

**Market snapshot**



Equities - India	Close	Chg .%	CYTD.%
Sensex	72,086	0.6	-0.2
Nifty-50	21,854	0.7	0.6
Nifty-M 100	48,477	0.4	5.0
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	4,959	1.1	4.0
Nasdaq	15,629	1.7	4.1
FTSE 100	7,616	-0.1	-1.5
DAX	16,918	0.4	1.0
Hang Seng	5,219	-0.1	-9.5
Nikkei 225	36,158	0.4	8.0
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	79	-5.0	1.7
Gold (\$/OZ)	2,040	-0.7	-1.1
Cu (US\$/MT)	8,374	-0.6	-1.1
Almn (US\$/MT)	2,196	-0.5	-6.4
Currency	Close	Chg .%	CYTD.%
USD/INR	82.9	-0.1	-0.3
USD/EUR	1.1	-0.8	-2.3
USD/JPY	148.4	1.3	5.2
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.1	0.00	-0.1
10 Yrs AAA Corp	7.6	-0.02	-0.2
Flows (USD b)	2-Feb	MTD	CYTD
FII	0.0	7.03	21.4
DII	0.30	1.85	22.3
Volumes (INRb)	2-Feb	MTD*	YTD*
Cash	1,570	1257	1257
F&O	1,76,806	3,97,235	3,97,235

Note: Flows, MTD includes provisional numbers.

\*Average



**Today's top research theme**

**State Bank of India: Core performance on track; One-offs dent earnings**

- ❖ SBIN's 3QFY24 PAT of INR91.64b came in 17% below our estimate of INR110b, affected by higher wage provisions and an exceptional item of INR71b. Adjusting for the exceptional item, net profit would have been INR144b.
- ❖ NII grew 4.6% YoY/0.8% QoQ (in line). NIMs declined 7bp QoQ to 3.22% (domestic NIMs at 3.34%, down 9bp QoQ).
- ❖ Slippages increased marginally to INR50.5b, while healthy recoveries and write-offs led to a 13bp decline in the GNPA ratio. RSA pool declined to INR189b or 0.6% of advances.
- ❖ We raise our FY25 EPS estimates by 4.6% as the wage/pension provisioning gets completely done with in FY24 and expect the overall credit cost to remain under control. We estimate FY25 RoA/RoE of 1.1%/19.6%. **Reiterate our BUY rating with an unchanged TP of INR800 (based on 1.2x Sep'25E ABV + INR218 from subs).**



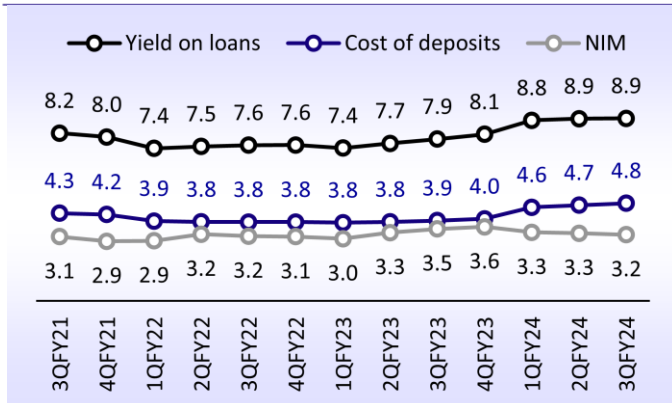
**Research covered**

Cos/Sector	Key Highlights
State Bank of India	Core performance on track; One-offs dent earnings
India Strategy	Interim review – In line; domestic cyclicals drive the quarter, as expected
Bulls & Bears	CY24 begins on a cautious note; corporate earnings key triggers
TATA Motors	Strong beat driven by healthy growth across businesses
Other updates	Interglobe Aviat   Torrent Pharma   Tube Investments   Indian Hotels   Mphasis   UPL   Devyani Intl.   Castrol India   Clean Science   Amara Raja   Aegis Logistics   Raymond   AAVAS Financiers   Data Pattern   Avalon Tech   LIC Housing Fin.   Fine Organic   Alkyl Amines   Mahindra Life.   Transport Corp.   Quess Corp



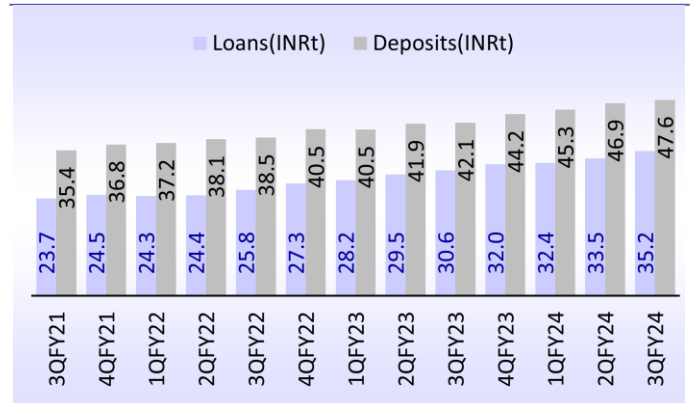
**Chart of the Day: State Bank of India (Core performance on track; One-offs dent earnings)**

Global NIMs compressed 7bp QoQ to 3.22%



Source: MOFSL, Company

Loans up 15% YoY (5.2% QoQ); deposits up 13% YoY



Source: MOFSL, Company

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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, Bloomberg, Thomson Reuters, Factset and S&P Capital.



Kindly click on textbox for the detailed news link

1

### **Paytm denies facing ED probe amid RBI action against banking arm**

The company said it "categorically denies any investigation by the Enforcement Directorate" against Paytm, its associates, founder or CEO for money laundering activities

2

### **Singapore arbitration panel denies emergency relief to Sony against Zee's plea before NCLT**

SIAC has determined that its emergency arbitrator has no jurisdiction or authority to injunct Zee from approaching the NCLT to implement the merger scheme, the company said in an exchange filing

3

### **IndiGo may lease five Boeing 737 Max aircraft from Qatar Airways**

People aware of the development said that the airline is planning to lease the planes from Qatar Airways for a period of six months for the busy summer travel season. The aircraft are less than four years old and are currently being operated by the Doha-based carrier.

4

### **Ikea looks at next round of investment in India after fulfilling Rs 10,500-cr promise**

IKEA is planning the next round of investment in India to expand its presence, increase sourcing, and further build its volume. The company has exhausted its initial commitment of Rs 10,500 crore and is formulating plans for the next level of investment.

5

### **SBI says wage hike provisions to reach Rs 26,000 crore by March**

State Bank of India (SBI) has reported a sharp 35% decline in its net profit for the December quarter due to increased salaries and pensions. The bank expects the burden to rise to around Rs 26,000 crore by March. The fall in profit is attributed to a provision of Rs 7,100 crore made towards salaries and pensions, following a wage hike settlement reached in November 2022.

6

### **Rural connectivity, semiconductor gets a spending push in FY25; telecom receipts pegged at Rs 1.2 trillion, up 29%**

This comes after the government is expected to end FY24 with a record high spending on rural connectivity at Rs 15,700 crore, which is up 51% from the earlier estimate of Rs 10,400 crore.

7

### **ONGC, IOC, other oil PSUs to invest Rs 1.2 lakh cr in FY25**

The investment proposed in 2024-25 is 5 per cent higher than Rs 1.12 lakh crore spent by the state-owned oil firms in the current fiscal year that ends on March 31, according to Budget 2024-25 documents



# State Bank of India

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	SBIN IN
Equity Shares (m)	8925
M.Cap.(INRb)/(USDb)	5797.9 / 69.9
52-Week Range (INR)	661 / 502
1, 6, 12 Rel. Per (%)	1/-3/-1
12M Avg Val (INR M)	10123

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	1,448	1,606	1,796
OP	837	872	1,138
NP	502	560	733
NIM (%)	3.2	3.1	3.1
EPS (INR)	56.3	62.7	82.1
EPS Gr. (%)	58.6	11.4	31.0
ABV (INR)	311	361	429
Cons. BV (INR)	385	453	543

## Ratios

RoE (%)	18.1	17.4	19.6
RoA (%)	1.0	1.0	1.1

## Valuations

P/BV (x) (Cons.)	1.7	1.4	1.2
P/ABV (x)	1.4	1.2	1.0
P/E (x)	7.7	6.9	5.3

\*Adjusted for subsidiaries

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	56.9	56.9	56.9
DII	24.0	24.2	25.1
FII	11.8	11.6	11.0
Others	7.3	7.2	7.0

FII Includes depository receipts

**CMP: INR650 TP: INR800 (+22%) Buy**

## Core performance on track; One-offs dent earnings

### NIMs contract 7bp QoQ

- SBIN's 3QFY24 PAT of INR91.64b came in 17% below our estimate of INR110b, affected by higher wage provisions and an exceptional item of INR71b. Adjusting for the exceptional item, net profit would have been INR144b.
- NII grew 4.6% YoY/0.8% QoQ (in line). NIMs declined 7bp QoQ to 3.22% (domestic NIMs at 3.34%, down 9bp QoQ).
- Slippages increased marginally to INR50.5b, while healthy recoveries and write-offs led to a 13bp decline in the GNPA ratio. RSA pool declined to INR189b or 0.6% of advances.
- We raise our FY25 EPS estimates by 4.6% as the wage/pension provisioning gets completely done with in FY24 and expect the overall credit cost to remain under control. We estimate FY25 RoA/RoE of 1.1%/19.6%. **Reiterate our BUY rating with an unchanged TP of INR800 (based on 1.2x Sep'25E ABV + INR218 from subs).**

### Revenue growth steady; guides for lower wage provisions

- SBIN reported a 36% YoY decline in net profit to INR91.6b as the bank navigated through higher wage provisions and an exceptional item of INR71b. NII grew 4.6% YoY (largely in line), while margins declined by 7bp QoQ to 3.22% (in line).
- Other income grew 6.2% QoQ (flat YoY), as treasury gains remained healthy at INR25b. Core other income grew 5% YoY.
- In 3Q, SBIN made wage-related provisions of INR63b (for a 17% wage hike). For 9MFY24, wage-related provisions stood at INR127.2b. For 4Q, the bank guides for lower wage provisions at INR54b. It also made a provision of INR2.4b for its AIF exposure. As a result, PPoP declined by 19% YoY to ~INR203b, while Core PPoP declined 20% YoY.
- Advances grew ~15% YoY/5.2% QoQ, led by 15% YoY growth in retail and 19% YoY growth in SME segment. Agri book grew 18% YoY, while corporate growth picked up to 11% YoY. Retail growth was driven by home loans (13% YoY/3.2% QoQ; 54% of retail book), while Auto/Xpress credit grew 21%/16% YoY. Deposit growth was slow at 13% YoY/1.6% QoQ, while the CASA mix declined 70bp QoQ to 41.2%. Domestic CD ratio thus increased to 66.3%.
- Slippages increased marginally to INR50b or 0.7% of advances, in 3Q. While continued robust recoveries/write-offs led to a 13bp QoQ drop in the GNPA ratio to 2.42%. The NNPA ratio remained flat at 0.64%. Restructured book declined to INR189b (0.5% of advances), while SMA 1/2 portfolio stood at INR41.3b (12bp of loans).
- **Subsidiary performance:** SBICARD clocked a PAT of INR5.49b (up 8% YoY). SBILIFE's PAT grew 6% YoY to INR3.2b. PAT of the AMC business increased by 45% YoY to INR5.4b, while SBI General reported a profit of INR750m vs. a profit of INR130m in 3QFY23.

### Highlights from the management commentary

- Wage revisions increased to 17% from 14%; 10% was provided from Nov'22 onward. The bank had provided INR88.9b as of Sep'23 and provided additional INR63.13b in 3Q. Total provisions thus stood at INR127.18b in FY24. The bank expects to make residual INR54.08b of wage-related provisions in 4Q.
- After wage provisioning in FY24, the wage bill will be INR660b in FY25E vs. INR770b (total at INR770b + INR71b {one offs} = INR 841b) in FY24.
- CET-1 ratio stands at 10.38% and the bank is open to raise more capital if growth trends demand it. The bank is also reviewing AT1 prices and will make sure that capital will not be a constraint for growth.

### Valuation and view

SBIN reported a mixed quarter as one-off pension provisions impacted earnings, whereas high wage provisions were partially offset by a decline in loan loss provisions. Operating expenses thus remained high, thereby affecting PPOP growth. The management anticipates lower wage provisions at INR54b in 4Q. Consequently, we expect improvement in operating profitability in FY25. Margins contracted 7bp QoQ to 3.22% in 3Q; however, the bank expects margins to remain broadly stable, with a potential 1-2bp decline. The bank has various levers such as CD ratio and MCLR repricing to keep margins stable. Business growth remains robust, with signs of a recovery in the corporate segment. Asset quality remains healthy as the GNPA ratio improves further and the restructured book is well-managed at 0.5% of advances, while the SMA pool stands at 12bp of loans. We estimate SBIN to deliver RoA/RoE of 1.1%/19.6% in FY25. **We maintain our BUY rating with an unchanged TP of INR800 (1.2x Sep'25E ABV + INR 218 from subsidiaries).**

### Quarterly performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Interest Income</b>	<b>312.0</b>	<b>351.8</b>	<b>380.7</b>	<b>403.9</b>	<b>389.0</b>	<b>395.0</b>	<b>398.2</b>	<b>423.8</b>	<b>1,448.4</b>	<b>1,606.0</b>	<b>401.6</b>	<b>-1%</b>
% Change (YoY)	12.9	12.8	24.1	29.5	24.7	12.3	4.6	4.9	20.0	10.9	5.5	
Other Income	23.1	88.7	114.7	139.6	120.6	107.9	114.6	140.2	366.2	483.3	111.8	2%
<b>Total Income</b>	<b>335.1</b>	<b>440.6</b>	<b>495.4</b>	<b>543.5</b>	<b>509.7</b>	<b>502.9</b>	<b>512.7</b>	<b>564.0</b>	<b>1,814.6</b>	<b>2,089.3</b>	<b>513.4</b>	<b>0%</b>
Operating Expenses	207.6	229.4	243.2	297.3	256.7	308.7	309.4	342.6	977.4	1,217.5	339.3	-9%
<b>Operating Profit</b>	<b>127.5</b>	<b>211.2</b>	<b>252.2</b>	<b>246.2</b>	<b>253.0</b>	<b>194.2</b>	<b>203.4</b>	<b>221.3</b>	<b>837.1</b>	<b>871.8</b>	<b>174.1</b>	<b>17%</b>
% Change (YoY)	-32.8	16.8	36.2	24.9	98.4	-8.1	-19.4	-10.1	11.2	4.1	-31.0	
Provisions	43.9	30.4	57.6	33.2	25.0	1.2	6.9	21.5	165.1	54.6	27.2	-75%
Exceptional items (exp)	0.0	0.0	0.0	0.0	0.0	0.0	71.0	0.0		71.0	0.0	
<b>Profit before Tax</b>	<b>83.6</b>	<b>180.8</b>	<b>194.6</b>	<b>213.1</b>	<b>228.0</b>	<b>193.0</b>	<b>125.5</b>	<b>199.8</b>	<b>672.1</b>	<b>746.2</b>	<b>146.9</b>	<b>-15%</b>
Tax Provisions	22.9	48.2	52.5	46.1	59.1	49.7	33.8	43.9	169.7	186.6	36.7	-8%
<b>Net Profit</b>	<b>60.7</b>	<b>132.6</b>	<b>142.1</b>	<b>166.9</b>	<b>168.8</b>	<b>143.3</b>	<b>91.6</b>	<b>155.9</b>	<b>502.3</b>	<b>559.7</b>	<b>110.2</b>	<b>-17%</b>
% Change (YoY)	-6.7	73.9	68.5	83.2	178.2	8.0	-35.5	-6.6	58.6	11.4	-22.4	
Adj. Net profit	60.7	132.6	142.1	166.9	168.8	143.3	144.0	155.9	502.3	612.0		
<b>Operating Parameters</b>												
Deposits (INR t)	40.5	41.9	42.1	44.2	45.3	46.9	47.6	49.0	44.2	49.0	48.0	-0.9%
Loans (INR t)	28.2	29.5	30.6	32.0	32.4	33.5	35.2	36.5	32.0	36.5	34.8	1.0%
Deposit Growth (%)	8.7	10.0	9.5	9.2	12.0	11.9	13.0	10.8	9.2	10.8	14.0	
Loan Growth (%)	15.8	20.8	18.6	17.0	14.9	13.3	15.1	14.1	17.0	14.1	13.9	
<b>Asset Quality</b>												
Gross NPA (%)	3.9	3.5	3.1	2.8	2.8	2.6	2.4	2.3	2.8	2.3	2.4	
Net NPA (%)	1.0	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.6	0.6	
PCR (%)	75.1	77.9	76.1	76.4	74.8	75.4	74.2	74.0	76.2	74.0	75.2	

E: MOFSL estimates



Refer to our Dec'23  
Quarter Preview



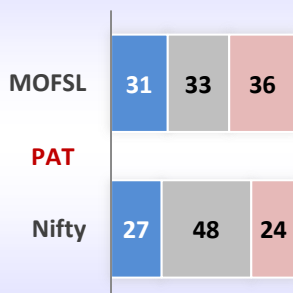
## Interim review – In line; domestic cyclicals drive the quarter, as expected

### Contributions from Metals and Consumer improve

- In this report, we present our interim review of the 3QFY24 earnings season.
- As of 1<sup>st</sup> Feb'24, 147/33 companies within the MOFSL Universe/Nifty announced their 3QFY24 results. These companies constitute: a) 73% and 74% of the estimated PAT for the MOFSL and Nifty Universe, respectively; b) 48% of India's market capitalization; and c) 77% weightage in the Nifty.
- The 3QFY24 aggregate earnings of the aforementioned 147 MOFSL Universe companies were in line with our estimates and grew 34% YoY (vs. our est. of +28% YoY). The earnings growth was fueled by the domestic cyclicals, such as BFSI and Auto. BFSI clocked a 26% YoY growth, while Auto registered a growth of 40% YoY (in line with our est. of +40%), driven by Maruti Suzuki and Bajaj Auto.
- OMC's profitability surged to INR120b in 3QFY24 from INR26b in 3QFY23, owing to strong marketing margins. Ex-OMCs, MOFSL/Nifty's earnings grew 28%/20% YoY.
- The Metals sector reported a healthy growth of 234% YoY (vs. est. of 133% YoY), primarily fired by Tata Steel, which clocked a profit of INR8.5b in 3QFY24 (vs. a loss of INR23.8b in 3QFY23). Excluding Tata Steel, the MOFSL Metals Universe grew 62% YoY during the quarter.
- Until now, 28/48 companies within the MOFSL Coverage Universe have reported an upgrade/downgrade of more than 3% each, leading to an adverse upgrade-to-downgrade ratio for FY25E. However, the EBITDA margin of the MOFSL Universe (excluding Financials) has expanded 250bp YoY to 14.9% during the quarter so far.
- Earnings of the 33 Nifty companies that have declared results so far jumped 21% YoY (vs. est. of +20% YoY), propelled by HDFC Bank, Tata Steel, ICICI Bank, JSW Steel, and Reliance Industries. These five companies contributed 57% to the incremental YoY accretion in earnings. Conversely, Tech Mahindra, Infosys, and Wipro contributed adversely to Nifty earnings. Only eight companies within Nifty reported profits below our expectations, while nine recorded a beat, and 16 registered in-line results so far.
- **Nifty EPS stable:** Our EPS estimates for FY24/FY25 have witnessed a marginal decline so far at INR972/INR1,131 (vs. INR976/INR1,142).
- **Summary of the 3QFY24 performance thus far:** 1) **Technology:** The IT Services companies (within MOFSL Universe) reported relatively healthy performance (beating our estimates) despite having seasonality and furlough impact in 3QFY24, with a median revenue growth of 1.0% QoQ CC. 2) **Banks:** Earnings growth for private banks was largely in line, while most of the PSU banks posted a slight earnings beat despite a higher opex due to wage provisions. NIMs of PSU banks stood resilient, with several of them reporting a sequential expansion in margins, while private banks continue to see NIM pressure emanating from the persistent rise in funding costs. 3) **NBFCs – Lending:** Demand momentum in the vehicle segment remained robust in CV and 2W but was showing signs of moderation in tractors and PV. 4) **Automobiles:** 3QFY24 results thus far have been in line; the growth has largely been driven by: 1) healthy volume growth, 2) better product mix, 3) lower commodity costs, and 4) operating leverage. The

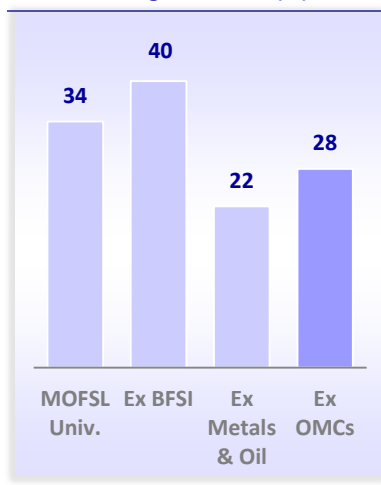
### 3QFY24: Expectations vs. delivery

% of companies that have declared results  
 ABOVE EXPECTATIONS IN-LINE BELOW EXPECTATIONS



commodity price trend is largely expected to remain stable in the coming quarters. 5) **Consumer:** On a broader canvas, the pulse of consumption has been weak; only some pockets have fared relatively better on volume trajectory, such as Paints, and Jewelry. The Staple universe sustained a largely similar demand trend as witnessed in 2QFY24. Volume improved marginally on a sequential basis, but the overall revenue growth was muted due to price cuts. 6) **Oil & Gas:** The sector so far has reported mixed results. RIL missed our estimates due to lower gas price realizations and a lower downstream margin. OMCs witnessed an earnings decline sequentially amid contraction in GRM and marketing margins. However, the actual performance (vs. estimates) was a mixed bag. Gas companies broadly outperformed our expectations aided by reasonably stable gas prices. *Refer to page 8 for the detailed 3QFY24 sectoral trends.*

3QFY24: PAT growth YoY (%)



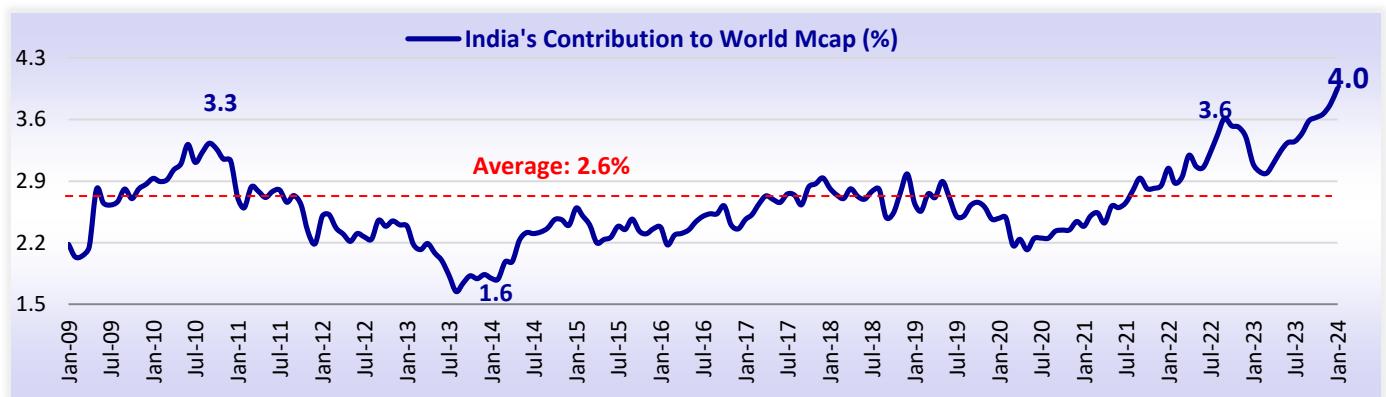
### Key 3QFY24 result highlights

- As of 1<sup>st</sup> Feb'24, **33 Nifty stocks** reported a sales/EBITDA/PBT/PAT growth of 6%/15%/15%/21% YoY (vs. est. of +7%/14%/16%/20%). Of these, 9/8 companies surpassed/missed our PAT estimates. On the EBITDA front, 9/7 companies exceeded/missed our estimates during the quarter.
- For the **147 companies within our MOFSL Universe**, sales/EBITDA/PBT/PAT growth stood at 4%/19%/30%/34% YoY (vs. est. of +2%/15%/24%/28%). Excluding OMCs, the MOFSL Universe companies recorded a sales/EBITDA/PBT/PAT growth of 6%/15%/23%/28% YoY (vs. est. of +8%/14%/21%/25%) in 3QFY24.
- Among the Nifty constituents, ITC, HCL Tech, Wipro, Adani Ports, JSW Steel, Asian Paints, Dr Reddy's Labs, Cipla, and Tata Steel exceeded our profit estimates. Conversely, Kotak Mahindra Bank, L&T, HUL, Ultratech Cement, Titan Company, Tech Mahindra, and SBI Life Insurance missed our profit estimates for 3QFY24.
- Within the MOFSL Universe, Healthcare/Logistics/Cement/Tech recorded an FY25E earnings upgrade of 3.3%/2.4%/1.4%/1%. Conversely, Real Estate, Retail, and Consumer registered an earnings downgrade of 15.2%/5.1%/4.1% in 3QFY24 thus far.
- **View:** The 3QFY24 corporate earnings scorecard has been in line so far, with heavyweights such as HDFC Bank, Tata Steel, ICICI Bank, JSW Steel, and Reliance Industries driving the aggregate. The earnings spread has been decent, with 64% of our Coverage Universe either meeting or exceeding profit expectations. However, growth has primarily been led by the BFSI, Metals, O&G, and Auto sectors. Nifty is trading at a 12-month forward P/E of 19.4x, at a 4% discount to its own long-period average (LPA). We prefer PSU banks, Industrials (Capital Goods, Cement), Real Estate, Consumer Discretionary, and NBFCs, while we are UW on IT, and Metals. We recently upgraded Energy to Neutral and downgraded Auto and Pharma to Neutral in our [model portfolio](#).

### Strategy: CY24 begins on a cautious note; corporate earnings key triggers

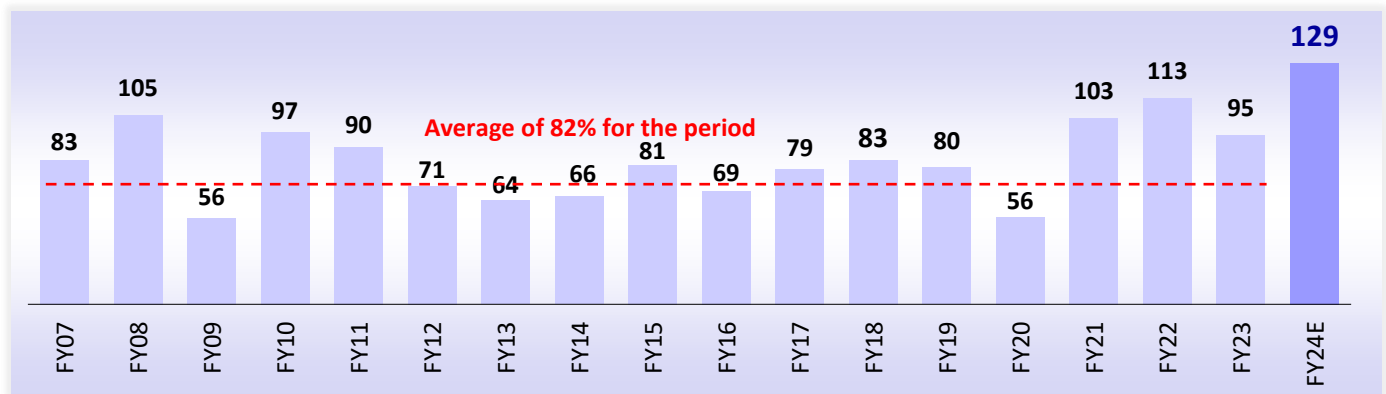
- Tested by elevated volatility, the market consolidates in Jan'24:** The Nifty, after recording an impressive 20% YoY gain in CY23, has begun the year on a cautious note. The month was characterized by extreme volatility, with the benchmark oscillating in a wide range (~1,000 points) and pulling back from record highs to close flat MoM. Over the last 12 months, midcaps and smallcaps have gained 58% and 69%, respectively, while largecaps have risen 23%. During the last five years, midcaps have outperformed largecaps by 86%, while smallcaps have outperformed largecaps by 60%.
- FII record outflows after two consecutive months of inflows:** In Jan'24, FIIs posted the highest outflows since Feb'23 at USD3.1b. DIIs recorded the six-consecutive month of inflows at USD3.2b. FII inflows into Indian equities stood at USD21.4b in CY23 vs. outflows of USD17b in CY22. DII inflows into equities in CY23 remained strong at USD22.3b vs. USD32.2b in CY22.
- Breadth balanced in Jan'24:** Among the sectors, the top gainers were Oil & Gas (+10%), PSU Banks (+10%), Real Estate (+9%), Utilities (+9%), and Infrastructure (+8%). While, Media (-10%), Private Banks (-5%), and Consumer (-3%) were the top losers. The breadth was balanced, with 25 Nifty stocks closing higher. ONGC (+23%), Adani Ports (+18%), Bharti Airtel (+13%), Tata Motors (+13%), and Bajaj Auto (+13%) were the top performers, while HDFC Bank (-14%), LTIMindtree (-13%), Asian Paints (-13%), HDFC Life (-11%), and UPL (-8%) were the key laggards.
- Major economies have ended lower in Jan'24:** Barring Japan (+8% MoM), Russia (+5%), and the US (+2%), Jan'24 saw key global markets such as China (-6%), Korea (-6%), Brazil (-5%), MSCI EM (-5%), the UK (-1%), Indonesia (-1%), Taiwan (-0%), and India (-0%) close lower in local currency terms. Over the last 12 months, the MSCI India Index (+28%) has outperformed the MSCI EM Index (-5%). Over the last 10 years, the MSCI India Index has notably outperformed the MSCI EM index by 216%.
- Corporate earnings in line in 3QFY24:** The 3QFY24 corporate earnings scorecard has been in line, with the performance of heavyweights such as HDFC Bank, Tata Steel, ICICI Bank, JSW Steel, and Reliance Industries driving the aggregate. The spread of earnings has been decent, with 64% of our Coverage Universe either meeting or exceeding profit expectations. Earnings of the 33 Nifty companies that have declared results so far jumped 21% YoY (vs. est. of +20% YoY)
- Our view:** The Vote-on-Account was presented against the backdrop of a bullish macro and micro environment for India, with equity markets reaching new highs. Further, this was the last budget before the forthcoming Lok Sabha Elections in Apr-May'24, and thus, expectations of some populism were not unfounded, considering the underlying weak consumption demand in the economy, especially in rural India. We anticipate the market to quickly discount the budget and shift focus to the trajectory of corporate earnings growth, which has remained resilient so far in 9MFY24 (albeit, witnessing some challenges with downgrades outweighing upgrades in 3QFY24). We prefer PSU Banks, Industrials (Capital Goods, Cement), Real Estate, Consumer Discretionary and NBFCs, while we are UW on IT, and Metals. We recently upgraded Energy to Neutral and downgraded Auto and Pharma to Neutral in [our model portfolio](#).
- Top ideas: Largecaps –** L&T, SBI, ICICI Bank, Coal India, Titan, M&M, Gail, ITC, HCL Tech, Cipla; **Midcaps and Smallcaps –** Indian Hotels, Zomato, Godrej Property, Sobha Developers, Dalmia Bharat, Angel One, IIFL Finance, PNB Housing, Lemon Tree, Restaurant Brands Asia.

