
Nalco	70	Buy	16.1	8.2	14.4	4.3	8.6	4.8	1.0	1.0	0.9	25.4	11.6	19.0
NMDC	109	Neutral	33.4	14.6	17.7	3.3	7.4	6.2	0.9	0.9	0.8	30.2	12.0	13.8
SAIL	69	Buy	33.4	8.2	20.2	2.1	8.4	3.4	0.5	0.5	0.5	27.7	6.2	14.6
Tata Steel	855	Neutral	329.5	157.7	169.1	2.6	5.4	5.1	0.9	0.9	0.8	44.6	16.6	16.1
Vedanta	217	Neutral	46.7	38.3	39.6	4.6	5.7	5.5	1.2	1.2	1.2	27.2	21.7	22.0

The tables below provides snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Coal India

Buy

CMP: INR182 | TP: INR230 (+26%)

- While e-auction premiums remain strong, translation into quarterly numbers is still lagging and the same needs to reflect.
- We expect the company to meet its guidance of 700mt in FY23
- The management guidance on capex, JV investment, and e-auction volumes are a key monitorable.
- Status update on diversification projects and investments therein shall be a key monitorable

Quarterly Performance

(INR Billion)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Sales	252.8	232.9	284.3	327.1	310.7	255.5	278.2	303.3	1,097.1	1,147.7
Change YoY (%)	36.8	10.1	20.0	22.5	22.9	9.7	-2.2	-7.3	21.9	4.6
Adj. EBITDA	45.9	40.1	73.9	124.7	128.5	75.7	70.6	56.0	284.5	330.7
Change YoY (%)	63.9	18.0	26.2	56.4	180.1	88.7	-4.4	-55.1	42.1	16.2
Change QoQ (%)	-42.5	-12.5	84.1	68.8	3.0	-41.1	-6.8	-20.7		
EBITDA per tonne	285.9	272.1	425.0	691.7	723.3	469.1	403.3	301.0	429.6	472.5
Depreciation	10.4	9.3	10.4	14.1	10.8	9.7	10.8	14.7	44.3	46.1
OBR	-2.6	0.7	5.6	33.9	-0.5	0.1	1.1	6.8	37.6	7.5
Interest	1.5	1.4	1.3	1.2	1.5	1.4	1.3	1.2	5.4	5.5
Other Income	6.8	7.8	6.5	17.9	4.6	5.3	4.4	12.2	39.0	26.6
EO Inc/(Exp)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT	43.4	36.5	63.1	93.3	121.3	69.7	61.7	45.5	236.2	298.2
Tax	11.6	7.1	17.5	26.2	30.6	17.6	15.6	11.5	62.4	75.2
Tax Rate (%)	26.8	19.5	27.7	28.1	25.2	25.2	25.2	25.2	26.4	25.2
Reported PAT	31.8	29.4	45.6	67.1	90.7	52.2	46.2	34.0	173.9	223.1
Adjusted PAT	31.8	29.4	45.6	67.1	90.7	52.2	46.2	34.0	173.9	223.1
Change YoY (%)	52.8	-0.4	47.9	46.2	185.7	77.6	1.3	-49.4	36.9	28.3
Change QoQ (%)	-30.9	-7.5	55.2	47.3	35.1	-42.5	-11.5	-26.4		

Hindalco Industries

Buy

CMP: INR341 | TP: INR475 (+39%)

- We expect the India Aluminum/Copper business to report an EBITDA/t of USD936/USD436.
- The management's guidance on Indian upstream capex timelines and an update on capex for Novelis are critical.
- Novelis is likely to report an increase in shipments of ~1% QoQ at 1,000kt, with an EBITDA of USD501/t.
- Novelis' guidance on shipments and EBITDA remains crucial.

Consolidated quarterly performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	414	477	503	558	530	482	487	493	1,951	1,992
Change (YoY %)	63.6	52.6	43.8	37.7	28.1	1.1	-3.1	-11.6	48.0	2.1
Change (QoQ %)	2.1	15.2	5.5	10.9	-5.0	-9.1	1.1	1.3		
Total Expenditure	352	401	429	485	467	422	429	438	1,667	1,757
EBITDA	61	75	74	73	62	60	58	55	283	235
Change (YoY %)	218.8	55.9	41.8	29.4	1.8	-21.0	-21.5	-24.1	63.4	-17.0
Change (QoQ %)	8.6	22.9	-2.2	-0.9	-14.5	-4.7	-2.7	-4.2		
As % of Net Sales	14.8	15.8	14.7	13.1	11.8	12.4	11.9	11.2	14.5	11.8
Interest	8	13	9	8	7	8	8	8	38	30
Depreciation	16	16	17	18	16	16	17	17	67	67
Other Income	3	4	2	3	1	1	1	1	11	4
PBT (before EO item)	39	51	50	50	40	37	34	31	190	142
Extra-ordinary Income	6	0	2	-3	-2	-2	-2	-2	6	-9
PBT (after EO item)	45	51	52	48	37	35	32	29	196	133
Total Tax	13	16	15	9	12	11	10	9	54	43
Tax (%)	33.1	31.9	31.0	18.3	30.7	29.9	29.7	29.7	27.5	32.1
Reported PAT	32	35	37	39	25	24	22	20	142	90
Adjusted PAT	26	35	34	41	27	26	24	22	136	99
Change (YoY %)	-1,852.7	78.7	55.5	115.1	4.5	-25.0	-30.1	-46.2	174.2	-36.6
Change (QoQ %)	37.6	31.2	-0.8	20.1	-33.1	-5.9	-7.5	-7.6		

Hindustan Zinc**Neutral****CMP: INR248 | TP: INR245 (-1%)**

- We have built in a flat QoQ volume growth as its facilities are running at capacity.
- Expect a flat EBITDA on a QoQ basis as higher zinc prices are offset by lower lead and silver prices.
- The management's update on achieving 1.2mt expansion and the related deadline are important.
- Its plans to merge with Zinc International are the most critical.

Quarterly performance

Y/E March	FY22				FY23E				FY22	INR b FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	65.3	61.2	79.9	88.0	89.7	74.5	79.4	80.7	294.4	324.3
Change (YoY %)	63.7	8.2	32.4	26.6	37.3	21.7	-0.6	-8.3	30.1	10.1
Change (QoQ %)	-6.0	-6.3	30.5	10.1	1.9	-16.9	6.6	1.6		
EBITDA	35.6	33.4	43.7	49.6	50.0	38.3	41.3	42.3	162.3	171.9
Change (YoY %)	125.8	13.0	33.7	28.0	40.5	14.9	-5.5	-14.8	39.0	5.9
Change (QoQ %)	-8.3	-6.3	31.0	13.5	0.7	-23.4	7.8	2.5		
As % of net sales	54.5	54.5	54.7	56.4	55.8	51.4	52.0	52.4	55.1	53.0
Finance cost	0.9	0.8	0.5	0.7	1.0	1.0	1.0	1.0	2.9	3.9
DD&A	6.6	7.0	7.4	8.2	7.0	6.7	7.2	7.4	29.2	28.3
Other Income	3.5	3.1	2.8	2.8	3.6	3.6	3.6	3.6	12.2	14.3
PBT (before EO item)	31.6	28.6	38.6	43.6	45.6	34.2	36.7	37.5	142.3	153.9
EO exp./(income)	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
PBT	30.2	28.6	38.6	43.6	45.6	34.2	36.7	37.5	141.0	153.9
Total Tax	10.4	8.5	11.6	14.3	13.7	10.3	11.0	11.2	44.7	46.2
Tax (%)	34.4	29.5	30.0	32.8	30.0	30.0	30.0	30.0	31.7	30.0
Reported PAT	19.8	20.2	27.0	29.3	31.9	23.9	25.7	26.2	96.3	108
Adjusted PAT	21.2	20.2	27.0	29.3	31.9	23.9	25.7	26.2	97.6	108
Change (YoY %)	55.8	4.0	22.8	17.9	50.8	18.6	-5.0	-10.4	22.3	10.4
Change (QoQ %)	-14.8	-4.7	33.9	8.4	9.0	-25.0	7.2	2.2		

Jindal Steel & Power**Buy****CMP: INR332 | TP: INR415 (+25%)**

- The management has been guiding on higher margin and price hikes, so actual implementation of the same is important.
- Production from its Australian coking coal mines vis-à-vis its guidance is important to gauge profitability.
- The management's guidance on the opening of the three thermal coal mines won in the recent e-auction is awaited.
- Volume guidance, especially on the export mix, is also important to gauge profitability going forward.

Consolidated quarterly performance

Y/E March	FY22				FY23E				FY22	INR b FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales vol. (mt)	1.61	2.13	1.82	2.08	1.56	1.92	2.18	2.23	7.64	7.89
Net sales	106.1	136.1	125.2	143.4	110.0	124.4	144.4	151.6	510.9	530.4
Change (YoY %)	42	52	19	21	4	-9	15	6	31	4
Change (QoQ %)	-11	28	-8	14	-23	13	16	5		
EBITDA	45.4	45.9	33.1	30.7	21.0	19.0	25.5	33.4	155.1	98.9
Change (YoY %)	118	63	-28	-42	-54	-59	-23	9	5	-36
Change (QoQ %)	-14	1	-28	-7	-32	-9	34	31		
EBITDA/t (Consol)	28,192	21,569	18,188	14,761	13,436	9,882	11,730	14,991	20,306	12,538
Interest	5.6	4.8	4.7	3.7	3.0	3.0	3.0	3.0	18.9	12.2
Depreciation	6.0	6.1	6.1	2.7	5.8	5.9	5.9	5.8	21.0	23.4
Other income	0.3	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.5	0.0
PBT (before EO item)	34.1	35.1	22.4	24.3	12.1	10.1	16.6	24.6	115.8	63.3
Extra-ordinary income	0.0	0.0	2.4	2.7	0.0	0.0	0.0	0.0	5.2	0.0
PBT (after EO item)	34.1	35.1	24.8	27.0	12.1	10.1	16.6	24.6	121.0	63.3
Total tax	8.9	9.2	6.1	4.9	3.0	2.5	4.2	6.1	29.2	15.8
Reported PAT	25.2	25.8	18.7	22.1	9.1	7.5	12.4	18.4	91.7	47.5
MI - Loss/(Profit)	-0.3	0.0	0.0	-0.2	0.1	0.1	0.1	0.1	-0.5	0.3
Adjusted PAT	25.4	25.8	16.3	19.5	9.0	7.5	12.4	18.3	87.0	47.1
Change (YoY %)	1975	213	-32	-34	-65	-71	-24	-6	39	-46
Change (QoQ %)	-13	2	-37	20	-54	-17	65	49		

JSW Steel**Neutral****CMP: INR552 | TP: INR525 (-5%)**

- The impact of the export duty and loss of exports will be important to understand domestic profitability.
- Coking coal costs will be a key monitorable going forward as the same has been on a declining path.
- The management's commentary on expansion timelines will be critical as it has a slew of projects at an advance stage.
- Performance of overseas subsidiaries has generally been a drag on the India business, turnaround there remains critical.

Consolidated quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	289	325	381	469	387	384	472	535	1,464	1,778
Change (YoY %)	145.3	70.7	74.2	74.1	34.0	18.0	24.1	14.1	83.9	21.5
Change (QoQ %)	7.3	12.5	17.1	23.2	-17.4	-1.0	23.2	13.3		
EBITDA	103	104	91	92	42	55	77	88	390	291
Change (YoY %)	666.1	144.9	53.6	8.8	-59.2	-47.4	-15.5	-3.8	95.2	-25.3
Change (QoQ %)	21.7	1.4	-12.3	0.6	-54.3	30.6	40.8	14.5	0.0	0.0
EBITDA (INR/t)	28,460	27,198	19,724	17,973	10,245	14,306	16,660	13,360	23,849	13,804
EBITDA (USD/t)	386	371	305	239	133	152	172	171	320	178
Interest	10	9	13	18	11	11	11	11	50	42
Depreciation	12	12	18	18	19	19	19	19	60	77
Other Income	2	9	2	2	4	2	3	3	15	12
PBT (before EO Item)	83	92	62	58	16	27	51	62	296	184
EO Items	0	0	0	-7	0	0	0	0	-7	0
PBT (after EO Item)	83	92	62	51	16	27	51	62	288	184
Total Tax	27	26	17	17	5	8	15	19	88	47
Tax (%)	32.8	28.4	28.0	33.9	30.9	29.9	30.0	30.4	30.6	25.5
Reported PAT	56	66	45	34	11	19	35	43	200	137
MI (Profit)/Loss	0.0	-0.1	-1.6	-1.1	-0.1	-0.1	-0.2	-0.2	-2.7	-0.6
Share of P/(L) of Ass.	3.2	6.0	0.2	-0.3	0.7	0.8	0.8	0.9	9.2	3.2
Adjusted PAT	59	72	44	42	12	20	36	44	216	111
Change (YoY %)	-1,152.4	443.7	62.5	-2.6	-80.5	-72.8	-17.0	3.6	178.1	-48.7
Change (QoQ %)	36.1	21.4	-39.2	-3.0	-72.7	69.2	85.3	21.1		

NMDC**Neutral****CMP: INR109 | TP: INR122 (+12%)**

- The commissioning of the steel plant and likely costs are key monitorables.
- The management's FY23 production guidance, in light of lower steel production, will be a key focus area.
- Demerger timelines for the steel division and listing of the steel company's shares should help improve valuation of the Mining business. We look forward to the commissioning timelines for the steel plant.

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	65.1	67.9	58.7	67.0	46.4	38.9	48.2	56.0	258.8	189.5
Change (YoY %)	236.1	204.7	34.9	-2.1	-28.7	-42.8	-17.9	-16.4	68.4	-26.8
Change (QoQ %)	-4.9	4.3	-13.5	14.1	-30.7	-16.3	24.0	16.2		
Adj. EBITDA	41.7	31.1	26.1	28.8	16.2	10.4	12.9	14.1	127.8	53.5
Change (YoY %)	452.7	202.3	-5.6	-32.0	-61.1	-66.7	-50.8	-51.2	45.3	-58.1
Change (QoQ %)	-1.6	-25.4	-16.1	10.4	-43.7	-36.2	24.2	9.4		
EBITDA/t (USD)	63	47	35	31	27	15	15	14	43	17
EBITDA/t (INR)	4,644	3,466	2,654	2,347	2,118	1,137	1,171	1,126	3,188	1,330
Interest	0.0	0.0	0.1	0.3	0.1	0.1	0.1	0.1	0.4	0.3
Depreciation	0.6	0.6	0.6	1.1	0.6	0.6	0.6	0.6	2.9	2.5
Other Income	1.4	0.9	1.5	3.3	1.4	1.4	1.4	1.4	7.2	5.5
PBT (before EO Item)	42.6	31.4	27.0	30.8	16.9	11.1	13.5	14.7	131.8	56.3
Extra-ordinary item	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	2.0	0.0
PBT (after EO Item)	42.6	31.4	27.0	32.8	16.9	11.1	13.5	14.7	133.8	56.3
Total Tax	10.7	8.0	6.5	10.7	4.1	2.6	3.3	3.5	35.8	13.4
Tax (%)	25.1	25.5	24.0	32.5	24.0	23.3	24.1	23.9	26.8	23.8
Reported PAT	31.9	23.4	20.5	20.1	12.9	8.5	10.3	11.2	95.9	42.9
Adjusted PAT	31.9	23.4	20.5	22.2	12.9	8.5	10.3	11.2	97.9	42.9
Change (YoY %)	497.7	202.4	-2.8	-30.3	-59.6	-63.7	-49.9	-49.4	48.5	-56.2
Change (QoQ %)	0.3	-26.6	-12.4	8.1	-41.9	-34.0	20.9	9.1	0%	0%

Nalco**Buy****CMP: INR70 | TP: INR80 (+15%)**

- Expect EBITDA to decline by 10% QoQ on falling aluminum prices on the LME.
- Correction in aluminum prices should lead to a sharp drop in EBITDA. Expect sales tonnages to contract QoQ.

Quarterly performance**INR m**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	24,746	35,922	37,733	43,408	38,896	30,693	28,640	33,206	1,41,808	1,31,436
Change (YoY %)	79.2	51.3	58.6	53.8	57.2	-14.6	-24.1	-23.5	58.3	-7.3
Change (QoQ %)	-12.3	45.2	5.0	15.0	-10.4	-21.1	-6.7	15.9		
EBITDA	5,808	11,273	11,905	16,186	9,533	4,312	5,416	5,734	45,172	24,995
Change (YoY %)	350.0	308.6	174.4	71.5	64.1	-61.8	-54.5	-64.6	153.4	-44.7
Change (QoQ %)	-38.5	94.1	5.6	36.0	-41.1	-54.8	25.6	5.9		
Alumina – EBITDA (USD/t)	69	120	176	197	43	-14	10	58	141	27
Aluminum – EBITDA (USD/t)	650	902	862	1,310	930	547	601	468	944	638
As % of net sales	23.5	31.4	31.6	37.3	24.5	14.0	18.9	17.3	31.9	19.0
Interest	18	18	19	176	98	137	117	127	231	479
Depreciation	1,491	1,518	1,515	3,842	1,521	1,548	1,545	1,545	8,366	6,159
Other Income	317	424	720	1,513	450	450	450	450	2,974	1,800
PBT (before EO Item)	4,616	10,161	11,091	13,681	8,365	3,077	4,203	4,512	39,549	20,156
Extra-ordinary Income	0	0	0	0	0	0	0	0	0	0
PBT (after EO Item)	4,616	10,161	11,091	13,681	8,365	3,077	4,203	4,512	39,549	20,156
Total Tax	1,139	2,684	2,783	3,424	2,143	788	1,077	1,156	10,029	5,165
Tax (%)	24.7	26.4	25.1	25.0	25.6	25.6	25.6	25.6	25.4	25.6
Reported PAT	3,477	7,477	8,309	10,257	6,221	2,288	3,126	3,356	29,520	14,991
Adjusted PAT	3,477	7,477	8,309	10,257	6,221	2,288	3,126	3,356	29,520	14,991
Change (YoY %)	NA	NA	246.5	63.2	NA	NA	-62.4	-67.3	197.4	-49.2
Change (QoQ %)	-44.7	115.0	11.1	23.4	-39.3	-63.2	36.6	7.3		

SAIL**Buy****CMP: INR69 | TP: INR81 (+17%)**

- With costs spiraling, the management's guidance on volumes will be critical. Higher production will lead to higher losses in the current environment.
- Closing stock of FG is important to understand how production will continue.
- Expect a steep correction in ASP going forward, and the management's guidance on managing the same.
- Revised guidance on capex and debt target for FY23 will be important.

Quarterly performance**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	206.4	268.3	252.5	307.6	223.0	220.2	267.3	282.3	1,034.7	992.8
Change (YoY %)	127.7	58.5	27.3	32.1	8.0	-17.9	5.9	-8.2	49.7	-4.1
Change (QoQ %)	-11.4	30.0	-5.9	21.8	-27.5	-1.3	21.4	5.6		
NSR to RM Spread (INR/t)	45,342	41,261	36,531	30,167	32,749	25,129	29,014	34,003	37,743	30,283
EBITDA	65.6	70.2	34.1	43.3	20.0	-1.8	22.5	39.6	213.2	80.3
Change (YoY %)	NA	269.2	-32.8	-29.6	-69.5	-102.6	-34.0	-8.5	67.5	-62.3
Change (QoQ %)	6.7	6.9	-51.4	27.0	-53.8	-109.1	-1,340.5	76.1		
EBITDA/t(INR)	19,728	16,395	8,881	9,196	6,248	-504	5,359	9,215	13,197	5,249
EBITDA /t (USD)	267	221	118	122	81	-7	69	118	177	68
Interest	5.0	4.4	3.2	4.4	1.0	1.0	1.0	1.0	17.0	4.0
Depreciation	10.3	10.6	10.5	11.4	10.3	10.4	10.7	11.0	42.7	42.3
Other Income	1.1	2.3	2.5	4.5	1.2	2.5	2.7	2.8	10.4	9.3
PBT (before EO Inc.)	51.4	57.5	22.9	32.0	9.9	-10.6	13.5	30.4	163.9	43.3
EO Income(exp)	0.0	0.0	-3.6	0.1	0.0	0.0	0.0	0.0	-3.5	0.0
PBT (after EO Inc.)	51.4	57.5	19.3	32.1	9.9	-10.6	13.5	30.4	160.4	43.3
Total Tax	12.9	14.5	4.9	7.9	2.5	-2.7	3.4	7.6	40.2	10.8
% Tax	25.2	25.2	25.3	24.7	25.0	25.0	25.0	25.0	25.1	25.0
Reported PAT	38.5	43.0	14.4	24.2	7.4	-8.0	10.2	22.8	120.2	32.5
Adjusted PAT	38.5	43.0	17.2	24.1	7.4	-8.0	10.2	22.8	122.8	32.5
Change (YoY %)	NA	1,621.4	-33.3	-32.4	-80.7	-118.5	-40.8	-5.3	139.8	-73.6
Change (QoQ %)	7.9	11.8	-60.1	40.5	-69.1	-207.3	-227.3	124.8		

Tata Steel

Neutral

CMP: INR855 | TP: INR975 (+14%)

- After paying off the NINL acquisition cost of INR12.1b, the management commentary on debt is important.
- Expect TSE to report a strong EBITDA (+USD264/t), riding the strong tailwind of steel pricing.
- We await details on a revival of NINL and timelines for the commissioning of the Kalinganagar expansion program.
- The management commentary on coking coal costs going forward, export mix, and automotive contracts is crucial.

Consolidated quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	534.9	604.0	607.8	693.2	617.3	594.1	593.2	598.8	2,440	2,403
Change (YoY %)	110.0	55.1	45.1	38.7	15.4	-1.6	-2.4	-13.6	56.1	-1.5
Change (QoQ %)	7.0	12.9	0.6	14.1	-11.0	-3.7	-0.2	1.0		
EBITDA	161.1	164.6	158.9	150.3	114.9	87.1	110.7	91.0	635	404
Change (YoY %)	2,886.8	164.9	66.1	6.0	-28.7	-47.1	-30.3	-39.5	108.1	-36.4
Change (QoQ %)	13.6	2.1	-3.4	-5.4	-23.5	-24.3	27.2	-17.8		
of net sales)	30.1	27.2	26.1	21.7	18.6	14.7	18.7	15.2	26.0	16.8
EBITDA (USD/tss)	307	301	303	249	223	149	187	151	272	178
Interest	18.1	10.2	15.3	11.0	13.4	13.0	12.6	12.2	54.6	51.2
Depreciation	23.2	22.9	22.4	22.4	24.0	24.0	24.4	24.4	91.0	96.8
Other Income	1.6	2.7	0.6	2.9	1.5	1.5	1.5	1.5	7.8	6.0
PBT (before EO Inc.)	121.4	134.2	121.8	119.8	79.0	51.5	75.3	55.9	497	262
EO Income/(exp.)	-1.8	5.2	-1.9	-2.7	-1.0	-1.0	-1.0	-1.0	-1.3	
PBT (after EO Inc.)	119.5	139.3	119.8	117.1	78.0	50.5	74.3	55.0	496	262
Total Tax	23.1	15.7	25.7	20.3	19.5	12.6	26.0	13.7	84.8	71.9
Tax (%)	19.0	11.7	21.1	16.9	24.7	24.5	34.6	24.6	17.1	27.5
Reported PAT	96.5	123.6	94.2	96.8	58.5	37.9	48.3	41.2	411	190
Adj. PAT (after MI and asso.)	90.9	114.0	97.7	100.3	60.2	39.6	50.0	42.9	402	193
Change (YoY %)	NA	650.9	153.6	31.4	-33.8	-65.3	-48.8	-57.2	386.8	-52.1
Change (QoQ %)	19.0	25.4	-14.3	2.7	-40.0	-34.2	26.3	-14.1		

Vedanta

Neutral

CMP: INR217 | TP: INR225 (+4%)

- Expect aluminum EBITDA to be lower by 40% QoQ, led by lesser LME prices and higher input costs.
- EBITDA for the Oil and Gas business should be marginally higher (up 6% QoQ), despite a sharp run-up in Brent crude oil prices due to price hedging.
- Cost control in the Aluminum business is important as profitability continues to deteriorate on rising coal costs.
- Revivals of volume growth in the Oil and Gas business and the management's plans for the same are important.

Quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	284.1	304.0	341.0	398.2	368.7	320.3	329.7	336.6	1,327.3	1,355.3
Change (YoY %)	77.9	44.0	50.0	41.2	29.8	5.4	-3.3	-15.5	50.8	2.1
Change (QoQ %)	0.7	7.0	12.2	16.8	-7.4	-13.1	2.9	2.1		
Total Expenditure	184	200	233	262	256	238	245	250	879	990
EBITDA	100.2	103.6	108.1	136.3	112.6	82.2	84.6	86.1	448.2	365.5
Change (YoY %)	150.9	58.7	39.4	50.9	12.4	-20.7	-21.7	-36.8	64.1	-18.5
Change (QoQ %)	10.9	3.4	4.3	26.1	-17.4	-27.0	3.0	1.8	0.0	
As % of Net Sales	35.3	34.1	31.7	34.2	30.5	25.6	25.7	25.6	33.8	27.0
Finance cost	11.8	10.7	12.2	13.3	12.7	12.0	11.8	11.2	48.0	47.7
DD&A	21.2	21.2	22.7	23.8	23.4	23.1	22.7	22.6	89.0	91.9
Other Income	7.4	6.7	5.8	6.1	6.2	5.9	5.4	6.6	26.0	24.1
PBT (before EO item)	74.5	78.5	79.0	105.3	82.6	53.0	55.5	58.9	337.3	250.0
EO exp./(income)	2.8	0.5	1.1	3.4	0.0	0.0	0.0	0.0	7.7	0.0
PBT (after EO item)	71.7	78.1	77.9	102.0	82.6	53.0	55.5	58.9	329.6	250.0
Total Tax	19.2	19.9	24.4	29.1	24.8	15.9	16.7	17.7	92.6	75.0
Tax (%)	26.7	25.5	31.3	28.5	30.0	30.0	30.0	30.0	28.1	30.0
Reported PAT	52.5	58.1	53.5	72.9	57.8	37.1	38.9	41.2	237.1	175.0
Profit from Asso.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	10.6	12.0	11.9	14.6	11.1	8.7	8.9	3.8	49.1	32.5
Adjusted PAT	44.8	46.6	42.7	61.6	46.7	28.4	30.0	37.4	188	143
Change (YoY %)	349.9	119.9	41.2	89.9	4.4	-39.0	-29.7	-39.4	103.2	-27.2
Change (YoY %)	37.9	4.1	-8.4	5.9	1.1	-3.7	-9.2	21.3		

Oil & Gas

Company name

Aegis Logistics

BPCL

Castrol India

GAIL

Gujarat Gas

Gujarat State Petronet

HPCL

Indraprastha Gas

IOCL

Mahanagar Gas

MRPL

Oil India

ONGC

Petronet LNG

Reliance Industries

RIL to lead the pack in earnings, OMCs stare at losses

Refining margin expands, while CGDs' margins are likely to remain soft

- Due to the continued Russia-Ukraine crisis, Brent continued to rise to USD114/bbl (+65% YoY) in 1QFY23. Singapore (SG) GRM at USD21/bbl was aided by supply disruptions from Russia and China. PE, PP, and PVC margins remain muted in 1QFY23 on YoY basis. CGDs' margins are likely to remain subdued sequentially, adversely impacted by the sustenance of higher spot LNG prices in 1QFY23, despite price hikes by companies.
- We expect our coverage universe to report an 81% YoY and 21.4% QoQ growth in sales, +15.6% YoY and -13% QoQ in EBITDA, and +17.4% YoY and -21% QoQ in PAT. Sales growth YoY is driven by higher oil prices and higher product prices. Rise in EBITDA is mainly led by RIL & upstream companies. We expect muted EBITDA/scm margins for CGDs on a sequential basis.
- **RIL – O2C and Retail to drive strong growth in 1QFY23:** We expect a consolidated EBITDA of INR424b (+81% YoY/+35% QoQ), fueled by growth in O2C, Jio and Retail segments. We project an EBITDA of INR255b (+123% YoY/+75% QoQ) for the O2C segment, INR109b (+27% YoY/+4% QoQ) for RJio, and INR41b (+112% YoY/+11% QoQ) for the Retail segment.
- **OMCs:** SG GRM improved to USD21.4/bbl (from USD8/bbl QoQ in 4QFY22), led by an improvement in diesel and petrol cracks. Because of the inability of the OMCs to pass on higher prices for auto fuels, we expect gross margin loss of INR8-10/liter in 1QFY23. We maintain our BUY rating on IOCL (the biggest beneficiary of an increase in refining margin) and our Neutral rating on BPCL and HPCL.
- **GAIL (reiterate as our top pick among large caps):** We expect gas transmission to be better with impending pent-up demand, and the petchem business benefitting from better utilization at the PATA plant. GAIL has enjoyed the alignment of operational macros since the start of CY21, and we expect the macros to support the company over the next couple of quarters as well.

Brent crude price climbs further amid a tense geopolitical environment

- Brent crude price averaged USD113.7/bbl in 1QFY23, climbing 13% QoQ and 65% YoY, due to a spike (of USD10/bbl MoM) in Jun'22 backed by macro environment.
- We expect Brent crude price to remain elevated till the current tense geopolitical environment sustains, and OPEC+ continues to continue raising production according to the scheduled plan.
- The premium enjoyed by Brent crude over WTI decreased to USD5.0/bbl in 1QFY23 (from USD5.9/bbl in 4QFY22), while Arab L-H premium remained flat at USD1.4/bbl.

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Aegis Logistics	206	Neutral	21,975	224.1	4.5	1,543	46.8	7.8	963	44.6	1.6
BPCL	316	Neutral	13,31,629	87.8	22.4	-47,015	NA	NA	-52,991	NA	NA
Castrol India	105	Buy	14,580	63.9	18.0	3,762	90.5	18.6	2,770	97.9	21.3
GAIL	134	Buy	2,94,189	69.2	9.1	33,350	38.3	-10.2	21,983	43.7	-15.6
Gujarat Gas	443	Buy	57,153	89.8	22.4	5,228	-27.7	-25.0	3,215	-32.5	-29.1
Gujarat State Petronet	222	Buy	4,544	3.4	21.8	3,753	0.2	22.6	2,433	4.5	20.4
HPCL	227	Neutral	12,18,044	68.1	24.8	-65,296	NA	NA	-35,829	NA	NA
Indraprastha Gas	363	Neutral	30,363	141.5	26.2	4,729	24.2	-5.5	3,157	29.2	-12.7
IOC	74	Buy	22,92,877	93.2	29.3	-8,391	NA	NA	-37,280	NA	NA
Mahanagar Gas	777	Buy	13,388	117.5	23.2	2,887	-5.0	34.0	1,871	-8.3	41.9
MRPL	79	Neutral	2,85,448	152.7	15.1	39,121	969.0	33.0	25,386	NA	-16.7
Oil India	202	Buy	57,749	92.3	28.9	29,767	142.0	52.0	19,127	276.6	17.3
ONGC	126	Buy	4,51,820	96.3	31.0	2,59,627	113.6	39.7	1,45,316	235.2	64.0
Petronet LNG	219	Buy	1,38,015	60.5	23.7	10,831	2.7	-7.4	6,489	2.1	-13.5
Reliance Inds.	2414	Buy	23,45,006	67.6	13.1	4,24,033	81.5	35.2	2,43,906	98.7	50.5
Oil & Gas			85,56,779	81.2	21.4	6,97,926	15.6	-13.0	3,50,516	17.4	-21.3
Oil Ex OMCs			37,14,230	76.7	15.7	8,18,629	91.9	32.2	4,76,616	131.8	37.9

Source: MOFSL

SG GRM at USD21.4/bbl – at an all-time high

- SG GRM improved further QoQ in 1QFY23, led by improved petrol/ diesel cracks.
- Improvement in petrol/diesel cracks (up USD14.4/USD23.3 per bbl QoQ to USD29.8/USD41.4 per bbl in 1QFY23, respectively) has been gradual and consistent over the quarter. The improvement in diesel and petrol was aided by supply disruptions from Russia and China. Indian refineries will reap huge benefits as their product baskets are inclined towards middle distillates.
- ATF cracks rose USD23.3/bbl QoQ to USD39.4/bbl – with a MoM uptick observed in the same. Cracks for LPG/FO stood at loss of USD37.8/USD2.5 per bbl in 1QFY23 vs loss of USD21.2/USD7.9 per bbl in 4QFY22.
- Refineries also saw improved refining throughput at HPCL's Mumbai refinery and BPCL's Kochi refinery (as the companies complete their expansions). MRPL's refining throughput was flattish in 1QFY23.

Expect petchem margins to remain modest in 1QFY23

- Petchem margins remain modest as PE/PP/PVC margins improved by only 9%/4%/1% on a sequential basis, respectively.
- Polyester margins suffered due to COVID related lack of demand in China.

CGDs' margins to remain soft in 1QFY23

- While IGL/ MGL/GGL volumes are likely to remain flat sequentially, there will be a surge in demand by 46%/32%/5% YoY, respectively, supported by the opening of the economy.
- While high Spot LNG prices and revision in APM gas prices would keep their margins modest, CGDs had taken retail price hikes to pass on the increase in the input gas prices and to somewhat keep their margins intact.

Exhibit 2: Oil and gas product prices, cracks, and margins (USD/bbl)

(USD/bbl)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	YoY (%)	QoQ (%)
Oil							
WTI	66.1	70.6	77.3	94.5	108.7	64	15
Brent	68.8	73.4	79.6	100.4	113.7	65	13
Dubai	66.9	71.7	78.3	95.6	108.1	61	13
Arab Light-Heavy	1.1	1.5	1.5	1.5	1.4	27	(5)
Gas							
Henry Hub (USD/mmBtu)	2.9	4.3	4.7	4.6	7.5	156	61
Oil to Gas	23.7	17.3	17.1	21.6	15.3	(35)	(29)
Exchange Rate (INR/USD)	73.8	74.1	74.9	75.2	77.2	5	3
Product Cracks (v/s Dubai)							
LPG	(18.0)	(9.1)	(11.5)	(21.2)	(37.8)	(110)	(78)
Gasoline	8.0	9.7	12.9	15.4	29.8	271	94
Diesel	4.9	5.1	10.9	18.0	41.4	741	129
Jet/Kero	4.5	5.4	10.3	16.4	39.4	771	140
Naphtha	(1.0)	1.9	3.4	1.5	(12.7)	(1,233)	FALSE
Fuel Oil	(5.5)	(3.0)	(6.5)	(7.9)	(2.5)	54	68
SGRM	2.0	3.8	6.1	8.0	21.4	946	169

Source: MOFSL, Company

Valuation and view (excluding OMCs and RIL)

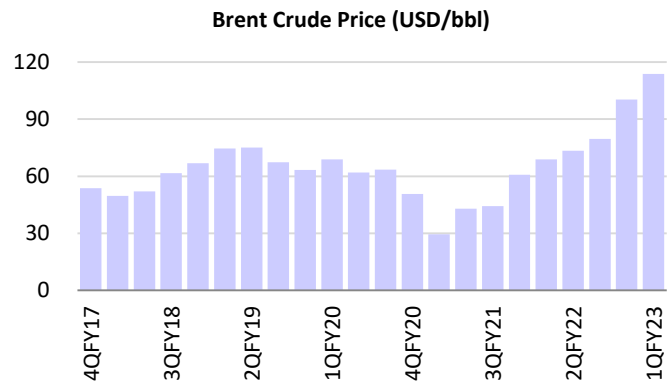
- **GAIL** – reiterate top BUY in the large cap space: GAIL expects gas transmission volumes to grow 7-8% YoY over the next three-to-four years, with a further upside post-completion of the national gas grid. Improved demand will primarily accrue from the commissioning of fertilizer plants, ongoing refinery and petchem expansions, and the development of CGDs (the IX-XI rounds). The management expects total trading volumes of ~10mmscmd to be sold locally in FY23 (it is already supplying ~5mmscmd of gas to various fertilizer plants), with the commissioning and ramp-up at various fertilizer plants.
- **PLNG**: The current spot LNG price environment has resulted in lower spot cargo orders being placed over the last few months. The company expects spot LNG prices to normalize over the next five-to-six months.
- **CGDs – margin softness continues**: We expect EBITDA margin/scm for GUJGA/IGL/MAHGL to remain at INR5.5/INR6.7/INR10.0 in 1QFY23 (v/s INR7.8/INR7.2/INR7.6/scm in 4QFY22), respectively, backed by an increase in spot LNG prices as well as Brent crude prices. We project volumes of 10.5/7.75/ 3.2mmscmd for GUJGA/IGL/MAHGL v/s 9.9/7.74/3.2mmscmd in 4QFY22, respectively.
- **ONGC – delay in KG-DWN-98/2 continues**: Production delays at the KG-DWN-98/2 field continue, amid restrictions on international movement due to the pandemic. OPAL's performance remains steady and ONGC is improving process efficiencies to keep its profits stable.

