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## Market snapshot

Equities - India	Close	Chg .%	CY23.%
Sensex	70,701	-0.5	16.8
Nifty-50	21,353	-0.5	18.5
Nifty-M 100	47,209	-0.5	50.5
Equities-Global	Close	Chg .%	CY23.%
S&P 500	4,891	-0.1	27.5
Nasdaq	15,455	-0.4	48.2
FTSE 100	7,635	1.4	1.0
DAX	16,961	0.3	21.4
Hang Seng	5,360	-2.0	-18.4
Nikkei 225	35,751	-1.3	38.9
Commodities	Close	Chg .%	CY23.%
Brent (US\$/Bbl)	83	0.2	2.2
Gold (\$/OZ)	2,019	-0.1	10.8
Cu (US\$/MT)	8,448	-0.3	1.3
Almn (US\$/MT)	2,238	1.6	-6.2
Currency	Close	Chg .%	CY23.%
USD/INR	83.1	0.0	0.5
USD/EUR	1.1	-0.4	1.7
USD/JPY	147.7	0.1	12.5
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.2	-0.01	-0.2
10 Yrs AAA Corp	7.7	-0.01	0.0
Flows (USD b)	25-Jan	MTD	CY23YTD
FII	-0.3	6.77	21.4
DII	0.42	1.97	22.3
Volumes (INRb)	25-Jan	MTD*	YTD*
Cash	1,482	1206	1206
F&O	6,41,435	3,97,242	3,97,242

Note: Flows, MTD includes provisional numbers.

\*Average



## Today's top research idea

### HPCL: Medium-term prospects bright despite the near-term blip; Upgrade to BUY

- ❖ Despite a disappointing 3QFY24 earnings performance hit by inventory loss and lower-than-expected marketing margin, we upgrade HPCL to BUY, mainly as we raise our P/B valuation multiple to 1.3x (from 1.1x earlier).
- ❖ We are building in a marketing margin of INR3.3/ltr for FY25-26E, while MS/HSD marketing margins are INR11/8.6 per ltr at present.
- ❖ As such, unless crude prices rise meaningfully or there is a substantial MS/HSD retail price cut, we see some scope for FY25E earnings to get upgraded.
- ❖ HPCL currently trades at FY26E P/B of 1x, which we believe offers a reasonable margin of safety, given that we estimate FY26E RoE at 20.6%.
- ❖ The lubricant business demerger provides a value-unlocking opportunity too.



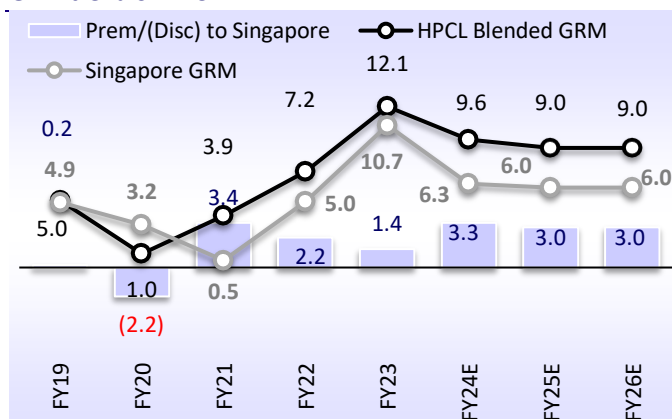
## Research covered

Cos/Sector	Key Highlights
HPCL	Medium-term prospects bright despite the near-term blip; Upgrade to BUY
SBI Cards	Asset quality continues to disappoint; NIMs stable
DLF	Record quarter; launch pipeline provides further growth visibility
JSW Steel	Revenue in line; slight beat on earnings
Other updates	Tata Steel   SBI Life Insuran   Punjab Natl. Bank   Cipla   Vedanta   Shriram Finance   Balkrishna Inds   Container Corpn.   AU Small Finance   ACC   Dalmia Bharat   Cyient   Equitas Sma. Fin   CEAT MAS FINANC SER   Indostar Capital   Cholaman.Inv.&Fn   Macrotech Devel.   APL Apollo Tubes   Indraprastha Gas   Vedant Fashions   Craftsman Auto   Oil & Gas



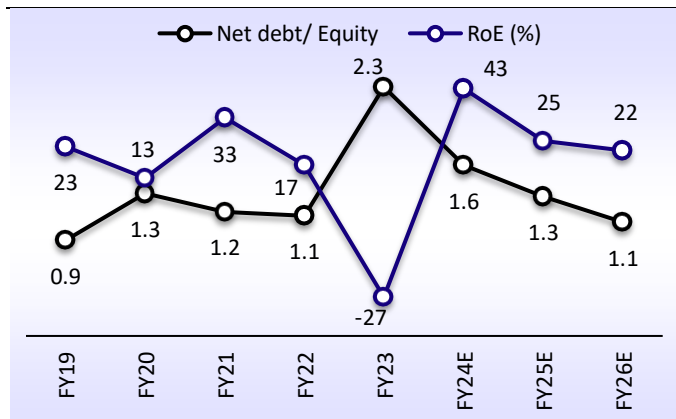
## Chart of the Day: HPCL (Medium-term prospects bright despite the near-term blip)

### GRM trend of HPCL



Source: Company, MOFSL

### Standalone ratios



Source: Company, MOFSL

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

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

**Coal India, WCL to set up green energy projects at closed mines in Chhindwara area: Coal Secy**

Coal India and its subsidiary, Western Coalfields, plan to repurpose closed mines in the Chhindwara Pench area for green projects.

2

**India's gas demand to rise 6% in 2024: IEA**

India's primary gas supply rose by 5 per cent in 2023, with growth primarily driven by the petrochemical, power generation, refinery and industrial sectors. The natural gas demand had risen to 64 billion cubic meters in 2023.

3

**IRB Infrastructure Trust wins Rs 1,720 crore arbitration award**

Yedeshi Aurangabad Tollway Ltd (YATL), a special purpose vehicle of IRB Infrastructure Trust, has won an arbitration award of Rs 1,720 crore for the Yedeshi Aurangabad NH211 BOT highway project. The Arbitration Tribunal directed the National Highways Authority of India (NHAI) to pay compensation of Rs 1,720 crore, including interest.

4

**Consumer companies likely to see high single-digit pay hikes**

Pay hikes in 2024 for consumer companies are expected to be in high single digits, slightly lower than last year. The slowdown in rural demand and competition from regional players have impacted the pay hikes.

5

**Piramal Enterprises to sell full 20% stake in Shriram Investment Holdings for Rs 1,440 crore**

"This transaction is aligned with our focus on monetizing non-core assets. The proceeds from the transaction will further strengthen our balance sheet," Piramal Enterprises informed exchanges in a January 27 filing.

6

**Red Sea Crisis: No disruption in oil flows to India, only freight up, says HPCL head**

The attacks on shipping vessels in the Red Sea by Houthi militants have not affected India's crude oil supply, according to Hindustan Petroleum Corporation Ltd (HPCL) Chairman Pushp Kumar Joshi.

7

**Avg flat size expands 11 per cent last year in top 7 cities on rising demand for bigger homes: Anarock**

Real estate consultant Anarock has analysed the fresh supply of housing units during 2023 across the primary residential market of seven major cities

Estimate change	↔
TP change	↑
Rating change	↑

Bloomberg	HPCL IN
Equity Shares (m)	1419
M.Cap.(INRb)/(USDb)	610.8 / 7.3
52-Week Range (INR)	479 / 212
1, 6, 12 Rel. Per (%)	17/35/54
12M Avg Val (INR M)	1749

#### Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	4,276.6	4,273.6	4,406.7
EBITDA	247.4	206.4	212.0
Adj. PAT	151.5	114.3	114.9
Adj. EPS (INR)	106.7	80.5	80.9
EPS Gr. (%)	LP	-24.5	0.5
BV/Sh.(INR)	304.8	363.6	422.3

#### Ratios

Net D:E	1.5	1.2	1.1
RoE (%)	40.1	24.1	20.6
RoCE (%)	14.5	10.0	9.2
Payout (%)	27.4	27.0	27.5

#### Valuations

P/E (x)	4.0	5.4	5.3
P/BV (x)	1.4	1.2	1.0
EV/EBITDA (x)	5.1	6.1	5.9
Div. Yield (%)	6.8	5.0	5.2
FCF Yield (%)	14.8	9.6	10.3

#### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	54.9	54.9	54.9
DII	21.3	22.6	19.6
FII	14.3	13.3	15.7
Others	9.6	8.8	9.8

FII Includes depository receipts

**CMP: INR432 TP: INR530 (+23%) Upgrade to BUY**

### Medium-term prospects bright despite the near-term blip

- HPCL missed our EBITDA estimate for 3QFY24 due to a lower-than-expected marketing margin of INR2.7/lit (est. of INR3.4/lit) led by suppressed margins on diesel.
- Refinery throughput was in line at 5.3mmt (up 11% YoY). The company expects to clock a refining throughput of 22mmt in FY24 (vs. 19mmt in FY23) led by the commissioning of expanded capacity at Vizag refinery. Singapore GRM has also rebounded to USD7.2/bbl in 4QFY24TD (vs. USD5.5/bbl in 3QFY24), which may lead to an improvement in refining margins in the upcoming quarter.
- In the **marketing segment**, sales volumes came in 6% above our estimate at 11.9mmt (up 6% YoY). HPCL expects to clock a marketing sales volume of 44/45mmt in FY24/25. OMCs are estimated to be generating strong gross marketing margins of INR11.0/INR8.6 per liter on petrol/diesel currently. **Among OMCs, HPCL has the highest leverage to marketing and would benefit the most due to an uptick in marketing margins.**
- The commissioning of the bottom upgradation unit at Vizag refinery would result in the distillate yield improving 10% from FY25 onwards. The company expects to maintain a GRM delta of USD3.5/bbl over SG GRM. The demerger of the lubricant business also provides a value-unlocking opportunity.
- Additionally, our marketing margin assumptions of INR3.3/lit on petrol and diesel each from 4QFY24 are materially below the current margin levels. Owing to these factors, we **upgrade HPCL to BUY**. We value the stock at 1.3x Dec'25 P/BV to arrive at our TP of INR530.

### Miss on EBITDA due to lower-than-expected marketing margin

- Refining throughput was in line with our estimate at 5.3mmt (+11% YoY).
- Reported GRM was in line with our estimate at USD8.5/bbl (-6% YoY).
- Marketing volumes stood at 11.9mmt (vs. our est. of 11.3mmt, +6% YoY).
- Marketing margin (including inv.) stood at ~INR2.7/lit (vs. our est. of INR3.4/lit, +20% YoY).
- Resultant EBITDA was below our estimate at INR21.3b (vs. our est. of INR31.4b).
- PAT came in at INR5.3b (vs. our est. of INR12.2b), due to higher tax rate.
- **For 9MFY24**, EBITDA was at INR202.3b (vs. loss of INR103.7b in 9MFY23), with PAT at INR118.5b (against loss of INR122b in 9MFY23).
- Refining throughput was at 16.5mmt (+17% YoY); while GRM stood at USD9.8/bbl (-14% YoY). Marketing volumes stood at 34.5mmt (+7% YoY).
- Marketing margin was at INR5.7/lit (loss of INR2.3/lit in 9MFY23).
- The 9MFY24 EBITDA was 82% of our full-year FY24 estimate.
- HPCL had a cumulative negative net buffer of INR9.9b as of 31<sup>st</sup> Mar'23, due to the under recovery on LPG cylinders. The same has been recognized as part of the revenue upon its recovery in 9MFY24.

### Valuation and view

- Despite a disappointing 3QFY24 earnings performance hit by inventory loss and lower-than-expected marketing margin, **we upgrade HPCL to BUY**, mainly as we raise our P/B valuation multiple to 1.3x (from 1.1x earlier). We are building in a marketing margin of INR3.3/ltr for FY25-26E, while MS/HSD marketing margins are INR11/8.6 per ltr at present. As such, unless crude prices rise meaningfully or there is a substantial MS/HSD retail price cut, we see some scope for FY25E earnings to get upgraded.
- HPCL currently trades at FY26E P/B of 1x, which we believe offers a reasonable margin of safety, given that we estimate FY26E RoE at 20.6%. The lubricant business demerger provides a value-unlocking opportunity too. We value the stock at 1.3x Dec'25 P/BV to arrive at our TP of INR530. We also highlight that we had recently added HPCL to our model portfolio ([refer page 7 of 3QFY24 Preview](#)).

### Standalone - Quarterly Earnings

												(INR b)
Y/E March	FY23				FY24				FY23	FY24E	FY24	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
<b>Net Sales</b>	<b>1,144.5</b>	<b>1,084.2</b>	<b>1,096.0</b>	<b>1,079.3</b>	<b>1,119.6</b>	<b>957.0</b>	<b>1,113.1</b>	<b>1,083.8</b>	<b>4,404.0</b>	<b>4,273.5</b>	<b>955.7</b>	<b>16%</b>
YoY Change (%)	58.0	30.5	13.5	10.6	-2.2	-11.7	1.6	0.4	25.9	-3.0	-12.8	
<b>EBITDA</b>	<b>-115.5</b>	<b>-8.9</b>	<b>20.7</b>	<b>46.6</b>	<b>95.2</b>	<b>85.8</b>	<b>21.3</b>	<b>41.9</b>	<b>-57.1</b>	<b>244.2</b>	<b>31.4</b>	<b>-32%</b>
Margins (%)	-10.1	-0.8	1.9	4.3	8.5	9.0	1.9	3.9	-1.3	5.7	3.3	
Depreciation	10.9	10.8	11.1	10.4	13.6	12.4	13.4	17.1	43.3	56.5	14.3	
Forex loss	9.5	6.0	4.0	-1.4	-1.3	3.6	-0.4	0.0	18.1	2.0	0.3	
Interest	3.3	5.9	6.8	5.2	5.9	5.8	6.1	6.0	21.3	23.8	6.0	
Other Income	3.4	2.8	2.9	11.6	6.3	3.4	5.6	8.0	20.7	23.3	5.5	
<b>PBT before EO expense</b>	<b>-135.8</b>	<b>-28.9</b>	<b>1.7</b>	<b>43.9</b>	<b>83.3</b>	<b>67.4</b>	<b>7.7</b>	<b>26.8</b>	<b>-119.1</b>	<b>185.2</b>	<b>16.3</b>	<b>-53%</b>
<b>PBT</b>	<b>-135.8</b>	<b>-28.9</b>	<b>1.7</b>	<b>43.9</b>	<b>83.3</b>	<b>67.4</b>	<b>7.7</b>	<b>26.8</b>	<b>-119.1</b>	<b>185.2</b>	<b>16.3</b>	<b>-53%</b>
Rate (%)	24.9	24.9	-2.4	26.6	25.5	24.1	31.1	25.2	24.7	25.2	25.2	
<b>Adj PAT</b>	<b>-102.0</b>	<b>-21.7</b>	<b>1.7</b>	<b>32.2</b>	<b>62.0</b>	<b>51.2</b>	<b>5.3</b>	<b>20.0</b>	<b>-89.7</b>	<b>138.5</b>	<b>12.2</b>	<b>-57%</b>
YoY Change (%)	PL	PL	-80.2	79.5	LP	LP	206.8	-37.9	PL	LP	608.2	
<b>Key Assumptions</b>												
Refining throughput (mmt)	4.8	4.5	4.8	5.0	5.4	5.8	5.3	6.0	19.1	22.5	5.4	-1%
Reported GRM (USD/bbl)	16.7	8.3	9.1	14.1	7.4	13.3	8.5	9.0	12.0	9.6	8.5	0%
Marketing sales volume incl exports (mmt)	10.7	10.4	11.3	11.1	11.9	10.7	11.9	12.0	43.5	46.5	11.3	6%
Marketing GM incl inv (INR/litre)	-9.9	0.7	2.2	3.7	8.4	5.9	2.7	4.4	-0.8	5.4	3.4	-23%



# SBI Cards

Estimate change	↓
TP change	↓
Rating change	↓

Bloomberg	SBICARD IN
Equity Shares (m)	946
M.Cap.(INRb)/(USDb)	722.4 / 8.7
52-Week Range (INR)	933 / 691
1, 6, 12 Rel. Per (%)	-2/-22/-13
12M Avg Val (INR M)	1102

## Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	44.0	53.4	68.8
OP	51.9	64.6	83.4
NP	22.6	23.8	32.1
NIM (%)	12.2	11.6	11.9
EPS (INR)	23.9	25.1	34.0
EPS Gr. (%)	39.3	5.1	35.3
BV/Sh. (INR)	104	127	157
ABV/Sh. (INR)	101	123	154

## Ratios

RoE (%)	25.7	21.8	23.9
RoA (%)	5.6	4.6	5.0

## Valuations

P/E(X)	31.8	30.3	22.4
P/BV (X)	7.3	6.0	4.8
P/ABV (X)	7.5	6.2	4.9

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	68.8	68.9	69.1
DII	16.3	17.3	16.7
FII	9.4	9.1	9.1
Others	5.6	4.4	5.1

FII Includes depository receipts

**CMP: INR760 TP: INR850 (+12%) Downgrade to Neutral**

## Asset quality continues to disappoint; NIMs stable

### Spending growth remains healthy

- SBI Cards (SBICARD) reported another muted quarter as PAT missed our estimate by 8% due to high provisions (14% higher than our estimate). PAT declined 9% QoQ to INR5.49b in 3QFY24. NII grew 7% QoQ (largely inline).
- Margin was flat QoQ at 11.3% as an increase in yields was largely offset by an increase in CoF. The share of revolver further moderated, while EMI mix was stable. Spending growth was healthy at 41% YoY/22% QoQ, with retail spending up 35% YoY and corporate spending up 64% YoY.
- Asset quality remained under pressure, with GNPA/NNPA ratios increasing 21bp/7bp QoQ to 2.64%/0.96%. RoA/RoE too moderated to 4.1%/19.2%. Further, the increase in risk weights impacted CRAR by ~400bp to 18.4%.
- We further cut our FY24E/FY25E EPS by 2%/3%, factoring in higher credit costs. While we expect SBICARD to deliver healthy earnings CAGR over FY24-26 however the disappointing earnings run-rate over past several quarters which has driven consistent cut in our estimates along with limited near term earnings visibility keeps us watchful. **We downgrade our rating to Neutral with a revised TP of INR850 (premised on 21x Sep'25E EPS).**

### Cost ratios to remain elevated; credit cost rises further

- SBICARD posted an 8% miss on PAT at INR5.49b (down 9% QoQ), as provisions came in 14% higher than our estimate at INR8.8b. Gross credit costs/ECL stood elevated at 7.5%/3.5% in 3QFY24.
- NII rose 21% YoY/ 7% QoQ to INR13.9b (in line). Margins stood flat QoQ at 11.3% as the cost of funds rose 50bp QoQ to 7.6%, while the mix of revolver declined marginally to ~23%. CoF is expected to stay elevated in 4Q as the impact on funding costs from the revision in risk weight will reflect fully.
- Fee income grew by a healthy 37% YoY/16% QoQ and formed 57% of total income. While Opex grew 23% YoY/17% QoQ to INR24.3b (9% higher than our estimate). Thus, PPOp rose 33% YoY (in line). The C/I ratio inched up to 60% vs. 57% in 2Q and 56% in 1Q.
- Cards-in-force rose 16% YoY/3% QoQ to 18.5m in 3QFY24. New card sourcing declined marginally by 4% to ~1.1m (-33% YoY/-4% QoQ), as the company follows a cautious approach, with the open market channel now contributing 51% to total sourcing (58% on an outstanding basis).
- Overall spending jumped 41% YoY/22% QoQ, with retail/corporate spending rising 35%/64% YoY. The share of online retail spending was steady at 57% in 3Q. Receivables grew at a healthy pace of 8% QoQ (+26% YoY).
- GNPA/NNPA ratios inched up marginally by 21bp/7bp QoQ to 2.64/0.96%. PCR was broadly stable at 64.1% in 3Q.

### Highlights from the management commentary

- Despite the impact of the revision in risk weight, SBICARD has a comfortable level of Tier-1 capital. The company raised tier-2 capital in Jan'24 and will be looking to raise more Tier-2 capital.
- From 2QFY25, the cost of funds is expected to stabilize. The credit cost guidance was 6% in 1QFY24, but now the company is already at 7.5%, amid the RBI's caution on rising delinquencies in unsecured retail.
- NIMs stood flat QoQ, but the cost pressure due to the increase in risk weights is expected to impact margins in 4Q as well.

### Valuation and view

SBICARD reported a sub-par quarter, characterized by elevated provisions. The outlook on margins remains weak due to a sharp rise in funding costs. The mix of revolvers and EMI loans remains stable, while the management indicated that the recent hardening of interest rates, along with the impact of risk weights, will exert pressure on funding costs in the coming quarters. As a result, margins should remain muted in 4Q and 1HFY25. The outlook on any increase in the mix of EMI and Revolver loans remains uncertain, while the asset quality stress is likely to drive provisions high in the coming quarters as well. However, on the positive side, spending growth remains healthy and the company sees healthy traction in new card additions. The reversal in the rate cycle and lagged improvements in revolver mix remain the key triggers, though they appear to be few quarters away from now. We further cut our FY24E/FY25E EPS by 2%/3%, factoring in higher credit costs. While we expect SBICARD to deliver healthy earnings CAGR over FY24-26 however the disappointing earnings run-rate over past several quarters which has driven consistent cut in our estimates along with limited near term earnings visibility keeps us watchful. **We downgrade our rating to Neutral with a revised TP of INR850 (premised on 21x Sep'25E EPS).**

### Quarterly performance

(InR b)

	FY23				FY24				FY24E	FY24E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE	Est
<b>Net Interest Income</b>	10.8	11.2	11.4	11.7	12.3	13.0	13.9	14.2	53.4	13.5	2.5
% Change (Y-o-Y)	16.7	21.5	14.9	16.7	14.3	16.1	21.2	22.3	21.3	18.2	
Other Income	18.8	19.7	20.5	22.4	22.4	23.2	26.6	27.5	99.7	24.5	8.4
<b>Total Income</b>	29.5	30.9	31.9	34.1	34.8	36.2	40.5	41.7	153.1	38.1	6.3
Operating Expenses	16.6	18.3	19.7	19.8	19.6	20.7	24.3	24.0	88.5	22.3	8.9
<b>Operating Profit</b>	12.9	12.5	12.2	14.3	15.2	15.5	16.2	17.8	64.6	15.8	2.7
% Change (Y-o-Y)	22.5	18.3	6.4	22.0	17.3	23.9	33.1	24.2	24.5	29.6	
Provisions	4.5	5.5	5.3	6.3	7.2	7.4	8.8	9.3	32.7	7.7	14.3
<b>Profit before Tax</b>	8.4	7.1	6.8	8.0	8.0	8.1	7.4	8.5	31.9	8.1	-8.4
Tax	2.1	1.8	1.7	2.0	2.0	2.1	1.9	2.2	8.1	2.1	-8.2
<b>Net Profit</b>	6.3	5.3	5.1	6.0	5.9	6.0	5.5	6.3	23.8	6.0	-8.5
% Change (Y-o-Y)	105.8	52.4	32.1	2.7	-5.4	14.7	7.8	5.8	5.2	17.8	
<b>Operating Parameters</b>											
Loan (INRb)	320.8	365.0	373.5	393.6	418.1	435.6	471.6	497.5	497.5	466.4	
Loan Growth (%)	39.2	43.7	33.6	30.4	30.3	19.3	26.3	26.4	26.4	24.9	
<b>Asset Quality</b>											
Gross NPA (%)	2.2	2.1	2.2	2.4	2.4	2.4	2.6	2.8	2.7	2.4	
Net NPA (%)	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	0.9	
PCR (%)	65.1	64.0	64.2	63.6	63.8	64.1	64.1	64.5	64.5	64.6	

Estimate change



TP change



Rating change



Bloomberg	DLFU IN
Equity Shares (m)	2475
M.Cap.(INRb)/(USDb)	1877.9 / 22.6
52-Week Range (INR)	816 / 337
1, 6, 12 Rel. Per (%)	6/50/96
12M Avg Val (INR M)	2500

#### Financials & Valuations (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	62.2	73.8	79.6
EBITDA	19.9	26.7	30.5
EBITDA (%)	32.0	36.2	38.3
PAT	25.5	40.1	44.7
EPS (INR)	10.3	16.2	18.1
EPS Gr. (%)	53.2	42.0	75.5
BV/Sh. (INR)	221.4	239.7	260.6

#### Ratios

Net D/E	-0.1	-0.1	-0.1
RoE (%)	6.6	9.7	10.0
RoCE (%)	4.2	5.3	5.5
Payout (%)	29.1	18.5	16.6

#### Valuations

P/E (x)	73.7	46.8	42.0
P/BV (x)	3.4	3.2	2.9
EV/EBITDA (x)	91.9	69.4	60.1
Div Yield (%)	0.4	0.4	0.4

#### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	74.1	74.1	75.0
DII	5.5	5.3	5.1
FII	15.8	15.9	14.8
Others	4.7	4.9	5.1

**CMP: INR759**
**TP: INR740 (-2%)**
**Neutral**

### Record quarter; launch pipeline provides further growth visibility

#### Pre-sales exceed INR130b guidance with highest ever quarterly sales

- DLF reported its highest-ever pre-sales of INR90.5b in 3QFY4, up 4x YoY/QoQ and 21% above our estimate. The strong performance was driven by three new launches during the quarter, which contributed over INR86b to overall bookings. For 9MFY24, bookings stood at INR133b, doubled YoY, and exceeded the company's full-year guidance of INR130b.
- The company launched the first phase of DLF Privana, Gurugram, which was sold out within 72 hours of launch and clocked bookings of over INR72b. Other launches in Gurugram and Panchkula contributed INR14b of pre-sales.
- In the absence of any new launches, we expect DLF to end FY24 with flat pre-sales of INR154b. However, with projects worth over INR700b slated for launch over the next two-three years, we expect DLF to report a 27% CAGR in pre-sales over FY24-26E to INR250b.
- **Cash flow performance** – Collections hit an all-time high of INR26b, up 80% YoY. However, OCF grew by 45% to INR11b due to higher construction spending. In 9MFY24, DLF collected INR66b and generated INR32b of OCF.
- **P&L performance** – Revenue grew 2% YoY/13% QoQ to INR15b but was 23% below our estimate. EBITDA stood at INR5.1b, up 7% YoY/11% QoQ, leading to a margin of 34% (vs. 32% in 3QFY23). PAT was up 26% YoY at INR6.6b (23% below estimate), driven by higher other income and a 27% increase in JV profit contribution from DCCDL.

#### DCCDL: on track to exit FY25 at rental run rate of INR51-52b

- Rental income in DCCDL's commercial portfolio increased by 8% YoY to INR11b, driven by a 21% rise in retail income. Office rentals grew 6% YoY.
- Occupancy increased by 200bp YoY to 92% but remained flat YoY. Non-SEZ vacancy was flat at 97%, while SEZ vacancy dropped 100bp to 84%. Post the recent amendment in SEZ Act, DLF has already applied for a floor-wise de-notification of 1.1msf of SEZ space (out of 2.4msf vacant), which will boost occupancy over the next 6-12 months.
- Rentals at two towers (2.3msf) at Downtown Chennai will commence from 1QFY25 and pre-leased Standard Chartered tower (1msf) from 4QFY25. Tower 4 at Downtown Gurugram will contribute to rentals from 1QFY26. After these completions, the rental run rate will rise to INR51-52b.

#### Key takeaways from the management interaction

- **Launches:** Key project launches for next year include a luxury project in DLF 5, a subsequent phase of Privana, a high-rise project in Chennai, and the first phase of the Mumbai project. Additionally, the company will launch small projects in Goa and Panchkula.

- **Land purchase:** DLF has acquired 29 acres of land by taking over INR8.5b of debt from erstwhile lenders of IREO developers. The land parcel is located on the Golf Course extension road and has a development potential of 7.5msf. DLF expects to spend INR2500/sft to take the complete ownership of the land. It plans to launch the project in the next 12 months.
- **Guidance and margin:** Launch of 2<sup>nd</sup> phase of DLF Privana can happen in March. Once the timing is ascertained, company will accordingly provide guidance for FY25. But it will target certain growth over FY24 pre-sales. With higher realizations blended margins will increase to 45-50% versus 35% currently

#### Valuation and view: Growth trajectory intact but priced in valuations

- We raise our FY25E pre-sales by 46% to INR200b and expect FY26E pre-sales to be INR250b as we incorporate the upcoming launch pipeline. However, we reduce our FY24E/FY25E PAT by 29%/25% to account for lower recognition.
- Its vast land reserves continue to provide growth visibility. However, our assumption of 12-13 years of monetization timeline for its balance 160msf of land bank (including TOD potential) sufficiently incorporates this growth.
- We estimate a 8-10% CAGR in prices across its key markets of Gurugram, New Gurugram, Delhi, and Chandigarh. Based on above assumptions we value the land at INR790b. The current valuation already implies INR 835b of value for its land indicating limited upside potential.
- We incorporate higher realization for its New Gurugram land and tweak our monetization assumption to incorporate its aggressive launch pipeline as indicated by the company. We revise our TP to INR740, indicating 2% downside potential. **Reiterate our Neutral rating.**

#### Strong launch pipeline to help DLFU maintain sales momentum

Y/E March	FY23				FY24E				FY23	FY24E	FY24EVariance 3QE (%/bp)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Gross Sales</b>	<b>14,416</b>	<b>13,023</b>	<b>14,948</b>	<b>14,561</b>	<b>14,232</b>	<b>13,477</b>	<b>15,213</b>	<b>19,258</b>	<b>56,948</b>	<b>62,180</b>	<b>19,729</b>	<b>-23</b>
YoY Change (%)	26.5	-12.1	-3.5	-5.9	-1.3	3.5	1.8	32.3	-0.4	9.2	32.0	
Total Expenditure	10,280	8,657	10,176	10,577	10,271	8,853	10,103	13,066	39,690	42,293	12,546	
<b>EBITDA</b>	<b>4,137</b>	<b>4,367</b>	<b>4,772</b>	<b>3,984</b>	<b>3,962</b>	<b>4,624</b>	<b>5,110</b>	<b>6,192</b>	<b>17,259</b>	<b>19,887</b>	<b>7,183</b>	<b>-29</b>
Margins (%)	28.7	33.5	31.9	27.4	27.8	34.3	33.6	32.2	30.3	32.0	36.4	-282bps
Depreciation	373	367	386	360	364	370	380	453	1,486	1,566	395	
Interest	1,052	1,069	954	846	849	902	837	907	3,921	3,495	617	
Other Income	747	582	659	1,196	985	1,287	1,223	1,169	3,173	4,664	1,166	
<b>PBT before EO expense</b>	<b>3,458</b>	<b>3,512</b>	<b>4,090</b>	<b>3,974</b>	<b>3,734</b>	<b>4,639</b>	<b>5,115</b>	<b>6,001</b>	<b>15,024</b>	<b>19,490</b>	<b>7,337</b>	<b>-30</b>
<b>PBT</b>	<b>3,458</b>	<b>3,512</b>	<b>4,090</b>	<b>3,974</b>	<b>3,734</b>	<b>4,639</b>	<b>5,115</b>	<b>6,001</b>	<b>15,024</b>	<b>19,490</b>	<b>7,337</b>	<b>-30</b>
Tax	876	910	1,104	1,125	1,014	1,122	1,350	1,417	4,015	4,904	1,849	
Rate (%)	25.3	25.9	27.0	28.3	27.2	24.2	26.4	23.6	33.2	33.2	25.2	
MI & Profit/Loss of Asso. Cos.	2,111	2,169	2,203	2,848	2,541	2,701	2,792	2,862	9,330	10,896	3,003	
<b>Reported PAT</b>	<b>4,692</b>	<b>4,772</b>	<b>5,189</b>	<b>5,696</b>	<b>5,261</b>	<b>6,219</b>	<b>6,557</b>	<b>7,445</b>	<b>20,340</b>	<b>25,482</b>	<b>8,491</b>	<b>-23</b>
<b>Adj PAT</b>	<b>4,692</b>	<b>4,772</b>	<b>5,189</b>	<b>5,696</b>	<b>5,261</b>	<b>6,219</b>	<b>6,557</b>	<b>7,445</b>	<b>20,340</b>	<b>25,482</b>	<b>8,491</b>	
YoY Change (%)	39.2	25.9	-16.7	40.5	12.1	30.3	26.4	30.7	16.6	25.3	63.6	
Margins (%)	32.5	36.6	34.7	39.1	37.0	46.1	43.1	38.7	35.7	41.0	43.0	6bps
<b>Operational Metrics</b>												
<b>Residential</b>												
Pre-sales	20	21	25	85	20	22	90	21	151	154	75	<b>21</b>
Collections	11	13	14	19	16	24	25	26	57	91	21	<b>21</b>
Net Debt	23	21	21	7	1	-1	-12	-12	7	-12	0	

Source: Company, MOFSL

# JSW Steel

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	JSTL IN
Equity Shares (m)	2417
M.Cap.(INRb)/(USDb)	1994.8 / 24
52-Week Range (INR)	896 / 649
1, 6, 12 Rel. Per (%)	-5/-7/-7
12M Avg Val (INR M)	1780

## Financials Snapshot (INR b)

Y/E MARCH	FY24E	FY26E	FY26E
Net Sales	1,778	1,963	2,103
EBITDA	298	384	424
PAT	105	158	178
EPS (INR)	43	65	74
GR. (%)	196	50	13
BV/Sh (INR)	306	358	417

## Ratios

ROE (%)	15.1	19.7	19.0
RoCE (%)	9.6	11.7	12.1

## Valuations

P/E (X)	18.8	12.5	11.1
P/BV (X)	2.7	2.3	2.0
EV/EBITDA (X)	8.6	6.7	5.9
Div Yield (%)	1.1	1.6	1.8

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	44.8	44.8	45.2
DII	10.0	10.0	9.9
FII	26.7	26.6	26.6
Others	18.5	18.0	18.4

FII Includes depository receipts

**CMP: INR816**      **TP: INR910 (+12%)**      **Neutral**

**Revenue in line; slight beat on earnings**

- JSTL posted consolidated revenue of INR419b (up 7% YoY), which was in line with our estimate of INR411b. ASP for 3QFY24 stood at INR69,900/t (up 2% YoY), INR236/t higher than our estimate of INR69,664/t.
- EBITDA stood at INR72b (up 58% YoY), 9% above our estimate of INR66b. EBITDA/t stood at INR11,967/t, INR807/t higher than our estimate of INR11,159/t.
- Record dispatches to OEM, auto, RE, and packaging sector along with better operating performance from overseas subsidiaries supported the performance, which was partially offset by lower exports and lower offtake during festive holidays and higher input costs.
- APAT stood at INR23b (up 366% YoY), 9% above our estimates of INR21b. During 3QFY24, JSTL recognized an unrealized gain of INR1.35b, resulting from the dilution of interest in the company's JV. This gain was accounted for as 'other income'.
- Combined crude steel production stood at 6.9mt (up 12% YoY) and sales volumes came in at 6mt (up 5% YoY). The volumes were driven by higher capacity utilization and better demand scenario in the USA.
- Net debt in 3QFY24 increased INR100b to INR792b, with a net debt-to-EBITDA ratio of 2.64x (up from 2.52x in 2QFY24) and D/E ratio of 1.02x (up from 0.92x in 2QFY24).
- Revenue for 9MFY24 was up 8% YoY to INR1,287b; EBITDA was up 108% YoY to INR221b and APAT stood at INR77b.

## Highlights from management commentary

- In 3QFY24, the coking coal cost was up USD21/t (as against the guidance of USD25-30/t). JSTL could achieve lower-than-guided cost due to better blending.
- Coking coal cost for 4QFY24 is expected to increase USD20-25/t.
- JSTL has maintained its production and sales target at 26.3mt and 25mt, respectively, for FY24.
- Capex for FY24 has been slightly trimmed down from INR200-210b to INR180b, with ~INR50b expected in 4QFY24. The decline in capex guidance is due to some spill over to 1QFY25.
- The 1.5mt BPSL expansion is expected to come on stream by the end of Feb'24 and the full benefit for the same is expected in FY25.
- The Vijayanagar expansion is expected to come on stream by mid FY25.
- JSTL is enhancing its RM integration by expanding EC at its existing mines in Karnataka by 4mt to 11mt.
- JSTL expects to increase the share of captive iron ore to 50% from its current 33% in the next few years.
- The company has implemented a price hike at the start of CY24 and may implement more hikes in 4QFY24.



### Valuation and view

- The recent increase in coking coal and iron ore prices are expected to increase the cost; however, higher domestic volumes, better product mix, better overseas subsidiaries performance and higher exports are expected to partly mitigate the hike in key input prices in 4QFY24.
- Though JSTL remains positive on the robust steel demand from India, any increase in iron ore and coal cost would adversely impact the margins. Hence, we have largely retained our FY25/26 EBITDA guidance.
- JSTL is trading at 5.9x FY26E EV/EBITDA and 2x FY26E P/B. We reiterate our Neutral rating on the stock with a TP of INR910 (6.5x FY26E EV/EBITDA). While we remain positive on the company's growth prospects, we believe the current valuations reflect the strong outlook.