Trend in India's contribution to global M-cap (%) – at its all-time high



Source: MOFSL, Company

India's market capitalization-to-GDP ratio (%) at its year-end high



Source: MOFSL, Company





# TATA Motors

Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR879 TP: INR1000 (+14%) Buy**

## Strong beat driven by healthy growth across businesses

### The next leg of growth to be led by JLR; PV/CV to see stable growth

Bloomberg	TTMT IN
Equity Shares (m)	3598
M.Cap.(INRb)/(USDb)	3218.3 / 38.8
52-Week Range (INR)	902 / 400
1, 6, 12 Rel. Per (%)	11/29/73
12M Avg Val (INR M)	7072

- TATA Motors (TTMT)'s 3QFY24 result was a strong beat, as consolidated EBITDA/PAT came in at INR153.3b/70.9b (vs. est. INR137.6b/35.1b). JLR reported an EBIT margin of 8.8% during the quarter (+150bp QoQ), while the management maintained its margin guidance of 10% for FY26.
- We upgrade our consolidated EPS by 23%/26% for FY24E/25E to factor in: better-than-expected gross margin in JLR, higher other income, and lower tax. **Reiterate BUY with an FY26 SOTP-based TP of INR1,000.**

### Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Net Sales	3,460	4,375	4,719
EBITDA	318.3	595.1	677.6
Adj. PAT	8.2	202.7	229.0
Adj. EPS (INR)	2.2	52.9	62.3
EPS Gr. (%)	-108	2,360	18
BV/Sh. (INR)	118.3	166.5	231.4

### Ratios

Net D/E (x)	1.0	0.3	0.1
RoE (%)	1.8	37.2	30.8
RoCE (%)	5.0	15.6	15.6
Payout (%)	93.6	5.7	6.7

### Valuations

P/E (x)	408.6	16.6	14.1
P/BV (x)	7.4	5.3	3.8
EV/EBITDA (x)	12.5	6.1	4.8
Div. Yield (%)	0.2	0.3	0.5
FCF Yield (%)	5.5	11.5	5.9

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	46.4	46.4	46.4
DII	17.4	17.5	15.4
FII	18.6	18.4	18.2
Others	17.6	17.0	20.1

FII Includes depository receipts

### Margin improvement in JLR and CVs, except PVs

- **Consolidated business:** Consol. revenue/EBITDA/adj. PAT grew 25%/59%/1.4x YoY to INR1,105.8b/INR153.3b /INR70.9b (v/s est. INR1,073.9b/INR137.6b/INR35.1b). Automotive FCF was healthy at INR64b (grew 21% YoY), driven by JLR's FCF of GBP626m (grew 28% YoY). Net debt (of Auto) reduced INR95b QoQ to INR292b. TTMT's revenue/EBITDA/adj. PAT grew 32.5%/1.2x/LTP YoY during 9MFY24.
- **JLR – EBIT margin expands to 8.8%:** JLR's volumes (excl. JV) grew 27% YoY (+4% QoQ) to 101k (v/s est. 100k units). Net realizations declined 4% YoY (+3% QoQ) to GBP73k/unit (v/s est. GBP73.7k). EBITDA margin improved 410bp YoY (+130bp QoQ) to 16.2% (v/s est. 15.1%). Margin improvement was aided by a favorable mix and reduced RM costs. JLR's adj. PAT surged 1.3x YoY to GBP592m (v/s est. GBP317m).
- **Tata CV business – EBITDA margin at 11.1%:** CV volumes grew 4% YoY (-7.5% QoQ), while realizations improved 14.5% YoY to INR2.04m (v/s est. INR1.91m). EBITDA margin improved 260bp YoY to 11.1% (v/s est. 9.4%), driven by a better mix, higher realizations, cost efficiency measures, and commodity cost savings.
- **Tata PV business – 3Q ICE EBITDA margin at 9.4%, while EV margin at a breakeven before R&D expenses:** Volumes grew 5% YoY. Realizations remained grew 5% YoY to INR938.1k (v/s est. INR916k) in 3QFY24. Savings in RM were offset by higher fixed expenses, leading to EBITDA margin contracting 50bp YoY to 6.5% (v/s est. 7.0%).

### Highlights from the management commentary

- **JLR – Demand:** Not seeing any demand issues in the US while Europe is relatively stable. Management is not seeing any change in the pace of EV penetration. It continues to expect operating cash flow to support net debt of <GBP1b by the end of FY24, and anticipates a net cash in FY25. Range Rover BEV is likely to be in the market over the next 12 months.
- **CV outlook:** Fleet utilization continues to be at a healthy level. Transporters' profitability remained stable. Management is witnessing a drop in government spending due to the election, and seeing a pause in growth in 4QFY24. It expects 4Q volume to decline by a single digit, followed by a soft 1QFY25. Subsequently, other macro indicators would remain positive and this should ensure a healthy CV demand.
- **PV outlook:** FY25 industry growth will be challenging, and the industry is likely to grow by <5% YoY.

**Valuation and view**

- TTMT should witness a healthy recovery as supply-side issues ebb (for JLR) and commodity headwinds stabilize (for the India business). The next leg of growth will be driven by JLR, as we expect EBIT margin to reach ~9.9% by FY26, in line with the management’s guidance. While the India CV and PV businesses would see some moderation in growth in FY25E, the focus shifts to margin expansion-led earnings growth, which is likely to sustain.
- The stock trades at 16.6x/14.1x FY24E/FY25E consolidate P/E and 6.1x/4.8x EV/EBITDA. **Reiterate BUY with an FY26 SOTP-based TP of INR1,000.**

**Quarterly Performance [Consol]**

INR b	FY23				FY24				(INR Billion)		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY23	FY24	3QE
JLR Volumes (incl JV; '000 units)	82.6	89.9	92.3	107.4	106.3	109.1	113.9	125.7	372.2	455.0	113.3
JLR Realizations (GBP/unit)	61,352	69,847	75,901	75,035	74,024	70,824	72,989	73,143	70,976	72,750	73,657
JLR EBITDA Margins (%)	6.7	10.3	12.1	14.8	16.3	14.9	16.2	16.3	11.3	15.9	15.1
India CV Volumes ('000 units)	103.7	100.5	95.0	118.7	88.6	106.8	98.8	116.5	417.9	410.7	97.3
India CV Realizations (INR '000/unit)	1575.7	1642.6	1784.5	1798.4	1925.4	1887.2	2042.9	2028.0	1721.9	1980.2	1,909
India CV EBITDA Margins (%)	5.4	5.1	8.5	10.2	9.4	10.4	11.1	11.3	7.5	7.5	9.4
India PV Volumes ('000 units)	130.4	142.8	132.3	135.5	140.4	139.0	138.6	147.8	541.0	565.8	138.4
India PV Realizations (INR '000/unit)	894.6	885.7	893.0	898.2	921.8	880.9	938.1	939.8	892.8	920.4	916
India PV EBITDA Margins (%)	6.2	5.7	7.0	7.3	5.2	6.4	6.5	8.5	6.5	6.5	7.0
<b>Net Consol. Op Income</b>	<b>719.3</b>	<b>796.1</b>	<b>884.9</b>	<b>1059.3</b>	<b>1022.4</b>	<b>1051.3</b>	<b>1105.8</b>	<b>1195.7</b>	<b>3459.7</b>	<b>4375.2</b>	<b>1073.9</b>
Growth (%)	8.3	29.7	22.5	35.1	42.1	32.1	25.0	12.9	24.2	26.5	21.4
<b>Consol. EBITDA</b>	<b>31.8</b>	<b>62.0</b>	<b>96.4</b>	<b>128.1</b>	<b>135.6</b>	<b>137.2</b>	<b>153.3</b>	<b>168.9</b>	<b>318.3</b>	<b>595.1</b>	<b>137.6</b>
EBITDA Margins (%)	4.4	7.8	10.9	12.1	13.3	13.1	13.9	14.1	9.2	13.6	12.8
Depreciation	58.4	59.0	60.7	70.5	66.3	66.4	68.5	75.2	248.6	276.4	70.0
Other Income	8.9	10.4	11.3	15.8	13.6	16.3	15.0	18.1	46.3	63.0	13.0
Interest Expenses	24.2	24.9	26.8	26.6	26.2	27.0	24.8	23.7	102.4	101.8	27.0
<b>PBT before EO</b>	<b>-49.6</b>	<b>-17.7</b>	<b>32.0</b>	<b>50.0</b>	<b>53.3</b>	<b>61.1</b>	<b>75.8</b>	<b>78.6</b>	<b>14.7</b>	<b>268.8</b>	<b>48.6</b>
EO Exp/(Inc)	-14.9	-3.1	0.0	2.2	6.8	1.2	0.9	0.0	-15.91	8.89	0.00
<b>PBT after EO Exp</b>	<b>-34.7</b>	<b>-14.6</b>	<b>32.0</b>	<b>47.8</b>	<b>46.5</b>	<b>59.9</b>	<b>74.9</b>	<b>78.6</b>	<b>30.6</b>	<b>259.9</b>	<b>48.6</b>
Tax rate (%)	-43.8	31.3	8.2	-13.0	33.6	36.8	7.2	28.0	23.0	25.0	27.0
<b>PAT</b>	<b>-49.9</b>	<b>-10.0</b>	<b>29.4</b>	<b>54.0</b>	<b>30.9</b>	<b>37.8</b>	<b>69.5</b>	<b>56.6</b>	<b>23.5</b>	<b>194.8</b>	<b>35.5</b>
Minority Interest	-0.6	-0.5	-0.9	-0.9	-1.0	-0.7	-1.2	-0.5	-2.8	-3.4	-0.8
Share in profit of Associate	0.4	1.1	1.0	0.9	2.1	0.5	1.9	0.0	3.4	4.5	0.4
<b>Reported PAT</b>	<b>-50.1</b>	<b>-9.4</b>	<b>29.6</b>	<b>54.1</b>	<b>32.0</b>	<b>37.6</b>	<b>70.3</b>	<b>56.1</b>	<b>24.1</b>	<b>196.0</b>	<b>35.1</b>
<b>Adj PAT</b>	<b>-65.0</b>	<b>-12.6</b>	<b>29.6</b>	<b>56.2</b>	<b>37.1</b>	<b>38.6</b>	<b>70.9</b>	<b>56.1</b>	<b>8.2</b>	<b>202.7</b>	<b>35.1</b>
Growth (%)	46.0	-71.7	-284.6	-1862.6	-157.1	-406.8	139.7	-0.3	-107.6	2360.1	18.6

E: MOFSL Estimates



# InterGlobe Aviation

Estimate change	↑
TP change	↔
Rating change	↔

**CMP: INR3,127**      **TP: INR3,300 (+5%)**      **Neutral**

## Outperforms expectations in a seasonally strong quarter

Bloomberg	INDIGO IN
Equity Shares (m)	385
M.Cap.(INRb)/(USDb)	1206.9 / 14.6
52-Week Range (INR)	3150 / 1810
1, 6, 12 Rel. Per (%)	6/10/23
12M Avg Val (INR M)	2436
Free float (%)	36.9

### Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	673.9	720.6	781.8
EBITDAR	168.4	181.3	195.2
NP	77.1	90.4	92.2
EPS (INR)	199.9	234.4	239.2
Growth (%)	LP	17.3	2.0
BV/Sh (INR)	36.5	271.6	511.5

### Ratios

Net D:E	12.3	1.1	0.2
RoE (%)	-314.6	152.6	61.3
RoCE (%)	36.9	32.6	27.1
Payout (%)	0.0	0.0	0.0

### Valuations

P/E (x)	15.7	13.4	13.1
P/BV (x)	86.1	11.6	6.1
Adj.EV/EBITDAR(x)	8.6	7.6	6.7
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	6.0	6.3	7.8

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	63.1	63.2	71.9
DII	14.7	13.3	8.3
FII	18.7	20.3	17.8
Others	3.5	2.0	2.0

FII Includes depository receipts

- IndiGo reported a PAT of INR30b (vs. our estimate of INR24.6b) in 3QFY24, aided by lower-than-expected operating and fuel costs. Revenue passenger kilometers (RPK) came in at 31.3b. Passenger load factor (PLF) was at 85.8%, with available seat kilometers (ASK) of 36.5b (est. 35.5b) and yield at INR5.5 (est. INR5.3).
- According to **our airfare tracker**, the 30-day domestic forward prices for IndiGo are down 24% QoQ and the 15-day prices are down 23% QoQ in 4QFY24 till date. The management highlighted that the yield declined in Jan'24 due to seasonality; however, it remains steady on a YoY basis. The management has refrained from providing yield guidance for FY25 but expects PLF to remain elevated amid ongoing supply chain issues.
- IndiGo currently operates 136 aircraft on P&W engines and the number of grounded aircraft increased to over 70 in Jan'24 from over 40 in Dec'23. However, the number of total grounded aircraft remained below the management's estimates. The company has taken measures to improve the situation.
- Despite these issues, the company has maintained its capacity guidance for FY25. ASK is expected to grow 12-20% YoY in 4QFY24 due to new damp leases entered by the company during 3QFY24. The management also highlighted that it is too early to conclude anything about the slowdown in air traffic growth in the past couple of months. Also, corporate travel is currently above pre-Covid levels and the trend remains steady.
- While we remain positive on the aviation sector, IndiGo would have to navigate through various challenges in the near to medium term. We reiterate our Neutral rating on the stock with a TP of INR3,300, valuing it at 7.5x Dec'25E EV/EBIDTAR.

## Beat led by lower-than-expected fuel cost and employee expenses

- The yield stood at INR5.5 vs. our estimate of INR5.3 (and INR5.4 in 3QFY23).
- RPK was at 31.3b (our est. of 32b, +28% YoY), with PLF at 85.8%. ASK was at 36.5b (our est. of 35.5b, +27% YoY).
- Revenue was in line with our est. at INR194.5b (+30% YoY).
- EBITDAR stood at INR54.4b (est. of INR46.9b), with EBITDA at INR51.4b (our est. of INR44.9b).
- The company paid IGST of INR752.4m in 3QFY24 on the re-import of repaired aircraft, which is under dispute right now.
- PAT was 22% above our estimate at INR30b (up 2.1x YoY).
- For 9MFY24, revenue stood at INR511b (+27% YoY), EBITDA at INR123b (up 3.3x YoY), and PAT at INR62.7b (vs. loss of INR12.3b in 9MFY23).
- PLF improved to 85.8% (81.3% in 9MFY23) with average yield at INR5 (-4% YoY).

- Free cash stood at INR192b at end of 3QFY24 vs. INR106b at end of 3QFY23.
- Capitalized lease liability stood at INR446b, with total debt of INR512b at end of 3QFY24.

#### Valuation and View

- IndiGo is working to increase its international presence through strategic partnerships and loyalty programs. The company has added 15 new destinations in its code share with Turkish Airlines, taking total destinations to 42. The company has also recently entered into a codeshare agreement with Qantas for four destinations and has received encouraging response.
- The management has been taking several pre-emptive measures to increase its global brand awareness, as it expects to capture a bigger share of growth from its international market in the coming years (due to the lower base right now). However, competition in the sector is expected to intensify with the resurgence of Air India and the entry of a new player Akasa Air.
- While we remain positive on the aviation sector, IndiGo would have to navigate through various challenges in the near to medium term. We reiterate our Neutral rating on the stock with a TP of INR3,300, valuing it at 7.5x Dec'25E EV/EBIDTAR.

#### Standalone Quarterly performance

(INR b)

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			3QE	(%)
<b>Net Sales</b>	<b>128.6</b>	<b>125.0</b>	<b>149.3</b>	<b>141.6</b>	<b>166.8</b>	<b>149.4</b>	<b>194.5</b>	<b>163.1</b>	<b>544.5</b>	<b>673.9</b>	<b>139.9</b>	<b>1%</b>
YoY Change (%)	327.5	122.8	60.7	76.5	29.8	19.6	30.3	15.2	110.0	23.8	12.0	
<b>EBITDAR</b>	<b>6.6</b>	<b>0.7</b>	<b>31.8</b>	<b>28.9</b>	<b>51.6</b>	<b>23.9</b>	<b>54.4</b>	<b>38.4</b>	<b>68.1</b>	<b>168.4</b>	<b>11.3</b>	<b>16%</b>
Margin (%)	5.2	0.6	21.3	20.4	30.9	16.0	28.0	23.6	12.5	25.0	8.1	
Net Rentals	0.7	0.5	0.7	1.4	1.9	2.0	3.0	2.1	3.3	9.0	2.0	47%
<b>EBITDA</b>	<b>6.0</b>	<b>0.3</b>	<b>31.1</b>	<b>27.5</b>	<b>49.7</b>	<b>22.0</b>	<b>51.4</b>	<b>36.3</b>	<b>64.8</b>	<b>159.4</b>	<b>9.4</b>	<b>15%</b>
Margin (%)	4.6	0.2	20.9	19.4	29.8	14.7	26.4	22.3	11.9	23.7	6.7	
Depreciation	11.7	12.4	13.4	13.5	14.0	15.5	16.6	17.0	51.0	63.1	14.2	
Interest	6.6	7.3	8.3	9.2	9.5	10.2	11.0	10.7	31.3	41.4	9.6	
Other Income	1.6	3.5	4.8	4.4	4.8	5.6	6.1	5.7	14.3	22.2	4.8	
<b>PBT</b>	<b>-10.7</b>	<b>-15.9</b>	<b>14.2</b>	<b>9.2</b>	<b>30.9</b>	<b>1.9</b>	<b>30.0</b>	<b>14.3</b>	<b>-3.2</b>	<b>77.1</b>	<b>-9.6</b>	<b>22%</b>
<b>Reported PAT</b>	<b>-10.7</b>	<b>-15.9</b>	<b>14.2</b>	<b>9.2</b>	<b>30.9</b>	<b>1.9</b>	<b>30.0</b>	<b>14.3</b>	<b>-3.2</b>	<b>77.1</b>	<b>-9.6</b>	<b>22%</b>
<b>EPS</b>	<b>-27.7</b>	<b>-41.2</b>	<b>36.8</b>	<b>23.8</b>	<b>80.2</b>	<b>4.9</b>	<b>77.9</b>	<b>37.2</b>	<b>-8.2</b>	<b>200.2</b>	<b>-25.0</b>	<b>22%</b>
YoY Change (%)	Loss	Loss	1,004.1	LP	LP	LP	111.4	56.5	LP	LP	Loss	
<b>Operational Data</b>												
ASK (b)	27.5	27.7	28.8	30.4	32.7	35.3	36.5	36.7	114.4	141.2	34.3	3%
YoY Change (%)	146%	75%	25%	49%	19%	27%	27%	21%	63%	23%	24%	0%
Load factor (%)	79.6	79.1	85.1	84.2	88.7	83.3	85.8	94.2	82.1	88.0	83.7	-5%
RPK (b)	21.9	21.9	24.5	25.6	29.0	29.4	31.3	34.5	93.9	124.2	28.7	-2%
YoY Change (%)	232%	96%	34%	64%	32%	34%	28%	35%	82%	32%	31%	0%
Yield (INR/RPK)	5.24	5.07	5.38	4.85	5.18	4.44	5.48	4.10	5.14	4.80	4.31	3%
RASK	4.67	4.51	5.19	4.66	5.10	4.23	5.33	4.45	4.76	4.77	4.08	-2%
CASK	5.06	5.08	4.69	4.36	4.16	4.18	4.51	4.06	4.79	4.23	4.36	-5%
RASK less CASK	-0.39	-0.57	0.49	0.30	0.94	0.05	0.82	0.39	-0.03	0.55	-0.28	18%
CASK ex-Fuel	2.86	2.80	2.66	2.49	2.54	2.50	2.61	2.55	2.70	2.55	2.52	-2%
Fuel Cost	2.20	2.28	2.04	1.87	1.62	1.68	1.90	1.50	2.09	1.68	1.84	-9%



# Torrent Pharma

Estimate change	
TP change	
Rating change	

**CMP: INR2,525      TP: INR2,540 (+1%)      Neutral**

## India/LATAM drive earnings

### Profitability remains on uptrend

Bloomberg	TRP IN
Equity Shares (m)	338
M.Cap.(INRb)/(USDb)	854.8 / 10.3
52-Week Range (INR)	2576 / 1446
1, 6, 12 Rel. Per (%)	8/17/40
12M Avg Val (INR M)	665

- Torrent Pharma (TRP) delivered an in-line operating performance in 3QFY24. Healthy EBITDA growth of 18% YoY was driven by superior growth in domestic formulation (DF) and LatAm. The lack of approvals and marginal price erosion in base business in the US affected the overall performance to some extent.
- We marginally lower our FY24 estimate by 3% to factor in lower other income. We maintain our estimates for FY25/FY26. We value TRP at 30x 12M forward earnings to arrive at a TP of INR2,540.
- TRP continues to build levers for its branded generics segment in DF/LATAM through a focused approach on existing brands, selective/differentiated product launches, and the addition of MRs to expand reach. Further, it is also gearing up for launches in the US generics segment from its Dahej site. Tender wins are improving its growth prospects in Germany as well. Accordingly, we expect a 30% earnings CAGR over FY24-25. Having said this, the valuation largely factors in this upside in earnings. Retain Neutral on the stock.

### Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	107.6	124.1	142.3
EBITDA	33.8	40.2	46.7
Adjusted PAT	16.4	22.1	27.6
EBIT Margin (%)	23.9	25.8	27.1
Cons. Adj EPS (INR)	48.4	65.4	81.6
EPS Gr. (%)	30.2	35.1	24.7
BV/Sh. (INR)	245.3	490.5	490.5

### Ratios

Net D-E	0.5	0.4	0.3
RoE (%)	22.6	26.7	33.3
RoCE (%)	15.8	20.3	26.1
Payout (%)	34.8	36.1	36.1

### Valuation

P/E (x)	52.1	38.6	30.9
EV/EBITDA (x)	25.8	21.6	18.5
Div. Yield (%)	0.6	0.8	1.0
FCF Yield (%)	3.1	3.1	3.9
EV/Sales (x)	8.1	7.0	6.1

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	71.3	71.3	71.3
DII	7.2	8.0	8.9
FII	14.1	13.2	12.1
Others	7.5	7.6	7.8

FII Includes depository receipts

### Product mix benefits offset to some extent by higher opex

- Sales grew 10% YoY to INR27b (in line). DF revenue grew 12.4% YoY to INR14.2b (52% of sales). Germany sales grew by 12% YoY to INR2.7b (10% of sales). LATAM business grew by 26% YoY to INR3.1b (11% of sales). US generics business declined 6% YoY to INR2.7b (10% of sales). ROW+CDMO sales were largely stable YoY at INR4.6b (16% of sales).
- Gross margin expanded 320bp YoY to 74.5% due to a better product mix.
- However, EBITDA margin expanded at a lower rate of 220bp YoY due to higher employee costs (up 120bp as % of sales), offset by lower other expenses (down 10bp as % of sales)
- Accordingly, EBITDA grew 18% YoY to INR8.7b (in line).
- After adjusting a one-off expense of INR88m, adj. PAT grew 19% YoY to INR3.8b (our est. INR4.4b).
- In 9MFY24, revenue/EBITDA/PAT grew 13%/19%/19% YoY to INR79.8b/INR24.9b/INR11.5b.

### Highlights from the management commentary

- TRP expects to clock EBITDA margin of 31.8% in the base business going forward. We believe that new approvals in the US and improved utilization of recently added MRs in DF/Brazil provide scope for further margin improvement.
- New launches in US generics would start in 1QFY25. About 7-8 launches can be expected in FY25.
- TRP indicated about two potential launches in the chronic space in the DF segment over the next 12-15 months.
- About 15 products are awaiting approval in Brazil. TRP intends to build field force for dermatology for the Brazil market.

Quarterly performance (Consolidated)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	Est.	Var.
INRb	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	vs Est
<b>Net Revenues</b>	<b>23.1</b>	<b>22.9</b>	<b>24.9</b>	<b>24.9</b>	<b>25.9</b>	<b>26.6</b>	<b>27.3</b>	<b>27.8</b>	<b>95.8</b>	<b>107.6</b>	<b>27.4</b>	<b>-0.3</b>
YoY Change (%)	8.2	7.2	18.2	17.0	12.2	16.1	9.7	11.5	12.6	12.3	10.0	
<b>EBITDA</b>	<b>6.7</b>	<b>6.8</b>	<b>7.4</b>	<b>7.4</b>	<b>7.9</b>	<b>8.3</b>	<b>8.7</b>	<b>8.9</b>	<b>28.3</b>	<b>33.8</b>	<b>8.7</b>	<b>-0.6</b>
YoY Change (%)	-0.4	2.9	37.3	32.6	17.4	21.5	17.6	21.3	16.4	19.4	18.3	
Margins (%)	29.2	29.6	29.7	29.6	30.5	31.0	31.8	32.2	29.5	31.4	31.9	
Depreciation	1.6	1.6	1.9	2.0	1.9	2.0	2.1	2.0	7.1	8.1	2.1	
<b>EBIT</b>	<b>5.2</b>	<b>5.2</b>	<b>5.5</b>	<b>5.4</b>	<b>6.0</b>	<b>6.2</b>	<b>6.6</b>	<b>6.9</b>	<b>21.2</b>	<b>25.7</b>	<b>6.7</b>	<b>-2.0</b>
YoY Change (%)	1.4	4.9	47.1	37.3	15.6	20.9	20.2	27.5	19.9	21.1	22.6	
Margins (%)	22.5	22.5	21.9	21.7	23.2	23.5	24.0	24.8	22.1	23.9	24.4	
Interest	0.6	0.7	1.0	1.1	1.0	0.9	0.8	0.8	3.3	3.5	0.9	
Other Income	0.3	0.2	0.3	0.1	0.3	0.3	-0.3	0.3	0.9	0.6	0.4	
<b>PBT before EO Expense</b>	<b>4.9</b>	<b>4.6</b>	<b>4.7</b>	<b>4.4</b>	<b>5.3</b>	<b>5.6</b>	<b>5.4</b>	<b>6.4</b>	<b>18.7</b>	<b>22.7</b>	<b>6.1</b>	<b>-11.3</b>
One-off expenses	-0.4	0.0	0.5	0.1	0.0	0.0	-0.9	0.0	0.3	-0.9	0.0	
<b>PBT after EO Expense</b>	<b>5.3</b>	<b>4.6</b>	<b>4.2</b>	<b>4.3</b>	<b>5.3</b>	<b>5.6</b>	<b>6.3</b>	<b>6.4</b>	<b>18.5</b>	<b>23.6</b>	<b>6.1</b>	
Tax	1.8	1.5	1.4	1.5	1.5	1.7	1.9	1.4	6.1	6.6	1.7	
Rate (%)	36.0	32.6	28.7	33.0	28.8	30.9	34.6	22.7	32.6	29.0	28.0	
<b>Reported PAT</b>	<b>3.5</b>	<b>3.1</b>	<b>2.8</b>	<b>2.9</b>	<b>3.8</b>	<b>3.9</b>	<b>4.4</b>	<b>4.9</b>	<b>12.4</b>	<b>17.0</b>	<b>4.4</b>	
<b>Adj PAT</b>	<b>3.3</b>	<b>3.1</b>	<b>3.2</b>	<b>3.0</b>	<b>3.8</b>	<b>3.9</b>	<b>3.8</b>	<b>4.9</b>	<b>12.6</b>	<b>16.4</b>	<b>4.4</b>	<b>-13.5</b>
YoY Change (%)	-0.4	-1.3	28.5	11.5	15.0	23.7	19.1	65.8	8.3	30.2	37.7	
Margins (%)	14.2	13.6	12.8	11.9	14.6	14.5	14.0	17.7	13.1	15.2	16.1	

E: MOFSL Estimates



# Tube Investments of India

Estimate changes	↔
TP change	↔
Rating change	↔

**CMP: INR3,640      TP: INR4,025 (+11%)      Buy**

Bloomberg	TIINDIA IN
Equity Shares (m)	193
M.Cap.(INRb)/(USD\$)	704.7 / 8.5
52-Week Range (INR)	4125 / 2375
1, 6, 12 Rel. Per (%)	0/8/11
12M Avg Val (INR M)	800

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

Y/E March	FY23	FY24E	FY25E
Sales	149.6	166.6	188.7
EBITDA	18.9	22.0	26.0
Adj. PAT	7.8	10.9	13.6
EPS (INR)	40.5	56.6	70.5
EPS Gr. (%)	7.4	39.7	24.4
BV/Sh. (INR)	205	253	313

### Ratios

RoE (%)	22.3	24.8	24.9
RoCE (%)	38.7	39.8	40.2
Payout (%)	8.6	14.6	14.9

### Valuations

P/E (x)	89.8	64.3	51.6
P/BV (x)	17.8	14.4	11.6
Div. Yield (%)	0.1	0.2	0.3
FCF Yield (%)	1.4	2.5	2.5

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	45.1	46.1	46.4
DII	14.6	11.9	12.2
FII	28.8	30.4	28.8
Others	11.5	11.8	12.5

FII Includes depository receipts

## Miss across all businesses

### TICMPL likely to see more fund raise

- TIINDIA's 3QFY24 result was operationally weak as there was a miss across all business divisions. Amid near-term challenges, the next lag of growth is likely to be driven by new order wins, especially in the metal forms division and a recovery in underlying 2W volumes.
- We reduce our FY24E/FY25E consolidated EPS by ~4% each to factor in near-term weakness in the standalone business. We now value its EV vertical (ex- SCV) at INR350 per share in the SoTP after assigning value to its e-HCV business. The stock trades at 64.3x/51.6x FY24E/FY25E consol. EPS. We reiterate our BUY rating and a TP of ~INR4,025 (premised on Mar'26 SoTP).