Our key assumptions

- We assume crude price at USD100/USD90 per bbl for FY23E/FY24E. Average crude price for 1QFY23 stood at USD114/bbl (USD80.6 per bbl in FY22 v/s USD44.4 per bbl in FY21).
- We expect the regional benchmark SG GRM to stabilize at ~USD5-6/bbl over the medium-to-long term.

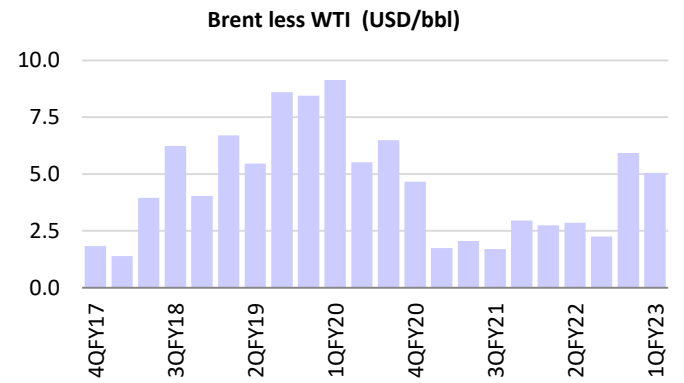
Prices/margin at multi-quarter highs – SG GRM highest in four years

Exhibit 3: Brent Crude price up 65% YoY and 13% QoQ



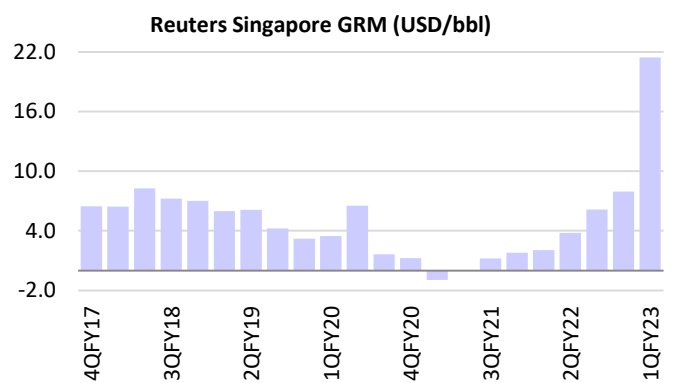
Source: Bloomberg, MOFSL

Exhibit 4: Brent premium to WTI expands to USD5.0/bbl



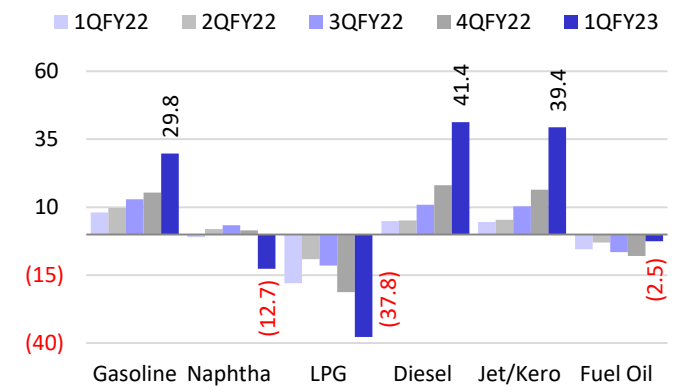
Source: Bloomberg, MOFSL

Exhibit 5: Reuters SG GRM (average) continues to improve QoQ to USD21.4/bbl (v/s USD8.0/bbl in 4QFY22)



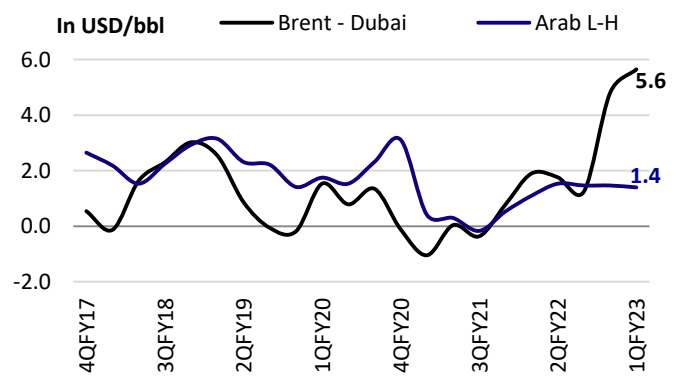
Source: Bloomberg, MOFSL

Exhibit 6: Gasoline, diesel, and ATF cracks improve QoQ; naphtha, LPG, and FO cracks decline (USD/bbl)



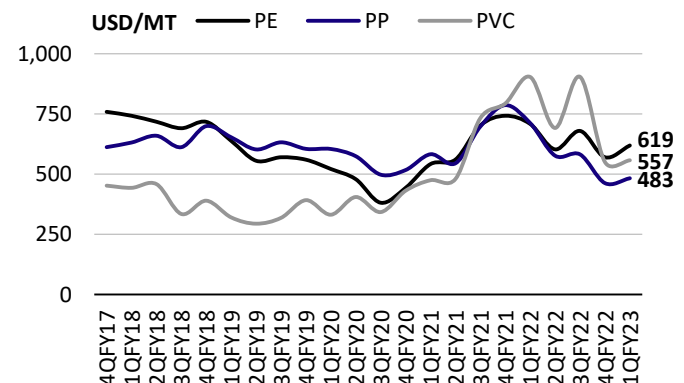
Source: Reuters, MOFSL

Exhibit 7: Crude differentials remain flat QoQ for Arab L-H at USD1.4/bbl, increase to USD5.6/bbl for Brent-Dubai

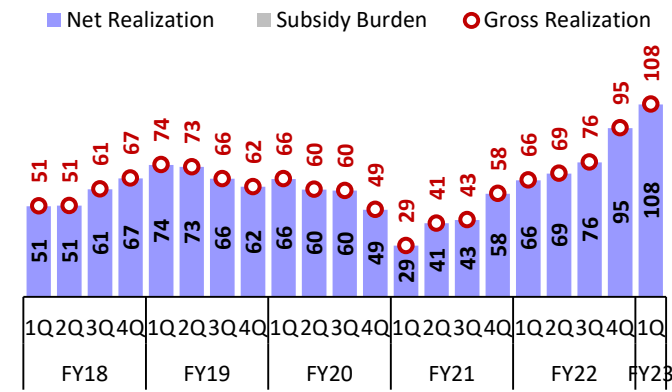


Source: Bloomberg, MOFSL

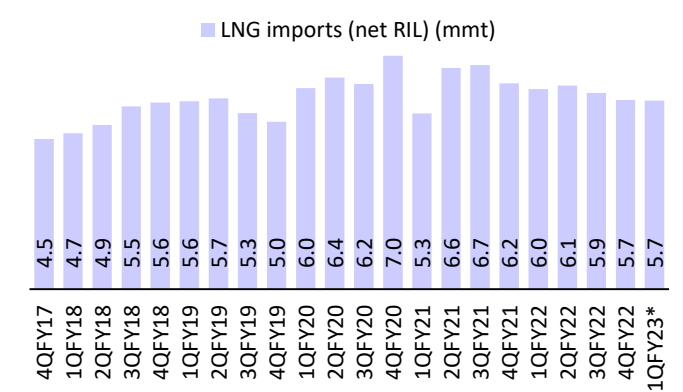
Exhibit 8: Spreads over Naphtha for PE, PP, and PVC improve QoQ



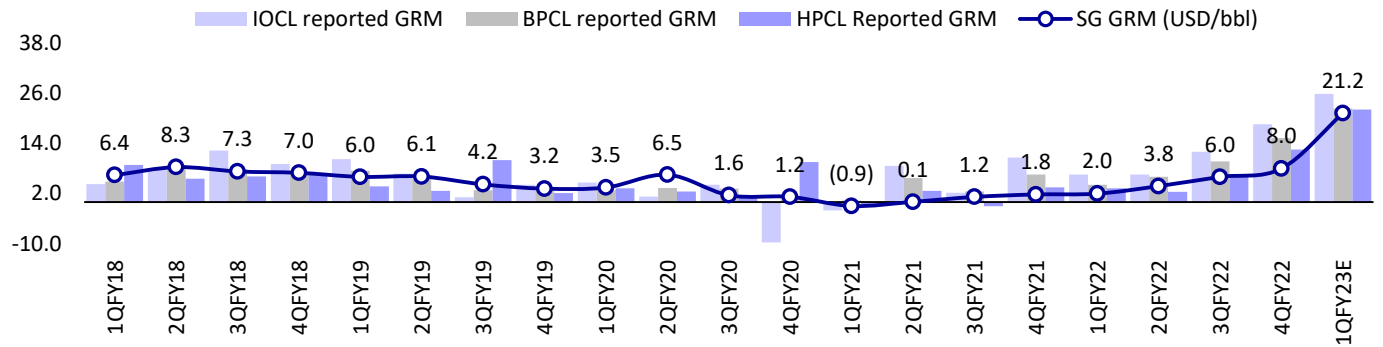
Source: Bloomberg, MOFSL

Exhibit 9: Expect net realization of USD108/bbl for ONGC in 1QFY23

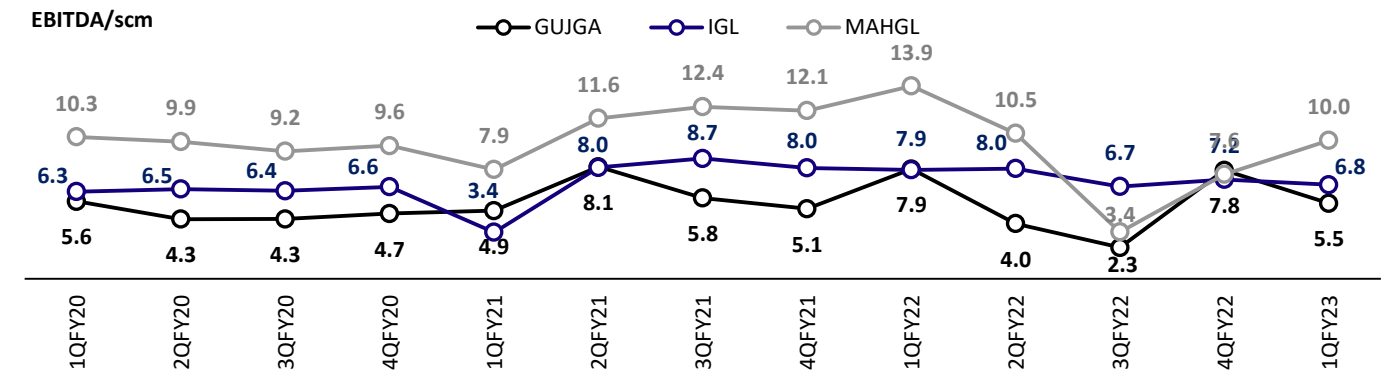
Source: Company, MOFSL

Exhibit 10: Expect LNG imports (mmt) to remain flat QoQ and to decrease 6% YoY in 1QFY23

*Jun'22 data extrapolated for 1QFY23E Source: PPAC, MOFSL

Exhibit 11: GRM snapshot for OMCs (USD/bbl)

Source: MOFSL, Company

Exhibit 12: EBITDA/scm snapshot for CGDs (INR)

Source: MOFSL, Company

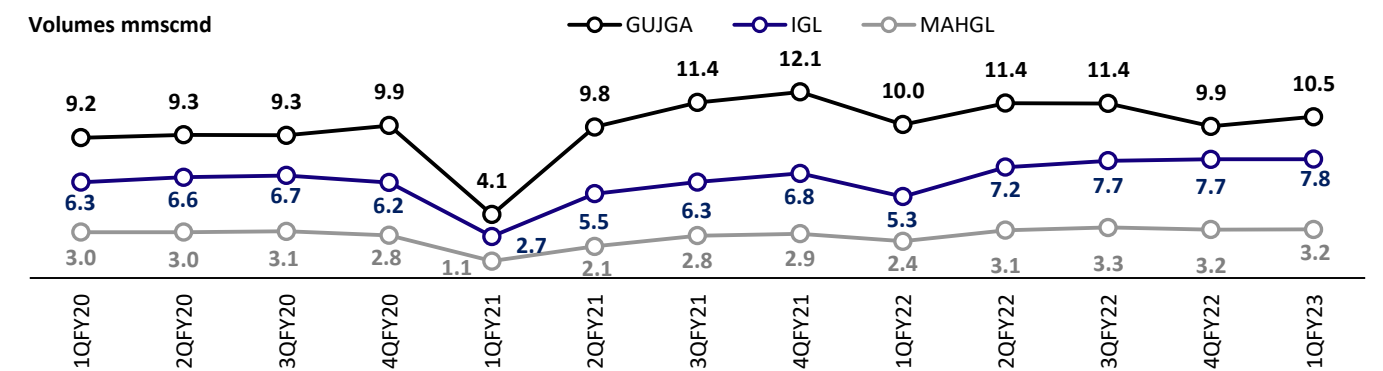
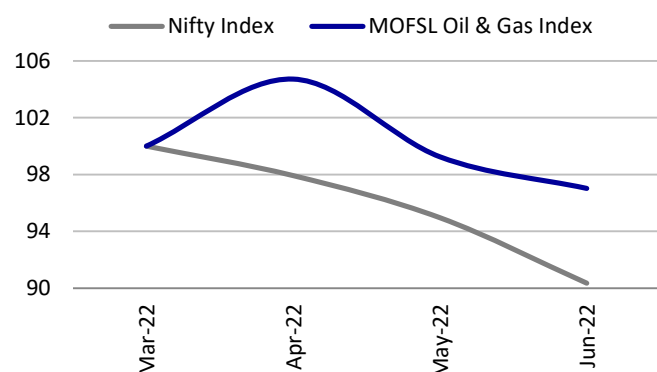
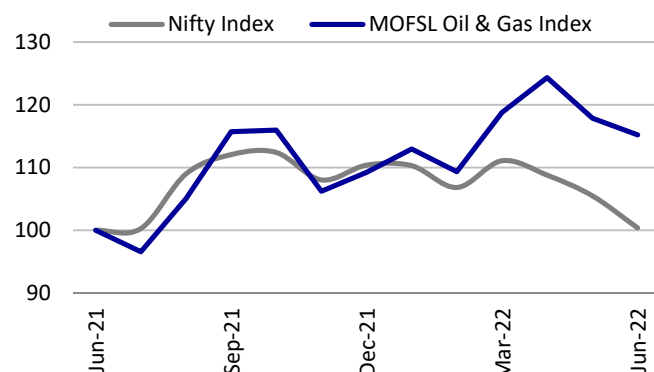
Exhibit 13: Volume snapshot for CGDs (mmscmd)

Exhibit 1: Relative performance – three-months (%)

Source: Bloomberg, MOFSL

Exhibit 2: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

Exhibit 3: Comparative valuations

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Oil & Gas						11.8	9.7	9.3	1.5	1.4	1.3	12.8	14.2	13.5
Aegis Logistics	206	Neutral	10.7	13.4	14.9	19.3	15.3	13.9	3.2	2.7	2.4	17.4	19.2	18.5
BPCL	316	Neutral	52.0	38.6	40.1	6.1	8.2	7.9	1.3	1.1	1.1	20.6	14.7	13.9
Castrol India	105	Buy	7.7	14.7	15.1	13.7	7.1	6.9	6.3	5.0	4.2	49.6	78.6	65.9
GAIL	134	Buy	22.8	21.4	18.6	5.9	6.2	7.2	1.0	0.9	0.8	20.3	16.2	12.6
Gujarat Gas	443	Buy	18.8	22.0	25.8	23.6	20.1	17.2	5.4	4.4	3.6	25.8	24.2	22.9
Gujarat State Pet.	222	Buy	17.4	21.1	23.0	12.8	10.6	9.7	1.5	1.3	1.2	12.2	13.2	12.8
HPCL	227	Neutral	47.9	14.6	40.0	4.7	15.5	5.7	0.8	0.9	0.9	18.4	5.5	15.5
Indraprastha Gas	363	Neutral	18.8	18.0	19.9	19.3	20.1	18.2	3.7	3.2	2.9	26.2	17.1	16.8
IOC	74	Buy	9.3	6.6	5.6	8.0	11.3	13.3	1.5	1.7	1.8	21.0	14.1	13.0
Mahanagar Gas	777	Buy	60.4	80.4	83.4	12.9	9.7	9.3	2.1	1.9	1.7	17.5	20.7	19.1
MRPL	79	Neutral	17.0	28.5	10.4	4.6	2.8	7.6	1.9	1.3	1.1	52.2	54.8	15.5
Oil India	202	Buy	34.4	46.1	53.0	5.9	4.4	3.8	0.8	0.7	0.6	13.9	16.6	17.3
ONGC	126	Buy	39.9	57.6	67.3	3.2	2.2	1.9	0.6	0.5	0.4	21.3	26.0	25.6
Petronet LNG	219	Buy	22.3	21.2	23.4	9.8	10.3	9.3	2.4	2.2	2.0	26.7	22.4	22.2
Reliance Inds.	2,414	Buy	86.4	129.3	126.7	28.0	18.7	19.0	2.0	1.8	1.7	7.9	10.7	9.5

Source: MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Aegis Logistics

Neutral
CMP: INR206 | TP: INR232 (+13%)
EPS CHANGE (%): FY23 | 24: +5 | 0

- Expect normalized EBITDA to grow once the pent-up demand arises
- Watch out for commissioning of the bottling plant at Pipavav and updates on the new station in the Auto Gas segment.
- Recovery in volumes from the in Haldia terminal is a key monitorable after the exit of BPCL. Volumes to be offset by HPCL.
- Commissioning of Kandla LPG terminal and further updates on AGIS-Vopak JV remain key.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	6,781	6,352	12,141	21,036	21,975	14,875	14,875	7,775	46,310	59,500
YoY Change (%)	6.5	-2.3	-21.4	108.0	224.1	134.2	22.5	-63.0	20.5	28.5
EBITDA	1,051	1,372	1,490	1,431	1,543	3,174	1,686	621	5,344	7,025
Margin (%)	15.5	21.6	12.3	6.8	7.0	21.3	11.3	8.0	11.5	11.8
Depreciation	187	189	206	211	231	233	236	224	794	924
Interest	41	36	44	98	57	58	59	55	218	229
Other Income	80	92	81	135	124	126	127	121	387	498
PBT	903	1,239	1,321	1,257	1,379	3,008	1,519	463	4,720	6,369
Tax	181	226	228	236	347	758	383	117	871	1,605
Rate (%)	20.1	18.2	17.3	18.7	25.2	25.2	25.2	25.2	18.4	25.2
MI & P/L of Asso. Cos.	56	69	75	74	69	69	69	69	274	274
Reported PAT	666	944	1,018	947	963	2,182	1,067	278	3,575	4,490

BPCL

Neutral
CMP: INR316 | TP: INR360 (+14%)
EPS CHANGE (%): FY23 | 24: -22 | +6

- Expect refinery throughput at 8.05mmt (+18% YoY/-1% QoQ) as utilization ramps up at the Kochi refinery.
- Expect marketing sales volumes of 11.2mmt (+16% YoY/-5% QoQ), with export sales at +15% YoY.
- Expect reported GRMs at US22.3/bbl, with blended gross marketing margin at -INR8/liter.
- Expect refinery shut down for yearly maintenance that may impact the throughput adversely.

Standalone - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	709.2	815.4	1,010.5	1,087.7	1,331.6	1,386.0	1,096.2	1,000.8	3,623	4,814.7
YoY Change (%)	82.9	62.6	51.4	41.5	87.8	70.0	8.5	-8.0	56	32.9
EBITDA	33.0	44.8	42.9	44.5	-47.0	96.2	34.5	35.2	165	118.9
Margins (%)	4.7	5.5	4.2	4.1	-3.5	6.9	3.2	3.5	5	2.5
Depreciation	11.4	11.7	11.7	12.7	13.5	13.6	13.7	13.1	48	53.8
Interest	4.9	3.9	4.5	5.3	6.6	6.7	6.8	6.4	19	26.5
Other Income	4.5	5.9	6.8	6.0	8.3	8.4	8.5	8.0	23	33.2
PBT	20.0	36.0	32.8	30.4	-53.0	84.3	22.5	23.7	119	77.6
Tax	4.9	9.0	8.2	9.1	0.0	21.2	5.7	6.0	31	32.9
Adj PAT	15.6	26.9	24.6	21.3	-53.0	63.1	16.9	17.8	88	44.7
YoY Change (%)	-24.9	15.5	-19.5	-58.4	-439.8	134.2	-31.6	-16.7	-30	-49.5
Key Assumptions										
Refining throughput (mmt)	6.8	7.2	8.0	8.1	8.1	8.0	8.0	8.0	30.1	32.1
Reported GRM (USD/bbl)	4.1	6.0	9.7	15.3	22.3	19.9	5.6	5.5	10.5	12.1
Marketing sales volume exclud exports (mmt)	9.6	9.9	11.2	11.8	11.2	10.3	11.6	12.3	42.5	45.4
Marketing GM incld inv (INR/litre)	5.8	6.1	4.1	2.9	-8.0	4.3	4.2	4.2	4.7	1.2

Castrol (India)**Buy****CMP: INR105 | TP: INR136 (+30%)****EPS CHANGE (%): CY22|23: 0|0**

- Expect volumes at 60.8m liters (+35% YoY/+3% QoQ).
- Expect EBITDA margin to expand due to higher realization and higher volumes.
- Expect realization of ~INR240/liter (+21% YoY/+15 QoQ).
- Operating margin expansion, product launches, and OEM tie-ups remain the key.

Quarterly Performance**(INR m)**

Y/E December	CY21				CY22E				CY21	CY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volume (m litres)	61.0	45.0	50.0	51.5	59.0	60.8	52.5	39.4	208	212
Realization	187	198	215	212	209	240	287	413	202	287
Net Sales	11,387	8,896	10,732	10,906	12,357	14,580	15,092	18,814	41,921	60,843
YoY Change (%)	65.5	81.3	21.5	16.6	8.5	63.9	40.6	72.5	39.9	45.1
EBITDA	3,401	1,975	2,625	2,659	3,172	3,762	4,901	7,943	10,660	19,778
YoY Change (%)	96.6	107.2	-8.9	3.2	-6.7	90.5	86.7	198.7	30.9	85.5
Margins (%)	29.9	22.2	24.5	24.4	25.7	25.8	32.5	42.2	25.4	32.5
Depreciation	215	199	204	209	202	198	203	219	827	821
Interest	6	7	6	5	7	4	3	10	24	24
Other Income	143	133	84	124	150	143	90	137	484	520
PBT before EO expense	3,323	1,902	2,499	2,569	3,113	3,703	4,786	7,852	10,293	19,453
PBT	3,323	1,902	2,499	2,569	3,113	3,703	4,786	7,852	10,293	19,453
Tax	887	502	640	683	829	933	1,206	1,934	2,712	4,902
Rate (%)	26.7	26.4	25.6	26.6	26.6	25.2	25.2	24.6	26.3	25.2
PAT	2,436	1,400	1,859	1,886	2,284	2,770	3,580	5,917	7,581	14,551
YoY Change (%)	94.6	114.1	-9.1	0.5	-6.2	97.9	92.6	213.8	30.1	91.9

GAIL**Buy****CMP: INR133 | TP: INR181 (+36%)****EPS CHANGE (%): FY23|24: +36|9**

- Expect transmission volumes of 114mmscmd (+6% YoY/+6% QoQ), with EBITDA/scm up 2% on both YoY and QoQ basis.
- Expect petchem volumes of ~220kmt, with muted realizations.
- A recovery in demand from Power, Refining, and Petchem sectors to drive growth post-normalization of spot LNG prices in FY23E.
- Key monitorables are the commissioning status of the petchem plants in PATA and Usar.

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	1,73,866	2,15,153	2,57,756	2,69,682	2,94,189	1,91,214	1,91,257	12,72,308	9,16,457	19,48,968
Change (%)	43.8	57.7	66.8	73.4	69.2	-11.1	-25.8	371.8	61.5	112.7
EBITDA	24,113	34,751	42,281	37,145	33,350	30,177	31,446	35,544	1,38,290	1,30,517
% of Net Sales	13.9	16.2	16.4	13.8	11.3	15.8	16.4	2.8	15.1	6.7
Depreciation	5,086	5,244	5,322	5,461	5,365	5,365	5,365	5,283	21,112	21,378
Interest	466	424	394	461	464	422	392	459	1,744	1,737
Other Income	1,976	7,740	6,518	4,235	2,018	7,904	6,656	4,915	20,469	21,492
PBT	20,537	36,823	43,084	35,459	29,539	32,293	32,345	34,717	1,35,903	1,28,894
Tax	5,238	8,194	10,204	8,628	7,555	8,260	8,273	8,354	32,263	32,443
Rate (%)	25.5	22.3	23.7	24.3	25.6	25.6	25.6	24.1	23.7	25.2
PAT	15,299	28,630	32,880	26,831	21,983	24,033	24,071	26,364	1,03,640	96,452
Change (%)	498.8	130.9	121.1	40.6	43.7	-16.1	-26.8	-1.7	111.9	-6.9
Extraord.: Tax Prov. Write Back	0	0	0	776	0	0	0	0	776	0
Adj PAT	15,299	28,630	32,880	26,055	21,983	24,033	24,071	26,364	1,02,864	96,452
Change (%)	498.8	130.9	127.3	33.3	43.7	-16.1	-26.8	1.2	110.1	-6.2
Key Assumptions										
Gas Trans. volume (mmsmd)	108	114	114	108	114	124	124	133	111	124
Petchem sales ('000MT)	138	221	217	216	220.0	220	220	220	792	880.0

Gujarat Gas

Buy

CMP: INR441 | TP: INR644 (+46%)

EPS CHANGE (%): FY23|24: 0|-2

- Expect volumes of 10.5mmscmd (+5% YoY/+6% QoQ) as spurt in Morbi demand has increased some industrial gas volumes.
- Normalization in spot LNG prices after 1QFY23 remains a key near-term monitorable.
- Expect EBITDA margin at INR5.5/scm (-31% YoY, -30% QoQ).
- Growth in CNG and commissioning of gas supply in newer Gas remain crucial for volume growth.

Standalone - Quarterly Earning Model

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY22	FY23
Net Sales	30,109	36,249	51,444	46,694	57,153	41,709	45,435	46,206	1,64,562	1,90,503
YoY Change (%)	178.0	44.2	81.6	36.0	89.8	15.1	-11.7	-1.0	66.8	15.8
EBITDA	7,229	4,190	2,375	6,974	5,228	5,795	6,305	6,667	20,763	23,994
Margin (%)	24.0	11.6	4.6	14.9	9.1	13.9	13.9	14.4	12.6	12.6
Depreciation	905	947	969	1,021	1,071	1,082	1,087	1,044	3,849	4,284
Interest	159	124	140	145	83	84	85	79	568	331
Other Income	213	178	353	176	224	226	227	218	907	895
PBT	6,377	3,297	1,619	5,867	4,298	4,856	5,360	5,761	17,134	20,275
Tax	1,616	843	400	1,424	1,083	1,224	1,351	1,446	4,278	5,103
Rate (%)	25.3	25.6	24.7	24.3	25.2	25.2	25.2	25.1	25.0	25.2
Reported PAT	4,762	2,454	1,219	4,443	3,215	3,632	4,009	4,316	12,856	15,171
Adj. PAT	4,762	2,454	1,219	4,533	3,215	3,632	4,009	4,316	12,946	15,171
YoY Change (%)	711.7	-48.3	-68.8	30.5	-32.5	48.0	228.8	-4.8	2.1	17.2
Total volume (mmscmd)	10.0	11.4	11.4	9.9	10.5	11.5	12.6	13.6	10.7	12.1
CNG	1.5	2.0	2.2	2.2	2.3	2.4	2.5	2.7	2.0	2.5
PNG – Industrial/Commercial	7.9	8.8	8.6	6.8	7.3	8.2	9.1	10.0	8.0	8.7
PNG – Households	0.6	0.6	0.7	0.8	0.8	0.9	0.9	0.9	0.7	0.9
EBITDA (INR/scm)	7.9	4.0	2.3	7.8	5.5	5.5	5.5	5.4	5.5	5.5

Gujarat State Petronet

Buy

CMP: INR224 | TP: INR328 (+46%)

EPS CHANGE (%): FY23|24: 0|0

- Expect transmission volumes of ~38mmscmd (+3% YoY/+30% QoQ) on account of higher spot LNG prices.
- Implied tariff is likely to increase 3% YoY led by revised tariff rates.
- While higher spot LNG prices would impact the volumes in near term, spot LNG prices are expected to taper off in longer term that would increase the volumes.
- Commissioning of Phase II of Mehsana-Bhatinda pipeline and further expansion/debottlenecking of three pipelines connecting three LNG terminals (in Gujarat) are the key.

Standalone - Quarterly Earning Model

Y/E March	FY22				FY23				(INR m)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY22	FY23
Net Sales	4,397	4,474	3,991	3,730	4,544	5,077	5,198	5,264	16,591	20,083
YoY Change (%)	9.1	-3.4	-13.1	-5.3	3.4	13.5	30.2	41.1	-3.5	21.0
EBITDA	3,744	3,806	3,365	3,062	3,753	4,269	4,453	4,455	13,976	16,930
YoY Change (%)	8.2	0.0	-15.5	-11.1	0.2	12.2	32.4	45.5	-4.9	21.1
Margins (%)	85.2	85.1	84.3	82.1	82.6	84.1	85.7	84.6	84.2	84.3
Depreciation	481	491	494	494	512	523	527	526	1,960	2,089
Interest	140	86	53	34	29	18	11	7	313	66
Other Income	38	904	39	64	40	956	41	68	1,045	1,105
PBT before EO expense	3,161	4,133	2,856	2,598	3,251	4,683	3,956	3,990	12,748	15,880
Extra-Ord expense	14	0	0	0	0	0	0	0	14	0
PBT	3,148	4,133	2,856	2,598	3,251	4,683	3,956	3,990	12,735	15,880
Tax	828	829	723	577	818	1,179	996	1,009	2,958	4,002
Rate (%)	26.3	20.1	25.3	22.2	25.2	25.2	25.2	25.3	23.2	25.2
Reported PAT	2,319	3,304	2,133	2,020	2,433	3,505	2,960	2,981	9,777	11,879
YoY Change (%)	16.8	21.9	-13.8	-2.8	4.5	6.1	38.8	47.5	5.7	21.4
Margins (%)	53.0	73.8	53.5	54.2	53.5	69.0	57.0	56.6	59.0	59.1
Key Operating Parameters										
Transmission Volume (mmscmd)	36.8	37.5	31.9	29.3	38.0	42.0	43.0	45.0	33.9	42.0
Implied Tariff (INR/mscm)	1,282	1,260	1,343	1,394	1,314	1,314	1,314	1,210	1,314	1,288

HPCL**Neutral****CMP: INR228 | TP: INR257 (+13%)****EPS CHANGE (%): FY23|24: -72|0**

- Expect refining throughput at 5.5mmt (+119% YoY/+17% QoQ) as HPCL ramps-up its utilization rate post-completion of its Mumbai refinery expansion.
- Expect reported GRM at USD22/bbl, with gross marketing margin at -INR8.1/liter.
- Expect marketing sales volumes at 10.2mmt (+16% YoY/-4% QoQ), led by lower MS and HSD demand.
- Higher capex (resulting in ballooning debt) and execution risk at the Visakhapatnam refinery remain huge concerns.

Standalone - Quarterly Earning Model**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	724.4	830.6	966.0	975.7	1,218.0	1,276.5	998.9	910.5	3,496.8	4,403.9
YoY Change (%)	92.1	60.4	40.7	30.4	68.1	53.7	3.4	-6.7	50.1	25.9
EBITDA	32.6	30.1	18.7	21.9	-65.3	75.2	29.4	29.6	103.3	68.9
Margins (%)	4.5	3.6	1.9	2.2	-5.4	5.9	2.9	3.2	3.0	1.6
Depreciation	9.1	9.5	10.2	10.8	11.3	11.4	11.6	11.0	39.7	45.3
Forex loss	0.7	-1.1	-1.4	0.9	-2.6	0.0	0.0	0.0	-1.0	-2.6
Interest	2.5	1.5	2.4	3.3	2.8	2.9	2.9	2.8	9.7	11.4
Other Income	3.7	3.4	4.1	16.0	41.1	44.1	44.5	42.3	27.2	172.0
PBT before EO expense	24.0	23.6	11.6	22.8	-35.8	105.0	59.4	58.2	82.0	186.7
PBT	24.0	23.6	11.6	22.8	-35.8	105.0	59.4	58.2	82.0	186.7
Tax	6.0	4.4	2.9	4.9	0.0	26.4	15.0	14.6	18.2	56.0
Rate (%)	25.1	18.5	25.1	21.4	0.0	25.2	25.2	25.2	22.2	30.0
Adj PAT	18.0	19.2	8.7	18.0	-35.8	78.6	44.5	43.5	63.8	130.7
YoY Change (%)	-36.2	-22.4	-63.1	-40.5	-299.6	308.5	411.6	142.4	-40.1	104.8
Key Assumptions										
Refining throughput (mmt)	2.5	2.5	4.2	4.7	5.5	5.5	5.5	5.5	14.0	22.0
Reported GRM (USD/bbl)	3.3	2.4	6.4	12.5	22.0	20.0	4.9	5.0	6.2	13.0
Marketing sales volume incl exports (mmt)	8.8	9.1	10.5	10.7	10.2	10.3	10.3	10.3	39.1	10.3

Indraprastha Gas**Neutral****CMP: INR363 | TP: INR413 (+14%)****EPS CHANGE (%): FY23|24: -3|-3**

- Expect total volumes of 7.75mmcmd (+46% YoY / flat QoQ), led by pent-up demand
- Key monitorable would be increase in sales volumes from new GAs – the existing and the newly awarded ones.
- Expect EBITDA/scm to further normalize to INR6.7 as spot LNG price remains high.
- Passing on APM price increase and OMCs demanding higher commissions to sell CNG pose huge risk to IGL's margins

Quarterly performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	12,574	18,312	22,155	24,059	30,363	30,343	30,319	30,416	77,100	1,21,441
Change (%)	96.9	40.3	53.2	55.2	141.5	65.7	36.8	26.4	56.0	57.5
EBITDA	3,809	5,302	4,696	5,005	4,729	4,500	4,266	5,411	18,811	18,906
EBITDA (INR/scm)	7.9	8.0	6.7	7.2	6.7	6.4	6.0	7.7	7.4	6.7
Change (%)	356.4	30.2	-6.2	1.8	24.2	-15.1	-9.2	8.1	26.8	0.5
Depreciation	778	805	835	753	880	889	898	854	3,171	3,520
Interest	29	26	28	49	30	31	33	25	132	119
Other Income	298	775	304	774	400	404	408	388	2,150	1,601
PBT before EO	3,299	5,246	4,137	4,977	4,219	3,984	3,744	4,920	17,659	16,868
Tax	857	1,241	1,051	1,361	1,062	1,003	942	1,244	4,509	4,251
Rate (%)	26.0	23.6	25.4	27.3	25.2	25.2	25.2	25.3	136.7	81.0
PAT	2,443	4,005	3,085	3,616	3,157	2,981	2,802	3,677	13,150	12,617
PAT (INR/scm)	5.0	6.0	4.4	5.2	4.5	4.2	4.0	5.2	5.2	4.5
Change (%)	667.2	30.1	-7.9	9.2	29.2	-25.6	-9.2	1.7	30.8	-4.0
Gas volumes (mmcmd)										
CNG	3.65	5.30	5.63	5.66	5.53	5.53	5.47	5.60	5.06	5.53
PNG	1.67	1.94	2.02	2.09	2.22	2.22	2.19	2.24	1.93	2.22
Total	5.32	7.24	7.66	7.74	7.75	7.75	7.67	7.84	6.99	7.75

IOC

Buy

CMP: INR75 | TP: INR93 (+23%)

EPS CHANGE (%): FY23|24: -11|+1

- Expect refinery throughput of ~18.0mmt (+8% YoY / -1% QoQ)
- Petchem segment to see benefit of better PE/PP cracks on a sequential basis, backed by spurt in product prices
- Expect reported GRM at USD25.8/bbl, with gross marketing margin at -INR8.6/liter
- Recent spurt in refining margins to aid IOCL the most v/s peers; valuation also the most attractive

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	1,187	1,354	1,668	1,773	2,293	2,080	2,022	1,996	5,982	8,391
YoY Change (%)	90.2	58.2	56.8	43.3	-36.2	-51.0	-61.7	-59.0	58.2	40.3
EBITDA	111.3	106.3	98.6	116.3	-8.4	221.9	79.6	80.7	432	374
Margins (%)	9.4	7.8	5.9	6.6	-0.4	10.7	3.9	4.0	7.2	4.5
Depreciation	26.3	27.1	27.8	28.9	29.4	29.7	30.0	28.5	110	118
Interest	12.6	9.9	9.8	16.1	12.2	13.4	14.0	9.2	48	49
Other Income	5.6	14.3	13.8	9.5	12.7	14.0	11.4	12.7	43	51
PBT before EO expense	78.0	83.7	74.8	80.8	-37.3	192.8	47.0	55.7	317	258
PBT	78.0	83.7	74.8	80.8	-37.3	192.8	47.0	55.7	317	258
Rate (%)	23.8	24.0	21.6	25.5	-	25.2	25.2	25.2	24	29
Adj PAT	59.4	63.6	58.6	60.2	-37.3	144.3	35.2	41.7	242	184
YoY Change (%)	210.9	2.1	19.2	-31.4	-120.7	-26.0	-79.2	-66.9	11	-24.0
Margins (%)	5.0	4.7	3.5	3.4	-1.6	6.9	1.7	2.1	4.0	2.2
Key Assumptions										
Refining throughput (mmt)	16.7	15.3	17.4	18.3	18.0	18.0	18.0	18.0	67.7	72.0
Reported GRM	6.6	6.6	12.0	18.5	25.8	19.6	5.0	5.0	10.9	13.8
Domestic sale of refined products (mmt)	17.2	17.2	19.2	20.1	20.0	17.9	20.0	20.9	73.7	78.8

Mahanagar Gas

Buy

CMP: INR776 | TP: INR1001 (+29%)

EPS CHANGE (%): FY23|24: -1|0

- Expect a volume growth of 32% YoY (flat QoQ) to 3.2mmscmd, with CNG volumes up 47% YoY and flat QoQ.
- Expect EBITDA margin/scm of INR10.0 (-28% YoY/+32% QoQ).
- APM price revision and demand for higher commissions to sell CNG by OMCs raise concerns on current high margin.
- The addition of MRUs, which could be a game changer for the company, is a key monitorable.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	6,155	8,301	10,278	10,868	13,388	14,047	14,157	14,787	35,602	56,379
YoY Change (%)	135.1	63.8	54.2	51.4	117.5	69.2	37.7	36.1	65.4	58.4
EBITDA	3,040	3,018	1,031	2,155	2,887	3,029	3,053	3,189	9,243	12,159
EBITDA/SCM	13.9	10.5	3.4	7.6	10.0	10.0	10.0	10.0	8.4	10.0
Margins (%)	49.4	36.4	10.0	19.8	21.6	21.6	21.6	21.6	26.0	21.6
Depreciation	453	473	482	555	566	572	578	549	1,963	2,266
Interest	17	20	15	23	21	22	23	18	75	83
Other Income	186	226	218	227	200	202	204	194	857	799
PBT	2,756	2,751	752	1,804	2,500	2,637	2,656	2,815	8,063	10,609
Tax	716	708	184	486	629	664	669	709	2,093	2,670
Rate (%)	26.0	25.7	24.5	26.9	25.2	25.2	25.2	25.2	26.0	25.2
Reported PAT	2,041	2,043	568	1,318	1,871	1,973	1,988	2,107	5,970	7,938
Adj PAT	2,041	2,043	568	1,318	1,871	1,973	1,988	2,107	5,970	7,938
YoY Change (%)	351.0	41.5	-73.9	-38.1	-8.3	-3.4	250.0	59.8	-3.6	33.0
Margins (%)	33.2	24.6	5.5	12.1	14.0	14.0	14.0	14.2	16.8	14.1
Sales Volumes (mmscmd)										
CNG	1.6	2.2	2.4	2.3	2.3	2.3	2.3	2.8	2.1	2.4
PNG - Domestic	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.3	0.5	0.5
PNG - Industrial/ Commercial	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.4	0.5
PNG - Total	0.8	0.9	0.9	0.9	0.9	1.0	1.0	0.8	0.9	0.9
Total Volumes	2.4	3.1	3.3	3.2	3.2	3.3	3.3	3.5	3.0	3.3

MRPL**Neutral****CMP: INR79 | TP: INR87 (11%)****EPS CHANGE (%): FY23|24: +158 |-4**

- Expect refinery throughput of ~3.9mmt (28% YoY/-11% QoQ).
- To watch out for its Phase IV expansion plans, which may further weaken the balance sheet.
- Expect reported GRM at USD19.8/bbl, taking inventory gains into account and an uptick in SG GRM.