### Consolidated financial performance (INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
<b>Sales (kt)</b>	<b>4,490</b>	<b>5,740</b>	<b>5,710</b>	<b>6,530</b>	<b>5,710</b>	<b>6,390</b>	<b>6,000</b>	<b>6,832</b>	<b>22,470</b>	<b>24,932</b>		
Change (YoY %)	29.4	49.9	46.0	27.3	27.2	11.3	5.1	4.6	37.5	11.0		
<b>Net Sales</b>	<b>381</b>	<b>418</b>	<b>391</b>	<b>470</b>	<b>422</b>	<b>446</b>	<b>419</b>	<b>491</b>	<b>1,660</b>	<b>1,778</b>	<b>411</b>	1.9
Change (YoY %)	31.8	28.5	2.8	0.1	10.8	6.7	7.2	4.4	13.4	7.1		
Change (QoQ %)	-18.8	9.7	-6.3	20.0	-10.1	5.6	-5.9	17.0				
<b>EBITDA</b>	<b>43</b>	<b>18</b>	<b>45</b>	<b>79</b>	<b>70</b>	<b>79</b>	<b>72</b>	<b>77</b>	<b>185</b>	<b>298</b>	<b>66</b>	9.0
Change (YoY %)	-58.1	-83.2	-50.2	-13.6	63.5	350.1	57.9	-3.0	-52.5	60.7		
Change (QoQ %)	-53.1	-59.3	159.5	74.6	-11.2	11.9	-9.0	7.3				
EBITDA (INR per ton)	9,597	3,052	7,963	12,158	12,340	12,341	11,967	11,273	8,254	11,958		
Interest	14	15	18	21	20	21	20	21	69	81		
Depreciation	18	18	19	20	19	20	21	21	75	81		
Other Income	2	2	2	5	3	2	2	3	10	10		
<b>PBT (before EO Item)</b>	<b>13</b>	<b>-14</b>	<b>10</b>	<b>43</b>	<b>35</b>	<b>40</b>	<b>33</b>	<b>38</b>	<b>52</b>	<b>147</b>		
EO Items	0	6	0	0	0	6	0	0	6	6		
<b>PBT (after EO Item)</b>	<b>13</b>	<b>-8</b>	<b>10</b>	<b>43</b>	<b>35</b>	<b>46</b>	<b>33</b>	<b>38</b>	<b>58</b>	<b>152</b>		
Total Tax	4	1	5	5	11	18	9	10	15	47		
% Tax	34.1	-7.8	48.7	11.9	29.9	39.3	25.7	25.6	26.2	30.8		
<b>PAT before MI and Asso.</b>	<b>9</b>	<b>-9</b>	<b>5</b>	<b>37</b>	<b>25</b>	<b>28</b>	<b>25</b>	<b>28</b>	<b>43</b>	<b>106</b>		
MI (Profit)/Loss	0.0	0.7	0.2	-0.8	-0.9	-0.1	-0.4	0.0	0.1	-1.4		
Share of P/(L) of Ass.	-0.2	-0.6	-0.6	-0.1	-0.3	-0.2	-0.2	0.0	-1.4	-0.7		
<b>Reported PAT (after MI and Asso.)</b>	<b>8</b>	<b>-8</b>	<b>5</b>	<b>37</b>	<b>23</b>	<b>28</b>	<b>24</b>	<b>28</b>	<b>41</b>	<b>103</b>		
<b>Adjusted PAT</b>	<b>8</b>	<b>-14</b>	<b>5</b>	<b>37</b>	<b>23</b>	<b>31</b>	<b>23</b>	<b>28</b>	<b>36</b>	<b>105</b>	<b>21</b>	8.5
Change (YoY %)	-85.8	PL	-88.8	-7.8	179.0	LP	365.3	-22.9	-83.4	195.8		
Change (QoQ %)	-78.9	PL	LP	647.8	-36.2	31.1	-25.6	24.0				

Source: MOFSL, Company

# Tata Steel

Estimate change



TP change



Rating change



Bloomberg	TATA IN
Equity Shares (m)	12212
M.Cap.(INRb)/(USD\$)	1644.8 / 19.8
52-Week Range (INR)	142 / 102
1, 6, 12 Rel. Per (%)	0/4/-9
12M Avg Val (INR M)	4543
Free float (%)	66.3

## Financials & Valuations (INR b)

Y/E MARCH	2024E	2025E	2026E
Sales	2,339	2,599	2,756
EBITDA	232	338	374
Adj. PAT	49	132	157
EBITDA Margin (%)	9.9	13.0	13.6
Adj. EPS (INR)	4.0	10.8	12.9
EPS Gr. (%)	-43.6	171.5	19.0
BV/Sh. (INR)	74	80	86

## Ratios

Net D:E	0.9	0.8	0.8
RoE (%)	5.2	14.0	15.5
RoCE (%)	7.9	13.3	14.4
Payout (%)	87.7	46.1	54.3

## Valuations

P/E (x)	33.6	12.4	10.4
P/BV (x)	1.8	1.7	1.6
EV/EBITDA(x)	10.6	7.2	6.5
Div. Yield (%)	2.6	3.7	5.2
FCF Yield (%)	-1.9	6.8	9.2

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	33.7	33.9	33.9
DII	23.3	22.4	19.8
FII	20.7	21.0	22.6
Others	22.3	24.0	23.7

FII Includes depository receipts

CMP: INR134

TP: INR130 (-3%)

Neutral

## Earnings beat led by Indian operations; Europe struggles

Domestic ASP to reduce by INR1,000/t, while coal cost to rise by USD10/t in 4QE

### Standalone performance

- Tata Steel (TATA)'s revenue increased 2% YoY to INR347b, which was in line with our estimate of INR343b. Standalone ASP was down by INR2,851/t YoY to INR71,069/t (INR437/t above our estimate of INR70,633/t).
- EBITDA jumped 61% YoY to INR82b, which was above our estimate of INR69b; EBITDA/t improved by INR5,716/t YoY to INR16,905/t, which was INR2,725/t above our estimate of INR14,180/t.
- The beat was due to the movement in inventory value of chrome ore, which primarily drove the decline in raw material (input) costs.
- APAT surged 96% YoY to INR46b, 19% above our estimate of INR39b.
- Standalone production stood at 5.1mt (up 8% YoY), and TATA posted the best ever 3Q sales at 4.9mt (up 6% YoY), in line with our estimate.
- Domestic crude steel production (including all domestic subsidiaries) was up 6% YoY at 5.3mt.

### Consolidated performance:

- TATA's revenue declined 3% YoY to INR553b, which was 10% below our estimates of INR614b. The reduction in revenue was attributed to lower blended ASP, which stood at INR 77,359/t (down by INR2,478/t YoY and by INR5,190/t from our estimate of INR82,549/t).
- EBITDA jumped 55% YoY at INR63b (25% above our estimate of INR50b), primarily due to a beat on earnings driven by the India business. EBITDA/t stood at INR8,760/t, above our estimate of INR6,743/t.
- APAT for 3QFY24 stood at INR8.5b, which was above our estimate of INR6b.
- Production stood at 7.6mt (flat YoY), and sales stood at 7.15mt (flat YoY), which were in line with our estimates.
- The European operation continued to drag the performance. It posted an operating loss of INR29b (in line with our estimate). Operating loss per tonne for the European operation stood at USD175, which was weaker than our estimate of USD165/t. The miss was led by lower production due to the ongoing relining at one of the BF's in the Netherlands, production shortfalls arising from end-of-life assets in the UK, and subdued demand in the EU.
- Gross debt declined INR15b QoQ to INR882b (from INR897b in 2QFY24), and net debt stood at INR774b with a liquidity position of ~INR233b. Net debt-to-EBITDA exceeded FY19 levels and came in at 3.23x; the net debt-to-equity stood at 0.78x during the quarter.

### Highlights from the management commentary

- On a standalone basis, the coking coal cost in 3QFY24 rose USD4/t QoQ and it is expected to increase further by USD10/t in 4QFY24.
- Standalone realizations are expected to decrease by INR1,000/t in 4QFY24.
- ASP for the Netherlands is expected to be lower by GBP14/t; however, as the UK ASP moves in tandem with the EU spot prices, the same is likely to increase by GBP40/t in 4QFY24.

- BF#6 at the Netherlands is anticipated to come on stream by the end of Jan'24, and it is expected to produce 6.5-6.9mt in FY25.
- TSK will add an incremental 0.7mt of volumes in FY25, and the benefit from incremental volumes after full ramp-up will accrue in FY26E.
- Both BF#s in the UK will be shut down in a phased manner by 2H FY24E. The downstream facility will continue to operate though.

#### Valuation and view

- The India business has posted a decent performance, and domestic demand momentum is expected to continue. Though TATA reported substantial losses in its European operations in 9MFY24, the management has guided higher realizations and better volumes as BF#6 comes on stream.
- TATA has already laid out a road map to scale domestic operations further under the Phase-III expansion, which will eventually help the company reach 40mt of capacity.
- TATA has guided for higher coal costs across most of the geographies due to higher coal prices in the last few months. However, the use of blended coal would help the company limit the cost increase.
- We have largely retained our estimates for FY25 and FY26 to factor in the current macro-economic scenario and transition to EAF in its UK facility.
- **TATA is trading at 6.5x FY26E EV/EBITDA and 1.6x FY26E P/B. We believe the stock is adequately priced in, and hence, we reiterate our Neutral rating with an SOTP-based TP of INR130.**

#### Standalone quarterly performance (INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales Vol (kt)	4,070	4,910	4,590	4,796	4,790	4,820	4,880	5,210	18,366	19,700		
Change (YoY %)	2.0	11.1	8.0	-3.5	17.7	-1.8	6.3	8.6	4.2	7.3		
Change (QoQ %)	-18.1	20.6	-6.5	4.5	-0.1	0.6	1.2	6.8				
ASP (INR/t)	89,172	70,556	73,920	79,333	74,083	70,924	71,069	70,113	77,814	71,514		
Abs Change (QoQ)	15,367	-18,617	3,365	5,413	-5,250	-3,159	146	-956	4,631	-6,301		
Change (YoY %)	28.5	-4.6	-1.7	7.5	-16.9	0.5	-3.9	-11.6	6.3	-8.1		
<b>Net Sales</b>	<b>363</b>	<b>346</b>	<b>339</b>	<b>380</b>	<b>355</b>	<b>342</b>	<b>347</b>	<b>365</b>	<b>1,429</b>	<b>1,409</b>	<b>343</b>	<b>1</b>
Change (YoY %)	31.0	6.0	6.1	3.7	-2.2	-1.3	2.2	-4.0	10.8	-1.4		
Change (QoQ %)	-1.1	-4.5	-2.1	12.1	-6.7	-3.7	1.5	5.3				
Total Expenditure	265	300	288	294	288	273	264	287	1,146	1,113		
<b>EBITDA</b>	<b>98</b>	<b>47</b>	<b>51</b>	<b>87</b>	<b>67</b>	<b>69</b>	<b>82</b>	<b>78</b>	<b>283</b>	<b>296</b>	<b>69</b>	<b>20</b>
Change (YoY %)	-26.2	-65.3	-57.8	-29.3	-32.0	47.2	60.6	-9.8	-44.7	4.7		
Change (QoQ %)	-19.8	-52.5	10.1	68.5	-22.9	3.0	20.1	-5.3				
(% of Net Sales)	27.0	13.5	15.1	22.7	18.8	20.1	23.8	21.4	19.8	21.0		
<b>EBITDA(INR/t)</b>	<b>24,113</b>	<b>9,503</b>	<b>11,189</b>	<b>18,047</b>	<b>13,924</b>	<b>14,248</b>	<b>16,905</b>	<b>14,988</b>	<b>15,393</b>	<b>15,023</b>		
Interest	8	10	11	11	10	11	11	12	40	44		
Depreciation	15	14	15	15	15	15	15	16	60	60		
Other Income	5	8	7	5	15	8	3	3	25	30		
<b>PBT (before EO Inc.)</b>	<b>80</b>	<b>30</b>	<b>32</b>	<b>65</b>	<b>56</b>	<b>51</b>	<b>60</b>	<b>54</b>	<b>209</b>	<b>221</b>		
EO Income(exp)	-1	0	0	-7	0	-130	0		-8	-130		
<b>PBT (after EO Inc.)</b>	<b>80</b>	<b>30</b>	<b>32</b>	<b>58</b>	<b>56</b>	<b>-79</b>	<b>60</b>	<b>54</b>	<b>201</b>	<b>91</b>		
Current Tax	18	7	9	15	12	8	17	13	49	50		
Deferred Tax	2	1	-1	2	-2	-2	-3		5	-7		
Total Tax	21	8	9	17	10	6	14	13	54	43		
% Tax	25.7	26.7	26.9	28.6	18.1	-7.7	22.7	25.0	26.9	47.5		
<b>Reported PAT</b>	<b>59</b>	<b>22</b>	<b>24</b>	<b>42</b>	<b>46</b>	<b>-85</b>	<b>47</b>	<b>40</b>	<b>147</b>	<b>48</b>		
<b>Adjusted PAT</b>	<b>60</b>	<b>22</b>	<b>24</b>	<b>49</b>	<b>46</b>	<b>45</b>	<b>46</b>	<b>40</b>	<b>155</b>	<b>178</b>	<b>39</b>	<b>19</b>
Change (YoY %)	-30.6	-74.7	-69.9	-38.5	-22.7	100.5	95.8	-17.2	-53.5	15.0		
Change (QoQ %)	-24.3	-62.7	6.1	105.5	-5.0	-3.2	3.7	-13.1				

The financials have been restated which includes subsidiaries financials which have now been amalgamated

# SBI Life Insurance

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	SBILIFE IN
Equity Shares (m)	1000
M.Cap.(INRb)/(USD\$)	1382.6 / 16.6
52-Week Range (INR)	1495 / 1039
1, 6, 12 Rel. Per (%)	-1/-2/-10
12M Avg Val (INR M)	1544

## Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Net Premiums	786.8	911.5	1,066.7
Surplus / Deficit	33.6	39.4	45.8
Sh. PAT	18.4	21.7	24.6
NBP gr- unwt'd (%)	18.0	18.0	18.0
NBP gr- APE (%)	15.4	20.9	18.0
Premium gr (%)	17.9	15.9	17.0
VNB margin (%)	28.3	28.7	29.2
RoEV (%)	21.6	20.6	20.2
Total AUMs (INRt)	3.6	4.2	5.0
VNB	54.3	66.7	80.0
EV per share	560	675	812

## Valuations

P/EV (x)	2.5	2.0	1.7
P/EVOP (x)	14.3	12.0	10.0

\*VNB, VNB margins based on ETR

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	55.4	55.4	55.5
DII	14.6	14.3	14.9
FII	25.9	26.2	25.1
Others	4.0	4.2	4.5

FII Includes depository receipts

**CMP: INR1,381 TP: INR1,700 (+23%) BUY**

## VNB above estimates; margins contract 40bp YoY

### Guides for 18% growth and 28% VNB margin

- SBILIFE reported decent performance in 3QFY24. APE grew 13% YoY (22% beat), while VNB grew 11% YoY as margins contracted 40bp YoY to 27.4%. PAT grew 6% YoY to INR3.2b (vs. our estimate of INR 4.0b, registering 20% miss).
- In terms of NBP, Group Savings and ULIPs witnessed a healthy YoY growth of 54% and 16%, respectively, while Par savings declined 17% YoY in 3QFY24. The protection business was flat YoY.
- We expect SBILIFE to deliver 18% CAGR in APE over FY23-26E, thus enabling a 16.4% VNB CAGR. RoEV is expected to stay at around ~20%. We reiterate our BUY rating on the stock with a TP of INR1,700 (2.3x Sep'26E EV).

### Share of ULIPs and Protection improves

- SBILIFE reported a 16% YoY growth in gross premium (14% above our estimates), led by 21%/17% growth in single/renewal premium. Shareholders' PAT grew 6% YoY to INR3.2b (vs. our estimate of INR 4.0b, registering a 20% miss).
- Total APE grew 13% YoY (22% above our estimates), within which, group savings grew 56% YoY. The Protection business was flat YoY, led by 11.5% decline in individual protection. On a YoY basis, the ULIP segment grew 18% YoY, whereas the Par segment declined 25% YoY.
- For 9MFY24, the share of ULIPs & Protection business in APE (led by group segment) increased to 61% & 11%, respectively. The share of non-par savings declined to 17% vs. 22% in 9MFY23.
- Absolute VNB grew 11% YoY to INR16.8b (16% above our estimates), while VNB margins contracted 40bp YoY to 27.4% (vs. estimate of 28.8%).
- On the distribution front, the share of the banca and agency channel in total APE was stable at 65% and 24%, respectively, for 9MFY24.
- On a YoY basis, except for 37M (which declined 270bp YoY to 78% in 9MFY24), persistency improved across all cohorts.

### Highlights from the management commentary

- SBI Life last week launched two ROP products with higher Sum Assured – 'SBI Life - Saral Swadhan Supreme' and 'SBI Life - Smart Swadhan Supreme'. This product is competitive in nature and is margin accretive.
- The company expects higher growth in individual protection in the coming quarters. Currently, the group term business is witnessing strong growth. Going ahead, the company would focus on the non-par segment – both savings and protection.
- The decline in margin is primarily on account of change in product mix. Product-level margins have seen marginal improvement on the back of rising share of longer-term products.

### Valuation and view

SBILIFE reported decent performance during the quarter, with APE and VNB surpassing estimates (VNB margins contracted 40bp YoY to 27.4% in 3QFY24). SBI channel productivity has been improving and the company is working on improving its efficiency in the agency channel. SBI Life continues to maintain its cost leadership. We expect SBILIFE to deliver 18% CAGR in APE over FY23-26, thus enabling a 16.4% VNB CAGR. RoEV is expected to stay at around ~20%. We reiterate our BUY rating on the stock with a TP of INR1,700 (2.3x Sep'26E EV).

### Quarterly performance

(InR b)

Policy holder's A/c (INRb)	FY23				FY24E				FY23	FY24E	FY24E 3QE	V/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
First year premium	25.7	34.8	50.6	40.9	26.4	46.3	56.8	45.1	152.0	174.6	46.7	21.5
Growth (%)	83%	-4%	24%	6%	3%	33%	12%	10%	17%	15%	-8%	
Renewal premium	57.6	91.2	109.1	119.4	73.5	101.2	127.2	142.7	377.3	444.6	117.0	8.8
Growth (%)	14%	17%	13%	10%	28%	11%	17%	20%	13%	18%	7%	
Single premium	30.2	40.2	33.7	39.9	35.7	54.2	40.6	44.0	143.9	174.6	33.7	20.5
Growth (%)	56%	20%	-24%	42%	18%	35%	21%	10%	15%	21%	0%	
<b>Gross premium income</b>	<b>113.5</b>	<b>166.2</b>	<b>193.3</b>	<b>200.1</b>	<b>135.6</b>	<b>201.8</b>	<b>224.6</b>	<b>231.8</b>	<b>673.2</b>	<b>793.7</b>	197.4	13.8
Growth (%)	35%	13%	6%	14%	19%	21%	16%	16%	15%	18%	2%	
<b>PAT</b>	<b>2.6</b>	<b>3.8</b>	<b>3.0</b>	<b>7.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.2</b>	<b>7.4</b>	<b>17.2</b>	<b>18.4</b>	4.0	(19.9)
Growth (%)	18%	53%	-16%	16%	45%	1%	6%	-4%	14%	7%	32%	
<b>Key metrics (INRb)</b>												
New Business APE	29.0	39.3	54.3	45.5	30.3	51.8	61.3	49.5	166.4	192.0	50.1	22.4
Growth (%)	79.0	-1.0	18.8	10.2	4.5	31.7	12.9	8.8	17.2	15.4	(7.7)	
VNB	8.8	12.4	15.1	14.4	8.7	14.9	16.8	13.9	50.7	54.3	14.4	16.4
Growth (%)	131.6	24.0	31.3	23.1	-1.1	20.2	11.3	-3.6	37.0	7.1	(4.4)	
AUM	2,624	2,826	3,000	3,073	3,283	3,452	3,714	3,621	3,073	3,621	3,579	3.8
Growth (%)	13.3	15.7	16.8	14.9	25.1	22.1	23.8	17.8	14.9	17.8	19.3	
<b>Key Ratios (%)</b>												
VNB margins (%)	30.4	31.6	27.8	31.6	28.7	28.5	27.4	28.0	30.1	28.3	28.8	139
Solvency ratio (%)	221.0	219.0	225.0	215.0	215.0	212.0	209.0	187.5	215.0	187.5	216.0	700



# Punjab National Bank

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	PNB IN
Equity Shares (m)	11011
M.Cap.(INRb)/(USD\$)	1150.7 / 13.8
52-Week Range (INR)	108 / 44
1, 6, 12 Rel. Per (%)	17/64/75
12M Avg Val (INR M)	3994

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	344.9	402.1	431.6
OP	225.3	257.1	274.6
NP	25.1	81.2	116.1
NIM (%)	2.6	2.8	2.8
EPS (INR)	2.3	7.4	10.5
EPS Gr. (%)	-29.2	224.0	43.0
BV/Sh. (INR)	86	95	104
ABV/Sh. (INR)	68	86	96

## Ratios

RoE (%)	2.8	8.5	11.0
RoA (%)	0.2	0.5	0.7

## Valuations

P/E(X)	46.1	14.2	10.0
P/BV (X)	1.2	1.1	1.0
P/ABV (X)	1.5	1.2	1.1

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	73.2	73.2	73.2
DII	13.8	13.8	13.0
FII	3.1	2.7	1.7
Others	10.0	11.6	12.2

FII Includes depository receipts

**CMP: INR105 TP: INR100 (-4%) Neutral**

## PPoP in line; lower provisions drive earnings beat

### Asset quality continues to surprise positively

- Punjab National Bank (PNB) reported a healthy quarter, with a 19% beat on PAT amid 23% lower provision vs. our estimate. PAT surged 254% YoY to INR22.2b, while NII grew 12% YoY (in line) to INR103b as NIMs improved 4bp QoQ to 3.15% in 3QFY24.
- Loan book grew at a healthy pace of 15% YoY (3% QoQ) to INR9.2t, led by a healthy traction in corporate. Retail loans declined 1.8% QoQ. Deposit growth was relatively low at 9% YoY/1% QoQ to INR13t.
- The C/D ratio was relatively low at 69%, giving levers to accelerate advances unlike other banks. The CASA ratio increased 32bp QoQ to 42.5%.
- Slippages dipped to INR18b (0.9% annualized) enabling sharp 72bp/51bp QoQ decline in GNPA/NNPA ratios to 6.24%/0.96% while PCR rose 540bp QoQ to 85%.
- We upgrade our EPS estimates by 15%/5% for FY24/FY25, factoring in lower LLP and healthy margins. We estimate RoA/RoE of 0.7%/11.0% in FY25 and 0.9%/13.1% by FY26. **Retain Neutral with a TP of INR100 (1x Sep'25E ABV).**

### NIMs improve 4bp QoQ to 3.15%; PCR jumps to 85%

- PNB reported a PAT of INR22.2b (+254% YoY, 19% beat) amid lower provisions (down 42% YoY, 23% lower than our estimate). NII grew 12% YoY (3.7% QoQ), aided by a 4bp QoQ improvement in NIMs to 3.15%.
- Other income declined 20% YoY (down 12% QoQ, 22% miss) to INR26.7b, as the bank reported a treasury loss of INR7.9b in 3QFY24 vs. gains of INR2.1b in 3QFY23.
- Opex decreased 2% YoY as additional wage provisions were offset by lower AS-15 provisions. As a result, the C/I ratio declined to 51% (vs. 52% in 2QFY24). PPoP, thus, grew 11% YoY to INR63.3b (in line) in 3Q.
- The loan book grew by a healthy 15% YoY (+3% QoQ) to INR9.2t amid healthy traction in Corporate, Agri and MSME. Retail edged lower by 1.8% QoQ. The international book remained flat at 0.6% QoQ in 3QFY24.
- Deposits grew at a slower pace of 9% YoY (1% QoQ) to INR13.2t, led by 6% YoY/1.7% QoQ growth in CASA and faster growth in international deposits at 18% YoY/4.5% QoQ. Thus, the CASA ratio rose to 42.5% from 41.2% in 2QFY24.
- On the asset quality front, slippages declined 25% QoQ to INR18b (0.9% annualized). GNPA/NNPA ratios improved 72bp/51bp QoQ to 6.24%/1%. PCR increased 540bp QoQ to 85.4%.
- SMA-2 (above INR50m) moderated 23% YoY to INR13.4b and stood at 14bp of domestic loans.

### Highlights from the management commentary

- The bank made AS-15 provisions of INR3.22b and extra provisions of INR8b for a 17% wage hike settlement. PNB has been making provisions for pensions and has increased liability provisions. In 2Q, the bank made provisions of INR6.9b for the wage revision.
- The C/D ratio stands at a comfortable level of 69.2%. PNB is thus not raising bulk deposits. It also has excess SLR.
- **Slippage breakup** – Agri at INR 4.39b, MSME at INR7.09b, Retail at INR 4.34b, Others at 0.13b and INR1.98b were slippages from existing NPAs. The bank expects recoveries to be at 2x of slippages.

### Valuation and view

PNB reported a robust quarter as lower-than-expected provisions drove earnings and asset quality continued to improve. NII growth was healthy QoQ, supported by steady margins and healthy growth in RAM segments. Asset quality improvement was aided by lower slippages and healthy recoveries. PCR improved further to 80%. SMA overdue (with loans over INR50m) remains under control at 0.14% of domestic loans, while the bank continues to guide for robust recoveries at 2x of slippages. PNB expects the credit cost to be contained at <1% and expects RoA at 1% by 4QFY25. We upgrade our EPS estimates by 15%/5% for FY24/FY25, factoring in lower LLP and healthy margins. We estimate RoA/RoE of 0.7%/11.0% in FY25 and 0.9%/13.1% by FY26. **Retain Neutral with a TP of INR100 (premised on 1x Sep'25E ABV).**

### Quarterly Performance

Y/E March	FY23				FY24E				FY23	FY24E	FY24	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est
<b>Net Interest Income</b>	<b>75.4</b>	<b>82.7</b>	<b>91.8</b>	<b>95.0</b>	<b>95.0</b>	<b>99.2</b>	<b>102.9</b>	<b>104.9</b>	<b>344.9</b>	<b>402.1</b>	<b>100.9</b>	<b>2%</b>
% Change (YoY)	4.3	30.2	17.6	30.0	26.0	20.0	12.1	10.4	20.2	16.6	10.0	
Other Income	25.4	28.5	33.4	34.2	34.3	30.3	26.7	36.1	121.4	127.5	34.2	-22%
<b>Total Income</b>	<b>100.8</b>	<b>111.2</b>	<b>125.2</b>	<b>129.2</b>	<b>129.4</b>	<b>129.5</b>	<b>129.7</b>	<b>141.0</b>	<b>466.3</b>	<b>529.6</b>	<b>135.2</b>	<b>-4%</b>
Operating Expenses	47.0	55.5	68.0	70.5	69.7	67.3	66.4	69.1	241.1	272.5	70.7	-6%
<b>Operating Profit</b>	<b>53.8</b>	<b>55.7</b>	<b>57.2</b>	<b>58.7</b>	<b>59.7</b>	<b>62.2</b>	<b>63.3</b>	<b>71.9</b>	<b>225.3</b>	<b>257.1</b>	<b>64.5</b>	<b>-2%</b>
% Change (YoY)	-15.9	38.4	12.6	11.4	10.9	11.7	10.8	22.6	8.5	14.1	12.9	
Provisions	47.9	49.1	47.1	38.3	39.7	34.4	27.4	28.7	182.4	130.1	35.4	-23%
<b>Profit before Tax</b>	<b>5.9</b>	<b>6.6</b>	<b>10.0</b>	<b>20.4</b>	<b>20.0</b>	<b>27.7</b>	<b>35.9</b>	<b>43.3</b>	<b>42.9</b>	<b>126.9</b>	<b>29.1</b>	<b>23%</b>
Tax	2.8	2.5	3.7	8.8	7.5	10.2	13.7	14.4	17.8	45.7	10.5	31%
<b>Net Profit</b>	<b>3.1</b>	<b>4.1</b>	<b>6.3</b>	<b>11.6</b>	<b>12.6</b>	<b>17.6</b>	<b>22.2</b>	<b>28.9</b>	<b>25.1</b>	<b>81.2</b>	<b>18.6</b>	<b>19%</b>
% Change (YoY)	-69.9	-62.8	-44.2	474.9	307.0	327.0	253.5	149.3	-27.5	224.0	196.1	
<b>Operating Parameters</b>												
Deposits	11,367	11,935	12,104	12,812	12,979	13,099	13,235	13,798	12,812	13,798	13,443	
Loans	7,426	7,734	8,004	8,308	8,637	8,899	9,164	9,388	8,308	9,388	9,126	
Deposit Growth (%)	3.6	7.0	7.4	11.8	14.2	9.8	9.3	7.7	11.8	7.7	11.1	
Loan Growth (%)	12.3	14.9	15.5	14.1	16.3	15.1	14.5	13.0	14.1	13.0	14.0	
<b>Asset Quality</b>												
Gross NPA (%)	11.3	10.5	9.8	8.7	7.7	7.0	6.2	5.6	8.7	5.6	6.2	
Net NPA (%)	4.3	3.8	3.3	2.7	2.0	1.5	1.0	0.8	2.8	0.8	1.2	
PCR (%)	64.8	66.3	68.5	70.8	75.8	80.0	85.4	86.3	69.6	86.3	82.0	

E: MOFSL Estimates

Estimate change



TP change



Rating change



Bloomberg	CIPLA IN
Equity Shares (m)	805
M.Cap.(INRb)/(USDb)	1105.8 / 13.3
52-Week Range (INR)	1425 / 852
1, 6, 12 Rel. Per (%)	11/21/13
12M Avg Val (INR M)	2173

#### Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	257.2	278.9	305.6
EBITDA	64.0	70.3	76.7
Adj. PAT	42.8	46.6	52.0
EBIT Margin (%)	21.2	21.5	21.6
Cons. Adj. EPS (INR)	53.0	57.7	64.4
EPS Gr. (%)	40.4	8.9	11.6
BV/Sh. (INR)	328.8	380.5	438.9

#### Ratios

Net D:E	-0.2	-0.2	-0.3
RoE (%)	16.1	15.2	14.7
RoCE (%)	17.0	16.0	15.5
Payout (%)	9.5	10.4	9.3

#### Valuations

P/E (x)	25.8	23.7	21.3
EV/EBITDA (x)	16.6	14.6	12.9
Div. Yield (%)	0.3	0.4	0.4
FCF Yield (%)	3.5	3.5	3.7
EV/Sales (x)	4.1	3.7	3.2

#### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	33.4	33.4	33.4
DII	24.3	24.1	21.0
FII	25.9	25.9	28.8
Others	16.4	16.7	16.8

FII Includes depository receipts

**CMP: INR1,370**
**TP: INR1,600 (+17%)**
**BUY**

### Core markets, operating leverage drive earnings growth

#### North America on a robust growth path

- CIPLA beat our earnings estimates in 3QFY24, aided by an outperformance in the domestic formulation (DF)/North America (NA) segments and better operating leverage. These factors were offset to some extent by a muted performance of emerging markets and the API segment. The company is making efforts to minimize the timeline for potential approvals (g-Advair/g-Abraxane) in the NA market.
- We raise our EPS estimates by 12%/9%/7% for FY24/FY25/FY26 to factor in a) peptide-based niche approvals, b) industry-beating growth in core chronic therapies in the DF segment, and c) continued efforts for brand building in consumer healthcare. We value CIPLA at 25x 12M forward earnings and add INR30 (g-Revlimid NPV) to arrive at a TP of INR1,600.
- We remain positive on CIPLA on the back of a) respiratory/peptide asset build-up for the NA market, b) robust brand franchise in DF, and c) scope for inorganic growth given surplus cash of INR75b as of 3Q-end. **Retain BUY.**

#### Product mix/lower RM costs/opex led to superior margins

- CIPLA's 3QFY24 revenue grew 13.7% YoY to INR66b (our est. INR64.8b). DF sales (43% of sales) grew 11.5% YoY to INR28.6b. NA sales (29% of sales) rose 19.8% YoY to INR19b (USD230m, up 17.9% in CC terms). Growth was led by volume traction in key assets of Lanreotide and Albuterol, coupled with robust demand in the base business. SAGA sales (12% of sales) jumped 19.9% YoY to INR8.2b. API sales (2% of sales) declined 26.5% YoY to INR1.1b. EM sales (11% of sales) declined by 2% YoY to INR7.5b.
- Gross margin expanded 90bp YoY to 66.4% (our est. 65.0%), driven by lower raw material costs.
- EBITDA margin improved 220bp YoY to 26.5% (our est. 24.0%), due to better gross profit and lower employee costs and other expenses (down 20bp/120bp YoY as a % of sales). EBITDA increased by 24.2% YoY to INR17.5b (our est. INR15.5b).
- Adjusting for the impairment charges/forex gains of INR1.4b, PAT grew 49.4% YoY to INR12b (our est. INR9.7b), due to higher other income and lower depreciation.
- During 9MFY24, revenue/EBITDA/PAT rose 15%/26%/44% to INR196b/INR50b/INR33b.

#### Highlights from the management commentary

- CIPLA would be the sole player to receive approval for a peptide asset, which is expected to be approved by USFDA in the near term.
- The company also plans to launch four peptide assets in FY25. Two assets do not have IP-related issues.
- Given that alternate site filing would require clinical trials to be done again for g-Abraxane, CIPLA will focus on ANDA filed for g-Abraxane from the Goa site. A successful re-inspection would be key for approval.