### 3Q margins subdued due to lower activity in underlying industries

- TIINDIA's revenue grew 11% YoY to INR19b (vs. est. INR20.4b), adversely impacted by lower-than-estimated growth in engineering business/metal form business and a sharp decline in the mobility business.
- Gross margin declined 80bp YoY (down 20bp QoQ) to 36.1%.
- EBITDA rose 12% YoY to INR2.4b (vs. est. INR2.7b). EBITDA margin improved 10bp YoY to 12.6% (vs. est. 13.2%). The sequential decline in margins was attributed to operating deleverage.
- Further, adj. PAT grew 14% YoY to INR1.6b (vs. est. INR1.9b).
- 9MFY24 revenue/EBITDA/adj. PAT grew 1%/6%/13% YoY.
- Mobility business: Revenue declined 15% YoY to INR1.5b and PBIT margin stood at -5.6% (vs. -1.7%/1.4% in 2QFY24/3QFY23 and est. 1.2%).
- Engineering business: Revenue grew 14% YoY to INR12.3b and PBIT margin stood at 12.4% (vs. 13.3%/12.4% in 2QFY24/3QFY23 and est. 13%).
- Metal Forms Product business: Revenue grew 6% YoY to INR3.9b and PBIT margin stood at 12.1% (vs. 13.4%/11.4% in 2QFY24/3QFY23; est. 13.2%).
- Others business vertical: Revenue grew 32% YoY to INR2.2b and PBIT margin stood at 6.3% (vs. 8.4%/6.9% in 2QFY24/3QFY23 and est. 8.2%).
- Consol. business revenue grew 15% YoY to INR42b, but EBITDA/Adj. PAT declined 1%/ 6% YoY to INR4.7b/INR2.7b.
- The company declared an interim dividend of INR2 per share.
- FCF in 3Q stood at INR660m (vs. INR1.1b in 2QFY24 vs. INR1.15b in 3QFY23).

### Highlights from the management commentary

- **Metal formed-** Tenders are coming back; however, the business is getting competitive. Margins seem to be under pressure in the near term. If the announcement of converting 40k wagons to Vande Bharat standard gets implemented, then it will boost demand and add to revenue.

- **Mobility-** Taking steps to diversify into exports. However, it will take some time for customer approval as it needs to go through an entire process. Cost reduction efforts are being undertaken and business should start showing positive momentum in the next couple of quarters.
- **Capex for standalone business-** Incurred capex of INR2.2b in 9MFY24, of which INR1.6b was for the engineering division. Guided for capex of INR3.5b in FY25. It is currently operating at utilization level of 85% and is expected to reach 95% by the end of this year.
- **TICMPL-** The company plans to raise funds in the near term. It has incurred capex of INR3b in 9MFY24 and targets capex of INR4.6b in the next financial year for all businesses. In 9MFY24, the company incurred a capex of INR17.7b.

#### Valuation and view

- TIINDIA offers diversified revenue streams, with strong growth in the core business (~18% S/A PAT CAGR over FY23E-26E), ramp-up in CG Power, and optionality of new businesses incubated under the TI-2 strategy.
- The stock trades at 64.3x/51.6x FY24E/FY25E consolidated EPS. We reiterate a BUY rating and a TP of ~INR4,025 (premised on Mar'26E SOTP, based on 36x for the standalone business, valuing listed subsidiaries at 20% HoldCo discount and adding INR350/share for the 3 EV businesses).

#### Quarterly performance (S/A)

(INR M)

Y/E March	FY23				FY24E				FY23	FY24E	3QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
<b>Net Sales</b>	<b>19,570</b>	<b>19,059</b>	<b>17,097</b>	<b>16,634</b>	<b>17,801</b>	<b>19,696</b>	<b>18,983</b>	<b>20,400</b>	<b>72,360</b>	<b>76,880</b>	<b>20,402</b>
YoY Change (%)	55.7	14.4	0.5	-4.1	-9.0	3.3	11.0	22.6	13.8	6.2	19.3
<b>EBITDA</b>	<b>2,040</b>	<b>2,512</b>	<b>2,144</b>	<b>2,106</b>	<b>2,160</b>	<b>2,514</b>	<b>2,395</b>	<b>2,572</b>	<b>8,803</b>	<b>9,640</b>	<b>2,696</b>
Margins (%)	10.4	13.2	12.5	12.7	12.1	12.8	12.6	12.6	12.2	12.5	13.2
Depreciation	325	346	337	448	331	346	361	374	1,456	1,412	360
Interest	36	52	60	68	70	77	74	71	216	291	70
Other Income	120	145	171	1,717	219	358	137	1,950	2,152	2,663	250
<b>PBT before EO expense</b>	<b>1,800</b>	<b>2,258</b>	<b>1,919</b>	<b>3,306</b>	<b>1,979</b>	<b>2,448</b>	<b>2,096</b>	<b>4,077</b>	<b>9,283</b>	<b>10,600</b>	<b>2,516</b>
Tax	457	599	542	507	502	634	521	1,034	2,104	2,691	634
Tax Rate (%)	25.4	29.6	28.2	16.8	25.4	25.9	24.9	25.4	24.0	25.4	25.2
<b>Adj PAT</b>	<b>1,343</b>	<b>1,603</b>	<b>1,377</b>	<b>2,729</b>	<b>1,477</b>	<b>1,814</b>	<b>1,575</b>	<b>3,043</b>	<b>7,053</b>	<b>7,909</b>	<b>1,882</b>
YoY Change (%)	38.5	32.0	14.3	100.2	10.0	13.2	14.4	11.5	46.7	12.1	36.7

#### Segmental Mix (INR m)

	FY23				FY24E				FY23	FY24E	3Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Mobility business</b>	<b>2,456</b>	<b>2,261</b>	<b>1,737</b>	<b>1,545</b>	<b>1,867</b>	<b>1,766</b>	<b>1,473</b>	<b>1,529</b>	<b>7,999</b>	<b>6,634</b>	<b>1,819</b>
Growth (%)	42.5	(13.8)	(38.0)	(37.8)	(24.0)	(21.9)	(15.2)	(1.1)	(17.0)	(17.1)	4.7
PBIT margin (%)	3.9	4.4	1.4	(3.2)	1.1	(1.7)	(5.6)	1.0	2.1	(1.1)	1.2
Contribution (%)	12.6	11.9	10.2	9.3	10.5	9.0	7.8	7.5	11.1	8.6	8.9
<b>Engineering business</b>	<b>12,437</b>	<b>11,924</b>	<b>10,812</b>	<b>10,444</b>	<b>11,416</b>	<b>12,741</b>	<b>12,289</b>	<b>13,636</b>	<b>45,616</b>	<b>50,082</b>	<b>13,123</b>
Growth (%)	52.7	16.1	8.5	1.4	(8.2)	6.9	13.7	30.6	17.9	9.8	21.4
PBIT margin (%)	9.5	13.8	12.4	12.6	11.8	13.3	12.4	12.6	12.0	12.6	13.0
Contribution (%)	63.5	62.6	63.2	62.8	64.1	64.7	64.7	66.8	63.0	65.1	64.3
<b>Metal formed business</b>	<b>3,348</b>	<b>3,710</b>	<b>3,707</b>	<b>3,471</b>	<b>3,419</b>	<b>3,996</b>	<b>3,917</b>	<b>3,901</b>	<b>14,237</b>	<b>15,233</b>	<b>4,156</b>
Growth (%)	36.6	13.0	12.2	3.2	2.1	7.7	5.7	12.4	14.8	7.0	12.1
PBIT margin (%)	11.5	12.9	11.4	12.9	12.8	13.4	12.1	12.0	12.2	12.6	13.2
Contribution (%)	17.1	19.5	21.7	20.9	19.2	20.3	20.6	19.1	19.7	19.8	20.4
<b>Other business</b>	<b>2,226</b>	<b>1,879</b>	<b>1,662</b>	<b>1,910</b>	<b>1,776</b>	<b>2,068</b>	<b>2,195</b>	<b>2,188</b>	<b>7,677</b>	<b>8,226</b>	<b>2,192</b>
Growth (%)	153.2	57.6	3.8	(1.8)	(20.2)	10.1	32.1	14.6	36.5	7.2	31.9
PBIT margin (%)	7.6	4.3	6.9	5.8	9.0	8.4	6.3	7.3	6.2	7.7	8.2
Contribution (%)	11.4	9.9	9.7	11.5	10.0	10.5	11.6	10.7	10.6	10.7	10.7
<b>Total Revenue (post inter segment)</b>	<b>19,570</b>	<b>19,059</b>	<b>17,097</b>	<b>16,634</b>	<b>17,801</b>	<b>19,696</b>	<b>18,983</b>	<b>20,400</b>	<b>72,360</b>	<b>76,880</b>	<b>20,402</b>
Growth (%)	55.7	14.4	0.4	(4.1)	(9.0)	3.3	11.0	22.6	13.8	6.2	19.3

E:MOFSL Estimates





# Indian Hotels

Estimate change	↑
TP change	↑
Rating change	↔

**CMP: INR500 TP: INR615 (+23%) Buy**

## Strong ARR growth and improved occupancy drive revenue

### Operating performance in line with our estimate

Bloomberg	IH IN
Equity Shares (m)	1420
M.Cap.(INRb)/(USDb)	711.7 / 8.6
52-Week Range (INR)	519 / 298
1, 6, 12 Rel. Per (%)	13/14/33
12M Avg Val (INR M)	1394

- Indian Hotels (IH) reported consolidated revenue growth of 16% YoY in 3QFY24, primarily led by a strong 21% YoY revenue growth in standalone business due to high ARR (up 17% YoY) and better occupancy (up 470bp YoY). IH's subsidiary business grew 9% YoY. The consolidated management contract revenue rose 13% YoY to INR1.3b in 3QFY24.
- Factoring in IH's strong 3Q performance, we raise our FY25/FY26 EBITDA estimates by 9%/16%. This is aided by a strong room addition pipeline with a ~2%/10% growth in standalone management rooms for FY25/26E, thereby increasing management fees by 3%/11%. We further raise our standalone ARR growth estimates to 8%/6% in FY25/26 from 5%/4% earlier. **Reiterate BUY with an SoTP-based TP of INR615.**

### Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	67.4	76.6	84.3
EBITDA	21.6	26.5	30.6
PAT	12.5	15.6	18.5
EBITDA (%)	32.1	34.5	36.3
EPS (INR)	8.8	11.0	13.0
EPS Gr. (%)	24.8	25.0	18.4
BV/Sh. (INR)	64.2	74.4	86.6

### Ratios

Net D/E	(0.2)	(0.3)	(0.4)
RoE (%)	14.6	15.9	16.2
RoCE (%)	14.0	15.7	15.9
Payout (%)	9.1	7.3	6.1

### Valuations

P/E (x)	56.9	45.5	38.4
EV/EBITDA (x)	32.3	25.9	21.8
Div Yield (%)	0.2	0.2	0.2
FCF Yield (%)	1.4	1.9	2.5

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	38.1	38.2	38.2
DII	22.3	23.3	26.7
FII	23.3	22.2	19.0
Others	16.3	16.0	16.1

FII Includes depository receipts

### Broad-based performance aided by a healthy demand and accelerating growth businesses

- IH's consolidated revenue grew 16% YoY/37% QoQ to INR19.6b (in line). EBITDA grew 23% YoY/2x QoQ to INR7.3b (est. INR7b). Adjusted PAT grew 18% YoY/2.7x QoQ to INR4.5b (est. INR4.2b).
- Standalone revenue/EBITDA rose 21%/27% YoY to INR12.8b/INR5.6b (up 43%/2x QoQ), aided by a strong ARR growth (up 17% YoY/40% QoQ) to INR18,111. Occupancy improved 470bp YoY and 90bp QoQ to 76.8%.
- Subsidiary (consol. less standalone) sales at INR6.8b grew 9% YoY/26% QoQ. Subsidiary EBITDA came in at INR1.7b, up 10% YoY/2.2x QoQ.
- Revenue from key subsidiaries such as PIEM/Roots/Benares/St. James Court/UOH Inc. rose 15%/26%/21%/13%/2% YoY.
- IH's new and re-imagined business verticals comprising Ginger, Qmin, amā Stays & Trails, The Chambers (membership fee) and TajSATs posted a revenue of INR4.2b (up 33% YoY; ~2x growth vs. its core enterprise revenue).
- Net cash stood at INR15.5b as of Dec'23 vs. INR9.9b as of Mar'23.
- For 9MFY23, revenue/EBITDA/Adj. PAT grew 16%/18%/25% YoY to INR48.6b/INR15b/INR8.4b.

### Highlights from the management commentary

- Outlook:** The company has witnessed a healthy demand in Jan'24, in line with that of 3QFY24. Demand pick-up in Feb'23 was also strong. Management expects a healthy performance in 4QFY24, and it has guided for a double-digit revenue growth in FY25.
- RevPAR growth in key markets** such as Mumbai/Delhi & NCR/Bengaluru/Goa stood at 25%/15%/18%/11% YoY in 3QFY24. Kolkata/Rajasthan/Hyderabad witnessed RevPAR growth of ~22% each.
- New brand launch:** IH will launch a new brand to accelerate growth in Tier 2 and Tier 3 cities. The price points (ARR) of new brand are likely to be higher than Ginger but lower than the ~INR10,000 mark (i.e., ~INR8,000-9,000).
- New and reimagined businesses** are expected to grow ~30% p.a. going ahead. The company is targeting a revenue of ~INR6b/INR10b from Ginger/TajSATs in FY25.

**Valuation and view**

- We expect the strong momentum to continue in 4QFY24/FY25, led by: 1) an increase in ARR due to healthy demand, asset management strategy (upgrades in hotels), and corporate rate hikes; 2) sustaining higher occupancy levels led by favorable demand-supply dynamics; 3) strong room addition pipeline till CY27 in both owned/leased (2,641 rooms) and management hotels (8,473); 4) higher income from management contracts; and 5) value unlocking by scaling up reimagined and new brands.
- Factoring in IH’s strong 3Q performance, we raise our FY25/FY26 EBITDA estimates by 9%/16%. This is aided by a strong room addition pipeline with a ~2%/10% growth in standalone management rooms for FY25/26E, thereby increasing management fees by 3%/11%. We further raise our standalone ARR growth estimates to 8%/6% in FY25/26 from 5%/4% earlier. **Reiterate BUY with an SoTP-based TP of INR615.**

**Consolidated - Quarterly Earnings**

(INRm)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Gross Sales</b>	<b>12,661</b>	<b>12,326</b>	<b>16,858</b>	<b>16,254</b>	<b>14,664</b>	<b>14,332</b>	<b>19,638</b>	<b>18,774</b>	<b>58,099</b>	<b>67,408</b>	<b>19,134</b>	<b>3</b>
YoY Change (%)	267.5	69.2	51.7	86.4	15.8	16.3	16.5	15.5	90.1	16.0	13.5	
Total Expenditure	8,882	9,386	10,886	10,899	10,562	10,784	12,315	12,142	40,054	45,803	12,050	
<b>EBITDA</b>	<b>3,779</b>	<b>2,940</b>	<b>5,972</b>	<b>5,355</b>	<b>4,102</b>	<b>3,548</b>	<b>7,324</b>	<b>6,632</b>	<b>18,046</b>	<b>21,605</b>	<b>7,084</b>	<b>3</b>
Margins (%)	29.8	23.9	35.4	32.9	28.0	24.8	37.3	35.3	31.1	32.1	37.0	
Depreciation	1,026	1,026	1,033	1,076	1,091	1,112	1,143	1,170	4,161	4,516	1,170	
Interest	624	600	567	570	565	591	532	510	2,361	2,197	540	
Other Income	271	250	577	291	493	477	398	450	1,389	1,818	550	
<b>PBT before EO expense</b>	<b>2,401</b>	<b>1,564</b>	<b>4,949</b>	<b>4,000</b>	<b>2,939</b>	<b>2,322</b>	<b>6,047</b>	<b>5,402</b>	<b>12,914</b>	<b>16,711</b>	<b>5,924</b>	
Extra-Ord expense	91	-123	-1	0	0	0	0	0	-33	0	0	
<b>PBT</b>	<b>2,309</b>	<b>1,687</b>	<b>4,950</b>	<b>4,000</b>	<b>2,939</b>	<b>2,322</b>	<b>6,047</b>	<b>5,402</b>	<b>12,946</b>	<b>16,711</b>	<b>5,924</b>	
Tax	648	443	1,161	980	833	723	1,667	1,621	3,232	4,844	1,777	
Rate (%)	28.1	26.3	23.4	24.5	28.4	31.1	27.6	30.0	25.0	29.0	30.0	
MI & Profit/Loss of Asso. Cos.	-39	28	-38	-263	-118	-70	-140	-289	-312	-617	-42	
<b>Reported PAT</b>	<b>1,701</b>	<b>1,216</b>	<b>3,827</b>	<b>3,283</b>	<b>2,224</b>	<b>1,669</b>	<b>4,520</b>	<b>4,071</b>	<b>10,026</b>	<b>12,484</b>	<b>4,189</b>	
<b>Adj PAT</b>	<b>1,769</b>	<b>1,123</b>	<b>3,826</b>	<b>3,283</b>	<b>2,224</b>	<b>1,669</b>	<b>4,520</b>	<b>4,071</b>	<b>10,001</b>	<b>12,484</b>	<b>4,189</b>	<b>8</b>
YoY Change (%)	NA	NA	357.2	430.2	25.7	48.6	18.1	24.0	NA	24.5	9.5	
Margins (%)	14.0	9.1	22.7	20.2	15.2	11.6	23.0	21.7	17.2	18.5	21.9	



# Mphasis

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR2,560      TP: INR2,600 (+2%)      Neutral**

## Mortgage business volatility and deal pushouts to weigh on FY25

Bloomberg	MPHL IN
Equity Shares (m)	193
M.Cap.(INRb)/(USDb)	483.4 / 5.8
52-Week Range (INR)	2789 / 1660
1, 6, 12 Rel. Per (%)	-5/4/-2
12M Avg Val (INR M)	1231

### Margin improvement to be gradual

#### Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	132.4	146.8	167.4
EBIT Margin	15.2	15.3	16.1
PAT	15.6	18.0	21.4
EPS (INR)	82.2	94.5	112.7
EPS Gr. (%)	(5.5)	15.0	19.3
BV/Sh. (INR)	453.7	491.8	537.2

#### Ratios

RoE (%)	18.9	20.1	22.1
RoCE (%)	16.6	17.2	19.0
Payout (%)	60.5	60.5	60.5

#### Valuations

P/E (x)	31.6	27.5	23.1
P/BV (x)	5.7	5.3	4.8
EV/EBITDA (x)	19.3	17.8	14.9
Div Yield (%)	1.9	2.2	2.6

#### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	55.5	55.6	55.7
DII	23.8	22.7	19.5
FII	15.7	16.6	18.9
Others	5.0	6.1	5.9

FII Includes depository receipts

■ Mphasis (MPHL)'s 3QFY24 organic revenue performance (-2.8% QoQ) was in line with our estimates owing to higher-than-usual furloughs and continued softness within the mortgage segment. Consolidated USD CC revenue growth was 1.0% QoQ, with direct revenue growth (incl. inorganic) of 2.0% QoQ CC. The TCV further moderated to USD241m, although the YTD TCV looks attractive at USD1.2b (BTB at 1.0X).

■ MPHL's revenue performance has been volatile over the last few quarters. The banking-heavy portfolio (~47% of revenue), with high dependency on discretionary areas, is hurting its near-term growth performance. The selective pockets within BFS (Mortgage, IB, and Capital Market) have been under stress, which is leading to a volume pressure in the segment.

Additionally, the uncertainty around the US interest rates and its exposure to regional banks remain a headwind for its banking-heavy top-10 accounts.

■ Management indicated that the mortgage business has bottomed out in 3Q and has witnessed some structural improvement, which should aid the overall growth in 4QFY24, along with a partial reversal of some of the furloughs impact given the ramp up in earlier wins within the segment. We believe the interest rate uncertainty should keep the BFS clients under caution, before they start resuming their discretionary spending. Moreover, we believe the earlier investments to revive growth within the non-BFS accounts are yet to get materialized and reach a steady state.

■ We are broadly keeping our FY24E EPS unchanged while trimming the revenue growth estimates for FY25E/FY26E by 180bp/30bp. We believe the continued volatility within its mortgage business will take a longer time to recover before it reaches a steady state and contributes to the BFS growth.

■ Management has demonstrated its ability to maintain margins in a tight range despite having integrated Silverline to its portfolio. We expect FY24 margin at 15.2% (at the lower end of the guided range of 15.25%-16.25%), before improving to 15.3%/16.1% in FY25/FY26. This should result in an INR PAT growth of 17.1% over FY24-26E. We believe that the current valuation of 23x FY26E EPS fairly factors in the near-term earnings growth. Our TP of INR2,600 implies 23x FY26E EPS. **Reiterate Neutral.**

### Strong execution on margins; deal TCV moderates

■ Revenue of USD402.3m, up 1.0% QoQ CC, was in line with our estimates. The revenue includes contributions from Silverline, with organic USD growth at -2.8% QoQ (as per our estimate).

■ Direct revenue was up 2.0% QoQ CC and down 3.3% YoY CC.

■ Insurance led the growth pack with 6.9% QoQ; BFS (~47% of revenues) was flat QoQ, while TMT was down 9.1% QoQ.

- EBIT margin stood at 14.9% (including Silverline integration cost of 110bp QoQ), beating our estimates by 50bp QoQ. The adjusted core EBIT margin stood at 16.0% in 3Q.
- PAT stood at INR3.7b (down 4.7% QoQ), in line with our estimate. Other income was lower at INR14m vs. INR150m in 2Q.
- The new TCV stood at USD241m (down 5.5% QoQ) vs. USD255m reported in 2Q. About 85% of the deal wins was in General Services.
- Offshore utilization (excluding trainees) declined 300bp QoQ to 74%. Net headcount addition stood at 220 on a QoQ basis in 3QFY24.

#### Key highlights from the management commentary

- Management was quite confident to reverse the 3Q revenue impact (due to furloughs) in 4Q, while over and above it maintains the conversion rate (TCV to revenue) to improve, which will be another leg of growth driver in 4Q.
- The weakness in the top account (down 5.3% QoQ) was led by softness in regional banks and cyclical in the mortgage business. The recent development on the Fed rate hike has rebuilt a caution among mortgage-heavy top accounts and has de-prioritized their spending towards it.
- The pipeline to TCV conversion remained strong, but TCV-to-revenue conversion remained steady. The banking-heavy top accounts have maintained caution; especially the mortgage, investment banking, and IPO volumes remained weak, which has been adversely impacting the spending.
- The 3Q margin had an adverse impact of 110bp, which was majorly on account of the Silverline integration that incrementally added direct cost and G&A expenditure. Additionally, the D&A expenditure saw a slight uptick as a result of the Silverline integration. 3Q furloughs did not have any impact on the margins.

#### Valuation and view – Maintain Neutral

- The weakness in the Mortgage business continues; however, the pace of deceleration has started ebbing that is giving confidence to the management to reduce the near-term leakages and expect recovery in the coming quarters. However, we see a long way before it reaches a steady state, given the uncertainty in the US interest rates.
- We are broadly keeping our FY24E EPS unchanged while trimming the revenue growth estimates for FY25E/FY26E by 180bp/30bp. We believe that the current valuation of 23x FY26E EPS fairly factors in the near-term earnings growth.  
**Hence, we remain Neutral with a TP of INR2,600 (based on 23x FY26E EPS).**

Quarterly performance

(INR m)

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%/bp)
Revenue (USD m)	436	440	429	412	398	398	402	408	1,718	1,607	402	0.2
QoQ (%)	1.2	1.0	-2.5	-4.1	-3.4	0.1	1.0	1.5	7.8	-6.4	0.8	17bp
Revenue (INR m)	34,113	35,198	35,062	33,612	32,520	32,765	33,380	33,769	1,37,985	1,32,434	33,254	0.4
YoY (%)	26.8	22.7	12.2	2.5	-4.7	-6.9	-4.8	0.5	15.4	-4.0	-5.2	36bp
GPM (%)	29.8	28.1	28.5	29.2	29.1	28.9	31.3	30.9	28.9	30.1	28.2	309bp
SGA (%)	12.2	10.5	10.8	11.4	11.1	10.7	13.3	12.8	11.2	12.0	11.1	219bp
EBITDA	6,001	6,177	6,175	5,987	5,869	5,956	6,007	6,129	24,340	23,961	5,686	5.6
EBITDA Margin (%)	17.6	17.5	17.6	17.8	18.0	18.2	18.0	18.1	17.6	18.1	17.1	90bp
EBIT	5,205	5,376	5,354	5,152	4,995	5,067	4,972	5,082	21,087	20,116	4,784	3.9
EBIT Margin (%)	15.3	15.3	15.3	15.3	15.4	15.5	14.9	15.0	15.3	15.2	14.4	51bp
Other income	125	174	156	189	263	150	14	270	644	697	266	-94.7
ETR (%)	24.6	24.6	25.2	24.1	24.7	24.9	25.1	25.1	24.6	24.9	24.9	21bp
PAT	4,020	4,184	4,123	4,053	3,961	3,920	3,736	4,010	16,380	15,627	3,795	-1.5
QoQ (%)	2.5	4.1	-1.5	-1.7	-2.3	-1.0	-4.7	7.3			-3.2	
YoY (%)	18.3	17.1	15.3	3.4	-1.5	-6.3	-9.4	-1.1	13.2	-4.6	-8.0	
EPS (INR)	21.2	22.1	21.8	21.5	20.9	20.6	19.6	21.1	86.9	82.2	20.0	-1.6

E: MOFSL estimates



Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR534      TP: INR530 (-1%)      Neutral**

**Global headwinds continue to dent revenue**

**Operating performance misses expectations**

- UPLL reported another weak quarter, with a 28% YoY decline in revenue. It was primarily attributed to a continued downtrend in agrochemical prices (down 24% YoY), leading to continued destocking of inventory by distributors (volumes down 5% YoY). All regions (except RoW) witnessed a sales decline of at least 20% (India) to as high as 64% (North America). RoW sales grew 12% YoY.
- Gross debt (excluding perpetual bonds) increased to INR361.7b as of Dec'23 from INR328b as of Dec'22. Net debt (excluding perpetual bonds) increased to INR313.5b as of Dec'23 from INR275.3b as of Dec'22.
- Factoring in UPLL's subdued performance in 3QFY24, we cut our FY25E/FY26E EPS by 23%/11%. **Reiterate Neutral with a TP of INR530.**

**Lower gross margins and unfavorable operating leverage hurt margins**

- UPLL reported revenue of INR98.9b (est. INR100.6b) in 3QFY24, down 28% YoY (volume decline: 5%, price decline: 24%, exchange gain: 1%).
- EBITDA stood at INR4.2b (est. INR10.3b), down 86% YoY. EBITDA margin declined 18pp YoY to 4.2% (est. 10.3%), led by a steep decline in gross margins (down 15.5pp YoY) and operating deleverage. Contribution margin was impacted by high-cost inventory liquidation and higher rebates to support channel partners. Adjusted net loss stood at INR5.9b (est. INR0.6b loss) vs. adj. PAT of ~INR13.4b in 3QFY23.
- North America** revenue declined 64% YoY to INR9.9b, led by channel destocking, higher rebates, and challenges related to post-patent AI prices.
- LATAM** revenue declined 28% YoY to INR42.9b, due to pricing-related challenges, especially in key herbicides and insecticides in Brazil.
- India** revenue declined 20% YoY to INR8.6b, due to lower acreages for key crops such as cotton and pulses in North India, low glufosinate demand due to dry Kharif and Rabi season, and realignment of sales closer to season.
- Europe** revenue declined 30% YoY to INR10.1b, due to lower volumes and channel inventory-related challenges. **RoW** revenue grew 12% YoY to INR27.4b, owing to higher insecticide/herbicide volumes in China/Turkey.
- For 9MFY24, revenue/EBITDA declined 22%/56% YoY to INR290b/INR36b. Net loss for 9MFY24 stood at ~INR1m vs. Adjusted PAT of ~INR34b in 9MFY23
- NWC days as of Dec'23 stood at 155 vs. 121 as of Dec'22, owing to higher receivable days (up by 16 days) and lower payable days (down by 16 days).