Standalone - Quarterly Earning Model**(INR m)**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	1,12,981	1,32,433	2,04,089	2,48,038	2,85,448	2,58,395	2,06,190	1,87,885	6,97,271	9,37,918
YoY Change (%)	152.6	114.2	156.7	82.6	152.7	95.1	1.0	-24.3	118.2	34.5
EBITDA	3,660	-764	17,172	29,410	39,121	28,874	10,003	9,544	49,306	87,542
Margin (%)	3.2	-0.6	8.4	11.9	13.7	11.2	4.9	5.1	7.1	9.3
Depreciation	2,131	2,124	2,895	2,205	2,775	2,803	2,831	2,692	10,877	11,101
Forex loss	1,085	-556	0	0	0	0	0	0	0	0
Interest	1,983	1,790	2,360	3,940	2,504	2,529	2,554	2,429	12,073	10,015
Other Income	210	227	430	265	83	84	85	81	1,028	332
PBT before EO expense	-1,329	-3,896	12,347	23,530	33,925	23,626	4,703	4,504	27,383	66,758
PBT	-1,329	-3,896	12,347	23,230	33,925	23,626	4,703	4,504	27,083	66,758
Tax	-466	-1,470	6,484	-6,852	8,539	5,947	1,184	1,134	-2,469	16,803
Rate (%)	35.1	37.7	52.5	-29.5	25.2	25.2	25.2	25.2	-9.1	25.2
Reported PAT	-863	-2,425	5,864	30,082	25,386	17,679	3,519	3,370	29,553	49,955
YoY Change (%)	-83.5	-776.7	-875.6	1,039.0	-3,041.6	-828.9	-40.0	-88.9	-492.6	67.2
Margin (%)	-0.8	-1.8	2.9	12.3	8.9	6.8	1.7	1.8	4.3	5.3
Key Assumptions										
Refining throughput (mmt)	3.1	3.2	4.4	4.4	3.9	3.9	3.9	3.9	15.0	15.7
Reported GRM (USD/bbl)	4.5	2.2	9.3	15.7	19.8	6.1	6.4	5.5	7.9	9.4

Oil India**Buy****CMP: INR201 | TP: INR319 (+59%)****EPS CHANGE (%): FY23|24: 0|0**

- Oil realization to improve ~66% YoY and ~14% QoQ, in line with the movement in crude oil prices.
- Expect oil volumes at 0.77mmt (+7% YoY/+5% QoQ) and gas sales of 0.56bcm (-8% YoY/flat QoQ).
- Increase in production at the Baghjan field is a key monitorable over the medium term.
- OINL has taken significant provisions in the US Shale assets in FY21, which will make provisions in Mozambique and Russia blocks in the future.

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	30,037	33,112	37,367	44,786	57,749	39,204	34,148	46,076	1,45,302	1,77,177
Change (%)	72.2	52.7	75.8	73.6	92.3	18.4	-8.6	2.9	68.6	21.9
EBITDA	12,298	9,134	12,672	19,585	29,767	18,055	15,182	20,923	53,689	1,49,195
% of Net Sales	40.9	27.6	33.9	43.7	51.5	46.1	44.5	45.4	37.0	84.2
Change (%)	523.6	23.9	-1,450.8	361.1	142.0	97.7	19.8	6.8	324.3	177.9
D,D&A	3,975	4,202	4,678	2,113	7,285	7,702	8,573	3,873	14,968	27,434
Interest	2,221	1,870	1,748	1,993	1,889	1,591	1,487	1,696	7,831	6,662
OI (incl. Oper. other inc)	671	3,676	9,685	4,943	4,969	5,019	5,069	4,820	18,975	19,877
PBT before exceptional	6,774	6,738	15,932	20,421	25,561	13,782	10,191	20,174	49,865	1,34,975
PBT after exceptional	6,774	6,738	15,932	20,421	25,561	13,782	10,191	20,174	49,865	1,34,975
Tax	1,694	1,693	3,483	4,121	6,434	3,469	2,565	5,078	10,992	17,545
Rate (%)	25.0	25.1	21.9	20.2	25.2	25.2	25.2	25.2	22.0	13.0
PAT	5,079	5,045	12,449	16,300	19,127	10,313	7,626	15,096	38,873	1,17,430
Change (%)	-304.3	111.1	37.8	92.3	276.6	104.4	-38.7	-7.4	123.2	202.1
Adj. PAT	5,079	5,045	12,449	16,300	19,127	10,313	7,626	15,096	38,873	1,17,430
Key Assumptions (USD/bbl)										
Oil sales (mmt)	0.72	0.74	0.73	0.73	0.77	0.78	0.78	0.77	2.92	0.77
Gas sales (bcm)	0.61	0.67	0.63	0.56	0.56	0.62	0.62	0.58	2.47	0.56
Net Oil Realization	67.2	71.4	78.6	98.1	111.7	66.0	51.9	82.5	78.8	78.0

ONGC

Buy

CMP: INR126 | TP: INR176 (+39%)

EPS CHANGE (%): FY23 | 24: -4 | -1

- Expect net realizations to improve ~65% YoY and ~14% QoQ, led by an increase in crude oil prices.
- Gas production from the KG Basin remains crucial. Any further delays could dampen near-term sentiment.
- Expect 4% YoY and 3% QoQ uptick in oil sales, with gas sales up 13% QoQ.
- Outlook on various field developments remains the key for volume growth going forward.

Standalone - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	230.2	243.5	284.7	345.0	451.8	335.0	322.7	407.9	1,103.5	1,517.4
YoY Change (%)	76.9	44.0	67.3	62.8	96.3	37.5	13.3	18.2	61.9	37.5
EBITDA	121.5	132.3	159.7	185.9	259.6	195.6	191.5	251.8	599.4	898.5
Margin (%)	52.8	54.3	56.1	53.9	57.5	58.4	59.3	61.7	54.3	59.2
Depreciation	53.2	46.4	54.6	76.4	79.6	78.5	78.5	78.5	230.5	315.0
Interest	6.2	5.8	5.8	5.8	3.6	3.7	3.6	3.5	23.6	14.4
Other Income	5.3	31.5	14.9	13.4	17.8	18.0	18.1	17.2	65.2	71.1
PBT before EO expense	67.5	111.5	114.2	117.1	194.2	131.4	127.5	187.1	410.4	640.2
Extra-Ord expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT	67.5	111.5	114.2	117.1	194.2	131.4	127.5	187.1	410.4	640.2
Tax	24.2	-72.0	26.6	28.5	48.9	33.1	32.1	47.1	7.3	161.1
Rate (%)	35.8	-64.5	23.3	24.4	25.2	25.2	25.2	25.2	1.8	25.2
Reported PAT	43.3	183.5	87.6	88.6	145.3	98.3	95.4	140.0	403.1	479.1
Adj PAT	43.3	85.0	87.6	88.6	145.3	98.3	95.4	140.0	403.1	479.1
YoY Change (%)	774.0	133.4	596.6	86.0	235.2	15.7	8.9	58.0	291.2	18.9
Margin (%)	18.8	34.9	30.8	25.7	32.2	29.3	29.6	34.3	36.5	31.6
Key Assumptions (USD/bbl)										
Net Oil Realization	65.6	69.4	75.7	95.0	108.3	68.3	54.2	84.8	76.4	78.9
Crude Oil Sold (mmt)	5.1	5.0	5.1	5.1	5.3	5.3	5.3	5.3	20.3	21.1
Gas Sold (bcm)	4.1	4.3	4.3	4.1	4.6	4.6	4.6	4.6	16.8	18.5
VAP Sold (tmt)	784	777	724	772	858	858	858	858	3,057	3,432

Petronet LNG

Buy

CMP: INR218 | TP: INR295 (+35%)

EPS CHANGE (%): FY23 | 24: 0 | 0

- We model in Dahej/Kochi utilization at 90%/23%.
- Higher spot LNG prices (are dampening demand) is a key near-term monitorable.
- Expect total PLNG volumes to increase 2% YoY (+12% QoQ).
- Ramp-up at Kochi terminal and total volume guidance remain the key given the spurt in domestic gas production.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	85,979	1,08,131	1,25,972	1,11,604	1,38,015	1,80,923	1,74,127	1,67,066	4,31,686	6,60,131
YoY Change (%)	76.1	73.4	71.9	47.3	60.5	67.3	38.2	49.7	65.9	52.9
EBITDA	10,543	12,969	17,322	11,691	10,831	12,779	12,797	14,709	52,523	51,117
Margins (%)	12.3	12.0	13.8	10.5	7.8	7.1	7.3	8.8	12.2	7.7
Depreciation	1,916	1,936	1,936	1,896	2,012	2,032	2,052	1,951	7,685	8,047
Interest	800	794	776	803	852	861	869	827	3,173	3,409
Other Income	685	816	719	852	707	722	714	686	3,073	2,830
PBT	8,512	11,055	15,328	9,844	8,675	10,608	10,590	12,618	44,738	42,491
Tax	2,155	2,825	3,893	2,342	2,186	2,673	2,669	3,180	11,215	10,708
Rate (%)	25.3	25.6	25.4	23.8	25.2	25.2	25.2	25.2	25.1	25.2
Reported PAT	6,357	8,230	11,435	7,501	6,489	7,935	7,922	9,438	33,524	31,783
Adj PAT	6,357	8,230	11,435	7,501	6,489	7,935	7,922	9,438	33,524	31,783
YoY Change (%)	22.2	-11.2	30.2	20.3	2.1	-3.6	-30.7	25.8	13.7	-5.2
Margins (%)	7.4	7.6	9.1	6.7	4.7	4.4	4.5	5.6	7.8	4.8
Key Assumptions										
Total Volumes (TBtu)	209.0	240.0	208.0	190.0	213.6	251.2	251.2	288.8	847.0	1,004.7
Dahej utilization (%)	88%	102%	89%	80%	90%	105%	105%	120%	90%	105%
Kochi utilization (%)	24%	24%	19%	19%	23%	30%	30%	37%	21%	30%

Reliance Industries

Buy
CMP: INR2434 | TP: INR2,874 (+18%)
EPS CHANGE (%): FY23|24: 16|3

- Expect consolidated EBITDA at INR424b (+81% YoY/+35% QoQ), driven primarily by growth in the O2C segment.
- Expect refinery throughput at 17.9mmt (+8% YoY). Expect EBITDA/mt at USD188.6 (+68% QoQ)
- Expect O2C EBITDA at INR255b (+123% YoY/+75% QoQ) for the O2C segment.
- Further clarity on the INR750b announcement in the new energy business, growth in Retail store additions, and any further pricing action in Telecom are the key monitorables.

Consolidated - Quarterly Earning Model

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	1,399	1,676	1,850	2,074	2,345	2,333	2,181	2,093	7,000	8,952
YoY Change (%)	58.6	50.7	57.0	38.6	67.6	39.2	17.9	0.9	49.9	27.9
EBITDA	234	260	297	314	424	388	367	377	1,105	1,557
Margins (%)	16.7	15.5	16.1	15.1	18.1	16.6	16.8	18.0	15.8	17.4
Depreciation	69	72	77	80	78	79	80	80	298	317
Interest	34	38	38	36	39	39	39	39	146	155
Other Income	42	42	40	25	46	46	46	46	149	185
PBT before EO expense	173	192	223	223	353	317	294	304	810	1,269
Extra-Ord expense	0	0	-28	0	0	0	0	0	-28	0
PBT	173	192	251	223	353	317	294	304	839	1,269
Rate (%)	20.0	19.6	18.7	19.7	25.5	25.3	24.6	24.8	19.4	25.1
Minority Interest & Profit/Loss of Asso. Cos.	15.7	17.6	18.6	16.7	19.0	19.0	19.0	19.0	68.6	76.1
Reported PAT	123	137	185	162	244	218	203	210	607	874
Adj PAT	123	137	162	162	244	218	203	210	584	874
YoY Change (%)	46.7	43.0	22.9	29.6	98.7	59.2	25.0	29.5	33.8	49.7
Margins (%)	8.8	8.2	8.8	7.8	10.4	9.3	9.3	10.0	8.3	9.8

Real Estate

Company

Macrotech Developers

Oberoi Realty

DLF

Godrej Properties

Sales momentum to moderate in 1QFY23

All companies in our coverage universe to report a QoQ drop

Residential Real Estate demand is expected to moderate in 1QFY23, after witnessing record sales momentum in a seasonally strong 4QFY22, which turned out to be one of the best ever quarter for our coverage universe. Property registrations in Mumbai remained steady at 32,000 units (up 29% YoY) even as the spillover effect from Mar'22 sales waned down. As per ANAROCK, the top seven cities registered a 15% QoQ decline in housing sales in 2QCY22, led by: 1) a marginal uptick in prices (due to cost inflation), 2) sentimental impact of two back-to-back rate hikes, and 3) a higher base on account of the strong momentum over the last two quarters. Our coverage universe is expected to report pre-sales of INR74b, up 182% YoY, but down 28% QoQ in 1QFY23, and can generate collections of INR60b, up 24% YoY.

Our coverage universe to witness a 28% sequential drop in pre-sales

LODHA: In our recent operational update, the company said it has achieved bookings of INR28b, up 194% YoY, but down 19% sequentially. As per our checks, the company has launched one tower each at NCP (Wadala) and Lodha Park (Lower Parel), and one JDA project each in the eastern (Vikhroli) and western suburbs (Malad) of Mumbai.

OBER: In 4QFY22, OBER witnessed strong momentum at Esquire (Goregaon) and Maxima (Andheri) and as a result, Esquire is almost completely sold out, while Maxima has a residual inventory of just 15 units. Hence we expect OBER to report pre-sales of INR7.3b, down 21% QoQ, but up threefold as compared to 1QFY22 levels, which was impacted by the second COVID wave. Volume can decline to 0.4msf in 1QFY23.

DLFU: We expect pre-sales to grow by 79% YoY, but decline by 33% QoQ to INR18b in 1QFY23. Key launches in 1QFY23 include a new phase in the Independent floors project, along with a tower launch at its premium project: One Midtown.

GPL: After reporting two back-to-back record quarters in terms of new bookings, GPL's pre-sales in 1QFY23 can decline by 36% QoQ to INR21b. In addition to its premium project at Wadala, our channel checks suggest that launches can be in the range of 2.5-3msf across its key markets.

Key things to watch out for during its 1QFY23 call

LODHA: New deal additions in 1QFY23 and commentary on its recent partnership with strategic investors for the USD1b Digital Infrastructure platform are key monitorables.

OBER: Timeline for restarting of sales at its ultra-luxurious project '360 West' at Worli is a key monitorable. While the management have communicated that its Pokhran Road project in Thane will be ready by 2QFY23, we will watch out for the exact launch timelines.

DLF: Commentaries around new projects beyond the identified pipeline of 35msf, incremental insights on back to office from key tenants in its Annuity portfolio and outlook on new leasing are key monitorables

GPL: While the near-term launch pipeline is extremely strong (21msf for FY23), incremental commentary on the business development environment in its key markets and its preference towards outright or JDA projects are a key monitorable.

Near-term uncertainty around interest rate hikes

Apart from the commentary around their respective launches and new business development plans, we anticipate a discussion on the negative impact of the recent increase in mortgage rates on housing demand and their strategies to mitigate the same. Developers like LODHA and GPL are already offering fixed EMI and pre-EMI offers for some of their key projects to attract buyers. In our [recent note](#), we said the overhang of rising interest rates is not expected to last longer due to: a) a limited impact on affordability (on account of stagnant prices), b) overall absorption largely at pre-COVID levels, and c) acceleration in industry consolidation.

LODHA is our top pick followed by OBER

Residential Real Estate is witnessing sustained demand trends across top markets as key drivers such as strong hiring and affordability remain intact. As developers continue to focus on a volume play (with minor price hikes in the recent past), the current scenario of rising cost pressure, along with a rise in mortgages will further tilt the situation in favor of large developers, who are better placed to pass on the rising inflation. We see a re-rating potential in companies, which will provide growth visibility on the back of continued business development, through a robust cash flow potential. We prefer **LODHA** and **OBER** with a TP of INR1,570 and INR1,100, respectively. We lower our TP for GPL to INR1,300 by incorporating a higher risk free rate, which increases our WACC to 10% and decreasing our terminal growth assumption to 3% (from 5%) as we await more clarity on the business development front.

Exhibit 1: Expected financial performance summary

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
DLF	325	Neutral	15,175	33.2	-1.9	6,677	68.9	81.7	6,896	104.6	70.0
Godrej Properties	1236	Neutral	1,961	127.6	-85.3	-650	Loss	PL	1,026	503.4	-60.3
Macrotech Developers	1058	Buy	18,860	17.5	-45.2	4,717	25.5	-45.9	3,124	156.1	-45.5
Oberoi Realty	771	Buy	9,244	225.2	12.3	4,248	240.2	20.8	2,913	261.3	25.4
Real Estate			45,241	45.2	-36.7	14,993	80.1	-18.9	13,960	150.7	-5.0

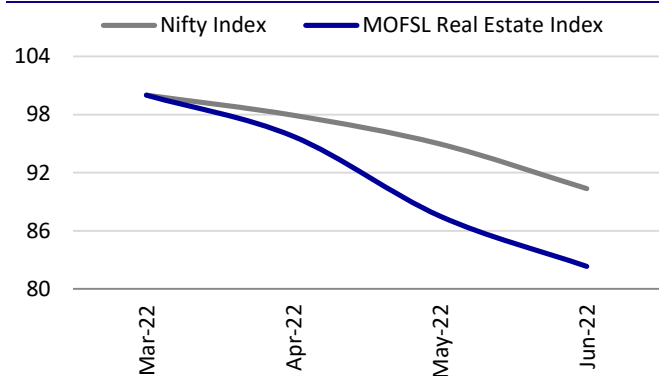
Source: Company, MOFSL

Exhibit 2: Expected operational performance summary

Sector	CMP (INR)	Rating	Pre-sales (INR m)			Volume (MSF)			Collections (INR m)		
			Jun'22	Variance YoY (%)	Variance QoQ (%)	Jun'22	Variance YoY (%)	Variance QoQ (%)	Jun'22	Variance YoY (%)	Variance QoQ (%)
Macrotech Developers*	1,058	Buy	28,140	194	-19	2.1	200	-30	26,160	53	-8
Oberoi Realty	771	Buy	7,324	331	-21	0.4	346	-22	6591	32	-31
Godrej Properties	1,236	Neutral	20,735	317	-36	2.8	263	-34	16,588	30	-43
DLF	325	Neutral	18,140	79	-33	-	-	-	10,884	72	-16
Real Estate			74,338	182	-28	5	240	-32	60,223	46	-24

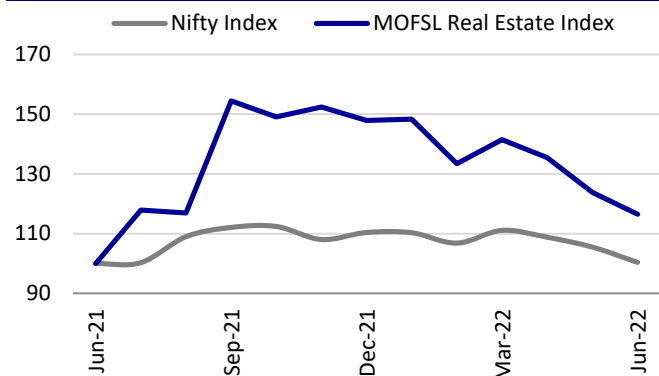
Source: Company, MOFSL

Exhibit 3: Relative performance – three-months (%)



Source: Bloomberg, MOFSL

Exhibit 4: Relative performance – one-year (%)



Source: Bloomberg, MOFSL

Exhibit 5: Operational snapshot for our Real Estate coverage universe

	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23E	YoY (%)	QoQ (%)
Sales (INR b)											
DLF	2	9	10	11	10	15	20	27	18	79	-33
Godrej Properties	15	11	15	26	5	26	15	32	21	317	-36
Macrotech Developers*	5	11	19	25	10	20	26	35	28	194	-19
Oberoi Realty	0	3	10	20	2	8	20	9	7	331	-21
Aggregate sales (INR b)	22	33	53	82	26	69	81	104	74	182	-28
Volume (msf)											
DLF	0.2	1.2	0.9	0.9	0.8	1.4	1.2	2.4	-	-	-
Godrej Properties	2.5	1.7	2.4	4.2	0.8	3.6	2.2	4.2	2.8	263	-34
Macrotech Developers	0.6	1.1	1.6	1.8	0.7	1.8	2.4	3.0	2.1	205	-29
Oberoi Realty	0.0	0.1	0.5	1.1	0.1	0.4	1.0	0.5	0.4	329	-25
Aggregate volumes (msf)	3.3	4.2	5.4	7.9	2.3	7.3	6.9	10.2	5.3	127	-47
Collections (INR b)											
DLF	3	5	6	8	6	14	12	13	11	76	-16
Godrej Properties	4	7	13	20	13	17	19	29	17	30	-43
Macrotech Developers*	4	11	15	21	17	19	21	28	26	53	-8
Oberoi Realty	1	2	7	6	5	4	10	10	7	32	-31
Aggregate collections (INR b)	12	25	41	55	41	54	62	80	60	47	-24

Source: Company, MOFSL

Exhibit 6: Comparative valuation

			EPS (INR)			PE (x)			PB (x)			ROE (%)		
Company Name	CMP INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Real Estate						45.5	25.2	19.5	2.9	2.6	2.3	6.3	10.3	11.9
DLF	325	Neutral	9.3	19.0	27.4	34.8	17.1	11.8	1.6	1.5	1.3	4.6	9.0	12.0
Godrej Properties	1,236	Neutral	12.6	23.1	43.0	98.0	53.5	28.8	4.0	3.7	3.3	4.1	7.1	12.0
Macrotech Dev.	1,058	Buy	25.0	35.0	41.3	42.4	30.2	25.6	4.2	3.7	3.2	14.4	13.0	13.5
Oberoi Realty	771	Buy	28.8	53.8	50.9	26.8	14.3	15.2	2.7	2.3	2.0	10.6	17.2	14.0

Source: MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe.

Macrotech Developers

Buy
CMP: INR1,013 | TP: INR1,570 (+55%)
EPS CHANGE (%): FY23 | 24: 3 | 3

- Expect revenue to grow by 17% YoY to INR18.8b.
- Expect EBITDA margin to increase by 150bp YoY due to changes in the product mix.
- The company reported bookings of INR28b, up 194% YoY.

Consolidated quarterly earnings model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	16,054	21,238	20,594	34,446	18,860	21,218	23,575	30,648	92,332	94,300
YoY Change (%)	221	136	36	36	17	0	14	-11	69.5	2.1
Total Expenditure	12,295	17,320	15,737	25,733	14,143	15,925	17,360	22,568	71,085	69,996
EBITDA	3,759	3,918	4,858	8,713	4,717	5,293	6,215	8,079	21,247	24,304
Margin (%)	23.4	18.4	23.6	25.3	25.0	24.9	26.4	26.4	23.0	25.8
Adj. EBITDA (as per co.)	5,380	7,780	6,980	12,300	12,300	12,300	12,300	12,300	32,440	24,304
Margin (%)	33.5	36.6	33.9	35.7	65.2	58.0	52.2	40.1	35.1	25.8
Depreciation	186	184	187	190	192	192	192	193	748	769
Interest	2,451	1,562	1,573	1,218	959	876	793	718	6,803	3,346
Other Income	1,070	778	893	719	705	705	705	714	3,460	2,829
PBT before EO expense	2,191	2,950	3,991	8,023	4,271	4,930	5,935	7,882	17,156	23,018
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	2,191	2,950	3,991	8,023	4,271	4,930	5,935	7,882	17,156	23,018
Tax	588	719	1,131	2,643	1,132	1,306	1,573	2,089	5,080	6,100
Rate (%)	26.8	24.4	28.3	32.9	26.5	26.5	26.5	26.5	0.3	0.3
Minority Interest and Profit/Loss of Asso. Cos.	-5	-2	-3	0	15	15	15	15	-10	61
Reported PAT	1,608	2,234	2,864	5,380	3,124	3,608	4,347	5,778	12,085	16,857
Adj. PAT (as per co.)	1,220	2,870	2,790	5,730	3,124	3,608	4,347	5,778	12,610	16,857
YoY Change (%)	-188	363	123	97	156	26	56	1	270.9	33.7
Margin (%)	7.6	13.5	13.5	16.6	16.6	17.0	18.4	18.9	13.7	17.9

Oberoi Realty

Buy
CMP: INR760 | TP: INR1,100 (+45%)
EPS CHANGE (%): FY23 | 24: 1 | 0

- Expect revenue to grow by 225% YoY and 4% QoQ to INR9.3b in 1QFY23.
- Expect EBITDA margin to expand by 210bp YoY due to changes in the product mix.
- Expect pre-sales volumes to decline by 21% QoQ on a higher base.

Consolidated quarterly earnings model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	2,843	7,543	8,320	8,235	9,244	9,269	10,801	13,840	26,940	43,155
YoY Change (%)	140.8	138.6	0.4	4.2	225.2	22.9	29.8	68.1	-37.6	60.2
Total Expenditure	1,594	3,811	5,005	4,717	4,996	5,010	5,789	7,312	15,126	23,107
EBITDA	1,249	3,731	3,316	3,518	4,248	4,259	5,012	6,529	11,813	20,047
Margin (%)	43.9	49.5	39.8	42.7	46.0	46.0	46.4	47.2	43.9	46.5
Depreciation	101	101	99	97	100	100	100	100	398	399
Interest	173	171	200	316	326	326	326	326	860	1,303
Other Income	105	143	142	195	197	205	205	213	585	820
PBT before EO expense	1,080	3,602	3,159	3,300	4,019	4,039	4,791	6,317	11,140	19,166
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	1,080	3,602	3,159	3,300	4,019	4,039	4,791	6,317	11,140	19,166
Tax	290	954	837	984	1,106	1,111	1,318	1,738	3,065	5,273
Rate (%)	26.9	26.5	26.5	29.8	27.5	27.5	27.5	27.5	27.5	27.5
Minority Interest and Profit/Loss of Asso. Cos.	17	18	2,353	8	0	2,829	1,698	1,132	2,396	5,658
Reported PAT	806	2,666	4,675	2,324	2,913	5,757	5,171	5,710	10,471	19,551
Adj. PAT	806	2,666	4,675	2,324	2,913	5,757	5,171	5,710	10,471	19,551
YoY Change (%)	187.2	93.5	62.9	-19.0	261.3	115.9	10.6	145.8	27.2	86.7
Margin (%)	28.4	35.3	56.2	28.2	31.5	62.1	47.9	41.3	38.9	45.3

DLF**Neutral****CMP: INR325 | TP: INR375 (+15%)****EPS CHANGE (%): FY23|24: -3|-1**

- Expect revenue to decrease by 33% YoY to INR15b.
- Expect EBITDA margin to improve by 930bp YoY.
- Expect pre-sales to decline by 33% QoQ to INR18b. Expect collections to touch INR11b, down 16% sequentially.

Consolidated quarterly earnings model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	11,395	14,809	15,497	15,473	15,175	16,555	17,245	20,004	57,174	68,979
YoY Change (%)	107.7	-8.0	0.4	-9.7	33.2	11.8	11.3	29.3	5.6	20.6
Total Expenditure	7,441	10,226	10,284	11,797	8,498	9,105	9,226	10,755	39,748	37,584
EBITDA	3,954	4,583	5,213	3,675	6,677	7,450	8,019	9,249	17,426	31,395
Margin (%)	34.7	30.9	33.6	23.8	44.0	45.0	46.5	46.2	30.5	45.5
Depreciation	379	373	374	369	386	378	394	386	1,494	1,543
Interest	1,749	1,759	1,455	1,282	1,150	1,013	875	871	6,246	3,908
Other Income	1,027	756	1,372	1,049	1,062	1,159	1,207	1,400	4,205	4,829
PBT before EO expense	2,853	3,207	4,757	3,073	6,204	7,218	7,957	9,393	13,891	30,771
Extra-Ord. expense	0	0	-2,244	0	0	0	0	0	-2,244	0
PBT	2,853	3,207	7,001	3,073	6,204	7,218	7,957	9,393	16,135	30,771
Tax	828	944	600	838	1,579	1,837	2,026	2,391	3,210	7,833
Rate (%)	29.0	29.4	8.6	27.3	25.5	25.5	25.5	25.5	33.2	33.2
Minority Interest and Profit/Loss of Asso. Cos.	1,346	1,526	1,883	1,820	2,271	2,405	3,129	3,172	6,567	10,977
Reported PAT	3,371	3,790	8,283	4,055	6,896	7,786	9,060	10,174	19,492	33,916
Adj. PAT	3,371	3,790	6,232	4,055	6,896	7,786	9,060	10,174	17,447	33,916
YoY Change (%)	-577.1	33.7	38.1	-15.7	104.6	105.5	45.4	150.9	51.9	94.4
Margin (%)	29.6	25.6	40.2	26.2	45.4	47.0	52.5	50.9	30.5	49.2

Godrej Properties**Neutral****CMP: INR1,236 | TP: INR1,300 (5%)****EPS CHANGE (%): FY23|24: 0|0**

- Expect revenue to fall by 102% YoY to INR1.9b in 1QFY23.
- Expect PAT to touch INR1b, driven by higher other income and contribution from JVs.
- After reporting two record quarters, expect pre-sales to moderate by 36% QoQ to INR20.7b.

Consolidated quarterly earnings model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	862	1,293	2,788	13,306	1,961	2,615	3,269	5,230	18,249	13,076
YoY Change (%)	19.2	44.5	63.5	207.6	127.6	102.2	17.3	-60.7	138.6	-28.3
Total Expenditure	1,497	1,855	2,839	10,727	2,611	3,044	3,413	4,766	16,917	13,834
EBITDA	-635	-562	-51	2,580	-650	-429	-144	464	1,332	-758
Margin (%)	-73.7	-43.4	-1.8	19.4	-33.1	-16.4	-4.4	8.9	7.3	-5.8
Depreciation	51	52	55	57	53	56	51	55	214	214
Interest	417	411	417	430	569	569	569	616	1,675	2,324
Other Income	1,758	2,049	1,882	1,919	1,777	1,891	1,853	2,042	7,608	7,563
PBT before EO expense	655	1,024	1,359	4,013	506	836	1,088	1,835	7,051	4,266
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	655	1,024	1,359	4,013	506	836	1,088	1,835	7,051	4,266
Tax	186	226	290	956	124	207	270	457	1,658	1,066
Rate (%)	28.4	22.1	21.4	23.8	24.6	24.8	24.8	24.9	23.5	25.0
Minority Interest and Profit/Loss of Asso. Cos.	-299	-441	-679	-469	645	710	903	968	-1,887	3,225
Reported PAT	170	357	390	2,589	1,026	1,339	1,721	2,346	3,506	6,424
Adj. PAT	170	357	390	2,589	1,026	1,339	1,721	2,346	3,506	6,424
YoY Change (%)	NM	NM	NM	NM	503.4	274.8	341.8	-9.4	816.8	83.3
Margin (%)	19.7	27.6	14.0	19.5	52.3	51.2	52.7	44.9	19.2	49.1

Retail

Company

Aditya Birla Fashion and Retail

Avenue Supermarts

Shoppers Stop

Trent

V-Mart Retail

Revenue recovering; margins protected

Revenue recovering due to LTL growth and store additions

After a moderate Mar'22 quarter that was impaired by Omicron wave in Jan'22, we expect retail companies to post healthy revenue recovery in the Jun'22 quarter, led by:

- Good business in malls and even in top tier cities. Higher ASP products, particularly brands and luxury segment products, are doing well but the value segment is yet witnessing some pain. There is a divergence as the lower income class is experiencing a stronger impact of rising inflation.
- Traction is strong in 1QFY23, operating at positive LTL growth v/s 1QFY20 (pre-Covid level). Footfalls over the last couple of months have remained healthy. Higher price point consumption is seeing strong growth. However, rise in Covid cases in a few geographies could result in a weak Jun'22.
- Among the companies under our coverage, TRENT is anticipated to report a strong performance, led by high double-digit SSSG and aggressive store additions. DMART (Grocery) posted 70% revenue growth over pre-Covid period (1QFY20) but saw a decline on LTL basis in 1QFY23, while ABFRL's revenue is likely to see 33% growth v/s pre-Covid level. VMart's contribution from Unlimited and new store additions should result in 54% revenue growth, but on LTL basis it is yet to reach pre-Covid level.

Pace of store additions to continue

The pace of store additions is intact and is likely to continue in 1QFY23. Typically, 1Q is a soft quarter for store additions as after this quarter, retailers build pipeline for store openings during the year. TRENT has added three/seven Westside/ Zudio stores until Jun'22, respectively. VMART has opened eleven stores in 1QFY23 including 4 store under VMART Unlimited. SHOP is likely to add four new stores in 1QFY23 – one departmental store, two airport stores and one beauty store.

Margins mostly protected

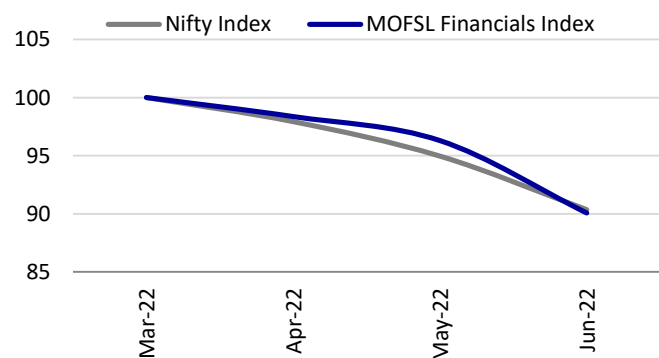
Most of the retailers have taken price hikes over the last fiscal quarter/year to cushion margins from the adverse impact of inflation and therefore the gross margins appear largely insulated at the current raw material pricing level. Besides, inventory hedges will allow companies to manage their margins effectively. Hence, we expect both gross and EBITDA margins to face limited adverse impact.