**Quarterly Performance (Consolidated)**
**(INR b)**

Y/E March	FY23				FY24E				FY23	FY24E	Est.	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Revenues</b>	<b>53.8</b>	<b>58.3</b>	<b>58.1</b>	<b>57.4</b>	<b>63.3</b>	<b>66.8</b>	<b>66.0</b>	<b>61.1</b>	<b>227.5</b>	<b>257.2</b>	<b>64.8</b>	<b>2.0</b>
YoY Change (%)	-1.4	5.6	6.0	9.1	17.7	14.6	13.7	6.5	4.8	13.0	11.5	
Total Expenditure	42.3	44.4	44.0	45.7	48.3	49.4	48.6	46.8	176.4	193.2	49.2	
<b>EBITDA</b>	<b>11.4</b>	<b>13.9</b>	<b>14.1</b>	<b>11.7</b>	<b>14.9</b>	<b>17.3</b>	<b>17.5</b>	<b>14.3</b>	<b>51.1</b>	<b>64.0</b>	<b>15.5</b>	<b>12.4</b>
YoY Change (%)	-11.7	13.3	14.3	23.6	30.7	24.8	24.2	21.8	8.8	25.2	10.4	
Margins (%)	21.3	23.8	24.2	20.4	23.6	26.0	26.5	23.4	22.5	24.9	24.0	
Depreciation	2.5	3.0	2.7	3.5	2.4	2.5	2.3	2.2	11.7	9.4	2.7	
<b>EBIT</b>	<b>8.9</b>	<b>10.9</b>	<b>11.4</b>	<b>8.3</b>	<b>12.5</b>	<b>14.9</b>	<b>15.1</b>	<b>12.0</b>	<b>39.4</b>	<b>54.6</b>	<b>12.9</b>	
YoY Change (%)	-14.0	12.0	15.4	25.5	41.1	36.4	33.3	45.6	8.0	38.5	13.6	
Margins (%)	16.5	18.7	19.5	14.4	19.8	22.3	22.9	19.7	17.3	21.2	19.9	
Interest	0.2	0.3	0.3	0.3	0.2	0.3	0.3	0.3	1.1	1.0	0.3	
Other Income	1.0	1.0	1.1	1.3	1.4	1.8	1.3	1.2	4.5	5.6	1.2	
<b>Profit before Tax</b>	<b>9.7</b>	<b>11.6</b>	<b>12.2</b>	<b>9.3</b>	<b>13.7</b>	<b>16.4</b>	<b>16.1</b>	<b>13.0</b>	<b>42.8</b>	<b>59.2</b>	<b>13.8</b>	
One-time (expense)/income	0.0	-0.6	0.0	-1.8	0.0	-0.4	-1.4	0.0	-2.5	-1.8	0.0	
<b>PBT after EO expense</b>	<b>9.7</b>	<b>11.0</b>	<b>12.2</b>	<b>7.5</b>	<b>13.7</b>	<b>15.9</b>	<b>14.7</b>	<b>13.0</b>	<b>40.4</b>	<b>57.4</b>	<b>13.8</b>	<b>6.8</b>
Tax	2.7	3.0	4.1	2.2	3.8	4.4	4.1	3.8	12.0	16.0	3.9	
Rate (%)	27.5	26.0	33.7	24.0	27.5	26.8	25.1	29.1	28.1	27.0	27.9	
Minority Interest	0.2	0.1	0.1	0.0	0.0	0.2	0.1	0.1	0.3	0.4	0.2	
<b>Reported PAT</b>	<b>6.9</b>	<b>7.9</b>	<b>8.0</b>	<b>5.3</b>	<b>10.0</b>	<b>11.3</b>	<b>10.6</b>	<b>9.1</b>	<b>28.0</b>	<b>41.0</b>	<b>9.7</b>	<b>8.9</b>
<b>Adj PAT</b>	<b>6.9</b>	<b>8.5</b>	<b>8.0</b>	<b>7.1</b>	<b>10.0</b>	<b>11.7</b>	<b>12.0</b>	<b>9.1</b>	<b>30.5</b>	<b>42.8</b>	<b>9.7</b>	<b>23.4</b>
YoY Change (%)	-12.9	19.8	9.9	16.1	45.1	37.7	49.4	28.9	7.4	40.4	21.1	

E: MOFSL Estimates;

Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR264**
**TP: INR270 (+2%)**
**Neutral**

## Robust performance across verticals leads to a beat in operating results

- Vedanta (VEDL) delivered the highest ever 3Q consolidated net sales at INR355b (up 4% YoY), which was 6% higher than our estimate of INR337b. The revenue was driven by higher sales volumes and favorable movements in forex, which were partially offset by a fall in commodity (input) prices.
- VEDL's consolidated EBITDA stood at INR85b (up 21% YoY), which was a 28% beat to our estimate of INR67b. EBITDA margin for 3QFY24 improved ~440bp to 24%. The beat was driven by higher volumes across business verticals and a strong focus on cost reduction initiatives.
- Aluminum and HZ reported the highest ever 9M volumes and they are now in the first quartile of the global aluminum and zinc mining cost curves.
- APAT for the quarter stood at INR20b (up 29% YoY) against our estimate of INR10b. The beat was supported by better operating performance, lower finance cost, and higher other income, which were partially offset by higher depreciation and tax outgo.
- VEDL's net debt stood at ~INR625b (up from INR578b in 2QFY24) and net debt/EBITDA stood at 1.7x in 3QFY24, with ~82% of debt being in INR.
- In 3QFY24, the Board declared a second interim dividend of INR11/share, taking the total dividend for FY24 to INR29.5/share.
- During 9MFY24, revenue stood at INR1,034b (-5.5% YoY), EBITDA was at INR216b (-13.6% YoY), and PAT stood at INR34b (-54.1% YoY).
- **Reiterate Neutral with a revised SoTP-based TP of INR270.**

## Highlights from the management commentary

- Post-capacity expansion in the aluminum business, which will take the total smelting capacity to ~2.8mt, the share of VAP will increase to ~90%.
- Management has guided for an EBITDA/t guidance of USD1,000/t for its aluminum business with a conversion cost of ~USD1,600/t.
- Capex for FY24 is expected to be ~USD1.5-1.6b.
- Management expects to ramp up its Zinc International volumes to 500kt in the near term, with a medium-to-long-term target of 1mt. For Zinc International, EBITDA/t guidance stands at USD800/t in the near term and USD1,000/t in the medium-to-long-term period.
- VEDL is increasing its power portfolio to 4,780mw from 2,580mw by setting up the 1,000mw Meenakshi, and 1,200mw Athena power plants.
- VEDL is enhancing the mining EC for iron ore in Karnataka and Liberia, along with a ramp-up of Goa mines, which will take the yearly iron ore production to 13mt by FY25 from ~5mt.
- For strategic divestment or sale of non-core assets, VEDL has received inquiries, and currently it is in the stage of sharing data and undertaking site visits. VEDL expects concrete response by 4QFY24 or 1QFY25 on the same.

Bloomberg	VEDL IN
Equity Shares (m)	3717
M.Cap.(INRb)/(USDb)	979.9 / 11.8
52-Week Range (INR)	338 / 208
1, 6, 12 Rel. Per (%)	1/-13/-39
12M Avg Val (INR M)	2960
Free float (%)	36.3

### Financials & Valuations (INR b)

Y/E March	2024E	2025E	2026E
Sales	1,405	1,451	1,525
EBITDA	288.0	318.1	337.7
EBITDA margin	20.5	21.9	22.1
Attr. APAT	43.9	75.5	87.1
Adj. EPS (INR)	11.8	20.3	23.4
EPS Gr (%)	-58.2	71.7	15.5
BV/Sh. (INR)	70.8	68.2	69.8

### Ratios

Net D:E	2.3	2.4	2.3
RoE (%)	13.4	29.2	33.9
RoCE (%)	19.1	21.9	22.7
Payout (%)	347.6	112.6	93.3

### Valuations

P/E (x)	22.4	13.0	11.3
P/BV	3.7	3.9	3.8
EV/EBITDA (x)	7.0	6.6	6.4
Div. Yield (%)	15.6	8.7	8.3
FCF Yield (%)	6.7	14.6	14.9

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	63.7	63.7	69.7
DII	11.3	10.7	11.1
FII	7.8	7.9	8.1
Others	17.2	14.3	11.1

FII Includes depository receipts



- About USD3b bonds at HoldCo. have been extended by around three years and the company has USD1.8b of debt coming up for repayment over the next few months (including USD800m interest).
- The current rate of interest at Hold Co. is ~13%.

### Valuation and view

- The company's performance has substantially improved during the quarter, driven by better-than-estimated performance across segments.
- An extension of the maturity of bonds at HoldCo. by three years provides adequate liquidity comfort to the company in the near term.
- To account for its better performance, comfortable debt position, higher volumes, and improved EBITDA guidance by the management, we have raised our FY24/FY25/FY26 EBITDA estimates by 15%/1%/3%. VEDL currently trades at 6.4x FY26E EV/EBITDA, and we believe that the stock is adequately priced in at current levels. **We reiterate our Neutral rating on VEDL with a revised SoTP-based TP of INR270.**

### Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Vs. Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	%
<b>Net Sales</b>	<b>386</b>	<b>367</b>	<b>341</b>	<b>379</b>	<b>337</b>	<b>342</b>	<b>355</b>	<b>370</b>	<b>1,473</b>	<b>1,405</b>	<b>337</b>	6
Change (YoY %)	35.9	20.6	0.0	-4.8	-12.7	-6.7	4.2	-2.4	11.0	-4.6		
Change (QoQ %)	-3.0	-5.1	-7.0	11.2	-11.1	1.3	4.0	4.2				
Total Expenditure	284	290	270	285	273	275	270	299	1,129	1,117		
<b>EBITDA</b>	<b>102</b>	<b>77</b>	<b>71</b>	<b>95</b>	<b>64</b>	<b>67</b>	<b>85</b>	<b>71</b>	<b>344</b>	<b>288</b>	<b>67</b>	28
Change (YoY %)	1.8	-25.7	-34.6	-30.6	-37.0	-12.7	20.7	-24.6	-23.2	-16.3		
Change (QoQ %)	-25.2	-24.5	-8.2	33.8	-32.1	4.6	27.0	-16.4				
As % of Net Sales	26.4	21.0	20.7	24.9	19.0	19.7	24.0	19.3	23.4	20.5		
Finance cost	12	16	16	18	21	25	24	26	62	96		
DD&A	25	26	27	28	26	26	28	28	106	107		
Other Income	7	7	7	7	5	6	8	8	29	27		
<b>PBT (before EO item)</b>	<b>73</b>	<b>41</b>	<b>35</b>	<b>56</b>	<b>23</b>	<b>22</b>	<b>41</b>	<b>26</b>	<b>205</b>	<b>112</b>		
EO exp. (income)	0	-2	-9	13	-18	-43	0	0	2	-61		
<b>PBT (after EO item)</b>	<b>73</b>	<b>44</b>	<b>44</b>	<b>43</b>	<b>41</b>	<b>65</b>	<b>41</b>	<b>26</b>	<b>203</b>	<b>172</b>		
Total Tax	16.7	16.7	13.0	11.3	7.8	90.9	12.4	6	57.7	117		
% Tax	23.0	38.4	29.6	26.4	19.0	140.7	30.1	24.8	28.5	68.2		
<b>PAT before MI and Asso.</b>	<b>56</b>	<b>27</b>	<b>31</b>	<b>31</b>	<b>33</b>	<b>-9</b>	<b>29</b>	<b>19</b>	<b>145</b>	<b>72</b>		
Profit from Asso.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0		
Minority interest	11.7	8.8	6.3	12.5	6.7	8.7	8.6	9	39.3	33		
<b>PAT after MI and Asso.</b>	<b>44</b>	<b>18</b>	<b>25</b>	<b>19</b>	<b>26</b>	<b>-18</b>	<b>20</b>	<b>10</b>	<b>106</b>	<b>39</b>		
<b>APAT</b>	<b>44</b>	<b>14</b>	<b>16</b>	<b>31</b>	<b>9</b>	<b>5</b>	<b>20</b>	<b>10</b>	<b>105</b>	<b>44</b>	<b>10</b>	107
Change (YoY %)	-1.3	-69.4	-63.4	-49.5	-80.5	-65.7	29.0	-66.8	-46.2	-58.2	(38)	
Change (QoQ %)	-28.3	-67.8	9.6	99.6	-72.4	-43.3	312.5	-48.7			100	

Sources: MOFSL, Company

# Shriram Finance

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR2,307 TP: INR2,700 (+17%) Buy**

## Operationally healthy quarter even as earnings are in line

### NIM rises ~5bp QoQ; PCR increase on S1/S2 keeps credit costs elevated

Bloomberg	SHFL IN
Equity Shares (m)	375
M.Cap.(INRb)/(USDb)	866.7 / 10.4
52-Week Range (INR)	2353 / 1190
1, 6, 12 Rel. Per (%)	12/18/65
12M Avg Val (INR M)	2253

#### Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Total Income	201	235	278
PPOP	141	168	204
PAT	72.4	83.3	99.4
EPS (INR)	193	222	265
EPS Gr. (%)	21	15	19
Standalone BV (INR)	1,312	1,491	1,709

#### Valuations

NIM on AUM (%)	9.2	9.0	9.3
C/I ratio (%)	29.7	28.5	26.8
RoA (%)	3.3	3.2	3.2
RoE (%)	15.7	15.9	16.6
Div. Payout (%)	21.6	21.2	21.2

#### Valuations

P/E (x)	11.9	10.4	8.7
P/BV (x)	1.8	1.5	1.3
Div. Yield (%)	1.8	2.0	2.4

#### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	25.4	25.5	25.3
DII	15.8	15.2	11.1
FII	54.0	54.7	45.6
Others	4.8	4.5	18.0

FII Includes depository receipts

- Shriram Finance (SHFL)'s 3Q PAT grew 2% YoY to ~INR18.2b (in line), while 9MFY24 PAT rose ~12% YoY. PPOP was up 12% YoY to ~INR36.9b (in line).
- NII grew ~17% YOY to INR49.1b (inline). The reported NIM expanded ~5bp QoQ to ~9%, aided by a higher-yielding product mix. Credit cost of INR12.5b (7% higher than MOSLe) translated into an annualized credit cost of ~2.4% (PQ: 2.3% and PY: 2.1%) led by an increase in PCR on S1/S2 loans.
- Management shared that it does not expect a further rise in its CoB and the higher-yielding products such as PL, 2W, and Gold will continue to grow faster than the CV segment. We model NIMs (on AUM) of 9.2%/9.0%/9.3% for FY24E/FY25E/FY26E.
- Higher cross-selling opportunities for non-vehicle products and improved distribution of investment and insurance offerings should translate into an AUM and PAT CAGR of ~18% each over FY23-26. This will translate into an RoA/RoE of ~3.2%/~17% in FY26.
- As a merged entity, SHFL has positioned itself to capitalize on: 1) the diversified AUM mix; 2) improved access to liabilities; and 3) the enhanced cross-selling opportunities. **Reiterate BUY with a TP of INR2,700 (premised on 1.6x FY26E BVPS).**

### AUM rises 21% YoY; strong growth across non-CV product segments

- Disbursements grew ~29% YoY to ~INR346b, and AUM grew ~21% YoY to INR2.14t. Sequential AUM growth of ~6% was driven by strong growth across non-CV segments like 2W (+17% QoQ), PL (+8% QoQ), Gold (up 9% QoQ), MSME (+8% QoQ) and PV (+5% QoQ)
- As the non-CV products (like MSME and Gold) continue to get rolled across more branches, we expect the strong disbursement and AUM growth momentum to sustain. We model an AUM CAGR of ~18% over FY23-26E.

### Asset quality continues to improve; increase in S1 and S2 PCR

- GS3/NS3 improved ~15bp QoQ to ~5.7%, while NS3 improved ~10bp QoQ to 2.7%. PCR on S3 improved ~30bp QoQ to ~53%. **SHFL has increased the PCR on S1 loans by ~5bp QoQ and on S2 loans by ~25bp QoQ.**
- Management continued to guide for credit costs of ~2.0%, while our credit cost estimates are marginally higher at ~2.2/2.3% for FY24/25E.

### Highlights from the management commentary

- SHFL targets to keep personal loans (PL) less than 6% of the AUM mix. It has a ~3m eligible customer base for personal loans. Going forward, PL should grow at 20-25%.
- Shriram Housing needs an equity capital infusion, and SHFL is exploring all possible options for growth capital in the subsidiary.

### Valuation and View

- SHFL reported an operationally healthy quarter with a healthy AUM growth across all its products and delivered a further expansion in NIM. It is yet to fully exploit its distribution network for products like MSME and gold loans. As it does this over the next one year, AUM growth in MSME, PL and Gold loans will continue to remain stronger than other segments.
  - With an expanded geographical presence and a larger workforce, SHFL can leverage cross-selling opportunities to reach new customers and introduce new products, leading to an improved operating metrics and a solid foundation for sustained growth. The current valuation of 1.3x FY26E BVPS is attractive for an 18% PAT CAGR over FY23-26E and an RoA/RoE of ~3.2%/17.0% in FY26E.
- Reiterate BUY with a TP of INR2,700 (based on 1.6x FY26E BVPS).**

### Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	3QFY24E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	67,796	70,024	73,099	74,232	76,880	82,166	86,179	90,484	2,86,074	3,35,708	86,520	0
Interest Expenses	29,516	32,249	31,178	32,422	34,875	36,219	37,069	39,585	1,25,458	1,47,748	38,138	-3
<b>Net Interest Income</b>	<b>38,280</b>	<b>37,775</b>	<b>41,921</b>	<b>41,810</b>	<b>42,004</b>	<b>45,947</b>	<b>49,110</b>	<b>50,899</b>	<b>1,60,616</b>	<b>1,87,960</b>	<b>48,382</b>	<b>2</b>
YoY Growth (%)	33.8	24.2	30.8	19.9	20.0	21.6	17.1	21.7	27.5	17.0	15.4	
Other Income	2,237	4,162	3,022	3,460	3,167	3,479	3,094	3,306	11,955	13,045	3,550	
<b>Total Income</b>	<b>40,517</b>	<b>41,937</b>	<b>44,944</b>	<b>45,270</b>	<b>45,171</b>	<b>49,426</b>	<b>52,204</b>	<b>54,205</b>	<b>1,72,571</b>	<b>2,01,005</b>	<b>51,932</b>	<b>1</b>
YoY Growth (%)	31.8	29.6	28.9	21.1	22.0	17.9	16.2	19.7	27.5	16.5	15.5	
Operating Expenses	10,841	11,999	11,928	14,459	13,908	14,618	15,311	15,840	49,131	59,677	14,917	3
<b>Operating Profit</b>	<b>29,676</b>	<b>29,938</b>	<b>33,016</b>	<b>30,810</b>	<b>31,262</b>	<b>34,808</b>	<b>36,893</b>	<b>38,364</b>	<b>1,23,441</b>	<b>1,41,328</b>	<b>37,015</b>	<b>0</b>
YoY Growth (%)	32.3	30.4	31.4	13.9	17.3	16.3	11.7	24.5	26.5	14.5	12.1	
Provisions & Loan Losses	11,597	8,976	9,173	11,846	8,786	11,286	12,497	11,609	41,592	44,177	11,688	7
<b>Profit before Tax</b>	<b>18,079</b>	<b>20,962</b>	<b>23,844</b>	<b>18,964</b>	<b>22,476</b>	<b>23,523</b>	<b>24,396</b>	<b>26,756</b>	<b>81,849</b>	<b>97,151</b>	<b>25,327</b>	<b>-4</b>
Tax Provisions	4,690	5,411	6,074	5,881	5,722	6,014	6,213	6,824	22,056	24,773	6,458	-4
<b>Net Profit</b>	<b>13,390</b>	<b>15,551</b>	<b>17,770</b>	<b>13,083</b>	<b>16,754</b>	<b>17,508</b>	<b>18,183</b>	<b>19,931</b>	<b>59,793</b>	<b>72,377</b>	<b>18,869</b>	<b>-4</b>
YoY Growth (%)	254.3	47.6	82.6	-5.8	30.8	12.6	2.3	52.3	57.7	21.0	6.2	
<b>Key Parameters (Calc., %)</b>												
Yield on loans	16.9	16.9	16.9	16.4	16.2	16.6	16.5	16.5				
Cost of funds	7.9	8.3	8.0	8.3	8.7	8.9	8.7	8.7				
Spread	9.0	8.5	8.9	8.0	7.5	7.8	7.9	7.8				
NIM	9.5	9.1	9.7	9.2	8.9	9.3	9.4	9.3				
C/I ratio	26.8	28.6	26.5	31.9	30.8	29.6	29.3	29.2				
Credit cost	2.9	2.2	2.1	2.6	1.9	2.3	2.4	2.1				
Tax rate	25.9	25.8	25.5	31.0	25.5	25.6	25.5	25.5				
<b>Balance Sheet Parameters</b>												
<b>Disbursements (INR b)</b>	246	<b>258</b>	<b>292</b>	311	305	<b>346</b>	<b>378</b>	390				
Growth (%)	42.3	21.1	26.5	26.7	23.8	34.2	29.2	25.4				
<b>AUM (INR b)</b>	<b>1,630</b>	<b>1,694</b>	<b>1,775</b>	<b>1,857</b>	<b>1,932</b>	<b>2,026</b>	<b>2,142</b>	<b>2,248</b>				
Growth (%)	9.4	<b>11.4</b>	<b>13.2</b>	17.7	18.6	<b>19.7</b>	<b>20.7</b>	21.1				
<b>Borrowings (INR b)</b>	<b>1,521</b>	<b>1,582</b>	<b>1,533</b>	<b>1,579</b>	<b>1,619</b>	<b>1,653</b>	<b>1,775</b>	<b>1,877</b>				
Growth (%)	15.7	17.1	7.7	8.8	6.4	4.5	15.7	18.9				
<b>Asset Quality Parameters</b>												
GS 3 (INR B)	101.3	105.8	110.6	113.8	115.1	115.6	119.5	0.0				
GS 3 (%)	6.3	6.3	6.3	6.2	6.0	5.8	5.7	0.0				
NS 3 (INR B)	52.1	53.9	54.5	56.7	54.6	54.2	55.7	0.0				
NS 3 (%)	3.4	3.4	3.3	3.3	3.1	2.9	2.8	0.0				
PCR (%)	48.6	49.1	50.7	50.1	52.5	53.1	53.4	0.0				

E: MOFSL estimates

# Balkrishna Industries

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	BIL IN
Equity Shares (m)	193
M.Cap.(INRb)/(USDb)	448.5 / 5.6
52-Week Range (INR)	2708 / 1682
1, 6, 12 Rel. Per (%)	-3/2/-14
12M Avg Val (INR M)	767

## Financials & valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	100.2	89.5	104.9
EBITDA	19.7	21.9	27.3
Adj. PAT	10.1	13.1	17.8
EPS (Rs)	52.1	67.9	91.9
EPS Growth (%)	-29.3	30.2	35.3
BV/Share (Rs)	390.9	428.9	485.8
<b>Ratios</b>			
RoE (%)	13.9	16.6	20.1
RoCE (%)	10.9	12.1	14.5
Payout (%)	30.7	44.2	38.1
<b>Valuations</b>			
P/E (x)	48.5	37.2	27.5
P/BV (x)	6.5	5.9	5.2
Div. yield (%)	0.6	1.2	1.4
FCF yield (%)	-0.6	2.2	2.5

## Shareholding pattern (%)

	Dec-23	Sep-23	Dec-22
Promoter (%)	58.3	58.3	58.3
DII (%)	21.4	21.2	20.2
FII (%)	12.7	12.5	12.5
Others (%)	7.6	8.3	9.0

FII Includes depository receipts

**CMP: INR2,528**      **TP: INR2,360 (-7%)**      **Neutral**

## Operating performance in line

### Management has guided for flattish YoY tonnage in 4QFY24

- Balkrishna Industries (BIL)'s 3QFY24 operating performance was operationally in line, while unrealized Fx loss of INR520m led to Adj PAT miss at INR3.1b (vs. est. INR3.5b). The management has guided for flattish tonnage growth YoY for 4QFY24, followed by an increase in freight cost, due to the ongoing supply chain crisis in Red sea.
- To factor in for the same, we cut FY24E EPS by 5%, while we largely maintain FY25E EPS. We reiterate our **Neutral rating with a TP of INR2,360 (premised on ~22x Dec'25E EPS)**.

### Unrealized FX loss dents PAT

- BIL's 3QFY24 revenue declined 4.5% YoY to INR23.2b (v/s est. INR23.3b) but EBITDA/PAT grew 39%/2.1x YoY to INR5.9b/INR3.1b (vs. est. INR5.7b/INR3.55b).
- Volumes grew 9% YoY (3% QoQ) to 72.75k tons (in line) with end-markets stable and showing gradual improvement. Realizations declined 4.5% YoY at INR318.3k/unit (vs. est. INR319.1k).
- Gross margins expanded 3.4pp YoY (up 10bp QoQ) to 52% (vs. est.51.8%). EBITDA margin improved 6.2pp YoY to 25.3%, due to lower cost pressures.
- An unrealized Fx loss of INR520m has significantly impacted the overall performance.
- Further, despite higher interest costs, unrealized FX losses were partially offset by higher 'other income', which led to adj. PAT growing 2.1x YoY to INR3.1b (vs. est. INR3.55b).
- The board has declared the third interim dividend of INR4/share for FY24 (Total FY24YTD dividend=INR12/share).

### Highlights from the management commentary

- **Retail demand outlook improving:** With the demand slowly picking up, the company did not undertake any price hikes. Both India and EU markets remained stable. While the Indian market continues to grow, the company does not expect the business share from India to surpass the current levels of 30%. This expectation is rooted in the belief that as the overall market picks up, economies across the board would perform well, thereby maintaining a similar contribution from various regions.
- **Ongoing geopolitical tension to dent performance in the near term:** Due to the red sea crisis and geopolitical issues, 4Q volumes would be flat on a YoY/QoQ basis. This would have an adverse impact on the margins in the near term. Retail demand at the end markets remain stable and show gradual improvement.
- **RM prices to remain stable:** Softness in crude oil prices was offset by pickup in natural rubber prices, and hence, do not expect any major effect on the gross margins.
- **Carbon black sales:** 9MFY24 carbon black sales were 7.5% of the total revenues. This is expected to scale up to 8-9% in FY25. The current BIL capacity for carbon black stands at 170k tons, which is expected to reach 200k tons. Capacity utilization stands at ~85-90%.

### Valuation and view

- Retail demand in key global markets is currently on an upswing, and the demand in India continues to remain positive. However, ongoing geopolitical tensions have again disrupted the sea route supply chain. While this is currently at an initial stage, any escalation could potentially further delay the recovery for BIL. Despite these challenges, we expect BIL's outperformance to the Specialty Tyre industry to persist. This is driven by the expansion of its product portfolio and the ramp-up in the OTR segment, providing opportunities to strengthen its competitive positioning.
- Current valuations fairly reflect its industry-leading margin, FCF, and capital efficiencies. It currently trades at a P/E multiple of 37.2x/27.5x FY24E/FY25E EPS. We reiterate our **Neutral** stance on the stock.

### Quarterly Earning Model (Standalone)

(InR m)

Y/E March	FY23				FY24E				FY23	FY24E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
<b>Volumes (Ton)</b>	<b>83,153</b>	<b>78,872</b>	<b>66,480</b>	<b>72,676</b>	<b>67,209</b>	<b>70,585</b>	<b>72,749</b>	<b>73,188</b>	<b>301,181</b>	<b>283,731</b>	<b>73,128</b>
YoY Change (%)	21.2	8.4	-5.5	-5.8	-19.2	-10.5	9.4	0.7	4.3	-5.8	10.0
<b>Realizations (INR '000/ton)</b>	<b>327.9</b>	<b>355.8</b>	<b>333.2</b>	<b>319.9</b>	<b>314.7</b>	<b>318.3</b>	<b>318.3</b>	<b>317.5</b>	<b>334.4</b>	<b>317.2</b>	<b>319.1</b>
YoY Change (%)	23.0	24.5	12.7	1.4	-4.0	-10.5	-4.5	-0.7	14.7	-5.1	-4.2
<b>Net Revenues</b>	<b>27,263</b>	<b>28,063</b>	<b>22,153</b>	<b>23,246</b>	<b>21,150</b>	<b>22,468</b>	<b>23,158</b>	<b>23,236</b>	<b>100,725</b>	<b>90,012</b>	<b>23,336</b>
YoY Change (%)	49.1	34.9	6.6	-4.4	-22.4	-19.9	4.5	0.0	19.6	-10.6	5.3
<b>EBITDA</b>	<b>5,470</b>	<b>5,640</b>	<b>4,233</b>	<b>4,942</b>	<b>4,863</b>	<b>5,480</b>	<b>5,868</b>	<b>5,764</b>	<b>20,284</b>	<b>21,975</b>	<b>5,717</b>
Margins (%)	20.1	20.1	19.1	21.3	23.0	24.4	25.3	24.8	20.1	24.4	24.5
Depreciation	1,262	1,341	1,449	1,515	1,537	1,586	1,591	1,580	5,566	6,295	1,590
Interest	27	43	136	250	208	229	354	357	456	1,147	200
Forex loss/(gain)	-260	-490	1,660	-30	-330	-250	520	-440	880	-500	-250
Other Income	-150	580	430	280	660	520	700	742	1,140	2,622	520
<b>PBT before EI</b>	<b>4,290</b>	<b>5,327</b>	<b>1,417</b>	<b>3,487</b>	<b>4,108</b>	<b>4,435</b>	<b>4,104</b>	<b>5,009</b>	<b>14,521</b>	<b>17,655</b>	<b>4,697</b>
Extra-Ord expense	0	0	0	23	0	0	0	0	23	0	0
<b>PBT</b>	<b>4,290</b>	<b>5,327</b>	<b>1,417</b>	<b>3,465</b>	<b>4,108</b>	<b>4,435</b>	<b>4,104</b>	<b>5,009</b>	<b>14,499</b>	<b>17,655</b>	<b>4,697</b>
Rate (%)	25.4	24.1	29.8	26.1	23.9	24.5	24.8	24.7	25.7	24.5	24.5
<b>Reported PAT</b>	<b>3,199</b>	<b>4,043</b>	<b>995</b>	<b>2,559</b>	<b>3,125</b>	<b>3,350</b>	<b>3,084</b>	<b>3,770</b>	<b>10,774</b>	<b>13,329</b>	<b>3,546</b>
<b>Adj PAT</b>	<b>3,199</b>	<b>4,043</b>	<b>995</b>	<b>2,576</b>	<b>3,125</b>	<b>3,350</b>	<b>3,084</b>	<b>3,770</b>	<b>10,791</b>	<b>13,329</b>	<b>3,546</b>
YoY Change (%)	-10.5	1.2	-69.7	-30.5	-2.3	-17.1	209.9	46.4	-25.9	23.5	256.4
Margins (%)	11.7	14.4	4.5	11.1	14.8	14.9	13.3	16.2	10.7	14.8	15.2

E: MOFSL Estimates



# Container Corporation

Estimate change



TP change



Rating change



CMP: INR829

TP: INR990 (+19%)

Buy

## Revival in EXIM volumes to drive growth ahead

### Margins to remain stable

- Container Corporation (CCRI) reported volume growth of 6% YoY in 3QFY24. Revenue grew 11% YoY to INR22b (7% below our estimate).
  - Total volumes increased 6% YoY to 1.15m TEUs, with EXIM/Domestic volumes at 0.9m/0.25m TEUs (up 8%/down 1% YoY). Domestic volumes were 24% below our estimate, while EXIM volumes were ~3% below.
  - Blended realization improved ~5% YoY to INR19,161/TEU. EXIM/Domestic realization stood at INR15,915/INR30,966 per TEU (+5%/+8% YoY).
  - EBITDA margin came in at 23.2% (vs. our estimate of 23.3%). Margin was up 180bp YoY. EBITDA increased 20% YoY to INR5.1b (our estimate of INR5.5b).
  - The land license fee for 3QFY24 stood at INR719m (INR2.9b in 9MFY24). CCRI has reversed INR360m of LLF provisions for the previous years; hence, LLF provisioning is likely to be ~INR4b for FY24. The ongoing reconciliations with Indian Railways and provisioning reversal of previous years may keep LLF in a tight range going forward. In line with the operating performance, PAT grew 13% YoY (7% below our estimate of INR3.6b).
  - For 9MFY24, CCRI reported revenue of INR63.1b (+6% YoY), EBITDA of INR14.4b (+3% YoY), EBITDA margin of 22.8%, and APAT of ~INR 9.4b (+5% YoY). Total volumes handled during 9MFY24 stood at 3.47m TEUs (+7% YoY).
  - We marginally cut our EBITDA for FY24E/25E/26E by ~4%/4%/1%, factoring in lower volume growth on the EXIM front due to geopolitical tensions.
- Reiterate BUY with a TP of INR990 (based on 20x EV/EBITDA on FY26E).**

### Highlights from the management commentary

- The DFC connecting Dadri to Mundra became operational in May'23. CCRI is running timetable trains on this route, and this development saw a significant shift in the portion of its business from road to rail.
- Rail freight margin during 3QFY24 was 24%, which has contracted from 27% in 2QFY24. The decline in rail freight margin was primarily due to a lag of 40 days in passing the busy season surcharge by the Indian Railways to end-customers.
- CCRI maintains a market share of 55-60% in EXIM container volumes. The company maintained its FY24 volume guidance.
- The rail coefficient at Mundra and Pipavav has not changed much despite DFC connectivity. However, the coefficient is expected to improve in future.

### Valuation and view

- With DFC commissioning and a continuous ramp-up in the number of double-stacked trains, we expect blended volumes to post 10% CAGR during FY24-26. We expect EBITDA margin to be 23-24% over FY24-26. The stock trades at 15.8x FY26E EV/EBITDA. **Reiterate BUY with a TP of INR990 (based on 20x EV/EBITDA on FY26E).**

Bloomberg	CCRI IN
Equity Shares (m)	609
M.Cap.(INRb)/(USDb)	504.9 / 6.1
52-Week Range (INR)	933 / 555
1, 6, 12 Rel. Per (%)	0/13/8
12M Avg Val (INR M)	917

### Financial Snapshot (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	85.7	98.6	115.4
EBITDA	19.7	23.2	27.5
Adj. PAT	12.8	15.2	18.1
EBITDA Margin (%)	23.0	23.5	23.8
Adj. EPS (INR)	21.0	25.0	29.8
EPS Gr. (%)	9.2	19.3	19.0
BV/Sh. (INR)	195.7	209.0	224.8

### Ratios

Net D:E	(0.3)	(0.4)	(0.4)
RoE (%)	11.0	12.4	13.7
RoCE (%)	11.4	12.7	14.1
Payout (%)	46.9	46.9	46.9

### Valuations

P/E (x)	39.5	33.1	27.8
P/BV (x)	4.2	4.0	3.7
EV/EBITDA(x)	23.1	19.2	15.8
Div. Yield (%)	1.2	1.4	1.7
FCF Yield (%)	1.8	2.6	3.4

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	54.8	54.8	54.8
DII	22.9	21.6	17.6
FII	19.6	20.7	24.1
Others	2.8	3.0	3.6

FII Includes depository receipts

**Standalone quarterly snapshot**
**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
<b>Net Sales</b>	<b>19,783</b>	<b>19,707</b>	<b>19,884</b>	<b>21,660</b>	<b>19,193</b>	<b>21,904</b>	<b>22,051</b>	<b>22,559</b>	<b>81,034</b>	<b>85,708</b>	<b>23,716</b>	<b>(7)</b>
YoY Change (%)	9.4	8.0	3.6	6.0	-3.0	11.1	10.9	4.2	6.7	5.8	19.3	
<b>EBITDA</b>	<b>4,723</b>	<b>4,987</b>	<b>4,264</b>	<b>4,447</b>	<b>3,916</b>	<b>5,373</b>	<b>5,117</b>	<b>5,266</b>	<b>18,421</b>	<b>19,672</b>	<b>5,526</b>	<b>(7)</b>
Margins (%)	23.9	25.3	21.4	20.5	20.4	24.5	23.2	23.3	22.7	23.0	23.3	
YoY Change (%)	9.0	16.9	-6.4	7.7	-17.1	7.7	20.0	18.4	6.6	6.8	29.6	
Depreciation	1,312	1,341	1,357	1,531	1,378	1,486	1,543	1,537	5,541	5,943	1,422	
Interest	139	143	142	146	141	147	175	157	570	620	133	
Other Income	629	520	1,136	955	815	1,025	1,007	994	3,240	3,840	823	
<b>PBT before EO expense</b>	<b>3,901</b>	<b>4,022</b>	<b>3,901</b>	<b>3,726</b>	<b>3,212</b>	<b>4,764</b>	<b>4,406</b>	<b>4,567</b>	<b>15,550</b>	<b>16,949</b>	<b>4,793</b>	<b>(8)</b>
Extra-Ord expense	0	0	0	13	0	0	0	0	13	0	0	
<b>PBT</b>	<b>3,901</b>	<b>4,022</b>	<b>3,901</b>	<b>3,713</b>	<b>3,212</b>	<b>4,764</b>	<b>4,406</b>	<b>4,567</b>	<b>15,537</b>	<b>16,949</b>	<b>4,793</b>	<b>(8)</b>
Tax	988	994	936	928	771	1,187	1,062	1,150	3,847	4,169	1,208	
Rate (%)	25.3	24.7	24.0	25.0	24.0	24.9	24.1	25.2	24.8	24.6	25.2	
<b>Reported PAT</b>	<b>2,913</b>	<b>3,028</b>	<b>2,965</b>	<b>2,785</b>	<b>2,441</b>	<b>3,577</b>	<b>3,344</b>	<b>3,417</b>	<b>11,691</b>	<b>12,780</b>	<b>3,585</b>	<b>(7)</b>
<b>Adj PAT</b>	<b>2,913</b>	<b>3,028</b>	<b>2,965</b>	<b>2,785</b>	<b>2,441</b>	<b>3,577</b>	<b>3,344</b>	<b>3,417</b>	<b>11,703</b>	<b>12,780</b>	<b>3,585</b>	<b>(7)</b>
YoY Change (%)	14.3	14.7	3.5	8.4	-16.2	18.1	12.8	22.7	10.2	9.2	20.9	
Margins (%)	14.7	15.4	14.9	12.9	12.7	16.3	15.2	15.1	14.4	14.9	15.1	

# AU Small Finance Bank

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	AUBANK IN
Equity Shares (m)	667
M.Cap.(INRb)/(USD\$)	473.4 / 5.7
52-Week Range (INR)	813 / 548
1, 6, 12 Rel. Per (%)	-8/-12/-4
12M Avg Val (INR M)	1395

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	44.3	52.1	67.4
PPoP	20.2	25.2	32.9
PAT	14.3	15.8	20.8
NIM (%)	5.6	5.3	5.6
EPS (INR)	22.0	23.7	31.2
EPS Gr. (%)	22.3	7.7	31.5
BV/Sh. (INR)	164	183	214
ABV/Sh. (INR)	162	178	209

## Ratios

RoE (%)	15.5	13.7	15.7
RoA (%)	1.8	1.6	1.7

## Valuations

P/E(X)	32.1	29.8	22.7
P/BV (X)	4.3	3.9	3.3
P/ABV (X)	4.4	4.0	3.4

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	25.5	25.5	25.6
DII	20.8	19.6	20.6
FII	41.1	41.7	39.6
Others	12.6	13.6	14.2

FII Includes depository receipts

**CMP: INR708**
**TP: INR800 (+13%)**
**Buy**

## High provisions dent earnings; asset quality deteriorates

### Earnings to gain traction in FY25

- AUBANK reported PAT of INR3.75b in 3QFY24 (down 4% YoY, 10% miss), due to higher provisions (up ~4x YoY, 44% beat). NII grew 15% YoY to INR13.25b (in line), while NIMs contracted 6bp QoQ to 5.5%.
- PPoP grew 18% YoY to INR6.6b even as opex grew 25% YoY (5% higher than our estimate). The cost-income ratio, thus, increased to 63% from 61.3% in 2QFY24.
- Advances grew 20% YoY (4% QoQ), led by growth in the wholesale book. However, the card business threw a negative surprise, with a surge in delinquencies and provisioning expenses. Deposits grew strongly by 31% YoY (5.8% QoQ), led by term deposits.
- GNPAs/NNPAs increased 7.6%/18.6% QoQ. Thus, headline GNPA/NNPA ratios deteriorated 7bp/8bp QoQ to 1.98%/0.68%. Credit cost increased to 0.62%. Excluding credit cards, the net credit cost normalized at 0.44%.
- We cut our FY24E/FY25E EPS by 6-7% and estimate FY25 RoA/RoE of 1.7%/15.7%. We retain our **BUY rating with a TP of INR800 (3.4x Sep'25E BV)**.