**Highlights from the management commentary**

- Guidance:** UPLL expects 4QFY24 to be weaker YoY; however, it expects margin improvement QoQ. The management expects normalized business performance in 2QFY25.
- Outlook:** The management expects the price challenge to continue in the near term. UPLL is witnessing a pick-up in volumes in Latin America and double-digit growth in revenue in the RoW region.
- Cost rationalization:** UPLL reduced SG&A expenses by 19% YoY to INR22.7b and is on track to reduce SG&A by USD100m in FY25 (from the base of FY23). The major part of this reduction will be sustainable.

Bloomberg	UPLL IN
Equity Shares (m)	765
M.Cap.(INRb)/(USDb)	400.6 / 4.8
52-Week Range (INR)	780 / 527
1, 6, 12 Rel. Per (%)	-11/-26/-47
12M Avg Val (INR M)	1565

**Financials & Valuations (INR b)**

Y/E Mar	2024E	2025E	2026E
Sales	438.6	496.6	541.1
EBITDA	53.4	78.5	99.0
PAT	0.3	20.2	40.7
EBITDA (%)	12.2	15.8	18.3
EPS (INR)	0.4	26.5	53.2
EPS Gr. (%)	(99.3)	6,008.4	101.0
BV/Sh. (INR)	529	548	607

**Ratios**

Net D/E	0.8	0.7	0.5
RoE (%)	0.1	7.4	13.9
RoCE (%)	5.0	8.3	11.2
Payout (%)	(95.4)	52.9	26.3

**Valuations**

P/E (x)	1,231.7	20.2	10.0
EV/EBITDA (x)	11.3	7.5	5.6
Div Yield (%)	2.7	2.7	2.7
FCF Yield (%)	6.3	13.8	17.0

**Shareholding pattern (%)**

	Dec-23	Sep-23	Dec-22
Promoter	32.4	32.4	30.7
DII	16.8	17.3	16.2
FII	37.7	37.6	42.7
Others	13.1	10.4	10.4

Note: FII includes depository receipts

**Valuation and view**

- We see near-term challenges in the global agrochemical industry due to: a) the accumulation of high inventory as distributors opt for need-based tactical purchases, and b) declining agrochemical prices led by aggressive price competition from Chinese (post-patent) exporters.
- Considering the short-term challenges, cash flow generation and debt repayments remain the key monitorables.
- Factoring in UPLL’s subdued performance in 3QFY24, we cut our FY25E/FY26E EPS by 23%/11%. **We reiterate our Neutral rating on the stock with a TP of INR530 (premised on 10x FY26E P/E; ~52% discount to its three-year average, and a one-year forward P/E of 21x).**

**Cons.: Quarterly Earning**

(INRb)

Y/E March	FY23				FY24				FY23	FY24E	FY24E	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Sales</b>	<b>108.2</b>	<b>125.1</b>	<b>136.8</b>	<b>165.7</b>	<b>89.6</b>	<b>101.7</b>	<b>98.9</b>	<b>148.4</b>	<b>535.8</b>	<b>438.6</b>	<b>100.6</b>	<b>-2%</b>
YoY Change (%)	27.1	18.4	21.1	4.5	-17.2	-18.7	-27.7	-10.5	15.9	-18.1	-26.5	
Total Expenditure	84.8	97.4	106.5	135.5	73.7	86.0	94.7	130.8	424.2	385.2	90.3	
<b>EBITDA</b>	<b>23.4</b>	<b>27.7</b>	<b>30.3</b>	<b>30.2</b>	<b>15.9</b>	<b>15.8</b>	<b>4.2</b>	<b>17.6</b>	<b>111.6</b>	<b>53.4</b>	<b>10.3</b>	<b>-60%</b>
Margins (%)	21.7	22.1	22.2	18.2	17.8	15.5	4.2	11.9	20.8	12.2	10.3	
Depreciation	5.9	6.1	6.2	7.3	6.4	6.6	6.8	6.9	25.5	26.6	7.1	
Interest	5.2	6.4	8.9	9.1	7.0	8.7	11.9	10.0	29.6	37.6	8.0	
Other Income	0.7	0.8	1.2	2.1	1.0	1.1	1.5	1.3	4.8	4.8	1.2	
Exch. difference on trade rec./payable	2.0	3.2	1.5	2.9	3.2	2.5	3.2	0.0	9.6	8.9	0.0	
<b>PBT before EO expense</b>	<b>11.1</b>	<b>12.7</b>	<b>14.8</b>	<b>13.0</b>	<b>0.4</b>	<b>-1.0</b>	<b>-16.2</b>	<b>1.9</b>	<b>51.6</b>	<b>-14.9</b>	<b>-3.6</b>	
Extra-Ord expense	0.8	0.4	0.2	0.3	0.4	0.9	0.2	0.0	1.7	1.5	0.0	
<b>PBT</b>	<b>10.3</b>	<b>12.3</b>	<b>14.6</b>	<b>12.7</b>	<b>0.0</b>	<b>-1.9</b>	<b>-16.4</b>	<b>1.9</b>	<b>49.9</b>	<b>-16.4</b>	<b>-3.6</b>	<b>NA</b>
Tax	0.6	2.3	1.4	3.1	-1.6	-1.0	-0.6	0.3	7.4	-2.8	-0.6	
Rate (%)	5.7	18.8	9.2	24.5	3,280.0	51.9	3.6	18.0	14.7	17.4	18.0	
MI & P/L of Asso. Cos.	1.0	1.8	2.4	1.7	-0.1	1.0	-3.6	0.4	6.9	-2.3	-2.4	
<b>Reported PAT</b>	<b>8.8</b>	<b>8.1</b>	<b>10.9</b>	<b>7.9</b>	<b>1.7</b>	<b>-1.9</b>	<b>-12.2</b>	<b>1.2</b>	<b>35.7</b>	<b>-11.2</b>	<b>-0.6</b>	<b>NA</b>
<b>Adj PAT</b>	<b>10.4</b>	<b>10.5</b>	<b>13.4</b>	<b>10.5</b>	<b>4.0</b>	<b>1.1</b>	<b>-5.9</b>	<b>1.2</b>	<b>44.7</b>	<b>0.3</b>	<b>-0.6</b>	<b>NA</b>
YoY Change (%)	2.9	40.3	11.1	-44.6	-61.7	-89.8	-144.2	-88.7	-7.8	-99.3	-104.2	
Margins (%)	9.7	8.4	9.8	6.3	4.5	1.0	-6.0	0.8	8.4	0.1	-0.6	

Note: Adjusted PAT = Reported PAT + forex adjustment + exceptional item



# Devyani International

**Estimate changes**

TP change

Rating change



**CMP: INR173**

**TP: INR195 (+13%)**

**Buy**

	DEVYANI IN
Bloomberg Equity Shares (m)	1205
M.Cap.(INRb)/(USDb)	208.6 / 2.5
52-Week Range (INR)	228 / 134
1, 6, 12 Rel. Per (%)	-10/-23/-9
12M Avg Val (INR M)	431

**Financials & Valuations (INR b)**

Y/E Mar	2024E	2025E	2026E
Sales	33.3	39.9	46.5
Sales Gr. (%)	11.1	19.9	16.4
EBITDA	6.4	8.1	10.0
Margins (%)	19.1	20.3	21.6
Adj. PAT	1.0	1.8	2.8
Adj. EPS (INR)	0.9	1.5	2.4
EPS Gr. (%)	-62.1	71.0	58.0
BV/Sh.(INR)	6.9	6.6	7.1

**Ratios**

RoE (%)	11.7	22.0	34.3
RoCE (%)	11.0	11.9	14.6

**Valuation**

P/E (x)	198.3	116.0	73.4
P/BV (x)	25.1	26.0	24.5
EV/Sales (x)	6.9	5.8	5.0
EV/EBITDA (x)	36.0	28.4	23.0

**Shareholding pattern (%)**

As On	Dec-23	Sep-23	Dec-22
Promoter	62.7	62.7	62.8
DII	8.5	8.3	7.9
FII	12.5	13.3	8.8
Others	16.3	16.4	20.5

FII Includes depository receipts

**Weak SSSG drags profitability**

- Devyani reported 6.6% YoY revenue growth, despite a 23% store growth, which was offset by weak SSSG for both KFC (-5%) and PH (-13%) along with the devaluation of Nigerian Naira. KFC revenue grew 14% YoY, while PH revenue contracted 2% despite a 17% store growth. Growth metrics have slowed down; a similar trend was witnessed across most QSR peers.
- GM trend was positive across brands due to benign RM basket. However, unit economics was adversely impacted by weak growth metrics. KFC with superior unit economics displayed resilience; its ROM declined 70bp YoY to 19% (19.4% in 2QFY24). However, PH ROM declined 800bp to 6.1% (7.7% in 2QFY24).
- Consolidated restaurant EBITDA contracted 11% YoY to INR1.3b, with a margin dip of 290bp YoY to 15.4% (flat sequentially). Pre Ind-AS EBITDA declined 33% YoY to INR787m and margin declined 550bp YoY to 9.3% (11.5% in 2Q). PBT declined 87% YoY to INR 97m with PBT margin at 1% vs. 9% in 3QFY23 and 4% 2QFY24.
- The QSR industry continues to see weak unit economics, across dine-in and delivery formats. Despite these industry-wide difficulties, KFC has shown resilience in managing the crisis effectively. On the other hand, PH has been struggling, partly attributed to intense competition in the market. Store expansion plans remain buoyant for Devyani despite near-term industry challenges. The overall guidance of reaching 2,000 stores by FY24 remains on track. We maintain a cautious stance due to the ongoing demand challenges in the near term. The recent correction in the stock partially covers up the near-term pressure. We reiterate **our BUY rating on the stock with a TP of INR195.**

**Slow sales growth; miss on margin**

- Sales growth was slow at 6.6% YoY (10% in 2Q) to INR8.4b, with weakness in demand across formats and brands.
- SSSG: KFC at -4.7% (-4% in 2Q), PH at -12.6% (-10%), Coast coffee at +5.9%.
- A total of 94 stores have been added, led by KFC/PH/CC/Vaango and others/ international brands at 50/30/8/1/5 stores.
- The total number of stores stands at 1,452, contributed by KFC/PH/CC/Vaango and others/international stores at 590/565/154/78/65.
- Gross profit grew 9% YoY to INR6.0b and margins improved 130bp YoY, while it contracted 20bp QoQ to 70.6%.
- Reported EBITDA declined 16% YoY to INR1.5b due to higher operating expenses and weak SSSG.
- EBITDA margins contracted 470bp YoY to 17.4%.
- Consolidated ROM decreased 11% YoY to INR1.3b and margins declined 290bp YoY to 15.4% (flat sequentially).



- Pre Ind-AS EBITDA decreased 33% YoY to INR787m and margin declined 550bp YoY to 9.3% (11.5% in 2Q).
- PBT declined 87% YoY to INR 97mn. PBT margin stood at 1% vs. 9% 3QFY23 and 4% 2QFY24.
- PAT declined 94% YoY to INR51m and margins stood at 0.6%.

#### Highlights from the management commentary

- Despite the festive season, there was some contraction in consumer sentiments, reflecting broader economic concerns and a cautious approach to mass discretionary spending.
- Currency devaluation in Nigeria continues to impact the profitability.
- The company plans to open 250-275 stores in 4QFY24 and is on track to achieve its target of 2,000 stores by FY24.
- Pizza Hut faces competition from the local players; however, the company is taking proactive measures to enhance the overall consumer store experience.
- Thailand business margins are at 15%, lower than the India business of 20%. The management is confident of achieving the margins equal to that of India over a period of time.

#### Valuation and view

- We cut our FY24/FY25 estimates, given weak delivery in 3QFY24 and weak near-term outlook.
- KFC is among the top brands in the QSR industry with positive unit economics and long-term sustainability. We believe that once the overall QSR industry will see revival, KFC will bounce back quickly. However, PH performance remained weak despite several initiatives taken over the last many years. However, current operating margins (ROM close to 6-7%) of PH factors in most operating negatives. We expect sustainable ROM should surpass the current levels.
- The QSR industry continues to see weak unit economics, across dine-in and delivery formats. Despite these industry-wide difficulties, KFC has shown resilience in managing the crisis effectively. On the other hand, PH has been struggling, partly attributed to intense competition in the market. Store expansion plans remain buoyant for Devyani despite near-term industry challenges. The overall guidance of reaching 2,000 stores by FY24 remains on track. We maintain a cautious stance due to the ongoing demand challenges in the near term. The recent correction in the stock partially covers up the near-term pressure. We reiterate **our BUY rating on the stock with a TP of INR195.**

**Quarterly Performance**

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
KFC - No. of stores	391	423	461	490	510	540	590	630	490	630	570	20.0
PH - No. of stores	436	466	483	506	521	535	565	591	506	591	555	10.0
KFC - SSSG (%)	63.6	13.0	3.0	1.9	-0.9	-3.9	-4.7	-4.5	16.0	-3.5	0.0	-4.7
PH - SSSG (%)	31.5	2.9	-6.1	-3.2	-5.3	-10.4	-12.6	-7.7	4.4	-9.0	-13.0	0.4
<b>Net Sales</b>	<b>7,047</b>	<b>7,474</b>	<b>7,906</b>	<b>7,550</b>	<b>8,466</b>	<b>8,195</b>	<b>8,431</b>	<b>8,217</b>	<b>29,977</b>	<b>33,309</b>	<b>8,737</b>	-4%
YoY change (%)	99.8	44.8	26.6	27.8	20.1	9.6	6.6	8.8	43.8	11.1	10.5	
<b>Gross Profit</b>	<b>5,010</b>	<b>5,246</b>	<b>5,482</b>	<b>5,254</b>	<b>5,998</b>	<b>5,802</b>	<b>5,954</b>	<b>5,871</b>	<b>20,991</b>	<b>23,625</b>	<b>6,190</b>	-4%
Margin (%)	71.1	70.2	69.3	69.6	70.8	70.8	70.6	71.5	70.0	70.9	70.9	
<b>EBITDA</b>	<b>1,643</b>	<b>1,655</b>	<b>1,739</b>	<b>1,513</b>	<b>1,734</b>	<b>1,588</b>	<b>1,463</b>	<b>1,572</b>	<b>6,551</b>	<b>6,357</b>	<b>1,766</b>	-17%
EBITDA growth %	167.0	34.2	17.7	5.6	5.6	-4.1	-15.9	3.9	37.6	-3.0	1.6	
Margin (%)	23.3	22.1	22.0	20.0	20.5	19.4	17.4	19.1	21.9	19.1	20.2	
Depreciation	637	660	706	784	796	863	930	916	2,788	3,505	881	
Interest	328	348	378	420	404	417	482	509	1,475	1,812	442	
Other Income	90	45	81	110	68	66	46	55	326	235	83	
<b>PBT</b>	<b>768</b>	<b>692</b>	<b>736</b>	<b>419</b>	<b>603</b>	<b>373</b>	<b>97</b>	<b>202</b>	<b>2,614</b>	<b>1,276</b>	<b>527</b>	-82%
Tax	24	19	-62	-186	146	-168	46	50	-206	74	127	
Rate (%)	3.1	2.8	-8.4	-44.5	24.1	-45.0	47.6	24.7	-7.9	5.8	24.0	
<b>Adjusted PAT</b>	<b>744</b>	<b>644</b>	<b>776</b>	<b>606</b>	<b>339</b>	<b>506</b>	<b>51</b>	<b>152</b>	<b>2,770</b>	<b>1,049</b>	<b>401</b>	-87%
Margin (%)	10.6	8.6	9.8	8.0	4.0	6.2	0.6	1.9	9.2	3.1	4.6	
YoY change (%)	-619.2	51.7	18.7	-26.3	-54.4	-21.4	-93.5	-74.8	61.5	-62.1	-49.8	

E: MOFSL Estimates



# Castrol (India)

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR200      TP: INR230 (+15%)      Buy**

Bloomberg	CSTR IN
Equity Shares (m)	989
M.Cap.(INRb)/(USDb)	196.2 / 2.4
52-Week Range (INR)	208 / 107
1, 6, 12 Rel. Per (%)	4/29/44
12M Avg Val (INR M)	456

## Lower-than-expected raw material costs drive beat

### Financials & Valuations (INR b)

Y/E Dec	CY23E	CY24E	CY25E
Sales	50.7	53.2	55.1
EBITDA	12.0	12.3	14.0
PAT	8.6	9.1	10.3
EPS (INR)	8.7	9.2	10.4
EPS Gr. (%)	6.0	5.0	13.7
BV/Sh.(INR)	21.5	22.7	24.2

### Ratios

Net D:E	-0.6	-0.5	-0.5
RoE (%)	43.1	41.5	44.4
RoCE (%)	43.4	41.8	44.7
Payout (%)	85.8	85.8	85.8

### Valuations

P/E (x)	22.8	21.8	19.1
P/BV (x)	9.3	8.8	8.2
EV/EBITDA (x)	15.4	15.0	13.1
Div. Yield (%)	3.8	3.9	4.5
FCF Yield (%)	3.8	4.3	5.0

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	51.0	51.0	51.0
DII	15.9	16.5	16.6
FII	10.4	11.0	11.4
Others	22.7	21.1	21.0

FII Includes depository receipts

- Castrol's (CSTR) revenue grew 7% YoY to INR12.6b in 4QCY23, driven by 15% YoY growth in volumes, although realization declined 6% YoY. Base oil prices declined to USD1,000/mt in 4QCY23 from USD1,150-1,200/mt in 4QCY22. The company has partially passed on the benefits of lower input costs to end customers.
- CSTR has ended its relationship with 3M and launched auto care products under its own brand name. This segment currently accounts for a small portion of CSTR's revenue and the management estimates it will take another 4-5 years before it starts contributing meaningfully to revenue.
- The company is actively working on thermal solutions for EV batteries and its portfolio already has fluids that go into EVs. BP, parent of CSTR, announced global investments of EUR50m in thermal management of batteries, underscoring the company's keen interest in this field.
- CSTR believes that lubricant demand would stay robust till late 2030s and early 2040s due to low penetration of cars in India. Domestic lubricant demand generally grows by 4-5% annually and the company intends to grow faster than the market rate. The threat from EVs is real, however, their penetration would happen gradually.
- CSTR has always enjoyed its brand legacy, and we believe it will be able to secure its profitability with a better product mix, cost control, and the launch of advanced products with better realization. **We reiterate our BUY rating on the stock with a TP of INR230.**

## Realization declines along with input costs

- 4QCY23 revenue was in line with our estimate at INR12.6b (+7% YoY).
- EBITDA was 11% higher than our est. at INR3.3b (+31% YoY) due to lower-than-expected RM costs.
- EBITDA margin stood at 26% (vs. 22.7% in 3QCY23).
- PAT was 12% above our est. at INR2.4b (+25% YoY).
- The board has recommended a final dividend of INR4.5 per share.
- The total dividend for CY23 stood at INR7.5 per share.
- For CY23, revenue stood at INR50.7b (+2% YoY), EBITDA at INR12b (+8% YoY) and PAT at INR8.6b (+6% YoY).
- EBITDAM came in at 23.7% (-15bp YoY)

## Other key highlights

- Castrol unveiled a revamped global brand identity, reinforcing its distinct positioning to meet evolving customer needs.
- Foraying into the auto care segment, CSTR now offers a comprehensive product range in over 21,000 outlets and e-commerce platforms across India.

- Castrol CRB TURBOMAX's #Badhterahoaagey campaign and its on-ground extension, Castrol CRB TURBOMAX Pragati Ki Paathshaala, were launched to upskill truckers.
- Trained more than 1,000 independent car and bike mechanics, till date, on EV readiness to make them future ready

### Valuation and view

- Multiple initiatives are underway, which should help the company strengthen its market position. The new auto care segment is gaining traction for CSTR and the management is positive on the business segment. It plans to add more products in the portfolio in the segment. It is also looking to expand its service networks.
- The Ki mobility partnership, along with the expansion of its existing portfolio, would be the focus area for the company as it is seen as good for the automotive market.
- CSTR has maintained robust return ratios above 40% in CY23 and a dividend payout of above 85% that translates into ~3.8% dividend yield. The stock trades at 21.8x CY24E EPS of INR9.2 and 15x CY24E EV/EBITDA. We value the stock at 22x CY25E EPS to arrive at our TP of INR230. We reiterate our BUY rating on the stock.

### Quarterly Performance

												(INR m)
Y/E December	CY22				CY23				CY22	CY23	CY23	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
<b>Volume (m litres)</b>	59.0	56.0	47.0	48.0	55.0	58.0	51.0	55.0	210.0	219.0	54.4	1%
Realization	209	222	239	245	235	230	232	230	227	232	231	-1%
<b>Net Sales</b>	<b>12,357</b>	<b>12,417</b>	<b>11,211</b>	<b>11,760</b>	<b>12,939</b>	<b>13,338</b>	<b>11,829</b>	<b>12,640</b>	<b>47,745</b>	<b>50,746</b>	<b>12,592</b>	<b>0%</b>
YoY Change (%)	8.5	39.6	4.5	7.8	4.7	7.4	5.5	7.5	13.9	6.3	7.1	
<b>EBITDA</b>	<b>3,172</b>	<b>2,861</b>	<b>2,571</b>	<b>2,506</b>	<b>2,950</b>	<b>3,098</b>	<b>2,686</b>	<b>3,291</b>	<b>11,111</b>	<b>12,024</b>	<b>2,965</b>	<b>11%</b>
YoY Change (%)	-6.7	44.9	-2.0	-5.7	-7.0	8.3	4.4	31.3	4.2	8.2	18.3	
Margin (%)	25.7	23.0	22.9	21.3	22.8	23.2	22.7	26.0	23.3	23.7	23.5	0.1
Depreciation	202	196	208	208	227	218	229	250	814	924	234	
Interest	7	5	12	16	17	15	24	20	40	75	25	
Other Income	150	137	187	196	176	186	202	223	670	787	228	
<b>PBT before EO expense</b>	<b>3,113</b>	<b>2,797</b>	<b>2,538</b>	<b>2,479</b>	<b>2,883</b>	<b>3,050</b>	<b>2,635</b>	<b>3,243</b>	<b>10,928</b>	<b>11,811</b>	<b>2,934</b>	<b>11%</b>
<b>PBT</b>	<b>3,113</b>	<b>2,797</b>	<b>2,538</b>	<b>2,479</b>	<b>2,883</b>	<b>3,050</b>	<b>2,635</b>	<b>3,243</b>	<b>10,928</b>	<b>11,811</b>	<b>2,934</b>	<b>11%</b>
Tax	829	735	667	546	858	797	691	824	2,776	3,170	771	
Rate (%)	26.6	26.3	26.3	22.0	29.8	26.1	26.2	25.4	25.4	26.8	26.3	
<b>PAT</b>	<b>2,284</b>	<b>2,063</b>	<b>1,872</b>	<b>1,933</b>	<b>2,025</b>	<b>2,253</b>	<b>1,944</b>	<b>2,419</b>	<b>8,152</b>	<b>8,641</b>	<b>2,163</b>	<b>12%</b>
YoY Change (%)	-6.2	47.3	0.7	2.5	-11.3	9.2	3.9	25.2	7.5	6.0	11.9	
<b>Operational Details (INR/lit)</b>												
Volume (m litres)	59.0	56.0	47.0	48.0	55.0	58.0	51.0	55.0	210.0	219.0	54.4	1%
Realization	209.4	221.7	238.5	245.0	235.3	230.0	231.9	229.8	227.4	231.7	231.4	-1%
Gross margin	105.1	109.5	108.4	110.9	110.7	108.5	109.2	116.9	108.3	111.3	110.0	6%
EBITDA	53.8	51.1	54.7	52.2	53.6	53.4	52.7	59.8	52.9	54.9	54.5	10%
PAT	38.7	36.8	39.8	40.3	36.8	38.8	38.1	44.0	38.8	39.5	39.8	11%



# Clean Science & Technology

Estimate changes	↔
TP change	↔
Rating change	↔

**CMP: INR1,461      TP: INR1,420 (-3%)      Neutral**

Bloomberg	CLEAN IN
Equity Shares (m)	106
M.Cap.(INRb)/(USDb)	155.3 / 1.9
52-Week Range (INR)	1622 / 1227
1, 6, 12 Rel. Per (%)	-8/0/-25
12M Avg Val (INR M)	228

## Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	7.6	9.9	12.3
EBITDA	3.2	4.0	4.8
PAT	2.3	2.9	3.5
EPS (INR)	21.6	27.0	33.1
EPS Gr. (%)	-22.3	25.0	22.7
BV/Sh.(INR)	112.8	134.9	162.0

### Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	20.8	21.8	22.3
RoCE (%)	20.4	21.5	22.0
Payout (%)	18.0	18.0	18.0

### Valuations

P/E (x)	67.7	54.2	44.2
P/BV (x)	13.0	10.8	9.0
EV/EBITDA (x)	47.9	38.7	31.7
Div. Yield (%)	0.3	0.3	0.4
FCF Yield (%)	0.7	0.6	1.0

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	75.0	75.0	78.5
DII	5.1	5.2	4.7
FII	5.9	6.0	4.0
Others	14.0	12.8	12.9

FII Includes depository receipts

## Early signs of demand recovery but realization still subdued

- Clean Science's (CLEAN) reported EBITDA in 3QFY24 came in line with our estimate at INR866m, with a gross margin of 66.8% (vs. est. 68.5%). EBITDAM contracted to 44.5% from 45.6% in 3QFY23. Revenue contribution of FMCG Chemicals contracted QoQ in 3QFY24, while that of Performance Chemicals and Pharma & Agro stood flat.
- The management highlighted that the sequential improvement in revenue was on account of higher volumes. Realization remained flat due to downward pressure from China and is expected to remain subdued in the near term amid capacity additions in China.
- Revenue share of principal products improved to 78% in 3QFY24 from 73% in 2QFY24, led by 60% QoQ growth in Guaiacol sales. However, the contribution of principal products is expected to decline going ahead since no capacity enhancements are currently underway.
- Commercial production from CFCL is expected to commence in 4QFY24 and the company expects HALS utilization to reach 80% in three years. Commercial production of pharma intermediate is expected to commence in 3QFY25 and will cater primarily to Indian customers.
- CLEAN is currently trading at 54x FY25E EPS of INR25 and 39x FY25E EV/EBITDA. We value the stock at 45x FY26E EPS to arrive at our TP of INR1,420.

## Performance improves sequentially but weak YoY

- Reported revenue came in line with our estimates at INR1.9b (-18% YoY).
- Gross margin stood at 66.8% (-40bp YoY).
- EBITDA margin was at 44.5% (-110bp YoY).
- EBITDA was in line with est. at INR866m (-20% YoY).
- PAT was in line at INR626m (-25% YoY).
- For 9MFY24, revenue stood at INR5.6b (-22% YoY), EBITDA at INR2.4b (-20%) and PAT stood at INR1.7b (-19%).
- EBITDAM stood at 42.1% (+80bp YoY).

## Segmental and other highlights

- Revenue from Pharma Chemicals stood at INR370m (-3% YoY), while that from Performance Chemicals came in at INR1.3b (-23% YoY). Revenue from FMCG Chemicals stood at INR370m (-11% YoY).
- Domestic revenue stood at 36%, while the rest came from exports.
- Exports to China increased sequentially, while those to Europe declined.
- CLEAN incurred a total capex of INR2,250m in 9MFY24, including investments of INR2,150 in subsidiary.

### Valuation and view

- CLEAN is actively pursuing R&D and has entered the HALS series, which has an estimated global market size of USD1b. Commercial production from CFCL is expected to commence soon and the management expects HALS utilization to reach 80% in three years.
- CLEAN is expected to generate INR2.4b in FCF during FY25-26, with a planned capex of INR4b for the same period. The company plans to finance this capex through internal accruals and is projected to maintain a net cash position in the future.
- The company is currently trading at 54x FY25E EPS of INR25 and 39x FY25E EV/EBITDA. We value the stock at 45x FY26E EPS to arrive at our TP of INR1,420.