Maintain our stance on ABFRL/VMART

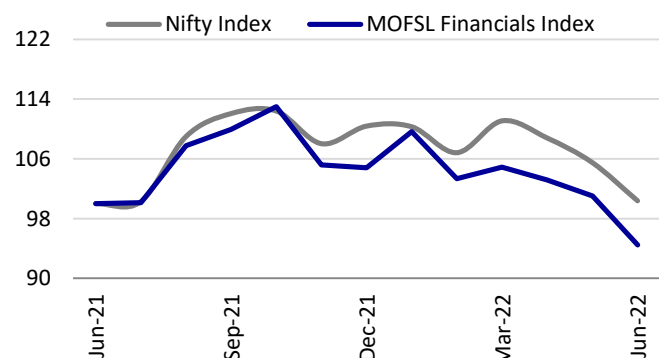
We reiterate our BUY rating on ABFRL/VMART, given their comfortable valuations/ growth equations vis-à-vis the peers. TRENT has the best growth visibility and Balance Sheet strength, which may lead to a possible re-rating of the stock (BUY). SHOP's recent aggressive growth target presents a sound opportunity. However, its execution remains a key monitorable (Neutral). Reliance Retail remains richly valued, given its growth potential.

Exhibit 1: Expected quarterly performance summary (INR m)

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Aditya Birla Fashion	249	Buy	27,439	237.9	20.2	3,924	LP	5.2	318	LP	3.5
Avenue Supermarts	3496	Neutral	1,00,408	93.7	14.3	9,727	333.9	31.6	6,171	547.1	44.6
Barbeque Nation	1039	Neutral	2,549	150.0	1.6	460	LP	3.2	45	LP	816.6
Devyani Intl.	159	Buy	7,055	100.0	19.4	1,623	163.6	16.2	610	LP	-22.4
Jubilant Foodworks	548	Buy	11,866	35.0	2.5	2,967	40.3	2.4	1,149	68.7	-1.3
Restaurant Brands	111	Buy	3,144	110.0	17.0	361	2,251.5	19.4	-154	Loss	Loss
Sapphire Foods	1107	Buy	5,303	75.0	6.7	875	156.8	-12.3	140	LP	-47.3
Shoppers Stop	473	Neutral	9,368	365.9	32.0	1,724	LP	124.7	392	LP	LP
Titan Company	1962	Buy	1,04,213	200.1	33.7	14,038	924.6	60.2	9,700	5,288.7	46.3
Trent	1116	Buy	17,403	431.7	46.8	3,307	LP	117.1	1,223	LP	63.0
V-Mart Retail	2512	Buy	6,962	292.4	51.7	824	LP	63.8	188	LP	LP
Westlife Development	514	Neutral	4,665	80.0	2.5	676	2,598.1	7.5	163	LP	6.6
Retail			3,00,376	145.8	22.9	40,504	940.4	38.0	19,944	LP	42.4

Exhibit 2: Relative performance – three-month (%)

Source: Bloomberg, MOFSL

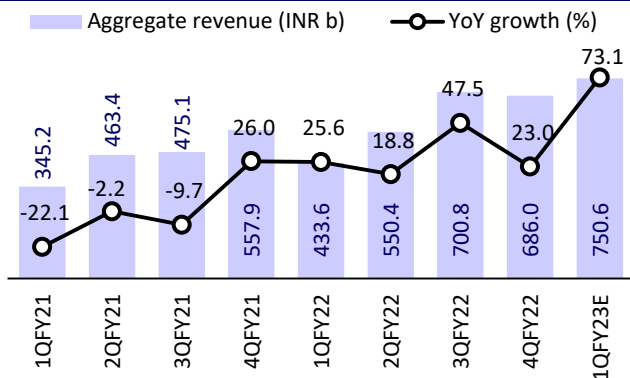
Exhibit 3: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

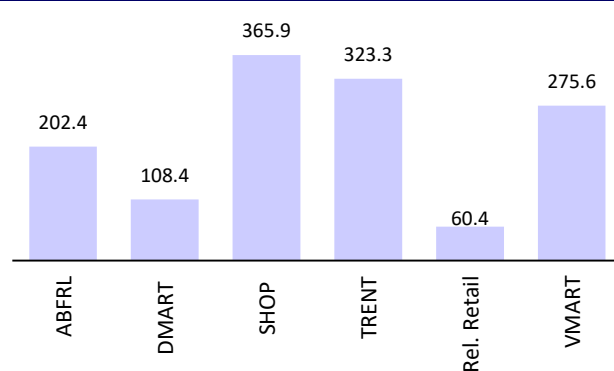
Exhibit 4: Financial snapshot for our Retail coverage universe

	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23E	YoY (%)	QoQ (%)
Total revenue (INR b)											
ABFRL	3.2	10.3	20.8	18.2	8.1	20.5	29.9	22.8	24.6	202.4	7.5
DMART	38.8	53.1	75.4	74.1	51.8	77.9	92.2	87.9	108.0	108.4	22.9
SHOP	0.5	2.9	7.1	6.7	2.0	6.3	9.5	7.1	9.4	365.9	32.0
TRENT	1.0	4.5	7.3	7.7	3.3	10.2	13.5	11.9	13.9	323.3	16.9
Rel retail	300.8	390.9	359.9	447.6	366.6	432.0	548.9	551.8	588.2	60.4	6.6
VMART	0.8	1.8	4.7	3.5	1.8	3.4	6.9	4.6	6.7	275.6	45.2
Aggregate MOFSL universe	345.2	463.4	475.1	557.9	433.6	550.4	700.8	686.0	750.6	73.1	9.4
Growth (YoY)	-22.1	-2.2	-9.7	26.0	25.6	18.8	47.5	23.0	73.1		
Gross Profit (INR b)											
ABFRL	1.3	4.9	10.9	9.8	4.1	11.0	16.3	12.7	12.9	214.0	1.7
DMART	5.5	7.7	11.7	11.0	6.8	11.6	14.2	13.1	16.3	139.5	23.8
SHOP	0.2	0.9	2.7	2.7	0.8	2.4	3.9	2.8	3.9	399.7	36.5
TRENT	0.1	1.8	4.1	4.1	1.8	5.3	6.9	5.8	6.8	287.2	16.6
Rel retail	74.2	96.4	88.8	110.4	90.4	106.6	135.4	136.1	145.1	60.4	6.6
VMART	0.2	0.5	1.7	1.0	0.6	1.0	2.6	1.6	2.1	277.2	29.5
Aggregate MOFSL universe	81.6	112.3	119.9	139.1	104.4	138.0	179.3	172.3	187.1	79.1	8.6
Growth (YoY)	-100.0	-100.0	-100.0	27.8	28.0	22.8	49.5	23.9	79.1		
Gross margin (%)											
ABFRL	41.3	47.5	52.4	53.6	50.7	53.4	54.7	55.7	52.7	196bp	-3bp
DMART	14.2	14.5	15.5	14.8	13.1	14.9	15.4	15.0	15.1	196bp	0bp
SHOP	32.1	32.5	38.6	40.9	38.7	38.2	40.6	40.1	41.5	281bp	1bp
TRENT	13.3	40.9	56.4	53.2	53.6	52.1	51.2	49.1	49.0	-457bp	0bp
Rel retail	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7	0bp	0bp
VMART	30.8	28.8	36.7	29.8	31.0	30.7	37.0	34.9	31.1	13bp	-4bp
Aggregate gross margin (%)	23.6	24.2	25.2	24.9	24.1	25.1	25.6	25.1	24.9	84bp	0bp
EBITDA (INR b)											
ABFRL	-3.6	-0.1	3.6	2.4	-1.7	3.1	5.8	3.7	4.0	-335.7	6.6
DMART	1.1	3.3	6.9	6.1	2.2	6.7	8.7	7.4	9.6	327.0	29.5
SHOP	-1.0	-0.3	0.9	1.0	-0.6	0.7	1.8	0.8	1.7	-374.6	124.7
TRENT	-1.2	0.1	1.8	1.4	-0.3	2.2	2.9	1.5	2.6	-928.1	72.8
Rel retail	10.8	20.1	30.9	36.2	19.4	29.1	38.2	37.1	41.1	111.5	10.8
VMART	-0.1	0.0	1.0	0.3	0.0	0.2	1.4	0.5	0.8	-4,297.3	63.4
Aggregate MOFSL universe	6.1	23.0	45.2	47.3	19.0	42.1	58.8	51.0	59.8	214.7	17.3
Growth (YoY)	-52.2	102.0	202.7	42.4	213.0	83.0	30.1	7.7	214.7		
EBITDA margin (%)											
ABFRL	-111.6	-0.7	17.6	12.9	-20.8	15.3	19.5	16.3	16.2	3698bps	0bps
DMART	2.9	6.2	9.1	8.3	4.3	8.6	9.4	8.4	8.9	454bps	0bps
SHOP	-189.9	-11.9	13.4	14.2	-31.2	11.2	19.2	10.8	18.4	4961bps	8bps
TRENT	-123.7	1.4	24.8	17.7	-9.7	21.7	21.6	12.9	19.0	2871bps	6bps
Rel retail	3.6	5.1	8.6	8.1	5.3	6.7	7.0	6.7	7.0	169bps	0bps
VMART	-7.5	-0.2	22.1	9.5	-1.1	6.1	19.6	11.0	12.3	1345bps	1bps
Margins MOFSL universe	1.8	5.0	9.5	8.5	4.4	7.6	8.4	7.4	8.0	358bps	1bps
PAT (INR b)											
ABFRL	-4.1	-1.9	0.6	-2.0	-3.5	0.1	1.9	0.3	0.4	-110.0	14.5
DMART	0.4	2.0	4.5	4.1	1.0	4.2	5.5	4.3	6.1	535.2	42.0
SHOP	-1.2	-1.0	-0.2	-0.4	-1.2	0.0	0.5	-0.2	0.4	-133.3	-343.7
TRENT	-1.4	-0.5	0.8	0.6	-0.8	1.3	1.3	0.7	0.7	-185.7	-4.1
Rel retail	10.5	13.6	12.5	15.6	10.8	12.8	16.2	16.3	21.5	98.7	32.0
VMART	-0.3	-0.2	0.5	0.0	-0.3	-0.1	0.6	0.0	0.2	-165.0	-814.1
Aggregate MOFSL universe	3.9	12.0	18.7	18.0	6.0	18.1	26.1	21.4	29.2	390.6	36.4
Growth (YoY)	-79.3	-37.1	-14.8	24.0	52.9	50.3	39.7	19.3	390.6		

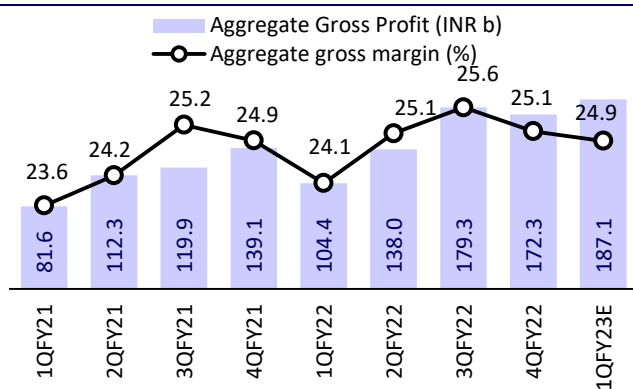
Source: Company, MOFSL

Exhibit 5: Aggregate revenue growth (YoY %)

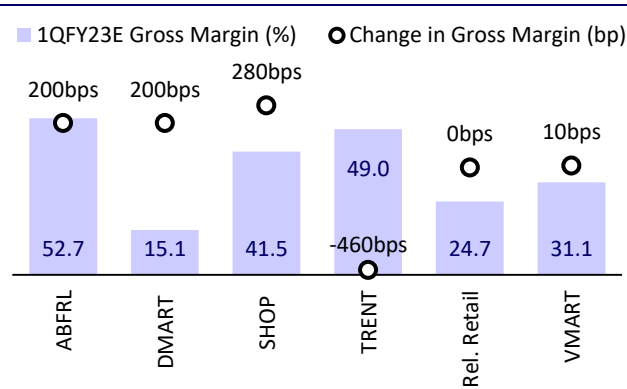
Source: Company, MOFSL

Exhibit 6: Expected revenue growth for 1QFY23 (YoY %)

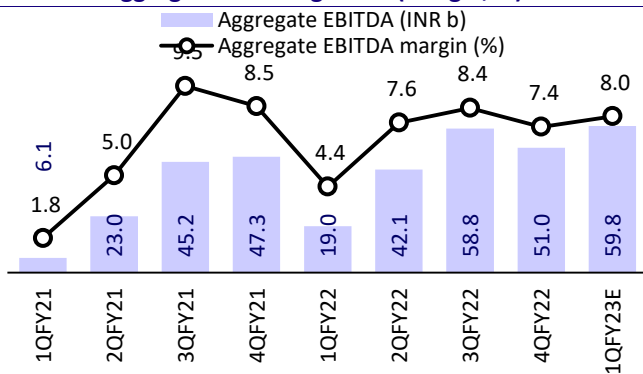
Source: Company, MOFSL

Exhibit 7: Aggregate growth in gross profit (YoY %)

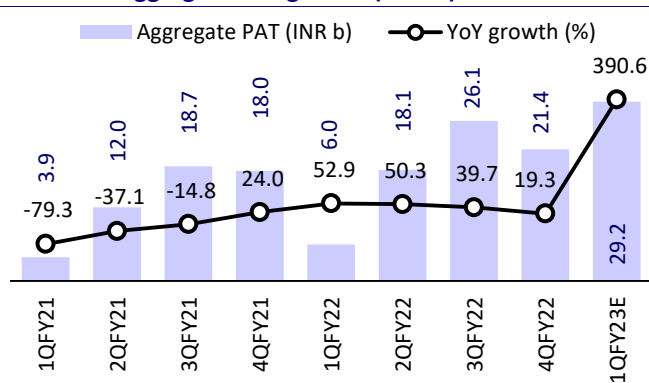
Source: Company, MOFSL

Exhibit 8: Change in gross margin (YoY %)

Source: Company, MOFSL

Exhibit 9: Aggregate EBITDA growth (margin, %)

Source: Company, MOFSL

Exhibit 10: Aggregate PAT growth (YoY %)

Source: Company, MOFSL

Exhibit 11: Retail coverage KPI snapshot

	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23E
Total store count												
Madura EBOs	2,544	2,656	2,699	2,662	2,686	2,813	2,866	2,874	2,917	3,036	3,091	3,159
Pantaloons	331	343	342	342	339	344	346	342	347	361	377	387
DMart	189	196	214	216	220	221	234	238	246	263	284	288
Shoppers Stop	84	89	84	84	85	84	84	83	80	83	88	89
Westside	161	167	165	166	166	169	174	184	191	197	200	210
Zudio	80	93	96	100	105	119	152	156	166	197	254	264
V-Mart	239	257	266	266	264	274	279	282	368	374	380	393
Store additions												
Madura EBOs	38	112	43	-37	24	127	53	8	43	119	55	68
Pantaloons	17	12	-1	0	-3	5	2	-4	5	14	16	10
DMart	5	7	18	2	4	1	13	4	8	17	21	4
Shoppers Stop	1	5	-5	0	1	-1	0	-1	-3	3	5	1
Westside	6	6	-2	1	0	3	5	10	7	6	3	10
Zudio	13	13	3	4	5	14	33	4	10	31	57	10
V-Mart	12	18	9	0	-2	10	5	3	86	6	6	13
Total store additions	92	173	65	-30	29	159	111	24	156	196	163	116

Source: Company, MOFSL

Exhibit 12: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Retail						135.8	73.6	58.3	16.0	13.7	11.4	11.8	18.6	19.6
Aditya Birla Fashion	249	Buy	-1.3	3.4	3.7	-193.3	74.0	67.0	8.4	7.5	6.8	-4.4	10.7	10.6
Avenue Supermarts	3,496	Neutral	23.0	42.2	52.6	151.7	82.8	66.4	15.9	13.3	11.0	11.5	18.2	18.8
Barbeque Nation	1,039	Neutral	-6.6	4.6	12.9	-157.3	223.9	80.2	10.5	10.0	8.9	-6.7	4.5	11.1
Devyani Intl.	159	Buy	1.5	2.5	3.2	109.2	63.4	50.5	28.0	19.3	13.9	43.9	36.0	32.0
Jubilant Foodworks	548	Buy	6.6	7.7	9.9	83.0	70.9	55.5	18.6	17.0	14.5	22.4	24.0	26.2
Restaurant Brands	111	Buy	-4.3	-1.6	0.9	-26.0	-68.4	120.9	5.1	5.5	5.3	-19.6	-8.1	4.4
Sapphire Foods	1,107	Buy	7.2	10.7	24.1	152.9	103.7	45.9	7.0	6.5	5.7	6.2	6.5	13.3
Shoppers Stop	473	Neutral	-12.2	17.5	18.4	-38.8	27.0	25.7	40.2	16.2	9.9	-72.6	85.3	47.8
Titan Company	1,962	Buy	26.2	33.3	38.8	74.8	59.0	50.6	18.7	15.9	13.2	27.7	29.2	28.6
Trent	1,116	Buy	1.2	11.0	16.3	939	101	68.4	15.7	13.5	11.1	1.8	15.3	19.0
V-Mart Retail	2,512	Buy	6.4	48.7	80.0	390	52	31.4	5.3	4.8	4.2	1.4	9.9	14.3
Westlife Dev.	514	Neutral	-0.1	4.4	8.1	-4,805.1	116.8	63.8	17.3	15.1	12.2	-0.4	13.8	21.1

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe.

Avenue Supermarts

Neutral

CMP: INR3,396 | TP: INR3,500 (+3.1%)

EPS CHANGE (%): FY23|24: 5.3|0.0

- Standalone revenue grew ~2x YoY to INR98.1b in 1QFY23, 70% over 1QFY20 (or pre-Covid) levels and 11% below our estimate.
- DMART added 10 stores in 1QFY23, taking its total store count to 294.
- Expect EBITDA margin to improve to 9.8% in 1QFY23.

Consolidated - Quarterly Earning

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	51,831	77,889	92,178	87,865	1,00,408	1,17,084	1,22,904	1,40,157	3,09,763	4,80,553
YoY Change (%)	33.5	46.8	22.2	18.5	93.7	50.3	33.3	59.5	28.3	55.1
Total Expenditure	49,589	71,204	83,513	80,472	90,681	1,06,947	1,11,996	1,28,216	2,84,778	4,37,841
EBITDA	2,242	6,686	8,665	7,393	9,727	10,136	10,907	11,941	24,985	42,712
Change YoY (%)	100.6	102.9	25.7	20.7	333.9	51.6	25.9	61.5	43.3	70.9
Depreciation	1,074	1,160	1,283	1,463	1,330	1,363	1,374	1,386	4,981	5,453
Interest	108	124	140	166	161	161	161	161	538	645
Other Income	315	275	260	326	217	217	217	217	1,175	869
PBT	1,374	5,677	7,502	6,089	8,453	8,829	9,590	10,611	20,641	37,483
Tax	420	1,499	1,976	1,821	2,282	2,384	2,589	2,865	5,717	10,120
Rate (%)	30.6	26.4	26.3	29.9	27.0	27.0	27.0	27.0	27.7	27.0
Reported PAT	954	4,178	5,525	4,268	6,171	6,445	7,001	7,746	14,924	27,362
Adj PAT	954	4,178	5,525	4,268	6,171	6,445	7,001	7,746	14,924	27,362
YoY Change (%)	138	110.4	23.6	3.1	547	54.3	26.7	81.5	36	83

E: MOFSL Estimates

ABFRL

Buy

CMP: INR248 | TP: INR330 (+33.1%)

EPS CHANGE (%): FY23|24: 0.8|(0.4)

- Expect revenue to increase 33% in 1QFY23 v/s 1QFY20.
- Expect revenue from the Ethnic Wear segment to touch INR1b in 1QFY23.
- Expect revenue from Madhura/Pantaloon to grow 20%/40% YoY in 1QFY23 v/s 1QFY20E, respectively.
- Expect Madhura to add 68 EBO stores in 1QFY23.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	8,120	20,543	29,871	22,828	27,439	28,486	34,426	28,299	81,362	1,18,650
YoY Change (%)	151.4	99.8	43.9	25.3	237.9	38.7	15.2	24.0	55.0	45.8
Total Expenditure	9,807	17,408	24,050	19,098	23,515	24,441	30,226	21,997	70,363	1,00,179
EBITDA	-1,687	3,135	5,821	3,730	3,924	4,045	4,200	6,302	10,999	18,471
Change, YoY (%)	-53.2	-4,203.8	59.7	58.5	-332.5	29.0	-27.8	68.9	374.5	67.9
Depreciation	2,378	2,416	2,509	2,668	2,673	2,740	2,761	2,786	9,970	10,961
Interest	852	876	884	895	989	989	989	989	3,507	3,957
Other Income	243	252	243	267	163	163	163	163	1,006	653
PBT	-4,674	96	2,671	435	424	479	613	2,689	-1,473	4,206
Tax	-1,156	37	727	127	106	120	153	672	-266	1,051
Rate (%)	24.7	38.5	27.2	29.3	25.0	25.0	25.0	25.0	18.0	25.0
Reported PAT	-3,518	59	1,944	308	318	359	460	2,017	-1,207	3,154
Adj PAT	-3,518	59	1,944	308	318	359	460	2,017	-1,207	3,154
YoY Change (%)	-14.3	-103.1	232.6	-115.7	-109.0	509.6	-76.3	555.7	-83.6	-361.3

E: MOFSL Estimates

Shoppers Stop

Neutral

CMP: INR474 | TP: INR510 (7.6%)

EPS CHANGE (%): FY23|24: 0|0

- Expect revenue to grow 13% in 1QFY23 v/s 1QFY20.
- Expect revenue from Beauty to grow 7% in 1QFY23 v/s 1QFY20.
- Expect an addition of only one new store in 1QFY23 for Shoppers Stop. Total store count to reach 89 by Jun'22.
- Expect margin to be hit sequentially due to the Omicron wave.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Total Revenue from Operations	2,011	6,316	9,513	7,099	9,368	9,250	11,321	7,412	24,938	37,350
YoY Change (%)	272.9	116.0	34.4	5.8	365.9	46.5	19.0	4.4	44.6	49.8
Total Expenditure	2,638	5,610	7,683	6,332	7,644	7,469	8,859	6,534	22,263	30,506
EBITDA	-628	706	1,829	767	1,724	1,781	2,462	877	2,675	6,844
EBITDA Margin (%)	-31.2	11.2	19.2	10.8	18.4	19.3	21.8	11.8	10.7	18.3
Depreciation	878	903	812	927	933	956	963	972	3,520	3,824
Interest	509	520	497	528	513	513	513	513	2,054	2,051
Other Income	641	676	146	198	246	246	246	246	1,661	984
PBT before EO expense	-1,373	-41	666	-490	524	558	1,232	-361	-1,238	1,953
PBT	-1,523	-41	666	-490	524	558	1,232	-361	-1,388	1,953
Tax	-346	-10	164	-329	132	140	310	-91	-521	492
Rate (%)	22.7	25.6	24.6	67.1	25.2	25.2	25.2	25.2	37.5	25.2
Reported PAT	-1,178	-30	502	-161	392	417	922	-270	-867	1,462
Adj PAT	-1,028	-30	502	-161	392	417	922	-270	-717	311
YoY Change (%)	-7.6	-97.3	-342.3	-34.8	-138.2	-1,482.4	83.8	68.0	-73.3	-143.3

E: MOFSL Estimates

Trent

Buy

CMP: INR1,118 | TP: INR1,430 (27.9%)

EPS CHANGE (%): FY23|24: 6.6|7.0

- Expect revenue to increase 2.3x in 1QFY23 v/s 1QFY20, aided by strong store additions of 2.2x over the same period.
- Expect a total of 453 stores as of 1QFY23.
- Expect EBITDA margin improvement to 19% in 1QFY23.
- Expect Westside/Zudio to add 10 new stores each in 1QFY23.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	3,273	10,204	13,478	11,853	17,403	15,446	18,682	14,200	38,807	65,732
YoY Change (%)	239.8	125.7	85.8	53.2	431.7	51.4	38.6	19.8	89.5	69.4
Total Expenditure	3,591	7,991	10,561	10,329	14,097	12,512	15,132	11,502	32,472	53,243
EBITDA	-318	2,213	2,917	1,523	3,307	2,935	3,550	2,698	6,335	12,489
EBITDA Margin (%)	-9.7	21.7	21.6	12.9	19.0	19.0	19.0	19.0	16.3	19.0
Depreciation	622	666	734	809	916	916	916	916	2,831	3,664
Interest	686	726	734	787	882	882	882	882	2,933	3,527
Other Income	523	949	296	1,021	125	125	125	125	2,790	500
PBT before EO expense	-1,102	1,769	1,746	949	1,634	1,262	1,877	1,025	3,362	5,798
Extra-Ord expense	0	-130	0	-2	0	0	0	0	-132	0
PBT	-1,102	1,639	1,746	947	1,634	1,262	1,877	1,025	3,230	5,798
Tax	-265	383	417	199	411	318	472	258	734	1,459
Reported PAT	-838	1,256	1,329	749	1,223	944	1,404	767	2,496	4,339
Adj PAT	-838	1,356	1,329	750	1,223	944	1,404	767	2,598	4,339
YoY Change (%)	-39.9	-381.9	66.8	22.1	-246.0	-30.4	5.7	2.3	-658.3	67.0

E: MOFSL Estimates

V-Mart Retail

Buy

CMP: INR2,497 | TP: INR3,500 (+40.1%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect 54% increase in revenue in 1QFY23 v/s 1QFY20 led by strong store additions of 73% over the same period.
- Added 13 stores in 1QFY23; total store count reached to 393.
- Expect EBITDA margin at 11.8% v/s 12.8% in 1QFY20.

Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	1,774	3,380	6,920	4,588	6,962	5,185	8,363	5,422	16,662	25,932
YoY Change (%)	127.3	92.6	47.2	30.4	292.4	53.4	20.8	18.2	54.9	55.6
Total Expenditure	1,794	3,173	5,567	4,085	6,137	4,772	6,732	4,816	14,618	22,457
EBITDA	-20	206	1,353	503	824	413	1,631	606	2,043	3,475
EBITDA Margin (%)	-1.1	6.1	19.6	11.0	11.8	8.0	19.5	11.2	12.3	13.4
Depreciation	255	272	404	376	407	407	407	407	1,307	1,628
Interest	156	169	212	235	187	187	187	187	772	749
Other Income	45	41	26	28	28	28	28	28	140	110
PBT	-385	-195	764	-80	258	-153	1,064	39	104	1,208
Tax	-98	-53	193	-54	70	-41	287	11	-12	326
Rate (%)	25.4	27.3	25.2	67.4	27.0	27.0	27.0	27.0	-12.0	27.0
Reported PAT	-287	-141	571	-26	188	-112	777	29	116	882
Adj PAT	-287	-141	571	-26	188	-112	777	29	116	882
YoY Change (%)	-14.6	-25.4	19.3	77.2	-165.5	-20.8	36.0	-210.0	-287.7	657.3

E: MOFSL Estimates

Retail (Consumer Discretionary)

Company name

Barbeque Nation Hospitality

Devyani International

Jubilant FoodWorks

Restaurants Brand Asia

Sapphire Foods

Titan Company

Westlife Development

Topline momentum strong; dine-in revival to aid growth

Price hikes taken by QSRs well absorbed and demand remains unaffected

- We expect revenue to grow 1.5x YoY on aggregate basis for our coverage universe (TTAN, JUBI, DEVYANI, SAPPHIRE, WLDL, RBA, and BARBEQUE) in 1QFY23, primarily led by full resumption of consumer mobility from a weak base, owing to the second COVID wave.
- Although most QSR players had implemented price hikes during the quarter to combat high input cost inflation, some impact on profitability can be expected a) as price hikes may slightly lag behind the increasing cost of inflation, especially in key commodities such as palm oil, which was fuelled by the geopolitical crisis, and b) as QSR players choose not to pass on the full input cost inflation to maintain accessibility and demand momentum.
- TTAN's Jewelry segment is expected to post revenue growth of 2x YoY/30% QoQ (three-year CAGR at 29%), led by strong sales on the occasion of Akshaya Tritiya and stable gold prices during the quarter. With a higher YoY salience of studded jewelry (similar to pre-COVID levels), the Jewelry segment margin is expected to improve. Watches/Eyewear sales also grew 158%/176% YoY on account of a low base. Three-year revenue CAGR for the watches/eyewear segment stood at 2%/7.5%. We expect TTAN's EBITDA margin to come in at 13.5% (v/s 3.9% YoY and 11.2% QoQ).
- All our coverage companies within the Food Service Industry (FSI) – JUBI, DEVYANI, SAPPHIRE, WLDL, RBA and BARBEQUE – are likely to deliver a strong SSSG in their domestic businesses led by: a) revival in the dine-in channel, led by increased mobility, especially in metro cities, and b) sustained performance of the delivery channels. All restaurant players would continue to expand their store networks in line with previously given guidance.
- We expect a strong 100%/75% YoY revenue growth for DEVYANI/SAPPHIRE. We expect WLDL/RBA to post revenue growth of 80%/110% YoY. Recovery in the dine-in channel would significantly benefit DEVYANI, SAPPHIRE, WLDL, and BARBEQUE, with high visibility in the channel. JUBI is expected to post revenue growth of 35% YoY. Aggregate EBITDA for our coverage companies is expected to grow 3.9x YoY and 39% QoQ. We expect its aggregate Adj. PAT to come in at INR11.6b v/s a loss of INR762m YoY.

Branded players to continue aggressive expansion

- Branded players, in both Jewelry and FSI, are seeing an improved post-COVID opportunity with a) the shutting down of smaller unorganized players during COVID-19, leading to market share gains, b) shift towards trusted brands, c) a pickup in in-home consumption and delivery channel, and d) increased adoption of technology by consumers, benefitting larger players (who have invested in technology).
- We believe in the long-term potential and the structural opportunity for all the aforesaid players. We are bullish on TTAN, owing to a) expected gains from the unorganized sector and b) strong wedding and festive demand (notwithstanding some possible postponement of demand owing to higher prices from the increased duty on gold imports). We recommend a BUY rating on JUBI, owing to its strong unparalleled moats of delivery, value, and technology. We also prefer DEVYANI and SAPPHIRE, owing to their strong growth outlook, robust fundamentals of KFC, and the turnaround of Pizza Hut. Our bullish stance on RBA is driven by its [multiple levers to unlock growth](#), supported by cheap valuations.

Exhibit 1: Summary of expected quarterly performance

Sector	CMP (INR)	RECO	SALES (INR M)			EBITDA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Barbeque Nation	1039	Neutral	2,549	150.0	1.6	460	LP	3.2	45	LP	816.6
Devyani Intl.	159	Buy	7,055	100.0	19.4	1,623	163.6	16.2	610	LP	-22.4
Jubilant Foodworks	548	Buy	11,866	35.0	2.5	2,967	40.3	2.4	1,149	68.7	-1.3
Restaurant Brands	111	Buy	3,144	110.0	17.0	361	2,251.5	19.4	-154	Loss	Loss
Sapphire Foods	1107	Buy	5,303	75.0	6.7	875	156.8	-12.3	140	LP	-47.3
Titan Company	1962	Buy	1,04,213	200.1	33.7	14,038	924.6	60.2	9,700	5,288.7	46.3
Westlife Development	514	Neutral	4,665	80.0	2.5	676	2,598.1	7.5	163	LP	6.6
Retail			1,38,797	151.5	26.0	20,999	387.9	36.1	11,652	LP	31.3

Exhibit 2: 4QFY22 LTL sales growth for Tanishq at 4%

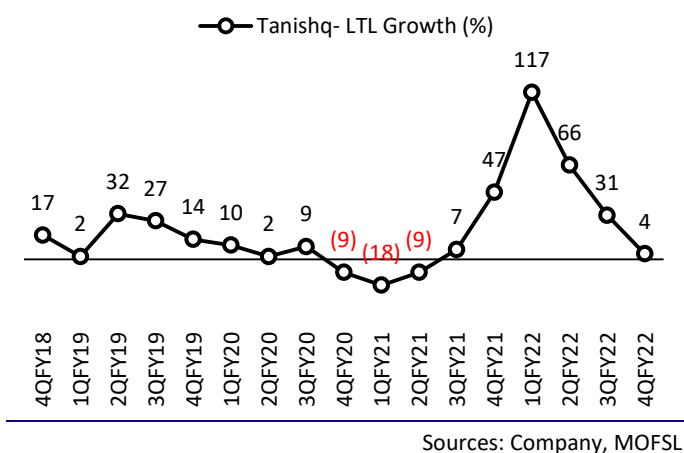


Exhibit 3: ...with 6% jewelry volume growth

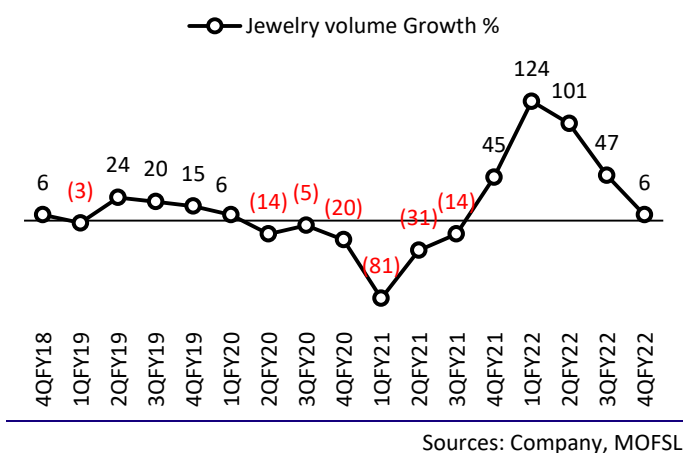


Exhibit 4: Average gold prices increased 7.8% YoY and 3% QoQ in 1QFY23

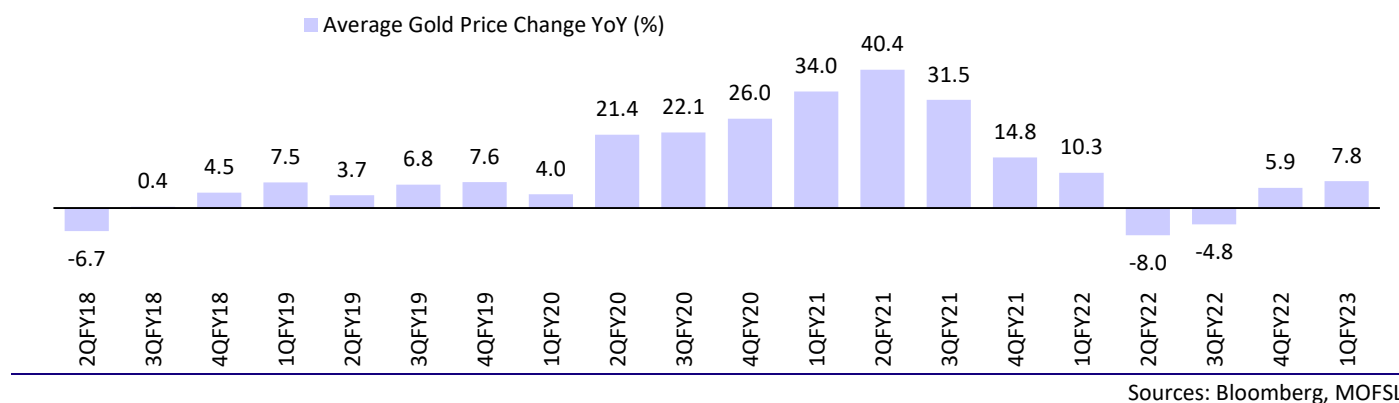
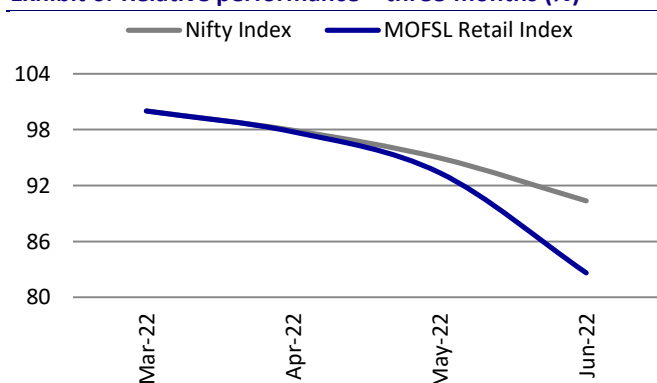


Exhibit 5: Forecasting strong SSSG performance by the restaurant players in 1QFY23E