### NIMs compress 6bp QoQ; Provisioning expenses surge

- AUBANK reported 3QFY24 PAT of INR3.75b (4% YoY decline, 10% miss), led by higher provisions of INR1.6b (~4x rise YoY, 44% higher than our estimate).
- Other income grew 52% YoY to INR4.5b (10% beat). PPoP thus grew 18% YoY to INR6.6b (in line). Margins contracted 6bp QoQ to 5.5% and the management expects FY24 margins to be at the lower end of the guided range of 5.5%-5.7%.
- Opex grew 25% YoY (up 8.8% QoQ) as the bank continued to invest in building the franchise. Total income grew 23% YoY (up 6% QoQ), leading to 165bp QoQ increase in the cost-income ratio to 63%.
- Advances grew 20% YoY to INR667b (up 4% QoQ), led by healthy 10.7% QoQ growth in the commercial asset book. The yield on advances, thus, moderated to 13.2%, owing to a change in the business mix; however, the incremental disbursement yield improved 38bp YTD.
- Deposits grew strongly at 31% YoY (5.8% QoQ), led by growth in term deposits. The CASA mix, thus, moderated 90bp QoQ to 33%. The cost of funds rose 20bp QoQ to 6.9%.
- GNPAs/NNPAs increased 7.6%/18.6% QoQ as fresh slippages increased to INR4b (2.9% of loans). GNPA/NNPA ratios thus deteriorated 7bp/8bp QoQ to 1.98%/0.68%. PCR ratio stood at 72% (66% excluding technical w/offes).
- Outstanding restructured loans declined to INR4.7b (0.7% of loans vs. 0.8% in 2QFY24). The bank carries provisions of INR0.83b on its restructured book.

### Highlights from the management commentary

- The C/I ratio for FY24 is expected to stay flat YoY vs. FY23
- Excluding credit cards, the net credit cost normalized at 0.44% in 3QFY24. As the credit card book attains a size and gets seasoned, its credit cost will normalize and it is currently in line with the industry average.
- Normalized credit cost is expected to be ~0.5%-0.6% going forward.
- The bank has taken cautious steps in unsecured lending, even though this remains a high-yielding and scalable segment. After the merger, the bank wants its MFI book to be ~10% of overall loan book.

### Valuation and view

AUBANK reported a mixed quarter as higher provisions dragged down net earnings even as fee/deposit growth stood healthy. Asset quality deteriorated in 3Q, while margins continued to compress and stood at the lower end of the guided range. On the business front, disbursement growth was healthy; however, high securitization affected the growth rate of on-balance sheet advances. Card business threw a negative surprise as delinquencies spiked, leading to an increase in credit costs. The provision coverage improved, while the bank carries tiny contingent reserves of ~INR50m and floating provisions of INR410m. We estimate operating performance to improve after the merger but we remain watchful in the near term. We cut our FY24E/FY25E EPS by 6%/6.5% and estimate FY25 RoA/RoE of 1.7%/15.7%. **Retain BUY with a TP of INR800 (3.4x Sep'25E BV).**

### Quarterly performance table (INR m)

	FY23				FY24E				FY23	FY24E	FY24E 3QE	v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Interest Income</b>	<b>9,760</b>	<b>10,833</b>	<b>11,527</b>	<b>12,132</b>	<b>12,462</b>	<b>12,490</b>	<b>13,249</b>	<b>13,919</b>	<b>44,253</b>	<b>52,119</b>	<b>13,211</b>	<b>0.3</b>
% Change (Y-o-Y)	34.8	43.8	40.5	29.5	27.7	15.3	14.9	14.7	36.8	17.8	14.6	
Other Income	1,592	2,474	2,949	3,331	3,151	4,255	4,497	4,649	10,345	16,551	4,083	10.1
<b>Total Income</b>	<b>11,352</b>	<b>13,307</b>	<b>14,476</b>	<b>15,463</b>	<b>15,613</b>	<b>16,744</b>	<b>17,746</b>	<b>18,567</b>	<b>54,597</b>	<b>68,671</b>	<b>17,294</b>	<b>2.6</b>
Operating Expenses	7,411	8,319	8,919	9,753	10,153	10,267	11,175	11,922	34,403	43,517	10,646	5.0
<b>Operating Profit</b>	<b>3,941</b>	<b>4,988</b>	<b>5,557</b>	<b>5,709</b>	<b>5,461</b>	<b>6,477</b>	<b>6,571</b>	<b>6,646</b>	<b>20,195</b>	<b>25,154</b>	<b>6,648</b>	<b>-1.2</b>
% Change (Y-o-Y)	-18.2	27.1	21.2	18.4	38.6	29.9	18.2	16.4	11.3	24.6	19.6	
Provisions	384	430	326	409	330	1,143	1,589	1,138	1,548	4,201	1,101	44.4
<b>Profit before Tax</b>	<b>3,557</b>	<b>4,558</b>	<b>5,231</b>	<b>5,300</b>	<b>5,131</b>	<b>5,334</b>	<b>4,981</b>	<b>5,507</b>	<b>18,646</b>	<b>20,953</b>	<b>5,548</b>	<b>-10.2</b>
Tax	878	1,132	1,302	1,054	1,262	1,315	1,229	1,327	4,367	5,134	1,359	-9.6
<b>Net Profit</b>	<b>2,679</b>	<b>3,426</b>	<b>3,928</b>	<b>4,246</b>	<b>3,869</b>	<b>4,018</b>	<b>3,752</b>	<b>4,180</b>	<b>14,279</b>	<b>15,820</b>	<b>4,189</b>	<b>-10.4</b>
% Change (Y-o-Y)	31.8	23.0	30.1	22.7	44.4	17.3	-4.5	-1.6	26.4	10.8	6.6	
<b>Operating Parameters</b>												
Deposit (INR b)	546.3	583.4	611.0	693.6	693.2	757.4	801.2	860.1	693.6	860.1	798.7	
Loan (INR b)	486.5	517.4	556.0	584.2	628.6	641.7	667.4	711.1	584.2	711.1	667.4	
Deposit Growth (%)	47.6	49.4	38.0	31.9	26.9	29.8	31.1	24.0	31.9	24.0	30.7	
Loan Growth (%)	43.3	44.4	38.4	26.7	29.2	24.0	20.0	21.7	26.7	21.7	20.0	
<b>Asset Quality</b>												
GNPA (%)	2.0	1.9	1.8	1.7	1.8	1.9	2.0	2.0	1.7	2.0	2.0	
NNPA (%)	0.6	0.6	0.5	0.4	0.6	0.6	0.7	0.7	0.5	0.7	0.6	
PCR (%)	71.7	71.1	72.1	75.0	69.0	69.1	66.0	66.1	70.8	66.1	70.6	

E: MOFSL Estimates

Estimate change



TP change



Rating change



Bloomberg	ACC IN
Equity Shares (m)	188
M.Cap.(INRb)/(USDb)	463.4 / 5.6
52-Week Range (INR)	2564 / 1592
1, 6, 12 Rel. Per (%)	18/22/-5
12M Avg Val (INR M)	1422

#### Financials & Valuations (INR b)

Y/E Dec	FY24E	FY25E	FY26E
Sales	198.2	209.4	222.9
EBITDA	31.5	36.5	39.9
Adj. PAT	19.3	22.7	24.8
EBITDA Margin (%)	15.9	17.4	17.9
Adj. EPS (INR)	102.8	120.6	132.2
EPS Gr. (%)	95.3	17.3	9.6
BV/Sh. (INR)	841	949	1,067

#### Ratios

Net D:E	-0.3	-0.3	-0.4
RoE (%)	13.0	13.5	13.1
RoCE (%)	13.2	13.7	13.4
Payout (%)	11.7	11.6	10.6

#### Valuations

P/E (x)	24.1	20.5	18.7
P/BV (x)	2.9	2.6	2.3
EV/EBITDA(x)	13.4	10.9	9.5
EV/ton (USD)	138	130	116
Div. Yield (%)	0.5	0.6	0.6
FCF Yield (%)	2.2	4.6	5.2

#### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	56.7	56.7	56.7
DII	24.3	23.0	18.8
FII	6.2	7.1	12.0
Others	12.8	13.8	12.6

FII Includes depository receipts

**CMP: INR2,468**
**TP: INR2,550 (+3%)**
**Neutral**

### Higher volume and lower Opex/t led EBITDA beat

#### Commissioned grinding capacity of 1mtpa at Ametha, Madhya Pradesh

- ACC reported robust performance with EBITDA growing ~139% YoY to INR9b in 3QFY24, 34%/27% above our/consensus estimates. Sales volume grew 15% YoY to 8.9mt (11% above our estimates). EBITDA/t doubled YoY to INR1,017 (estimate INR840). OPM surged 10pp YoY to 18.4% (est. 15%). Adj. net profit stood at INR5.3b (212% YoY; 35% above our estimates).
- The management expected the cement demand to grow at 7-8% YoY, mainly led by investment in infrastructure and housing projects. It commissioned 1mtpa grinding capacity at Ametha plant in Madhya Pradesh (earlier commissioned 3.3mtpa clinker in Sep'23). Recently, it acquired a 55% stake in Asian Concretes & Cements, which along with its subsidiary has 2.8 MTPA grinding capacity in the northern markets. These will aid higher volume growth for the company going forward.
- We raised our EBITDA estimates by 14%/8%/10% for FY24/FY25/FY26, given the outperformance in 3Q and improving outlook. ACC trades at 11x/9.5x FY25E/FY26E. We value ACC at 10x FY26E EV/EBITDA to arrive at our revised TP of INR2,550 (earlier 2,300). We reiterate our **Neutral** rating on the stock.

#### Volume grew 15% YoY; EBITDA/t came in at INR1,017 (est. INR842)

- Revenue/EBITDA/adj. PAT stood at INR49b/INR9b/INR5.3b (up 7%/139%/212% YoY and up 9%/34%/35% vs. our estimates) in 3QFY24. Sales volumes grew 15% YoY to 8.9mt (up 11% vs. our estimate). RMC revenue declined 20% YoY to INR3b (11% below our estimate).
- Cement realization increased 2% YoY (in line with our estimates). Opex/t dipped 16% YoY, led by 22%/17%/15% YoY decline in variable cost/freight cost/other expenses. Employee cost declined 13% YoY/8% QoQ to INR1.8b. EBITDA/t stood at INR1,017 vs. INR491/677 in YoY/QoQ. OPM was up 10pp YoY to 18.4%. Depreciation/interest cost increased 37%/80% YoY, whereas 'Other Income' has doubled YoY to INR839m.
- ACC's 9MFY24 revenue was up 12% YoY to INR146b, led by a 19% surge in volume and a 6% drop in realization. EBITDA grew 171% YoY to INR22b and OPM was up 9pp YoY to 15.3%. PAT grew 337% YoY to INR13.8b.

#### Highlights from the management commentary

- Kiln fuel cost broadly remained flat QoQ to INR1.86/Kcal (down 28% YoY). The strategic purchase of low-cost petcoke will help to further optimize fuel costs in the coming quarters.
- The WHRS share in total power consumption increased to ~9%. WHRS capacity increased to 46.3MW with the addition of 16.3MW at its Ametha Plant. Work on the WHRS facility at Chanda (18 MW) & at Wadi (21.5 MW) is on track and will be commissioned in FY25. This will take the total capacity of WHRS to 85.8MW, driving up the WHRS share in the total power mix to ~25%.
- Its cash and cash equivalent was up INR6.5b QoQ to INR42.82b as of Dec'23.



### Valuation and view

- ACC surprised positively by reporting robust volume growth and improvement in profitability, led by cost-efficient initiatives. Further, it commissioned both clinker as well as cement capacity at its greenfield integrated cement plant in Ametha, Madhya Pradesh in 3QFY24, which will aid volume growth for the company going forward.
- ACC trades at reasonable valuations of 11x/9.5x FY24E/FY25E EV/EBITDA and USD130/USD116 FY25E/FY26E EV/ton. Sustainability of the current cost structure and clarity on further expansion plans can lead to rerating in valuation multiples. We value ACC at 10x FY26E EV/EBITDA to arrive at our revised TP of INR2,550 (earlier 2,300). We maintain our **Neutral** rating on the stock.

### Standalone quarterly performance

Y/E December/ March	FY23*					FY24				FY23*	FY24E	(INR b)	
	1Q	2Q	3Q	4Q	5Q	1Q	2Q	3Q	4QE			MOFSL 3QE	Var. (%)
Cement Sales (mt)	7.90	7.59	6.85	7.70	8.50	9.40	8.10	8.88	9.56	38.6	35.9	8.02	11
Change (YoY %)	(0.9)	11.0	4.3	2.8	7.6	23.8	18.2	15.3	12.4	31.3	16.4	4.1	
<b>Net Sales</b>	<b>44.3</b>	<b>44.7</b>	<b>39.9</b>	<b>45.4</b>	<b>47.9</b>	<b>52.0</b>	<b>44.3</b>	<b>49.2</b>	<b>52.7</b>	<b>222.1</b>	<b>198.2</b>	<b>45.2</b>	9
Change (YoY %)	3.1	15.0	6.4	7.4	8.2	16.4	11.2	8.4	9.9	37.5	(10.8)	(0.3)	
<b>EBITDA</b>	<b>6.3</b>	<b>4.3</b>	<b>0.2</b>	<b>3.8</b>	<b>4.7</b>	<b>7.7</b>	<b>5.5</b>	<b>9.0</b>	<b>9.3</b>	<b>19.2</b>	<b>31.5</b>	<b>6.8</b>	34
Margin (%)	14.3	9.5	0.4	8.3	9.7	14.8	12.4	18.4	17.6	8.6	15.9	14.9	343bp
Depreciation	1.5	1.6	1.7	1.7	1.7	2.0	2.1	2.3	2.4	8.4	8.8	2.2	4
Interest	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.8	1.2	0.3	30
Other Income	0.6	0.5	0.7	0.4	1.2	0.8	2.1	0.8	0.9	3.4	4.6	1.0	(18)
<b>PBT before EO Item</b>	<b>5.3</b>	<b>3.0</b>	<b>-1.0</b>	<b>2.3</b>	<b>3.9</b>	<b>6.2</b>	<b>5.2</b>	<b>7.2</b>	<b>7.4</b>	<b>13.4</b>	<b>26.0</b>	<b>5.3</b>	36
EO Income/(Expense)	0.0	0.0	-0.2	-0.8	-0.7	0.0	0.0	0.0	0.0	-1.6	0.0	0.0	
<b>PBT after EO Item</b>	<b>5.3</b>	<b>3.0</b>	<b>-1.2</b>	<b>1.5</b>	<b>3.3</b>	<b>6.2</b>	<b>5.2</b>	<b>7.2</b>	<b>7.4</b>	<b>11.8</b>	<b>26.0</b>	<b>5.3</b>	36
Tax	1.4	0.8	-0.3	0.4	0.9	1.6	1.3	1.9	1.8	3.1	6.7	1.4	
Rate (%)	25.9	25.8	26.0	26.1	27.8	25.5	25.5	26.6	24.7	26.4	25.6	26.0	
<b>Reported PAT</b>	<b>3.9</b>	<b>2.2</b>	<b>-0.9</b>	<b>1.1</b>	<b>2.4</b>	<b>4.6</b>	<b>3.8</b>	<b>5.3</b>	<b>5.6</b>	<b>8.7</b>	<b>19.3</b>	<b>3.9</b>	35
<b>Adjusted PAT</b>	<b>3.9</b>	<b>2.2</b>	<b>-0.8</b>	<b>1.7</b>	<b>2.9</b>	<b>4.6</b>	<b>3.8</b>	<b>5.3</b>	<b>5.6</b>	<b>9.9</b>	<b>19.3</b>	<b>3.9</b>	35
Margin (%)	8.8	5.0	-1.9	3.7	6.0	8.9	8.7	10.7	10.6	4.5	9.8	8.6	
Change (YoY %)	(30.1)	(60.5)	NM	(47.4)	(26.6)	108.8	NM	212.1	95.0	(47.6)	95.3	130.7	

Source: MOSFL, Company \*Note: FY23 is 15-month period as the company changed its accounting year-end from December to March

# Dalmia Bharat

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	DALBHARA IN
Equity Shares (m)	187
M.Cap.(INRb)/(USDb)	413.6 / 5
52-Week Range (INR)	2431 / 1672
1, 6, 12 Rel. Per (%)	0/7/8
12M Avg Val (INR M)	707

## Financial Snapshot (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	144.6	162.0	181.5
EBITDA	28.9	35.3	43.1
Adj. PAT	8.5	12.2	16.7
EBITDA Margin (%)	20.0	21.8	23.7
Adj. EPS (INR)	45.4	64.9	89.1
EPS Gr. (%)	24.3	43.0	37.2
BV/Sh. (INR)	869	921	992

## Ratios

Net D:E	0.0	0.1	0.0
RoE (%)	5.3	7.3	9.3
RoCE (%)	5.9	7.3	8.8
Payout (%)	22.0	20.0	20.2

## Valuations

P/E (x)	48.5	33.9	24.7
P/BV (x)	2.5	2.4	2.2
EV/EBITDA(x)	14.3	11.5	9.4
EV/ton (USD)	107	104	99
Div. Yield (%)	0.5	0.6	0.8
FCF Yield (%)	0.1	0.2	2.9

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	55.8	55.9	55.9
DII	11.2	9.6	8.3
FII	12.9	14.1	12.4
Others	20.0	21.3	23.4

FII Includes depository receipts

**CMP: INR2,204** **TP: INR2,800 (+27%)** **Buy**

**EBITDA in line; reiterates long-term capacity expansion target**

## Expects mid-teens volume growth in FY25

- DALBHARA's 3QFY24 EBITDA came in at INR7.75b vs. estimated INR7.4b and EBITDA/t stood at INR1,140 vs. estimated INR1,133. Adj. PAT (after MI) came in at INR2.7b (up 34% YoY) vs. estimated INR2.2b, driven by lower-than-estimated depreciation.
- Volume in core markets grew ~2% YoY (adjusted for 0.4mt sold through tolling arrangements with JPA in central India). It targets mid-teens volume growth in FY25. Cement prices remained weak in Jan'24. The management expects a CAGR of 1.5% in cement prices in the long term. It is confident of completing the acquisition of JPA cement assets in the next few months.
- We largely maintain our estimates for FY24-FY26. We have not yet factored in the JPA cement asset acquisition in our assumptions. The stock is currently trading at an attractive valuation of 11.5x/9x FY25E/FY26E EV/EBITDA. We reiterate our BUY rating with a TP of INR2,800.

## EBITDA/t came at INR1,140; OPM surged 2.3pp YoY

- Consolidated revenue/EBITDA/adj. PAT stood at INR36b/INR7.75b/INR2.7b (up 7%/20%/34% YoY and up 3%/4%/24% vs. our estimates) in 3QFY24. Volumes grew 8% YoY to 6.8mt (up 3% vs. our estimate). Realization at INR5,294/t (up 4% QoQ) was in line with our estimates.
- Variable costs fell 6% YoY (in line with our estimate). Freight costs and other expenses/t declined 2% YoY each. Opex/t was down 3% YoY (in line with our estimate). OPM surged 2.3pp YoY to 21.5% and EBITDA/t grew 11% YoY to INR1,140. Other income increased 78% YoY, while finance/depreciation costs grew 57%/14% YoY.
- In 9MFY24, revenue grew 8% YoY, led by 9% volume growth and ~1% decline in realization. EBITDA grew 23% YoY to INR20b due to higher volumes and easing cost pressures (opex/t down 4% YoY). EBITDA/t rose 12% YoY to INR990. Adjusted PAT (after MI) grew 22% YoY to INR5.2b.

## Highlights from the management commentary

- Despite demand softness in the east markets, the company's volume grew, indicating some market share gain. Prices overall declined by 3QFY24'end. Dec'23-exit price was similar to Sep'23-exit price.
- Fuel consumption costs stood at INR1.50/Kcal vs. INR1.58/Kcal in 2QFY24. It expects further reduction of ~3% QoQ in fuel costs in 4QFY24.
- Capex in FY24E will be INR30b (INR21b in 9MFY24). Additional, cash outflow for JPA cement asset acquisition is expected to be INR33b in FY24E.

## View and valuations

- We are optimistic about the company's long-term strategy – robust capacity expansion plans of 75mtpa/110-130mtpa by FY27/FY30, initiatives toward sustainable growth (focusing on increasing green power, blended cement and AFR share) and a strong balance sheet with a target to maintain a net-debt-EBITDA ratio of less than 2x.
- The stock is currently trading at an attractive valuation of 11.5x/9x FY25E/FY26E EV/EBITDA. We reiterate our BUY rating with a TP of INR2,800.

**Quarterly Performance (Consolidated)**
**(INR b)**

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
<b>Net Sales</b>	<b>33.0</b>	<b>29.7</b>	<b>33.6</b>	<b>39.1</b>	<b>36.2</b>	<b>31.5</b>	<b>36.0</b>	<b>40.8</b>	<b>135.4</b>	<b>144.6</b>	<b>34.9</b>	3
YoY Change (%)	27.4	15.1	22.7	15.7	9.8	6.0	7.3	4.4	20.0	6.8	4.0	
<b>Total Expenditure</b>	<b>27.2</b>	<b>25.9</b>	<b>27.1</b>	<b>32.1</b>	<b>30.1</b>	<b>25.6</b>	<b>28.3</b>	<b>31.7</b>	<b>112.2</b>	<b>115.7</b>	<b>27.4</b>	3
<b>EBITDA</b>	<b>5.9</b>	<b>3.8</b>	<b>6.4</b>	<b>7.1</b>	<b>6.1</b>	<b>5.9</b>	<b>7.8</b>	<b>9.1</b>	<b>23.2</b>	<b>28.9</b>	<b>7.4</b>	4
Margins (%)	17.7	12.8	19.2	18.1	16.8	18.7	21.5	22.4	17.1	20.0	21.3	19bp
Depreciation	3.1	3.3	3.3	3.4	4.0	4.0	3.7	4.0	13.1	15.7	4.1	-10
Interest	0.5	0.6	0.7	0.6	0.8	1.0	1.1	1.0	2.3	3.9	1.0	9
Other Income	0.2	0.4	0.4	0.4	0.6	0.9	0.6	0.7	1.4	2.7	0.7	-9
<b>PBT before EO Expense</b>	<b>2.5</b>	<b>0.3</b>	<b>2.9</b>	<b>3.5</b>	<b>1.9</b>	<b>1.7</b>	<b>3.6</b>	<b>4.8</b>	<b>9.2</b>	<b>12.0</b>	<b>3.1</b>	18
Extra-Ord expense	0.0	0.0	0.0	-3.9	0.0	0.0	0.0	0.0	-3.9	0.0	0.0	
<b>PBT after EO Expense</b>	<b>2.5</b>	<b>0.3</b>	<b>2.9</b>	<b>7.3</b>	<b>1.9</b>	<b>1.7</b>	<b>3.6</b>	<b>4.8</b>	<b>13.0</b>	<b>12.0</b>	<b>3.1</b>	18
Tax	0.6	-0.2	0.7	1.3	0.4	0.5	1.0	1.3	2.4	3.1	0.8	
Prior period tax adjustment	0.0	-0.3	0.0	0.0	0.0	0.0	0.1	0.0	-0.3	0.0	0.0	
Rate (%)	25.5	23.3	25.5	36.5	22.2	27.9	24.7	26.8	29.6	26.1	26.0	
<b>Reported PAT (pre minority)</b>	<b>1.9</b>	<b>0.5</b>	<b>2.1</b>	<b>6.1</b>	<b>1.4</b>	<b>1.2</b>	<b>2.7</b>	<b>3.5</b>	<b>10.6</b>	<b>8.9</b>	<b>2.3</b>	18
Minority + associate	-0.1	-0.1	0.1	0.2	0.1	0.1	0.0	0.2	0.2	0.4	0.1	
<b>PAT Adj for EO items</b>	<b>2.0</b>	<b>0.3</b>	<b>2.0</b>	<b>2.6</b>	<b>1.3</b>	<b>1.2</b>	<b>2.7</b>	<b>3.3</b>	<b>6.9</b>	<b>8.5</b>	<b>2.2</b>	24
YoY Change (%)	-30.4	-87.4	286.5	-1.9	-33.3	325.0	33.8	27.7	-16.5	24.3	7.9	
<b>Per ton analysis (blended) INR/t</b>												
<b>Sales Dispatches (m ton)</b>	<b>6.2</b>	<b>5.8</b>	<b>6.3</b>	<b>7.4</b>	<b>7.0</b>	<b>6.2</b>	<b>6.8</b>	<b>7.8</b>	<b>25.7</b>	<b>27.8</b>	<b>6.6</b>	3
YoY Change (%)	26.8	13.7	10.5	12.1	12.4	6.9	7.9	5.2	15.3	8.0	4.3	
<b>Net realization</b>	<b>5,326</b>	<b>5,122</b>	<b>5,325</b>	<b>5,286</b>	<b>5,199</b>	<b>5,079</b>	<b>5,294</b>	<b>5,245</b>	<b>5,268</b>	<b>5,208</b>	<b>5,308</b>	-0
YoY Change (%)	0.5	1.2	11.0	3.2	-2.4	-0.8	-0.6	-0.8	4.1	-1.1	-0.3	
RM Cost	677	760	587	1,014	812	860	921	850	771	860	881	4
Employee Expenses	319	326	306	258	319	365	325	294	300	324	341	-5
Power, Oil & Fuel	1,535	1,538	1,530	1,177	1,294	1,126	1,068	1,095	1,432	1,145	1,106	-3
Freight and Handling Outward	1,100	1,028	1,114	1,111	1,161	1,018	1,093	1,122	1,090	1,101	1,110	-2
Other Expenses	748	817	765	772	739	761	749	708	775	738	737	2
<b>Total Expenses</b>	<b>4,381</b>	<b>4,469</b>	<b>4,303</b>	<b>4,331</b>	<b>4,324</b>	<b>4,129</b>	<b>4,154</b>	<b>4,070</b>	<b>4,367</b>	<b>4,168</b>	<b>4,175</b>	-0
<b>EBITDA</b>	<b>945</b>	<b>653</b>	<b>1,022</b>	<b>955</b>	<b>875</b>	<b>950</b>	<b>1,140</b>	<b>1,175</b>	<b>901</b>	<b>1,041</b>	<b>1,133</b>	1

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	CYL IN
Equity Shares (m)	113
M.Cap.(INRb)/(USD\$)	223.8 / 2.7
52-Week Range (INR)	2459 / 831
1, 6, 12 Rel. Per (%)	-15/29/118
12M Avg Val (INR M)	827

#### Consol Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	71.8	81.3	95.7
EBIT Margin (%)	14.7	15.1	16.4
PAT	7.6	9.5	12.3
EPS (INR)	69.4	86.0	112.0
EPS Gr. (%)	32.5	24.0	30.2
BV/Sh. (INR)	338.5	372.9	417.7

#### Ratios

RoE (%)	21.2	24.2	28.4
RoCE (%)	17.2	18.2	21.5
Payout (%)	60.0	60.0	60.0

#### Valuations

P/E (x)	29.1	23.5	18.0
P/BV (x)	6.0	5.4	4.8
EV/EBITDA (x)	16.3	13.7	10.6
Div Yield (%)	2.1	2.6	3.3

#### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	23.2	23.2	23.4
DII	22.7	21.6	25.0
FII	35.0	36.6	32.1
Others	19.1	17.8	19.6

FII Includes depository receipts

**CMP: INR2,020 TP: INR2,400 (+19%) Buy**

#### FY24 revenue guidance cut on expected lines

##### Strong 3Q deal wins positive for FY25E growth

- Cyient (CYL) reported 3QFY24 DET business revenue growth of 1.1% QoQ in CC, above our estimate of flattish growth. 3Q growth was led by Sustainability, up 8.2% QoQ in CC, while Transportation and New Growth Areas were weak, down 2.2% and 3.4%, respectively. The normalized EBIT margin for the DET business came in at 16.0%, 20bp below our estimates. Management lowered its FY24 CC revenue growth guidance to 13.0-13.5% (from 15.0% earlier), which was in line with our expectations, given the steep ask rate for 4Q. CYL also narrowed its guidance for EBIT margin, which is guided to improve by 200-250bp now (vs. 150-250bp earlier). This was also in line with our expectation.
- The service order intake was strong at USD297.3m, growing 13% YoY (including acquired entities). The company signed eight large deals in 3Q, with a total contract potential of USD136.8m, which was at an all-time high.
- While the lowering of topline guidance was disappointing, it was on expected lines given the tough macro environment. This was also indicated by the management, especially the adverse impact on decision-making, and execution cycles. The company also expects its FY25 growth to be back-ended, with expectation of a macro recovery to aid growth. Considering the investments in restructuring and cost rationalization initiatives, management was confident of delivering sustainable double-digit growth even over the long term.
- On EBIT margin front, the 3Q performance missed our estimates by 20bp QoQ. Despite the miss, the current margin run-rate suggests a comfortable path to the top end of its guidance band of 200-250bp YoY improvement. Given that the company has overachieved its guidance in 3Q itself, the risk on margin guidance remains on the upside. We expect the company to deliver an FY24 EBIT margin of 16.1% (+240bp YoY). This should help DET deliver an FY23-25 INR PAT CAGR of 30%, which we see as attractive.
- On an SOTP basis, we are valuing its stake in DLM at market valuation with a holding company discount of 25%. We roll forward our P/E-based valuation to FY26E EPS, valuing the DET business at 23x. We broadly keep our FY25/FY26 consolidated PAT estimates unchanged. **Reiterate BUY.** Our SOTP-based TP of INR2,400 implies a potential upside of 19%.

##### Beat on revenue; guidance trimmed

- DET revenue was at USD 179.2m, up 1.1% QoQ in CC and 0.4% QoQ in USD, well above our estimates of 0.3% QoQ CC.
- Sustainability led the overall growth up 8.2% CC, while Connectivity was flat; Transportation and New Growth Areas were weak, down 2.2% and 3.4%, respectively.
- DET margin was at 16.0% (-50bp QoQ/+210bp YoY), a tad below our estimate of 16.2%.

- The order intake was at an all-time high of USD297.3m (+61.7% QoQ/ +21.9% YoY). CYL won eight large deals in the service business in 3Q, with a total contract potential of USD136.8m.
- Adjusted PAT, at INR1,727m, was flat QoQ and up 17.3% YoY.
- Reported PAT (DET) was at INR1,341m, down 4.6% YoY due to settlement of the civil class action antitrust lawsuit for an amount of USD7.4m. CYL would utilize the insurance amount towards this settlement.

### Key highlights from the management commentary

- Management continues to see macro challenges due to the economic slowdown in key geographies led by higher interest rates and elevated inflation that are making its customers more cautious towards spending, although in selected verticals.
- CYL is also seeing some green shoots in a few verticals. The company expects that some of the spending patterns should return (by the latter half of FY25), as the interest rates start coming down, and inflation already showing signs of a recovery.
- Despite this fact, CYL was quite confident to grow in double digits (10-20%) in the coming years. It also remains confident in its ability to sustain margin at the current level.
- The company made a provision of USD6m towards the lawsuit, which is more than sufficient to meet the future costs for settlement. Additionally, it believes that the lawsuit will not have any adverse impact on the operating performance of CYL.

### Valuation and Outlook

- CYL's Service segment was hit by near-term challenges, while the long-term prospects still remain constructive. Additionally, the macro recovery should contribute incrementally to its overall growth in FY25E/FY26E.
- On an SOTP basis, we are valuing its stake in DLM at market valuation with a holding company discount of 25%. We value the DET business at 23x our FY26E earnings.
- We broadly keep our FY25/FY26 consolidated PAT estimates unchanged. **We maintain our BUY rating on the stock on attractive valuations.** Our SOTP-based TP of INR2,400 implies an upside potential of 19%.

### Quarterly performance

Y/E March (Consol)	FY23				FY24				(INR m)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY23	FY24E	FY24E	Var.
											3QE	(%/bp)
Revenue (USD m)	162	175	197	213	205	214	219	228	746	867	221	-0.9
QoQ (%)	3.1	8.2	12.7	8.1	-3.6	4.4	2.1	4.3	22.7	16.1	3.0	-93bp
Revenue (INR m)	12,501	13,962	16,182	17,514	16,865	17,785	18,215	18,943	60,159	71,808	18,393	-1.0
YoY (%)	18.1	25.6	36.7	48.3	34.9	27.4	12.6	8.2	32.7	19.4	13.7	-110bp
GPM (%)	36.8	38.4	37.8	38.0	36.6	35.7	35.4	37.3	37.8	36.3	36.8	-136bp
SGA (%)	21.2	22.0	20.6	19.6	17.9	17.4	17.5	18.1	20.8	17.7	18.2	-66bp
EBITDA	1,946	2,290	2,785	3,222	3,156	3,258	3,261	3,637	10,243	13,312	3,421	-4.7
EBITDA margin (%)	15.6	16.4	17.2	18.4	18.7	18.3	17.9	19.2	17.0	18.5	18.6	-70bp
EBIT	1,435	1,660	2,086	2,496	2,480	2,600	2,600	2,879	7,677	10,559	2,685	-3.2
EBIT margin (%)	11.5	11.9	12.9	14.3	14.7	14.6	14.3	15.2	12.8	14.7	14.6	-33bp
Other income	160	-148	60	-257	-176	-134	-100	38	-185	-372	37	-371.8
ETR (%)	27.2	19.4	24.1	21.3	22.9	23.6	23.3	24.0	23.0	23.5	24.0	
Adj. PAT	1,161	1,218	1,628	1,762	1,767	1,831	1,858	2,167	5,769	7,623	2,015	-7.8
QoQ (%)	-24.7	4.9	33.7	8.2	0.3	3.6	1.5	16.6			10.0	-857bp
YoY (%)	0.9	0.5	23.7	14.3	52.2	50.3	14.1	23.0	10.5	32.1	23.8	-964bp
EPS (INR)	10.6	11.1	14.8	16.0	16.0	16.6	16.9	19.7	52.4	69.4	18.2	-7.2



# Equitas Small Finance

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	EQUITASB IN
Equity Shares (m)	1113
M.Cap.(INRb)/(USD\$)	120.4 / 1.4
52-Week Range (INR)	117 / 52
1, 6, 12 Rel. Per (%)	0/2/75
12M Avg Val (INR M)	555

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	25.4	31.0	37.2
OP	11.8	13.8	16.5
NP	5.7	8.1	9.5
NIM (%)	9.0	8.4	7.9
EPS (INR)	4.9	7.2	8.4
BV/Sh. (INR)	46	52	59
ABV/Sh. (INR)	44	50	57

## Ratios

RoE (%)	12.2	14.7	15.3
RoA (%)	1.9	2.0	1.9

## Valuations

P/E(X)	21.8	14.7	12.6
P/BV (X)	2.3	2.0	1.8
P/ABV (X)	2.4	2.1	1.9

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	0.0	0.0	74.5
DII	45.7	43.9	15.4
FII	19.6	18.2	4.1
Others	34.8	35.6	6.1

FII Includes depository receipts

**CMP: INR106**
**TP: INR125 (+18%)**
**Buy**

## Earnings in line; business growth remains healthy

### Asset quality ratios deteriorate

- Equitas Small Finance Bank (EQUITASB) reported in-line earnings for 3QFY24 at INR2b (up 18.7% YoY). PPop grew 29% YoY (up 9% QoQ, in line), led by high other income.
- AUM growth was steady at 32% YoY/5% QoQ to INR328b, driven by healthy traction in most of the segments (barring NBFC). The management expects credit growth to remain robust at 25-28% in FY24.
- Deposit growth was robust at 38% YoY/5% QoQ, led by faster growth in TDs. The CASA mix moderated 85bp QoQ to 32.7%. The cost of funds, thus, rose 15bp QoQ to 7.4%, leading to a 6bp drop in NIMs to 8.37%.
- Slippages were elevated mainly due to higher slippages from vehicle finance and micro finance. GNPA/NNPA ratios increased 26bp/16bp QoQ to 2.53%/1.13%. PCR declined slightly to 56%.
- We maintain our FY24E/FY25E EPS and estimate FY25 RoA/RoE of 1.9%/15.3%. **Maintain BUY with a TP of INR125 (2.0x Sep'25E ABV).**

### Business growth steady; NIMs compress 6bp QoQ

- EQUITASB reported PAT of INR2b (up 18.7% YoY). NII grew 21% YoY to INR7.85b (in line). Provisions increased 69% YoY/34% QoQ to INR0.84b (9% higher than our estimate).
- Other income grew 35% YoY/13% QoQ as fee income grew 24% YoY and Treasury income stood at INR300m (vs. INR180m in 2QFY24).
- Opex grew 21% YoY/2.2% QoQ to INR6.3b, leading to a decline in the C/I ratio to 63.6%. PPop, thus, grew 29% YoY/9.1% QoQ to INR3.6b.
- Total AUM jumped 32% YoY (5% QoQ) to INR328b, led by healthy traction across segments (barring NBFC). Disbursements stood at INR47.4b in 3QFY24, down 4.5% QoQ. Small business loans/vehicle finance grew 6%/4% QoQ, and micro finance growth stood at ~32% YoY (+3% QoQ). Housing finance grew at a robust 8.4% QoQ. The share of MFI AUM stood at 18.5% (vs. 18.8% in 2QFY24).
- Deposits jumped 38% YoY to ~INR324b, led by 6% QoQ growth in term deposits. The CASA ratio, thus, moderated 85bp QoQ to 32.7%, down from its peak of 52% in 4QFY22. The management has guided for a CD ratio of ~85% by FY25 vs. 90% in 3QFY24.
- On the asset quality front, slippages were elevated at INR3.1b (4.8% annualized) due to heavy floods in Tamil Nadu and high slippages in vehicle finance and micro finance. GNPA/NNPA ratios increased 26bp/16bp QoQ to 2.53%/1.13%. PCR declined slightly to 56%.