### Consolidated - Quarterly Snapshot

(InR m)

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Gross Sales</b>	<b>2,341</b>	<b>2,475</b>	<b>2,374</b>	<b>2,169</b>	<b>1,881</b>	<b>1,811</b>	<b>1,947</b>	<b>1,981</b>	<b>9,358</b>	<b>7,621</b>	<b>1,995</b>	<b>-2%</b>
<i>YoY Change (%)</i>	60.0	61.6	31.3	6.0	-19.6	-26.8	-18.0	-8.6	36.6	-18.6	-16.0	
<i>Gross Margin (%)</i>	61.0%	62.5%	67.2%	70.5%	61.4%	65.9%	66.8%	67.4%	65.2%	65.0%	68.5%	-1.7%
<b>EBITDA</b>	<b>913</b>	<b>975</b>	<b>1,082</b>	<b>1,051</b>	<b>761</b>	<b>748</b>	<b>866</b>	<b>880</b>	<b>4,021</b>	<b>3,224</b>	<b>895</b>	<b>-3%</b>
<i>Margin (%)</i>	39.0	39.4	45.6	48.5	40.5	41.3	44.5	44.4	43.0	42.3	44.9	-0.4
Depreciation	85	87	89	101	108	111	113	117	361	449	114	
Interest	0	0	1	1	1	3	1	4	2	8	2	
Other Income	18	28	126	126	134	60	78	14	298	286	55	
<b>PBT before EO expense</b>	<b>847</b>	<b>916</b>	<b>1,118</b>	<b>1,075</b>	<b>787</b>	<b>695</b>	<b>830</b>	<b>772</b>	<b>3,956</b>	<b>3,052</b>	<b>834</b>	<b>0%</b>
<b>PBT</b>	<b>847</b>	<b>916</b>	<b>1,118</b>	<b>1,075</b>	<b>787</b>	<b>695</b>	<b>830</b>	<b>772</b>	<b>3,956</b>	<b>3,052</b>	<b>834</b>	<b>0%</b>
Tax	218	237	280	270	198	173	204	185	1,005	760	210	
<i>Rate (%)</i>	25.7	25.8	25.1	25.1	25.1	24.9	24.6	24.0	25.4	24.9	25.2	
<b>Reported PAT</b>	<b>629</b>	<b>679</b>	<b>838</b>	<b>805</b>	<b>589</b>	<b>522</b>	<b>626</b>	<b>586</b>	<b>2,952</b>	<b>2,292</b>	<b>624</b>	<b>0%</b>
<i>YoY Change (%)</i>	15.2	26.9	44.5	29.1	-6.3	-23.2	-25.3	-27.2	29.2	-22.3	-25.5	
<i>Margin (%)</i>	26.9	27.5	35.3	37.1	31.3	28.8	32.2	29.6	31.5	30.1	31.3	0.9



# Amara Raja

Estimate changes	↔
TP change	↔
Rating change	↔

**CMP: INR892      TP: INR825 (-8%)      Neutral**

Bloomberg	ARENM IN
Equity Shares (m)	171
M.Cap.(INRb)/(USD\$)	152.9 / 1.8
52-Week Range (INR)	904 / 546
1, 6, 12 Rel. Per (%)	9/29/21
12M Avg Val (INR M)	542

### Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	103.9	113.8	125.8
EBITDA	13.6	15.6	17.7
Adj. PAT	7.3	8.7	9.5
EPS (INR)	42.7	51.0	55.9
EPS Gr. (%)	42.7	19.5	9.5
BV/Sh. (INR)	310	346	387

### Ratios

RoE (%)	14.8	15.5	15.2
RoCE (%)	14.9	15.6	15.4
Payout (%)	15.0	29.4	26.8

### Valuations

P/E (x)	20.9	17.5	16.0
P/BV (x)	2.9	2.6	2.3
Div. Yield (%)	0.7	1.7	1.7
FCF yield (%)	3.2	5.3	3.9

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	28.1	28.1	28.1
DII	17.9	16.8	9.3
FII	24.0	24.6	35.5
Others	30.0	26.3	27.2

FII Includes depository receipts

## Revenue in line, EBITDA/PAT beat estimates

### EBITDA margin of 10-11% achievable for the cell manufacturing operations at 7-9GWh scale

- Amara Raja's (ARENM) 3QFY24 financials were encouraging as EBITDA beat estimate at INR4.1b (vs INR3.8b), led by better-than-expected gross margin. Sustained growth in 2W demand (OE/aftermarket volumes grew in 30%/15% YoY in 3Q), stable replacement demand in PVs, and recovery in industrials are expected to drive ~9% revenue CAGR over FY23-26E.
- We raise our FY24E/25E EPS by 7%/4% to factor in for recovery in 2W demand and better gross margins. However, we believe the current valuations of ~17.5x/16x FY24E/25E EPS fairly reflects the recovery in the underlying industry and its prospects of foraying into new energy business. We reiterate our **Neutral** rating with a TP of INR825/share (14x Mar'26E EPS).

### Better than est. gross margin aids margin expansion

- 3QFY24 revenue/EBITDA/adj. PAT grew 9%/3%/8% YoY to INR28.8b/INR4.1b/INR2.4b (vs. est. INR28.5b/INR3.8b/INR2.1b). 9MFY24 revenue/EBITDA/adj. PAT increased 6%/13%/16% YoY.
- Revenue grew 9% YoY to INR28.8b (in line). This revenue growth in 3QFY24 was lower than EXID revenue growth of 13% YoY.
- Revenue from the new energy business for 9MFY24 stood at INR4b.
- Gross margin contracted 130bp YoY (+50bp QoQ) to 32.1% (vs. est. 31% vs. EXID gross margins of 31.5%).
- Further, despite lower employee costs (down 40bp YoY as a percentage of sales), EBITDA margins declined 80bp YoY to 14.2% (vs. est.13.5%, vs. EXID margin of 11.5%). This decrease was attributed to lower gross margins and higher other costs. The rise in Other costs can be attributed to a) a quarterly insurance cost of INR100m and b) consultancy charges aimed at improving efficiency within the plant. EBITDA grew 3% YoY to INR4.1b (vs. est. INR3.8b).
- Adj. PAT stood at INR2.4b (grew 8% YoY vs. est. INR2.1b).

### Highlights from the management commentary

- Revenue from LAB grew 12% YoY**, led by 4W/2W volume growth, while industrials grew 6-7% YoY. The telecom sector exhibited a growth of 2-3%, surpassing the average growth rate. Additionally, trading accounted for around 7% of revenues, primarily driven by sales in tubular batteries
- Cell manufacturing plant:** This plant would be operational by FY26. With the current lead prices and capex requirements, this business could achieve 10-11% EBITDA and ROE of 10-11% when the business reaches a scale of 7-9GW, below which, it would be difficult to achieve the targets.

- **FY24 Capex** for LAB business would be INR2.5b and INR2.5-3b for the lead recycling plant (expected to commence in 1QFY25) and new energy business. FY25 total capex would be INR6b (INR2.5-3b for LAB and INR3-3.5b for new energy business).

#### Valuation and view

- The stock trades at 17.5 x/16x FY24E/FY25E EPS. We reiterate our **Neutral** rating with a TP of INR825/share (14x Mar'26E EPS), reflecting the anticipation of better earnings growth, balanced out by the growing concern posed by the increasing influence of lithium chemistry on the Auto and Industrial businesses.

#### Quarterly Performance

Y/E March (INR m)	FY23				FY24E				FY23	FY24E	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
<b>Net Sales</b>	<b>26,200</b>	<b>26,995</b>	<b>26,372</b>	<b>24,292</b>	<b>27,699</b>	<b>28,108</b>	<b>28,811</b>	<b>29,214</b>	<b>1,03,859</b>	<b>1,13,831</b>	<b>28,482</b>
YoY Change (%)	38.9	19.2	11.5	11.4	5.7	4.1	9.2	20.3	19.4	9.6	8.0
RM Cost (% of sales)	73.4	69.5	66.6	67.0	71.1	68.4	67.9	68.1	69.2	68.9	69.0
Staff Cost (% of sales)	5.1	5.6	6.1	6.0	5.8	5.8	5.7	5.8	5.7	5.8	5.7
Other Exp (% of sales)	11.5	11.6	12.2	13.1	10.3	12.1	12.2	12.0	12.1	11.7	11.8
<b>EBITDA</b>	<b>2,609</b>	<b>3,602</b>	<b>3,969</b>	<b>3,373</b>	<b>3,535</b>	<b>3,870</b>	<b>4,099</b>	<b>4,114</b>	<b>13,552</b>	<b>15,618</b>	<b>3,845</b>
Margins (%)	10.0	13.3	15.0	13.9	12.8	13.8	14.2	14.1	13.0	13.7	13.5
Depreciation	963	1,019	1,145	1,145	1,111	1,148	1,144	1,196	4,272	4,599	1,155
Interest	46	54	58	62	56	62	59	63	221	240	65
Other Income	170	237	261	226	216	275	237	232	893	960	220
<b>PBT before EO expense</b>	<b>1,770</b>	<b>2,765</b>	<b>3,026</b>	<b>2,392</b>	<b>2,584</b>	<b>2,935</b>	<b>3,133</b>	<b>3,087</b>	<b>9,952</b>	<b>11,739</b>	<b>2,845</b>
Extra-Ord expense	0	0	0	477	0	0	0	0	477	0	0
<b>PBT after EO</b>	<b>1,770</b>	<b>2,765</b>	<b>3,026</b>	<b>1,915</b>	<b>2,584</b>	<b>2,935</b>	<b>3,133</b>	<b>3,087</b>	<b>9,476</b>	<b>11,739</b>	<b>2,845</b>
Tax	455	744	798	535	659	791	737	756	2,532	3,023	718
Tax Rate (%)	25.7	26.9	26.4	28.0	25.5	27.0	23.5	24.5	26.7	25.8	25.3
<b>Adj PAT</b>	<b>1,315</b>	<b>2,022</b>	<b>2,228</b>	<b>1,729</b>	<b>1,925</b>	<b>2,143</b>	<b>2,396</b>	<b>2,331</b>	<b>7,293</b>	<b>8,716</b>	<b>2,127</b>
YoY Change (%)	6.1	40.3	54.0	75.5	46.4	6.0	7.6	34.8	42.7	19.5	-4.6

E: MOFSL Estimates





# Aegis Logistics

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR375      TP: INR345 (-8%)      Neutral**

## Outlook intact amid stable performance

	AGIS IN
Equity Shares (m)	351
M.Cap.(INRb)/(USDb)	131.4 / 1.6
52-Week Range (INR)	411 / 280
1, 6, 12 Rel. Per (%)	6/-14/-20
12M Avg Val (INR M)	276

### Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	69.2	104.1	108.3
EBITDA	8.3	9.1	9.6
Adj. PAT	4.9	5.5	5.8
Adj. EPS (INR)	13.9	15.7	16.6
EPS Gr.%	-5.2	13.1	5.5
BV/Sh.INR	109.7	119.9	130.6

### Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	13.2	13.7	13.2
RoCE (%)	14.0	13.9	13.5
Payout (%)	35.0	35.0	35.0

### Valuation

P/E (x)	27.0	23.9	22.6
P/BV (x)	3.4	3.1	2.9
EV/EBITDA (x)	14.9	13.2	12.5
Div. Yld (%)	1.4	1.5	1.6
FCF Yld (%)	1.5	3.2	2.7

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	58.1	58.1	58.1
DII	5.1	4.6	3.8
FII	18.0	18.9	16.4
Others	18.8	19.9	21.7

FII Includes depository receipts

- Aegis Logistics (AGIS) reported in line EBITDA of INR2.1b. Normalized EBITDA for the Liquids division increased 10% YoY to INR850m, while that of the Gas division declined 10% YoY to INR1,470m.
- The company is focusing on setting up bottling plants right outside its terminals as it provides competitive advantage to AGIS to cater to SME customers (in gas distribution segment) within 350-400 km.
- The company is also working on technical breakthroughs to implement LPG as a fuel source for large diesel generators. This is driven by the potential for LPG to generate an equivalent amount of electricity at only a quarter of the cost of diesel.
- A capex program of INR45b has been planned for the JV over 2023-27, which would be funded via internal accruals, debt, and some cash injection from both shareholders. However, such a high and ambitious capex will burden AGIS' balance sheet. This shift in focus away from the LPG business may introduce an element of uncertainty.
- Additionally, competition from oil marketing companies as well as private players make the ramp-ups in LPG throughput challenging, and hence, we **reiterate our Neutral rating on the stock**. The stock currently trades at 23.9x FY25E EPS of INR15.7. We value the stock at 22x Dec'25E EPS of INR15.7 to arrive at our TP of INR345.

### EBITDA in line, but beat on PAT

- Revenue was in line with our est. at INR18.7b (-10% YoY)
- EBITDA was in line with our est. at INR2.1b (-2% YoY)
- Reported PAT was in line with our est. at INR1.3b (+4% YoY)
- **For 9MFY24**, Revenue stood at INR52.1b (-20% YoY); EBITDA jumped 16% YoY to INR6.2b. PAT stood at INR3.8b (+16% YoY)

### Segmental performance in 3QFY24

- Liquids division revenue stood at INR1.2b (+6% YoY) and EBIT at INR645m (+16% YoY). Gas division revenue stood at INR17.5b (-11% YoY) and EBIT at INR1.3b (-8% YoY)

### Valuation and view – maintain Neutral

- Currently, the company is undergoing capex projects worth INR17.5b. The company will be commissioning 35,000KL of tankage capacity at Kandla in 4QFY24. 20,000KL of liquid tankage capacity at the new JNPT terminal is also expected to be commissioned in 4QFY24 and the remaining 90,000KL by Jun'24. The two cryogenic LPG projects at Pipavav and Mangalore are also progressing on time and within budget.
- Considering the heightened penetration of LPG, the potential emergence of PNG-domestic poses a credible long-term threat. The industrial demand for LPG presents various operational challenges and natural gas is the preferred choice if it proves to be more economical. Therefore, long-term growth remains a significant concern.
- The stock currently trades at 23.9x FY25E EPS of INR15.7. We value the stock at 22x Dec'25E EPS of INR15.7 to arrive at our TP of INR345. **We reiterate our Neutral rating on the stock.**

**Consolidated - Quarterly Earning**

(INR m)

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Sales</b>	<b>22,355</b>	<b>21,505</b>	<b>20,867</b>	<b>21,545</b>	<b>21,005</b>	<b>12,349</b>	<b>18,734</b>	<b>17,135</b>	<b>86,272</b>	<b>69,222</b>	<b>18,347</b>	<b>2%</b>
<i>YoY Change (%)</i>	229.7	238.5	71.9	2.4	-6.0	-42.6	-10.2	-20.5	86.3	-19.8	-12.1	
<b>EBITDA</b>	<b>1,466</b>	<b>1,686</b>	<b>2,161</b>	<b>2,026</b>	<b>1,959</b>	<b>2,083</b>	<b>2,118</b>	<b>2,093</b>	<b>7,339</b>	<b>8,253</b>	<b>2,191</b>	<b>-3%</b>
<i>Margin (%)</i>	6.6	7.8	10.4	9.4	9.3	16.9	11.3	12.2	8.5	11.9	11.9	<b>-0.6</b>
Depreciation	289	334	344	292	333	341	345	370	1,258	1,389	351	
Interest	103	254	272	254	298	266	302	299	882	1,165	249	
Other Income	861	180	192	637	374	444	446	466	1,870	1,731	389	
<b>PBT before EO expense</b>	<b>1,935</b>	<b>1,279</b>	<b>1,738</b>	<b>2,117</b>	<b>1,702</b>	<b>1,920</b>	<b>1,918</b>	<b>1,890</b>	<b>7,068</b>	<b>7,430</b>	<b>1,980</b>	<b>-3%</b>
Extra-Ord expense	621	0	0	0	0	0	0	0	621	0	0	
<b>PBT</b>	<b>1,314</b>	<b>1,279</b>	<b>1,738</b>	<b>2,117</b>	<b>1,702</b>	<b>1,920</b>	<b>1,918</b>	<b>1,890</b>	<b>6,448</b>	<b>7,430</b>	<b>1,980</b>	<b>-3%</b>
Tax	240	268	309	524	375	420	396	555	1,341	1,746	498	
<i>Rate (%)</i>	18.2	21.0	17.8	24.7	22.0	21.9	20.6	29.4	20.8	23.5	25.2	
MI & P/L of Asso. Cos.	41	77	175	185	169	230	221	192	477	812	173	28%
<b>Reported PAT</b>	<b>1,034</b>	<b>934</b>	<b>1,253</b>	<b>1,409</b>	<b>1,158</b>	<b>1,270</b>	<b>1,301</b>	<b>1,143</b>	<b>4,630</b>	<b>4,872</b>	<b>1,309</b>	<b>-1%</b>
<i>YoY Change (%)</i>	131.4	-1.1	23.2	48.7	-24.9	36.0	3.8	-18.8	43.7	-5.2	4.4	
<i>Margin (%)</i>	6.9	4.3	6.0	6.5	5.5	10.3	6.9	6.7	6.0	7.0	7.1	<b>-0.2</b>



# Raymond

Estimate changes

TP change

Rating change



**CMP: INR1,780**

**TP: INR2,350 (+32%)**

**Buy**

	RW IN
Bloomberg Equity Shares (m)	67
M.Cap.(INRb)/(USDb)	118.5 / 1.4
52-Week Range (INR)	2240 / 1093
1, 6, 12 Rel. Per (%)	3/-16/1
12M Avg Val (INR M)	562

### Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Net Sales	82.1	87.2	96.7
EBITDA	12.0	12.5	14.2
PAT	6.3	6.6	8.0
EPS (INR)	94.4	99.1	120.4
GR. (%)	44.5	4.9	21.5
BV/Sh (INR)	435	678	798
ROE (%)	23.9	17.8	16.3
RoCE (%)	17.5	15.8	14.1
RoIC (%)	20.2	17.2	16.7
P/E (X)	18.8	18.0	14.8
P/BV (X)	4.1	2.6	2.2
EV/EBITDA (X)	10.8	10.0	8.4
Div Yield (%)	0.2	0.0	0.0

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	49.1	49.1	49.1
DII	7.9	6.0	5.0
FII	14.4	17.7	16.4
Others	28.6	27.6	29.6

FII Includes depository receipts

## Apparel and real estate drive growth

- Raymond reported revenue/EBITDA growth of 10%/13% YoY (in line), led by the real estate segment (up 50% YoY). The overall lifestyle revenue/EBITDA growth were propelled by the branded apparels segment (+ 20% YoY). However, the engineering business faced challenges due to sluggish conditions in the export market.
- Raymond has created three distinct vectors, i.e., Lifestyle, Real Estate, and an engineering unit Newco (by acquiring MPPL), with each segment re-energizing growth. The company remained net cash at the group level, and it has the ability to scale up each segment with internal accruals. We expect its consolidated revenue/PAT to grow at 12%/24% YoY over FY24-26. We **reiterate our BUY rating on the stock.**

## Margins improved in all segments, driven by GM scale benefits

- Consol revenue was up 10% YoY to INR23.9b (in line), led by Real estate (+50% YoY) and Branded Apparel (+20% YoY) segments.
- The overall lifestyle segment revenue/EBITDA grew 6% YoY/13% YoY to INR18.4b/INR3.1b, with margin improvement of 110bp YoY to 16.9%.
- Engineering revenue grew 4% YoY to INR2.2b, constrained by a sluggish export market; however, the domestic market witnessed growth. The EBITDA margin contracted to 13.9% (down 200bp YoY), which led to a 9% YoY decline in EBITDA.
- Real estate segment's revenue/EBITDA increased 50%/30% YoY to INR4.4b/INR970m and margin declined 340bp YoY to 22.1%, due to the initial launch costs associated with a new project.
- Gross profit was up 10% YoY to INR10b (in line), while margins were up 20bp YoY to 42%.
- EBITDA was up 13% YoY to INR3.6b (in line), while margins were up 50bp YoY to 15.2%.
- Adj PAT was up 80% YoY to INR1.9b (9% miss) due to higher interest cost. Margins were up 300bp YoY to 7.9%.

## Highlights from the management commentary

- The quarter started on a strong note with the festive season, marked by Navratri in October and Diwali in November; however, post Diwali, the festive demand could not sustain, leading to subdued consumer demand in the market. The outlook for 4QFY24 indicates a moderate uptick in consumer demand.
- The company received SEBI approval and shareholder meeting will be held on Feb 26, 24 to seek approval for the demerger.
- The company plans to expand its **retail store network** through the FOFO model and plans to open 250-300 stores in the next 12-18 months. Over the next three years, Ethnix has plans to expand and could reach up to 300 stores.

- The Branded Apparel segment had reported positive SSSG vs other apparel companies reporting flat/negative SSSG. This is supported by casualization and scale benefits.

### Valuation and view

- The stock is down 19% from its peak in Sep'23; it is trading at a P/E and EV/EBITDA of 12x and 6.6x on FY26E, respectively. This is significantly lower than the valuation of retail & discretionary coverage universe, which are valued at ~45-50x on a one-year forward basis.
- Raymond has taken strategic initiatives, including the sale of the FMCG business, the de-merger of the Lifestyle Business, shaping the Real Estate Business, and establishing an engineering unit 'Newco' following the Maini precision (MPPL) acquisition. These three vectors are anticipated to generate shareholder value for each business unit, led by professional management, a favorable net cash position at the group level, and the optimization of costs and WC.
- We cut our estimates by 5% for FY24/25 by building in 12%/24% revenue/EBITDA CAGR for FY24-26E consolidated business, aided by 11%/9% lifestyle revenue/EBITDA CAGR. It should garner an ROE of 16%/17% in FY25/FY26.
- Our SOTP-based valuation ascribes the real estate business at 5x on FY25E EV/EBITDA on embedded EBITDA, assuming pre-sales of INR20b and 25% EBITDA margin, to arrive at a valuation of INR25b (i.e., INR380/share). Adjusting for the same, the Lifestyle business is trading at a P/E of 15x. Subsequently, we assign a P/E of 22x on FY26E to the Lifestyle business, arriving at a value of INR1,820/share. The engineering business is valued at EV/EBITDA of 7x on FY26E, arriving at a value of INR150/share. The combined value of Real Estate, Engineering and Lifestyle businesses works out to be INR2,350/share. We reiterate our BUY rating on the stock.

### Exhibit 1: Quarterly performance

Y/E March	FY23				FY24E				FY23	FY24E	FY24E Est.	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>INRm</b>												
<b>Total Revenue</b>	17,281	21,682	21,682	21,502	17,715	22,534	23,862	23,123	82,147	87,234	24,087	-1
<b>YoY %</b>	109%	40%	18%	10%	3%	4%	10%	8%	33%	6%	11%	
Total expenditure	15,197	18,333	18,490	18,134	15,748	19,388	20,242	19,343	70,153	74,721	20,496	-1
<b>EBITDA</b>	2,085	3,350	3,192	3,368	1,966	3,146	3,619	3,781	11,994	12,513	3,591	1
<b>EBITDA margin (%)</b>	12.1%	15.4%	14.7%	15.7%	11.1%	14.0%	15.2%	16.3%	14.6%	14.3%	14.9%	26
Depreciation and amortization	584	575	578	616	597	654	703	703	2,354	2,657	685	3
Finance Costs	591	634	705	643	795	893	1,035	942	2,573	3,665	799	30
Other income	263	226	314	420	550	673	642	640	1,223	2,503	677	-5
Exceptional items	0	96	45	930	94	230	0	0	1,072	324	0	
<b>Profit before Tax</b>	1,172	2,271	2,177	1,599	1,030	2,042	2,523	2,776	7,219	8,370	2,784	-9
Tax	365	709	1,161	-231	267	507	626	700	2,004	2,100	702	-11
<b>Profit after Tax</b>	807	1,562	1,017	1,830	763	1,535	1,897	2,077	5,216	6,270	2,082	-9
Margin (%)	4.7%	7.2%	4.7%	8.5%	4.3%	6.8%	7.9%	9.0%	6.3%	7.2%	8.6%	-70
Minority Interest	-10	-31	-18	-21	-15	-14	-19	-19	-80	-66	-14	37
Share of Profit in Associated Companies	12	57	-51	135	9,904	77	-43	0	154	9,938	0	
<b>Net Income</b>	809	1,589	948	1,944	10,653	1,598	1,835	2,058	5,289	16,142	2,069	-11
<b>Adjusted income</b>	797	1,627	1,044	2,739	842	1,751	1,878	2,058	6,207	6,528	2,069	-9
Margin (%)	4.7%	7.3%	4.4%	9.0%	60.1%	7.1%	7.7%	8.9%	6.4%	18.5%	8.6%	-90



# AAVAS Financiers

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR1,484      TP: INR1,650 (+11%)      Neutral**

## Trajectory improving, but still some way to go

### NIM compression of ~35bp QoQ and elevated credit costs lead to earnings miss

- AAVAS Financiers (AAVAS)'s 3QFY24 PAT grew 9% YoY to ~INR1.2b (~10% miss), while its 9MFY24 PAT grew ~15% YoY to ~INR3.5b. NII grew 6% YoY to ~INR2.2b (in line), and other income grew 34% YoY for the quarter.
- Reported 9MFY24 NIM declined ~5bp to ~7.95% (vs. 8% in 1HFY24). However, 3QFY24 NIM (calc.) declined ~35bp QoQ to ~7%. This was due to a decline in yields from higher competitive intensity, and the company's efforts to retain customers from taking BT-OUTs to the competitors.
- Management shared that the disbursement run-rate has improved MoM, and that it is hopeful of further acceleration in disbursements once the technology transformation program is complete within 3-4 months.
- Opex rose ~12% YoY to INR1.35b, while opex-to-avg. assets remained stable QoQ at ~3.5%. AAVAS guided for a gradual improvement in opex-to-assets to ~3%. We estimate the opex-to-avg. assets to decline to ~3.4% by FY26.
- We model a ~22% AUM CAGR and ~20% PAT CAGR over FY23-26E, with an RoA/RoE of 3.4%/16% in FY26E. Valuations have de-rated over the last one year, and the stock now trades at 2.3x FY26E P/BV. While AAVAS is on an improving trajectory, we would continue to monitor the execution on disbursements/AUM growth and observe how the IT transformation improves productivity/enhances operating efficiencies for AAVAS. **Reiterate Neutral with a TP of INR1,650 (based on 2.6x FY26E BVPS).**

### Disbursements will take few more quarters to recover fully

- AUM grew 23% YoY/5% QoQ to ~INR161b. Disbursements grew 13% YOY to ~INR13.6b, but were still below consensus expectations. Annualized run-off in the loan-book stood at ~16% (PY: ~21% and PQ: ~16%).
- Securitization during the quarter amounted to INR3.2b (PY: INR2.2b) and securitization margins were at similar levels as last quarter.
- Despite teething issues from the tech transformation and higher employee attrition, improving MoM disbursements instill confidence in the acceleration of disbursement momentum after a few more quarters. Management continued to guide for a ~20-25% AUM growth and model an AUM CAGR of ~22% over FY23-FY26E.

### Highlights from the management commentary

- Login-to-Sanction TAT declined to 9 days from 13 days, which will give more bandwidth to the business teams to work on newer opportunities.
- AAVAS is working on multiple newer channels for sourcing loans and also plans to improve the proportion of INR750K ATS Home loans in its product mix to improve yields.

### Valuation and View

- AAVAS reported an RoA/RoE of 3.2%/13.5% in 9MFY24. Its constant endeavor to improve its technological edge, and relentless focus on asset quality have made it a standout player among peers. Notably, its 1+DPD remains within the guided levels, driven by its prudent underwriting process and efficient collection efforts.

Bloomberg	AAVAS IN
Equity Shares (m)	78
M.Cap.(INRb)/(USDb)	117.4 / 1.4
52-Week Range (INR)	2046 / 1335
1, 6, 12 Rel. Per (%)	-7/-17/-44
12M Avg Val (INR M)	457

### Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	9.0	10.9	13.2
PPP	6.3	7.8	9.8
PAT	4.8	5.9	7.4
EPS (INR)	60.6	74.2	93.4
EPS Gr. (%)	11	23	26
BV/Sh. (INR)	474	548	642

### Ratios (%)

NIM	5.7	5.7	5.7
C/I ratio	46.1	44.9	42.8
Credit cost	0.19	0.21	0.18
RoA	3.2	3.3	3.4
RoE	13.6	14.5	15.7

### Valuation

P/E (x)	24.5	20.0	15.9
P/BV (x)	3.1	2.7	2.3

### Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	39.1	39.1	39.2
DII	15.3	14.2	10.9
FII	32.3	35.5	37.9
Others	13.3	11.5	12.0

FII Includes depository receipts

■ Given the investments being made in sourcing, distribution, and technology, we expect AAVAS to embark on a strong disbursement growth trajectory from FY25 onwards. The stock trades at 2.3x FY26E P/BV and any re-rating in valuation multiples will depend on the company resuming its stronger AUM growth trajectory along with its pristine asset quality. Maintain **Neutral** with a revised TP of INR1,650 (based on 2.6x FY26E BVPS).