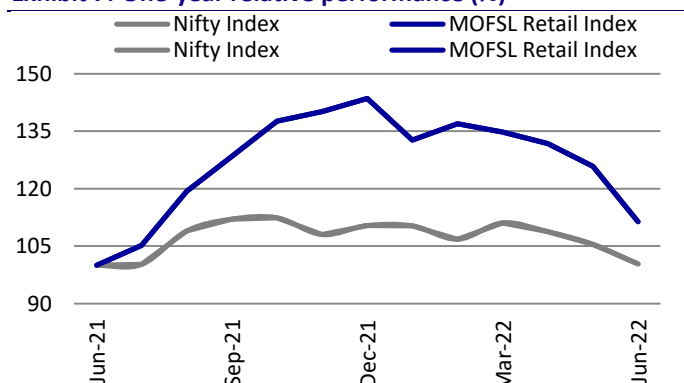
	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23E
No. of stores									
Domino's	1,354	1,264	1,314	1,360	1,380	1,435	1,495	1,567	1,617
Pizza Hut (Devyani)	-	258	273	297	317	351	391	413	438
Pizza Hut (Sapphire)	172		161	162	171	188	209	219	234
Total PH	-	-	434	459	488	539	600	632	672
KFC (Devyani)	-	214	240	264	284	309	339	364	389
KFC (Sapphire)	186		196	203	208	219	250	263	278
Total KFC	-	-	436	467	492	528	589	627	667
McDonald's (WLDL)	320	311	304	305	305	310	316	326	334
Burger King	259	261	270	265	270	274	294	315	333
Barbeque Nation	162	162	163	164	166	167	174	185	192
Net store addition									
Domino's	19	-90	50	46	20	55	60	72	50
Pizza Hut (Devyani)	-	-	15	24	20	34	40	22	25
Pizza Hut (Sapphire)	-2			1	9	17	21	10	15
Total PH	-	-	-	25	29	51	61	32	40
KFC (Devyani)	-	-	26	24	20	25	30	25	25
KFC (Sapphire)	-1			7	5	11	31	13	15
Total KFC	-	-	-	31	25	36	61	38	40
McDonald's (WLDL)	1	-9	-7	1	0	5	6	10	8
Burger King	-1	2	9	-5	5	4	20	21	18
Barbeque Nation	-2	0	1	1	2	1	7	11	7
SSSG (%)									
Domino's*	-61.5	-18.8	-0.2	13.7	120.4	29.4	7.5	5.8	27.0
Pizza Hut (Devyani)	-	-37.3	-11.0	13.4	216.1	73.5	24.7	2.3	17.0
Pizza Hut (Sapphire)	-60.9		-19.0		135.4		22.0	3.0	23.0
KFC (Devyani)	-	-51.6	-13.0	19.6	158.0	72.0	23.8	3.0	30.0
KFC (Sapphire)	-65.0		-10.0		149.0		29.0	15.0	33.0
McDonald's (WLDL)	-54.0	-40.7	-24.0	10.5	183.0	83.7	44.0	23.0	76.0
Burger King	-68.9	-48.6	-34.8	-4.9	270.0	140.0	65.0	17.0	90.0
Barbeque Nation	-95.8	-66.9	-21.2	19.9	960.0	184.0	42.7	5.5	110.0

*Like-for-like (LFL) growth

Sources: Companies, MOFSL

Exhibit 6: Relative performance – three-months (%)

Sources: Bloomberg, MOFSL

Exhibit 7: One-year relative performance (%)

Sources: Bloomberg, MOFSL

Exhibit 8: Comparative valuation summary

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Retail						135.8	73.6	58.3	16.0	13.7	11.4	11.8	18.6	19.6
Barbeque Nation	1,039	Neutral	-6.6	4.6	12.9	-157.3	223.9	80.2	10.5	10.0	8.9	-6.7	4.5	11.1
Devyani Intl.	159	Buy	1.5	2.5	3.2	109.2	63.4	50.5	28.0	19.3	13.9	43.9	36.0	32.0
Jubilant Foodworks	548	Buy	6.6	7.7	9.9	83.0	70.9	55.5	18.6	17.0	14.5	22.4	24.0	26.2
Restaurant Brands	111	Buy	-4.3	-1.6	0.9	-26.0	-68.4	120.9	5.1	5.5	5.3	-19.6	-8.1	4.4
Sapphire Foods	1,107	Buy	7.2	10.7	24.1	152.9	103.7	45.9	7.0	6.5	5.7	6.2	6.5	13.3
Titan Company	1,962	Buy	26.2	33.3	38.8	74.8	59.0	50.6	18.7	15.9	13.2	27.7	29.2	28.6
Westlife Dev.	514	Neutral	-0.1	4.4	8.1	-4,805.1	116.8	63.8	17.3	15.1	12.2	-0.4	13.8	21.1

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Barbeque Nation Hospitality

Neutral
CMP: INR1,039 | TP: INR1,060 (+2%)
EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect 110% SSSG with strong recovery from the disruptions of the last quarter
- Dine-in recovery remains strong, driving incremental sales
- Expecting addition of 7 new outlets in 1QFY23
- Watch out for commentary on SSSG, delivery and ext. kitchens

Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
SSSG (%)	960.0	184.0	42.7	5.5	110.0	39.0	14.0	30.0	64.7	21.0
No. of stores	166	167	174	185	192	200	210	220	185	220
Net Sales	1,020	2,209	2,867	2,510	2,549	3,313	3,583	3,525	8,606	12,971
YoY change (%)	939.1	190.3	47.1	10.9	150.0	50.0	25.0	40.4	69.7	50.7
Gross Profit	600	1,450	1,886	1,622	1,660	2,154	2,347	2,323	5,558	8,483
Margin (%)	58.9	65.6	65.8	64.6	65.1	65.0	65.5	65.9	64.6	65.4
Total Exp	1,198	1,796	2,210	2,065	2,090	2,720	2,906	2,885	7,268	10,601
EBITDA	-178	413	657	445	460	594	677	640	1,337	2,371
EBITDA growth %	N/M	N/M	59.6	-2.1	N/M	N/M	3.1	43.7	188.3	77.3
Margin (%)	-17.5	18.7	22.9	17.7	18.0	17.9	18.9	18.2	15.5	18.3
Depreciation	289	304	340	340	300	400	450	479	1,273	1,629
Interest	166	153	172	162	150	170	180	198	653	698
Other Income	74	85	45	59	50	50	50	48	263	198
PBT	-559	41	190	2	60	74	97	11	-326	241
Tax	-120	10	44	-3	15	19	24	3	-69	61
Rate (%)	21.5	24.9	23.2	-109.0	25.2	25.2	25.2	25.2	21.1	25.2
Adjusted PAT	-439	31	146	5	45	55	73	8	-257	180
YoY change (%)	N/M	L/P	L/P	-92.4	N/M	79.6	-50.3	65.7	-	-

E: MOSL Estimates

Devyani International

Buy
CMP: INR159 | TP: INR210 (+32%)
EPS CHANGE (%): FY23|24: 0.0|0.0

- KFC is expected to deliver 30% SSSG and 25 store additions
- Higher consumer mobility in 1QFY23 to benefit the dine-in business
- Pizza Hut to deliver 4% SSSG along with 25 store additions
- Watch out for commentary on ADS and delivery contribution

Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
KFC - No. of stores	284	309	339	364	389	414	439	464	364	464
PH - No. of stores	317	351	391	413	438	463	488	513	413	513
KFC - SSSG (%)	158.0	72.0	23.8	3.0	30.0	5.0	3.0	13.0	49.4	
PH - SSSG (%)	216.1	73.5	24.7	2.3	4.0	6.0	17.0	0.0	45.4	
Net Sales	3,528	5,161	6,244	5,907	7,055	7,483	8,430	8,308	20,840	31,276
YoY change (%)	280.6	124.4	64.7	36.4	100.0	45.0	35.0	40.6	83.6	50.1
Gross Profit	2,511	3,664	4,457	4,209	4,974	5,291	5,985	5,895	14,842	22,144
Margin (%)	71.2	71.0	71.4	71.3	70.5	70.7	71.0	71.0	71.2	70.8
EBITDA	616	1,233	1,478	1,397	1,623	1,751	1,998	1,941	4,760	7,313
EBITDA growth %	-444.6	175.5	67.5	19.7	163.6	42.0	35.2	39.0	109.7	53.6
Margin (%)	17.4	23.9	23.7	23.6	23.0	23.4	23.7	23.4	22.8	23.4
Depreciation	482	526	558	648	660	680	720	749	2,213	2,809
Interest	324	328	296	322	335	340	355	367	1,270	1,397
Other Income	47	52	39	24	50	65	70	70	161	255
PBT	-144	431	663	451	678	796	993	895	1,438	3,362
Tax	0	6	9	-335	68	80	99	89	-320	336
Rate (%)	0.2	1.3	1.4	-74.1	10.0	10.0	10.0	10.0	-22.2	10.0
Adjusted PAT	-143	425	654	786	610	716	894	805	1,757	3,026
YoY change (%)	N/M	L/P	L/P	271.2	L/P	68.7	36.7	2.5	L/P	72.2

Jubilant FoodWorks**Buy****CMP: INR548 | TP: INR685 (+25%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect 27% LFL growth for the quarter
- Expect net addition of 50 Domino's outlets in 1QFY23
- Price hikes in 4QF22 to aid margins in 1QFY23 as well
- Watch out for commentary on new ventures

Quarterly Standalone Perf.

Y/E March	FY22				FY23E				Consol.	Consol.
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY22	FY23E
No of stores (Dominos)	1,380	1,435	1,495	1,567	1,617	1,677	1,747	1,817	1,567	1,817
LFL growth (%)	120.4	29.4	7.5	5.8	27.0	8.0	6.0	7.0	26.4	8.0
Net Sales	8,790	11,007	11,935	11,579	11,866	12,658	13,487	13,294	43,961	51,305
YoY change (%)	131.1	36.6	12.9	12.9	35.0	15.0	13.0	14.8	32.7	16.7
Gross Profit	6,788	8,613	9,262	8,905	9,161	9,772	10,412	10,307	34,062	39,652
Gross margin (%)	77.2	78.2	77.6	76.9	77.2	77.2	77.2	77.5	77.5	77.3
EBITDA	2,115	2,860	3,174	2,897	2,967	3,177	3,399	3,352	11,088	12,894
EBITDA growth %	778.7	33.2	13.9	16.2	40.3	11.1	7.1	15.7	43.8	16.3
Margins (%)	24.1	26.0	26.6	25.0	25.0	25.1	25.2	25.2	25.2	25.1
Depreciation	890	902	1,006	1,031	1,080	1,150	1,210	1,243	3,931	4,683
Interest	418	416	446	450	450	460	465	475	1,761	1,850
Other Income	80	93	109	124	100	105	125	132	414	462
PBT	887	1,635	1,831	1,539	1,537	1,672	1,849	1,766	5,810	6,823
Tax	206	407	457	374	387	421	466	445	1,452	1,719
Rate (%)	23.2	24.9	25.0	24.3	25.2	25.2	25.2	25.2	25.0	25.2
Adjusted PAT	681	1,228	1,374	1,165	1,149	1,251	1,383	1,321	4,358	5,104
YoY change (%)	L/P	59.6	9.8	11.7	68.7	1.9	0.6	13.4	89.1	17.1

E: MOSL Estimates

Restaurants Brand Asia Ltd.**Buy****CMP: INR111 | TP: INR150 (+36%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Burger King to deliver 110% YoY sales growth, led by 90% SSSG and 18 store additions
- Resumption in consumer mobility; easing of COVID restrictions to aid the dine-in channel and mall footfalls
- Dine-in business recovery to further aid sales
- Watch out for commentary on ADS and delivery.

Quarterly Standalone Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
SSSG (%)	270.0	140.0	65.0	17.0	90.0	20.0	25.0	35.0	70.0	44.2
No. of stores	270	274	294	315	333	351	370	390	315	390
Net Sales	1,497	2,454	2,799	2,687	3,144	3,436	4,058	4,185	14,903	22,106
YoY change (%)	-72.7	153.7	71.5	37.1	110.0	40.0	45.0	55.8	48.4	48.3
Gross Profit	976	1,605	1,849	1,776	2,091	2,302	2,727	2,812	9,406	14,301
Margin (%)	65.2	65.4	66.1	66.1	66.5	67.0	67.2	67.2	63.1	64.7
Total Exp	1,482	2,198	2,471	2,385	2,783	3,034	3,421	3,629	13,936	19,639
EBITDA	15	256	328	302	361	402	637	557	966	2,466
EBITDA growth %	L/P	7,973.2	115.9	23.6	L/P	57.0	94.2	84.1	287.3	155.2
Margin (%)	1.0	10.4	11.7	11.3	11.5	11.7	15.7	13.3	6.5	11.2
Depreciation	329	334	344	351	370	390	410	423	2,336	2,653
Interest	167	167	168	178	180	190	210	215	954	795
Other Income	37	43	32	94	35	45	55	49	224	184
PBT	-444	-202	-152	-132	-154	-133	72	-32	-2,099	-797
Tax	0	0	0	0	0	0	0	0	0	0
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted PAT	-444	-202	-152	-132	-154	-133	72	-32	-2,099	-797
YoY change (%)	-	-	-	-	-	-	L/P	-	-	-

E: MOSL Estimates

Sapphire Foods

Buy

CMP: INR1,107 | TP: INR1,420 (+28%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- KFC to deliver 33% SSSG along with 15 store additions
- PH to deliver 23% SSSG along with 15 store additions
- Watch out for commentary on Sri Lanka business
- Watch out for commentary on ADS and delivery

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
KFC - No. of stores	208	219	250	263	278	293	308	323	263	323
PH - No. of stores	171	188	209	219	234	249	264	289	219	289
KFC - SSSG (%)	149.0	NA	29.0	15.0	33.0	5.0	4.0	8.0	31.0	10.0
PH - SSSG (%)	135.4	NA	22.0	3.0	23.0	11.0	4.0	14.0	42.0	6.0
Net Sales	3,031	4,142	5,075	4,968	5,303	5,591	5,938	5,822	17,216	22,655
YoY change (%)	173.0	76.9	52.0	45.9	75.0	35.0	17.0	17.2	68.8	31.6
Gross Profit	2,130	2,884	3,510	3,414	3,606	3,830	4,097	4,013	11,938	15,546
Margin (%)	70.3	69.6	69.2	68.7	68.0	68.5	69.0	68.9	69.3	68.6
EBITDA	341	566	1,145	998	875	978	1,069	1,043	3,050	3,965
EBITDA growth %	L/P	70.7	93.1	78.8	L/P	72.8	-6.7	4.5	145.2	30.0
Margin (%)	11.2	13.7	22.6	20.1	16.5	17.5	18.0	17.9	17.7	17.5
Depreciation	534	512	513	576	600	650	700	733	2,135	2,683
Interest	172	190	185	233	200	200	220	240	781	860
Other Income	109	95	78	98	80	80	80	91	380	331
PBT	-256	-41	525	286	155	208	229	161	514	753
Tax	8	10	16	21	16	21	23	16	54	75
Rate (%)	-	-	2.9	7.3	-	-	10.0	10.0	10.5	10.0
Adjusted PAT	-264	-51	510	265	140	188	206	145	460	678
YoY change (%)	-	-	1,678.2	-	L/P	L/P	-59.6	-71.6		47.4

E: MOSL Estimates

Titan Company

Buy

CMP: INR1,962 | TP: INR2,580 (+31%)

EPS CHANGE (%): FY23|24: 23.4|2.6

- 207% YoY growth in the Jewelry segment, driven by high demand on Akshaya Tritiya in May'22
- Robust YoY revenue growth of 158%/176% in Watches/Eyewear, with the opening of workplaces and increased consumer mobility
- Margins likely to expand YoY, owing to better YoY growth in the studded jewelry segment, comparable to pre-COVID levels.
- Watch out for outlook on international business expansion and impact on demand due to import duty hike on gold

Consolidated Quarterly Performance

(INR b)

Y/E March	FY22				FY22				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	34.7	74.9	100.4	78.0	104.2	76.0	98.0	89.3	288.0	367.5
YoY change (%)	75.5	64.6	31.7	4.0	200.1	1.5	-2.4	14.5	33.1	27.6
Gross Profit	7.8	18.8	25.4	19.7	28.1	19.8	27.2	23.9	71.6	99.0
Margin (%)	22.4	25.0	25.3	25.3	27.0	26.0	27.8	26.7	24.9	26.9
EBITDA	1.4	9.7	14.4	8.8	14.0	9.4	13.8	10.3	34.2	47.6
EBITDA growth %	L/P	209.3	70.0	7.2	924.6	-2.7	-4.1	17.7	98.5	39.1
Margin (%)	3.9	12.9	14.4	11.2	13.5	12.4	14.1	11.5	11.9	13.0
Depreciation	1.0	1.0	1.0	1.0	1.0	1.1	1.2	1.2	4.0	4.4
Interest	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	2.2	2.4
Other Income	0.5	0.6	0.6	0.8	0.5	0.6	0.6	1.1	2.3	2.8
PBT	0.4	8.7	13.4	7.9	13.0	8.4	12.7	9.5	30.4	43.6
Tax	0.2	2.3	3.3	1.3	3.3	2.1	3.2	2.4	7.1	11.0
Rate (%)	53.8	26.2	24.7	16.0	25.2	25.2	25.2	25.2	23.2	25.2
Adjusted PAT	0.2	6.4	10.1	6.6	9.7	6.3	9.5	7.1	23.3	32.6
YoY change (%)	L/P	268.4	90.9	16.7	5288.7	-1.9	-6.5	7.6	138.4	39.6

E: MOSL Estimates

Westlife Development

Neutral

CMP: INR514 | TP: INR490 (-5%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect 76% SSSG in 1QFY23 driven by omni-channel focus
- Dine-in channel recovery to continue while convenience channels to stay elevated compared with pre-COVID levels
- Expect 12 new store additions in 1QFY23
- Watch out for commentary on price hikes

Consolidated quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
SSSG %	183.0	83.7	44.0	23.0	76.0	14.0	11.0	14.0	83.4	22.0
No. of McDonald's restaurants	305	310	316	326	334	343	352	362	326	361
Net Sales	2,592	3,854	4,768	4,551	4,665	4,548	5,484	5,371	15,765	20,068
YoY Change (%)	176.0	84.0	46.7	27.3	80.0	18.0	15.0	18.0	59.9	27.3
Gross profit	1,695	2,495	3,165	2,959	3,046	2,993	3,619	3,547	10,314	13,205
Margin (%)	65.4	64.7	66.4	65.0	65.3	65.8	66.0	66.0	65.4	65.8
Total Expenditure	2,567	3,410	3,975	3,921	3,988	3,866	4,639	4,515	13,873	17,008
EBITDA	25	444	793	629	676	682	844	857	1,892	3,060
YoY Change (%)	L/P	L/P	81.4	34.6	L/P	53.5	6.4	36.1	303.1	61.7
Margins (%)	1.0	11.5	16.6	13.8	14.5	15.0	15.4	15.9	12.0	15.2
Depreciation	332	338	348	346	350	380	400	426	1,364	1,556
Interest	203	204	210	209	220	240	260	274	826	994
Other Income	64	40	43	131	75	60	55	61	277	251
PBT	-446	-59	279	205	181	122	239	218	-21	761
Tax	-112	-15	70	52	18	12	24	22	-4	76
Rate (%)	N/M	N/M	25.3	25.4	10.0	10.0	10.0	10.0	19.4	10.0
Adj PAT	-334	-44	208	153	163	110	216	197	-17	685
YoY Change (%)	-	-	L/P	L/P	L/P	L/P	3.5	28.3	-	L/P
Margins (%)	-12.9	-1.1	4.4	3.4	3.5	2.4	3.9	3.7	-0.1	3.4

Staffing

Security & Intelligence
Services India

TeamLease Services

Quess Corp

Sustained growth; margins will take a hit

Expect strong demand in 1QFY23

- We expect our Staffing Coverage Universe to deliver a sales/EBITDA/PAT growth of 27%/10%/40% YoY in 1QFY23.
- We forecast a strong revenue as most industries have recovered from the COVID-19 pandemic. Growth will remain broad-based.
- Margin to remain under pressure across companies on account of wage inflation, one-offs, and investments.

QUESS to lead the sequential revenue growth trajectory

- QUESS is likely to lead the sequential revenue growth trajectory, supported by broad-based demand in General as well as Specialized Staffing.
- We expect headcount additions to remain strong in 1QFY23.

Margin to take a hit

- We anticipate a margin hit in the 30-90bp range sequentially, due to wage hikes and one-time margin hit in QUESS. We expect margin to be lower in the 20-80bp range YoY.
- Margin recovery to take time and will occur gradually towards the end of FY23.

Long-term outlook is positive

- The Staffing sector has already passed the peak of uncertainty as the economy has opened up and witnessed a good rebound. The market shift to organized players will be one of the key growth drivers. This makes Staffing an attractive play in the long term.
- We maintain our positive stance on the sector, with a Buy rating on QUESS and SIS and a Neutral rating on TEAM.

Exhibit 1: Expect revenue to grow by 3.7% QoQ

Company	Revenue (INR b)					EBITDA (INR b)				
	1QFY23E	4QFY22	QoQ (%)	1QFY22	YoY (%)	1QFY23E	4QFY22	QoQ (%)	1QFY22	YoY (%)
SIS	27.3	26.5	3.0%	23.8	14.6%	1.2	1.2	-6.4%	1.2	-4.0%
TeamLease	18.6	18.2	2.3%	13.8	35.0%	0.4	0.4	-11.7%	0.3	22.8%
Quess	39.8	37.9	4.9%	29.9	33.2%	1.6	1.8	-13.6%	1.3	19.7%
Aggregate	85.6	82.6	3.7%	67.4	27.0%	3.1	3.5	-10.8%	2.8	9.9%
Company	EBITDA margin (%)					Adjusted PAT (INR b)				
	1QFY23E	4QFY22	QoQ (bp)	1QFY22	YoY (bp)	1QFY23E	4QFY22	QoQ (%)	1QFY22	YoY (%)
SIS	4.3	4.7	-40.0	5.1	-80.0	0.6	1.0	-37.7%	0.6	2.0%
TeamLease	2.0	2.3	-30.0	2.1	-20.0	0.3	0.3	-4.2%	0.2	21.9%
Quess	4.0	4.9	-90.0	4.4	-40.0	0.7	0.8	-11.1%	0.3	126.5%
Aggregate	3.6	4.2	-60.0	4.2	-60.0	1.6	2.1	-22.6%	1.1	39.5%

Source: Company, MOFSL

Exhibit 2: Change in our estimates

Sector	Revised EPS (INR)		Earlier EPS (INR)		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
SIS	21.3	28.9	25.3	33.6	-15.8%	-14.0%
TeamLease	85.9	106.9	89.7	119.3	-4.3%	-10.4%
Qess	27.7	42.8	36.0	49.5	-23.1%	-13.5%

Source: Company, MOFSL

Exhibit 3: Expected quarterly performance summary

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Qess Corp	607	Buy	39,777	33.2	4.9	1,591	19.7	-13.6	694	126.5	-11.1
SIS	460	Buy	27,261	14.6	3.0	1,165	-4.0	-6.4	607	16.9	-37.7
Team Lease Serv.	3253	Neutral	18,587	35.0	2.3	362	22.8	-11.7	297	21.9	-4.2
Staffing			85,624	27.0	3.7	3,118	9.9	-10.8	1,597	49.4	-22.6

Source: Company, MOFSL

Exhibit 4: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Staffing						32.2	24.1	16.9	4.2	3.5	2.9	12.9	14.5	17.2
Qess Corp	607	Buy	17.6	27.7	42.8	34.4	21.9	14.2	2.8	2.4	2.0	11.5	16.2	20.8
SIS	460	Buy	19.4	21.3	28.9	23.8	21.6	15.9	1.5	1.3	1.1	14.8	14.2	16.5
Team Lease Serv.	3,253	Neutral	65.1	88.0	109.5	50.0	37.0	29.7	7.9	6.1	5.0	16.3	18.5	18.5

Source: Company, MOFSL

The tables below provide a snapshot of actual and estimated numbers for IT companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

SIS Buy

CMP INR460 | TP: INR550 (+20%)

EPS CHANGE (%): FY23 | 24: -15.8 | -14.0

- Expect strong growth, aided by a broad based performance.
- Expect a dip in margin on account of investments on growth initiatives.
- The outlook on the FM business is a key monitorable.

Consolidated quarterly performance (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	23,793	24,309	26,008	26,480	27,261	28,642	30,282	31,122	1,00,590	1,17,307
Change (YoY %)	9.8	12.7	10.3	8.3	14.6	17.8	16.4	17.5	10.2	16.6
Total Expenditure	22,580	23,079	24,711	25,236	26,097	27,335	28,790	29,522	95,606	1,11,743
EBITDA	1,214	1,231	1,297	1,244	1,165	1,307	1,492	1,600	4,985	5,563
Margin (%)	5.1	5.1	5.0	4.7	4.3	4.6	4.9	5.1	5.0	4.7
Depreciation	270	264	283	298	308	316	325	326	1,116	1,276
Interest	246	247	245	246	214	214	214	214	984	857
Other Income	39	26	35	49	50	50	50	50	150	200
PBT	738	745	804	748	692	826	1,003	1,109	3,035	3,631
Tax	212	112	38	-183	93	112	135	150	179	490
Rate (%)	28.8	15.0	4.7	-24.4	13.5	13.5	13.5	13.5	5.9	13.5
Minority Interest and P/L of Asso. Cos.	-6	-8	-3	43	8	8	8	8	26	32
Adjusted PAT	519	626	763	974	607	723	875	967	2,882	3,172
Change (YoY %)	31.2	25.1	12.0	171.0	16.9	15.5	14.7	-0.7	48.8	10.1
Margin (%)	2.2	2.6	2.9	3.7	2.2	2.5	2.9	3.1	2.9	2.7

TeamLease Neutral

CMP INR3253 | TP: INR3290 (+1%)

EPS CHANGE (%): FY23 | 24: -4.3 | -10.4

- Expect revenue to continue to remain strong as most sectors have already recovered.
- Expect strong growth in headcount.
- Expect a hit on margin on account of higher than normal wage hikes
- Commentary on margin to be a key monitorable.

Consolidated quarterly performance (INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	13,768	15,236	17,621	18,174	18,587	19,959	22,378	23,172	64,798	95,784
Change (YoY %)	21%	34.9%	38%	36%	35%	31%	27%	28%	33%	48%
Total Expenditure	13,473	14,894	17,244	17,764	18,224	19,539	21,886	22,662	63,375	82,312
Reported EBITDA	295	342	377	410	362	419	492	510	1,424	13,472
Margin (%)	2.1%	2.2%	2.1%	2.3%	2.0%	2.1%	2.2%	2.2%	2.2%	14.1%
Reported EBIT	203	230	279	304	262	319	392	410	1,016	13,057
Margin (%)	1.5%	1.5%	1.6%	1.7%	1.4%	1.6%	1.8%	1.8%	1.6%	13.6%
Interest	8	14	10	8	10	10	10	10	40	40
Other Income	46	54	51	47	60	60	60	60	197	240
PBT before EO expense	240	270	319	343	312	369	442	460	1,173	13,257
Extra-Ord. expense	-26	750	0	-6	0	0	0	0	718	0
Reported PBT	266	-480	319	350	312	369	442	460	456	13,257
Tax	-3	14	17	33	16	18	22	23	61	79
Rate (%)	-1%	-3%	5%	10%	5%	5%	5%	5%	13%	1%
Reported PAT	269	-493	302	316	297	351	420	437	395	13,178
Change (YoY %)	57%	-365%	31%	61%	10%	-171%	39%	38%	-50%	3240%
Margin (%)	2.0%	-3.2%	1.7%	1.7%	1.6%	1.8%	1.9%	1.9%	0.6%	13.8%
Adjusted PAT	243	257	302	310	297	351	420	437	1,112	1,504
Change (YoY %)	42%	19%	31%	15%	22%	37%	39%	41%	25%	35%
Margin (%)	1.8%	1.7%	1.7%	1.7%	1.6%	1.8%	1.9%	1.9%	1.7%	1.6%

Quess**Buy****CMP INR607 | TP: INR730 (+20%)****EPS CHANGE (%): FY23 | 24: -23.1 | -13.5**

- Expect strong revenue growth to sustain in 1QFY23.
- Expect a dip in margin on wage hikes and one-offs.
- Growth to remain broad based across business lines.
- Commentary on margin to be a key monitorable.

Consolidated quarterly performance (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	29,869	32,278	36,850	37,920	39,777	41,171	46,911	48,228	1,36,918	1,76,087
Change (YoY %)	24.0	23.4	31.2	26.2	33.2	27.5	27.3	27.2	26.3	28.6
Total Expenditure	28,540	30,719	35,061	36,079	38,186	39,236	44,706	45,962	1,30,400	1,68,089
EBITDA	1,329	1,559	1,788	1,842	1,591	1,935	2,205	2,267	6,518	7,998
Margin (%)	4.4	4.8	4.9	4.9	4.0	4.7	4.7	4.7	4.8	4.5
Depreciation	497	486	494	643	572	572	572	572	2,120	2,289
EBIT	831	1,073	1,295	1,199	1,019	1,363	1,633	1,694	4,397	5,709
Margin (%)	2.8	3.3	3.5	3.2	2.6	3.3	3.5	3.5	3.2	3.2
Interest	218	195	184	195	192	192	192	192	792	768
Other Income	48	74	29	47	51	51	51	51	198	205
PBT before EO expense	662	952	1,140	1,050	878	1,222	1,492	1,554	3,803	5,146
Recurring Tax	356	186	254	270	184	183	224	233	1,066	825
Rate (%)	53.7	19.5	22.3	25.7	21.0	15.0	15.0	15.0	28.0	16.0
MI and P/L of Asso. Cos.	0	0	0	0	0	0	0	0	-1	0
Adjusted PAT	306	766	885	780	694	1,039	1,268	1,321	2,738	4,321
Extraordinary items	-140	354	0	14	0	0	0	0	228	0
Reported PAT	446	412	885	766	694	1,039	1,268	1,321	2,510	4,321
Change (YoY %)	22.4	-17.4	94.3	NA	55.4	151.8	43.2	72.3	240.3	72.1
Margin (%)	1.5	1.3	2.4	2.0	1.7	2.5	2.7	2.7	1.8	2.5

Technology

Coforge

Cyient

HCL Tech.

Infosys

L&T Infotech

L&T Technology

Mindtree

Mphasis

Persistent Systems

TCS

Tech Mahindra

Wipro

Zensar Tech.

1Q dragged by margin and cross currency headwinds

Management commentary on demand remains under focus

- Our IT Services coverage universe should witness modest median revenue growth in 1QFY23E (up 3.3% QoQ in CC terms and 14.3% YoY). Growth in EBIT/PAT (-1%/-2.8% QoQ) should be impacted by wage hikes and supply-side pressure, despite a depreciation in the INR against the USD.
- We will be watchful of any moderation in the demand commentary across both Tier I and Tier II companies in the IT Services space. While our recent discussions with managements indicate continued momentum in spends on technology services, we expect initial signs of an impact in sectors like Retail and Manufacturing in 1QFY23. The growth deficit in Tier I players v/s Tier II peers will further narrow in 1QFY23. We see a limited change in the FY23 revenue growth guidance of INFO, HCLT, COFORGE, and LTTS in 1Q, given the unchanged demand commentary and this being the first quarter.
- Tier I companies should deliver revenue growth in a narrow range (2.3-3.9% QoQ CC). Tier II players will grow in the 1.9-5.3% range, excluding PSYS, which will grow by 9.5% QoQ due to a meaningful contribution from recent acquisitions. Reported USD growth will be hit by 1-2% due to significant appreciation in the EUR/GPB against the USD in 1QFY23.
- While the long-term demand environment remains unaltered, we anticipate an impact in 2HFY23 and FY24 due to elevated inflation and an economic slowdown in both the US and Europe. We are trimming our FY23/FY24 INR EPS by 2-5%, despite a positive 300-400bp impact from a lower INR (79/USD). The impact on earnings will accrue from weaker revenue growth as we continue to see support to margins from a large fresher intake and a partial price increase.
- The commentary on demand, the impact of an upward price revision, and a weakening macro-economic outlook on deal conversion will be key monitorables to look for.

INFO/PSYS to lead revenue growth within the Tier I/midcap space

- We expect Tier I IT organic revenue growth to be in a narrow band, with INFO leading with a revenue growth of 3.9% QoQ CC, followed by TCS/HCLT at 3.4%/3.3%. TECHM/WPRO is expected to deliver 2.8%/2.3% QoQ CC growth.
- Among Tier II players, we expect good revenue traction at PSYS (up 9.5% QoQ CC), buoyed by gains of ~470bp from recent acquisitions. We expect COFORGE/MTCL to grow by ~5.3%/4.6% QoQ CC in 1QFY23.

Elevated supply-side pressure and seasonality to impact margins

- We see muted margins in 1QFY23 due to of wage hikes and continued supply-side pressure as attrition is still elevated. The same for Tier I companies will be in the -80bp to -190bp range (with the exception of HCLT). The Tier II pack will operate in a wider range (-30bp to -290bp).
- Among Tier I players, TECHM will see the highest impact (-190bp) due to higher employee costs and seasonality, while the wage hike impact for TCS, INFO, and WPRO will be in a narrow range. HCLT should see some support due to seasonality in Products and Platforms.

- In the Tier II pack, CYL/ZENT will see a significant margin dip (-290bp/-250bp) on elevated employee costs and weaker growth, followed by LTI/COFORGE with a 220bp/210bp hit. LTTS, MTCL, and PSYS should see a more modest margin impact as their wage hike cycle in 2QFY23.
- Attrition should remain at elevated levels and supply will continue to stay constrained, leading to elevated replacement costs. Moreover, a higher intake of freshers will result in lower employee utilization, which will further constrain profitability.
- We see pricing flow through as a key monitorable over the next two quarters as the commentary from across the universe is indicating partial price comfort on deals/renewals. This should start reflecting in 2HFY23 and will help companies to offset some of the margin headwinds.

PAT growth to stay muted, led by TECHM/ZENT in the Tier I/midcap space

- We expect our Tier I IT coverage universe to see a 2.5% QoQ decline in PAT growth, while it will grow by 5.6% YoY. TCS/INFO/HCLT should deliver a PAT growth of 11.2%/9.8%/4.6% YoY, while WPRO/TECHM will see a 9.2%/10.4% YoY decline in PAT due to a compression in margins.
- Tier II players are expected to report a PAT growth of ~21% YoY, but a decline of ~6.3% QoQ, driven by strong revenue growth (and margin expansion for a few names). The same will be partially offset by lower EBIT margins. COFORGE/MTCL/LTTS is expected to lead the Tier II pack in terms of YoY PAT growth, while CYL/ZENT will see a dip of 12.5%/29.5% YoY.

Prefer TCS/INFO/HCLT/MPHL

- With valuations correcting meaningfully over the last six months, we maintain our positive stance on the IT Services sector due to a favorable medium to long term demand outlook.
- We expect near-term pressure on valuations to continue as the worsening macro commentary is expected to flow down to industry deal flow and revenue over the next few quarters, leading to a moderation in corporate commentary. Any consequent correction should be utilized to raise allocation to sector, in our view.
- We continue to prefer Tier I players over their Tier II counterparts, given their relative valuation attractiveness and diversified client portfolio. Among Tier I players, we prefer INFO, HCLT, and TCS. We expect INFO to deliver a top quartile growth, backed by strong deal wins and price revision. HCLT is one of the key beneficiaries of Cloud adoption at scale, given its expertise in IMS. TCS remains best positioned to benefit from the long-term structural tailwinds in Tech Services and should see a relative pickup in growth as the base effect and increased aggression aid it.
- Among Tier II IT, we prefer MPHL and LTTS. We expect LTTS to deliver strong growth over the medium term (despite near term hiccups), led by robust demand for ER&D services. MPHL continues to gain market share in a relatively stable BFSI space. Spends by its top client continue to rise, while weakness in its Digital Risk business will be compensated by the bottoming out in the DXC business.