### Highlights from the management commentary

- The management guides for a healthy credit growth of 25-28% for FY24.
- EQUITASB has given a CD ratio guidance of ~85% by FY25.
- Disbursement yields have improved, with yields at 18.8% in 3QFY24. SBL – 17.16%, MFI-25%, Used CV at 19.56%, New CV at 13.69%.
- During 3QFY24, the bank securitized/assigned advances worth INR13.9b.
- The profit on the sale of investments for the quarter was INR269m. Income from the sale to ARC stood at INR700m.

### Valuation and view

EQUITASB reported a mixed performance with strong AUM growth driven by healthy traction across segments however slippages increased while NIMs declined slightly. Deposit growth remained robust, fueled by healthy growth in retail term deposits, although the CASA mix deteriorated sharply over the past year. While margins are likely to moderate further in 4QFY24, the rise in disbursement yields and the nearing end of deposit re-pricing would help the bank limit the impact. Asset quality deteriorated further amid higher slippages and lower recoveries. The bank has guided for a moderation in slippage run rate as collection efficiency improves. It expects credit cost at ~1.25% in FY24. We maintain our FY24E/FY25E EPS and estimates FY25 RoA/RoE of 1.9%/15.3%. **Maintain BUY with a TP of INR125 (premised on 2.0x Sep'25E ABV).**

### Quarterly performance

(InR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY23E	v/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est
<b>Net Interest Income</b>	<b>5,806</b>	<b>6,097</b>	<b>6,475</b>	<b>7,070</b>	<b>7,431</b>	<b>7,656</b>	<b>7,851</b>	<b>8,044</b>	<b>25,447</b>	<b>30,983</b>	<b>7,895</b>	<b>-1</b>
% Change (YoY)	25.9	26.0	19.7	28.0	28.0	25.6	21.3	13.8	24.8	21.8	21.9	
Other Income	1,332	1,450	1,526	2,387	1,714	1,814	2,055	2,319	6,696	7,901	1,916	7
<b>Total Income</b>	<b>7,138</b>	<b>7,547</b>	<b>8,001</b>	<b>9,456</b>	<b>9,145</b>	<b>9,470</b>	<b>9,906</b>	<b>10,363</b>	<b>32,143</b>	<b>38,884</b>	<b>9,811</b>	<b>1</b>
Operating Expenses	4,456	5,124	5,210	5,593	6,024	6,168	6,303	6,561	20,383	25,056	6,290	0
<b>Operating Profit</b>	<b>2,682</b>	<b>2,423</b>	<b>2,791</b>	<b>3,864</b>	<b>3,121</b>	<b>3,302</b>	<b>3,603</b>	<b>3,802</b>	<b>11,760</b>	<b>13,828</b>	<b>3,521</b>	<b>2</b>
% Change (YoY)	63.1	21.8	24.2	36.1	16.4	36.3	29.1	-1.6	34.9	17.6	26.1	
Provisions	1,416	901	499	1,256	601	632	844	945	4,072	3,022	777	9
<b>Profit before Tax</b>	<b>1,266</b>	<b>1,522</b>	<b>2,292</b>	<b>2,608</b>	<b>2,521</b>	<b>2,670</b>	<b>2,759</b>	<b>2,857</b>	<b>7,688</b>	<b>10,807</b>	<b>2,744</b>	<b>1</b>
Tax	296	358	591	707	609	689	739	684	1,952	2,720	692	7
<b>Net Profit</b>	<b>970</b>	<b>1,164</b>	<b>1,701</b>	<b>1,900</b>	<b>1,912</b>	<b>1,982</b>	<b>2,020</b>	<b>2,173</b>	<b>5,736</b>	<b>8,087</b>	<b>2,053</b>	<b>-2</b>
% Change (YoY)	713.4	182.6	57.4	59.0	97.1	70.2	18.7	14.4	104.3	41.0	20.7	
<b>Operating Parameters</b>												
AUM (INR b)	217	228	249	279	296	312	328	345	279	345	330	-1
Deposits (INR b)	204	217	234	254	277	308	324	348	254	348	326	-1
Loans (INR b)	205	218	233	258	275	288	292	320	258	320	305	-4
AUM Growth (%)	22	20	27	35	36	37	32	24	35	24		
Deposit Growth (%)	19	20	31	34	36	42	38	37	34	37		
Loan Growth (%)	22	22	27	33	34	32	25	24	33	24		
<b>Asset Quality</b>												
Gross NPA (%)	4.1	3.9	3.6	2.8	2.8	2.3	2.5	2.4	2.8	2.4		
Net NPA (%)	2.2	2.0	1.8	1.2	1.2	1.0	1.1	1.0	1.2	1.0		
PCR (%)	48.5	50.5	50.8	56.9	57.8	57.7	56.0	56.9	56.9	56.9		

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	CEAT IN
Equity Shares (m)	40
M.Cap.(INRb)/(USD\$)	114.6 / 1.4
52-Week Range (INR)	2998 / 1357
1, 6, 12 Rel. Per (%)	18/6/59
12M Avg Val (INR M)	711

#### Financials & valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	113.1	120.3	131.3
EBITDA	9.7	17.0	18.4
EBITDA Margin (%)	8.6	14.2	14.0
Adj. PAT	2.1	7.1	7.7
EPS (Rs)	51.9	174.6	189.5
EPS Growth (%)	164.4	236.5	8.5
BV/Share (Rs)	850	1,010	1,181

#### Ratios

RoE (%)	6.3	18.8	17.3
RoCE (%)	6.8	15.8	15.3
Payout (%)	26.1	8.6	9.5

#### Valuations

P/E (x)	54.6	16.2	15.0
P/BV (x)	3.3	2.8	2.4
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	2.9	5.9	7.0

#### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	47.2	47.2	47.2
DII	14.3	12.9	12.9
FII	20.0	24.1	24.1
Others	18.5	14.4	15.8

FII Includes depository receipts

**CMP: INR2,834      TP: INR3,250 (+15%)      Buy**

### Inline performance; RM prices inched up QoQ

#### Replacement and exports demand should continue to drive growth

- CEAT's 3QFY24 results were in line on an absolute basis, while EBITDA margin came in at 14.1% (est. 14.6%). It declined 80bp QoQ due to a slight increase in RM cost. While commodity prices have already bottomed out, volume growth and better product mix will keep EBITDA margin range bound.
- While we maintain FY24 EPS, we revise FY25 EPS upwards by 4% to factor in for demand recovery in 2Ws and exports, coupled with lower depreciation. We reiterate our **BUY** rating on the stock with a TP of INR3,250 (based on ~15x Dec'25E EPS).

#### Volume growth saw a sequential decline

- 3QFY24 revenue/EBITDA/adj. PAT grew 9%/76%/4.1x YoY to INR29.6b/INR4.2b/INR1.8b (vs. est. INR30b/INR4.4b/in line). 9MFY24 revenue/EBITDA/Adj. PAT grew 6%/1.1x/6.6x YoY
- Volume during the quarter grew ~12.5% YoY (down 2% QoQ). Volumes for replacement/OEM/exports grew 11%/9%/25% YoY.
- Gross margins expanded 680bp YoY (down 200bp QoQ) to 41.3% (vs. est. 43.1%). The sequential decline in gross margins was due to an increase in RM costs (up 2.5% QoQ) and price correction in the export markets.
- Lower-than-estimated other expenses (up 70bp YoY/down 140bp QoQ) resulted in EBITDA margin expansion of 540bp YoY to 14.1% (vs. est. 14.6%). EBITDA grew 76% YoY to ~INR4.2b (est. INR4.4b).
- Adj. PAT stood at INR1.8b (vs. INR357m in 3QFY23; in line).
- Debt declined to INR17.3b as of Dec'23 (vs. INR19b in Sep'23 and INR23.4b in Dec'22), mainly due to healthy cash generation in 3Q.
- Capex stood at INR2.15b with working capital at similar levels as 2Q.

#### Highlights from the management commentary

- **Outlook:** Rabi sowing has been normal and all economic macro indicators are positive. OEM volumes should see a slower growth in CY24 due to the high base effect of CY23. However, replacement and exports should continue to perform well.
- **3QFY24 volumes grew 12.5% YoY**, driven by 11%/9%/25% YoY growth in replacement/OEM/exports.
- **Replacement-** The industry experienced double-digit volume growth in scooter tyres, with CEAT securing an increased market share. PVs/CVs saw low double-digit growth, while 2Ws exhibited a volume growth of 2%. TBR tyres has grown on a small base of last year, whereas OHT continued to remain weak.

- **Export volumes grew 25% YoY (flat QoQ).** The company is facing a challenging environment in EU. It plans to launch two of its tyre categories (PCR and TBR) in the US/LatAm markets, where it already has a presence in OHT. Meanwhile, operations in Africa and Middle East are performing well. **Sri Lanka-** Business saw a strong revenue growth and profits on a YoY basis. Sri Lanka currency has stabilized.
- **Freight rates would be affected due to Red Sea crisis** both on the import and export side. But it would be more significant on the western side, particularly in the EU, as opposed to China/South-east Asia, where CEAT's most imports happen. Hence, the major influence will likely be felt on the export side, mostly to EU, rather than affecting countries such as the US/LatAm.

#### Valuation and view

- A stable volume growth outlook for OEMs and an uptick in replacement demand should enable a faster absorption of new capacities and drive benefits of operating leverage. Moreover, the focus on strategic areas such as PV/2W/OHT/exports (to help margins), along with prudent capex plans (to benefit FCF) should be a long-term growth catalyst for CEAT.
- Valuations at 16.2x/15x FY24E/FY25E consol. EPS do not fully capture the benefits from ramp-up of new capacities and prudent capex plan. We reiterate our **BUY** rating on the stock with a TP of INR3,250 (based on ~15x Dec'25E EPS).

#### Consolidated - Quarterly Earning

Y/E March	FY23				FY24E				FY23	FY24E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Net Sales	28,184	28,945	27,272	28,748	29,352	30,533	29,631	30,812	1,13,149	1,20,328	29,999
YoY Change (%)	47.8	18.1	13.0	10.9	4.1	5.5	8.7	7.2	20.8	6.3	10.0
RM cost (%)	68.3	67.5	65.5	59.9	58.9	56.7	58.7	58.6	65.3	58.2	56.9
Employee cost (%)	6.1	5.8	6.7	7.4	6.7	7.1	7.3	6.9	6.5	7.0	7.2
Other expenses (%)	19.7	19.7	19.2	19.9	21.2	21.3	19.9	20.2	19.6	20.7	21.4
EBITDA	1,653	2,031	2,376	3,678	3,871	4,561	4,175	4,419	9,738	17,026	4,365
Margins (%)	5.9	7.0	8.7	12.8	13.2	14.9	14.1	14.3	8.6	14.2	14.6
Depreciation	1,114	1,151	1,175	1,253	1,209	1,245	1,273	1,291	4,693	5,018	1,260
Interest	521	577	657	666	701	717	656	684	2,421	2,758	700
Other Income	28	98	20	24	33	105	29	58	169	225	45
PBT before EO expense	45	401	565	1,783	1,993	2,704	2,276	2,503	2,793	9,476	2,450
Exceptional item	7	237	5	86	0	0	0	0	334	0	0
PBT	38	164	560	1,698	1,993	2,704	2,276	2,503	2,459	9,476	2,450
Tax Rate (%)	31.0	64.6	26.7	26.5	26.5	25.3	23.9	24.5	29.2	25.0	26.2
Minority Int. & Profit of Asso. Cos.	-67	-20	57	-90	18	-59	-84	170	-120	45	30
Reported PAT	92	78	354	1,337	1,446	2,080	1,815	1,721	1,862	7,062	1,778
Adj PAT	98	246	357	1,398	1,446	2,080	1,815	1,721	2,098	7,062	1,778
YoY Change (%)	-59	-42	-325	382	1,383	745	408	23	164	237	397.9

#### Key Performance Indicators

RM Cost (% of sales)	68.3	67.5	65.5	59.9	58.9	56.7	58.7	58.6	65.3	58.2	56.9
Staff Cost (% of sales)	6.1	5.8	6.7	7.4	6.7	7.1	7.3	6.9	6.5	7.0	7.2
Other Cost (% of sales)	19.7	19.7	19.2	19.9	21.2	21.3	19.9	20.2	19.6	20.7	21.4
Gross margin (%)	31.7	32.5	34.5	40.1	41.1	43.3	41.3	41.4	34.7	41.1	43.1
EBITDA Margins (%)	5.9	7.0	8.7	12.8	13.2	14.9	14.1	14.3	8.6	14.2	14.6
EBIT Margins (%)	1.9	3.0	4.4	8.4	9.1	10.9	9.8	10.2	8.6	14.2	10.3

E:MOFSL Estimates

# MAS Financial Services

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	MASFIN IN
Equity Shares (m)	55
M.Cap.(INRb)/(USDb)	53.8 / 0.6
52-Week Range (INR)	1068 / 680
1, 6, 12 Rel. Per (%)	12/21/2
12M Avg Val (INR M)	64

## Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Total income	6.2	7.8	9.5
PPP	4.2	5.4	6.7
PAT	2.5	3.2	3.9
EPS (INR)	45.0	57.7	71.5
EPS Gr. (%)	22.3	28.4	23.9
BVPS (INR)	308	361	428
<b>Ratios (%)</b>	6.2	7.8	9.5
NIM	6.0	6.1	6.3
C/I ratio	31.9	31.2	30.0
RoA on AUM	2.8	2.9	3.0
RoE	15.6	17.2	18.1
Payout	8.8	7.8	7.0
<b>Valuations</b>	6.0	6.1	6.3
P/E (x)	22	17	14
P/BV (x)	3.2	2.7	2.3
Div. yield (%)	0.4	0.5	0.5

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	73.7	73.7	73.7
DII	8.4	8.6	11.0
FII	1.6	2.0	1.5
Others	16.2	14.1	13.7

FII Includes depository receipts

**CMP: INR985 TP: INR1160 (+18%) Buy**

## Continues to pivot towards direct retail distribution

### Surpasses a major milestone of ~INR100b consolidated AUM

- MAS Financial Services (MASF)'s 3QFY24 PAT grew 24% YoY to INR624m (in line). PPOP rose ~35% YoY to INR1.1b (in line).
- Operating expenses rose ~23% YoY to INR518m, with both the C/I ratio and Opex-to-AUM stable at 32% and 2.2%, respectively. Credit costs were at INR257m, translating into annualized credit costs of 1.1% (PQ: 1.1%).
- MASF recently took an enabling Board resolution to raise up to ~INR7b in one or more tranches through QIP or any other permissible mode. Despite capital adequacy of ~24.5% (Tier 1 of ~21%), this equity raise will be done at an opportune time for the next phase of growth.
- MASF has also declared the Bonus issue of shares in the ratio of 2:1. The record date has been fixed as 22<sup>nd</sup> Feb'24.
- **Reiterate BUY with a revised TP of INR1,160 (based on 2.7x FY26E BV).**

### Healthy disbursement momentum; AUM rose ~27% YoY

- Standalone AUM grew ~7% QoQ and ~27% YoY to ~INR97b. AUM in the HFC rose ~36% YoY to INR5.4b. AUM of micro-enterprise loans (MEL)/ SME loans/2Ws rose 15%/21%/34% YoY. Salaried personal loans were ~6% of the AUM mix, and MASF expects to keep them below 10% of the mix.
- MASF's thrust on distribution and branch expansion continued, with direct retail distribution contributing ~66% of the AUM mix as of Dec'23.

### Sequential compression in NIM and spreads

- CoF (calc.) increased ~50bp QoQ to 9.7% while yields (calc.) rose ~30bp to 14.8%, driving ~20bp contraction in spreads to ~5.1% (PQ: 5.3%).
- MASF borrows term loans from banks for lending to the PSL sector and doesn't foresee a significant increase in its CoB due to the RBI RWA circular. Management guided for a NIM of ~7.0% over FY25-FY26.

### Minor increase in 1+dpd; asset quality largely stable

- The 1+dpd loans rose ~25bp QoQ to 5.8% in 3QFY24. Total standalone Covid-related provisions stood at ~INR188m (~0.25% of on-book loans).
- On-book GNPA increased by ~5bp QoQ to 2.23%. NNPA was stable sequentially at 1.48%. PCR on Stage 3 assets increased ~30bp to ~41%.

### Other highlights

- Average ticket size of MEL declined further to ~INR42K (PQ: ~43K).
- RoTA declined ~5bp QoQ to ~2.9% in 3QFY24.

### HFC subsidiary:

- AUM grew 36% QoQ to INR5.4b. GS3 remained stable at ~0.8%.
- The company continues to carry Covid provisions of ~0.72% of the AUM.

### Key highlights from the management commentary

- The company plans to introduce used-car loans as a new product.
- Management guided for an AUM CAGR of 30-35% in its HFC subsidiary over the medium term. HFC AUM will be ~INR15b within the next three years and the parent will infuse equity capital as and when required.



**Valuation and view**

- We model a standalone AUM/PAT CAGR of 22%/25% over FY23-FY26E with an RoA/RoE of 3.0%/18% in FY26E. The company has maintained a high earnings quality, backed by healthy AUM growth. With improvement in economic activity, we expect its earnings growth to be strong in future.
- MASF has developed a niche expertise to serve the MSME market and continues to demonstrate healthy loan growth momentum, while its asset quality is perhaps the best among MFI and SME lending peers.
- **Reiterate BUY with a TP of INR1,160 (premised on 2.7x FY26E BV).** Key risk: Slowdown in the economic environment leading to a sluggish loan growth and deterioration in asset quality.

# Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	3QFY24E	Act. v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Revenue from Operations</b>	<b>1,983</b>	<b>2,300</b>	<b>2,515</b>	<b>2,703</b>	<b>2,801</b>	<b>2,982</b>	<b>3,258</b>	<b>3,465</b>	<b>9,491</b>	<b>12,505</b>	<b>3,231</b>	<b>1</b>
Interest Income	1,677	1,941	2,183	2,325	2,362	2,490	2,703	2,912	8,066	10,468	2,715	0
Gain on assignments	157	178	158	198	242	272	319	296	680	1,129	280	14
Other operating Income	150	182	173	180	196	219	236	256	745	908	237	-1
Interest expenses	928	1,108	1,276	1,435	1,428	1,461	1,638	1,761	4,748	6,287	1,607	2
<b>Total income</b>	<b>1,055</b>	<b>1,192</b>	<b>1,238</b>	<b>1,268</b>	<b>1,373</b>	<b>1,520</b>	<b>1,620</b>	<b>1,704</b>	<b>4,743</b>	<b>6,218</b>	<b>1,624</b>	<b>0</b>
Growth Y-o-Y (%)	34.3	47.5	39.7	36.1	30.2	27.6	30.8	34.4	40.5	31.1	31.2	
Operating Expenses	348	416	421	381	427	484	518	552	1,566	1,981	542	-5
<b>Operating Profits</b>	<b>707</b>	<b>775</b>	<b>818</b>	<b>887</b>	<b>946</b>	<b>1,036</b>	<b>1,102</b>	<b>1,152</b>	<b>3,177</b>	<b>4,236</b>	<b>1,082</b>	<b>2</b>
Growth Y-o-Y (%)	11.1	28.2	34.8	39.0	33.8	33.6	34.8	29.9	29.5	33.3	32.3	
Provisions	85	121	142	182	188	236	257	268	530	950	230	12
<b>Profit before tax</b>	<b>623</b>	<b>654</b>	<b>676</b>	<b>704</b>	<b>758</b>	<b>800</b>	<b>845</b>	<b>883</b>	<b>2,647</b>	<b>3,287</b>	<b>852</b>	<b>-1</b>
Growth Y-o-Y (%)	25.7	27.0	25.4	17.4	21.8	22.3	25.1	25.4	25.3	24.2	26.0	
Tax Provisions	157	164	170	149	186	200	221	222	637	828	213	4
<b>Net Profit</b>	<b>465</b>	<b>491</b>	<b>506</b>	<b>556</b>	<b>573</b>	<b>600</b>	<b>624</b>	<b>661</b>	<b>2,010</b>	<b>2,458</b>	<b>639</b>	<b>-2</b>
Growth Y-o-Y (%)	26.3	28.0	26.0	23.4	23.1	22.3	23.5	19.1	27.6	22.3	26.4	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	12.7	13.5	14.2	14.5	14.3	14.5	14.8	14.8				
Cost of funds (Cal)	7.7	8.1	8.7	9.7	9.6	9.2	9.7	9.4				
Spreads (Cal)	5.0	5.4	5.5	4.8	4.7	5.3	5.1	5.4				
NIM on AUM (Cal)	6.5	6.9	6.7	6.5	6.7	7.0	6.9	6.9				
Credit Cost (%)	0.5	0.7	0.8	0.9	0.9	1.1	1.1	1.1				
Cost to Income Ratio	33.0	34.9	34.0	30.1	31.1	31.9	32.0	32.4				
Tax Rate	25.3	25.0	25.2	21.1	24.5	25.0	26.1	25.1				
<b>Balance Sheet Parameters</b>												
<b>Standalone AUM (INR B)</b>	<b>66.8</b>	<b>71.4</b>	<b>76.1</b>	<b>80.9</b>	<b>84.2</b>	<b>90.5</b>	<b>96.7</b>	<b>100.8</b>				
Change YoY (%)	29.5	30.1	32.5	29.5	25.9	26.7	27.2	24.6				
<b>Disbursements (INR B)</b>	<b>21.5</b>	<b>22.6</b>	<b>22.2</b>	<b>24.9</b>	<b>22.8</b>	<b>25.0</b>	<b>27.2</b>	<b>29.1</b>				
Change YoY (%)	106.8	53.2	39.0	27.0	5.8	10.5	22.6	16.6				
<b>Borrowings (INR B)</b>	<b>50.5</b>	<b>58.4</b>	<b>59.3</b>	<b>59.1</b>	<b>59.9</b>	<b>67.1</b>	<b>68.0</b>	<b>82.1</b>				
Change YoY (%)	42.6	43.0	36.2	29.8	18.5	15.0	14.5	39.0				
Debt/Equity (x)	3.7	4.3	4.2	3.9	3.8	4.1	4.0					
<b>Asset liability Mix</b>												
<b>AUM Mix (%)</b>												
Micro Enterprises	51.8	50.3	49.7	47.9	47.8	47.1	44.9					
SME loans	36.6	37.4	37.3	36.9	36.5	35.7	35.7					
2W loans	5.8	6.6	6.6	6.9	6.8	6.9	6.9					
CV loans	5.0	3.8	3.8	4.6	5.3	6.2	6.8					
<b>Borrowings Mix (%)</b>												
Direct Assignment	20.0	18.0	19.0	21.0	23.0	23.3	23.9					
Cash Credit	26.0	25.0	21.0	18.0	17.0	16.0	16.0					
Term Loan	43.0	45.0	47.0	50.0	48.0	50.6	51.9					
NCD	9.0	9.0	10.0	8.0	8.0	7.1	4.6					
Sub Debt	2.0	2.0	3.0	3.0	4.0	3.0	3.5					
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	1,177	1,308	1,380	1,327	1,355	1,555	1,747					
GS 3 (%)	2.27	2.26	2.23	2.15	2.13	2.17	2.23					
NS 3 (INR m)	742	837	901	814	795	916	1,023					
NS 3 (%)	1.63	1.60	1.60	1.52	1.47	1.47	1.48					
PCR (%)	37.0	36.0	34.7	38.6	41.3	41.1	41.4					
<b>Return Ratios (%)</b>												
ROA	2.9	2.8	2.7	2.9	3.0	2.9	2.9					
Tier I ratio	22.5	21.2	21.2	20.8	21.1	21.2	20.6					

E: MOFSL estimates

# Indostar Capital Finance

Bloomberg	INDOSTAR IN
Equity Shares (m)	123
M.Cap.(INRb)/(USD\$)	25.7 / 0.3
52-Week Range (INR)	229 / 103
1, 6, 12 Rel. Per (%)	26/11/16
12M Avg Val (INR M)	26

## Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	4.6	7.1	9.7
PPP	1.0	3.9	6.6
PAT	1.1	2.3	3.8
EPS (INR)	7.8	17.3	28.1
EPS Gr. (%)	-53	122	63
BV (INR)	236	254	282
<b>Ratios</b>	4.6	7.1	9.7
NIM (%)	6.2	7.0	7.2
C/I ratio (%)	82.3	56.4	46.4
RoA (%)	1.1	1.8	2.3
RoE (%)	3.4	7.0	10.5
Payout (%)	0.0	0.0	0.0
<b>Valuations</b>	6.2	7.0	7.2
P/E (x)	26.6	12.0	7.4
P/BV (x)	0.9	0.8	0.7
Div. Yield (%)	0.0	0.0	0.0

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	75.0	75.0	89.2
DII	1.8	1.9	1.5
FII	1.3	1.4	1.2
Others	21.8	21.8	8.1

FII Includes depository receipts

**CMP: INR207**

**TP: INR245 (+18%)**

**Buy**

## Improvement in CV business momentum; sell-downs in SME

### Interest income lower due to the rundown of Corporate and SME loan books

Indostar Capital Finance (Indostar) reported an improvement in business momentum during the quarter. The key highlights: 1) 3QFY24 disbursements rose ~6% QoQ to ~INR13.5b; 2) it invested in human capital (added 185 employees in 3Q, taking the total count to ~3,700); 3) the CV segment contributed ~83% to the retail disbursement mix; and 4) asset quality improved with GS3 declining ~140bp QoQ (including sell-downs in SME).

### Financial highlights:

- Indostar reported a 3QFY24 PAT of INR169m, which declined 32% QoQ (PQ: INR248m). This decrease was attributed to a revenue loss of ~INR370m resulting from the ARC sale in both the corporate and SME portfolios.
- Total AUM stood at ~INR80.4b and grew 4% QoQ. Corporate loans declined ~69% YoY, with their proportion at ~5% as of 3QFY24. Retail AUM grew 19% YoY/4% QoQ to INR76.6b. During the quarter, Indostar sold a portion of its SME loan portfolio, aggregating to a principal outstanding of ~INR2.9b to an ARC.
- Asset quality improved with GS3/NS3 declining 140bp/90bp QoQ to 5.3%/2.4%.
- Bolstered by a recent credit rating upgrade from CARE to AA-/Stable, along with plans to monetize SRs and a gradual improvement in the borrowing mix towards bank borrowings, the company is well-poised to demonstrate a consistent improvement in its RoA profile.
- With better visibility on disbursement momentum, we estimate 34%/19% AUM/PAT CAGR over FY23-26, aided by healthy NIM (7.0-7.2%) and benign credit costs (~1.2%) over FY25-26. **Reiterate BUY with a TP of INR245 (premised on 0.9x FY26E BVPS).**

## Disbursements in used CV continue to gain momentum

- Disbursements were healthy across CV and Housing Finance. CV Finance disbursements for 3QFY24 stood at INR10.7b (PQ: 10b).
- Indostar has strategically prioritized the Used CV segment, with ~83% of its 3QFY24 retail disbursements coming from this segment. A change in product mix towards the used CV segment will enable higher blended yields.

## Key highlights from the management commentary

- Management targets to scale up to an AUM of ~INR100b by FY24 and ~INR130b by FY25. We model an AUM CAGR of ~34% over FY23-FY26E.
- It guided for an RoA of ~2.5% by FY26 with a leverage of 4.0-4.5x.

### Housing Finance

- HFC avg. yields of 16.1% and spreads to be maintained at 5.25-5.5%
- The company launched an automated loan kit and streamlined processes for e-stamping and loan signing.

### Valuation and view

- Indostar has strategically prioritized the expansion of its loan book in the used CV and affordable housing finance segments. It anticipates that a reinforced management team, enhanced processes, and a favorable economic climate will serve as catalysts for growth in these segments.
- With the sell-downs of stressed Corporate and SME loans to ARC, both of these segments now contribute only ~14% of the total AUM mix. It has made conservative provisions on stressed loans, and we expect credit costs at ~1.2 in each of FY25 and FY26.
- Over the last two quarters, Indostar has made some sound business decisions, which can help this franchise make a turnaround. The risk-reward is favorable at 0.7x FY26E P/BV. We have a **BUY** rating on the stock with a TP of INR245 (based on 0.9x FY26E BVPS).

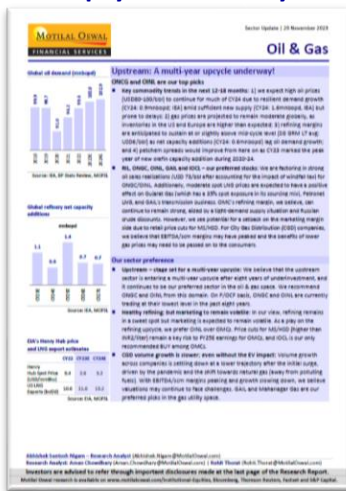
### Quarterly Performance

(INR m)

Y/E March	FY23				FY24				FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	2,770	2,609	2,626	2,579	2,723	2,732	2,855	3,147	10,584	11,457
Interest Expenses	1,481	1,464	1,354	1,504	1,544	1,652	1,724	1,953	5,803	6,873
<b>Net Interest Income</b>	<b>1,289</b>	<b>1,145</b>	<b>1,272</b>	<b>1,075</b>	<b>1,179</b>	<b>1,081</b>	<b>1,131</b>	<b>1,193</b>	<b>4,782</b>	<b>4,584</b>
YoY Growth (%)	25.3	6.3	-6.6	-40.5	-8.6	-5.6	-11.1	11.0	-9.4	-4.1
Other Income	372	336	191	313	271	402	214	300	1,212	1,122
<b>Total Income</b>	<b>1,662</b>	<b>1,481</b>	<b>1,463</b>	<b>1,388</b>	<b>1,450</b>	<b>1,482</b>	<b>1,345</b>	<b>1,493</b>	<b>5,994</b>	<b>5,706</b>
YoY Growth (%)	31.3	0.4	-10.3	-31.3	-12.7	0.1	-8.1	7.6	-5.6	-4.8
Operating Expenses	1,021	1,120	1,209	662	1,153	1,185	1,192	1,219	4,011	4,749
<b>Operating Profit</b>	<b>641</b>	<b>361</b>	<b>254</b>	<b>726</b>	<b>297</b>	<b>297</b>	<b>153</b>	<b>274</b>	<b>1,983</b>	<b>957</b>
YoY Growth (%)	93.1	-33.9	-59.1	-37.7	-53.6	-17.7	-40.0	-62.2	-24.4	-51.7
Provisions & Loan Losses	-23	-202	-132	-47	-119	1	-38	-28	-404	-185
<b>Profit before Tax</b>	<b>664</b>	<b>563</b>	<b>386</b>	<b>773</b>	<b>416</b>	<b>297</b>	<b>191</b>	<b>302</b>	<b>2,386</b>	<b>1,142</b>
Tax Provisions	55	47	20	13	27	49	22	46	135	145
<b>Net Profit</b>	<b>609</b>	<b>516</b>	<b>367</b>	<b>760</b>	<b>389</b>	<b>248</b>	<b>169</b>	<b>256</b>	<b>2,252</b>	<b>997</b>
YoY Growth (%)	-265	31	152	-110	-36	-52	-54	-66.3	-130.6	-55.7
<b>Key Operating Parameters (%)</b>										
Yield on loans (Cal)	15.4	16.0	16.6	16.1	16.3	16.2	16.7			
Cost of funds (Cal)	9.8	10.2	9.8	10.8	10.7	11.5	11.2			
Spreads (Cal)	5.6	5.8	6.8	5.3	5.6	4.7	5.6			
NIMs (Cal)	5.8	5.7	6.5	5.6	5.9	5.5	5.7			
Credit Cost (Cal)	-0.1	-1.0	-0.7	-0.2	-0.6	0.0	-0.2			
Cost to Income Ratio	61.4	75.6	82.6	47.7	79.5	79.9	88.7			
Tax Rate	8.3	8.3	5.1	1.7	6.5	16.6	11.6			
<b>Balance Sheet Parameters</b>										
AUM (INR B)	82.5	79.1	76.7	78.1	80.6	77.3	80.4			
Change YoY (%)	-2.2	-7.7	-17.0	-19.1	-2.2	-2.3	4.8			
AUM Mix (%)										
Vehicle	46.5	45.7	45.2	47.0	48.7	56.7	60.3			
Housing	17.8	19.5	19.9	20.8	21.6	24.5	25.5			
SME & Others	20.1	19.5	18.7	16.5	14.6	13.7	9.1			
Corporate	15.6	15.4	15.9	15.7	14.8	4.7	4.7			
Disbursements (INR B)	3.4	3.3	5.2	9.0	11.2	12.7	13.5			
Change YoY (%)	-45.2	-70.4	-64.7	-47.5	224.4	279.9	157.7			
<b>Asset Quality Parameters (%)</b>										
GS 3 (INR B)	3.4	4.9	5.4	4.8	4.9	4.7	3.9			
Gross Stage 3 (% on Assets)	8.2	7.1	7.9	6.8	6.6	6.7	5.3			
Net Stage 3 (% on Assets)	3.6	2.9	3.6	3.2	3.1	3.3	2.4			
PCR (%)	57.8	60.1	56.2	54.2	53.6	51.5	56.9			

**E: MOFSL estimates**

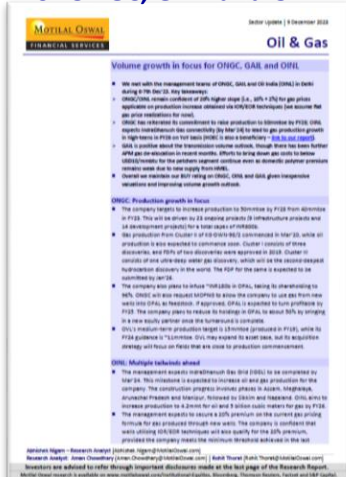
## Upstream: A multi-year upcycle underway!



### Re-rating on the cards



## Volume growth in focus for ONGC, GAIL and OINL



## Can petrochemicals surprise in 2HFY25-FY26?

### Petchem spreads weak in FY24; may bottom out in FY25

- In 9M FY24, PE/PP spread over naphtha has declined 38%/42% on a YoY basis. The decline in spread is driven by a sharp 3.3/5.7mmt capacity addition for PE/PP in CY23 vs. a global demand growth of 0.9/1.4mmt.
- However, CY23 marked the year with the highest capacity growth for PE and PP (since CY19) and we note that CY24 onwards, capacity additions are declining sharply. Domestically, petchem spreads have come under pressure due to the commencement of a new 1.7mmt petchem capacity by HREL.
- While we expect weakness in petchem spreads to persist for most of FY25 and are building in soft earnings outlook for GAIL/RIL in FY25, we expect improving EBITDA trend from FY26 onwards. GAIL and RIL are best positioned to capitalize on the petrochemical recovery, which begins 2HFY25.
- In this report, we also highlight Gujarat Gas and the CGD sector in general as key beneficiaries of lower spot LNG prices (USD1/mmBtu change has a 14% impact on EBITDA).