Quarterly performance												INR m
Y/E March	FY23				FY24E				FY23	FY24E	3QFY24E	vs. Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	3,148	3,287	3,585	3,861	4,128	4,259	4,373	4,614	13,882	17,374	4,450	-2
Interest Expenses	1,347	1,410	1,504	1,650	1,866	2,036	2,166	2,292	5,910	8,360	2,162	0
<b>Net Income</b>	<b>1,802</b>	<b>1,877</b>	<b>2,082</b>	<b>2,211</b>	<b>2,262</b>	<b>2,223</b>	<b>2,208</b>	<b>2,322</b>	<b>7,971</b>	<b>9,014</b>	<b>2,288</b>	<b>-4</b>
YoY Growth (%)	20	15	32	23	26	18	6	5	22	13	10	
Other income	380	664	534	641	540	716	719	791	2,220	2,765	745	-4
<b>Total Income</b>	<b>2,182</b>	<b>2,541</b>	<b>2,616</b>	<b>2,852</b>	<b>2,802</b>	<b>2,938</b>	<b>2,926</b>	<b>3,112</b>	<b>10,191</b>	<b>11,779</b>	<b>3,033</b>	<b>-4</b>
YoY Growth (%)	37	21	20	18	28	16	12	9	23	16	16	
Operating Expenses	1,026	1,147	1,201	1,203	1,339	1,308	1,349	1,436	4,577	5,432	1,358	-1
YoY Growth (%)	53	33	32	14	30	14	12	19	31	19	13	
<b>Operating Profits</b>	<b>1,156</b>	<b>1,394</b>	<b>1,415</b>	<b>1,649</b>	<b>1,464</b>	<b>1,631</b>	<b>1,577</b>	<b>1,676</b>	<b>5,614</b>	<b>6,348</b>	<b>1,675</b>	<b>-6</b>
YoY Growth (%)	26	13	12	22	27	17	11	2	17.6	13.1	18	
Provisions	9	16	35	64	57	65	80	39	124	241	30	166
<b>Profit before Tax</b>	<b>1,147</b>	<b>1,378</b>	<b>1,380</b>	<b>1,586</b>	<b>1,407</b>	<b>1,565</b>	<b>1,497</b>	<b>1,637</b>	<b>5,490</b>	<b>6,107</b>	<b>1,645</b>	<b>-9</b>
Tax Provisions	254	310	307	318	310	348	331	330	1,189	1,319	355	-7
<b>Profit after tax</b>	<b>892</b>	<b>1,068</b>	<b>1,073</b>	<b>1,268</b>	<b>1,097</b>	<b>1,217</b>	<b>1,166</b>	<b>1,307</b>	<b>4,301</b>	<b>4,788</b>	<b>1,290</b>	<b>-10</b>
YoY (%)	49	16	20	10	23	14	9	3	20.5	11.3	20	
<b>Key Parameters (%)</b>												
Yield on loans	12.7	12.9	13.0	13.1	13.3	13.2	13.1		13.7	13.9		
Cost of funds	6.9	7.0	7.3	7.6	7.7	7.9	8.0		6.6	7.6		
Spread	5.8	5.9	5.8	5.5	5.6	5.3	5.1		7.1	6.3		
NIM - YTD	7.7	8.2	8.2	8.3	8.0	8.0	7.9		6.2	5.7		
Credit cost	0.0	0.1	0.1	0.2	0.2	0.2	0.2		0.1	0.2		
Cost to Income (%)	47.0	45.1	45.9	42.2	47.8	44.5	46.1		44.9	46.1		
Tax Rate (%)	22.2	22.5	22.2	20.1	22.0	22.2	22.1		21.7	21.6		
<b>Balance Sheet</b>												
<b>AUM (INR B)</b>	<b>118.9</b>	<b>125.4</b>	<b>130.9</b>	<b>141.7</b>	<b>146.5</b>	<b>153.2</b>	<b>160.8</b>		<b>141.7</b>	<b>172.1</b>		
Change YoY (%)	23.7	23.6	23.3	24.8	23.2	22.1	22.9		24.8	21.5		
<b>AUM mix (%)</b>												
Home loans	71.1	70.9	70.1	69.9	69.8	69.7	69.3		69.9	68.8		
Mortgage loans	28.9	29.1	29.9	30.1	30.2	30.3	30.7		30.1	31.2		
<b>Loans (INR B)</b>	<b>95.9</b>	<b>100.8</b>	<b>105.5</b>	<b>114.8</b>	<b>119.1</b>	<b>124.0</b>	<b>129.9</b>		<b>114.8</b>	<b>139.4</b>		
% of AUM	80.6	80.4	80.6	81.0	81.3	81.0	80.8		26.8	21.5		
<b>Disbursements (INR B)</b>	<b>10.9</b>	<b>11.5</b>	<b>12.0</b>	<b>15.8</b>	<b>10.7</b>	<b>12.6</b>	<b>13.6</b>		<b>50.2</b>	<b>54.4</b>		
Change YoY (%)	136.5	27.2	26.5	22.9	-2.3	9.7	13.3		39.5	8.2		
<b>Borrowings (INR B)</b>	<b>82.9</b>	<b>85.7</b>	<b>91.6</b>	<b>98.9</b>	<b>106.8</b>	<b>111.4</b>	<b>114.7</b>		<b>98.4</b>	<b>121.3</b>		
Change YoY (%)	27.8	24.1	26.7	24.0		30.0	25.2		23.4	23.3		
Borrowings/Loans (%)	86.4	85.0	86.8	86.2	89.6	89.9	88.3		85.7	87.0		
Debt/Equity (x)	2.9	2.8	2.9	3.0	3.2	3.2	3.2		3.0	3.2		
<b>Asset Quality (%)</b>												
<b>GS 3 (INR M)</b>	<b>1,045</b>	<b>1,113</b>	<b>1,204</b>	<b>1,067</b>	<b>1,193</b>	<b>1,295</b>	<b>1,425</b>		<b>1,067</b>			
G3 %	1.08	1.10	1.13	0.92	1.00	1.04	1.09		0.92			
<b>NS 3 (INR M)</b>	<b>805</b>	<b>848</b>	<b>917</b>	<b>780</b>	<b>872</b>	<b>939</b>	<b>1,033</b>		<b>780</b>			
NS3 %	0.84	0.84	0.87	0.68	0.73	0.76	0.79		0.68			
<b>PCR (%)</b>	<b>22.9</b>	<b>23.8</b>	<b>23.9</b>	<b>26.9</b>	<b>26.9</b>	<b>27.5</b>	<b>27.5</b>		<b>26.9</b>			
ECL (%)	0.67	0.64	0.64	0.62	0.64	0.64	0.65		0.62			
<b>Return Ratios - YTD</b>												
ROA (Rep)	3.2	3.4	3.4	3.5	3.2	3.3	3.2		3.5	3.2		
ROE (Rep)	12.5	13.4	13.6	14.1	13.2	13.6	13.5		14.2	13.6		

E: MOFSL Estimates



# Data Patterns (India)

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR1,915      TP: INR2,020 (+5%)      Neutral**

## Sustaining strong topline growth

### Earnings beat our estimates

- Data Patterns (DATAPATT) reported a strong revenue growth of 25% YoY in 3QFY24, fueled by a robust traction in Production revenue (up 32% YoY) and Development revenue (up 16% YoY). DATAPATT recorded strong operating performance (EBITDA margin up 100bp YoY), primarily due to an improved gross margin (up 130bp YoY), aided by the favorable business mix.
- We retain our FY25/FY26 EPS estimates. We **reiterate our Neutral stance on the stock with a TP of INR2,020 (premised on 35x FY26E EPS)**.

Bloomberg	DATAPATT IN
Equity Shares (m)	56
M.Cap.(INRb)/(USD\$b)	107.2 / 1.3
52-Week Range (INR)	2485 / 1179
1, 6, 12 Rel. Per (%)	0/-16/12
12M Avg Val (INR M)	437

### Financials & Valuations (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	5.7	7.4	9.7
EBITDA	2.3	3.1	4.1
Adj. PAT	1.9	2.4	3.3
EBITDA Margin (%)	40.8	41.4	42.3
Cons. Adj. EPS (INR)	33.1	43.5	58.1
EPS Gr. (%)	49.4	31.5	33.5
BV/Sh. (INR)	240.6	283.2	340.4

### Ratios

Net D:E	-0.5	-0.5	-0.5
RoE (%)	14.7	16.6	18.6
RoCE (%)	15.3	17.2	19.1

### Valuations

P/E (x)	58	44	33
EV/EBITDA (x)	43	32	24

### Shareholding pattern (%)

As on	Dec-23	Sep-23	Dec-22
Promoter	42.4	42.4	45.8
DII	9.2	9.6	7.9
FII	6.7	7.2	2.3
Others	41.7	41.2	44.0

Note: FII includes depository receipts

### Gross margins expanded, led by favorable business mix

- Consol. revenue grew 25%/29% YoY/QoQ to INR1.4b (est. in line), aided by broad-based growth across product categories.
- EBITDA grew 28%/47% YoY/QoQ to INR600m (est. INR539m). EBITDA margins expanded 100bp/540bp YoY/QoQ to 43% (est. 38.6%), led by ~130bp YoY expansion in gross margin, because of the favorable business mix.
- Adj. PAT grew 53%/51% YoY/QoQ to INR510m (est. of INR374m).
- The order book stood at INR9.6b as of Dec'23 vs. INR10b/INR9.7b in Sep'23/Jun'23. This decline can be attributed to delays in few anticipated contracts by the company.
- For 9MFY24, Revenue/EBITDA/Adj. PAT grew 26%/31%/61% YoY to INR3.4b/INR1.3b/INR1.1b.

### Highlights from the management commentary

- **Guidance:** The management maintained the revenue growth target of 20-25% for the next two years. It expects to maintain a sustainable high EBITDA margin of ~40%.
- **Orders inflow** stood at ~INR991m in 3QFY24 vs. ~INR1.6b in 3QFY23. The order flow has been slower due to delay in expected contracts from BEL and a few other customers. DATAPATT is working closely with the clients and expects orders worth ~INR6-8b over the next couple of quarters.
- **Working capital:** The company is targeting working capital days of ~240-270 days over the next two years. The decline in inventory days (led by normalization of supply chain) will result in improvement in working capital days.

### Valuation and view

- DATAPATT, a prominent player in the aerospace and defense electronics sector in India, is set to capture a larger share of pie (TAM of ~USD2b as of CY20; registering a 9% CAGR) on the back of its vast experience, strong core competencies, and robust executional capabilities.

- We estimate a 29%/34%/38% CAGR in revenue/EBITDA/Adjusted PAT over FY23-FY26, driven by robust order book growth (at ~39% CAGR over FY19-23) and improved margins.
- We retain our FY25/FY26 EPS estimates. **We reiterate our Neutral rating with a TP of INR2,020 (premised on 35x FY26E EPS)**, owing to its higher working capital cycle and rich valuations.

**Consolidated - Quarterly Earning Model**

(INR m)

Y/E March	FY23				FY24				FY23	FY24E	FY24E	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Gross Sales</b>	<b>684</b>	<b>882</b>	<b>1,118</b>	<b>1,851</b>	<b>897</b>	<b>1,083</b>	<b>1,395</b>	<b>2,304</b>	<b>4,535</b>	<b>5,680</b>	<b>1,398</b>	<b>0</b>
YoY Change (%)	NA	136.8	88.8	322.2	31.2	22.9	24.8	24.5	45.9	25.3	25.0	
Total Expenditure	471	580	648	1,117	619	676	795	1,275	2,816	3,364	858	
<b>EBITDA</b>	<b>213</b>	<b>302</b>	<b>470</b>	<b>734</b>	<b>278</b>	<b>408</b>	<b>600</b>	<b>1,029</b>	<b>1,718</b>	<b>2,316</b>	<b>539</b>	<b>11</b>
Margins (%)	31.1	34.2	42.1	39.6	31.0	37.6	43.0	44.7	37.9	40.8	38.6	
Depreciation	20	21	21	22	28	31	33	42	84	134	36	
Interest	16	12	21	28	17	23	23	35	77	98	28	
Other Income	17	19	19	38	116	108	113	45	92	383	25	
<b>PBT before EO expense</b>	<b>194</b>	<b>287</b>	<b>446</b>	<b>721</b>	<b>349</b>	<b>463</b>	<b>657</b>	<b>997</b>	<b>1,649</b>	<b>2,466</b>	<b>500</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>194</b>	<b>287</b>	<b>446</b>	<b>721</b>	<b>349</b>	<b>463</b>	<b>657</b>	<b>997</b>	<b>1,649</b>	<b>2,466</b>	<b>500</b>	
Tax	52	76	113	168	91	125	148	251	409	614	126	
Rate (%)	26.7	26.6	25.4	23.3	25.9	27.0	22.4	25.2	24.8	24.9	25.2	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>142</b>	<b>211</b>	<b>333</b>	<b>554</b>	<b>258</b>	<b>338</b>	<b>510</b>	<b>746</b>	<b>1,240</b>	<b>1,852</b>	<b>374</b>	
<b>Adj PAT</b>	<b>142</b>	<b>211</b>	<b>333</b>	<b>554</b>	<b>258</b>	<b>338</b>	<b>510</b>	<b>746</b>	<b>1,240</b>	<b>1,852</b>	<b>374</b>	<b>36</b>
YoY Change (%)	NA	104.4	158.5	517.9	81.4	60.5	53.0	34.8	32.2	49.4	12.3	
Margins (%)	20.8	23.9	29.8	29.9	28.8	31.2	36.5	32.4	27.3	32.6	26.8	





# Avalon Technologies

Estimate change	↓
TP change	↓
Rating change	↔

**CMP: INR508      TP: INR610 (+20%)      Buy**

## Challenges within the US business drag overall performance

### Earnings lower than our estimate

Bloomberg	AVALON IN
Equity Shares (m)	65
M.Cap.(INRb)/(USDb)	33.3 / 0.4
52-Week Range (INR)	732 / 347
1, 6, 12 Rel. Per (%)	-6/-24/-
12M Avg Val (INR M)	253

- Avalon Technologies (Avalon) reported a weak quarter with a revenue decline of 8%/3% YoY in 3QFY24/9MFY24, led by a continued slowdown in the US business (reported a loss of ~INR200m in 9MFY24). However, the India business registered a growth of 12% in 9MFY24.
- The order book showed some resilience with order inflows of ~INR2.45b across sectors (such as Power, Industrial, Clean energy, Automotive and Railways). The inflows led to an increase in the closing order book to INR12.75b as of Dec'23 (vs. ~INR12.4b/INR11b in Sep'23/Jun'23).
- Factoring in the weak 3QFY24 performance and a slowdown in the US business that led to an operating leverage, we reduce our EPS estimates for FY24/FY25/FY26 by 44%/25%/19%. **Reiterate BUY with a TP of INR610 (premised on 35x FY26E EPS).**

### Financials & Valuations (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	8.8	11.3	14.7
EBITDA	0.7	1.2	1.7
Adj. PAT	0.3	0.7	1.1
EBITDA Margin (%)	7.7	11.0	11.8
Cons. Adj. EPS (INR)	4.8	11.4	17.4
EPS Gr. (%)	(46.7)	136.7	52.2
BV/Sh. (INR)	87.3	98.7	116.1

### Ratios

Net D:E	(0.2)	(0.2)	(0.2)
RoE (%)	5.7	12.3	16.2
RoCE (%)	5.8	11.8	15.9

### Valuations

P/E (x)	105.2	44.4	29.2
EV/EBITDA (x)	46.7	25.6	18.3

### Shareholding pattern (%)

As on	Dec-23	Sep-23
Promoter	51.0	51.1
DII	17.1	16.3
FII	5.7	9.2
Others	26.3	19.7

Note: FII includes depository receipts

### Operating leverage results in a margin contraction

- Consolidated revenue declined 8% YoY, while it grew 7% QoQ to INR2.1b (est. INR2.7b) in 3QFY24, due to challenges within the US business. EBITDA margin contracted 100bp YoY, while it rose 140bp QoQ to 7.7% (est. 9.6%), dragged by operating leverage. Adjusted PAT grew 15% YoY, while it declined 10% QoQ to INR66m (est. of INR144m).
- During 9MFY24, Avalon's revenue/EBITDA/Adj. PAT declined 3%/34%/30% YoY to INR6.5b/INR454m/INR209m.
- The Indian market's revenue rose 12% YoY in 9MFY24, but challenging conditions in the US market led to a decline in the US business revenue. As a result, overall revenue declined 8% YoY during the period.
- Net working capital days increased to 155 from 144 in Mar'23, primarily led by higher inventory days (up 18 days).

### Highlights from the management commentary

- **Guidance:** Management expects ~8-10% YoY decline in revenue for FY24, with an EBITDA margin of ~7-8%. Going forward, the company has guided for a revenue growth of ~20-25%.
- **The US business** recorded a loss of INR200m in 9MFY24. However, the company is witnessing traction from some of its customers, and expects a recovery within the business in 1HFY25, which will be further accelerated in 2HFY25.
- **India business:** Management expects a strong traction from the railways (Signaling system, Kavach, Vande Bharat), Industrial, Energy, and EVs in the domestic market. To cater to the growing domestic demand, the company is planning to expand its existing domestic facilities.

**Valuation and view**

- We believe the ongoing slowdown in the US operation will have a short-term impact on Avalon’s revenue and profitability. However, the long-term trajectory remains strong backed by: 1) an increase in the mix of box build through new orders and increasing the wallet share from existing customers; and 2) order inflows from the high-growth/high-margin industries, such as Clean Energy and Aerospace.
- We estimate Avalon to deliver a CAGR of 16%/15%/29% in revenue/EBITDA/Adj. PAT over FY23-26 on the back of strong order inflows.
- Factoring in the weak 3QFY24 performance and a slowdown in the US business that led to an operating deleverage, we reduce our EPS estimates for FY24/FY25/FY26 by 44%/25%/19%. **Reiterate BUY with a TP of INR610 (premised on 35x FY26E EPS).**

**Consolidated - Quarterly Earnings Model**

Y/E March	FY23				FY24				FY23	FY24E	FY24E	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE	Var %	
<b>Gross Sales</b>	<b>1,960</b>	<b>2,447</b>	<b>2,327</b>	<b>2,718</b>	<b>2,351</b>	<b>2,010</b>	<b>2,143</b>	<b>2,310</b>	<b>9,447</b>	<b>8,814</b>	<b>2,676</b>	<b>-20</b>
YoY Change (%)	NA	NA	NA	NA	19.9	-17.9	-7.9	-15.0	350.4	-6.7	15.0	
Total Expenditure	1,765	2,161	2,125	2,307	2,189	1,884	1,977	2,082	8,319	8,132	2,420	
<b>EBITDA</b>	<b>195</b>	<b>286</b>	<b>202</b>	<b>411</b>	<b>162</b>	<b>126</b>	<b>165</b>	<b>228</b>	<b>1,128</b>	<b>682</b>	<b>256</b>	<b>-35</b>
Margins (%)	10.0	11.7	8.7	15.1	6.9	6.3	7.7	9.9	11.9	7.7	9.6	
Depreciation	46	49	50	52	53	55	60	73	197	241	62	
Interest	71	100	86	95	56	32	36	40	348	165	37	
Other Income	66	64	12	38	51	47	22	30	144	150	40	
<b>PBT before EO expense</b>	<b>145</b>	<b>201</b>	<b>78</b>	<b>302</b>	<b>105</b>	<b>86</b>	<b>91</b>	<b>145</b>	<b>727</b>	<b>426</b>	<b>197</b>	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>145</b>	<b>201</b>	<b>78</b>	<b>302</b>	<b>105</b>	<b>86</b>	<b>91</b>	<b>145</b>	<b>727</b>	<b>426</b>	<b>197</b>	
Tax	52	53	21	75	34	13	25	39	202	111	53	
Rate (%)	35.8	26.6	26.7	24.7	32.4	15.2	27.5	27.0	27.8	26.0	27.0	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>93</b>	<b>148</b>	<b>57</b>	<b>227</b>	<b>71</b>	<b>73</b>	<b>66</b>	<b>106</b>	<b>525</b>	<b>315</b>	<b>144</b>	
<b>Adj PAT</b>	<b>93</b>	<b>148</b>	<b>57</b>	<b>227</b>	<b>71</b>	<b>73</b>	<b>66</b>	<b>106</b>	<b>525</b>	<b>315</b>	<b>144</b>	<b>-54</b>
YoY Change (%)	NA	NA	NA	NA	-23.9	-50.7	14.7	-53.3	NA	-40.0	150.8	
Margins (%)	4.7	6.0	2.5	8.4	3.0	3.6	3.1	4.6	5.6	3.6	5.4	

## LIC Housing Finance

BSE SENSEX  
72,086S&P CNX  
21,854

CMP: INR632

Buy

## Conference Call Details

Date: 5<sup>th</sup> February 2024

Time: 11:30 AM IST

Dial-in details:

+91 22 6280 1145

[Link for call](#)

## Financials &amp; Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	80.8	81.4	87.3
PPP	70.7	70.7	76.0
PAT	45.2	46.3	50.7
EPS (INR)	82.2	84.1	92.2
EPS Gr. (%)	56.4	2.3	9.7
BV/Sh (INR)	557	623	695
<b>Ratios</b>			
NIM (%)	2.9	2.7	2.6
C/I ratio (%)	14.6	15.4	15.2
RoAA (%)	1.6	1.5	1.5
RoE (%)	15.7	14.3	14.0
Payout (%)	11.0	11.3	11.0
<b>Valuations</b>			
P/E (x)	7.7	7.5	6.9
P/BV (x)	1.1	1.0	0.9
Div. Yield (%)	1.4	1.5	1.6

## PPOP/PAT beat aided by largely stable NIM and controlled opex

## Minor improvement in asset quality but loan growth remained weak

- LICHF's PAT jumped 142% YoY to ~INR11.6b (6% beat) in 3QFY24, driven by a largely stable NIM and lower opex.
- NII at ~INR21b (7% beat) rose ~31% YoY. PPOP at ~INR18.8b (9% beat) grew ~39% YoY but declined 1% QoQ. The cost-income ratio remained stable QoQ at ~12% (vs. ~18% in 3QFY23).
- NIM contracted ~5bp QoQ to ~3% in 3QFY24. As of 9MFY24, reported yields and CoF stood at ~10% and ~7.7%, respectively, leading to spreads of ~2.3% (1HFY24: 2.4%).
- GS3/NS3 improved by ~5bp/~35bp QoQ to ~4.25%/~2.25%. Improvement in NS3 was driven by the rise in PCR on S3 loans by ~7pp QoQ to ~49%.
- Credit costs stood at ~INR4.4b (our est. of INR3.8b), translating into annualized credit costs of ~60bp (vs. ~115bp in 3QFY23). **This included additional provisions of ~INR500m related to AIF investments because of the RBI circular on AIF.**

## Persistent weakness in disbursement and loan growth

- Disbursements in individual home loans (IHL) declined ~5% YoY, while non-housing individual/commercial disbursements declined 7% YoY. Builder/project loan disbursements declined ~12% YoY. Total disbursements declined ~6% YoY.
- **Overall loan-book grew** ~5% YoY/1% QoQ. Home loans grew ~7% YoY, while developer loan book declined ~22% YoY.

## Minor improvement in asset quality

- Stage 2 + 3 assets (30+ dpd) declined ~60bp QoQ to 8.8% (vs. 9.4% in 2QFY24).
- ECL/ EAD increased ~10bp QoQ to ~2.45% (vs. 2.35% in 2QFY24).

## Valuation and view

- Except for the muted loan growth, LICHF delivered a healthy performance in 3QFY24, driven by stable NIM, controlled opex ratios, and reasonable credit costs (including additional provisions related to AIF investments).
- It will be interesting to understand the management's outlook on demand for mortgages and its guidance on individual loan growth.
- Commentary on the company's plans to scale up disbursements and guidance on NIM and credit costs for FY25 will also be important. We will look to revise our estimates after the earnings call on 05<sup>th</sup> Feb'24.

Quarterly Performance

(INR M)

Y/E March	FY23				FY24E				FY23	FY24E	3QFY24E	Act. v/s est. (%)
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24				
Interest Income	52,502	50,493	58,387	63,780	67,037	67,066	67,437	68,018	2,25,162	2,69,558	67,268	0
Interest Expenses	36,400	38,864	42,328	43,877	44,942	46,000	46,465	51,368	1,61,860	1,88,775	47,610	-2
<b>Net Interest Income</b>	<b>16,102</b>	<b>11,629</b>	<b>16,059</b>	<b>19,903</b>	<b>22,094</b>	<b>21,066</b>	<b>20,972</b>	<b>16,650</b>	<b>63,303</b>	<b>80,783</b>	<b>19,657</b>	7
YoY Growth (%)	26.3	-0.4	10.4	21.5	37.2	81.2	30.6	-16.3	14.4	27.6	22.4	37
Fees and other income	407	427	374	371	429	521	488	525	1,580	1,962	522	-7
<b>Net Income</b>	<b>16,509</b>	<b>12,056</b>	<b>16,432</b>	<b>20,274</b>	<b>22,523</b>	<b>21,587</b>	<b>21,460</b>	<b>17,175</b>	<b>64,882</b>	<b>82,745</b>	<b>20,180</b>	6
YoY Growth (%)	26.1	-0.3	7.8	15.4	36.4	79.1	30.6	-15.3	11.9	27.5	22.8	34
Operating Expenses	2,029	2,610	2,876	2,759	2,425	2,595	2,615	4,438	9,883	12,073	2,933	-11
<b>Operating Profit</b>	<b>14,481</b>	<b>9,447</b>	<b>13,557</b>	<b>17,515</b>	<b>20,098</b>	<b>18,993</b>	<b>18,845</b>	<b>12,737</b>	<b>55,000</b>	<b>70,672</b>	<b>17,247</b>	9
YoY Growth (%)	40.9	-0.4	2.9	16.2	38.8	101.1	39.0	-27.3	14.6	28.5	27.2	43
Provisions and Cont.	3,077	5,658	7,627	3,068	3,608	4,192	4,358	2,685	19,430	14,843	3,750	16
<b>Profit before Tax</b>	<b>11,404</b>	<b>3,789</b>	<b>5,930</b>	<b>14,448</b>	<b>16,490</b>	<b>14,801</b>	<b>14,487</b>	<b>10,052</b>	<b>35,570</b>	<b>55,829</b>	<b>13,497</b>	7
Tax Provisions	2,149	739	1,127	2,645	3,253	2,920	2,858	1,576	6,660	10,608	2,524	13
<b>Net Profit</b>	<b>9,255</b>	<b>3,050</b>	<b>4,803</b>	<b>11,803</b>	<b>13,237</b>	<b>11,881</b>	<b>11,629</b>	<b>8,475</b>	<b>28,910</b>	<b>45,222</b>	<b>10,973</b>	6
YoY Growth (%)	503.2	23.0	-37.4	5.5	43.0	289.6	142.1	-28.2	26.4	56.4	128.5	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	8.29	7.80	8.80	9.39	9.72	9.68	9.65		8.78	9.7		
Cost of funds (Cal)	6.47	6.78	7.15	7.24	7.40	7.59	7.61		6.91	7.5		
Spreads (Cal)	1.81	1.02	1.65	2.15	2.33	2.09	2.04		1.87	2.2		
Margins (Cal)	2.54	1.80	2.42	2.93	3.21	3.04	3.00		2.40	2.8		
Credit Cost (Cal)	0.49	0.87	1.15	0.45	0.52	0.60	0.62		0.76	0.5		
Cost to Income Ratio	12.3	21.6	17.5	13.6	10.8	12.0	12.2		15.2	14.6		
Tax Rate	18.8	19.5	19.0	18.3	19.7	19.7	19.7		18.7	19.0		
<b>Balance Sheet Parameters</b>												
Loans (INR B)	2,557	2,623	2,684	2,750	2,764	2,780	2,812		2,678	2871		
Change YoY (%)	10.0	10.4	10.3	9.5	8.1	6.0	4.8		9.2	7.2		
Indiv. Disb. (INR B)	149	164	157	145	106	142	148		614	616		
Change YoY (%)	77.0	3.9	-10.3	-23.4	-28.8	-13.1	-5.5		1.5	0.3		
Borrowings (INR B)	2,260	2,329	2,404	2,447	2,414	2,436	2,451		2,448	2606		
Change YoY (%)	9.5	11.4	11.4	9.3	6.8	4.6	2.0		9.4	6.5		
Loans/Borrowings (%)	113.2	112.6	111.7	112.4	114.5	114.1	114.7		109.4	110.1		
<b>Asset Quality Parameters</b>												
GS 3 (INR B)	126.8	128.5	127.5	120.2	137.1	120.4	119.8		120.2	121.6		
Gross Stage 3 (% on Assets)	5.0	4.9	4.8	4.4	5.0	4.3	4.3		4.4	4.2		
NS 3 (INR B)	75.6	72.3	62.6	66.4	79.2	70.8	61.6		66.4	65.8		
Net Stage 3 (% on Assets)	3.0	2.8	2.4	2.5	2.9	2.6	2.2		2.5	2.3		
PCR (%)	40.4	43.7	50.9	44.8	42.3	41.2	48.6		44.8	45.9		
ECL (%)	2.40	2.49	2.71	2.63	2.75	2.34	2.45		2.63			
<b>Loan Mix (%)</b>												
Home loans	82.0	82.6	83.1	83.2	83.2	84.4	84.9		83.2			
LAP	13.2	12.9	12.9	12.5	12.3	12.1	12.1		12.5			
Non Individual loans	4.8	4.5	4.0	4.3	4.3	3.5	3.0		4.3			
<b>Borrowing Mix (%)</b>												
Banks	33.0	34.0	33.9	34.0	31.0	33.0	35.0		34.0			
NCD	51.0	52.0	51.9	50.0	54.0	53.0	52.0		50.0			
Sub Debt	1.0	1.0	0.8	1.0	1.0	1.0	1.0		1.0			
Deposits	8.0	7.0	5.9	5.0	5.0	5.0	4.0		5.0			
NHB	4.0	4.0	3.6	5.0	5.0	4.0	4.0		5.0			
CP	3.0	2.0	3.9	5.0	4.0	4.0	4.0		5.0			

E: MOFSL Estimates

# Fine Organics

<b>BSE SENSEX</b> 72,086	<b>S&amp;P CNX</b> 21,854
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**CMP: INR4,668**

**Sell**

## Performance in line with expectations

- Revenue was in line with our est. at INR4.3b (-43% YoY).
- Gross margin expanded by 660bp YoY to 41.8%, due to a sharp reduction in RM prices.
- EBITDAM was at 21.7% (-160bp YoY).
- EBITDA was in line at INR924m (-47% YoY).
- PAT stood at INR697m (est. of INR702m, -47% YoY).
  
- **For 9MFY24**, revenue was down 39% at INR14.3b, EBITDA declined 41% YoY to INR3.5b, and PAT fell 42% YoY to INR2.6b.
- EBITDAM declined by 110bp YoY to 24.4% in 9MFY24.