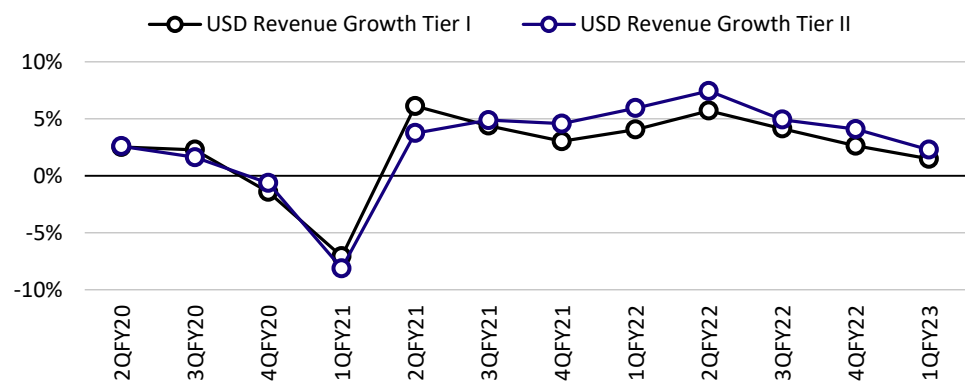
Exhibit 1: Expect Tier I revenue (USD) to grow by 1.8% QoQ

Company	Revenue (USD m)					Revenue (INR b)				
	1QFY23E	4QFY22	QoQ (%)	1QFY22	YoY (%)	1QFY23E	4QFY22	QoQ (%)	1QFY22	YoY (%)
TCS	6,795	6,696	1.5	6,154	10.4	523	506	3.4	454	15.2
INFO	4,396	4,280	2.7	3,782	16.2	338	323	4.9	279	21.3
WPRO	2,751	2,722	1.1	2,415	13.9	213	209	2.2	183	16.8
HCLT	3,060	2,993	2.2	2,720	12.5	236	226	4.3	201	17.4
TECHM	1,627	1,608	1.1	1,384	17.6	125	121	3.4	102	22.8
Tier I aggregate	18,629	18,299	1.8	16,454	13.2	1,436	1,384	3.7	1,218	17.9
Company	EBIT margin (%)					Adjusted PAT (INR b)				
	1QFY23E	4QFY22	QoQ	1QFY22	YoY	1QFY23E	4QFY22	QoQ (%)	1QFY22	YoY %
TCS	23.9	25.0	-110.0	25.5	-160.0	100	100	0.9	90	11.2
INFO	20.8	21.6	-80.0	23.7	-290.0	57	57	0.3	52	9.8
WPRO	15.8	16.8	-100.0	17.8	-200.0	29	31	-4.9	32	-9.2
HCLT	17.9	18.0	-10.0	19.6	-170.0	34	36	-6.1	32	4.6
TECHM	11.3	13.2	-190.0	15.2	-390.0	12	15	-20.8	14	-10.4
Tier I aggregate	19.9	20.8	-90.0	22.1	-220.0	233	239	-2.5	221	5.6

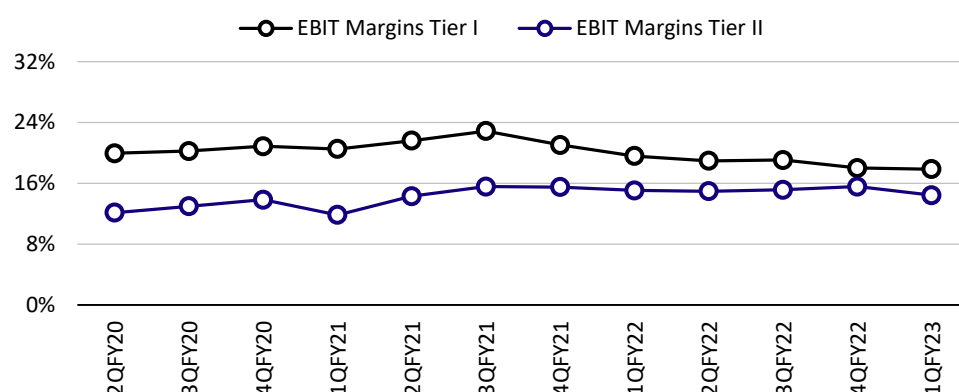
Exhibit 2: Expect Tier II revenue (USD) to grow by ~3% QoQ

Company	Revenue (USD m)					Revenue (INR b)				
	1QFY23E	4QFY22	QoQ %	1QFY22	YoY %	1QFY23E	4QFY22	QoQ (%)	1QFY22	YoY (%)
LTI	579	570	1.5	470	23.1	45	43	3.6	35	28.7
LTTS	236	232	1.9	206	14.9	18	18	3.6	15	19.9
MTCL	397	384	3.5	311	28.0	31	29	5.6	23	33.5
MPHL	441	431	2.4	363	21.5	34	32	4.7	27	27.0
COFORGE	240	232	3.1	200	20.1	18	17	5.9	15	26.2
PSYS	237	217	8.9	167	41.9	18	16	11.3	12	48.2
ZENT	154	153	0.6	127	21.1	12	12	2.8	9	26.6
CYL	160	157	2.2	144	11.6	12	12	4.4	11	16.5
Tier II aggregate	2,444	2,377	2.9	1,986	23.1	188	179	5.1	146	28.6
Company	EBIT margin (%)					Adjusted PAT (INR b)				
	1QFY23E	4QFY22	QoQ	1QFY22	YoY	1QFY23E	4QFY22	QoQ (%)	1QFY22	YoY (%)
LTI	15.1	17.3	-220.0	16.4	-130.0	5.9	6.4	-8.2	5.0	17.8
LTTS	18.3	18.6	-30.0	17.3	100.0	2.7	2.6	3.3	2.2	25.1
MTCL	18.6	18.9	-30.0	17.7	90.0	4.7	4.7	-1.4	3.4	35.8
MPHL	15.5	15.3	20.0	16.0	-50.0	4.2	3.9	5.9	3.4	22.2
COFORGE	13.7	15.8	-210.0	11.7	210.0	2.0	2.3	-11.2	1.4	41.7
PSYS	13.5	14.0	-50.0	14.1	-60.0	2.1	2.0	4.7	1.6	32.6
ZENT	7.6	10.1	-250.0	13.9	-630.0	0.7	1.3	-44.6	1.0	-29.5
CYL	11.6	14.5	-290.0	13.1	-150.0	1.0	1.5	-34.7	1.2	-12.5
Tier II aggregate	15.1	16.2	-120.0	15.6	-50.0	23.2	24.8	-6.3	19.2	21.3

Source: Company, MOFSL

Exhibit 3: Growth is cooling off due to the base effect

Source: MOFSL, Company

Exhibit 4: Margin of Tier II IT companies will see a larger dip

Source: MOFSL, Company

Exhibit 5: Cross-currency growth and impact on our expectations for 1QFY23

	CC USD growth QoQ (%)	USD growth QoQ (%)	Cross-currency impact (bp)
TCS	3.4	1.5	-190
INFO	3.9	2.7	-120
WPRO	2.3	1.1	-130
HCLT	3.3	2.2	-100
TECHM	2.8	1.1	-160
LTI	2.1	1.5	-60
LTTS	2.7	1.9	-80
MTCL	4.6	3.5	-110
MPHL	3.2	2.4	-80
COFORGE	5.3	3.1	-220
PSYS	9.5	8.9	-50
ZENT	1.9	0.6	-140
CYL	3.5	2.2	-130

Source: Company, MOFSL

Exhibit 6: Currency highlights (INR) in 1QFY23

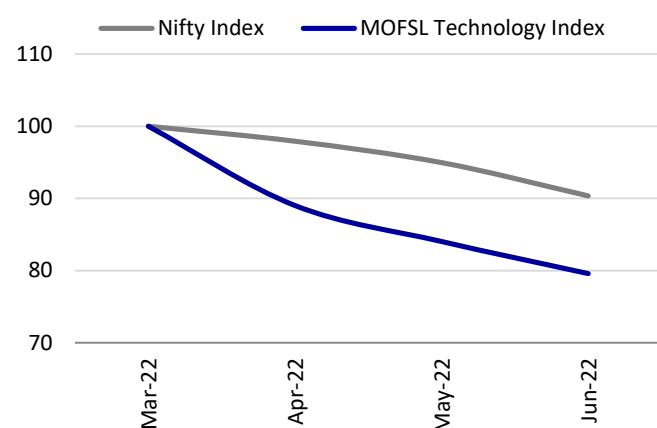
	Rates (INR)				Change (QoQ)			
	USD	EUR	GBP	AUD	USD	EUR	GBP	AUD
Average	77.13	82.22	97.07	55.20	2.57%	-3.24%	-3.67%	0.55%
Closing	78.98	82.14	95.57	54.50	4.02%	-2.85%	-4.07%	-4.10%

Source: Bloomberg, MOFSL

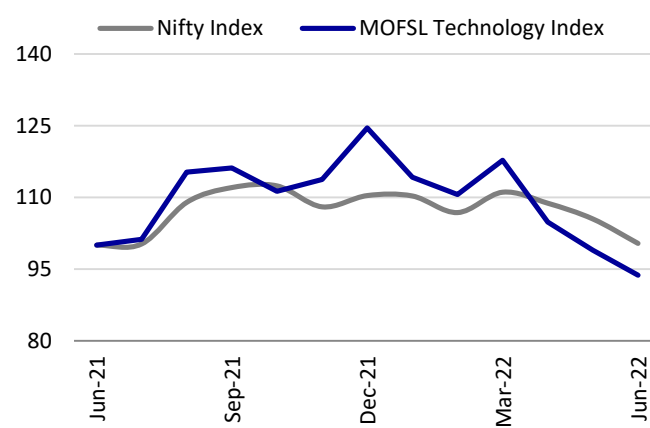
Exhibit 7: Currency highlights (USD) in 1QFY23

	Rates (USD)			Change (QoQ)		
	EUR	GBP	AUD	EUR	GBP	AUD
Average	1.07	1.26	0.72	-5.67%	-6.09%	-1.97%
Closing	1.04	1.21	0.69	-6.83%	-7.91%	-8.04%

Source: Bloomberg, MOFSL

Exhibit 8: Relative performance – three-months (%)

Source: Bloomberg, MOFSL

Exhibit 9: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

Exhibit 10: Changes in our estimates

	Revised EPS (INR)		Earlier EPS (INR)		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
TCS	122	138	123	141	-1	-2
INFO	59	69	61	71	-3	-3
WPRO	23	26	24	27	-2	-5
HCLT	52	60	53	62	-1	-3
TECHM	63	75	70	83	-9	-10
LTI	155	184	158	190	-2	-3
LTTS	108	127	111	132	-3	-4
MTCL	117	140	117	144	-1	-2
MPHL	93	109	95	114	-2	-4
COFORGE	140	168	149	185	-6	-9
PSYS	119	143	121	147	-1	-3
ZENT	15	20	18	23	-17	-16
CYL	48	60	51	59	-4	2

Source: Company, MOFSL

Exhibit 11: Expected quarterly performance summary

Companies	CMP		Sales (INR b)			EBIT (INR b)			Adjusted net profit (INR b)		
	(INR)	Rating	Jun'22E	Variance YoY (%)	Variance QoQ (%)	Jun'22E	Variance YoY (%)	Variance QoQ (%)	Jun'22E	Variance YoY (%)	Variance QoQ (%)
TCS	3316	Buy	523.2	15.2	3.4	125.1	7.9	-1.0	100.5	11.2	0.9
INFO	1478	Buy	338.5	21.3	4.9	70.4	6.6	1.2	57.1	9.8	0.3
WPRO	422	Neutral	213.2	16.8	2.2	33.7	3.5	-4.0	29.4	-9.2	-4.9
HCLT	980	Buy	235.6	17.4	4.3	42.1	7.1	3.5	33.8	4.6	-6.1
TECHM	1012	Neutral	125.3	22.8	3.4	14.2	-8.4	-11.8	12.2	-10.4	-20.8
LTI	4000	Neutral	44.6	28.7	3.6	6.7	18.5	-9.6	5.9	17.8	-8.2
LTTS	2987	Buy	18.2	19.9	3.6	3.3	27.0	1.7	2.7	25.1	3.3
MTCL	2880	Neutral	30.6	33.5	5.6	5.7	40.1	3.7	4.7	35.8	-1.4
MPHL	2242	Buy	34.0	27.0	4.7	5.3	23.3	5.9	4.2	22.2	5.9
COFORGE	3486	Neutral	18.5	26.2	5.9	2.5	48.7	-7.9	2.0	41.7	-11.2
PSYS	3335	Neutral	18.2	48.2	11.3	2.5	41.5	7.0	2.1	32.6	4.7
ZENT	271	Buy	11.9	26.6	2.8	0.9	-30.6	-22.3	0.7	-29.5	-44.6
CYL	758	Buy	12.3	16.5	4.4	1.4	3.0	-16.2	1.0	-12.5	-34.7
Sector aggregate (INR b)			1,624	19.0	3.9	314	7.4	-1.0	256	6.8	-2.8

Source: Company, MOFSL

Exhibit 12: Comparative valuation

Company	CMP (INR)	M-cap (INR b)	EPS (INR)			EPS CAGR (%)	Dividend yield (%)	P/E (x)			RoE (%)		
			FY22	FY23E	FY24E			FY22	FY23E	FY24E	FY22	FY23E	FY24E
CYL	758	84	47.8	48.5	59.8	11.9	3.8	15.9	15.6	12.7	17.2	16.9	19.8
HCLT	980	2,659	49.8	52.3	60.4	10.1	3.8	19.7	18.7	16.2	21.9	22.5	25.3
INFO	1,478	6,219	52.2	59.4	69.4	15.3	2.6	28.3	24.9	21.3	29.2	32.6	36.4
LTI	4,000	701	130.8	154.6	184.0	18.6	1.3	30.6	25.9	21.7	28.5	28.2	28.3
LTTS	2,987	315	90.5	108.2	126.5	18.2	1.1	33.0	27.6	23.6	25.0	25.4	25.6
MTCL	2,880	475	100.1	116.6	140.5	18.4	1.6	28.8	24.7	20.5	33.8	32.1	32.3
MPHL	2,242	422	75.1	93.0	109.4	20.7	2.0	29.9	24.1	20.5	21.5	24.5	26.1
COFORGE	3,486	212	110.9	140.4	167.9	23.0	1.5	31.4	24.8	20.8	26.0	28.6	29.2
PSYS	3,335	255	91.3	118.7	142.7	25.0	0.8	36.5	28.1	23.4	22.6	24.6	24.9
TCS	3,316	12,134	104.0	121.8	138.1	15.2	3.0	31.9	27.2	24.0	43.7	49.1	53.8
TECHM	1,012	984	62.6	63.2	74.9	9.4	4.4	16.2	16.0	13.5	21.5	20.3	22.8
WPRO	422	2,312	21.9	23.4	25.8	8.6	1.4	19.2	18.0	16.3	20.2	19.2	20.6
ZENT	271	61	18.3	14.8	19.6	3.4	2.7	14.8	18.4	13.8	16.3	11.9	14.7

Source: Company, MOFSL

The tables below provide a snapshot of actual and estimated numbers for IT companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Coforge

Neutral
CMP INR3486 | TP: INR3700 (6%)
EPS CHANGE (%): FY23|24: -5.6|-9.1

- Growth should continue to remain strong in 1QFY23 on the back of sustained demand.
- The BFS vertical will continue to do well for the company.
- Expect a soft margin on account of wage hikes and travel costs.
- The management's FY23 guidance will be a key monitorable.

Quarterly performance (Ind AS)

Y/E March (Consolidated)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Rev. (USD m)	200	213	222	232	240	248	257	268	866	1,012
QoQ (%)	15.8	6.6	4.1	4.9	3.1	3.4	3.8	4.0	38.0	16.8
Revenue (INR m)	14,616	15,694	16,581	17,429	18,452	19,575	20,323	21,137	64,320	79,488
YoY (%)	38.3	36.0	39.3	38.2	26.2	24.7	22.6	21.3	37.9	23.6
GPM (%)	29.9	32.1	32.4	33.3	31.0	32.0	32.5	33.0	32.0	32.2
SGA (%)	13.7	13.5	12.9	13.0	13.2	13.5	13.5	13.5	13.3	13.4
EBITDA (INR m)	2,229	2,788	3,068	3,339	3,155	3,484	3,719	3,974	11,424	14,333
EBITDA margin (%)	15.3	17.8	18.5	19.2	17.1	17.8	18.3	18.8	17.8	18.0
EBIT (INR m)	1,705	2,190	2,502	2,755	2,536	2,827	3,037	3,264	9,152	11,665
EBIT margin (%)	11.7	14.0	15.1	15.8	13.7	14.4	14.9	15.4	14.2	14.7
Other income	52	-77	-122	-119	92	98	102	106	-266	397
ETR (%)	18.2	21.1	15.1	13.0	22.5	22.5	22.5	22.5	16.5	22.5
Minority Interest	-76.0	-148.0	-135.0	-171.0	-154.0	-158.0	-158.0	-158.0	-530.0	-628.0
Adj. PAT	1,361	1,519	1,885	2,123	1,883	2,109	2,274	2,454	6,888	8,720
QoQ (%)	-1.1	11.6	24.1	12.6	-11.3	12.0	7.8	7.9		
YoY (%)	39.0	25.8	54.5	54.3	38.3	38.8	20.7	15.6	44.0	26.6
Adj. EPS (INR)	21.9	24.5	30.4	34.2	30.3	34.0	36.6	39.5	110.9	140.4

Cyient

Buy
CMP INR758 | TP: INR900 (+19%)
EPS CHANGE (%): FY23|24: -4.2|2.0

- Expect a muted 1QFY23. Revenue will be flat on a reported basis.
- Expect a 7% QoQ decline in DLM in 1QFY23, which will act as a drag on revenue.
- Expect a further dip in margin on account of the wage hike and higher SG&A costs from acquisitions.
- The impact of the semiconductor shortage on CLM growth in FY23 and normalization of the Rail vertical will be key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	144	150	158	157	160	170	196	203	608	730
QoQ (%)	-4.3	4.6	5.2	-0.8	2.2	6.0	15.7	3.5	9.2	20.0
Revenue (INR m)	10,582	11,116	11,834	11,812	12,328	13,409	15,519	16,064	45,344	57,320
YoY (%)	6.7	10.8	13.3	8.0	16.5	20.6	31.1	36.0	9.7	26.4
GPM (%)	35.9	38.4	36.3	38.3	36.5	36.0	37.0	37.6	37.3	36.8
SGA (%)	18.2	19.8	18.4	20.2	21.0	20.0	19.4	19.3	19.1	19.9
EBITDA	1,878	2,074	2,128	2,136	1,911	2,145	2,731	2,940	8,216	9,727
EBITDA margin (%)	17.7	18.7	18.0	18.1	15.5	16.0	17.6	18.3	18.1	17.0
EBIT	1,388	1,557	1,641	1,707	1,430	1,623	2,126	2,313	6,293	7,492
EBIT margin (%)	13.1	14.0	13.9	14.5	11.6	12.1	13.7	14.4	13.9	13.1
Other income	147	58	105	377	-62	-67	-78	-80	687	-287
ETR (%)	25.1	25.0	24.6	26.1	26.5	26.5	26.5	26.5	25.2	26.5
Adj. PAT	1,150	1,212	1,316	1,541	1,006	1,143	1,506	1,641	5,219	5,296
QoQ (%)	3.9	5.4	8.6	17.1	-34.7	13.7	31.7	9.0		
YoY (%)	41.3	44.4	37.9	39.3	-12.6	-5.7	14.4	6.5	40.5	1.5
EPS (INR)	10.5	11.1	12.1	14.1	9.2	10.5	13.8	15.0	47.8	48.5

HCL Technologies

Buy

CMP INR980 | TP: INR1210 (+23%)

EPS CHANGE (%): FY23 | 24: -1.1 | -3.0

- 1QFY23E CC growth will be good due to deal conversion in IT services and P&P seasonality.
- Core Services business will see some growth moderation, but should deliver 2.5% QoQ CC growth.
- Margin in Services to remain stable vs 4QFY22 levels, but overall profitability will stay below guidance.
- Outlook on Services and the P&P business in FY23 will be key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	2,720	2,791	2,978	2,993	3,060	3,104	3,247	3,264	11,481	12,674
QoQ (%)	0.9	2.6	6.7	0.5	2.2	1.4	4.6	0.5	12.8	10.4
Revenue (INR b)	201	207	223	226	236	245	256	258	857	995
YoY (%)	12.5	11.1	15.7	15.0	17.4	18.7	14.9	14.1	13.6	16.2
GPM (%)	39.2	38.2	38.2	36.8	36.3	36.1	36.2	36.8	38.1	36.4
SGA (%)	12.8	13.0	12.4	12.7	12.5	12.8	12.8	12.7	12.7	12.7
EBITDA	49	50	54	52	52	53	56	58	202	220
EBITDA margin (%)	24.5	24.0	24.1	23.1	22.2	21.7	21.9	22.6	23.6	22.1
EBIT	39	39	43	41	42	43	45	47	162	177
EBIT margin (%)	19.6	19.0	19.1	18.0	17.9	17.4	17.6	18.3	18.9	17.8
Other income	2	2	2	3	2	2	3	3	8	10
ETR (%)	21.7	20.5	22.2	16.7	24.0	24.0	24.0	24.0	20.3	24.0
Adjusted PAT	32	33	34	36	34	34	36	38	135	142
QoQ (%)	34.7	1.5	5.5	4.4	-6.2	1.4	5.6	4.5		
YoY (%)	10.0	3.9	0.3	50.6	4.9	4.7	4.9	5.0	13.7	4.9
EPS	11.8	12.0	12.7	13.3	12.4	12.6	13.3	13.9	49.8	52.3

Infosys

Buy

CMP INR1478 | TP: INR1670 (+13%)

EPS CHANGE (%): FY23 | 24: -3.0 | -2.9

- Expect INFO to reiterate its FY23 revenue growth guidance of 13-15% YoY in CC terms and maintain a positive commentary.
- In CC terms, INFO should deliver a USD revenue growth of 3.9% QoQ, aided by a low base in 4QFY22, although adverse cross-currency movements will drag reported growth.
- Expect an incremental impact on margin on account of a wage hike and continued supply-side challenges.
- Commentary on deal wins and any elongation in deal conversion will be a key monitorable.

Quarterly performance (IFRS)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	3,782	3,998	4,250	4,280	4,396	4,521	4,575	4,708	16,310	18,199
QoQ (%)	4.7	5.7	6.3	0.7	2.7	2.8	1.2	2.9	20.3	11.6
Revenue (INR m)	279	296	319	323	338	357	361	372	1,216	1,429
YoY (%)	17.9	20.5	22.9	22.7	21.3	20.6	13.4	15.2	21.1	17.5
GPM (%)	33.7	33.1	32.8	31.0	30.7	31.4	32.0	32.6	32.6	31.7
SGA (%)	10.0	9.5	9.3	9.4	9.9	9.9	10.0	10.1	9.6	10.0
EBITDA	74	78	84	79	80	86	89	94	315	349
EBITDA margin (%)	26.6	26.4	26.3	24.4	23.5	24.2	24.7	25.3	25.9	24.4
EBIT	66	70	75	70	70	77	79	84	280	311
EBIT margin (%)	23.7	23.6	23.5	21.6	20.8	21.5	22.0	22.6	23.0	21.7
Other income	6	5	5	6	7	7	7	7	21	29
ETR (%)	27.5	27.1	26.7	24.5	26.0	26.0	26.0	26.0	26.4	26.0
PAT	52	54	58	57	57	62	64	67	221	251
QoQ (%)	2.3	4.4	7.2	-2.1	0.2	8.8	3.4	5.4		
YoY (%)	22.3	11.9	11.8	12.0	9.7	14.3	10.3	18.7	14.2	13.3
EPS (INR)	12.2	12.9	13.8	13.5	13.5	14.7	15.2	16.0	52.2	59.4

LTI Neutral

CMP INR4000 | TP: INR4050 (1%)

EPS CHANGE (%): FY23 | 24: -2.2 | -3.4

- Expect sequential revenue growth to be in low single-digits.
- Expect margin to be impacted by wage hikes, attrition may spike.
- The Manufacturing vertical may see some drag in 1QFY23.
- Commentary around the deal pipeline and wins remain a key monitorable.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	470	509	553	570	579	603	631	652	2,103	2,464
QoQ (%)	5.1	8.3	8.6	3.1	1.5	4.1	4.7	3.4	25.9	17.2
Revenue (INR m)	34,625	37,670	41,376	43,016	44,577	47,604	49,818	51,508	1,56,687	1,93,507
YoY (%)	17.4	25.6	31.2	31.6	28.7	26.4	20.4	19.7	26.7	23.5
GPM (%)	31.0	31.0	31.0	30.0	28.7	29.8	30.2	30.5	30.7	29.8
SGA (%)	12.3	11.5	10.9	10.3	11.2	11.1	11.3	11.5	11.2	11.3
EBITDA	6,478	7,332	8,311	8,464	7,801	8,902	9,416	9,811	30,585	35,929
EBITDA margin (%)	18.7	19.5	20.1	19.7	17.5	18.7	18.9	19.0	19.5	18.6
EBIT	5,682	6,482	7,426	7,445	6,731	7,807	8,270	8,626	27,036	31,434
EBIT margin (%)	16.4	17.2	17.9	17.3	15.1	16.4	16.6	16.7	17.3	16.2
Other income	1,039	938	811	1,151	1,070	1,190	1,245	1,288	3,939	4,793
ETR (%)	26.1	25.6	25.6	25.8	25.0	25.0	25.0	25.0	25.8	25.0
Adj. PAT	4,968	5,517	6,125	6,375	5,851	6,748	7,136	7,435	22,985	27,170
QoQ (%)	1.7	11.1	11.0	4.1	-8.2	15.3	5.8	4.2		
YoY (%)	19.3	20.8	18.0	30.5	17.8	22.3	16.5	16.6	22.2	18.2
EPS (INR)	28.3	31.4	34.9	36.3	33.3	38.4	40.6	42.3	130.8	154.6

LTTS Buy

CMP INR2987 | TP: INR3450 (+19%)

EPS CHANGE (%): FY23 | 24: -2.8 | -4.1

- Expect good growth, although any deterioration in the demand environment will remain in focus.
- Expect EBIT margin to remain broadly stable QoQ.
- Vertical commentary should start seeing some moderation in Industrial Products and Plant Engineering.
- Commentary around the impact of the macro environment on deal wins and any changes to its FY23 guidance remain key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	206	217	225	232	236	244	251	261	880	992
QoQ (%)	4.2	5.7	3.5	3.1	1.9	3.0	3.0	4.2	19.5	12.7
Revenue (INR m)	15,184	16,077	16,875	17,561	18,202	19,241	19,826	20,653	65,697	77,921
YoY (%)	17.3	22.4	20.5	21.9	19.9	19.7	17.5	17.6	20.6	18.6
GPM (%)	33.4	33.3	33.7	33.0	33.3	32.5	33.1	33.3	33.3	33.1
SGA (%)	12.4	11.6	12.0	11.3	12.0	12.0	12.0	12.0	11.8	12.0
EBITDA	3,177	3,493	3,675	3,804	3,877	3,944	4,183	4,399	14,149	16,404
EBITDA margin (%)	20.9	21.7	21.8	21.7	21.3	20.5	21.1	21.3	21.5	21.1
EBIT	2,623	2,964	3,144	3,274	3,331	3,367	3,589	3,780	12,005	14,066
EBIT margin (%)	17.3	18.4	18.6	18.6	18.3	17.5	18.1	18.3	18.3	18.1
Other income	334	180	259	314	328	346	357	372	1,087	1,403
ETR (%)	26.6	26.6	26.7	26.6	26.0	26.0	26.0	26.0	26.6	26.0
PAT	2,162	2,300	2,488	2,620	2,705	2,746	2,918	3,070	9,570	11,439
QoQ (%)	11.2	6.4	8.2	5.3	3.3	1.5	6.3	5.2		
YoY (%)	84.3	39.0	33.7	34.7	25.1	19.4	17.3	17.2	44.3	19.5
EPS (INR)	20.4	21.8	23.6	24.8	25.6	26.0	27.6	29.0	90.5	108.2

Mindtree**Neutral****CMP INR2880 | TP: INR2950 (2%)****EPS CHANGE (%): FY23 |24: -0.6|-2.3**

- Expect a strong growth across all verticals, led by BFS, CMT, and Healthcare. RCM will see a ramp down. Expect a growth in its top client.
- Expect a strong order book and demand patterns.
- Expect some margin pressures due to salary hikes and retention costs. Attrition to remain elevated.
- Outlook on deal wins, top client, and margin are key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	311	350	366	384	397	409	420	434	1,411	1,659
QoQ (%)	7.7	12.8	4.7	4.7	3.5	2.8	2.7	3.3	31.1	17.6
Revenue (INR m)	22,917	25,862	27,500	28,974	30,601	32,284	33,160	34,251	1,05,253	1,30,296
YoY (%)	20.1	34.3	35.9	37.4	33.5	24.8	20.6	18.2	32.1	23.8
GPM (%)	29.0	28.9	30.4	30.1	30.2	28.0	29.0	29.9	29.6	29.3
SGA (%)	8.8	8.4	8.8	9.1	9.5	9.0	9.2	9.2	8.8	9.2
EBITDA (INR m)	4,645	5,307	5,921	6,083	6,334	6,134	6,566	7,107	21,956	26,141
EBITDA margin (%)	20.3	20.5	21.5	21.0	20.7	19.0	19.8	20.7	20.9	20.1
EBIT (INR m)	4,063	4,697	5,289	5,487	5,692	5,456	5,869	6,388	19,536	23,405
EBIT margin (%)	17.7	18.2	19.2	18.9	18.6	16.9	17.7	18.6	18.6	18.0
Other income	589	623	581	778	612	646	663	685	2,571	2,606
ETR (%)	26.2	25.0	25.5	24.5	26.0	26.0	26.0	26.0	25.2	26.0
PAT	3,434	3,989	4,375	4,731	4,665	4,515	4,834	5,234	16,529	19,248
QoQ (%)	8.2	16.2	9.7	8.1	-1.4	-3.2	7.1	8.3		
YoY (%)	61.2	57.2	34.0	49.1	35.8	13.2	10.5	10.6	48.8	16.4
EPS (INR)	20.8	24.2	26.5	28.7	28.3	27.3	29.3	31.7	100.1	116.6

Mphasis**Buy****CMP INR2242 | TP: INR2620 (+17%)****EPS CHANGE (%): FY23 |24: -1.9|-4.4**

- Expect continued strength in the Direct business, although Digital Risk should see a dip in 1QFY23.
- Expect the decline to continue in the DXC business, although the pace of decline should start moderating.
- Expect margin to remain flat QoQ.
- Outlook with regard to growth in FY23 remains a key monitorable.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	363	385	414	431	441	452	464	477	1,593	1,833
QoQ (%)	6.0	6.1	7.5	4.0	2.4	2.5	2.6	2.8	21.7	15.1
Revenue (INR m)	26,909	28,693	31,237	32,777	33,962	35,708	36,627	37,658	1,19,616	1,43,954
YoY (%)	17.6	17.8	26.2	29.8	26.2	24.4	17.3	14.9	23.0	20.3
GPM (%)	28.4	28.8	29.7	29.8	29.5	29.1	29.5	28.9	29.2	29.2
SGA (%)	10.2	10.7	12.0	12.2	11.6	11.1	11.0	10.9	11.3	11.1
EBITDA	4,895	5,185	5,530	5,772	6,079	6,427	6,776	6,786	21,382	26,068
EBITDA margin (%)	18.2	18.1	17.7	17.6	17.9	18.0	18.5	18.0	17.9	18.1
EBIT	4,271	4,528	4,704	4,973	5,264	5,606	5,934	5,920	18,476	22,723
EBIT margin (%)	15.9	15.8	15.1	15.2	15.5	15.7	16.2	15.7	15.4	15.8
Other income	310	277	90	184	272	286	293	301	861	1,152
ETR (%)	25.8	25.6	25.4	24.0	25.0	25.0	25.0	25.0	25.2	25.0
PAT	3,397	3,574	3,575	3,921	4,152	4,419	4,670	4,666	14,467	17,906
QoQ (%)	7.2	5.2	0.0	9.7	5.9	6.4	5.7	-0.1		
YoY (%)	23.5	19.5	9.8	23.7	22.2	23.6	30.6	19.0	18.9	23.8
EPS (INR)	17.9	18.8	18.9	20.4	21.6	22.9	24.2	24.2	75.1	93.0

Persistent Systems

Neutral

CMP INR3335 | TP: INR3430 (3%)

EPS CHANGE (%): FY23|24: -1.5|-3.0

- Expect the strong (~9.5%) growth to continue, led by recent acquisitions.
- All three verticals will see good growth.
- Expect margin to see a slight impact due to visa costs and lower utilizations.
- Medium-term growth and margin outlook should be key monitorables.

Quarterly performance (IFRS)

Y/E March	FY22				FY23E				FY22	FY23E
(Consolidated)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	166.8	182.3	199.1	217.3	236.7	248.8	258.0	267.2	766	1,011
QoQ (%)	9.2	9.3	9.2	9.1	8.9	5.1	3.7	3.5	35.2	32.0
Revenue (INR m)	12,299	13,512	14,917	16,379	18,229	19,658	20,385	21,108	57,107	79,380
QoQ (%)	10.5	9.9	10.4	9.8	11.3	7.8	3.7	3.5		
YoY (%)	24.1	34.1	38.7	47.1	48.2	45.5	36.7	28.9	36.4	39.0
GPM (%)	33.5	33.5	33.8	33.7	33.5	32.0	33.2	34.0	33.6	33.2
SGA (%)	16.6	16.9	16.9	16.5	16.6	16.8	16.3	16.3	16.7	16.5
EBITDA	2,090	2,244	2,511	2,812	3,081	2,988	3,445	3,736	9,656	13,250
EBITDA margin (%)	17.0	16.6	16.8	17.2	16.9	15.2	16.9	17.7	16.9	16.7
EBIT	1,740	1,873	2,083	2,300	2,461	2,320	2,772	3,040	7,996	10,592
EBIT margin (%)	14.1	13.9	14.0	14.0	13.5	11.8	13.6	14.4	14.0	13.3
Other income	365	303	281	371	365	393	408	422	1,321	1,588
ETR (%)	24.6	25.7	25.4	24.8	25.5	25.5	25.5	25.5	25.1	25.5
PAT	1,587	1,618	1,764	2,010	2,105	2,021	2,369	2,579	6,978	9,074
QoQ (%)	15.2	1.9	9.1	13.9	4.7	-4.0	17.2	8.9		
YoY (%)	76.3	58.6	45.9	45.9	32.6	24.9	34.3	28.3	54.8	30.0
EPS (INR)	19.8	21.2	23.1	26.3	27.5	26.4	31.0	33.7	91.3	118.7

TCS

Buy

CMP INR3316 | TP: INR3730 (+12%)

EPS CHANGE (%): FY23|24: -1.0|-2.2

- In CC terms, growth should continue to remain in a narrow band, but reported growth will be impacted by cross-currency movements.
- Expect a strong demand commentary.
- Margin in 1QFY23 to be impacted by the wage hike and continued supply-side pressures.
- Deal wins and impact of macro weakness on growth will be key monitorables.

Quarterly performance (IFRS)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
IT Services Revenue (USD m)	6,154	6,333	6,524	6,696	6,795	6,965	7,105	7,323	25,707	28,188
QoQ (%)	2.8	2.9	3.0	2.6	1.5	2.5	2.0	3.1	15.9	9.7
Overall Revenue (INR b)	454	469	489	506	523	550	561	578	1,918	2,213
QoQ (%)	3.9	3.2	4.3	3.5	3.4	5.2	2.0	3.1		
YoY (%)	18.5	16.8	16.4	15.8	15.2	17.4	14.8	14.3	16.8	15.4
GPM (%)	40.4	40.4	40.0	40.1	38.7	39.3	40.1	40.4	40.2	39.6
SGA (%)	14.8	14.8	15.0	15.2	14.8	14.7	14.7	14.7	15.0	14.7
EBITDA	127	131	134	138	136	147	154	160	530	597
EBITDA margin (%)	27.9	28.0	27.4	27.4	26.0	26.7	27.5	27.7	27.7	27.0
EBIT	116	120	122	126	125	135	143	149	485	552
EBIT margin (%)	25.5	25.6	25.0	25.0	23.9	24.6	25.4	25.7	25.3	24.9
Other income	6	10	10	7	9	10	10	10	32	39
PBT	122	130	132	134	134	145	153	159	517	591
ETR (%)	25.8	25.6	25.7	25.5	25.0	25.0	25.0	25.0	25.6	25.0
Adj. PAT	90	97	98	100	100	109	115	119	384	443
Exceptional items	0	0	0	0	0	0	0	0	0	0
Reported PAT	90	97	98	100	100	109	115	119	384	443
QoQ (%)	-2.7	6.9	1.6	1.6	0.9	8.4	5.1	4.1		
YoY (%)	28.1	28.6	12.4	7.3	11.2	12.9	16.8	19.7	18.1	15.2
EPS (INR)	24.4	26.0	26.4	27.2	27.6	30.0	31.5	32.8	104.0	121.8

Tech Mahindra**Neutral****CMP INR1012 | TP: INR1050 (4%)****EPS CHANGE (%): FY23|24: -9.3|9.8**

- Expect weak growth in 1QFY23 due to seasonality and weakness in the Communications vertical. However, the same will be partially compensated by good enterprise growth.
- Expect operating margin to see an over 200bp impact in 1QFY23 from partial wage hike and higher operational costs.
- Expect deal wins to remain within the USD700-800m quarterly band.
- Outlook on margin and growth in the Telecom vertical in FY23 will be key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	1,384	1,473	1,534	1,608	1,627	1,671	1,708	1,763	5,998	6,768
QoQ (%)	4.1	6.4	4.1	4.9	1.1	2.7	2.2	3.2	17.4	12.8
Revenue (INR b)	102	109	115	121	125	132	135	139	446	531
YoY (%)	12.0	16.1	18.7	24.5	22.8	21.3	17.8	14.9	17.9	19.0
GPM (%)	31.7	31.7	30.1	29.3	27.8	28.1	29.7	30.5	30.6	29.1
SGA (%)	13.3	13.3	12.1	12.1	12.5	12.6	12.5	12.5	12.7	12.5
EBITDA	19	20	21	21	19	20	23	25	80	88
EBITDA margin (%)	18.4	18.3	18.0	17.2	15.3	15.5	17.2	18.0	18.0	16.5
EBIT	15	17	17	16	14	15	18	19	65	66
EBIT margin (%)	15.2	15.2	14.8	13.2	11.3	11.4	13.1	13.9	14.6	12.5
Other income	2	2	2	3	2	3	3	3	10	10
ETR (%)	23.9	29.4	26.9	17.5	26.0	26.0	26.0	26.0	24.4	26.0
Adj. PAT	14	13	14	15	12	13	15	16	56	56
QoQ (%)	11.7	-1.1	2.2	10.0	-19.2	6.2	15.3	9.0		
YoY (%)	39.2	25.7	4.5	24.3	-10.2	-3.5	8.8	7.9	22.1	1.0
Extra-Ordinary Item	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported PAT	14	13	14	15	12	13	15	16	56	56
EPS (INR)	15.3	15.1	15.5	16.9	13.7	14.5	16.8	18.3	62.6	63.2

Wipro**Neutral****CMP INR422 | TP: INR410 (-3%)****EPS CHANGE (%): FY23|24: -1.8|-5.0**

- Growth in 1QFY23 should remain within the management's guidance band provided in 4QFY22.
- Margin will be impacted by wage hikes and continued investments in 1QFY23.
- Expect demand commentary to remain strong.
- The management's guidance for 2QFY23 and deal wins will be a key monitorable.