**Asian petchem capacity additions are coming off sharply in FY26E**

- Asian petchem companies are forecasting lower capacity additions for PE, PX, and BZ in FY25 and beyond. For PE, incremental capacity growth in CY24 is forecast at 3.3mmt (CY23: 1.3mmt) in Asia-Pac (AP) and Middle East (ME).
- For PP, FY25 will mark the year of highest capacity addition in AP/ME at 6.2mmt (vs. incremental demand of only 2.7mmt) and as such, we expect PP fundamentals to start improving from FY26 onwards, coinciding with the commencement of 500ktpa PDH-PP plant by GAIL.

**Demand could bottom out in 2H FY25, leading to recovery in spreads**

- We also note that demand for petrochemicals has been weak amid (1) uncertainty related to the Russia-Ukraine war, (2) high interest rates globally which have curbed discretionary spending, and (3) overall weak macro-economic outlook.
- We expect some improvements in demand, driven by several factors including (1) interest rates globally peaking out in CY24, and (2) globally inventories for end-products as well as key petchem remain at low levels.
- As per PTTGC, a leading South East Asia-based petrochemical player, despite a rise in global car sales in CY23, [supported by policy measures](#), they remain below CY18 levels. Other end markets such as textiles too have witnessed soft demand and lean inventories, held by retailers.
- Lastly, for gas-based crackers such as GAIL, we believe that lower spot LNG prices in CY24 and CY25 can be the key tailwinds.

## GAIL and RIL well-positioned for petrochemicals recovery

- GAIL, RIL, and IOCL are Indian oil and gas companies with significant exposure to the petrochemical sector.
- We estimate that a USD100/mt change in PE spread (over naphtha/gas) would result in a 2%/5%/2% estimated standalone EBITDA impact on RIL/GAIL/IOCL in

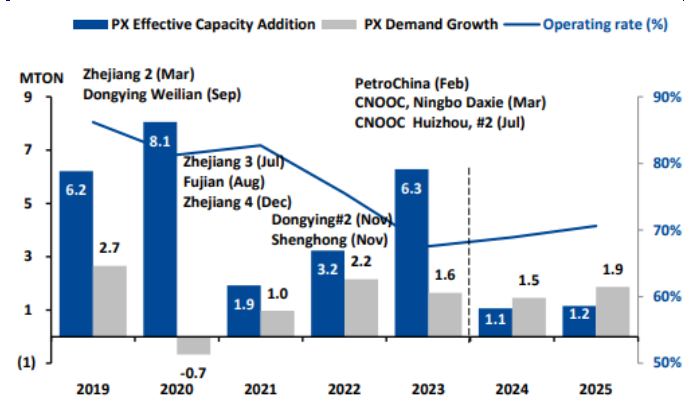


- FY25E. Also, ONGC has exposure to petrochemicals via OPaL; however, OPaL's current contribution to ONGC's earnings and valuation remains negligible.
- Lastly, both GAIL and IOCL will witness the commencement of new petrochemical capacities amounting to 560/1,618ktpa during FY26-27E.

### Buy CGDs amid declining spot LNG prices; MAHGL is our top BUY

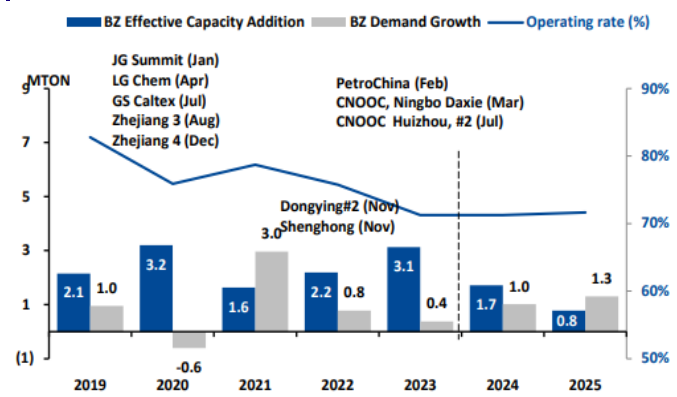
- Other key trends worth highlighting from the O&G sector include declining spot LNG prices (Asia JKM down 23% MoM in Jan'24 till date) and robust MS/HSD marketing margins at INR11/8.6 per lit.
- We also highlight that USD1/mmBtu decline in spot prices increases GUJGA's FY25E EBITDA by ~14%. As such, despite the recent run-up, should spot LNG prices continue to correct, we believe stock price performance should remain strong.
- We also like Mahanagar Gas as its volume growth outlook closely aligns with that of Indraprastha Gas (and with lower EV risk). Moreover, it is currently trading at ~30% discount when measured on FY26E P/E basis.

### AP/ME PX Capacity Addition vs. Demand Growth



Source: CMA (Fall 24), Thai Oil, MOFSL

### AP/ME BZ Capacity Addition vs. Demand Growth



Source: CMA (Fall 24), Thai Oil, MOFSL

### Major PX plant start-up in CY23-25

Country	Company	Capacity (ktpa)	Start-up
China	PetroChina Guangdong	2600	Feb'23
China	CNOOC Ningbo Daxie	1600	Mar'23
China	CNOOC Huizhou, #2	1500	Jul'23
India	Indian Oil	800	Jul'25

Source: CMA (Fall 24), Thai Oil, MOFSL

### Major BZ plant start-up in CY23-25

Country	Company	Capacity (ktpa)	Start-up
China	Sinopec Hainan R&C	200	Jan'23
China	PetroChina Guangdong	870	Feb'23
China	CNOOC Ningbo Daxie	500	Mar'23
China	CNOOC Huizhou, #2	500	Jul'23
China	ExxonMobil	480	Jan'24
Korea	S-Oil	270	Sep'24
China	Sinopec Tianjin	310	Sep'24
China	Shangdong Yulong	1000	4QCY25

Source: CMA (Fall 24), Thai Oil, MOFSL

## Cholamandalam Inv. &amp; Finance

BSE SENSEX  
70,701S&P CNX  
21,353

CMP: INR1,241

Buy

## Conference Call Details

Date: 29<sup>th</sup> Jan 2024

Time: 10:00 AM IST

Dial-in details:

[Link for the call](#)

## Financials &amp; Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Total Income	97.0	127.7	157.9
PPP	59.5	81.5	103.2
PAT	34.8	46.5	58.9
EPS (INR)	41.5	55.4	68.8
EPS Gr. (%)	28	34	24
BV (INR)	233	286	370

## Valuations

NIM (%)	6.9	7.1	7.3
C/I ratio (%)	38.6	36.2	34.6
RoAA (%)	2.6	2.7	2.8
RoE (%)	20.6	21.4	21.2
Payout (%)	6.0	4.5	4.4

## Valuations

P/E (x)	29.9	22.4	18.0
P/BV (x)	5.3	4.3	3.4
Div. Yield (%)	0.2	0.2	0.2

## Earnings in line; NIM stable QoQ driven by a rise in CoB

## Strong AUM growth at 40% YoY; asset quality improves in newer businesses

- CIFIC's 3QFY24 PAT grew 28% YoY to INR8.8b (in line), while NII grew 36% YoY to ~INR21.7b (in line).
- Other income jumped ~75% YoY to ~INR4.1b (33% higher than MOSLe). Opex rose 41% YoY to ~INR10.6b (7% above estimate). This was primarily because the company started booking the insurance distribution income in the standalone entity after it received the insurance agency license. CIR remained stable YoY but rose to ~41% (PQ: ~40%). PPoP grew 40% YoY to INR15.2b.
- NIM (calc.) remained stable QoQ, but core spreads (calc.) declined ~15bp to 6.4%, due to an increase in the borrowing costs (calc.) by ~30bp.
- GS3 declined ~15bp QoQ to 2.8%, NS3 remained stable at ~1.6% while PCR on S3 declined ~220bp QoQ to ~45%. Annualized credit costs declined to ~1.1% (PQ: ~1.3% and PY: ~0.7%). Calculated write-offs stood at ~INR3.5b (PQ: ~INR2.1b). Total ECL provisions carried against the overall book declined ~15bp QoQ to ~2%.
- CIFIC is the best play among asset financiers. It has delivered healthy growth in disbursements and AUM by strategically going underweight/overweight across its diversified product segments. It has also managed to rein in the asset quality deterioration earlier seen in its personal loans business. CIFIC would continue to deliver strong loan growth with benign credit costs. **We have a positive outlook on the stock.**

## Business momentum healthy across all products

- Business AUM grew 40% YoY/8% QoQ, with the share of newer businesses stable at ~11% of the AUM mix. Within vehicle finance, MUV/Cars/ 3W/CE registered sequential growth of 10%/ 7%/ 18%/4%.
- Disbursements were healthy at ~INR224b (in line) and grew 27% YoY. Newer lines of businesses contributed ~22% to the disbursement mix (PQ: 23%).

## Asset quality continues to improve, particularly in LAP and newer businesses

- GS3 remained stable across Vehicle Finance, and Home Loans, and improved in both LAP and the newer business segments. GS3 in newer businesses improved ~35bp QoQ to 1.1% (PQ: 1.4%) and PCR on newer businesses declined to ~45% (PQ: 63%).
- Stage 2 + Stage 3 [30+ dpd] improved ~30bp QoQ to ~5.9% in 3QFY24.
- CRAR stood at 19.4% (Tier 1: ~15.6%) as of Dec'23. CIFIC raised ~INR20b in Equity and ~INR20b in compulsory convertible debentures (CCD) in Oct'23.

## Valuation and view

CIFIC has exhibited conservatism in provisioning, and it now carries an ECL/EAD of ~2.0% (vs. 1.75% prior to Covid-19). The key monitorables are: 1) demand outlook for both new and used vehicles, 2) growth outlook for personal loans (CSEL) and expectations on asset quality in this segment, and 3) the margin trajectory. We will revisit our estimates after the earnings call on 29<sup>th</sup> Jan'24.

## Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	3QFY24E	v/s Est.
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24				
Interest Income	26,123	28,293	31,416	34,991	38,492	42,205	46,099	49,434	1,20,822	1,76,230	45,919	0
Interest Expenses	11,309	13,404	15,433	17,342	20,071	22,052	24,390	25,205	57,488	91,718	23,948	2
<b>Net Interest Income</b>	<b>14,814</b>	<b>14,888</b>	<b>15,983</b>	<b>17,649</b>	<b>18,421</b>	<b>20,153</b>	<b>21,709</b>	<b>24,229</b>	<b>63,334</b>	<b>84,512</b>	<b>21,971</b>	-1
YoY Growth (%)	16.9	17.3	17.2	29.0	24.3	35.4	35.8	37.3	20.2	33.4	37.5	
Other Income	1,587	2,085	2,334	2,952	2,845	3,514	4,088	1,995	8,958	12,442	3,077	33
<b>Total Income</b>	<b>16,401</b>	<b>16,974</b>	<b>18,317</b>	<b>20,601</b>	<b>21,265</b>	<b>23,667</b>	<b>25,797</b>	<b>26,224</b>	<b>72,292</b>	<b>96,953</b>	<b>25,048</b>	3
YoY Growth (%)	20.3	21.9	23.4	32.0	29.7	39.4	40.8	27.3	23.8	34.1	36.7	
Operating Expenses	5,797	6,611	7,520	7,870	7,867	9,461	10,640	9,495	27,799	37,463	9,936	7
<b>Operating Profit</b>	<b>10,604</b>	<b>10,363</b>	<b>10,797</b>	<b>12,731</b>	<b>13,399</b>	<b>14,206</b>	<b>15,157</b>	<b>16,729</b>	<b>44,494</b>	<b>59,490</b>	<b>15,112</b>	0
YoY Growth (%)	6.8	18.4	13.4	39.6	26.4	37.1	40.4	31.4	18.0	33.7	40.0	
Provisions & Loan Losses	2,986	2,782	1,589	1,140	3,723	3,998	3,588	1,219	8,497	12,529	3,650	-2
<b>Profit before Tax</b>	<b>7,617</b>	<b>7,581</b>	<b>9,208</b>	<b>11,591</b>	<b>9,675</b>	<b>10,208</b>	<b>11,569</b>	<b>15,510</b>	<b>35,997</b>	<b>46,962</b>	<b>11,462</b>	1
Tax Provisions	1,961	1,947	2,365	3,063	2,415	2,583	2,807	4,358	9,335	12,163	2,946	-5
<b>Net Profit</b>	<b>5,657</b>	<b>5,634</b>	<b>6,843</b>	<b>8,528</b>	<b>7,260</b>	<b>7,625</b>	<b>8,762</b>	<b>11,152</b>	<b>26,662</b>	<b>34,798</b>	<b>8,516</b>	3
YoY Growth (%)	73.1	-7.1	30.6	23.7	28.3	35.3	28.0	30.8	24.2	30.5	24.5	
<b>Key Parameters (Calc., %)</b>												
Yield on loans	13.6	13.7	14.1	14.1	14.1	14.3	14.4	14.5	13.2	14.3		
Cost of funds	6.3	7.0	7.3	7.4	7.8	7.8	8.0	7.8	6.9	7.9		
Spread	7.3	6.7	6.7	6.7	6.3	6.6	6.4	6.7	6.3	6.4		
NIM	7.5	7.0	7.0	7.0	6.7	6.7	6.7	7.0	7.1	6.9		
C/I ratio	35.3	38.9	41.1	38.2	37.0	40.0	41.2	36.2	38.5	38.6		
Credit cost	1.5	1.3	0.7	0.5	1.3	1.3	1.1	0.4	0.9	1.0		
Tax rate	25.7	25.7	25.7	26.4	25.0	25.3	24.3	28.1	25.9	25.9		
<b>Balance Sheet Parameters</b>												
<b>Disbursements (INR b)</b>	<b>133</b>	<b>146</b>	<b>176</b>	<b>210</b>	<b>200</b>	<b>215</b>	<b>224</b>	<b>250</b>	<b>665</b>	<b>890</b>		
Growth (%)	266.7	68.0	68.4	65.3	50.2	47.3	27.5	19.0	87.5	33.7		
<b>AUM (INR b)</b>	<b>819</b>	<b>877</b>	<b>955</b>	<b>1,065</b>	<b>1,148</b>	<b>1,242</b>	<b>1,338</b>	<b>1,418</b>	<b>1,065</b>	<b>1,418</b>		
Growth (%)	20.8	25.2	31.3	38.5	40.1	41.7	40.1	33.1	38.5	33.1		
<b>AUM mix (%)</b>												
Vehicle finance	67.6	65.7	64.2	62.9	61.9	60.7	59.5		62.9	60.0		
Home Equity	21.6	21.5	20.9	20.3	19.9	19.9	20.1		20.3	20.1		
Home loans & Others	10.8	12.8	14.9	16.9	18.2	19.4	20.4		8.9	10.4		
<b>Borrowings (INR b)</b>	<b>739</b>	<b>793</b>	<b>893</b>	<b>974</b>	<b>1,081</b>	<b>1,195</b>	<b>1,231</b>		<b>974</b>	<b>1,340</b>		
Growth (%)	17.0	27.3	35.7	40.7	46.3	50.6	37.8		40.7	37.6		
<b>Asset Quality Parameters</b>												
GS 3 (INR B)	34.1	33.8	33.7	32.2	35.5	37.2	38.1		32.2	34.3		
GS 3 (%)	4.2	3.8	3.5	3.0	3.1	3.0	2.8		3.0	2.4		
NS 3 (INR B)	20.2	19.8	19.9	17.4	19.4	19.6	20.9		17.4	17.8		
NS 3 (%)	2.5	2.3	2.1	1.7	1.7	1.6	1.6		1.7	1.3		
PCR (%)	40.7	41.5	41.0	46.0	45.4	47.3	45.1		46.0	48.0		
<b>Vehicle finance AUM mix (%)</b>												
LCV	21.0	21.4	20.9	21.0	20.8	20.7	19.9		21.0			
Cars & MUV	18.9	19.4	19.9	20.2	20.7	21.2	21.8		18.9			
3W & SCV	4.6	4.5	4.4	4.2	4.0	3.9	3.9		4.6			
Used CV	27.4	27.1	26.9	26.6	26.7	26.9	27.0		27.4			
Tractor	9.6	9.2	9.0	8.4	8.1	7.8	7.5		9.6			
HCV	7.2	7.0	6.7	7.1	6.9	6.7	6.6		7.2			
CE	6.4	6.4	6.5	6.7	6.6	6.5	6.5		6.4			
Two wheeler	4.9	5.2	5.7	5.8	6.1	6.4	6.8		4.9			

E: MOFSL estimates

## Macrotech Developers

BSE SENSEX

70,701

S&amp;P CNX

21,353

## Conference Call Details



Date: 29 January 2024

Time: 09:30 IST

Dial-in details:

+91-22 6280 1342

## Financials &amp; Valuations (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	100.2	140.6	182.3
EBITDA	24.1	37.3	51.9
EBITDA Margin (%)	24.0	26.5	28.5
PAT	14.1	24.0	34.8
EPS (INR)	14.7	24.9	36.1
EPS Gr. (%)	-8.2	69.9	45.1
BV/Sh. (INR)	143.2	163.1	192.0
<b>Ratios</b>			
RoE (%)	10.7	16.3	20.4
RoCE (%)	8.4	12.5	17.0
Payout (%)	20.0	20.0	20.0
<b>Valuations</b>			
P/E (x)	72.1	42.4	29.2
P/BV (x)	7.4	6.5	5.5
EV/EBITDA (x)	44.8	28.3	20.0
Div yld (%)	0.3	0.5	0.7

CMP: INR1,056

Buy

## Steady performance; Bengaluru launch receives strong response

Exceeds BD guidance in 9MFY24

## Operational performance

- As disclosed in its operational update, LODHA achieved sales of INR34b (7% below our estimate), up 12% YoY but down 4% QoQ. Pre-sales for 9MFY23 stood at INR103b, up 14% YoY.
- The residential business generated bookings of INR32b in 3Q (up 5% YoY) and INR99b in 9MFY24 (up 16% YoY).
- Sales volumes for 3Q increased 4% YoY to 2.6msf. Blended realization stood flat YoY but declined 8% QoQ due to a lower contribution from the south and central Mumbai projects.
- In 3Q, LODHA launched its first project in Bengaluru, which received an excellent response and was sold out in three days. The project also achieved an impressive realization of INR11.8k/sf (vs. underwritten price of INR9.2k/sf).
- The management remains confident of achieving its pre-sales guidance of INR145b, given the launch pipeline of 4.4msf for 4QFY24.
- On the land bank side, the company has concluded a transaction at the highest-ever realization level of INR65m/acre – higher by 2.5x since CY21. Overall, it monetized INR2b worth of land in 3QFY24.

## Cash flow performance

- Collections were flat YoY at INR26b and OCF stood at INR10b (excluding proceeds from UK), down 28% YoY/18% QoQ.
- During the quarter, LODHA acquired three new projects in the south and central Mumbai, with cumulative GDV of INR60b. In 9MFY24, the company achieved BD of INR203b – higher than full-year guidance of INR175b.
- LODHA generated INR14b of surplus cash, which was largely utilized for new project acquisitions. Accordingly, net debt was flat QoQ at INR67.5b, with net D/E of 0.5x (in line with guidance).

## Financial performance

- LODHA reported its highest-ever revenue of INR29.3b, up 65% YoY/68% QoQ and in line with our estimate.
- EBITDA (excl. other income) increased by 116% YoY/112% QoQ to INR8.8b, as margin improved by 700bp YoY/600bp QoQ to 30%. Adjusted EBITDA (excluding interest charge-off and capitalized interest) came in at INR10.8b, at a margin of 37%. The embedded EBITDA margin for pre-sales reported in 9MFY24 stood ~31%.
- The company has now fully divested its UK investments and has recognized an exceptional loss of INR1b.
- Consequently, PAT growth moderated to 25% YoY to INR5b, with margin of 17%.

### Quarterly Performance

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	(%/bp)
<b>Gross Sales</b>	<b>26,758</b>	<b>17,654</b>	<b>17,738</b>	<b>32,554</b>	<b>16,174</b>	<b>17,496</b>	<b>29,306</b>	<b>37,262</b>	<b>94,704</b>	<b>1,00,238</b>	<b>28,067</b>	<b>4</b>
YoY Change (%)	67	-17	-14	-5	-40	-1	65	14	2.6	5.8	58.2	
Total Expenditure	22,091	13,414	13,701	24,837	12,874	13,335	20,479	29,493	74,042	76,181	21,277	
<b>EBITDA</b>	<b>4,667</b>	<b>4,240</b>	<b>4,038</b>	<b>7,717</b>	<b>3,300</b>	<b>4,161</b>	<b>8,827</b>	<b>7,769</b>	<b>20,661</b>	<b>24,057</b>	<b>6,789</b>	<b>30</b>
Margins (%)	17.4	24.0	22.8	23.7	20.4	23.8	30.1	20.8	21.8	24.0	24.2	
<b>Adj. EBITDA (as per co.)</b>	<b>9,030</b>	<b>5,250</b>	<b>5,700</b>	<b>9,800</b>	<b>4,600</b>	<b>5,500</b>	<b>10,800</b>	<b>7,769</b>	<b>29,780</b>	<b>28,669</b>	<b>6,789</b>	<b>59</b>
Margins (%)	33.7	29.7	32.1	30.1	28.4	31.4	36.9	20.8	31.4	28.6	24.2	
Depreciation	196	219	217	296	240	293	333	212	928	1,078	280	
Interest	1,193	1,249	1,176	1,172	1,241	1,231	1,168	1,327	4,791	4,967	1,260	-7
Other Income	0	-42	1,286	163	544	55	281	30	1,408	910	227	24
<b>PBT before EO expense</b>	<b>3,278</b>	<b>2,730</b>	<b>3,931</b>	<b>6,412</b>	<b>2,363</b>	<b>2,692</b>	<b>7,607</b>	<b>6,259</b>	<b>16,350</b>	<b>18,921</b>	<b>5,477</b>	<b>39</b>
Extra-Ord expense	0	-11,774	0	0	0	0	1,049	0	-11,774	0	0	
<b>PBT</b>	<b>3,278</b>	<b>-9,044</b>	<b>3,931</b>	<b>6,412</b>	<b>2,363</b>	<b>2,692</b>	<b>6,558</b>	<b>6,259</b>	<b>4,576</b>	<b>18,921</b>	<b>5,477</b>	<b>20</b>
Tax	559	270	-119	-1,080	556	624	1,439	2,111	-370	4,730	1,369	
Rate (%)	17.0	-3.0	-3.0	-16.8	23.5	23.2	21.9	33.7	-0.1	0.3	25.0	
Minority Interest & P/L of Asso. Cos.	6	16	0	58	15	40	67	-42	80	80	24	
<b>Reported PAT</b>	<b>2,713</b>	<b>-9,330</b>	<b>4,050</b>	<b>7,434</b>	<b>1,792</b>	<b>2,028</b>	<b>5,052</b>	<b>4,190</b>	<b>4,866</b>	<b>14,111</b>	<b>4,083</b>	<b>24</b>
<b>Adj PAT (as per co.)</b>	<b>1,200</b>	<b>3,670</b>	<b>3,000</b>	<b>7,500</b>	<b>1,700</b>	<b>2,100</b>	<b>5,700</b>	<b>4,190</b>	<b>15,370</b>	<b>13,690</b>	<b>4,083</b>	<b>40</b>
YoY Change (%)	-2	28	8	31	42	-43	90	-44	21.9	-10.9	36.1	
Margins (%)	4.5	20.8	16.9	23.0	10.5	12.0	19.4	11.2	16.2	13.7	14.5	490bp

Source: Company, MOFSL

### Quarterly Performance

Key metrics	FY23				FY24				FY23	FY24	FY24E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	(%/bp)
Sale Volume (msf)	2.2	2.1	2.5	2.5	2.8	2.6	2.6	3.3	9.3	11.3	2.5	2
Sale Value (INRb)	28.1	31.5	30.7	30.3	33.5	35.3	34.1	47.0	120.6	149.9	36.7	-7
Collections (INRb)	26.2	23.8	26.8	29.3	24.0	27.5	25.9	36.0	106.0	122.2	30.9	-16
Realization (INR/sft)	11,027	13,743	11,920	11,680	11,429	13,308	12,192	14,294	12,056	13,280	13,880	-12

Source: Company, MOFSL



## APL Apollo Tubes

BSE SENSEX  
70,701S&P CNX  
21,353

## Conference Call Details

Date: 29<sup>th</sup> Jan, 2024

Time: 12:00pm IST

Concall link:

[Click here](#)

CMP: INR1,490

Buy

## Operating performance in line with estimates

- APAT's consolidated revenue declined 3% YoY/10% QoQ to INR41.8b (in line with est.).
- Gross margin came in at 14.2%, up 130bp YoY/10bp QoQ. Gross profit/MT stood at INR9,812 (+6% YoY, +2% QoQ). EBITDA margins grew 40bp YoY (down 30bp QoQ) to 6.7% (in line). EBITDA grew 2% YoY (declined 14% QoQ) to INR2.8b (in line). **EBITDA/MT stood at INR4,631** (+3% YoY, -4% QoQ). Adj. PAT declined 2% YoY/18% QoQ to INR1.65b (in line).
- For 9MFY24, revenue/EBITDA/adj. PAT grew 14%/31%/28% YoY to INR133.5b/INR9.1b/INR5.6b.
- Net debt as of Dec'23 increased to INR4b vs. INR2.4b as on Mar'23.

## Quarterly volume Data

- Quarterly sales volume remained flat at **603,659 MT** in 3QFY24 (down 11% QoQ) due to channel de-stocking in anticipation of steel price corrections. In the first two months of 3QFY24, global steel prices fell 12% from the peak levels.
- VAP mix increased to 59% in 3QFY24 vs. 56%/55% in 3QFY23/2QFY24.
- Capacity update: The new Raipur plant ramped up, with utilization reaching 41% in 3QFY24 and 53% in Dec'23. The Dubai plant started production in Dec'23, witnessing a strong response from global steel tube distributors for APL Apollo's products.

## Consolidated - Quarterly Earning Model

(INRm)

Y/E March	FY23				FY24				FY23	FY24	FY24E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	%
Gross Sales	34,386	39,692	43,271	44,311	45,449	46,304	41,778	52,292	1,61,660	1,85,822	42,308	-1
YoY Change (%)	35.7	28.7	34.0	5.1	32.2	16.7	-3.5	18.0	23.8	14.9	-2.2	
Total Expenditure	32,446	37,373	40,543	41,082	42,377	43,054	38,982	48,368	1,51,444	1,72,781	39,518	
EBITDA	1,939	2,319	2,729	3,229	3,072	3,250	2,795	3,923	10,216	13,041	2,790	0
Margins (%)	5.6	5.8	6.3	7.3	6.8	7.0	6.7	7.5	6.3	7.0	6.6	
Depreciation	294	276	345	468	409	413	471	500	1,383	1,793	480	
Interest	100	136	186	249	271	266	285	240	671	1,063	250	
Other Income	83	116	93	180	217	196	150	210	472	773	200	
PBT before EO expense	1,629	2,023	2,290	2,692	2,608	2,767	2,190	3,393	8,633	10,958	2,260	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	1,629	2,023	2,290	2,692	2,608	2,767	2,190	3,393	8,633	10,958	2,260	
Tax	422	521	598	673	672	738	535	854	2,215	2,799	569	
Rate (%)	25.9	25.7	26.1	25.0	25.8	26.7	24.4	25.2	25.7	25.5	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	1,207	1,502	1,692	2,018	1,936	2,029	1,655	2,539	6,419	8,159	1,691	
Adj PAT	1,207	1,502	1,692	2,018	1,936	2,029	1,655	2,539	6,419	8,159	1,691	-2
YoY Change (%)	-28.4	2.8	32.3	14.3	60.5	35.1	-2.2	25.8	3.7	27.1	0.0	
Margins (%)	3.5	3.8	3.9	4.6	4.3	4.4	4.0	4.9	4.0	4.4	4.0	

## Indraprastha Gas

BSE SENSEX  
70,701S&P CNX  
21,353

CMP: INR406

Sell

## Conference Call Details



Date: 29 January 2024

Time: 15:00 noon IST

Dial in:

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## Miss on margin due to higher-than-expected costs

- Total volumes were in line with our estimate at 8.48mmscmd (up 4% YoY)
  - CNG volumes stood at 6.33mmscmd (up 4% YoY) and PNG volumes at 2.15mmscmd (up 5% YoY)
- EBITDA/scm came below our est. at INR7.2 (vs. our est. of INR8.5 and INR8.6 in 2QFY24)
  - Gross margin came in at INR12.9/scm (vs. INR14.1/scm in 2QFY24)
  - Opex came in at INR5.7/scm (vs. INR5.5 in 2QFY24)
  - Resulting EBITDA was below our estimate at INR5.6b (our est. of INR6.7b, up 32% YoY)
- PAT stood at INR3.9b (below our est. of INR4.6b, up 41% YoY)
- IGL's share in CUGL and MNGL added INR858m to its consol. profit (up 54% YoY) in 3QFY24.
- For 9MFY24, EBITDA was up 18% YoY to INR18.6b, with EBITDA/scm of INR8.1 (up 14% YoY). PAT was up 22% YoY to INR13.7b.
  - Total volumes were up 4% YoY at 8.33mmscmd, with CNG at 6.25mmscmd (up 4% YoY) and PNG at 2.08mmscmd (up 4% YoY)
  - IGL's share in CUGL and MNGL added INR2.6b to its consol. profit (up 40% YoY).
- 9MFY24 EBITDA stood at 71% of our FY24 estimate.

## Standalone Quarterly performance

Y/E March	FY23				FY24				Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	3QAct			
Net Sales	31,939	35,540	37,108	36,872	34,070	34,585	33,626	35,562	6%	-4%	3%
Change (%)	154.0	94.1	67.5	53.3	6.7	-2.7	-9.4	-4.2			
EBITDA	6,175	5,275	4,285	4,663	6,424	6,569	6,650	5,641	-15%	32%	-14%
EBITDA (INR/scm)	8.6	7.1	5.7	6.3	8.6	8.6	8.5	7.2	-15%	26%	-16%
% Change	62.1	-0.5	-8.8	-6.8	4.0	24.5	55.2	31.7			
Depreciation	857	914	925	938	989	1,022	1,047	1,018			
Interest	24	31	26	26	24	25	25	18			
Other Income	307	1,100	557	654	457	1,340	537	550			
PBT after EO	5,602	5,430	3,891	4,354	5,867	6,862	6,115	5,155	-16%	32%	-25%
Tax	1,394	1,269	1,109	1,057	1,483	1,514	1,539	1,235			
Rate (%)	24.9	23.4	28.5	24.3	25.3	22.1	25.2	23.9			
PAT	4,209	4,162	2,783	3,298	4,384	5,348	4,576	3,921	-14%	41%	-27%
PAT (INR/scm)	5.9	5.6	3.7	4.4	5.9	7.0	5.9	5.0	-14%	35%	-28%
Change (%)	72.3	3.9	-9.8	-8.8	4.2	28.5	64.5	40.9			
EPS (INR)	6.0	5.9	4.0	4.7	6.3	7.6	6.5	5.6	-14%	41%	-27%
Gas Volumes (mmscmd)											
CNG	5.93	6.09	6.07	6.11	6.17	6.25	6.33	6.33	0%	4%	1%
PNG	1.96	2.00	2.05	2.14	2.03	2.06	2.17	2.15	-1%	5%	5%
Total	7.89	8.09	8.12	8.26	8.20	8.30	8.50	8.48	0%	4%	2%

## Vedant Fashion

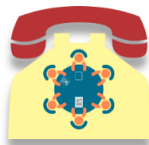
BSE SENSEX

70,701

S&amp;P CNX

21,353

## Conference Call Details

**Date:** 29<sup>th</sup> Jan'24**Time:** 4pm IST**Dial-in details:**

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## Financials &amp; Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	13.5	14.4	17.3
EBITDA	6.7	7.1	8.5
Adj. PAT	4.3	4.4	5.4
EBITDA Margin (%)	49.5	49.1	49.0
Adj. EPS (INR)	17.7	18.2	22.4
EPS Gr. (%)	36.2	3.0	23.0
BV/Sh. (INR)	55.9	66.5	79.5

## Ratios

Net D:E	(0.4)	(0.4)	(0.5)
RoE (%)	34.6	28.8	29.7
RoCE (%)	29.6	25.6	26.1
Payout (%)	50.9	40.0	40.0

## Valuations

P/E (x)	64.2	62.4	50.7
EV/EBITDA (x)	41.5	39.0	32.3
EV/Sales (X)	20.5	19.2	15.8
Div. Yield (%)	0.8	0.6	0.8
FCF Yield (%)	1.8	1.7	2.1

CMP: INR1,135

Neutral

## EBITDA/PAT up 8%/5% (miss), dragged by soft revenue growth

- Consolidated revenue grew 7% YoY to INR4.7b (6% miss) in 3QFY24, mainly led by footprint additions.
- Sales to customers reported a growth of 11% YoY and stood at INR6,504m
- The reported SSSG for 3QFY24 declined 2.1% given that the month of Oct'23 was impacted by "Shraddh".
- Gross profit grew 5% YoY to INR3.4b (8% miss), with gross margin at 71.7% (vs. 73.3% estimated). Gross margin (including Job Work) remained flat YoY at 67.8%.
- Employee costs declined 10% YoY to INR138m, while other expenses remained flat YoY at INR842m (~10% below our estimates each).
- As a result, EBITDA grew 8% YoY to INR2.4b (8% miss) dragged by lower revenue and GM, offset by strong control measures undertaken. The EBITDA margin expanded YoY and stood at 51%.
- Depreciation/Finance costs grew 37%/50% YoY while other income increased 55% YoY.
- Consequently, PAT rose 5% YoY to INR1.6b (10% miss) during the quarter.
- For 9MFY24, revenue reported a marginal decline of 1% to INR10b while EBITDA declined 4% YoY to INR4.8b. PAT declined 7% YoY and stood at INR3b.
- SSSG for 9MFY24 declined 12.7% as the period saw significantly lower wedding dates, general slowdown impacting consumer sentiments, and higher base effect of the last year.

## Other Highlights:

- The company added four (net) new stores, taking the overall store count to 673, covering a total area of 1.64m sq.ft.
- Oct'23 was significantly hit by the inauspicious Shraddh period; however, the EBO customer sales rose ~30.7% and SSSG grew ~17.3% during the major wedding and festivities period of 60 days starting from Navratri as compared to the last year's 60-day period starting from Navratri.
- The Board approved the scheme of amalgamation to merge the wholly owned subsidiary, Manyavar Creations Private Limited.