### Standalone - Quarterly Snapshot

Y/E March	FY23				FY24				Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	3QAct			
<b>Gross Sales</b>	<b>7,526</b>	<b>8,281</b>	<b>7,499</b>	<b>6,986</b>	<b>5,321</b>	<b>4,717</b>	<b>4,451</b>	<b>4,258</b>	<b>-4%</b>	<b>-43%</b>	<b>-10%</b>
YoY Change (%)	109.1	92.8	60.1	16.3	-29.3	-43.0	-40.6	-43.2			
<b>Gross Margin (%)</b>	<b>41.3%</b>	<b>38.2%</b>	<b>35.1%</b>	<b>39.1%</b>	<b>42.9%</b>	<b>41.9%</b>	<b>41.5%</b>	<b>41.8%</b>	<b>0.3%</b>	<b>6.6%</b>	<b>-0.2%</b>
<b>EBITDA</b>	<b>2,056</b>	<b>2,138</b>	<b>1,747</b>	<b>1,873</b>	<b>1,519</b>	<b>1,044</b>	<b>917</b>	<b>924</b>	<b>1%</b>	<b>-47%</b>	<b>-11%</b>
Margin (%)	27.3	25.8	23.3	26.8	28.5	22.1	20.6	21.7	1.1	-1.6	-0.4
Depreciation	111	115	123	130	117	144	150	147			
Interest	11	13	11	9	6	7	8	5			
Other Income	166	193	152	130	145	172	179	174			
<b>PBT</b>	<b>2,099</b>	<b>2,203</b>	<b>1,764</b>	<b>1,863</b>	<b>1,540</b>	<b>1,064</b>	<b>938</b>	<b>946</b>	<b>1%</b>	<b>-46%</b>	<b>-11%</b>
Tax	526	563	452	483	397	270	237	249			
Rate (%)	25.1	25.6	25.6	25.9	25.8	25.4	25.2	26.4			
<b>Reported PAT</b>	<b>1,573</b>	<b>1,640</b>	<b>1,313</b>	<b>1,381</b>	<b>1,142</b>	<b>794</b>	<b>702</b>	<b>697</b>	<b>-1%</b>	<b>-47%</b>	<b>-12%</b>
YoY Change (%)	350.2	228.2	135.6	25.5	-27.4	-51.6	-46.5	-46.9			
Margin (%)	20.9	19.8	17.5	19.8	21.5	16.8	15.8	16.4	0.6	-1.1	-0.5

## Alkyl Amines

BSE SENSEX  
72,086S&P CNX  
21,854

CMP: INR2,323

Neutral

## Beat led by lower RM costs and other expenses

- Revenue was in line with est. at INR3.2b, down 17% YoY.
- **Gross margin stood at 47.6%**, with EBITDAM came in at 18.5% (vs. ~17.9% in 3QFY23).
- EBITDA declined 14% YoY to INR596m (est. of INR456m), aided by lower-than-expected RM costs and other expenses.
- PAT declined 27% YoY to INR334m (est. INR267m).
- **For 9MFY24**, revenue came in at INR10.8b (-15% YoY), EBITDA stood at INR1.8b (-32% YoY), and PAT was at INR1.1b (-39% YoY).
- EBITDAM contracted 420bp YoY to 16.8%.

## Standalone - Quarterly Snapshot

Y/E March	FY23				FY24				(INR m)		
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	3QAct	Var. (%)	YoY (%)	QoQ (%)
<b>Gross Sales</b>	<b>4,735</b>	<b>4,089</b>	<b>3,884</b>	<b>4,117</b>	<b>4,098</b>	<b>3,522</b>	<b>3,369</b>	<b>3,221</b>	-4%	-17%	-9%
YoY Change (%)	20.8	17.3	3.1	-3.2	-13.5	-13.9	-13.3	-17.1			
Gross Margin (%)	50.9%	49.0%	48.9%	46.4%	44.7%	45.7%	46.9%	47.6%	0.7%	-1.3%	1.9%
<b>EBITDA</b>	<b>1,158</b>	<b>813</b>	<b>696</b>	<b>769</b>	<b>740</b>	<b>483</b>	<b>456</b>	<b>596</b>	<b>31%</b>	<b>-14%</b>	<b>23%</b>
Margin (%)	24.5	19.9	17.9	18.7	18.1	13.7	13.5	18.5	5.0	0.6	4.8
Depreciation	118	112	107	116	122	125	128	168			
Interest	8	11	7	11	9	17	13	11			
Other Income	42	23	45	28	55	24	41	46			
<b>PBT before EO expense</b>	<b>1,075</b>	<b>714</b>	<b>626</b>	<b>671</b>	<b>664</b>	<b>364</b>	<b>357</b>	<b>463</b>	<b>30%</b>	<b>-26%</b>	<b>27%</b>
<b>PBT</b>	<b>1,075</b>	<b>714</b>	<b>626</b>	<b>671</b>	<b>664</b>	<b>364</b>	<b>357</b>	<b>463</b>	<b>30%</b>	<b>-26%</b>	<b>27%</b>
Tax	256	189	169	185	166	92	90	129			
Rate (%)	23.8	26.5	27.0	27.5	25.0	25.2	25.2	27.8			
<b>Reported PAT</b>	<b>819</b>	<b>524</b>	<b>457</b>	<b>486</b>	<b>498</b>	<b>272</b>	<b>267</b>	<b>334</b>	<b>25%</b>	<b>-27%</b>	<b>23%</b>
YoY Change (%)	4.3	-3.1	-0.4	4.8	-39.2	-48.0	-41.6	-26.8			
Margin (%)	17.3	12.8	11.8	11.8	12.1	7.7	7.9	10.4	2.5	-1.4	2.6

# Mahindra Lifespace

**BSE SENSEX** 72,086  
**S&P CNX** 21,854

**CMP: INR567**

**Buy**

## Conference Call Details



**Date:** 05 Feb 2024  
**Time:** 11:00 IST  
**Dial-in details:**  
Diamond pass [link](#)

### Financials & Valuations (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	2.9	4.0	4.9
EBITDA	-1.1	-1.1	-1.1
EBITDA Margin (%)	NM	NM	NM
PAT	0.1	1.2	0.9
EPS (INR)	0.5	7.5	6.0
EPS Gr. (%)	NM	NM	-19.6
BV/Sh. (INR)	117.3	124.7	130.7

### Ratios

RoE (%)	0.4	6.2	4.7
RoCE (%)	-3.0	-3.9	-3.4
Payout (%)	0.0	0.0	0.0

### Valuations

P/E (x)	NM	75.1	93.3
P/BV (x)	4.8	4.5	4.3
EV/EBITDA (x)	NM	NM	NM
Div yld (%)	0.0	0.0	0.0

## Delay in key launches impacting pre-sales

### IC business achieves best-ever leasing

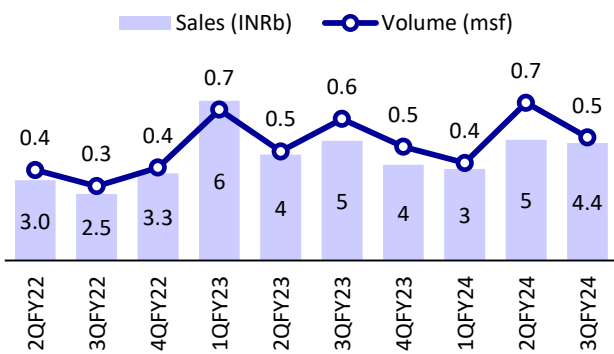
#### Operational performance

- MLDL achieved bookings of INR4.4b, flat YoY/QoQ (13% lower than our estimate). Sales volume stood at 0.5msf, down 13% YoY. Bookings for 9MFY24 stood at INR12b, down 14% YoY.
- Collections for the quarter stood at INR3.9b, up 27%/24% YoY/QoQ.
- During the quarter, MLDL launched 0.6msf, including 0.45msf launch at Citadel Phase 2, and completed the construction of 0.2msf.
- While key launches are delayed, the pipeline in near term appears strong as the company has a ~7msf pipeline across new and existing projects
- The leasing traction in the IC segment picked up sequentially as MLDL achieves the highest ever leasing of 77 acres, with a realization of INR29m/acre.

#### Financial performance

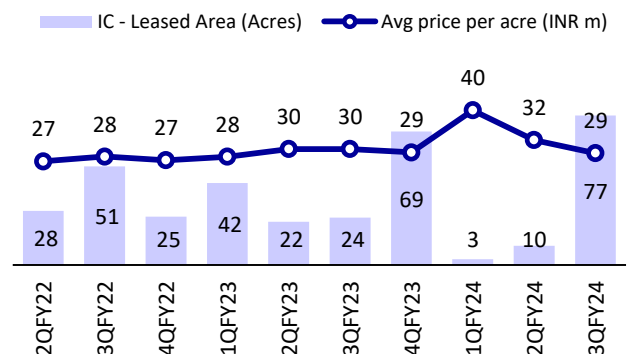
- MLDL's revenue declined 56% YoY, but was up 4x QoQ to INR0.8b (vs. our estimate of INR0.3b).
- It reported an EBITDA loss of INR0.4b.
- However, PAT came in at INR0.5b, aided by INR0.75b contribution from JV projects and IC business.

**Exhibit 1: Bookings stood flat YoY at INR4.4b**



Source: Company, MOSL

**Exhibit 2: MLDL achieved highest-ever leasing of 77 acres**



Source: Company, MOSL

**Quarterly performance**

Y/E March	FY23				FY24E			FY23	FY24E	FY24E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q				
<b>Income from Operations</b>	<b>946</b>	<b>698</b>	<b>1,869</b>	<b>2,554</b>	<b>980</b>	<b>178</b>	<b>820</b>	<b>6,066</b>	<b>2,883</b>	<b>288</b>	<b>184</b>
YoY Change (%)	-36.2	17.8	667.9	57.9	3.7	-74.5	-56.1	54.1	-52.5	-84.6	
Total Expenditure	1,265	1,092	1,983	2,827	1,412	527	1,210	7,167	4,025	994	
<b>EBITDA</b>	<b>-320</b>	<b>-394</b>	<b>-114</b>	<b>-274</b>	<b>-431</b>	<b>-349</b>	<b>-390</b>	<b>-1,101</b>	<b>-1,142</b>	<b>-706</b>	<b>NA</b>
Margins (%)	-33.8	-56.4	-6.1	-10.7	-44.0	-196.5	-47.6	-18.2	-39.6	-244.8	
Depreciation	24	32	34	31	30	31	38	122	121	30	
Interest	18	25	33	34	42	2	3	109	132	33	
Other Income	228	40	112	149	120	79	68	530	432	112	
<b>PBT before EO expense</b>	<b>-134</b>	<b>-411</b>	<b>-69</b>	<b>-189</b>	<b>-383</b>	<b>-303</b>	<b>-364</b>	<b>-803</b>	<b>-963</b>	<b>-656</b>	<b>NA</b>
Extra-Ord expense	338	0	340	0	0	0	0	678	0	0	
<b>PBT</b>	<b>204</b>	<b>-411</b>	<b>271</b>	<b>-189</b>	<b>-383</b>	<b>-303</b>	<b>-364</b>	<b>-124</b>	<b>-963</b>	<b>-656</b>	<b>NA</b>
Tax	76	-67	-14	34	-94	-108	-109	28	-241	-169	
Rate (%)	37.0	16.4	-5.1	-17.9	24.4	35.7	30.1	-22.7	25.0	25.7	
Minority Interest & Profit/Loss of Asso. Cos.	625	266	48	229	247	6	754	1,167	802	208	
<b>Reported PAT</b>	<b>754</b>	<b>-77</b>	<b>332</b>	<b>6</b>	<b>-43</b>	<b>-189</b>	<b>500</b>	<b>1,014</b>	<b>80</b>	<b>-279</b>	<b>NA</b>
<b>Adj PAT</b>	<b>541</b>	<b>-77</b>	<b>-8</b>	<b>6</b>	<b>-43</b>	<b>-189</b>	<b>500</b>	<b>461</b>	<b>80</b>	<b>-279</b>	
YoY Change (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Margins (%)	57.2	-11.1	-0.4	0.2	-4.4	-106.5	61.0	7.6	2.8	-96.8	

Source: MOFSL, Company **Note: We will revisit our estimates after the concall**



## Transport Corporation of India

BSE SENSEX  
72,086S&P CNX  
21,854

CMP: INR959

Buy

## Conference Call Details

Date: 5<sup>th</sup> February 2023

Time: 04:00 PM IST

Dial-in details:

[Link](#)

## Financials &amp; Valuations (INR b)

Y/E MARCH	2024E	2025E	2026E
Sales	40.9	48.1	55.7
EBITDA	4.3	5.7	6.6
Adj. PAT	3.6	4.3	5.1
EBITDA Margin (%)	10.5	11.7	11.8
Adj. EPS (INR)	46.6	56.0	65.9
EPS Gr. (%)	11.9	20.4	17.7
BV/Sh. (INR)	263.8	316.3	378.7
<b>Ratios</b>			
Net D:E	-0.1	-0.2	-0.3
RoE (%)	18.9	19.1	18.8
RoCE (%)	18.4	18.6	18.4
Payout (%)	7.5	6.2	5.3
<b>Valuations</b>			
P/E (x)	20.6	17.1	14.5
P/BV (x)	3.6	3.0	2.5
EV/EBITDA(x)	15.9	11.8	9.7
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	1.4	1.0	3.3

## Minor miss on profitability

## 3QFY24 earnings snapshot

- Revenue grew 4% YoY to ~INR10b in 3QFY24 (in line).
- EBITDA margin came in at 10% in 3QFY24 (down 190 bp YoY and down 10bp QoQ) against our estimate of 10.5%.
- EBITDA declined 13% YoY to INR1b and APAT declined 7% YoY to INR794m (11% below our estimate).
- Supply chain revenues grew ~16% YoY, while the freight division reported ~1% YoY growth. The Seaways division, with the highest margin, experienced a 16% YoY decline in revenue.
- EBIT margin for Freight division/Supply chain/Seaways division stood at 3.1%/6.5%/22.1% in 3QFY24. While EBIT margin for the Freight and Seaways business contracted 260bp and 480bp YoY, respectively, it improved 50bp YoY for the supply chain division.
- The company declared a second interim dividend of INR2.5/share.
- Board of Directors approved the Scheme of Amalgamation of wholly owned subsidiaries (direct / step down) viz. TCI Ventures Limited and Stratsol Logistics Private Limited with Holding Company - Transport Corporation of India Limited (TCI) on October 30, 2023.

## Quarterly snapshot

Y/E March (INR m)	FY23			FY24E			FY23	FY24E	FY24 3QE	Var. vs Est	
	1Q	2Q	3Q	4Q	1Q	2Q					3Q
<b>Net Sales</b>	<b>9,029</b>	<b>9,321</b>	<b>9,667</b>	<b>9,793</b>	<b>9,498</b>	<b>9,935</b>	<b>10,020</b>	<b>37,826</b>	<b>40,888</b>	<b>10,394</b>	<b>(4)</b>
YoY Change (%)	29.7	13.0	15.4	9.0	5.2	6.6	3.7	16.1	8.1	7.5	
<b>EBITDA</b>	<b>1,041</b>	<b>960</b>	<b>1,144</b>	<b>1,081</b>	<b>1,008</b>	<b>1,004</b>	<b>999</b>	<b>4,240</b>	<b>4,296</b>	<b>1,094</b>	<b>(9)</b>
Margins (%)	11.5	10.3	11.8	11.0	10.6	10.1	10.0	11.2	10.5	10.5	
YoY Change (%)	37.4	-8.2	4.8	-10.0	-3.1	4.6	-12.7	3.2	1.3	-4.4	
Depreciation	289	300	314	311	308	311	331	1,214	1,228	312	
Interest	23	25	26	24	23	34	35	98	103	25	
Other Income	53	74	70	121	85	113	95	303	363	84	
<b>PBT before EO expense</b>	<b>782</b>	<b>708</b>	<b>874</b>	<b>867</b>	<b>762</b>	<b>772</b>	<b>728</b>	<b>3,231</b>	<b>3,328</b>	<b>841</b>	<b>(13)</b>
Extra-Ord expense	0	0	0	34	0	0	0	34	0	0	
<b>PBT</b>	<b>782</b>	<b>708</b>	<b>874</b>	<b>833</b>	<b>762</b>	<b>772</b>	<b>728</b>	<b>3,197</b>	<b>3,328</b>	<b>841</b>	<b>(13)</b>
Tax	93	116	110	115	104	96	108	434	433	109	
Rate (%)	11.9	16.4	12.6	13.8	13.6	12.4	14.8	13.6	13.0	13.0	
Minority Interest	-8.4	-6.6	-8.2	-9.3	-9.0	-8.0	-8.0	-32.5	-30.0	-8.2	
Profit/Loss of Asso. Cos	98	138	102	106	174	202	182	444	724	170	
<b>Reported PAT</b>	<b>778</b>	<b>723</b>	<b>857</b>	<b>814</b>	<b>823</b>	<b>870</b>	<b>794</b>	<b>3,173</b>	<b>3,589</b>	<b>893</b>	<b>(11)</b>
<b>Adj PAT</b>	<b>778</b>	<b>723</b>	<b>857</b>	<b>848</b>	<b>823</b>	<b>870</b>	<b>794</b>	<b>3,207</b>	<b>3,589</b>	<b>893</b>	<b>(11)</b>
YoY Change (%)	65.9	-4.1	4.4	-0.7	5.8	20.3	-7.4	10.7	11.9	4.2	
Margins (%)	8.6	7.8	8.9	8.7	8.7	8.8	7.9	8.5	8.8	8.6	

**Exhibit 3: Segmental performance**

	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
<b>Segment Revenue (INR m)</b>								
Freight	4,797	4,633	4,693	4,826	5,046	4,754	4,818	4,856
Supply chain	2,745	3,023	3,584	3,335	3,462	3,630	3,907	3,882
Seaways	1,607	1,525	1,242	1,702	1,521	1,254	1,354	1,426
Energy	12	16	19	15	11	16	21	7
<b>Net segment Revenue</b>	<b>9,161</b>	<b>9,196</b>	<b>9,537</b>	<b>9,879</b>	<b>10,040</b>	<b>9,654</b>	<b>10,100</b>	<b>10,171</b>
<b>Growth YoY (%)</b>								
Freight	0.7	27.0	13.7	11.6	5.2	2.6	2.7	0.6
Supply chain	-9.7	33.6	26.0	19.6	26.1	20.1	9.0	16.4
Seaways	23.5	32.6	-7.5	15.1	-5.3	-17.7	9.0	-16.2
Energy	117.0	5.3	-9.6	176.4	-7.8	1.3	11.7	-53.9
<b>Net segment Revenue</b>	<b>0.6</b>	<b>30.0</b>	<b>14.4</b>	<b>14.9</b>	<b>9.6</b>	<b>5.0</b>	<b>5.9</b>	<b>5.9</b>
<b>Revenue Share (%)</b>								
Freight	52	50	49	49	50	49	48	48
Supply chain	30	33	38	34	34	38	39	38
Seaways	18	17	13	17	15	13	13	14
Energy	0	0	0	0	0	0	0	0
<b>Total Revenue Share</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Segment Results (EBIT) - (INR m)</b>								
Freight	198	162	191	273	214	156	163	149
Supply chain	196	166	226	200	226	229	262	253
Seaways	477	461	304	458	422	366	310	315
Energy	6	8	10	9	3	8	12	0
<b>Total Segment Results</b>	<b>877</b>	<b>797</b>	<b>731</b>	<b>940</b>	<b>865</b>	<b>759</b>	<b>747</b>	<b>747</b>
<b>Segmental EBIT Margin (%)</b>								
Freight	4.1	3.5	4.1	5.7	4.2	3.3	3.4	3.1
Supply chain	7.1	5.5	6.3	6.0	6.5	6.3	6.7	6.5
Seaways	29.7	30.2	24.5	26.9	27.7	29.2	22.9	22.1
Energy	48.7	50.0	50.5	55.9	32.1	50	57.1	0.0
<b>Total</b>	<b>9.6</b>	<b>8.7</b>	<b>7.7</b>	<b>9.5</b>	<b>8.6</b>	<b>7.9</b>	<b>7.4</b>	<b>7.0</b>

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
72,086	21,854

**Conference Call Details**



**Date:** 5th Feb 2024  
**Time:** 11:00 IST  
**Dial-in details:**  
+91 22 6280 1259/  
+91 22 7115 8160

**Financials & Valuations (INR b)**

Y/E Mar	2024E	2025E	2026E
Net Sales	194.1	226.7	267.3
EBITDA	7.0	9.7	12.0
EBIT	4.3	6.8	8.6
Adj. PAT	3.3	5.2	6.6
Adj. EPS (INR)	22.2	34.9	44.1
EPS Gr. (%)	93.9	56.9	26.6
BV/Sh. (INR)	233.9	258.9	297.8
RoE (%)	12.7	18.6	20.9
RoCE (%)	13.6	18.9	21.3
Payout (%)	72.0	45.9	36.3
Div. Yield	3.2	3.2	3.2

**CMP: INR494**

**Miss on revenues, strong execution on margins**

Revenue of INR48.4b (+8.4%YoY), EBITDA of INR1.8b (24.3 YoY), adj. PAT of INR838m (+142.7% YoY)

**Headline performance**

- Revenue grew 8.4% YoY, below our expectation of 12.7% YoY growth.
- Workforce management grew 11.8% YoY. Operating asset management grew 0.8% YoY and GTS grew by 4.9% YoY, while the product-led business was weak, down 12.7% YoY.

**Margin performance**

- EBITDA margin was up 40bp YoY at 3.7%, 10bp above our estimate of 3.6%. GTS EBITDA margin expanded 220bp YoY, while WFM margin was down 20bp YoY.
- Adj. PAT increased by 142.7% YoY to INR838m vs. our estimate of INR863m, largely due to lower other income (net).
- Reported PAT at INR639m was down 27.4% YoY due to a one-off expense of INR199m, attributed to impairment related to goodwill and other assets.

**Other**

- Quess overall added strong 10k in headcount and added 14k workforce to its workforce management business.
- The board has approved an interim dividend of INR4 per share.

**Valuation**

- We await the management’s commentary before taking a relook at our estimates. The growth outlook on macros and various key operating segments will be keenly watched.

**Consolidated quarterly earnings**

Y/E March	FY23				FY24				FY23	FY24E	FY24E	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Sales</b>	<b>39,793</b>	<b>42,733</b>	<b>44,656</b>	<b>44,402</b>	<b>46,002</b>	<b>47,483</b>	<b>48,418</b>	<b>52,174</b>	<b>1,71,584</b>	<b>1,94,077</b>	<b>50,316</b>	<b>-3.8</b>
Change (YoY %)	33.2	32.4	21.2	17.1	15.6	11.1	8.4	17.5	25.3	13.1	12.7	-425
Total Expenditure	38,259	41,386	43,200	42,882	44,463	45,848	46,608	50,139	1,65,726	1,87,058	48,505	-3.9
<b>EBITDA</b>	<b>1,534</b>	<b>1,347</b>	<b>1,456</b>	<b>1,520</b>	<b>1,539</b>	<b>1,635</b>	<b>1,810</b>	<b>2,035</b>	<b>5,858</b>	<b>7,019</b>	<b>1,811</b>	<b>-0.1</b>
Margin (%)	3.9	3.2	3.3	3.4	3.3	3.4	3.7	3.9	3.4	3.6	3.6	13.9
Depreciation	610	676	695	765	686	697	718	617	2,746	2,717	682	5.2
<b>EBIT</b>	<b>924</b>	<b>671</b>	<b>761</b>	<b>756</b>	<b>853</b>	<b>939</b>	<b>1,092</b>	<b>1,418</b>	<b>3,112</b>	<b>4,302</b>	<b>1,129</b>	<b>-3.3</b>
Margin (%)	2.3	1.6	1.7	1.7	1.9	2.0	2.3	2.7	1.8	2.2	2.2	1
Interest	204	263	290	309	272	281	354	160	1,066	1,067	263	34.7
Other Income	72	88	67	36	41	151	52	241	263	485	149	
<b>PBT before EO expense</b>	<b>792</b>	<b>496</b>	<b>538</b>	<b>483</b>	<b>621</b>	<b>809</b>	<b>790</b>	<b>1,499</b>	<b>2,309</b>	<b>3,720</b>	<b>1,015</b>	<b>-22.2</b>
Recurring Tax	115	100	217	183	140	83	-45	225	615	403	152	-129.7
Rate (%)	14.6	20.1	40.3	37.9	22.6	10.3	-5.7	15.0	26.6	10.8	15.0	
MI and P/L of Asso. Cos.	64	-24	-24	-31	3	-10	-2	0	-16	-9	0	
<b>Adjusted PAT</b>	<b>613</b>	<b>421</b>	<b>345</b>	<b>331</b>	<b>478</b>	<b>735</b>	<b>838</b>	<b>1,274</b>	<b>1,710</b>	<b>3,325</b>	<b>863</b>	<b>-2.9</b>
Extraordinary items	0	0	-535	0	0	16	199	0	-535	215	0	
<b>Reported PAT</b>	<b>613</b>	<b>421</b>	<b>880</b>	<b>331</b>	<b>478</b>	<b>719</b>	<b>639</b>	<b>1,274</b>	<b>2,245</b>	<b>3,111</b>	<b>863</b>	<b>-25.9</b>
Change (YoY %)	32.7	12.0	5.0	-55.0	-22.0	71.0	-27.4	284.7	-6.9	38.6	-1.9	-2,545
Margin (%)	1.5	1.0	2.0	0.7	1.0	1.5	1.3	2.4	1.3	1.6	1.7	-40

**GCPL: Excited about the launch of active-based incense stick product; Aasif Malbari, CFO**

- Have seen strong underlying growth in Indonesia
- Excited about the launch of active-based incense stick product
- Seeing K shaped recovery in select segments
- Will be able to deliver strong volume growth led by marketing and launch of new products

[→ Read More](#)**Titan: High-value solitaires & entry-level saw some weakness; Ashok Sonthalia, CFO**

- In the next 2 years, will go back to 13-14% margins in watches
- Holding market share in most catchments & gaining in some
- Will add 4-5 more stores in the US next year, will add 10 more stores in GCC
- High-value solitaires & entry-level saw some weakness

[→ Read More](#)**Indian Hotel: New businesses will grow by 30%, traditional biz will grow 15-17%; Puneet Chhatwal, MD & CEO**

- Opened 16 hotels in last 9 months, poised to do 20 openings by March 30
- Margin guidance is 33% for next year
- Ginger will be 600 cr revenue next year, TajSATS will be 1k cr
- Present in 50 spiritual destinations, will keep adding more

[→ Read More](#)**Suzlon Group: Q4 execution will be better than Q3; Himanshu Mody, CFO**

- FY23 execution at 664 MW, 437 for FY24 so far, we will be at same levels for FY24
- Total orderbook is 3.2GW to be executed by FY26
- Realisation is approximately at Rs 6 Cr/MW
- 52% of orderbook is from Central & State Auction, rest from captive consumption

[→ Read More](#)**Star Business Finance: Hopeful to perform better than 35% AUM growth guidance; Lakshmipathy Deenadayalan, CMD**

- Maintain 35% AUM growth guidance for FY24
- NIMs will continue to decline as leverage increases; guidance on NIMs at 14-15% in steady state
- CoF have declined even though risk weightage has risen
- Opportunity for catering to uncatered is large

[→ Read More](#)

### **Aether Industries: Witnessed price erosion due to China dumping; Dr. Aman Desai, Director**

- The affected site is partially operational
- Have successfully passed the customer audits
- Entering a very specific segment in battery space
- Witnessed price erosion due to China dumping

[→ Read More](#)

### **GE Shipping: Product tankers and dry bulk are doing better, crude tankers are slightly soft; G Shivakumar, CFO**

- Shipping market in the product tankers have gotten tighter due to Red Sea crisis
- Product tankers and dry bulk doing better, crude tankers is slightly soft
- Old rigs were contracted at \$40,000/day, were re-priced at \$80,000/day
- Will re-price other rigs too in new contract

[→ Read More](#)

### **M&M: Looking to grow Mahindra Holidays by 5x from a revenue point of view; Anish Shah, MD**

- Increase the number of rooms under Mahindra Holidays by 3x
- Will soon announce an internal leader as CFO of Mahindra Susten
- Our group CFO Manoj Bhat becomes MD & CEO of Mahindra & resorts
- Looking to grow Mahindra Holidays by 5x from a revenue point of view

[→ Read More](#)

### **Castrol: Low raw material costs aid volumes; Sandeep Sangwan, MD**

- Volumes were higher by low double digit
- Volumes, lower RM cost aided margins
- Announced a final dividend of Rs. 4.5/share
- Margins will continue to be in 23-26% band

[→ Read More](#)

### **Balaji Amines: Our focus is on improving margins; D Ram Reddy, Director**

- Revenue is declining owing to lower RM costs
- Expect margins to continue to improve on higher offtake & lower RM costs
- In FY25, our revenue will be Rs. 2,000 cr
- Exports will be a key driver going ahead

[→ Read More](#)