Quarterly performance (IFRS)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
IT Services Revenue (USD m)	2,415	2,580	2,640	2,722	2,751	2,827	2,888	2,966	10,356	11,433
QoQ (%)	12.2	6.9	2.3	3.1	1.1	2.8	2.2	2.7	27.3	10.4
Overall Revenue (INR b)	183	197	203	209	213	225	230	236	791	903
QoQ (%)	12.4	7.8	3.3	2.7	2.2	5.4	2.2	2.6		
YoY (%)	22.4	30.1	29.6	28.4	16.8	14.2	13.0	13.0	27.7	14.2
GPM (%)	30.1	30.1	29.7	29.1	27.8	28.3	28.7	29.2	29.7	28.5
SGA (%)	12.9	12.8	12.8	12.8	12.5	12.5	12.5	12.5	12.8	12.5
EBITDA	41	43	43	43	43	47	49	51	170	189
EBITDA margin (%)	22.4	21.6	21.4	20.7	20.3	20.8	21.1	21.6	21.5	21.0
IT Services EBIT (%)	17.8	17.8	17.6	17.0	15.8	16.2	16.6	17.1	17.5	16.5
EBIT margin (%)	17.8	17.8	17.5	16.8	15.8	16.3	16.7	17.2	17.5	16.5
Other income	6	3	2	2	4	4	4	4	13	17
ETR (%)	16.1	22.0	21.3	17.1	22.5	22.5	22.5	22.5	19.1	22.5
PAT	32	29	30	31	29	32	33	35	122	128
QoQ (%)	8.7	-9.3	1.3	4.0	-5.3	8.0	4.2	5.1		
YoY (%)	35.2	18.9	0.0	3.9	-9.5	7.7	10.8	12.0	13.2	5.0
EPS (INR)	5.9	5.3	5.4	5.6	5.3	5.8	6.0	6.3	21.9	23.4

Zensar Technologies**Buy****CMP INR271 | TP: INR310 (+14%)****EPS CHANGE (%): FY23|24: -17.1|-15.7**

- Growth will remain weak, given the initial signs of flattening demand. Among geographies, Europe should grow above the company's average.
- Supply-side issues, hiring costs, and lower growth will impact margin.
- There will be a ramp down on deals in 1QFY23E. Order book will remain soft.
- The management's outlook on medium-term growth and margin will be key monitorables.

Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (USD m)	127	142	147	153	154	158	163	168	569	644
QoQ (%)	5.8	11.6	3.7	4.1	0.6	2.9	2.8	3.4	15.3	13.1
Revenue (INR m)	9,368	10,506	11,025	11,538	11,864	12,520	12,873	13,309	42,437	50,566
YoY (%)	-1.2	12.2	21.6	31.6	26.6	19.2	16.8	15.4	15.7	19.2
GPM (%)	34.8	30.6	29.6	30.2	27.9	27.7	28.7	29.8	31.2	28.6
SGA (%)	16.4	15.2	15.3	16.0	16.3	16.1	16.1	16.1	15.7	16.1
EBITDA	1,726	1,612	1,584	1,642	1,376	1,452	1,622	1,830	6,564	6,280
EBITDA margin (%)	18.4	15.3	14.4	14.2	11.6	11.6	12.6	13.7	15.5	12.4
EBIT	1,300	1,144	1,110	1,161	902	952	1,107	1,297	4,715	4,258
EBIT margin (%)	13.9	10.9	10.1	10.1	7.6	7.6	8.6	9.7	11.1	8.4
Other income	95	142	152	634	83	88	90	93	1,023	354
ETR (%)	26.5	25.5	26.9	27.2	26.5	26.5	26.5	26.5	26.6	26.5
Adj. PAT	1,010	944	909	1,297	716	756	872	1,014	4,160	3,358
QoQ (%)	11.6	-6.5	-3.7	42.7	-44.8	5.6	15.4	16.3		
YoY (%)	38.9	7.5	-7.9	43.3	-29.1	-19.9	-4.1	-21.8	19.0	-19.3
EPS (INR)	4.4	4.2	4.0	5.7	3.1	3.3	3.8	4.5	18.3	14.8

Telecom

Company

Bharti Airtel

Indus Towers

RJio

Tata Communications

Vodafone Idea

Modest quarter with marginal ARPU growth and muted subscriber adds**ARPU benefit to result in revenue growth**

After witnessing the benefits of tariff hikes in the last quarter, telcos may experience some residual benefits of tariff hikes in 1QFY23E given the better exit ARPUs. Further, there may be some benefits of mix-led ARPU improvement for Bharti, while the improvement would be modest for RJio. VIL too is expected to see some improvement in ARPUs. However, the benefits of 2G to 4G subscribers may be soft as high chipset prices have led to limited smartphone launches in the lower price segment even as OEMs have shifted launches to higher segments. Besides, the SIM consolidation across the industry continues; RJio's subscriber additions were flat in Apr'22 while Bharti/VIL saw subscriber churn of 3.1m/3.8m, respectively. We project a ~3% ARPU improvement for all three telcos sequentially, aided by the tariff hike benefits. We also expect RJio and Bharti to witness market share gains from the SIM card consolidation. Accordingly, we forecast Bharti India Wireless/VIL/RJio's revenue to grow 3%/0.6%/3.1% QoQ, respectively.

Weak subscriber additions; SIM consolidation continues

SIM consolidation across the sector led to a steep decline in the active subscriber base by 7.5m MoM to 1,014m in Apr'22 as the price differential across telcos is limited. This is expected to recover in May-Jun'22, but the telcos are likely to see a muted subscriber growth in 1QFY23E due to the SIM card consolidation and limited arbitrage in pricing. This may be skewed towards weaker players, leading to a market share loss for VIL by 1% sequentially. RJio, which cleaned up inactive subscribers over the last few quarters, should see improvement in the number of subscribers. We expect a marginal rise (3%/1% QoQ) in subscribers for RJio/ Bharti.

Expect incremental EBITDA margin in the range of 55-65% for RJio and Bharti

We expect healthy revenue and EBITDA growth with an incremental EBITDA margin of 63%/60% for RJio/ Bharti, respectively, led by subscriber additions and ARPU improvement. The recent diesel price increase, however, should have some limited negative impact on EBITDA. We estimate the expansion in EBITDA margin of Bharti's India Wireless/Rjio to be 30bp/40bp to 50.9%/ 50.7%, respectively. However, we expect a contraction of 150bp in VIL's EBITDA margin to 43.9% in 1QFY23. On Pre IND-AS 116 basis, VIL's EBITDA should remain flat QoQ at INR20b (adjusted for the INR1.5b one-off seen in the last quarter).

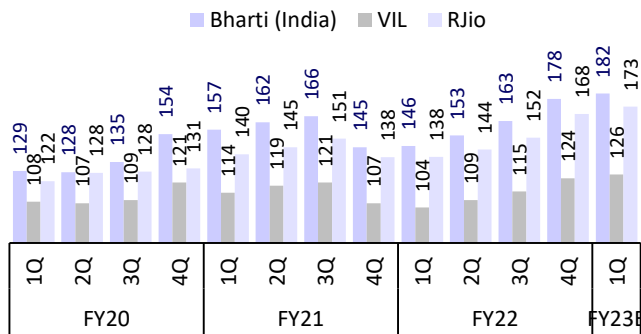
5G spectrum auction to be conducted in Jul'22

The Cabinet has approved 5G spectrum auction and the same will be conducted on 26th Jul'22. The DoT has maintained TRAI's recommended spectrum price whereas the industry players have been demanding a lower spectrum price and the licensee period to be retained at 20 years.

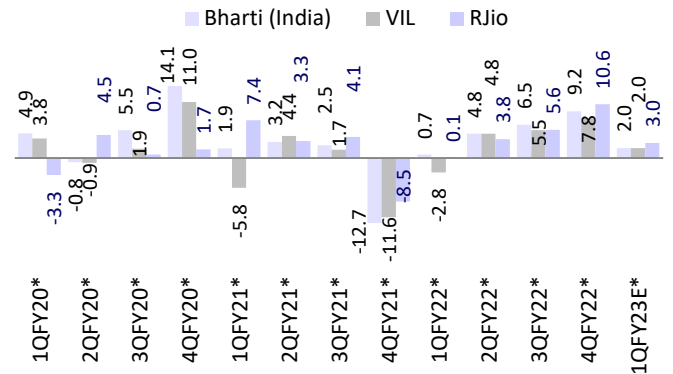
Bharti/RJio's strong FCF of over INR200b/INR250b and the former's INR210b expected cash inflow (from uncalled rights issue and Google equity infusion) is sufficient to meet their investment needs in 5G spectrum. However, the risk of higher capex towards 5G remains a key overhang.

Exhibit 1: Expected quarterly performance summary

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ	Jun-22	Var % YoY	Var % QoQ
Bharti Airtel	682	Buy	3,23,197	20.4	2.6	1,65,023	27.1	2.9	15,185	469.9	-18.4
Indus Towers	210	Neutral	69,631	2.4	-2.2	39,161	11.4	-3.6	17,567	24.1	-3.9
Tata Comm	948	Neutral	43,903	7.0	3.0	10,940	10.9	4.7	3,436	18.3	-11.0
Vodafone Idea	8	Neutral	1,03,007	12.5	0.6	45,234	22.0	-2.7	-66,269	Loss	Loss
Telecom			5,39,738	15.1	1.6	2,60,358	22.9	0.9	-30,082	Loss	Loss

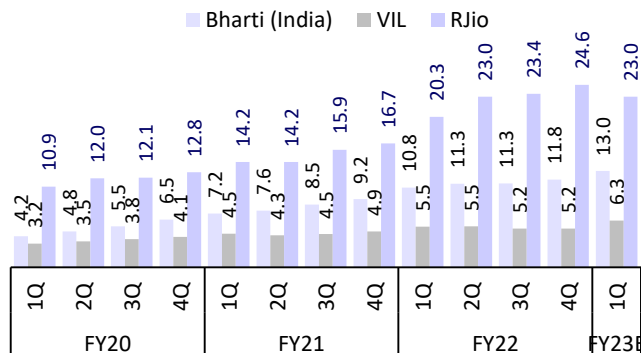
Exhibit 2: Player-wise QoQ ARPU trends (INR)

Source: Company, MOFSL

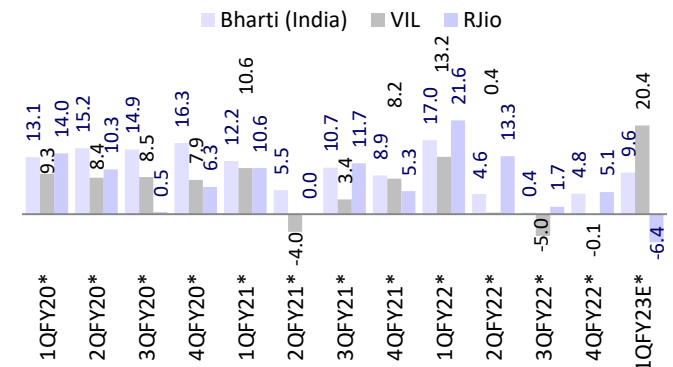
Exhibit 3: Player-wise QoQ ARPU growth trends (%)

**Represents performance of the Vodafone Idea merged entity

Source: Company, MOFSL

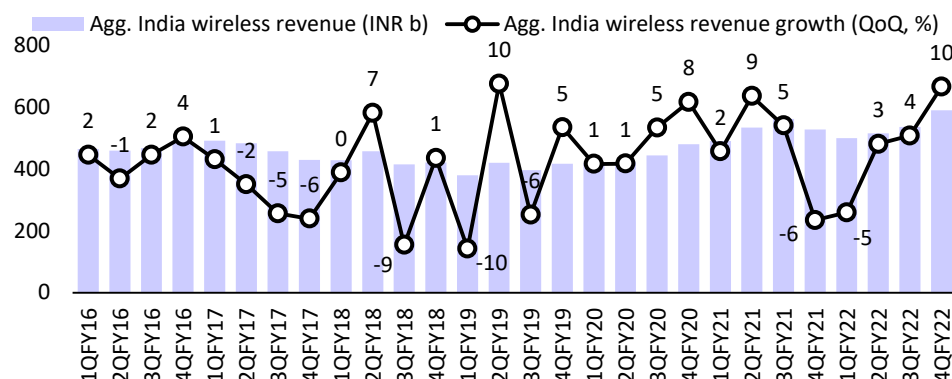
Exhibit 4: Player-wise QoQ data on traffic trends (b GB)

Source: Company, MOFSL

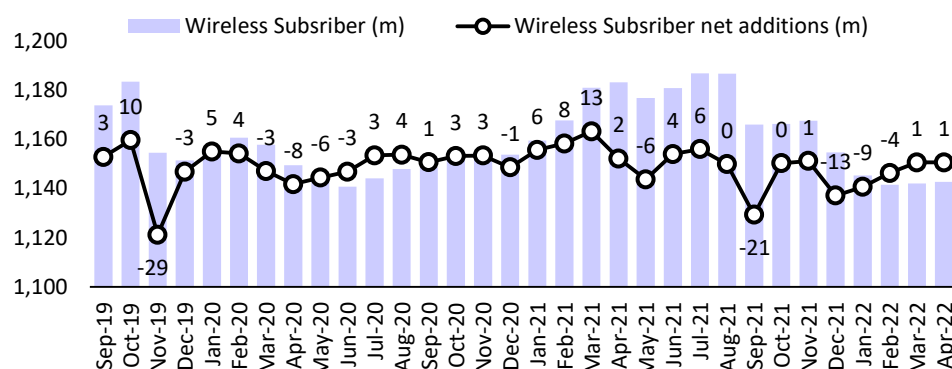
Exhibit 5: Player-wise QoQ growth trends in data traffic (%)

*Represents performance of the Vodafone Idea merged entity

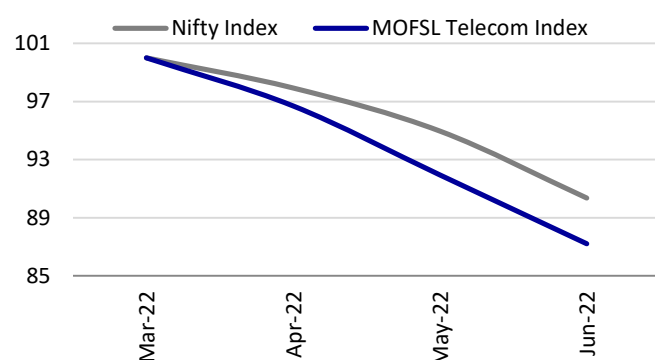
Source: Company, MOFSL

Exhibit 6: Aggregate India Wireless revenue and growth trends (QoQ, %)

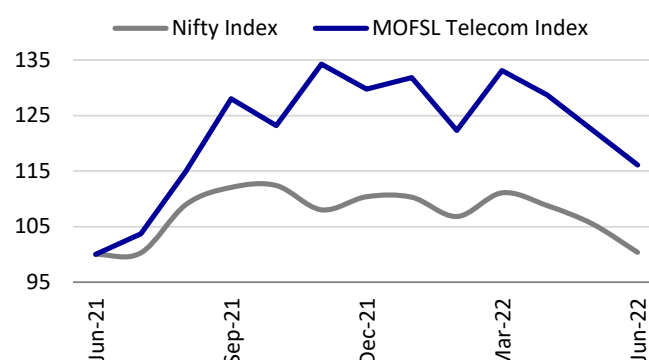
Source: TRAI, MOFSL

Exhibit 7: Aggregate India Wireless subscriber and growth trends (MoM, %)

Source: TRAI, MOFSL

Exhibit 8: Relative performance – three-months (%)

Source: Bloomberg, MOFSL

Exhibit 9: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

Exhibit 10: Comparative valuation

Company Name	CMP		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Telecom						-28	-52	-130.2	17.8	16.2	21.2	-63.0	-31.3	-16.3
Bharti Airtel	682	Buy	5.6	12.4	17.5	122.0	55.1	39.1	5.7	4.3	3.9	5.0	8.9	10.4
Indus Towers	210	Neutral	23.6	26.8	28.5	8.9	7.8	7.4	2.6	2.2	1.9	33.5	30.1	27.4
Tata Comm	948	Neutral	51.8	58.7	86.5	18.3	16.2	11.0	29.1	10.4	5.3	283.3	94.8	64
Vodafone Idea	8	Neutral	-9.9	-8.8	-8.2	-0.8	-0.9	-1.0	-0.4	-0.3	-0.2	NM	NM	NM

Exhibit 11: Wireless KPI comparison

	FY20				FY21				FY22				FY23E	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1QE	(%)	(%)
EOP Wireless SUBS (m)															
Bharti (India)	277	279	283	284	280	294	308	321	321	323	323	326	329	2.5	1.0
VIL	320	311	304	291	280	272	270	268	255	253	247	244	241	-5.7	-1.2
RJio	331	355	370	388	398	406	411	426	441	430	421	410	422	-4.2	2.9
Avg. Wireless Subs (m)															
Bharti (India)	280	278	281	283	282	287	301	315	321	322	323	324	328	2.0	1.0
VIL	327	316	308	298	285	276	271	269	262	254	250	246	242	-7.4	-1.3
RJio	319	343	363	379	393	402	408	419	433	435	425	416	416	-4.0	0.1
ARPU (INR/month)															
Bharti (India)	129	128	135	154	157	162	166	145	146	153	163	178	182	24.4	2.0
VIL	108	107	109	121	114	119	121	107	104	109	115	124	126	21.6	2.0
RJio	122	128	128	131	140	145	151	138	138	144	152	168	173	24.7	3.0
MOU/Sub (min)															
Bharti (India)	888	848	898	965	994	1,005	1,027	1,053	1,044	1,053	1,061	1,081	1,092	4.6	1.0
VIL	690	669	674	688	678	673	673	657	641	630	620	610	616	-3.9	1.0
RJio	821	789	760	771	756	773	796	820	815	835	901	962	784	-3.8	-18.5
Wireless traffic (B min)															
Bharti (India)	737	717	759	822	820	861	925	997	1,002	1,020	1,030	1,051	1,073	7.1	2.1
VIL	676	631	624	616	579	555	547	529	503	480	465	449	448	-11.0	-0.3
RJio	786	813	826	876	891	932	975	1030	1060	1090	1150	1200	979	-7.6	-18.4
Data usage/Sub (Gb)															
Bharti (India)	11.9	13.1	13.9	15.0	16.7	16.4	16.8	16.8	18.9	19.1	18.7	19.2	20.0	5.5	3.9
VIL	7.4	8.2	9.0	9.7	11.0	10.6	10.9	11.7	13.3	13.5	12.8	12.9	14.9	12.1	15.8
RJio	11.4	11.7	11.1	11.3	12.0	11.8	13.0	13.3	15.6	17.6	18.3	19.7	18.4	18.1	-6.6
Data traffic (B Gb)															
Bharti (India)	4.2	4.8	5.5	6.5	7.2	7.6	8.5	9.2	10.8	11.3	11.3	11.8	13.0	20.6	9.6
VIL	3.2	3.5	3.8	4.1	4.5	4.3	4.5	4.9	5.5	5.5	5.2	5.2	6.3	14.7	20.4
RJio	10.9	12.0	12.1	12.8	14.2	14.2	15.9	16.7	20.3	23.0	23.4	24.6	23.0	13.4	-6.4

Source: Company, MOFSL

Exhibit 12: Quarterly financials

	FY20				FY21				FY22				FY23E	YoY	QoQ
	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1Q*	2Q*	3Q*	4Q*	1QE*	(%)	(%)
Revenue (INR b)															
Bharti (India wireless)	109	110	112	130	129	138	148	141	143	152	161	176	181	26.8	3.0
Bharti (consolidated)	207	211	213	237	239	251	265	257	269	283	299	315	323	20.4	2.6
VIL	113	108	111	118	107	108	109	96	92	94	97	102	103	12.5	0.6
RJio	117	131	140	148	166	175	185	174	180	187	193	209	216	19.8	3.1
EBITDA (INR b)															
Bharti (India wireless)	39	40	40	51	52	59	65	67	70	75	79	89	92	31.3	3.5
Bharti (consolidated)	83	89	87	102	104	111	121	123	130	138	147	160	165	27.1	2.9
VIL	37	33	34	44	41	42	43	44	37	39	38	46	45	22.0	-2.7
RJio	47	51	56	62	70	75	81	83	86	90	95	105	109	26.8	3.9
EBITDA Margin (%)															
Bharti (India wireless)	35.7	36.3	35.9	39.2	40.6	42.6	43.7	47.5	49.2	49.2	49.4	50.6	50.9	177bps	29bps
Bharti (consolidated)	39.9	41.9	40.8	42.9	43.5	44.2	45.5	47.9	48.3	48.8	49.2	50.9	51.1	272bps	14bps
VIL	32.4	30.9	30.8	37.3	38.4	38.5	39.3	45.9	40.5	41.1	39.3	45.4	43.9	340bps	-149bps
RJio	40.0	39.1	40.0	41.6	42.3	42.9	43.9	47.8	47.9	48.0	49.2	50.3	50.7	279bps	40bps
PAT (INR b)															
Bharti (consolidated)	(28.7)	(230.4)	(10.4)	(52.4)	(159.3)	(7.6)	8.5	7.6	2.8	11.3	8.3	20.1	15.2	435.6	-24.4
VIL	(48.7)	(509.2)	(64.4)	(116.4)	(254.6)	(72.2)	(45.3)	(70.2)	(73.2)	(71.3)	(72.3)	(65.6)	(66.3)	NA	NA
RJio	9	10	14	23	25	28	33	34	35	35	36	42	45	29.6	8.7
EPS (INR)															
Bharti	(5.6)	(44.9)	(2.0)	(9.7)	(29.2)	(1.4)	1.6	1.4	0.5	2.1	1.5	3.6	2.7	426.2	-24.4
VIL	(5.6)	(58.3)	(2.2)	(4.1)	(8.9)	(2.5)	(1.6)	(2.4)	(2.5)	(2.5)	(2.5)	(2.0)	(2.1)	NA	NA
RJio	0.2	0.2	0.3	0.5	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.9	1.0	29.6	8.7

*Represents performance of the Vodafone Idea merged entity Source: Company, MOFSL

The tables below provide a snapshot of the actual and estimated numbers of companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

Bharti Airtel

Buy
CMP: INR682 | TP: INR910 (+33%)
EPS CHANGE (%): FY23|24: 0|40.9

- Expect 3% revenue growth sequentially led by increase in ARPU due to rate hikes and mix improvement.
- Expect India Wireless subscribers to grow 1% sequentially.
- Expect India Wireless/ Airtel Africa to see a sequential revenue growth of 3%/2% QoQ, respectively

Consolidated - Quarterly Earning Model

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	269	283	299	315	323	332	342	352	1,165	1,350
YoY Change (%)	12.2	13.0	12.6	22.3	20.4	17.3	14.6	11.8	15.8	15.8
Total Expenditure	139	145	152	155	158	162	166	169	590	655
EBITDA	130	138	147	160	165	170	177	183	575	695
YoY Change (%)	24.7	24.8	22.0	30.1	27.1	23.4	20.1	14.1	26.8	20.8
Depreciation	77	82	85	86	88	91	92	95	331	366
Net Finance cost	42	40	44	41	39	39	38	37	166	154
Other Income	7	7	8	7	11	11	12	13	30	46
PBT before EO expense	17	23	26	41	49	52	58	63	108	221
Extra-Ord expense	0	-7	0	-9	0	0	0	0	-17	0
PBT	18	30	26	50	49	52	58	63	125	221
Tax	8	10	10	13	19	21	23	25	42	89
Rate (%)	47.0	34.0	37.5	26.2	40.0	40.0	40.0	40.0	33.5	40.0
Minority Interest & P/L of Asso. Cos.	7	9	8	17	14	15	17	18	41	64
Reported PAT	3	11	8	20	15	16	18	20	43	69
Adj PAT	3	6	8	19	15	16	18	20	35	69
YoY Change (%)	-161.1	-179.8	-370.7	477.4	469.9	172.4	125.6	5.7	-405.0	96.3

E: MOFSL Estimates

Indus Towers

Neutral
CMP: INR210 | TP: INR215 (+2%)
EPS CHANGE (%): FY23|24: 0|0

- Expect the number of tenants to remain flat and rental rates to reduce 5% sequentially.
- Expect tower additions of 1,000 in 1QFY23.
- Expect revenue to be flattish sequentially for 1QFY23.
- Consolidated EBITDA margin likely to decline 90bp to 56.2% sequentially.

Quarterly Performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
(Consolidated)	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue from operations	67,970	68,765	69,274	71,163	69,631	70,260	70,893	70,827	2,77,172	2,81,610
YoY Change (%)	11.7	8.1	2.8	9.6	2.4	2.2	2.3	-0.5	8.4	9.7
Total Expenditure	32,803	32,532	32,287	30,543	30,470	30,454	30,680	30,663	1,28,165	1,22,266
EBITDA	35,167	36,233	36,987	40,620	39,161	39,806	40,213	40,164	1,49,007	1,59,344
YoY Change (%)	15.0	17.9	4.1	19.0	11.4	9.9	8.7	-1.1	18.4	21.7
Depreciation	13,198	13,161	13,244	13,649	13,599	13,599	13,599	13,599	53,252	54,398
Interest	3,768	3,665	3,793	3,747	3,321	3,321	3,321	3,321	14,973	13,283
Other Income	569	927	939	1,090	1,236	1,236	1,236	1,236	3,525	4,943
PBT	18,770	20,334	20,889	24,314	23,476	24,122	24,529	24,480	84,307	96,606
Tax	4,617	4,749	5,181	6,029	5,909	6,071	6,174	6,162	20,576	24,316
Rate (%)	24.6	23.4	24.8	24.8	25.2	25.2	25.2	25.2	24.4	25.2
Reported PAT	14,153	15,585	15,708	18,285	17,567	18,050	18,355	18,318	63,731	72,290
Adj PAT	14,153	15,585	15,708	18,285	17,567	18,050	18,355	18,318	63,731	72,290
YoY Change (%)	26.3	37.8	15.5	34.1	24.1	15.8	16.8	0.2	26.8	45.3

E: MOFSL Estimates

Reliance Jio

CMP: INR | TP: INR
EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect monthly subscriber additions of 4m in 1QFY23.
- Expect EBITDA margin to improve marginally to 50.7% in 1QFY23.
- Expect ARPU to grow 3% sequentially to INR173.

Quarterly Earning Model

Y/E March	FY22				FY23E				FY22	(INR b) FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Revenue	180	187	193	209	216	224	234	238	770	911
YoY Change (%)	8.7	7.2	4.6	20.4	19.8	19.5	20.8	13.8	10.1	18.4
Total Expenditure	94	97	98	104	106	107	110	112	394	436
EBITDA	86	90	95	105	109	117	124	126	376	475
Margins (%)	47.9	48.0	49.2	50.3	50.7	52.1	52.9	52.9	48.9	52.2
Depreciation	31	32	36	37	38	38	39	40	136	155
Finance Cost	8	11	13	12	11	11	11	11	44	44
Other Income	0	0	2	0	1	1	1	1	2	2
PBT	47	47	48	56	61	68	74	76	198	278
Tax	12	12	12	14	15	17	19	19	50	71
Rate (%)	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
PAT	35	35	36	42	45	51	55	56	148	207
Margins (%)	19.5	18.8	18.7	20.0	21.1	22.6	23.6	23.7	19.2	23
YoY Change (%)	0.4	0.2	0.1	0.2	0.3	0.4	0.5	0.4	23%	40%

Tata Communications

Neutral
CMP: INR948 | TP: INR1,060 (12%)
EPS CHANGE (%): FY23|24: (2.8)|(2.3)

- Expect the decline in Voice revenue to continue.
- Expect an improved deals pipeline to drive revenue.
- Expect revenue from Digital Services/Incubation Services to grow 7%/15% sequentially in 1QFY23, respectively.

Cons. Quarterly Earning Model

Y/E March	FY22				FY23E				FY22	(INR m) FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	41,028	41,740	41,849	42,630	43,903	45,084	46,345	47,697	1,67,247	1,83,029
YoY Change (%)	-6.8	-5.2	-0.9	4.7	7.0	8.0	10.7	11.9	-2.2	9.4
Total Expenditure	31,167	30,612	31,024	32,177	32,963	33,466	34,106	34,888	1,24,980	1,35,424
EBITDA	9,861	11,129	10,825	10,453	10,940	11,618	12,238	12,809	42,267	47,605
YoY Change (%)	-5.3	-3.9	3.5	3.0	10.9	4.4	13.1	22.5	-0.8	12.6
Depreciation	5,318	5,416	5,425	5,887	5,727	5,727	5,727	5,727	22,045	22,910
Interest	962	908	835	898	885	880	847	814	3,603	3,425
Other Income	134	364	188	2,635	250	253	260	263	3,321	1,026
PBT before EO expense	3,714	5,169	4,754	6,304	4,578	5,264	5,924	6,531	19,940	22,296
Exceptional (gain)/loss	-56	-127	-85	209	0	0	0	0	-60	0
PBT	3,771	5,296	4,839	6,095	4,578	5,264	5,924	6,531	20,000	22,296
Tax	793	1,038	958	2,433	1,152	1,325	1,491	1,644	5,221	5,612
Rate (%)	21.0	19.6	19.8	39.9	25.2	25.2	25.2	25.2	26.1	25.2
MI & P/L of Asso. Cos.	17	4	-72	12	-10	-10	-10	-10	-39	-39
Reported PAT	2,961	4,254	3,952	3,651	3,436	3,949	4,443	4,897	14,817	16,723
Adj PAT	2,905	4,126	3,867	3,860	3,436	3,949	4,443	4,897	14,758	16,724
YoY Change (%)	8.3	-5.9	20.6	29.5	18.3	-4.3	14.9	26.9	11.4	13.3

E: MOFSL Estimates

Vodafone Idea**Neutral****CMP: INR8.35 | TP: INR9 (+8%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Expect ARPU to inch up marginally by 2% sequentially in 1QFY23 to INR126.5.
- Expect sequential revenue to be flat. Subscriber decline should be offset by ARPU.
- Expect subscriber base to decline by 3m (net) in 1QFY23.

Consolidated - Quarterly Earning Model**(INR b)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Revenue	92	94	97	102	103	105	107	111	385	425
YoY Change (%)	-14.1	-12.8	-10.8	6.6	12.5	11.2	10.2	8.0	-8.2	10.4
Total Expenditure	54	55	59	56	58	57	57	57	225	229
EBITDA	37	39	38	46	45	48	50	53	160	196
YoY Change (%)	-9.5	-7.0	-11.0	5.5	22.0	23.9	31.7	14.3	-5.4	22.5
Depreciation	60	59	57	59	59	60	61	61	236	241
Share in Profits from Associates	0	0	0	0	0	0	0	0	0	0
Net Finance Costs	52	51	53	53	52	52	52	52	209	209
PBT before EO expense	-75	-71	-72	-65	-66	-65	-63	-60	-284	-254
Extra-Ord expense	-2	0	0	0	0	0	0	0	-2	0
PBT	-73	-71	-72	-66	-66	-65	-63	-60	-282	-253
Tax	0.0	0.0	0.1	0.0	0.0	0.0	0.0	-0.1	0.1	0.0
Rate (%)	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Reported PAT	-73	-71	-72	-66	-66	-65	-63	-60	-282	-253
Adj PAT	-75	-71	-72	-65	-66	-65	-63	-60	-284	-209
YoY Change (%)	35.4	10.8	15.9	8.3	-11.6	-9.7	-13.3	-8.0	17.1	-26.4

E: MOFSL Estimates

Others | Various Sectors

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

APL Apollo Tubes

Buy
CMP INR835 | TP: INR1,190 (+42%)
EPS CHANGE (%): FY23 | 24: 0 | 0

- The company saw a volume growth of 13% YoY (a decline of 23% QoQ) in 1QFY23.
- Demand outlook on structural steel tubes and utilization level of Raipur Plant
- Expect EBITDA to decline by 23% YoY, assuming an EBITDA/MT of INR4,643 (down 32% YoY).

Consolidated quarterly earnings model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	25,343	30,839	32,304	42,147	28,429	38,808	40,497	45,499	1,30,633	1,53,232
Change (YoY %)	128.4	40.0	24.2	62.9	12.2	25.8	25.4	8.0	53.7	17.3
Total Expenditure	22,796	28,617	30,281	39,486	26,466	36,010	37,341	41,859	1,21,181	1,41,676
EBITDA	2,547	2,222	2,023	2,661	1,963	2,798	3,156	3,640	9,453	11,557
Margin (%)	10.0	7.2	6.3	6.3	6.9	7.2	7.8	8.0	7.2	7.5
Depreciation	265	273	272	279	290	310	340	360	1,090	1,300
Interest	128	107	109	101	105	110	115	115	445	445
Other Income	102	114	79	110	113	125	87	121	405	446
PBT before EO expense	2,256	1,956	1,721	2,391	1,680	2,503	2,788	3,286	8,323	10,257
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	2,256	1,956	1,721	2,391	1,680	2,503	2,788	3,286	8,323	10,257
Tax	572	495	442	625	423	631	703	828	2,133	2,585
Rate (%)	25.3	25.3	25.7	26.1	25.2	25.2	25.2	25.2	25.6	25.2
Minority Interest and Profit/Loss of Asso. Cos.	211	148	123	136	125	0	0	0	617	125
Reported PAT	1,474	1,313	1,156	1,630	1,132	1,872	2,085	2,458	5,573	7,547
Adj. PAT	1,474	1,313	1,156	1,630	1,132	1,872	2,085	2,458	5,573	7,547
Change (YoY %)	778.1	42.5	-12.4	36.7	-23.2	42.6	80.3	50.8	54.7	35.4
Margin (%)	5.8	4.3	3.6	3.9	4.0	4.8	5.1	5.4	4.3	4.9

BSE

Neutral
CMP INR597 | TP: INR660 (11%)
EPS CHANGE (%): FY23 | 24: -11.7 | -13.8

- Revenues likely to see a sequential drop of 11%
- Revenue from services to corporate to remain muted led by decline in IPO activities amidst volatile equity markets.
- Decline in equity transaction volumes to be offset by strength in Star MF revenues
- Operating deleverage to impact margins on a QoQ basis

Cons. Quarterly perf.

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue from operations	1,527	1,818	1,840	1,922	1,708	1,799	1,894	2,099	7,107	7,500
YoY Change (%)	47.9	41.6	55.7	29.8	11.9	-1.0	3.0	9.2	42.7	5.5
Total Expenditure	1,063	1,278	1,262	1,349	1,255	1,285	1,320	1,411	4,952	5,271
EBITDA	464	540	578	573	453	514	574	687	2,156	2,229
Margins (%)	30.4	29.7	31.4	29.8	26.5	28.6	30.3	32.8	30.3	29.7
Depreciation	116	117	123	127	117	118	120	120	483	475
Interest	42	52	52	76	52	55	56	59	222	222
Investment income	331	440	346	412	350	357	364	352	1,529	1,423
PBT before EO expense	637	811	750	782	634	698	763	861	2,980	2,956
Extra-Ord expense	94	79	89	88	95	100	110	117	350	422
PBT	543	733	660	694	539	598	653	744	2,630	2,534
Tax	161	280	244	139	151	167	183	208	823	709
Rate (%)	29.6	38.2	36.9	20.1	28.0	28.0	28.0	28.0	31.3	28.0
P/L of Asso. Cos.	136	176	169	161	169	178	186	205	642	738
Reported PAT	519	629	586	716	557	608	657	741	2,449	2,562
YoY Change (%)	59.8	36.6	86.2	125.4	7.4	-3.3	12.1	3.5	60.0	7.1
Margins (%)	27.7	28.6	26.0	30.5	25.5	26.7	27.6	28.3	40.7	41.2

Coromandel International

Buy

CMP INR964 | TP: INR1,137 (+18%)

EPS CHANGE (%): FY23 | 24: -4 | +1

- Expect fertilizer manufacturing volumes to remain flat and trading volumes to grow by 26% YoY in 1QFY23.
- Expect revenue from Crop Protection to grow by 10% YoY in 1QFY23.
- Expect a fertilizer manufacturing (NPK, DAP and SSP) EBITDA/MT to be ~INR4,400.
- The current on-ground demand scenario for the Kharif season is a key monitorable.