**Quarterly Earning**

(InR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	Var (%)
<b>Revenue</b>	<b>3,250</b>	<b>2,469</b>	<b>4,414</b>	<b>3,416</b>	<b>3,116</b>	<b>2,183</b>	<b>4,745</b>	<b>4,400</b>	<b>13,549</b>	<b>14,444</b>	<b>5,062</b>	<b>-6.3</b>
YoY Change (%)	103.1	23.5	14.7	15.3	-4.1	-11.6	7.5	28.8	30.2	6.6	14.7	
Total Expenditure	1,619	1,315	2,170	1,737	1,635	1,255	2,324	2,138	6,841	7,352	2,440	-4.8
<b>EBITDA</b>	<b>1,631</b>	<b>1,154</b>	<b>2,245</b>	<b>1,679</b>	<b>1,482</b>	<b>928</b>	<b>2,420</b>	<b>2,262</b>	<b>6,708</b>	<b>7,092</b>	<b>2,622</b>	<b>-7.7</b>
EBITDA margins (%)	50.2	46.7	50.9	49.1	47.5	42.5	51.0	51.4	49.5	49.1	51.8	
Change YoY (%)	135.6	26.6	17.2	16.6	-9.1	-19.6	7.8	34.7	189.6	111.2	16.8	
Depreciation	264	249	251	274	299	325	344	347	1,038	1,315	329	4.8
Interest	78	77	75	84	94	107	112	121	315	434	114	-2.1
Other Income	71	97	100	134	150	151	155	108	402	563	151	2.3
<b>PBT before EO expense</b>	<b>1,359</b>	<b>925</b>	<b>2,019</b>	<b>1,454</b>	<b>1,238</b>	<b>648</b>	<b>2,119</b>	<b>1,902</b>	<b>5,758</b>	<b>5,907</b>	<b>2,331</b>	<b>-9.1</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
Tax	351	235	516	366	319	161	542	467	1,467	1,489	587	-7.7
Rate (%)	25.8	25.4	25.5	25.2	25.7	24.8	25.6	24.6	25.5	25.2	25.2	1.5
<b>Reported PAT</b>	<b>1,009</b>	<b>690</b>	<b>1,504</b>	<b>1,089</b>	<b>919</b>	<b>487</b>	<b>1,577</b>	<b>1,435</b>	<b>4,291</b>	<b>4,418</b>	<b>1,743</b>	<b>-9.5</b>
<b>Adj PAT</b>	<b>1,009</b>	<b>690</b>	<b>1,504</b>	<b>1,089</b>	<b>919</b>	<b>487</b>	<b>1,577</b>	<b>1,435</b>	<b>4,291</b>	<b>4,418</b>	<b>1,743</b>	<b>-9.5</b>
YoY Change (%)	123	30	18	23	-9	-29	5	32	36	3	16	

E: MOFSL Estimates

# Craftsman Automation

BSE SENSEX  
70,701S&P CNX  
21,353

## Conference Call Details

**Date:** 29<sup>th</sup> Jan'24**Time:** 4PM IST**Dial-in details:** [\[Diamond pass\]](#)

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### Financials & Valuations (INR b)

INR b	FY23	FY24E	FY25E
Sales	31.8	47.5	54.7
EBITDA	6.8	9.9	11.9
Adj. PAT	2.5	3.9	4.9
EPS (INR)	117.6	186.8	232.4
EPS Gr. (%)	54.8	58.8	24.4
BV/Sh. (INR)	652	825	1,039
<b>Ratios</b>			
RoE (%)	19.7	25.3	24.9
RoCE (%)	14.3	18.6	19.3
Payout (%)	9.6	7.5	7.7
<b>Valuations</b>			
P/E (x)	40.4	25.4	20.4
P/BV (x)	7.3	5.8	4.6
Div. Yield (%)	0.2	0.3	0.4
FCF Yield (%)	2.7	2.4	4.2

**CMP:INR4,746****Buy**

### Overall performance miss due to lower-than-est. growth across verticals

#### Overall financials:

- Consol 3QFY24 revenues grew 51% YoY to INR11.3b (vs. est. INR12b). This was driven by 27%/16% YoY growth in AI products/industrial segments, respectively. Base quarter of 3QFY23 did not contain DR Axion financials.
- Gross margin declined 280bp YoY to 46.8% (vs. est. 46.4%). Further, operating leverage affected EBITDA margin, which declined 160bp YoY (down 70bp QoQ) to 19.5% (vs. est. 20.7%).
- EBITDA grew 39% YoY to INR2.2b (vs. est. INR2.5b).
- Adj. PAT grew 42% YoY to INR731m (vs. est. INR1b).
- 9MFY24 revenue/EBITDA/adj. PAT grew 52%/37%/44% YoY.

#### Segmental performance:

- Revenue for AI products/Industrial grew 27%/16% YoY; however, auto powertrain (~35% contribution) declined 4% YoY.
- PBIT margins improved 950bp YoY/50bp YoY to 13.4%/6.2% for AI products/industrial, while it declined for auto powertrain by 660bp YoY to 18.2%.

#### DR Axion- 3QFY24 performance (derived)

- Revenue came in at INR3.2b (~38% of consol revenue; vs. est. INR3.5b).
- EBITDA stood at INR650m (~30% of consol EBITDA; vs. est. 631m), with margin at 20% (vs. est. 18.1%)

#### Valuation view: The stock trades at 25.4x/20.4x FY24E/FY25E EPS.

### Quarterly (Consol)

(INR Million)

	FY23				FY24E				FY23		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY23	FY24E	3QE
<b>Net operating income</b>	<b>6,758</b>	<b>7,713</b>	<b>7,490</b>	<b>9,804</b>	<b>10,376</b>	<b>11,791</b>	<b>11,297</b>	<b>14,085</b>	<b>31,826</b>	<b>47,549</b>	<b>12,103</b>
Change (%)	56.6	35.6	35.8	49.8	53.5	52.9	50.8	43.7	44.2	49.4	61.6
RM/Sales (%)	47.8	51.2	50.4	54.3	52.5	53.2	53.2	53.2	51.2	53.0	53.4
Staff Cost (% of Sales)	8.4	7.4	7.8	6.2	6.5	6.1	6.8	5.4	7.3	6.1	6.0
Other Exp. (% of Sales)	19.6	19.3	20.6	20.3	20.4	20.6	20.6	18.8	20.0	20.0	19.9
<b>EBITDA</b>	<b>1,634</b>	<b>1,701</b>	<b>1,583</b>	<b>1,884</b>	<b>2,142</b>	<b>2,375</b>	<b>2,202</b>	<b>3,183</b>	<b>6,836</b>	<b>9,902</b>	<b>2,509</b>
EBITDA Margins (%)	24.2	22.1	21.1	19.2	20.6	20.1	19.5	22.6	21.5	20.8	20.7
Non-Operating Income	13	17	46	49	37	47	35	62	125	182	50
Interest	254	233	296	419	424	416	442	429	1202	1710	430
Depreciation	532	547	538	599	683	668	703	668	2216	2722	680
Minority Int/Share of Profit	0	0	-2	-1	62	97	82	86	21	340	88
<b>PBT after EO items</b>	<b>861</b>	<b>939</b>	<b>797</b>	<b>916</b>	<b>1,011</b>	<b>1,241</b>	<b>1,010</b>	<b>2,062</b>	<b>3,522</b>	<b>5,311</b>	<b>1,361</b>
Eff. Tax Rate (%)	35.5	35.4	35.3	12.4	26.3	23.8	27.6	25.4	29.5	25.7	26.5
<b>Rep. PAT</b>	<b>556</b>	<b>606</b>	<b>516</b>	<b>802</b>	<b>745</b>	<b>945</b>	<b>731</b>	<b>1,538</b>	<b>2,484</b>	<b>3,945</b>	<b>1,001</b>
Change (%)	143.3	22.7	40.2	56.2	34.0	56.0	41.7	91.6	54.8	58.8	94.0
<b>Adj. PAT</b>	<b>556</b>	<b>606</b>	<b>516</b>	<b>802</b>	<b>745</b>	<b>945</b>	<b>731</b>	<b>1,538</b>	<b>2,484</b>	<b>3,945</b>	<b>1,001</b>
Change (%)	143.3	22.7	40.2	56.2	34.0	56.0	41.7	91.6	54.8	58.8	94.0

E: MOFSL Estimates



### Key Performance Indicators

	FY23				FY24E				FY23	FY24E	
Segment Revenues	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
Auto Powertrain	3,478	3,782	4,084	3,927	3,824	3,938	3,925	5,051	15,271	16,737	4,095
Growth (%)	49.7	29.5	39.7	16.3	10.0	4.1	-3.9	28.6	32.3	9.6	0.3
Contribution(%)	51.5	49.0	54.6	40.1	36.9	33.4	34.7	35.9	51.2	49.2	47.5
PBIT Margin (%)	27.4	24.6	24.7	23.6	21.9	19.6	18.2	0.0	25.0	18.1	0.0
Aluminium Products	1,714	1,963	1,759	1,970	2,076	2,350	2,232	2,655	7,406	9,313	2,468
Growth (%)	69.1	39.5	22.6	18.3	21.1	19.7	26.9	34.8	34.2	25.8	40.3
Contribution(%)	25.4	25.5	23.5	20.1	20.0	19.9	19.8	18.9	24.8	27.4	28.6
PBIT Margin (%)	11.9	7.6	3.9	11.4	12.6	15.1	13.4	0.0	8.7	4.4	0.0
Industrial	1,567	1,968	1,633	1,959	1,658	1,956	1,895	2,458	7,126	7,968	2,064
Growth (%)	59.8	44.7	41.0	30.3	5.8	-0.6	16.0	25.5	42.5	11.8	26.4
Contribution(%)	23.2	25.5	21.8	20.0	16.0	16.6	16.8	17.5	23.9	23.4	23.9
PBIT Margin (%)	7.0	12.1	5.7	9.3	6.6	10.3	6.2	0.0	8.7	4.1	0.0
DR Axion	0	0	0	1,949	2,819	3,546	3,245	3,921	2,024	13,531	3475.2
Growth (%)									3.9	568.7	
Contribution (%)	0.0	0.0	0.0	19.9	27.2	30.1	28.7	33.8	29.6	35.9	35.7
EBIT Margin (%)	0.0	0.0	0.0	7.3	14.4	15.4	16.5	13.5	8.8	14.9	15.1

**Canara Bank: NIM will be in the 2.9-3% range, will try to get near 3%; K Satyanarayana Raju, CEO**

- There is stress in COD
- NIM will be in the 2.9%-3% range, will try to get near 3%
- RBI norms impacted CRAR, will pass on the cost to NBFCs
- RAM credit growth is at an all-time high

[➔ Read More](#)**Bajaj Auto: Will introduce upgrades in Pulsar range at a breathtaking pace; Rakesh Sharma, ED**

- We are clipping at 3x industry growth in upper half segment of 2-ws
- Electric 2W market share has risen to 14% as on Q3 vs 10% in Q2
- 150-250 cc segment market share has gone up 8% between FY23-end & Dec'23
- Focus is now on 125cc segment which is half of the industry now

[➔ Read More](#)**CEAT: Volume growth was at 12.5% led by 25% growth in exports business; Arnab Banerjee, COO**

- Volume growth was at 12.5% led by 25% growth in export business
- Replacement volume growth was good, OEM growth was slightly lower
- Q4 volume growth will be similar to Q3
- There is slight drop in margin QoQ due to increase in raw material prices

[➔ Read More](#)**Laurus Lab: Worst is behind us, should report better results; Satyanarayana Chava, COO**

- Health of business is determined by factors such as GM
- GM has been above 50% in past few quarters
- EBITDAM will be above 20% in Q4
- Q4 margin will be more than 20% vs 15.1% in Q3

[➔ Read More](#)

### **Birlasoft: Would like to keep margin in a narrow band; Angan Guha, CEO**

- Deal pipeline is improving & is better than it's ever been
- Aspire to hit \$1bn, can't give a timeline to it
- Expect attrition to remain at current levels for the next quarter or so
- 9MFY24 total contract value is up approx. 10% YoY

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### **Amber Enterprises: Tie up with Titagarh will create a TAM of Rs 75k cr to Rs 80k cr in 5-6 years; Jasbir Singh, Chairman**

- Tie up with Titagarh will create a total addressable market of Rs 75,000 cr to Rs 80,000 cr in 5-6 years
- Sidwal has an order book of Rs. 1,100 cr and expected to double with the Titagarh announcement
- Next year ROCE is expected at 19-21%
- Subsidiary Sidwal has 20% EBITDAM and 40% ROCE

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### **Ujjivan SFB: Employee cost an investment for future; Ittira Davis, MD & CEO**

- Overall growth indicated at 25% and secured book will have to grow faster
- NIM guidance of 9% for FY24 intact
- Looking to add 55 branches next year, hence overall cost structure will be less
- No concerns from regulators as slowing down on unsecured and adding more secured products

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### **Kolte-Patil: Will achieve margin levels on a project level; Rahul Tatele, CEO**

- Expecting 25-30% of diversification beyond Pune in the next financial year
- Will achieve margin levels on a project level
- We will do pre-sales of Rs. 3,500 cr in FY25
- Planned to launch Rs. 7k cr worth inventory in FY25

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Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Automobiles																
Amara Raja Ener.	Neutral	813	780	-4	47.8	53.7	56.4	11.8	12.5	5.0	17.0	15.1	2.4	2.1	14.6	14.8
Apollo Tyres	Buy	518	535	3	27.9	33.0	36.6	63.1	18.0	11.0	18.5	15.7	1.8	1.6	13.0	13.8
Ashok Ley.	Buy	170	215	27	8.8	10.9	12.1	95.6	23.8	11.2	19.2	15.5	4.8	3.8	27.5	27.4
Bajaj Auto	Neutral	7597	6775	-11	277.3	310.9	348.5	29.5	12.1	12.1	27.4	24.4	7.7	7.0	29.4	30.0
Balkrishna Inds	Neutral	2528	2475	-2	71.7	94.9	118.1	37.5	32.3	24.5	35.2	26.6	5.9	5.2	16.6	20.1
Bharat Forge	Buy	1200	1385	15	27.7	40.2	44.6	138.2	45.0	11.1	43.3	29.9	7.3	6.0	17.9	22.0
Bosch	Neutral	22770	20115	-12	557.7	715.6	815.4	15.5	28.3	14.0	40.8	31.8	5.4	5.0	14.1	16.3
CEAT	Buy	2834	2960	4	173.9	181.9	202.6	235.2	4.6	11.3	16.3	15.6	2.8	2.4	18.8	17.3
Craftsman Auto	Buy	4746	6050	27	186.8	232.4	289.2	58.8	24.4	24.4	25.4	20.4	5.8	4.6	25.3	24.9
Eicher Mot.	Neutral	3616	3815	6	147.5	167.2	195.2	38.4	13.4	16.8	24.5	21.6	5.6	4.7	24.6	23.6
Endurance Tech.	Buy	1977	2160	9	48.5	61.9	72.0	39.8	27.7	16.4	40.8	32.0	5.6	4.9	14.5	16.3
Escorts Kubota	Neutral	2943	2900	-1	90.3	104.4	119.9	75.9	15.6	14.9	32.6	28.2	3.9	3.5	12.7	13.1
Exide Ind	Neutral	310	340	10	12.5	15.9	18.3	17.4	27.6	15.1	24.9	19.5	2.2	2.0	8.8	10.3
Hero Moto	Buy	4445	4590	3	199.7	215.7	242.4	37.2	8.0	12.4	22.3	20.6	4.8	4.3	22.7	22.0
M&M	Buy	1635	2005	23	89.4	94.4	104.7	37.8	5.6	11.0	18.3	17.3	3.8	3.2	22.5	20.2
CIE Automotive	Buy	485	555	14	22.3	26.5	30.7	23.3	19.2	15.8	21.8	18.3	3.2	2.8	15.5	16.3
Maruti Suzuki	Buy	9887	12055	22	443.3	460.9	508.2	63.1	4.0	10.3	22.3	21.5	4.2	3.3	18.7	15.1
MRF	Sell	136646	104185	-24	5,385.85	3,360.85	5,929.5	197.0	-0.5	10.6	25.4	25.5	3.4	3.0	14.4	12.6
Samvardh. Motherson	Buy	115	120	4	4.3	5.1	5.7	85.5	20.0	10.9	26.9	22.4	3.2	2.9	12.4	13.5
Motherson Wiring	Buy	61	70	15	1.4	1.8	2.1	27.7	27.7	15.3	43.4	34.0	16.2	12.9	41.5	42.3
Sona BLW Precis.	Neutral	585	610	4	9.0	11.8	14.2	32.0	31.9	20.0	65.2	49.4	12.9	10.9	21.2	23.9
Tata Motors	Buy	811	900	11	43.2	49.5	61.1	1,907.3	14.7	23.4	18.8	16.4	5.2	3.9	31.4	26.6
TVS Motor	Neutral	1942	1880	-3	44.7	53.8	63.1	46.8	20.5	17.4	43.5	36.1	11.7	9.1	30.5	28.4
Tube Investments	Buy	4007	3945	-2	59.2	73.2	83.6	46.0	23.7	14.2	67.7	54.7	15.7	12.6	25.8	25.6
Aggregate								84.7	12.8	14.7	24.4	21.6	4.9	4.1	20.0	18.8
Banks - Private																
AU Small Finance	Buy	708	850	20	25.2	33.4	46.1	14.6	32	38.0	28.1	21.2	3.9	3.3	13.7	15.7
Axis Bank	Neutral	1043	1175	13	78.3	89.9	107.3	9.7	14.9	19.3	13.3	11.6	2.2	1.9	17.7	17.4
Bandhan Bank	Neutral	222	270	22	20.4	25.7	30.9	50.0	26	20.3	10.8	8.6	1.6	1.4	15.9	17.7
DCB Bank	Neutral	135	150	11	16.6	19.5	23.3	11.3	17.4	19.2	8.1	6.9	0.9	0.8	11.5	12.2
Equitas Small Fin.	Buy	106	130	22	7.3	8.7	11.4	50.6	19.2	30.9	14.5	12.2	2.1	1.8	14.7	15.3
Federal Bank	Buy	142	175	23	16.7	18.5	21.7	17.2	10.3	17.6	8.5	7.7	1.2	1.0	15.1	14.5
HDFC Bank	Buy	1435	1950	36	79.8	96.2	115.8	0.6	20.6	20.4	18.0	14.9	2.5	2.2	14.6	15.8
ICICI Bank	Buy	1010	1230	22	58.2	66.0	77.1	27.2	13.3	16.8	17.3	15.3	3.0	2.6	18.9	18.3
IDFC First Bk	Neutral	80	85	6	4.5	5.8	7.7	19.1	29.3	31.1	17.7	13.7	1.7	1.5	10.5	11.7
IndusInd	Buy	1513	1900	26	116.0	140.5	170.5	20.8	21.2	21.4	13.0	10.8	1.9	1.6	15.4	16.2
Kotak Mah. Bk	Neutral	1767	2000	13	89.7	103.3	121.3	18.2	15.2	17.4	19.7	17.1	2.7	2.3	14.7	14.4
RBL Bank	Neutral	255	270	6	19.0	25.8	34.9	29.2	35.5	35.1	13.4	9.9	1.1	1.0	8.1	10.3
SBI Cards	Neutral	760	900	18	25.7	35.1	47.0	7.5	36.5	33.8	29.6	21.6	6.0	4.8	21.8	23.9
Aggregate								26.2	18.1	19.8	17.0	14.4	2.6	2.3	15.3	15.7
Banks - PSU																
BOB	Buy	227	280	23	32.8	39.3	47.1	20.5	19.7	19.8	6.9	5.8	1.1	0.9	17.1	17.7
Canara Bank	Buy	465	570	23	80.3	94.5	111.1	37.3	17.7	17.7	5.8	4.9	1.0	0.8	19.9	19.5
Indian Bank	Buy	461	525	14	62.0	70.6	83.1	46.2	13.9	17.7	7.4	6.5	1.1	1.0	17.0	16.7
Punjab Natl.Bank	Neutral	105	90	-14	6.4	10.1	14.6	180.6	57.5	44.8	16.4	10.4	1.1	1.0	8.5	11.0
SBI	Buy	613	800	31	70.7	90.5	106.3	13.3	28	17.5	8.7	6.8	1.4	1.1	17.3	18.9
Union Bank (I)	Buy	140	165	18	19.9	22.6	26.7	60.9	14	18.0	7.1	6.2	1.1	1.0	17.6	17.6
Aggregate								29.3	25	19	8	6.5	1.2	1.1	15.0	16.3
NBFCs																
AAVAS Financiers	Neutral	1508	1700	13	62.7	76.4	95.9	15.2	21.9	25.6	24.1	19.7	3.2	2.7	14.1	14.8
Aditya Birla Cap	Buy	166	220	33	10.8	13.9	17.5	27.3	28.6	25.4	15.3	11.9	1.7	1.5	12.3	13.5
Angel One	Buy	2907	4000	38	131.6	163.8	199.6	22.4	24.5	21.9	22.1	17.7	8.5	6.6	43.6	41.8
Bajaj Fin.	Buy	7085	8900	26	238.0	306.3	389.4	25.0	28.7	27.1	29.8	23.1	5.8	4.7	22.5	22.4



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Cams Services	Buy	2745	3310	21	68.8	84.9	103.4	18.5	23.3	21.8	39.9	32.4	14.9	12.9	40.1	42.7
Can Fin Homes	Neutral	770	815	6	57.3	64.1	73.3	22.7	11.9	14.4	13.5	12.0	2.4	2.0	19.1	18.0
Cholaman.Inv.&Fn	Buy	1241	1450	17	41.5	55.4	68.8	27.9	33.7	24.1	29.9	22.4	5.3	4.3	20.6	21.4
CreditAccess	Buy	1594	1985	25	93.2	112.6	134.6	79.2	20.9	19.5	17.1	14.2	3.8	3.0	25.3	23.9
Fusion Micro	Buy	627	720	15	54.0	72.1	88.7	40.1	33.4	23.0	11.6	8.7	2.2	1.8	20.9	22.4
HDFC Life Insur.	Neutral	579	700	21	7.4	11.3	14.0	17.7	51.6	24.3	77.9	51.4	2.7	2.3	17.8	17.5
Home First Fin.	Buy	962	1180	23	34.5	41.9	54.2	33.1	21.5	29.3	27.9	22.9	4.1	3.5	15.6	16.4
ICICI Pru Life	Buy	487	580	19	2.4	3.3	4.8	-56.9	33.7	46.7	200.1	149.7	1.7	1.4	16.4	16.6
ICICI Lombard	Buy	1482	1650	11	39.7	48.6	55.4	12.7	22.4	14.1	37.3	30.5	6.2	5.5	17.7	19.2
ICICI Securities	Under Review	776	-		50.7	56.0	63.8	45.5	10.4	14.0	15.3	13.9	7.3	6.2	52.2	48.3
IIFL Finance	Buy	602	800	33	50.9	65.0	81.4	29.1	27.6	25.4	11.8	9.3	2.2	1.8	19.8	21.0
360 ONE WAM	Buy	631	770	22	21.5	25.7	30.9	16.2	19.6	20.2	29.4	24.6	6.9	6.5	24.0	27.3
IndoStar	Buy	207	195	-6	8.4	17.6	29.1	-49.0	108.0	65.7	24.5	11.8	0.9	0.8	3.4	7.0
L&T Fin Holdings	Buy	167	200	20	9.8	11.8	15.5	50.4	19.7	31.7	17.0	14.2	1.8	1.6	10.8	12.0
Life Insurance Corp.	Buy	903	960	6	44.9	42.6	58.4	-22.0	-5.1	37.1	20.1	21.2	0.8	0.7	19.8	12.6
LIC Hsg Fin	Buy	579	660	14	82.2	84.1	92.2	56.4	2.3	9.7	7.0	6.9	1.0	0.9	15.7	14.3
Manappuram Fin.	Buy	178	205	15	26.5	30.1	35.9	49.4	13.8	19.3	6.7	5.9	1.3	1.1	21.1	20.1
MAS Financial	Buy	985	1100	12	45.6	58.2	71.3	24.1	27.5	22.5	21.6	16.9	3.2	2.7	15.6	17.2
Max Financial	Neutral	878	970	10	13.3	16.3	22.5	44.3	23.0	37.9	66.2	53.8	1.9	1.6	20.2	19.6
M&M Fin.	Buy	270	330	22	14.6	22.2	27.8	-9.2	52.2	25.1	18.5	12.2	1.9	1.7	10.6	14.9
Muthoot Fin	Neutral	1388	1350	-3	101.0	115.0	130.9	16.7	13.9	13.8	13.7	12.1	2.3	2.0	17.9	17.7
Piramal Enterp.	Buy	874	1200	37	56.8	78.0	106.3	-24.2	37.3	36.3	15.4	11.2	0.7	0.6	4.2	5.8
PNB Housing	Buy	819	1025	25	56.1	73.1	91.3	-9.4	30.2	25.0	14.6	11.2	1.4	1.3	11.2	12.0
Poonawalla Fincorp	Buy	478	580	21	13.0	18.5	26.6	67.5	42.7	43.6	36.8	25.8	4.4	3.9	13.5	16.0
Repco Home Fin	Neutral	394	460	17	61.2	64.8	71.4	29.4	5.8	10.2	6.4	6.1	0.9	0.8	14.2	13.2
Spandana Sphoorty	Buy	1045	1400	34	72.0	89.6	113.5	4,023.7	24.4	26.7	14.5	11.7	2.1	1.7	15.2	16.2
Shriram Finance	Buy	2306	2400	4	195.8	222.8	268.5	22.6	13.8	20.5	11.8	10.4	1.8	1.5	15.7	15.9
SBI Life Insurance	Buy	1381	1700	23	20.3	23.8	26.1	17.8	17.5	9.6	68.1	58.0	2.5	2.0	21.6	20.6
Star Health Insu	Buy	557	730	31	14.3	19.6	24.5	34.0	37.2	25.4	39.1	28.5	4.4	3.8	11.9	14.3
<b>Aggregate</b>								<b>3.5</b>	<b>23.2</b>	<b>23.4</b>	<b>19.1</b>	<b>15.5</b>	<b>2.9</b>	<b>2.5</b>	<b>15.0</b>	<b>16.0</b>
<b>Chemicals</b>																
Alkyl Amines	Neutral	2256	2490	10	28.9	50.0	66.3	-35.3	72.8	32.7	78.0	45.1	9.0	7.8	12.1	18.5
Atul	Neutral	6329	6795	7	111.8	141.7	179.3	-33.8	26.7	26.5	56.6	44.7	3.8	3.5	6.9	8.1
Clean Science	Neutral	1442	1430	-1	21.8	27.1	33.3	-21.6	24.6	22.8	66.2	53.1	12.8	10.7	20.9	21.9
Deepak Nitrite	Neutral	2237	2230	0	64.6	78.6	92.7	3.4	21.6	18.0	34.6	28.5	6.3	5.3	19.7	20.1
Fine Organic	Sell	4666	3530	-24	108.3	102.5	100.3	-43.8	-5.4	-2.2	43.1	45.5	7.8	6.7	19.8	15.8
Galaxy Surfact.	Buy	2703	3760	39	95.3	111.5	129.9	-11.3	17.0	16.6	28.4	24.2	4.5	3.9	16.7	17.1
Navin Fluorine	Neutral	3342	3520	5	56.1	83.4	106.3	-25.9	48.7	27.4	59.6	40.1	6.8	6.0	12.1	15.9
NOCIL	Neutral	270	250	-8	8.1	10.3	13.3	-8.7	26.0	29.4	33.2	26.3	2.8	2.6	8.6	10.1
Vinati Organics	Buy	1685	2065	23	30.5	42.3	54.7	-31.6	38.6	29.5	55.2	39.9	7.0	6.1	13.3	16.3
<b>Aggregate</b>								<b>-20.6</b>	<b>24.4</b>	<b>20.3</b>	<b>45.6</b>	<b>36.7</b>	<b>6.0</b>	<b>5.3</b>	<b>13.1</b>	<b>14.4</b>
<b>Capital Goods</b>																
ABB India	Buy	4738	5460	15	56.7	68.8	81.8	75.2	21.2	19.0	83.5	68.9	16.6	13.6	21.9	21.7
Bharat Electronics	Neutral	190	180	-5	4.7	5.3	6.0	14.4	12.1	14.2	40.3	36.0	8.9	7.7	22.0	21.5
Cummins India	Buy	2161	2250	4	45.5	54.4	64.1	10.2	19.6	17.8	47.5	39.7	10.2	9.2	22.4	24.4
Hitachi Energy	Sell	5897	4500	-24	24.7	66.0	104.9	11.6	167.1	58.9	238.7	89.3	18.9	15.6	7.9	17.5
Kalpataru Proj.	Buy	744	820	10	36.3	55.8	65.8	20.7	53.5	18.0	20.5	13.3	2.1	1.8	10.6	14.4
KEC International	Neutral	614	640	4	16.9	30.0	43.6	146.5	77.7	45.4	36.4	20.5	3.8	3.3	10.9	17.1
Kirloskar Oil	Buy	687	840	22	23.9	29.9	36.9	27.9	25.1	23.5	28.8	23.0	3.8	3.4	14.1	15.8
Larsen & Toubro	Buy	3592	3900	9	97.6	120.9	146.9	28.6	23.9	21.5	36.8	29.7	5.5	4.9	15.0	17.5
Siemens	Buy	4207	4600	9	55.1	65.0	77.5	55.5	17.9	19.3	76.4	64.8	11.4	10.1	15.9	16.6
Thermax	Neutral	3118	3000	-4	50.6	61.0	72.1	26.4	20.5	18.2	61.6	51.1	8.2	7.3	14.0	15.2





Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Triveni Turbine	Buy	385	520	35	7.9	10.6	14.0	30.6	34.3	31.7	48.7	36.3	13.0	10.3	29.6	31.8
<b>Aggregate</b>								<b>29.5</b>	<b>23.7</b>	<b>21.0</b>	<b>44.5</b>	<b>36.0</b>	<b>7.1</b>	<b>6.2</b>	<b>15.8</b>	<b>17.2</b>
<b>Cement</b>																
Ambuja Cem.	Neutral	561	490	-13	13.3	11.8	13.5	5.0	-11.8	15.0	42.0	47.6	3.7	2.9	14.9	10.7
ACC	Neutral	2478	2300	-7	89.3	110.6	118.5	69.7	23.8	7.2	27.7	22.4	2.9	2.6	13.0	13.5
Birla Corp.	Buy	1396	1800	29	49.1	72.9	88.5	948.6	48.4	21.4	28.4	19.1	1.7	1.6	6.2	8.6
Dalmia Bhar.	Buy	2206	2800	27	43.5	64.3	89.1	19.1	47.8	38.5	50.7	34.3	2.5	2.4	5.3	7.3
Grasim Inds.	Buy	2075	2590	25	94.7	97.3	106.2	-3.8	2.7	9.2	21.9	21.3	2.7	2.6	4.3	2.9
India Cem	Sell	252	185	-27	-5.6	6.4	7.8	-63.4	LP	22.7	NM	39.6	1.4	1.4	-3.1	3.6
J K Cements	Buy	4171	4700	13	108.9	129.8	161.3	97.3	19.2	24.2	38.3	32.1	6.0	5.2	16.8	17.4
JK Lakshmi Ce	Buy	932	1010	8	37.1	46.7	53.8	21.8	25.8	15.2	25.1	20.0	3.4	3.0	14.6	16.1
Ramco Cem	Neutral	969	1130	17	19.3	30.4	38.2	32.9	57.2	25.7	50.2	31.9	3.2	2.9	6.5	9.6
Shree Cem	Neutral	27954	27000	-3	584.7	581.6	713.9	79.7	-0.5	22.7	47.8	48.1	5.0	4.6	11.0	10.1
Ultratech	Buy	9984	12000	20	242.1	305.1	366.4	38.0	26.0	20.1	41.2	32.7	4.8	4.3	12.2	13.8
<b>Aggregate</b>								<b>28.9</b>	<b>17.7</b>	<b>17.3</b>	<b>34.1</b>	<b>28.9</b>	<b>3.5</b>	<b>3.0</b>	<b>10.2</b>	<b>10.5</b>
<b>Consumer</b>																
Asian Paints	Neutral	2950	3340	13	58.7	61.3	67.2	32.8	4.4	9.6	50.2	48.1	16.4	14.8	33.9	32.3
Britannia	Neutral	5145	5240	2	88.5	98.2	111.2	10.1	10.9	13.3	58.1	52.4	34.7	31.5	60.0	63.0
Colgate	Neutral	2492	2400	-4	48.5	50.2	54.4	24.7	3.5	8.2	51.3	49.6	35.1	31.1	72.4	66.5
Dabur	Buy	532	685	29	11.3	12.8	14.6	17.6	13.1	14.2	47.1	41.6	9.4	8.6	21.0	21.5
Emami	Buy	492	690	40	19.5	21.6	24.6	10.6	10.9	14.1	25.3	22.8	9.0	8.0	36.3	37.3
Godrej Cons.	Buy	1157	1330	15	18.6	22.9	26.4	8.2	23.2	15.2	62.3	50.6	8.1	7.7	13.4	15.7
HUL	Buy	2430	2900	19	44.5	49.0	53.6	2.5	10.1	9.4	54.6	49.6	11.1	10.9	20.6	22.2
ITC	Buy	455	535	17	16.3	18.4	20.0	8.4	12.6	9.1	27.9	24.8	8.0	7.6	29.2	31.3
Indigo Paints	Buy	1449	1800	24	30.4	40.7	49.0	25.1	34.0	20.2	47.7	35.6	7.7	6.6	17.3	20.0
Jyothy Lab	Neutral	547	475	-13	10.0	11.4	12.8	57.6	14.4	11.6	54.8	47.8	11.6	10.5	22.4	23.0
Marico	Buy	525	660	26	11.4	12.6	13.9	12.5	10.6	10.4	46.3	41.8	15.8	14.9	36.2	36.6
Nestle	Neutral	2481	2670	8	29.8	36.0	40.3	20.3	20.7	12.1	83.2	68.9	81.8	68.3	142.6	108.0
Page Inds	Neutral	36694	37560	2	549.0	625.9	739.8	7.2	14.0	18.2	66.8	58.6	25.3	21.6	37.9	36.8
Pidilite Ind.	Neutral	2591	2650	2	37.4	43.4	48.8	48.2	16.2	12.3	69.3	59.7	15.9	13.9	24.5	24.8
P&G Hygiene	Neutral	17061	16780	-2	251.9	293.7	339.2	31.6	16.6	15.5	67.7	58.1	53.9	45.4	82.9	85.0
Tata Consumer	Buy	1137	1350	19	14.4	18.2	20.5	26.1	26.6	12.6	79.2	62.5	6.1	4.7	8.1	9.0
United Brew	Sell	1842	1480	-20	19.2	26.7	34.9	54.0	39.0	30.9	96.0	69.1	11.5	10.6	12.4	15.9
United Spirits	Neutral	1096	1150	5	16.7	19.0	21.4	31.7	13.9	12.2	65.5	57.5	11.1	9.3	16.9	16.1
Varun Beverages	Buy	1259	1370	9	15.9	19.8	24.4	37.6	24.9	23.2	79.4	63.6	23.6	17.7	34.2	31.8
<b>Aggregate</b>								<b>15.4</b>	<b>10.8</b>	<b>10.8</b>	<b>46.9</b>	<b>42.3</b>	<b>12.0</b>	<b>11.1</b>	<b>25.6</b>	<b>26.1</b>
<b>EMS</b>																
Avalon Tech	Buy	525	640	22	8.6	15.2	21.5	-5.2	76.7	41.3	61.1	34.6	5.8	4.9	9.9	15.4
Cyient DLM	Buy	680	830	22	8.0	14.4	23.5	100.6	79.6	63.3	84.7	47.2	5.6	5.0	11.0	11.2
Data Pattern	Neutral	1861	2050	10	31.5	43.2	60.4	42.3	37.1	39.7	59.0	43.1	7.8	6.6	14.1	16.6
Kaynes Tech	Buy	2878	3130	9	28.2	44.9	62.5	72.4	59.3	39.1	102.0	64.0	14.9	12.1	15.8	20.8
Syrma SGS Tech.	Buy	601	760	26	8.1	12.0	18.8	20.3	48.3	56.3	74.0	49.9	6.3	5.6	8.9	11.9
<b>Aggregate</b>								<b>42.9</b>	<b>53.9</b>	<b>46.4</b>	<b>76.5</b>	<b>49.7</b>	<b>8.1</b>	<b>7.0</b>	<b>10.6</b>	<b>14.0</b>
<b>Healthcare</b>																
Alembic Phar	Neutral	941	750	-20	28.6	33.8	38.0	31.0	18.2	12.5	32.9	27.8	3.8	3.4	12.1	12.9
Alkem Lab	Neutral	4971	4540	-9	149.2	173.0	183.7	40.7	15.9	6.2	33.3	28.7	5.7	5.0	18.4	18.5
Ajanta Pharma	Buy	2190	2475	13	61.1	74.4	89.5	24.2	21.7	20.3	35.8	29.4	7.0	6.0	21.1	21.9
Apollo Hospitals	Buy	6173	6580	7	63.7	92.5	132.2	32.2	45.3	42.9	96.9	66.7	12.2	10.4	13.8	17.4
Aurobindo	Neutral	1150	1110	-4	51.2	58.7	67.5	33.2	14.6	15.0	22.5	19.6	2.3	2.1	10.6	11.0
Biocon	Neutral	259	240	-7	7.2	13.1	16.9	14.9	82.5	28.8	36.1	19.8	1.7	1.6	4.7	8.3
Cipla	Buy	1370	1540	12	47.4	53.1	60.5	25.7	12.0	13.9	28.9	25.8	4.2	3.6	16.1	15.2
Divis Lab	Neutral	3577	3580	0	60.9	81.1	97.4	-6.1	33.2	20.0	58.7	44.1	6.8	6.2	12.1	14.7
Dr Reddy's	Neutral	5854	5400	-8	296.7	308.8	324.9	21.2	4.1	5.2	19.7	19.0	3.5	3.0	19.5	17.2
ERIS Lifescience	Neutral	883	900	2	33.0	33.5	40.7	18.6	1.6	21.4	26.8	26.4	4.8	4.2	19.1	17.0
Gland Pharma	Buy	1898	2200	16	54.4	65.7	74.5	7.8	21.0	13.3	34.9	28.9	3.5	3.1	10.6	11.5



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Glenmark	Neutral	890	800	-10	24.1	39.3	48.0	82.2	63.2	22.1	37.0	22.7	2.4	2.2	6.8	10.1
GSK Pharma	Neutral	2181	1780	-18	38.1	42.1	46.4	6.1	10.5	10.1	57.2	51.8	17.6	15.8	30.8	30.4
Global Health	Buy	1108	1100	-1	18.0	21.7	25.6	48.3	20.7	17.9	61.5	51.0	10.5	9.0	18.4	19.0
Granules India	Buy	414	475	15	18.6	25.6	33.0	-13.7	37.6	28.9	22.2	16.2	3.1	2.6	14.8	17.5
IPCA Labs	Neutral	1115	1080	-3	24.5	36.9	49.0	17.7	50.8	32.7	45.5	30.2	4.5	4.0	10.2	13.9
Laurus Labs	Buy	379	440	16	3.9	11.8	15.3	-73.9	206.5	29.5	98.2	32.0	4.8	4.3	5.0	14.2
Lupin	Sell	1454	1070	-26	36.0	40.7	48.3	318.2	13.0	18.8	40.4	35.7	4.7	4.2	12.3	12.3
Max Healthcare	Buy	734	790	8	14.4	17.5	21.3	24.3	21.3	22.3	51.0	42.1	7.5	6.4	15.9	16.5
Piramal Pharma	Buy	143	160	12	1.4	3.0	4.6	-335.6	112.1	54.2	100.6	47.4	2.1	2.0	2.5	4.9
Sun Pharma	Buy	1375	1450	5	39.5	45.6	53.7	10.4	15.5	17.7	34.8	30.1	5.2	4.5	15.9	16.0
Torrent Pharma	Neutral	2474	2160	-13	50.1	66.3	79.5	34.7	32.4	19.9	49.4	37.3	10.0	5.0	23.3	26.9
Zydus Lifesciences	Neutral	736	710	-4	32.6	33.7	36.1	45.4	3.5	7.1	22.6	21.8	3.6	3.2	17.3	15.4
<b>Aggregate</b>								<b>24.7</b>	<b>19.1</b>	<b>16.6</b>	<b>35.3</b>	<b>29.7</b>	<b>4.7</b>	<b>4.2</b>	<b>13.3</b>	<b>14.0</b>
<b>Infrastructure</b>																
G R Infraproject	Buy	1163	1390	20	74.8	85.4	98.6	-15.0	14.1	15.4	15.5	13.6	1.9	1.7	13.0	13.0
IRB Infra	Neutral	51	41	-19	1.2	1.6	1.8	0.0	32.4	16.5	42.5	32.1	2.2	2.1	5.3	6.7
KNR Constructions	Buy	264	325	23	15.8	18.4	20.4	7.4	16.0	11.3	16.6	14.3	2.3	2.0	15.1	15.1
<b>Aggregate</b>											<b>25.6</b>	<b>21.1</b>	<b>2.1</b>	<b>1.9</b>	<b>8.2</b>	<b>9.2</b>
<b>Logistics</b>																
Adani Ports	Buy	1147	1410	23	40.2	46.5	56.5	14.8	15.7	21.5	28.5	24.7	4.7	4.1	17.7	17.9
Blue Dart Express	Buy	6612	8300	26	134.1	199.5	251.7	-13.2	48.8	26.2	49.3	33.1	10.9	8.9	23.6	29.6
Concor	Buy	829	990	19	21.7	25.5	29.5	13.2	17.2	15.7	38.1	32.5	4.2	4.0	11.0	12.4
Mahindra Logistics	Neutral	431	420	-3	-3.0	9.1	19.2	-182.2	LP	111.4	NM	47.6	5.9	5.4	-4.0	11.9
Transport Corp.	Buy	854	990	16	46.6	56.0	65.9	11.9	20.4	17.7	18.3	15.2	3.2	2.7	18.9	19.1
TCI Express	Buy	1328	1600	20	39.1	46.3	53.5	7.6	18.2	15.5	33.9	28.7	7.1	5.9	22.9	22.5
VRL Logistics	Buy	720	890	24	14.6	24.5	32.8	-22.2	67.3	34.1	49.2	29.4	6.0	5.4	12.7	19.4
<b>Aggregate</b>											<b>30.4</b>	<b>25.6</b>	<b>4.7</b>	<b>4.2</b>	<b>15.6</b>	<b>16.3</b>
<b>Media</b>																
PVR Inox	Neutral	1459	1495	2	24.1	56.8	85.1	-197.1	135.8	49.9	60.6	25.7	1.9	1.8	3.2	7.1
Sun TV	Buy	651	790	21	46.2	49.2	51.8	8.7	6.5	5.4	14.1	13.2	2.6	2.4	18.4	18.3
Zee Ent.	Neutral	163	200	23	5.0	7.7	11.1	4.6	54.3	44.8	32.8	21.3	1.4	1.4	4.4	6.6
<b>Aggregate</b>								<b>22.1</b>	<b>27.5</b>	<b>22.0</b>	<b>21.9</b>	<b>17.2</b>	<b>2.0</b>	<b>1.8</b>	<b>8.9</b>	<b>10.7</b>
<b>Metals</b>																
Coal India	Buy	390	430	10	41.1	41.1	45.9	-10.1	0.2	11.5	9.5	9.5	3.4	2.9	36.3	30.9
Hindalco	Buy	568	750	32	47.3	56.7	64.1	4.4	19.8	13.1	12.0	10.0	1.6	1.4	14.2	14.9
Hind. Zinc	Neutral	313	310	-1	18.3	23.4	26.4	-26.4	28.0	12.6	17.1	13.4	9.2	6.9	56.7	59.1
JSPL	Buy	717	900	26	48.1	56.6	80.4	32.2	17.6	42.0	14.9	12.7	1.7	1.5	11.8	12.5
JSW Steel	Neutral	816	910	11	42.3	65.3	73.7	187.7	54.4	12.8	19.3	12.5	2.7	2.3	15.1	19.7
Nalco	Neutral	141	130	-8	5.8	8.8	10.9	-26.2	52.2	24.4	24.5	16.1	1.9	1.8	7.9	11.4
NMDC	Buy	217	240	11	18.6	21.5	24.5	11.5	15.4	13.8	11.6	10.1	2.5	2.2	22.6	23.0
SAIL	Neutral	119	120	1	2.6	7.9	10.5	-45.0	208	33.4	46.6	15.1	0.9	0.8	1.9	5.7
Tata Steel	Neutral	134	130	-3	4.5	10.9	12.7	-36.6	144	15.7	29.8	12.2	1.8	1.7	5.2	14.0
Vedanta	Neutral	264	240	-9	10.2	20.4	23.7	-63.8	99	16.5	25.7	12.9	3.7	3.9	13.4	29.2
<b>Aggregate</b>								<b>-9.1</b>	<b>33.7</b>	<b>16.0</b>	<b>15.3</b>	<b>11.4</b>	<b>2.2</b>	<b>2.0</b>	<b>14.5</b>	<b>17.4</b>
<b>Oil &amp; Gas</b>																
Aegis Logistics	Neutral	388	345	-11	14.5	15.7	16.6	-1.2	8.6	5.6	26.8	24.7	3.5	3.2	13.7	13.6
BPCL	Neutral	474	475	0	128.1	76.4	76.6	1,259.2	-40.3	0.3	3.7	6.2	1.5	1.3	44.3	22.2
Castrol India	Buy	175	220	26	8.5	8.6	10.0	2.9	1.6	15.9	20.6	20.3	8.4	7.7	42.5	39.6
GAIL	Buy	165	195	18	12.7	12.7	16.3	57.4	0.1	28.0	13.0	13.0	1.6	1.5	14.2	13.0
Gujarat Gas	Buy	552	575	4	15.8	18.7	21.2	-28.7	18.2	13.4	35.0	29.6	4.9	4.4	14.7	15.7
Gujarat St. Pet.	Buy	361	400	11	22.8	19.0	19.7	35.8	-16.7	4.1	15.9	19.1	2.0	1.9	13.2	10.1
HPCL	Buy	430	450	5	111.6	80.8	78.7	-326.8	-27.6	-2.6	3.9	5.3	1.4	1.2	40.1	24.1
IOC	Buy	144	165	15	33.2	16.7	16.1	290.4	-49.6	-3.9	4.3	8.6	1.2	1.1	30.0	13.4
IGL	Sell	405	-		27.1	25.9	25.9	31.1	-4.4	0.3	15.0	15.7	3.4	2.9	24.5	20.0
Mahanagar Gas	Buy	1374	1665	21	135.0	114.9	120.3	68.8	-14.9	4.8	10.2	12.0	2.8	2.4	29.4	21.5



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
MRPL	Sell	174	135	-22	17.6	14.4	14.1	16.5	-17.8	-2.2	9.9	12.1	2.5	2.2	27.9	19.2
Oil India	Buy	403	485	20	59.4	61.6	68.0	-5.4	3.7	10.3	6.8	6.5	1.1	1.0	19.8	16.4
ONGC	Buy	234	270	15	42.7	45.0	50.9	40.7	5.4	13.0	5.5	5.2	1.0	0.9	18.4	17.4
PLNG	Neutral	257	255	-1	23.0	20.2	21.6	6.3	-12.0	6.7	11.2	12.7	2.3	2.1	21.7	17.2
Reliance Ind.	Buy	2710	3130	15	100.9	120.7	138.8	2.3	19.7	15.0	26.9	22.4	2.0	1.8	8.0	8.9
<b>Aggregate</b>								<b>75.6</b>	<b>-9.1</b>	<b>10.4</b>	<b>12.0</b>	<b>13.2</b>	<b>1.7</b>	<b>1.6</b>	<b>14.5</b>	<b>12.0</b>
<b>Real Estate</b>																
Brigade Enterpr.	Buy	973	1000	3	17.3	35.7	40.2	42.6	106.7	12.8	56.4	27.3	5.6	4.7	10.4	18.7
DLF	Neutral	759	650	-14	14.5	21.5	17.2	26.8	48.7	-19.9	52.5	35.3	3.4	3.2	6.6	9.7
Godrej Propert.	Buy	2327	2300	-1	26.7	43.0	48.5	19.4	61.2	12.8	87.1	54.1	6.5	5.8	7.7	11.4
Oberoi Realty	Neutral	1304	1350	4	40.7	45.2	60.4	-22.3	10.9	33.7	32.0	28.9	3.5	3.1	11.5	11.4
Macrotech Devel.	Buy	1058	1200	13	15.1	24.9	27.9	-5.1	64.5	11.9	69.8	42.5	7.4	6.5	10.7	16.3
Mahindra Lifespace	Buy	556	575	3	0.5	7.5	6.0	-82.7	1,348.6	-19.6	1,080.3	74.6	4.7	4.5	0.4	6.2
Sunteck Realty	Buy	449	640	43	9.1	16.4	22.8	8,869.3	80.9	39.4	49.6	27.4	2.3	2.1	4.7	8.0
Sobha	Buy	1382	1400	1	16.1	40.8	83.6	48.6	154.1	104.7	86.0	33.8	5.1	4.5	6.1	14.1
Prestige Estates	Buy	1206	1300	8	27.6	19.7	25.5	43.3	-28.5	29.2	43.8	61.2	4.1	3.9	9.9	6.5
Phoenix Mills	Neutral	2296	2000	-13	57.7	71.7	100.8	41.3	24.2	40.6	39.8	32.0	4.4	3.9	11.6	12.8
<b>Aggregate</b>								<b>11.9</b>	<b>43.3</b>	<b>28.0</b>	<b>60.4</b>	<b>42.2</b>	<b>5.0</b>	<b>4.5</b>	<b>8.2</b>	<b>10.7</b>
<b>Retail</b>																
Avenue Supermarts	Buy	3732	4700	26	39.8	54.8	73.9	8.6	37.7	34.8	93.7	68.0	13.0	10.9	14.9	17.4
Aditya Birla Fashion	Neutral	241	230	-5	-6.3	-5.6	-7.1	796.3	Loss	Loss	NM	NM	5.9	6.8	-16.9	-14.6
Bata India	Neutral	1450	1620	12	27.7	35.3	47.0	10.3	27.4	33.3	52.4	41.1	10.6	8.4	22.2	22.8
Barbeque-Nation	Neutral	607	700	15	-6.8	3.2	5.1	-273.3	LP	58.0	NM	187.4	6.3	6.1	-7.1	3.3
Campus Activewe.	Buy	268	300	12	4.1	4.3	6.6	7.9	3.9	54.9	65.0	62.6	12.1	10.1	18.6	16.2
Devyani Intl.	Buy	178	220	23	1.2	2.1	2.7	-48.2	71.8	31.4	146.8	85.5	20.0	16.2	14.3	20.9
Jubilant Food.	Buy	508	630	24	5.6	7.5	9.1	-7.6	33.7	20.7	90.1	67.4	13.9	15.2	15.4	22.5
Metro Brands	Buy	1180	1380	17	11.7	16.1	20.5	-12.1	38.2	27.0	101.0	73.1	17.9	15.5	19.3	23.3
Raymond	Buy	1753	2500	43	111.0	127.0	160.3	17.5	14.4	26.3	15.8	13.8	2.5	2.1	19.7	16.8
Relaxo Footwear	Neutral	851	980	15	8.6	13.7	19.7	38.4	59.9	43.2	99.1	61.9	10.5	9.3	11.0	16.0
Restaurant Brands	Buy	118	140	19	-2.5	-0.9	2.1	-48.9	Loss	LP	NM	NM	8.0	8.6	-15.8	-6.3
Sapphire Foods	Buy	1424	1700	19	15.9	27.1	40.7	-6.5	70.8	50.0	89.7	52.5	6.7	5.9	7.7	11.9
Shoppers Stop	Neutral	706	695	-2	12.4	15.0	14.2	-14.4	20.9	-5.5	56.8	47.0	17.8	12.9	36.9	31.9
Titan Company	Buy	3770	4300	14	44.9	54.9	67.8	22.0	22.4	23.3	84.0	68.6	22.9	19.0	30.1	30.4
Trent	Buy	3225	3300	2	25.3	35.1	46.0	127.3	38.8	31.0	127.5	91.8	30.7	22.6	29.5	30.3
V-Mart Retail	Neutral	2077	1905	-8	-58.7	18.2	55.9	1,252.5	LP	207.5	NM	114.1	5.1	4.8	NM	4.3
Vedant Fashions	Neutral	1127	1240	10	18.2	22.4	27.2	3.0	23.0	21.6	62.0	50.4	17.0	14.2	28.8	29.7
Westlife Foodworld	Neutral	826	860	4	7.6	11.9	16.9	6.6	56.0	42.1	108.2	69.4	18.8	14.8	19.0	23.9
<b>Aggregate</b>								<b>9.6</b>	<b>36.3</b>	<b>30.5</b>	<b>96.2</b>	<b>70.5</b>	<b>15.1</b>	<b>13.0</b>	<b>15.8</b>	<b>18.4</b>
<b>Technology</b>																
Cyient	Buy	2019	2640	31	70.5	87.4	102.9	34.7	24.0	17.8	28.6	23.1	6.0	5.4	21.2	24.2
HCL Tech.	Buy	1551	1880	21	58.9	67.5	78.3	7.5	14.5	16.1	26.3	23.0	6.5	6.6	24.6	28.6
Infosys	Buy	1671	1750	5	59.3	67.8	79.4	3.1	14.2	17.2	28.2	24.7	9.1	9.1	32.5	37.1
LTI Mindtree	Neutral	5492	6600	20	157.9	179.2	220.0	4.0	13.5	22.7	34.8	30.6	8.4	7.2	26.0	25.3
L&T Technology	Buy	5384	6220	16	125.0	151.1	177.7	13.1	20.9	17.6	43.1	35.6	10.8	9.4	25.9	28.2
Mphasis	Neutral	2523	2930	16	82.6	97.6	117.2	-5.0	18.1	20.2	30.5	25.9	5.6	5.1	19.0	20.8
Coforge	Neutral	6206	6600	6	140.6	190.3	220.3	7.7	35.3	15.8	44.1	32.6	11.1	9.5	26.3	31.1
Persistent Sys	Neutral	8384	8110	-3	146.4	177.6	219.2	17.7	21.3	23.4	57.3	47.2	13.6	11.5	26.1	26.8
TCS	Buy	3808	4250	12	125.7	146.8	170.1	9.0	16.8	15.9	30.3	25.9	15.8	16.3	51.5	61.9
Tech Mah	Neutral	1322	1360	3	40.4	50.9	68.0	-29.5	26.1	33.8	32.8	26.0	4.1	4.0	12.7	15.6
Wipro	Neutral	470	520	11	20.6	22.9	27.3	-0.6	11.5	19.2	22.8	20.5	3.4	3.4	14.7	16.7
Zensar Tech	Neutral	576	570	-1	27.3	24.6	28.5	89.8	-9.7	15.9	21.1	23.4	3.9	3.5	19.6	15.8
<b>Aggregate</b>								<b>4.4</b>	<b>15.4</b>	<b>17.5</b>	<b>30.7</b>	<b>26.6</b>	<b>9.1</b>	<b>9.1</b>	<b>29.7</b>	<b>34.0</b>



Company	Reco	CMP	TP	% Upside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
		(INR)	(INR)	Downside	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Telecom																
Bharti Airtel	Buy	1160	1200	3	20.4	30.5	36.9	49.9	49.8	21.0	56.9	38.0	6.1	5.2	12.4	14.8
Indus Towers	Neutral	225	210	-7	20.4	20.7	23.3	128.7	1.5	12.7	11.0	10.9	2.3	1.9	23.0	19.0
Vodafone Idea		15			-10.5	-8.3	-7.4	3.4	Loss	Loss	NM	NM	-0.4	-0.4	NM	NM
Tata Comm	Neutral	1716	1750	2	44.6	54.6	78.2	-26.6	22.5	43.1	38.5	31.4	21.0	13.8	66.1	53
Aggregate								Loss	LP	1,910.2	-71	2,150	27.9	27.8	-39.3	1.3
Others																
APL Apollo Tubes	Buy	1490	1850	24	29.5	48.8	61.0	27.7	65.3	25.0	50.4	30.5	11.2	8.5	26.0	31.8
BSE	Neutral	2122	2600	23	64.2	60.6	73.3	308.9	-5.6	20.9	33.0	35.0	10.8	9.9	32.6	28.1
Coromandel Intl	Buy	1130	1430	27	63.1	70.2	74.3	-7.9	11.3	5.9	17.9	16.1	3.6	3.0	21.5	20.3
EPL	Buy	198	270	36	7.6	11.7	14.3	5.4	54.4	21.7	26.1	16.9	3.0	2.7	11.8	17.0
Godrej Agrovet	Neutral	534	510	-4	17.3	20.5	22.4	33.3	18.3	9.5	30.8	26.0	4.2	3.9	13.8	15.3
Havells India	Buy	1291	1510	17	19.0	24.7	30.1	10.6	29.9	22.2	68.0	52.4	10.9	9.6	16.1	18.4
Indiamart Inter.	Buy	2450	3000	22	51.9	65.6	86.2	11.8	26.5	31.4	47.2	37.3	6.4	5.6	14.3	15.9
Indian Hotels	Buy	474	500	6	8.3	9.8	10.8	18.0	17.5	10.5	57.0	48.5	7.4	6.5	13.9	14.3
Interglobe	Neutral	2865	3295	15	177.4	229.8	244.5	-	30	6	16.1	12	204.9	11.7	-237.3	178.4
					2,259.8											
Info Edge	Neutral	4981	4720	-5	62.8	68.6	81.7	97.5	9.1	19.2	79.3	72.7	5.5	5.1	6.2	13.1
Kajaria Ceramics	Buy	1338	1620	21	27.9	34.4	40.7	30.3	23.5	18.2	48.0	38.9	8.4	7.7	18.2	20.6
Lemon Tree Hotel	Buy	138	150	8	1.7	3.4	4.0	9.3	106.2	16.4	83.7	40.6	11.0	8.7	14.1	23.9
MCX	Neutral	3220	3160	-2	19.1	76.7	90.2	-34.6	301.3	17.7	168.6	42.0	11.0	10.4	6.5	25.4
One 97	Buy	763	975	28	-13.2	-0.5	15.5	-52.7	Loss	LP	NM	NM	3.8	3.9	-6.6	-0.3
Qess Corp	Neutral	483	560	16	22.3	37.2	40.8	94.9	66.7	9.7	21.6	13.0	2.1	1.8	12.8	19.7
PI Inds.	Buy	3244	4300	33	103.0	122.4	143.5	27.3	18.9	17.2	31.5	26.5	5.7	4.8	19.8	19.7
SIS	Buy	518	530	2	25.5	35.5	45.4	9.8	39.0	28.1	20.3	14.6	1.3	1.1	15.0	17.9
SRF	Neutral	2268	2250	-1	51.1	75.9	91.3	-33.0	48.7	20.3	44.4	29.9	5.9	5.1	13.9	18.3
Tata Chemicals	Neutral	1006	1060	5	56.4	54.2	62.2	-38.5	-3.8	14.7	17.9	18.6	1.2	1.2	7.1	6.5
Team Lease Serv.	Buy	3031	3678	21	77.7	112.4	135.3	19.3	44.8	20.3	39.0	27.0	5.4	4.5	14.8	18.2
Voltas	Buy	1005	1150	14	14.8	20.9	27.7	29.1	41.3	32.5	68.0	48.1	5.7	5.2	8.4	10.9
UPL	Neutral	538	600	12	13.8	34.4	59.8	-76.5	149.5	74.0	39.0	15.6	1.0	0.9	3.8	9.0
Zomato	Buy	136	145	7	0.3	1.0	2.6	-123.4	266.0	154.0	487.1	133.1	5.9	5.7	1.2	4.4



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	-0.5	-0.6	17.4
<b>Nifty-50</b>	-0.5	0.0	19.3
<b>Nifty Next 50</b>	0.2	4.5	33.2
<b>Nifty 100</b>	-0.4	0.7	20.5
<b>Nifty 200</b>	-0.4	1.3	24.8
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>0.1</b>	<b>4.7</b>	<b>43.7</b>
Amara Raja Ener.	1.7	6.9	44.0
Apollo Tyres	-1.6	21.1	60.6
Ashok Leyland	-0.5	-1.3	16.0
Bajaj Auto	5.3	19.2	104.4
Balkrishna Inds	-6.9	1.0	12.8
Bharat Forge	-1.3	-0.1	39.1
Bosch	1.5	5.3	36.2
CEAT	-1.5	18.1	78.8
Craftsman Auto	-0.6	-12.5	43.2
Eicher Motors	-0.5	-9.7	12.5
Endurance Tech.	-0.6	8.0	36.5
Escorts Kubota	1.6	-0.5	41.3
Exide Inds.	-1.6	5.8	70.4
Hero Motocorp	0.2	12.9	59.5
M & M	0.5	0.1	24.7
CIE Automotive	-0.2	1.5	28.7
Maruti Suzuki	-1.1	-3.3	12.5
MRF	-2.1	14.5	52.8
Sona BLW Precis.	-0.1	1.5	28.7
Motherson Sumi	4.9	21.7	58.8
Motherson Wiring	-1.2	-0.8	19.9
Tata Motors	0.1	12.0	93.7
TVS Motor Co.	-3.0	-1.3	87.0
Tube Investments	-0.5	11.1	55.2
<b>Banks-Private</b>	<b>-0.3</b>	<b>-5.9</b>	<b>8.7</b>
AU Small Fin. Bank	-4.0	-7.5	14.9
Axis Bank	-1.6	-4.2	16.8
Bandhan Bank	-1.5	-5.9	-9.8
DCB Bank	-6.0	7.4	13.3
Equitas Sma. Fin	-1.3	2.9	32.2
Federal Bank	-0.3	-7.9	7.2
HDFC Bank	-1.4	-14.1	-13.0
ICICI Bank	1.1	1.6	18.1
IDFC First Bank	0.6	-9.5	40.7
IndusInd Bank	1.4	-3.2	30.8
Kotak Mah. Bank	-1.1	-5.0	1.1
RBL Bank	-1.8	-6.3	61.5
SBI Cards	1.7	-1.7	6.3
<b>Banks-PSU</b>	<b>0.1</b>	<b>6.2</b>	<b>46.8</b>
BOB	-0.7	1.5	33.8
Canara Bank	2.4	9.2	52.0
Indian Bank	4.3	11.7	57.7
Punjab Natl.Bank	2.3	17.1	94.6
St Bk of India	-0.9	-3.8	7.7
Union Bank (I)	-1.8	18.7	79.0
<b>NBFCs</b>	<b>-0.5</b>	<b>-5.2</b>	<b>8.7</b>
Angel Broking	-0.5	-11.3	133.4

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>-0.3</b>	<b>1.8</b>	<b>27.8</b>
<b>Nifty Midcap 100</b>	<b>-0.5</b>	<b>4.7</b>	<b>53.8</b>
<b>Nifty Smallcap 100</b>	<b>0.5</b>	<b>3.8</b>	<b>63.6</b>
<b>Nifty Midcap 150</b>	<b>-0.5</b>	<b>4.3</b>	<b>50.3</b>
<b>Nifty Smallcap 250</b>	<b>0.5</b>	<b>5.5</b>	<b>57.9</b>
Aditya Birla Capital Ltd	0.0	3.8	18.7
Bajaj Fin.	0.4	-2.9	22.3
Cholaman.Inv.&Fn	-0.1	-0.5	73.3
Can Fin Homes	3.3	0.8	38.4
Cams Services	0.5	2.6	20.6
CreditAcc. Gram.	2.4	-2.2	75.7
Fusion Microfin.	-1.5	10.2	55.5
Home First Finan	-3.3	-3.0	21.7
Indostar Capital	-5.0	25.8	34.9
IIFL Finance	-1.8	5.1	26.2
L&T Fin.Holdings	3.5	9.2	86.9
LIC Housing Fin.	0.3	12.0	48.5
M & M Fin. Serv.	-0.9	1.0	17.6
Muthoot Finance	-1.1	-5.9	33.5
Manappuram Fin.	2.0	0.8	54.4
MAS Financial Serv.	1.3	12.3	20.8
ICICI Sec	1.5	6.1	56.8
360 One	2.1	-4.2	31.4
PNB Housing	-4.5	5.9	80.3
Repco Home Fin	-2.3	-0.5	66.2
Shriram Finance	0.2	12.2	84.0
Spandana Sphoort	-2.6	0.9	85.4
<b>Insurance</b>			
HDFC Life Insur.	-0.5	-9.5	-1.0
ICICI Pru Life	-0.5	-6.3	4.8
ICICI Lombard	-1.7	4.2	30.4
Life Insurance	-0.4	14.0	31.1
Max Financial	-1.7	-6.5	2.9
SBI Life Insuran	-2.1	-1.0	9.8
Star Health Insu	-0.3	6.4	10.4
<b>Chemicals</b>			
Alkyl Amines	-0.7	-2.2	-14.5
Atul	-1.5	-9.5	-9.5
Clean Science	-0.1	-4.9	4.8
Deepak Nitrite	-2.1	-6.0	21.7
Fine Organic	3.8	1.6	-11.8
Galaxy Surfact.	-0.5	0.9	16.2
Navin Fluo.Intl.	-2.2	-11.1	-12.5
NOCIL	1.6	2.5	23.4
Vinati Organics	-1.1	-1.8	-9.5
<b>Capital Goods</b>	<b>2.7</b>	<b>18.0</b>	<b>94.5</b>
A B B	0.2	-0.4	64.9
Bharat Electron	0.2	8.5	91.3
Cummins India	-0.4	7.4	56.2
Hitachi Energy	3.8	14.8	88.7
K E C Intl.	-1.3	2.9	32.2
Kalpataru Proj.	1.0	18.0	42.0
Kirloskar Oil	1.9	4.5	123.8
L&T	0.1	3.3	65.2





Company	1 Day (%)	1M (%)	12M (%)
Siemens	0.2	6.3	40.4
Thermax	2.9	-0.9	59.3
Triveni Turbine	-2.3	-4.0	41.4
<b>Cement</b>			
Ambuja Cem.	6.2	11.2	21.7
ACC	10.1	18.0	13.9
Birla Corp.	-0.4	-1.3	50.0
Dalmia Bhar.	2.3	0.5	27.6
Grasim Inds.	0.3	1.9	30.8
India Cem	4.4	0.5	29.8
J K Cements	0.7	10.2	57.9
JK Lakshmi Ce	5.4	7.0	25.7
Ramco Cem	0.6	-1.1	44.5
Shree Cem	1.1	-0.8	26.2
Ultratech	-0.2	0.0	48.7
<b>Consumer</b>	<b>-1.2</b>	<b>0.2</b>	<b>24.7</b>
Asian Paints	-1.7	-11.7	6.3
Britannia	0.0	-0.4	17.2
Colgate-Palm.	-1.0	3.6	71.8
Dabur	-0.9	0.4	-5.6
Emami	-0.9	-0.5	17.2
Godrej Cons.	-0.5	7.7	26.6
HUL	-0.5	-5.7	-7.4
ITC	-1.7	0.1	34.3
Indigo Paints	1.3	-1.1	18.3
Jyothy Lab	2.0	14.1	168.1
Marico	-0.9	0.4	3.9
Nestle	-1.3	-2.2	29.0
Page Inds	0.4	-2.4	-7.9
Pidilite Ind.	-0.1	-2.0	11.9
P&G Hygiene	-0.9	0.6	26.4
Tata Consumer	-1.9	14.5	53.6
United Brew	-1.8	9.4	17.2
United Spirits	-1.5	1.9	42.6
Varun Beverages	-0.7	1.5	102.9
<b>EMS</b>			
Kaynes Tech	1.0	4.9	277.0
Avalon Tech	-0.6	-4.7	
Syrma SGS Tech.	0.9	-10.5	129.5
Cyient DLM	3.4	1.9	
Data Pattern	-0.5	-5.3	54.8
<b>Healthcare</b>	<b>-1.3</b>	<b>6.9</b>	<b>40.9</b>
Alembic Phar	-4.0	21.8	72.5
Alkem Lab	-0.6	1.2	64.6
Apollo Hospitals	-0.7	11.3	46.0
Ajanta Pharma	-0.5	11.0	82.2
Aurobindo	-0.8	7.9	175.5
Biocon	-2.2	5.0	10.0
Zydus Lifesci.	-2.1	8.3	72.6
Cipla	-3.4	10.8	32.3
Divis Lab	-1.8	-3.1	7.3
Dr Reddy's	-0.8	4.0	39.4
ERIS Lifescience	-0.8	0.4	42.4
Gland Pharma	-2.0	1.7	41.5

Company	1 Day (%)	1M (%)	12M (%)
Glenmark	0.1	6.2	123.4
Global Health	-1.4	13.8	142.6
Granules	-0.7	7.4	43.4
GSK Pharma	-0.1	25.0	73.8
IPCA Labs	1.5	5.0	29.3
Laurus Labs	-5.5	-8.6	10.7
Lupin	0.3	14.9	94.6
Max Healthcare	-0.6	12.9	67.2
Piramal Pharma	-0.6	1.6	35.0
Sun Pharma	-1.0	10.0	31.6
<b>Infrastructure</b>	<b>0.1</b>	<b>7.3</b>	<b>49.4</b>
Torrent Pharma	-1.3	11.3	58.9
G R Infraproject	-0.6	-2.3	-5.9
IRB Infra.Devl.	3.2	21.7	75.9
KNR Construct.	0.1	1.0	3.3
<b>Logistics</b>			
Adani Ports	2.3	11.6	60.8
Blue Dart Exp.	-3.7	-9.9	-1.9
Container Corpn.	-1.5	-0.5	27.6
Mahindra Logis.	0.3	11.3	-8.6
Transport Corp.	-1.1	4.3	35.5
TCI Express	-0.4	-4.3	-26.1
VRL Logistics	-0.2	-2.7	31.7
<b>Media</b>	<b>0.2</b>	<b>-10.7</b>	<b>13.9</b>
PVR INOX	0.5	-14.2	-12.4
Sun TV	0.9	-10.4	39.3
Zee Ent.	-1.9	-39.0	-25.8
<b>Metals</b>	<b>0.1</b>	<b>0.9</b>	<b>15.2</b>
Hindalco	0.4	-0.6	16.0
Hind. Zinc	0.6	1.1	-12.5
JSPL	1.4	-1.4	20.3
JSW Steel	0.4	-4.6	12.6
Nalco	4.1	22.6	70.7
NMDC	2.5	11.1	75.3
SAIL	3.5	5.6	32.5
Tata Steel	-1.0	0.1	10.5
Vedanta	0.4	1.5	-19.2
<b>Oil &amp; Gas</b>	<b>-0.5</b>	<b>9.7</b>	<b>19.4</b>
Aegis Logistics	0.7	6.7	13.3
BPCL	-0.6	6.2	36.8
Castrol India	-0.8	7.7	44.5
GAIL	0.5	9.2	63.9
Gujarat Gas	-2.9	23.5	18.5
Gujarat St. Pet.	-0.7	22.9	35.4
HPCL	-4.9	16.6	73.6
IOC	0.2	16.2	74.2
IGL	-6.8	-0.7	-1.9
Mahanagar Gas	2.1	15.0	58.6
MRPL	1.5	34.2	206.2
Oil India	0.3	8.0	70.9
ONGC	-0.1	14.8	53.5
PLNG	-1.4	19.8	13.9
Reliance Ind.	0.7	5.5	24.7



Company	1 Day (%)	1M (%)	12M (%)
<b>Real Estate</b>	<b>0.7</b>	<b>7.9</b>	<b>99.5</b>
Brigade Enterpr.	2.6	12.2	116.8
DLF	1.5	6.0	115.5
Godrej Propert.	2.7	18.0	94.5
Mahindra Life.	-0.5	4.5	57.3
Macrotech Devel.	-0.5	12.7	98.0
Oberoi Realty Ltd	0.0	-7.3	61.3
Sobha	-1.1	34.5	139.9
Sunteck Realty	4.1	4.4	22.9
Phoenix Mills	-3.0	-0.1	67.4
Prestige Estates	0.7	8.1	178.6
<b>Retail</b>			
Aditya Bir. Fas.	2.6	9.8	-5.7
Avenue Super.	0.2	-6.8	6.2
Bata India	-1.2	-10.6	-5.3
Campus Activewe.	-0.5	-4.6	-31.7
Barbeque-Nation	-0.3	-9.3	-30.9
Devyani Intl.	1.1	-6.3	12.3
Jubilant Food	-3.3	-12.6	2.9
Metro Brands	10.1	-9.2	47.6
Raymond	-0.7	1.7	15.1
Relaxo Footwear	-0.3	-5.2	2.1
Restaurant Brand	-2.8	6.7	4.4
Sapphire Foods	-0.7	0.9	10.2
Shoppers St.	-1.1	2.2	7.7
Titan Co.	0.1	3.9	60.0
Trent	0.3	9.0	166.6
V-Mart Retail	0.1	-1.5	-22.2
Vedant Fashions	4.9	-12.0	-1.3
Westlife Food	-0.5	0.8	16.2
<b>Technology</b>	<b>-1.6</b>	<b>2.4</b>	<b>21.5</b>
Cyient	-1.2	-15.4	137.8
HCL Tech.	-1.7	6.0	38.1
Infosys	-0.4	6.8	8.2
LTIMindtree	-2.2	-11.8	24.0
L&T Technology	-2.1	3.5	62.7
Mphasis	-1.7	-7.9	21.9
Coforge	-2.6	-1.4	45.2
Persistent Sys	-1.1	12.7	82.4
TCS	-0.8	-0.4	11.1
Tech Mah	-6.1	3.7	25.8
Wipro	-1.7	1.6	17.0
Zensar Tech	1.1	-7.1	149.3
<b>Telecom</b>	<b>-1.2</b>	<b>11.7</b>	<b>48.3</b>
Bharti Airtel	-2.5	17.3	49.5
Indus Towers	-2.0	21.3	42.8
Idea Cellular	-2.0	7.4	116.3
Tata Comm	-0.7	-0.8	33.6
<b>Utilities</b>	<b>1.8</b>	<b>7.7</b>	<b>41.1</b>
Coal India	1.8	7.2	72.2
NTPC	1.9	3.9	89.7
Power Grid Corpn	-0.3	5.9	49.2

Company	1 Day (%)	1M (%)	12M (%)
<b>Others</b>			
APL Apollo Tubes	-0.8	-6.2	29.1
BSE	0.5	-8.5	300.3
Coromandel Intl	-1.8	-8.3	32.0
EPL Ltd	-0.8	0.4	27.1
Indiamart Inter.	0.0	-9.7	4.7
Godrej Agrovet	1.2	-2.4	18.3
Havells	-1.2	-4.5	9.3
Indian Hotels	-1.4	7.8	62.5
Interglobe	-1.6	-0.3	35.7
Info Edge	-0.8	-0.5	35.8
Kajaria Ceramics	0.5	-3.2	27.7
Lemon Tree Hotel	0.0	14.0	84.8
MCX	1.8	1.8	109.0
One 97	1.2	18.8	43.2
Piramal Enterp.	0.8	-4.5	6.0
PI Inds.	-1.2	-5.4	9.0
Quess Corp	1.9	-6.0	26.9
SIS	2.6	10.5	37.5
SRF	-0.7	-7.6	6.6
Tata Chemicals	-1.2	-1.6	5.9
Team Lease Serv.	1.2	4.3	25.2
Voltas	-2.6	6.1	32.9
UPL	-1.5	-7.6	-27.2
Zomato Ltd	0.0	6.0	185.1

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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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