Consolidated quarterly earnings model

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	36,639	61,475	50,726	42,268	61,184	90,094	70,750	56,951	1,91,109	2,78,977
Change (YoY %)	14.0	33.3	43.6	49.6	67.0	46.6	39.5	34.7	34.8	46.0
Total Expenditure	31,808	54,043	45,288	38,471	56,256	82,181	64,825	53,139	1,69,610	2,56,400
EBITDA	4,831	7,432	5,439	3,797	4,928	7,913	5,925	3,812	21,499	22,577
Margin (%)	13.2	12.1	10.7	9.0	8.1	8.8	8.4	6.7	11.2	8.1
Depreciation	423	421	429	454	460	485	505	518	1,727	1,968
Interest	171	192	178	214	171	192	178	214	755	755
Other Income	218	189	269	768	250	217	309	883	1,443	1,659
PBT before EO expense	4,455	7,008	5,101	3,897	4,547	7,453	5,551	3,964	20,460	21,514
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	4,455	7,008	5,101	3,897	4,547	7,453	5,551	3,964	20,460	21,514
Tax	1,104	1,819	1,298	992	1,144	1,876	1,397	998	5,213	5,415
Rate (%)	24.8	26.0	25.4	25.4	25.2	25.2	25.2	25.2	25.5	25.2
Minority Interest and P/L of Asso. Cos.	-27	-4	-13	7	-29	-5	-14	8	-37	-39
Reported PAT	3,378	5,193	3,816	2,898	3,431	5,582	4,167	2,958	15,285	16,138
Adj. PAT	3,378	5,193	3,816	2,898	3,431	5,582	4,167	2,958	15,285	16,138
Change (YoY %)	34.8	-11.8	14.3	85.9	1.6	7.5	9.2	2.1	15.0	5.6
Margin (%)	9.2	8.4	7.5	6.9	5.6	6.2	5.9	5.2	8.0	5.8

Essel Propack

Buy

CMP INR155 | TP: INR223 (+44%)

EPS CHANGE (%): FY23 | 24: -1 | -1

- Expect AMESA, EAP, and Americas to record low double-digit growth and high teen growth in Europe.
- Expect revenue to grow by 12% YoY and EBITDA to decline by 7% on higher raw material prices.
- The outlook on capex plans and commodity prices will be a key monitorable.
- Update on customer acquisition and cost control measures are key focus areas.

Consolidated quarterly earnings model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	7,991	8,701	8,834	8,802	8,953	9,526	9,778	9,652	34,328	37,908
Change (YoY %)	7.8	13.0	14.9	8.6	NA	19.2	12.4	9.3	11.1	10.4
Total Expenditure	6,542	7,107	7,447	7,471	7,609	7,787	7,808	7,775	28,567	30,978
EBITDA	1,449	1,594	1,387	1,331	1,344	1,739	1,970	1,877	5,761	6,929
Margin (%)	18.1	18.3	15.7	15.1	15.0	18.3	20.1	19.4	16.8	18.3
Depreciation	619	622	642	631	640	660	680	702	2,514	2,682
Interest	89	97	103	114	105	100	95	90	403	390
Other Income	53	14	31	22	60	15	35	25	120	135
PBT before EO expense	794	889	673	608	659	994	1,230	1,110	2,964	3,992
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	794	889	673	608	659	994	1,230	1,110	2,964	3,992
Tax	189	297	82	107	178	268	332	300	675	1,078
Rate (%)	23.8	33.4	12.2	17.6	27.0	27.0	27.0	27.0	22.8	27.0
Minority Interest and Profit/Loss of Asso. Cos.	-26	-85	-20	-14	-30	-90	-24	-17	-145	-161
Reported PAT	579	507	571	487	451	635	874	793	2,144	2,753
Adj. PAT	579	507	571	487	451	635	874	793	2,144	2,753
Change (YoY %)	-4.3	-24.3	-19.5	-14.3	NA	9.7	72.4	38.9	-16.0	28.4
Margin (%)	7.2	5.8	6.5	5.5	5.0	6.7	8.9	8.2	6.2	7.3

Godrej Agrovet**Buy****CMP INR506 | TP: INR695 (+37%)****EPS CHANGE (%): FY23 | 24: -5 | -4**

- Expect volumes in the Animal Feed business to grow by 13% YoY (remain flat QoQ).
- The performance outlook on Astec, Palm Oil, and domestic Crop Protection will be a key focus area.
- Raw material prices such as maize and soybean are key monitorables.
- Expect revenue/EBIT in the Palm Oil segment to grow by 20%/76% YoY.

Consolidated quarterly earnings model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	19,928	21,541	20,785	20,808	23,208	24,372	22,553	22,784	83,061	92,917
Change (YoY %)	28.2	25.0	36.2	42.3	16.5	13.1	8.5	9.5	32.5	11.9
Total Expenditure	18,232	19,636	19,423	19,115	20,884	22,076	20,901	20,607	76,407	84,467
EBITDA	1,695	1,904	1,362	1,693	2,324	2,296	1,652	2,177	6,654	8,450
Margin (%)	8.5	8.8	6.6	8.1	10.0	9.4	7.3	9.6	8.0	9.1
Depreciation	408	424	445	457	460	465	470	474	1,733	1,869
Interest	130	156	165	180	195	200	205	220	631	820
Other Income	104	56	104	532	110	59	110	110	797	388
PBT before EO expense	1,262	1,381	857	1,587	1,779	1,690	1,087	1,593	5,086	6,149
Extra-Ord. expense	0	0	173	0	0	0	0	0	173	0
PBT	1,262	1,381	684	1,587	1,779	1,690	1,087	1,593	4,914	6,149
Tax	327	376	175	346	448	425	274	401	1,224	1,548
Rate (%)	26.0	27.2	25.6	21.8	25.2	25.2	25.2	25.2	24.9	25.2
Minority Interest and Profit/Loss of Asso. Cos.	-126	-87	-142	18	-138	-96	-156	20	-337	-370
Reported PAT	1,060	1,093	651	1,223	1,469	1,361	969	1,172	4,026	4,971
Adj. PAT	1,060	1,093	778	1,223	1,469	1,361	969	1,172	4,199	4,971
Change (YoY %)	19.7	2.1	26.4	116.1	38.6	24.5	24.5	-4.1	33.8	18.4
Margin (%)	5.3	5.1	3.7	5.9	6.3	5.6	4.3	5.1	5.1	5.4

IndiaMART**Buy****CMP: INR3764 | TP: INR4800 (+28%)****EPS CHANGE (%): FY23 | 24: -4.7 | -6.2**

- Expect strong revenue growth, with a contribution from Busy.
- Expect a slight dip in margin due to normalization of costs, wage hikes, and headcount additions.
- Expect ARPU to remain range bound.
- Pick-up in paid subscribers and margin are key monitorables.

Consolidated quarterly earnings model

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	1,816	1,824	1,881	2,014	2,255	2,342	2,437	2,534	7,535	9,568
Change (YoY %)	18.6	11.8	8.4	12.1	24.2	28.4	29.6	25.8	12.5	27.0
Total Expenditure	930	992	1,093	1,442	1,663	1,680	1,705	1,837	4,457	6,885
EBITDA	886	832	788	572	592	662	732	697	3,078	2,683
Margin (%)	48.8	45.6	41.9	28.4	26.3	28.3	30.0	27.5	40.8	28.0
Depreciation	32	28	30	29	35	36	37	39	119	147
Interest	14	14	13	13	13	13	13	13	54	52
Other Income	294	314	219	295	357	371	386	401	1,122	1,514
PBT before EO expense	1,134	1,104	964	825	901	984	1,067	1,046	4,027	3,998
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	1,134	1,104	964	825	901	984	1,067	1,046	4,027	3,998
Tax	240	264	231	193	211	230	250	245	928	935
Rate (%)	21.2	23.9	24.0	23.4	23.4	23.4	23.4	23.4	23.0	23.4
Minority Interest and Profit/Loss of Asso. Cos.	15	18	31	58	0	0	0	0	122	0
Reported PAT	879	822	702	574	690	754	818	801	2,977	3,063
Adj. PAT	879	822	702	574	690	754	818	801	2,977	3,063
Change (YoY %)	18.6	17.8	-12.5	-13.8	-21.5	-8.3	16.5	39.6	2.4	2.9
Margin (%)	48.4	45.1	37.3	28.5	30.6	32.2	33.6	31.6	39.5	32.0

Indian Hotels

Buy

CMP INR232 | TP: 289 (+25%)

EPS CHANGE (%): FY23|24: +5|+3

- Expect revenue to grow by 3.4x YoY and EBIDTA margin by ~27% in 1QFY23.
- Performance update on international Hotels
- Demand scenario in key markets, improvement in occupancy, and ARR are key focus areas.
- Update on corporate bookings is a key monitorable.

Consolidated quarterly earnings model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	3,446	7,284	11,112	8,721	11,730	11,654	14,001	12,907	30,562	50,292
Change (YoY %)	139.9	183.8	98.5	41.8	240.4	60.0	26.0	48.0	94.0	64.6
Total Expenditure	4,934	6,555	7,895	7,131	8,555	8,471	9,813	9,611	26,515	36,450
EBITDA	-1,488	728	3,218	1,590	3,175	3,183	4,189	3,295	4,048	13,842
Margin (%)	-43.2	10.0	29.0	18.2	27.1	27.3	29.9	25.5	13.2	27.5
Depreciation	1,025	1,018	999	1,019	1,035	1,050	1,090	1,133	4,061	4,308
Interest	1,097	1,139	1,249	792	750	725	675	665	4,277	2,815
Other Income	258	239	227	828	320	300	300	400	1,552	1,320
PBT before EO expense	-3,354	-1,189	1,197	607	1,710	1,708	2,724	1,897	-2,738	8,039
Extra-Ord. expense	-203	108	102	-164	0	0	0	0	-156	0
PBT	-3,150	-1,297	1,095	771	1,710	1,708	2,724	1,897	-2,582	8,039
Tax	-450	-113	232	-26	564	564	899	626	-358	2,653
Rate (%)	14.3	8.7	21.2	-3.4	33.0	33.0	33.0	33.0	13.9	33.0
Minority Interest and Profit/Loss of Asso. Cos.	73	22	103	55	77	23	108	58	253	266
Reported PAT	-2,773	-1,206	760	742	1,069	1,121	1,717	1,213	-2,477	5,120
Adj. PAT	-2,926	-1,125	837	619	1,069	1,121	1,717	1,213	-2,594	5,120
Change (YoY %)	-15.1	-54.2	NA	NA	NA	NA	105.2	95.9	NA	NA
Margin (%)	-84.9	-15.4	7.5	7.1	9.1	9.6	12.3	9.4	-8.5	10.2

Info Edge

Neutral

CMP: INR3830 | TP: INR3730 (-3%)

EPS CHANGE (%): FY23|24: 0.0|0.0

- Expect the Recruitment vertical to see a strong performance, led by continued demand for technology.
- The Real Estate vertical should perform well due to a revival in the sector.
- The outlook on investee companies is a key monitorable.

Standalone quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue	3,197	3,517	4,161	4,555	4,923	5,144	5,417	5,541	15,430	21,025
YoY (%)	14.1	37.3	52.8	51.6	54.0	46.3	30.2	21.6	39.1	36.3
Salary costs	1,518	1,605	1,868	2,039	2,242	2,334	2,449	2,489	7,030	9,514
Ad and Promotion costs	459	617	806	967	985	1,080	1,029	997	2,849	4,091
Other Expenses	223	232	278	270	305	319	336	344	1,003	1,304
EBITDA	997	1,063	1,209	1,280	1,391	1,411	1,603	1,710	4,549	6,115
EBITDA Margin (%)	31.2	30.2	29.1	28.1	28.3	27.4	29.6	30.9	29.5	29.1
Depreciation	103	99	99	97	103	108	114	116	398	442
EBIT Margin (%)	28.0	27.4	26.7	26.0	26.2	25.3	27.5	28.8	26.9	27.0
Other Income	410	440	428	421	468	489	542	554	1,699	2,052
PBT bef. Extra-ordinary	1,290	1,392	1,527	1,595	1,741	1,776	2,015	2,131	5,804	7,663
Provision for Tax	281	377	342	388	400	408	463	490	1,387	1,762
ETR (%)	21.7	27.1	22.4	24.3	23.0	23.0	23.0	23.0	23.9	23.0
PAT bef. Minority	1,010	83,557	3,364	1,207	1,340	1,367	1,551	1,641	89,137	5,900
EOI	0	82,542	2,178	0	0	0	0	0	84,720	0
Adjusted PAT	1,010	1,015	1,185	1,207	1,340	1,367	1,551	1,641	4,417	5,900
QoQ (%)	38.5	0.6	16.8	1.8	11.1	2.0	13.5	5.8		
YoY (%)	21.3	98.5	69.7	65.6	32.8	34.7	30.9	36.0	63.2	33.6
EPS (INR)	7.8	7.8	8.6	9.3	10.4	10.6	12.0	12.7	34.1	45.5

InterGlobe Aviation

Neutral

CMP INR 1,650 | TP: INR 1,833 (+11%)

EPS CHANGE (%): FY23 | 24: +4 | +5

- Expect RPK at 23b (~3.5x YoY) as travel picks up after the gradual removal of lockdown restrictions, with PLF at 82% (up from 76.5% in 4QFY22) and an ASK of 28b (up 150% YoY).
- Outlook on the replacement of older aircraft with newer aircraft deliveries from Airbus. Also, expansion to new Tier II and III routes will aid better yields going forward.
- Expect yields at INR4.8 (+5% YoY), led by a reversal in demand since Apr'22.
- The most significant monitorable will be the opening up of international travel, which remains key in the near term.

Quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	30,069	56,085	92,948	80,207	1,09,563	1,04,648	1,06,741	1,12,884	2,59,309	4,33,835
YoY Change (%)	292.2	104.6	89.3	28.9	264.4	86.6	14.8	40.7	77.1	67.3
EBITDAR	-14,176	2,513	19,053	1,030	4,958	11,753	25,868	45,111	8,420	87,690
Margins (%)	-47.1	4.5	20.5	1.3	4.5	11.2	24.2	40.0	3.2	20.2
Net Rentals	523	649	1,273	673	560	516	526	537	3,116	2,139
EBITDA	-14,698	1,864	17,780	357	4,398	11,237	25,341	44,574	5,303	85,551
Margins (%)	-48.9	3.3	19.1	0.4	4.0	10.7	23.7	39.5	2.0	19.7
Depreciation	13,171	12,479	12,336	12,693	12,152	12,273	12,396	11,786	50,678	48,607
Interest	5,555	5,688	6,011	6,326	6,598	6,664	6,731	6,399	23,580	26,392
Other Income	1,631	1,899	1,851	1,864	2,359	2,383	2,407	2,288	7,245	9,438
PBT	-31,793	-14,404	1,285	-16,797	-11,992	-5,317	8,622	28,677	-61,710	19,989
Rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	25.2	10.0	0.0	25.2
Reported PAT	-31,793	-14,404	1,285	-16,797	-11,992	-5,317	6,449	25,812	-61,710	14,952
EPS	-82.6	-37.4	3.3	-43.6	-31.2	-13.8	16.8	67.1	-160.3	38.8
YoY Change (%)	11.6	20.6	-120.5	44.9	-62.3	-63.1	402.1	-253.7	5.9	-124.2

Kaveri Seed

Buy

CMP INR512 | TP: INR655 (+28%)

EPS CHANGE (%): FY23 | 24: -17 | -4

- Expect revenue in the Cotton segment to grow by 14% in 1QFY23.
- Demand trend for the Kharif season is a key focus area.
- Product launches in Cotton and non-Cotton segments will be a key monitorable.
- The key monitorable is cotton sowing in India.

Consolidated quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	6,298	1,476	1,261	666	7,280	1,680	1,428	814	9,700	11,202
Change (YoY %)	-12.5	10.1	6.3	3.6	15.6	13.8	13.3	22.3	-6.4	15.5
Total Expenditure	4,302	1,412	1,187	775	4,948	1,600	1,332	912	7,674	8,792
EBITDA	1,996	64	74	-109	2,333	79	96	-98	2,025	2,410
Margin (%)	31.7	4.3	5.9	-16.4	32.0	4.7	6.7	-12.0	20.9	21.5
Depreciation	48	50	55	57	59	60	62	64	209	245
Interest	0	0	0	0	1	1	1	1	1	5
Other Income	151	151	68	43	160	160	100	95	413	515
PBT before EO expense	2,099	165	87	-123	2,432	178	132	-68	2,228	2,675
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	2,099	165	87	-123	2,432	178	132	-68	2,228	2,675
Tax	52	37	16	-5	146	11	8	-4	100	160
Rate (%)	2.5	22.3	18.7	4.1	6.0	6.0	6.0	6.0	4.5	6.0
Minority Interest and Profit/Loss of Asso. Cos.	-10	0	6	1	0	0	0	0	-3	0
Reported PAT	2,037	128	76	-118	2,286	167	124	-64	2,125	2,514
Adj. PAT	2,037	128	76	-118	2,286	167	124	-64	2,125	2,514
Change (YoY %)	-31.0	-45.3	-16.1	32.2	12.2	30.4	62.8	-45.8	-31.6	18.4
Margin (%)	32.4	8.7	6.1	-17.7	31.4	10.0	8.7	-7.8	21.9	22.4

Lemon Tree Hotels

Buy

CMP INR64 | TP: INR86 (+34%)

EPS CHANGE* (%): FY23|24: -16|-30

- Expect revenue to grow by 4.4x YoY and EBITDA margin ~47% in 1QFY23.
- Key monitorables are the demand scenario in key markets and an improvement in ARR and occupancy.
- Capex status of Aurika Mumbai is a key focus area.
- An update on the management contract pipeline is a key monitorable.

Consolidated quarterly performance

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross Sales	422	969	1,437	1,195	1,842	1,850	2,210	2,166	4,022	8,067
Change (YoY %)	3.7	103.6	110.1	25.7	336.9	90.9	53.8	81.2	59.8	100.6
Total Expenditure	422	630	804	827	981	1,004	1,142	1,128	2,683	4,255
EBITDA	-1	339	633	368	860	846	1,068	1,037	1,339	3,812
Margin (%)	-0.2	35.0	44.1	30.8	46.7	45.7	48.3	47.9	33.3	47.3
Depreciation	262	262	254	265	270	275	280	285	1,043	1,110
Interest	432	446	438	424	440	450	530	532	1,740	1,952
Other Income	21	19	24	76	22	21	25	69	140	137
PBT before EO expense	-673	-351	-36	-245	172	142	283	290	-1,304	887
Extra-Ord. expense	0	0	0	153	0	0	0	0	153	0
PBT	-673	-351	-36	-397	172	142	283	290	-1,456	887
Tax	-75	-14	20	-3	26	21	42	43	-72	133
Rate (%)	11.2	4.1	-56.2	0.7	15.0	15.0	15.0	15.0	5.0	15.0
MI and P/L of Asso. Cos.	-196	-128	-37	-148	-49	-44	72	67	-510	46
Reported PAT	-401	-208	-19	-246	196	165	168	179	-874	708
Adj. PAT	-401	-208	-19	-132	196	165	168	179	-760	708
Change (YoY %)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Margin (%)	-95.2	-21.5	-1.3	-11.0	10.6	8.9	7.6	8.3	-18.9	8.8

*due to minority adjustment

MCX

Buy

CMP INR1,287 | TP: INR1,450 (+13%)

EPS CHANGE (%): FY23|24: -4.1|-3.9

- Future ADTO expected to decline sequentially as volumes continue to shift towards option segment
- Increased volatility in commodity prices globally to drive volumes in the options segment
- Benefits from charging transaction fees on option premium (started from 3QFY22) will continue to play out
- EBITDA margin to normalize from abnormally high levels of 4QFY22

MCX Quarterly Performance

(INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales	876	832	896	1,065	1,007	1,042	1,079	1,118	3,668	4,247
Q-o-Q Gr. (%)	-9.7	-5.0	7.6	18.9	-5.4	3.5	3.5	3.6	-6.1	15.8
Staff Costs	208	206	204	182	228	227	224	201	800	880
Other expenses	300	288	309	350	316	304	242	250	1,247	1,112
Depreciation	67	66	67	27	69	70	94	94	227	327
EBIT	302	272	315	505	394	441	519	573	1,394	1,928
Margins (%)	34.5	32.7	35.2	47.4	39.1	42.3	48.1	51.3	38.0	45.4
Interest Costs	1	0	1	1	1	1	1	1	3	3
Other Income	213	161	145	146	169	173	177	181	665	699
PBT bef. Exceptional items	515	432	460	650	562	613	695	753	2,057	2,624
Tax	116	100	111	79	141	153	174	189	407	657
Rate (%)	22.5	23.2	24.1	12.2	25.0	25.0	25.0	25.0	19.8	25.0
PAT	398	327	344	366	421	459	521	565	1,435	1,967
Q-o-Q Gr. (%)	3.5	-17.9	5.2	6.6	15.0	9.0	13.4	8.4	-36.3	37.1
EPS (INR)	7.8	6.4	6.8	7.2	8.3	9.0	10.2	11.1	28.1	38.6
Total volumes (INR t)	19.2	21.0	21.7	26.1	27.4	28.7	30.1	31.5	87.9	96.2
Q-o-Q Gr. (%)	-5.5	9.7	3.1	20.6	5.1	4.7	4.7	4.8		
Y-o-Y Gr. (%)	32.0	-17.7	1.0	28.9	43.3	36.7	38.9	20.8	7.6	9.4

PI Industries

Buy

CMP INR2,648 | TP: INR3,163 (+19%)

EPS CHANGE (%): FY23 | 24: -2 | -4

- Expect the CSM business to grow by 14% YoY.
- An update on the Pharma Intermediate segment will be a key monitorable.
- Expect the domestic business to grow by 15% YoY.
- Product launches in the domestic and CSM segments will be a key focus area.

Quarterly earnings model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	11,938	13,542	13,563	13,952	13,636	15,891	15,924	16,228	52,995	61,679
Change (YoY %)	12.6	17.0	16.7	16.5	14.2	17.3	17.4	16.3	15.8	16.4
Total Expenditure	9,449	10,622	10,598	10,902	10,650	12,265	12,228	12,485	41,571	47,628
EBITDA	2,489	2,920	2,965	3,050	2,986	3,626	3,696	3,743	11,424	14,051
Margin (%)	20.8	21.6	21.9	21.9	21.9	22.8	23.2	23.1	21.6	22.8
Depreciation	487	492	503	536	560	580	610	630	2,018	2,380
Interest	34	34	33	27	40	40	37	34	128	151
Other Income	277	277	260	200	300	330	330	330	1,014	1,290
PBT before EO expense	2,245	2,671	2,689	2,687	2,686	3,336	3,379	3,409	10,292	12,810
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	2,245	2,671	2,689	2,687	2,686	3,336	3,379	3,409	10,292	12,810
Tax	405	370	466	649	497	617	625	631	1,890	2,370
Rate (%)	18.0	13.9	17.3	24.2	18.5	18.5	18.5	18.5	18.4	18.5
Minority Interest and Profit/Loss of Asso. Cos.	-32	5	-3	-6	-35	6	-3	-7	-36	-40
Reported PAT	1,872	2,296	2,226	2,044	2,224	2,714	2,757	2,785	8,438	10,480
Adj. PAT	1,872	2,296	2,226	2,044	2,224	2,714	2,757	2,785	8,438	10,480
Change (YoY %)	28.7	5.5	13.9	13.7	18.8	18.2	23.8	36.3	14.3	24.2
Margin (%)	15.7	17.0	16.4	14.7	16.3	17.1	17.3	17.2	15.9	17.0

SRF

Neutral

CMP INR2,183 | TP: INR2,421 (+11%)

EPS CHANGE (%): FY23 | 24: -2 | -1

- Expect the Chemicals/Packaging segment to grow by 42%/34% YoY and the Technical Textiles to decline by 8.5%.
- Update on planned capex for the Chemical business will be a key monitorable.
- Outlook on the Specialty Chemicals and Fluorochemicals business will be a key focus area.
- Update on Technical Textile business will be a key monitorable.

Consolidated quarterly earnings model

(INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	26,994	28,390	33,459	35,494	34,841	35,228	37,556	38,615	1,24,337	1,46,240
Change (YoY %)	74.7	35.1	55.9	36.1	29.1	24.1	12.2	8.8	48.0	17.6
Total Expenditure	20,350	21,846	24,980	26,128	25,740	26,562	28,559	29,538	93,305	1,10,399
EBITDA	6,644	6,544	8,479	9,366	9,100	8,667	8,997	9,077	31,032	35,841
Margin (%)	24.6	23.0	25.3	26.4	26.1	24.6	24.0	23.5	25.0	24.5
Depreciation	1,230	1,303	1,324	1,316	1,360	1,470	1,550	1,590	5,172	5,970
Interest	275	234	294	357	330	320	300	280	1,159	1,230
Other Income	138	111	107	72	140	120	115	117	428	492
PBT before EO expense	5,277	5,118	6,968	7,765	7,550	6,997	7,262	7,324	25,128	29,133
Extra-Ord. expense and DO	-72	-206	-335	-114	0	0	0	0	-727	0
PBT	5,349	5,324	7,303	7,879	7,550	6,997	7,262	7,324	25,856	29,133
Tax	1,396	1,500	2,247	1,823	1,850	1,714	1,779	1,794	6,966	7,138
Rate (%)	26.5	29.3	32.3	23.5	24.5	24.5	24.5	24.5	27.7	24.5
Reported PAT	3,953	3,825	5,055	6,057	5,701	5,282	5,483	5,529	18,889	21,996
Adj. PAT	3,881	3,619	4,720	5,943	5,701	5,282	5,483	5,529	18,162	21,996
Change (YoY %)	108.7	11.2	55.9	59.6	46.9	46.0	16.2	-7.0	53.1	21.1
Margin (%)	14.4	12.7	14.1	16.7	16.4	15.0	14.6	14.3	14.6	15.0

Tata Chemicals**Neutral****CMP INR803 | TP: INR885 (10%)****EPS CHANGE (%): FY23 | 24: +7 | +1**

- The current demand scenario in Soda Ash in TTCH's key markets is a focus area.
- An energy cost update on the Europe business is a key monitorable.
- Expect EBIDTA growth of ~49%/23% YoY in North-America/India businesses.
- Pricing outlook on Soda Ash is a key focus area.

Consolidated quarterly earnings model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	29,772	30,226	31,416	34,807	40,849	41,462	40,107	39,415	1,26,221	1,61,833
Change (YoY %)	26.8	15.8	20.5	32.0	37.2	37.2	27.7	13.2	23.7	28.2
Total Expenditure	23,760	25,217	25,964	28,233	33,216	33,730	33,341	33,171	90,868	93,854
EBITDA	6,012	5,009	5,451	6,574	7,633	7,732	6,766	6,244	23,046	28,375
Margin (%)	20.2	16.6	17.4	18.9	18.7	18.6	16.9	15.8	18.3	17.5
Depreciation	1,975	1,999	2,034	2,053	2,105	2,140	2,155	2,157	8,061	8,557
Interest	812	838	686	692	705	715	730	735	3,028	2,885
Other Income	543	564	391	1,062	554	575	399	500	2,560	2,027
PBT before EO expense	3,769	2,735	3,122	4,891	5,377	5,452	4,280	3,852	14,517	18,960
Extra-Ord.. expense	0	110	0	0	0	0	0	0	110	0
PBT	3,769	2,625	3,122	4,891	5,377	5,452	4,280	3,852	14,406	18,960
Tax	853	723	661	429	1,317	1,336	1,049	944	2,665	4,645
Rate (%)	22.6	27.5	21.2	8.8	24.5	24.5	24.5	24.5	18.5	24.5
MI and Profit/Loss of Asso. Cos.	36	-105	-549	-168	353	236	-34	-39	-785	515
Reported PAT	2,880	2,007	3,010	4,630	3,707	3,880	3,265	2,947	12,526	13,799
Adj. PAT	2,880	2,118	3,010	4,630	3,707	3,880	3,265	2,947	12,637	13,799
Change (YoY %)	2,068.3	200.5	87.1	3,833.6	28.7	83.2	8.5	-36.3	392.9	9.2
Margin (%)	9.7	7.0	9.6	13.3	9.1	9.4	8.1	7.5	10.0	8.5

Trident**Buy****CMP INR38 | TP: INR56 (48%)****EPS CHANGE (%): FY23 | 24: -12 | -2**

- Expect revenue from the Textile/Paper segment to grow by 8%/35% YoY.
- The demand scenario in the US market for Home Textiles is a key monitorable.
- Key monitorables are the prices of paper and yarn.
- Overall order book for the Textiles business.

Standalone quarterly earning model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	14,770	16,626	19,577	18,471	16,479	17,868	21,537	20,124	69,444	76,008
Change (YoY %)	108.6	41.9	51.8	36.8	11.6	7.5	10.0	8.9	53.7	9.5
Total Expenditure	11,036	12,651	15,545	15,308	13,708	14,365	17,018	15,834	54,540	60,924
EBITDA	3,734	3,975	4,032	3,163	2,772	3,503	4,519	4,290	14,904	15,083
Margin (%)	25.3	23.9	20.6	17.1	16.8	19.6	21.0	21.3	21.5	19.8
Depreciation	874	867	775	810	840	865	835	910	3,326	3,450
Interest	250	199	224	185	220	235	260	310	857	1,025
Other Income	29	101	35	59	95	135	185	125	223	540
PBT before EO expense	2,638	3,010	3,067	2,228	1,807	2,538	3,609	3,195	10,944	11,148
Extra-Ord. expense	0	0	252	0	0	0	0	0	252	0
Forex (gain)/loss	-62	-54	3	-113	0	0	0	0	-225	-163
PBT	2,700	3,063	2,813	2,341	1,807	2,538	3,609	3,195	10,917	11,312
Tax	665	775	721	605	459	645	917	811	2,767	2,832
Rate (%)	24.6	25.3	25.6	25.9	25.4	25.4	25.4	25.4	25.3	25.0
MI and P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	2,035	2,288	2,091	1,736	1,348	1,893	2,692	2,383	8,150	8,480
Adj. PAT	1,973	2,234	2,346	1,623	1,348	1,893	2,692	2,383	8,176	8,317
Change (YoY %)	1,219.7	120.8	134.5	66.3	-31.7	-15.3	14.8	46.8	171.7	1.7
Margin (%)	13.4	13.4	12.0	8.8	8.2	10.6	12.5	11.8	11.8	10.9

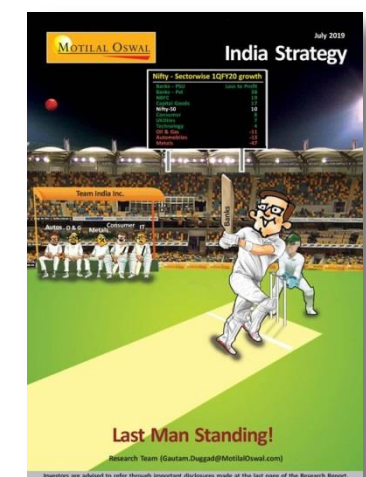
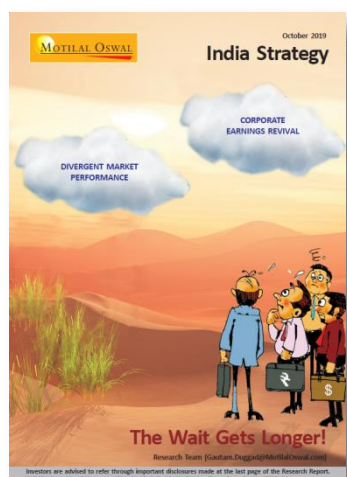
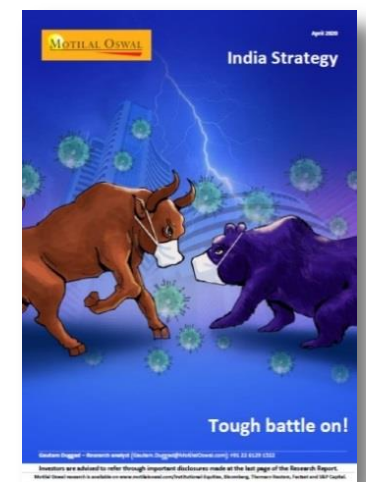
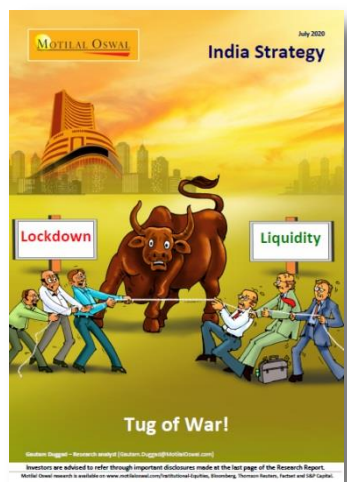
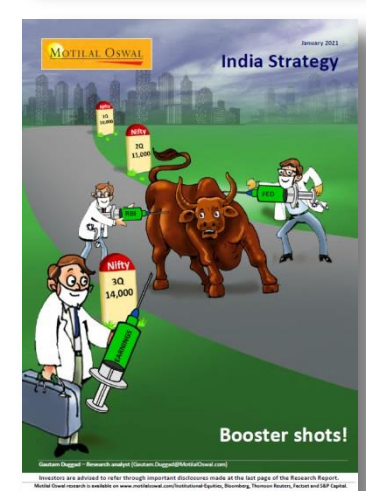
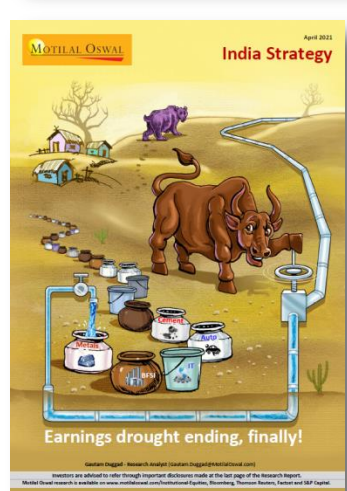
UPL**Neutral****CMP INR655 | TP: INR730 (11%)****EPS CHANGE (%): FY23|24: 0|-9**

- Expect double-digit revenue growth in North America, LatAm, and RoW, while India and the EU will grow in single-digits.
- Expect revenue/EBITDA to grow by 14%/16% YoY.
- Key monitorables are a debt reduction plan, capex plan, and the price trend in raw materials.
- The demand outlook for the Agrochemicals industry amid volatile Agri commodity prices.

Consolidated quarterly earning model**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Sales	85,150	1,05,670	1,12,970	1,58,610	96,893	1,16,995	1,24,996	1,72,091	4,62,400	5,10,976
Change (YoY %)	8.7	18.2	23.8	24.0	13.8	10.7	10.6	8.5	19.5	10.5
Total Expenditure	66,520	85,220	86,320	1,22,690	75,353	93,396	95,336	1,32,714	3,60,750	3,96,800
EBITDA	18,630	20,450	26,650	35,920	21,541	23,598	29,660	39,377	1,01,650	1,14,176
Margin (%)	21.9	19.4	23.6	22.6	22.2	20.2	23.7	22.9	22.0	22.3
Depreciation	5,510	5,660	6,000	6,420	6,450	6,500	6,600	6,622	23,590	26,172
Interest	6,070	3,590	5,290	8,000	5,500	3,600	4,500	4,179	22,950	17,779
Other Income	480	470	700	1,160	500	500	700	700	2,810	2,400
Exch. difference on trade rec./payable	890	1,140	2,210	2,120	0	0	0	0	6,360	0
PBT before EO expense	6,640	10,530	13,850	20,540	10,091	13,998	19,260	29,276	51,560	72,625
Extra-Ord. expense	630	400	530	1,680	0	0	0	0	3,240	0
PBT	6,010	10,130	13,320	18,860	10,091	13,998	19,260	29,276	48,320	72,625
Tax	-1,520	2,490	1,670	2,650	1,715	2,380	3,274	4,977	5,290	12,346
Rate (%)	-25.3	24.6	12.5	14.1	17.0	17.0	17.0	17.0	10.9	17.0
MI and P/L of Asso. Cos.	760	1,300	2,290	2,420	856	1,477	2,599	2,826	6,770	7,757
Reported PAT	6,770	6,340	9,360	13,790	7,520	10,142	13,387	21,473	36,260	52,522
Adj. PAT	10,153	7,450	12,048	18,890	7,520	10,142	13,387	21,473	48,540	52,522
Change (YoY %)	50.4	12.0	28.1	58.7	-25.9	36.1	11.1	13.7	39.9	8.2
Margin (%)	11.9	7.1	10.7	11.9	7.8	8.7	10.7	12.5	10.5	10.3

Motilal Oswal India Strategy Gallery



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