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	2881	3310	15	68.8	84.9	103.4	18.5	23.3	21.8	41.9	34.0	15.7	13.5	40.1	42.7
Can Fin Homes	Neutral	828	815	-2	57.3	64.1	73.3	22.7	11.9	14.4	14.5	12.9	2.5	2.1	19.1	18.0
Cholaman.Inv.&Fn	Buy	1161	1470	27	41.1	56.5	70.1	26.8	37.6	23.9	28.2	20.5	5.0	4.0	20.4	21.8
CreditAccess	Buy	1608	1985	23	93.2	112.6	134.6	79.2	20.9	19.5	17.3	14.3	3.9	3.1	25.3	23.9
Fusion Micro	Buy	589	720	22	54.0	72.1	88.7	40.1	33.4	23.0	10.9	8.2	2.1	1.6	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	51.3	2.7	2.3	17.8	17.5
Home First Fin.	Buy	982	1180	20	34.5	41.9	54.2	33.1	21.5	29.3	28.4	23.4	4.1	3.6	15.6	16.4
ICICI Pru Life	Buy	504	580	15	2.4	3.3	4.8	-56.9	33.7	46.7	207.4	155.2	1.8	1.5	16.4	16.6
ICICI Lombard	Buy	1499	1650	10	39.7	48.6	55.4	12.7	22.4	14.1	37.8	30.9	6.3	5.6	17.7	19.2
ICICI Securities	Under Review	816	-		50.7	56.0	63.8	45.5	10.4	14.0	16.1	14.6	7.7	6.5	52.2	48.3
IIFL Finance	Buy	596	800	34	50.9	65.0	81.4	29.1	27.6	25.4	11.7	9.2	2.1	1.8	19.8	21.0
360 ONE WAM	Buy	605	770	27	21.5	25.7	30.9	16.2	19.6	20.2	28.2	23.6	6.6	6.3	24.0	27.3
IndoStar	Buy	187	245	31	7.8	17.3	28.1	-52.9	121.5	62.7	24.0	10.8	0.8	0.7	3.4	7.0
L&T Fin Holdings	Buy	175	200	15	9.8	11.8	15.5	50.4	19.7	31.7	17.8	14.8	1.8	1.7	10.8	12.0
Life Insurance Corp.	Buy	945	960	2	44.9	42.6	58.4	-22.0	-5.1	37.1	21.1	22.2	0.9	0.8	19.8	12.6
LIC Hsg Fin	Buy	632	-		82.2	84.1	92.2	56.4	2.3	9.7	7.7	7.5	1.1	1.0	15.7	14.3
Manappuram Fin.	Buy	186	205	10	26.5	30.1	35.9	49.4	13.8	19.3	7.0	6.2	1.4	1.1	21.1	20.1
MAS Financial	Buy	1010	1160	15	45.0	57.7	71.5	22.3	28.4	23.9	22.5	17.5	3.3	2.8	15.6	17.2
Max Financial	Neutral	887	970	9	13.3	16.3	22.5	44.3	23.0	37.9	66.9	54.4	2.0	1.6	20.2	19.6
M&M Fin.	Buy	287	340	18	14.8	22.6	28.0	-8.1	53.1	23.9	19.4	12.7	2.0	1.8	10.8	15.2
Muthoot Fin	Neutral	1378	1350	-2	101.0	115.0	130.9	16.7	13.9	13.8	13.6	12.0	2.3	2.0	17.9	17.7
Piramal Enterp.	Buy	921	1100	19	-70.1	77.7	109.2	-193.5	LP	40.5	NM	11.9	0.8	0.7	-5.4	6.2
PNB Housing	Buy	801	1025	28	56.1	73.1	91.3	-9.4	30.2	25.0	14.3	11.0	1.4	1.3	11.2	12.0
Poonawalla Fincorp	Buy	467	580	24	13.0	18.5	26.6	67.5	42.7	43.6	36.0	25.2	4.3	3.8	13.5	16.0
Repco Home Fin	Neutral	456	460	1	61.2	64.8	71.4	29.4	5.8	10.2	7.4	7.0	1.0	0.9	14.2	13.2
Spandana Sphoorty	Buy	1016	1400	38	72.0	89.6	113.5	4,023.7	24.4	26.7	14.1	11.3	2.0	1.7	15.2	16.2
Shriram Finance	Buy	2404	2700	12	193.3	222.5	265.5	21.0	15.1	19.3	12.4	10.8	1.8	1.6	15.7	15.9
SBI Life Insurance	Buy	1435	1700	18	18.4	21.7	24.6	7.0	17.9	13.3	78.0	66.2	2.6	2.1	21.6	20.6
Star Health Insu	Buy	573	730	27	15.7	20.1	25.5	47.6	28.0	26.8	36.5	28.5	4.5	3.9	13.0	14.5
<b>Aggregate</b>								<b>-2.0</b>	<b>29.9</b>	<b>23.3</b>	<b>20.4</b>	<b>15.7</b>	<b>2.9</b>	<b>2.5</b>	<b>14.3</b>	<b>16.1</b>
<b>Chemicals</b>																
Alkyl Amines	Neutral	2308	-		28.9	50.0	66.3	-35.3	72.8	32.7	79.8	46.2	9.2	8.0	12.1	18.5
Atul	Neutral	6372	6795	7	111.8	141.7	179.3	-33.8	26.7	26.5	57.0	45.0	3.8	3.5	6.9	8.1
Clean Science	Neutral	1462	1420	-3	21.6	27.0	33.1	-22.3	25.0	22.7	67.7	54.2	13.0	10.8	20.8	21.8
Deepak Nitrite	Neutral	2249	2230	-1	64.6	78.6	92.7	3.4	21.6	18.0	34.8	28.6	6.3	5.3	19.7	20.1
Fine Organic	Sell	4669	-		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	2619	3760	44	95.3	111.5	129.9	-11.3	17.0	16.6	27.5	23.5	4.3	3.8	16.7	17.1
Navin Fluorine	Neutral	3325	3520	6	56.1	83.4	106.3	-25.9	48.7	27.4	59.3	39.9	6.8	6.0	12.1	15.9
NOCIL	Neutral	274	250	-9	8.1	10.3	13.3	-8.7	26.0	29.4	33.6	26.7	2.8	2.6	8.6	10.1
Vinati Organics	Buy	1711	2065	21	30.5	42.3	54.7	-31.6	38.6	29.5	56.1	40.5	7.1	6.2	13.3	16.3
<b>Aggregate</b>								<b>-20.7</b>	<b>24.5</b>	<b>20.3</b>	<b>45.5</b>	<b>36.5</b>	<b>6.0</b>	<b>5.2</b>	<b>13.1</b>	<b>14.4</b>
<b>Capital Goods</b>																
ABB India	Buy	4482	5460	22	56.7	68.8	81.8	75.2	21.2	19.0	79.0	65.2	15.7	12.9	21.9	21.7
Bharat Electronics	Neutral	185	190	3	4.8	5.5	6.2	17.5	14.6	11.9	38.2	33.3	8.6	7.5	22.5	22.4
Cummins India	Buy	2309	2250	-3	45.5	54.4	64.1	10.2	19.6	17.8	50.8	42.4	10.9	9.9	22.4	24.4
Hitachi Energy	Sell	5729	4500	-21	24.7	66.0	104.9	11.6	167.1	58.9	231.9	86.8	18.4	15.2	7.9	17.5
Kalpataru Proj.	Buy	835	820	-2	36.3	55.8	65.8	20.7	53.5	18.0	23.0	15.0	2.3	2.0	10.6	14.4
KEC International	Neutral	666	670	1	13.7	28.3	41.6	100.7	105.8	46.9	48.4	23.5	4.2	3.6	9.0	16.5
Kirloskar Oil	Buy	710	840	18	23.9	29.9	36.9	27.9	25.1	23.5	29.7	23.8	4.0	3.5	14.1	15.8
Larsen & Toubro	Buy	3378	4200	24	93.5	121.1	149.7	23.3	29.5	23.7	36.1	27.9	5.2	4.6	14.5	17.6
Siemens	Buy	4161	4600	11	55.1	65.0	77.5	55.5	17.9	19.3	75.5	64.1	11.3	10.0	15.9	16.6
Thermax	Neutral	3094	3000	-3	50.6	61.0	72.1	26.4	20.5	18.2	61.1	50.7	8.2	7.3	14.0	15.2







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
Glenmark	Neutral	886	800	-10	24.1	39.3	48.0	82.2	63.2	22.1	36.8	22.6	2.4	2.2	6.8	10.1
GSK Pharma	Neutral	2297	1780	-23	38.1	42.1	46.4	6.1	10.5	10.1	60.2	54.5	18.5	16.6	30.8	30.4
Global Health	Buy	1248	1100	-12	18.0	21.7	25.6	48.3	20.7	17.9	69.3	57.4	11.9	10.1	18.4	19.0
Granules India	Buy	420	475	13	18.6	25.6	33.0	-13.7	37.6	28.9	22.5	16.4	3.1	2.6	14.8	17.5
IPCA Labs	Neutral	1108	1080	-3	24.5	36.9	49.0	17.7	50.8	32.7	45.3	30.0	4.4	3.9	10.2	13.9
Laurus Labs	Buy	392	440	12	3.9	11.8	15.3	-73.9	206.5	29.5	101.7	33.2	5.0	4.4	5.0	14.2
Lupin	Sell	1503	1070	-29	36.0	40.7	48.3	318.2	13.0	18.8	41.8	36.9	4.8	4.3	12.3	12.3
Max Healthcare	Buy	766	930	21	14.6	18.1	22.1	26.5	23.9	21.9	52.3	42.2	7.9	6.6	16.2	17.0
Piramal Pharma	Buy	138	165	20	1.4	3.1	4.8	-334.1	116.6	56.0	97.6	45.1	2.1	2.0	2.5	4.9
Sun Pharma	Buy	1417	1635	15	40.1	47.3	56.6	12.2	17.9	19.5	35.3	29.9	5.3	4.6	16.1	16.5
Torrent Pharma	Neutral	2525	2540	1	48.4	65.4	81.6	30.2	35.1	24.7	52.2	38.6	10.3	5.1	22.6	26.7
Zydus Lifesciences	Neutral	762	710	-7	32.6	33.7	36.1	45.4	3.5	7.1	23.4	22.6	3.7	3.3	17.3	15.4
<b>Aggregate</b>								<b>26.3</b>	<b>19.3</b>	<b>17.1</b>	<b>35.3</b>	<b>29.6</b>	<b>4.7</b>	<b>4.2</b>	<b>13.4</b>	<b>14.2</b>
<b>Infrastructure</b>																
G R Infraproject	Buy	1264	1390	10	74.8	85.4	98.6	-15.0	14.1	15.4	16.9	14.8	2.1	1.8	13.0	13.0
IRB Infra	Neutral	67	60	-10	1.1	1.6	2.2	-6.0	45.6	33.7	59.6	40.9	2.9	2.8	5.0	6.9
KNR Constructions	Buy	283	325	15	15.8	18.4	20.4	7.4	16.0	11.3	17.9	15.4	2.5	2.2	15.1	15.1
<b>Aggregate</b>											<b>32.8</b>	<b>26.0</b>	<b>2.6</b>	<b>2.4</b>	<b>8.0</b>	<b>9.3</b>
<b>Logistics</b>																
Adani Ports	Buy	1262	1470	17	42.0	48.1	58.6	20.1	14.4	21.9	30.0	26.2	5.2	4.5	18.5	18.4
Blue Dart Express	Buy	6396	7850	23	125.8	191.5	245.8	-18.6	52.3	28.4	50.9	33.4	10.7	8.8	22.3	28.9
Concor	Buy	920	990	8	21.0	25.0	29.8	9.2	19.3	19.0	43.9	36.8	4.7	4.4	11.0	12.4
Mahindra Logistics	Neutral	404	380	-6	-6.5	7.1	17.1	-276.3	LP	141.8	NM	57.1	5.8	5.4	-8.7	9.8
Transport Corp.	Buy	959	-		46.6	56.0	65.9	11.9	20.4	17.7	20.6	17.1	3.6	3.0	18.9	19.1
TCI Express	Buy	1362	1600	18	39.1	46.3	53.5	7.6	18.2	15.5	34.8	29.4	7.3	6.0	22.9	22.5
VRL Logistics	Buy	729	890	22	14.6	24.5	32.8	-22.2	67.3	34.1	49.8	29.8	6.1	5.4	12.7	19.4
<b>Aggregate</b>											<b>32.5</b>	<b>27.6</b>	<b>5.2</b>	<b>4.6</b>	<b>16.0</b>	<b>16.6</b>
<b>Media</b>																
PVR Inox	Neutral	1434	1600	12	25.1	53.3	79.0	-191.8	112.7	48.2	57.2	26.9	1.9	1.7	3.3	6.7
Sun TV	Buy	650	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	173	200	16	5.0	7.7	11.1	4.6	54.3	44.8	34.8	22.5	1.5	1.5	4.4	6.6
<b>Aggregate</b>								<b>22.4</b>	<b>25.7</b>	<b>21.5</b>	<b>22.1</b>	<b>17.6</b>	<b>2.0</b>	<b>1.9</b>	<b>9.0</b>	<b>10.6</b>
<b>Metals</b>																
Coal India	Buy	420	430	2	41.1	41.1	45.9	-10.1	0.2	11.5	10.2	10.2	3.7	3.2	36.3	30.9
Hindalco	Buy	584	750	28	47.3	56.7	64.1	4.4	19.8	13.1	12.4	10.3	1.6	1.4	14.2	14.9
Hind. Zinc	Neutral	318	310	-3	18.3	23.4	26.4	-26.4	28.0	12.6	17.4	13.6	9.4	7.0	56.7	59.1
JSPL	Buy	776	900	16	59.8	57.3	82.1	64.3	-4.3	43.3	13.0	13.6	1.8	1.6	14.5	12.3
JSW Steel	Neutral	824	910	10	43.5	65.4	73.6	195.8	50.3	12.6	18.9	12.6	2.7	2.3	15.1	19.7
Nalco	Neutral	153	130	-15	5.8	8.8	10.9	-26.2	52.2	24.4	26.6	17.4	2.1	1.9	7.9	11.4
NMDC	Buy	236	240	2	18.6	21.5	24.5	11.5	15.4	13.8	12.6	10.9	2.7	2.4	22.6	23.0
SAIL	Neutral	128	120	-6	2.6	7.9	10.5	-45.0	208	33.4	50.2	16.3	0.9	0.9	1.9	5.7
Tata Steel	Neutral	139	130	-6	4.0	10.8	12.9	-43.6	172	19.0	34.8	12.8	1.9	1.7	5.2	14.0
Vedanta	Neutral	272	270	-1	11.8	20.3	23.4	-58.2	72	15.5	23.1	13.4	3.8	4.0	13.4	29.2
<b>Aggregate</b>								<b>-7.6</b>	<b>31.7</b>	<b>16.1</b>	<b>15.9</b>	<b>12.1</b>	<b>2.3</b>	<b>2.1</b>	<b>14.7</b>	<b>17.4</b>
<b>Oil &amp; Gas</b>																
Aegis Logistics	Neutral	374	345	-8	13.9	15.7	16.6	-5.2	13.1	5.5	27.0	23.8	3.4	3.1	13.2	13.7
BPCL	Neutral	558	475	-15	131.1	74.3	74.6	1,291.4	-43.3	0.4	4.3	7.5	1.7	1.5	45.2	21.6
Castrol India	Buy	198	230	16	8.7	9.2	10.4	6.0	5.0	13.7	22.7	21.6	9.2	8.7	43.1	41.5
GAIL	Buy	178	200	12	12.9	13.4	16.6	60.5	3.4	23.9	13.8	13.3	1.7	1.6	14.5	13.6
Gujarat Gas	Buy	591	575	-3	15.8	18.7	21.2	-28.7	18.2	13.4	37.4	31.6	5.2	4.7	14.7	15.7
Gujarat St. Pet.	Buy	351	400	14	22.8	19.0	19.7	35.8	-16.7	4.1	15.4	18.5	1.9	1.8	13.2	10.1
HPCL	Buy	489	530	8	106.7	80.5	80.9	-317.0	-24.5	0.5	4.6	6.1	1.6	1.3	40.1	24.1
IOC	Buy	163	165	1	33.2	16.7	16.1	290.4	-49.6	-3.9	4.9	9.7	1.4	1.3	30.0	13.4
IGL	Sell	445	350	-21	25.9	24.6	26.4	25.2	-4.9	7.3	17.2	18.1	3.7	3.3	23.4	19.2
Mahanagar Gas	Buy	1476	1665	13	135.0	114.9	120.3	68.8	-14.9	4.8	10.9	12.9	3.0	2.6	29.4	21.5





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
<b>Telecom</b>																
Bharti Airtel	Buy	1151	1200	4	20.4	30.5	36.9	49.9	49.8	21.0	56.5	37.7	6.0	5.2	12.4	14.8
Indus Towers	Neutral	216	210	-3	20.4	20.7	23.3	128.7	1.5	12.7	10.6	10.4	2.2	1.8	23.0	19.0
Vodafone Idea		14			-11.3	-9.5	-8.4	10.6	Loss	Loss	NM	NM	-0.4	-0.3	NM	NM
Tata Comm	Neutral	1699	1750	3	44.6	54.6	78.2	-26.6	22.5	43.1	38.1	31.1	20.8	13.6	66.1	53
<b>Aggregate</b>								Loss	Loss	LP	-58	-259	28.1	31.9	-48.3	-12.3
<b>Others</b>																
APL Apollo Tubes	Buy	1479	1770	20	28.7	43.2	59.3	23.9	50.8	37.3	51.6	34.2	11.2	8.7	23.9	28.7
BSE	Neutral	2465	2600	5	64.2	60.6	73.3	308.9	-5.6	20.9	38.4	40.7	12.5	11.4	32.6	28.1
Coromandel Intl	Buy	1077	1260	17	54.9	67.2	71.5	-19.8	22.4	6.4	19.6	16.0	3.5	3.0	19.0	20.0
EPL	Buy	194	270	39	7.6	11.7	14.3	5.4	54.4	21.7	25.6	16.6	3.0	2.7	11.8	17.0
Godrej Agrovet	Neutral	542	510	-6	20.3	21.4	23.5	56.4	5.5	9.5	26.7	25.3	4.1	3.8	16.0	15.6
Havells India	Buy	1341	1510	13	19.0	24.7	30.1	10.6	29.9	22.2	70.6	54.4	11.4	10.0	16.1	18.4
Indiamart Inter.	Buy	2563	3000	17	51.9	65.6	86.2	11.8	26.5	31.4	49.4	39.1	6.7	5.9	14.3	15.9
Indian Hotels	Buy	500	615	23	8.8	11.0	13.0	24.8	25.0	18.4	56.9	45.5	7.8	6.7	14.6	15.9
Interglobe	Neutral	3127	3300	6	199.9	234.4	239.8	LP	17	2	15.7	13	86.1	11.6	NM	152.6
Info Edge	Neutral	5176	4720	-9	62.8	68.6	81.7	97.5	9.1	19.2	82.4	75.5	5.7	5.3	6.2	13.1
Kajaria Ceramics	Buy	1345	1600	19	28.4	34.7	41.1	32.8	22.2	18.3	47.4	38.7	8.5	7.8	18.1	20.4
Lemon Tree Hotel	Buy	142	150	6	1.7	3.4	4.0	9.3	106.2	16.4	85.9	41.7	11.3	8.9	14.1	23.9
MCX	Neutral	3653	3160	-13	19.1	76.7	90.2	-34.6	301.3	17.7	191.3	47.7	12.4	11.8	6.5	25.4
One 97	Neutral	487	575	18	-13.2	-0.5	15.5	-52.7	Loss	LP	NM	NM	2.4	2.5	-6.6	-0.3
Qess Corp	Neutral	494	-		22.2	34.9	44.1	93.9	56.9	26.6	22.2	14.2	2.1	1.9	12.7	18.6
PI Inds.	Buy	3376	4300	27	103.0	122.4	143.5	27.3	18.9	17.2	32.8	27.6	6.0	5.0	19.8	19.7
SIS	Buy	487	590	21	21.4	34.5	45.1	-7.9	61.3	30.6	22.8	14.1	1.3	1.0	12.8	17.9
SRF	Neutral	2319	2250	-3	46.0	72.8	87.6	-39.6	58.2	20.4	50.4	31.9	6.1	5.3	12.7	17.8
Tata Chemicals	Neutral	998	1060	6	56.4	54.2	62.2	-38.5	-3.8	14.7	17.7	18.4	1.2	1.2	7.1	6.5
Team Lease Serv.	Buy	2969	3450	16	70.0	104.1	150.9	7.5	48.7	45.0	42.4	28.5	5.4	4.6	13.3	16.9
Voltas	Buy	1058	1230	16	8.6	18.0	28.2	-25.2	110.1	56.6	123.5	58.8	6.3	5.7	5.1	9.8
UPL	Neutral	534	530	-1	0.4	26.5	53.2	-99.3	6,008.4	101.0	1,231.7	20.2	1.0	1.0	0.1	7.4
Zomato	Buy	144	145	1	0.3	1.0	2.6	-123.4	266.0	154.0	515.2	140.8	6.3	6.0	1.2	4.4



Index	1 Day (%)	1M (%)	12M (%)
<b>Sensex</b>	<b>0.6</b>	<b>0.3</b>	<b>20.3</b>
<b>Nifty-50</b>	<b>0.7</b>	<b>0.9</b>	<b>24.1</b>
<b>Nifty Next 50</b>	<b>0.8</b>	<b>5.0</b>	<b>45.4</b>
<b>Nifty 100</b>	<b>0.7</b>	<b>1.5</b>	<b>26.9</b>
<b>Nifty 200</b>	<b>0.7</b>	<b>2.0</b>	<b>31.2</b>
Company	1 Day (%)	1M (%)	12M (%)
<b>Automobiles</b>	<b>0.3</b>	<b>5.7</b>	<b>46.7</b>
Amara Raja Ener.	1.7	9.8	45.4
Apollo Tyres	1.1	18.2	62.8
Ashok Leyland	-0.4	-3.5	14.5
Bajaj Auto	1.1	16.1	104.1
Balkrishna Inds	0.7	-2.8	7.7
Bharat Forge	0.8	-0.2	42.2
Bosch	1.0	7.1	39.3
CEAT	-0.4	7.9	70.8
Craftsman Auto	-1.7	-18.7	27.8
Eicher Motors	-2.7	-1.7	18.9
Endurance Tech.	-1.2	12.9	47.3
Escorts Kubota	2.2	2.0	43.6
Exide Inds.	2.7	6.6	90.0
Hero Motocorp	2.8	15.4	77.3
M & M	0.6	0.3	22.8
CIE Automotive	1.3	-0.6	21.6
Maruti Suzuki	0.2	4.5	20.1
MRF	-1.1	8.4	51.8
Sona BLW Precis.	0.2	-1.8	39.7
Motherson Sumi	0.6	10.3	54.6
Motherson Wiring	-0.8	12.8	33.7
Tata Motors	0.0	12.0	97.6
TVS Motor Co.	2.5	3.9	104.1
Tube Investments	-3.6	1.2	35.5
<b>Banks-Private</b>	<b>-0.7</b>	<b>-4.5</b>	<b>12.5</b>
AU Small Fin. Bank	-0.9	-18.0	0.6
Axis Bank	-1.6	-2.4	22.9
Bandhan Bank	1.4	-5.5	0.9
DCB Bank	0.1	-6.2	27.5
Equitas Sma. Fin	0.8	10.8	40.7
Federal Bank	-0.7	-4.0	9.4
HDFC Bank	-1.4	-14.9	-9.8
ICICI Bank	-0.1	4.3	19.4
IDFC First Bank	-1.0	-4.1	38.5
IndusInd Bank	-0.5	-2.7	42.6
Kotak Mah. Bank	0.0	-2.3	3.5
RBL Bank	-0.7	-5.7	70.3
SBI Cards	-0.1	-8.0	-3.5
<b>Banks-PSU</b>	<b>2.2</b>	<b>15.3</b>	<b>75.2</b>
BOB	-0.3	10.6	65.7
Canara Bank	2.6	15.9	80.4
Indian Bank	4.2	31.1	86.8
Punjab Natl.Bank	5.5	29.3	146.9
St Bk of India	0.3	1.6	23.0
Union Bank (I)	2.9	23.1	102.7
<b>NBFCs</b>	<b>-0.4</b>	<b>-4.3</b>	<b>13.4</b>
Angel Broking	-0.6	-5.6	175.2

Index	1 Day (%)	1M (%)	12M (%)
<b>Nifty 500</b>	<b>0.7</b>	<b>2.5</b>	<b>34.2</b>
<b>Nifty Midcap 100</b>	<b>0.4</b>	<b>4.5</b>	<b>59.3</b>
<b>Nifty Smallcap 100</b>	<b>0.9</b>	<b>7.2</b>	<b>72.3</b>
<b>Nifty Midcap 150</b>	<b>0.5</b>	<b>4.2</b>	<b>55.2</b>
<b>Nifty Smallcap 250</b>	<b>0.6</b>	<b>7.4</b>	<b>65.0</b>
Aditya Birla Capital Ltd	8.1	5.7	30.2
Bajaj Fin.	1.6	-7.8	19.8
Cholaman.Inv.&Fn	1.4	-4.9	49.8
Can Fin Homes	4.3	8.2	45.0
Cams Services	0.2	8.1	27.7
CreditAcc. Gram.	0.9	2.2	79.3
Fusion Microfin.	3.3	1.5	44.0
Home First Finan	-0.8	2.5	32.6
Indostar Capital	-2.3	10.1	18.6
IIFL Finance	-1.3	-2.8	15.1
L&T Fin.Holdings	1.4	7.6	101.7
LIC Housing Fin.	0.7	13.3	60.6
M & M Fin. Serv.	1.0	4.6	20.9
Muthoot Finance	1.2	-5.3	34.3
Manappuram Fin.	2.5	10.4	61.4
MAS Financial Serv.	2.3	15.3	27.5
ICICI Sec	-0.5	13.5	66.9
360 One	-2.0	-10.6	28.3
PNB Housing	-2.3	2.9	77.6
Repco Home Fin	0.5	10.8	98.3
Shriram Finance	0.3	18.5	90.2
Spandana Sphoort	2.3	-8.7	81.9
<b>Insurance</b>			
HDFC Life Insur.	-1.4	-10.3	17.5
ICICI Pru Life	-1.8	-5.2	23.7
ICICI Lombard	-0.9	5.6	32.6
Life Insurance	0.9	12.9	57.8
Max Financial	-1.4	-4.8	22.9
SBI Life Insuran	0.2	-0.2	29.6
Star Health Insu	-1.7	4.3	11.0
<b>Chemicals</b>			
Alkyl Amines	-2.3	-14.2	-14.0
Atul	1.3	-11.0	-11.0
Clean Science	-1.1	-7.2	-1.4
Deepak Nitrite	0.0	-9.2	21.8
Fine Organic	-1.6	-5.0	-5.1
Galaxy Surfact.	-3.3	-5.2	8.6
Navin Fluo.Intl.	0.1	-13.8	-16.8
NOCIL	2.5	-3.4	31.8
Vinati Organics	-0.3	-2.8	-9.8
<b>Capital Goods</b>	<b>0.9</b>	<b>17.8</b>	<b>105.5</b>
A B B	-1.4	-4.7	58.2
Bharat Electron	0.7	1.3	98.3
Cummins India	2.1	17.8	59.3
Hitachi Energy	0.7	5.9	86.3
K E C Intl.	0.8	10.8	40.7
Kalpataru Proj.	3.8	19.0	65.0
Kirloskar Oil	0.6	7.2	132.9
L&T	-0.6	-1.8	57.4



Company	1 Day (%)	1M (%)	12M (%)
Siemens	1.4	3.0	42.3
Thermax	-1.3	0.0	59.4
Triveni Turbine	-1.6	-12.8	40.6
<b>Cement</b>			
Ambuja Cem.	-1.4	5.0	58.1
ACC	-1.2	10.2	35.7
Birla Corp.	-5.2	4.4	69.1
Dalmia Bhar.	-0.9	-2.6	25.3
Grasim Inds.	0.5	2.2	34.4
India Cem	-0.8	-8.0	24.9
J K Cements	-0.9	13.4	63.0
JK Lakshmi Ce	-1.1	3.2	20.1
Ramco Cem	0.6	-2.5	45.7
Shree Cem	-3.9	1.3	16.0
Ultratech	1.8	-1.0	40.9
<b>Consumer</b>	<b>-0.2</b>	<b>-3.7</b>	<b>19.9</b>
Asian Paints	0.2	-13.4	8.5
Britannia	0.0	-2.6	12.6
Colgate-Palm.	1.5	1.6	73.9
Dabur	-1.8	-2.2	-1.8
Emami	1.0	-10.8	19.3
Godrej Cons.	-1.4	6.7	31.6
HUL	-0.8	-6.2	-6.9
ITC	-0.6	-6.4	16.2
Indigo Paints	-0.2	-4.3	23.4
Jyothy Lab	0.3	5.3	145.0
Marico	-1.2	-3.2	6.0
Nestle	0.6	-8.8	30.9
Page Inds	-0.1	-5.6	-7.7
Pidilite Ind.	0.2	-8.1	9.8
P&G Hygiene	-0.7	-2.7	22.3
Tata Consumer	2.9	5.9	57.7
United Brew	2.4	1.9	16.2
United Spirits	0.6	-0.7	40.8
Varun Beverages	0.1	4.0	122.8
<b>EMS</b>			
Kaynes Tech	3.3	9.2	257.0
Avalon Tech	-3.4	-5.3	
Syrma SGS Tech.	-0.6	-11.6	128.5
Cyient DLM	-0.7	1.2	
Data Pattern	-1.4	0.9	36.5
<b>Healthcare</b>	<b>0.7</b>	<b>4.0</b>	<b>46.0</b>
Alembic Phar	0.2	20.8	77.0
Alkem Lab	1.3	-5.2	59.9
Apollo Hospitals	0.5	10.0	49.4
Ajanta Pharma	-0.6	-1.0	82.0
Aurobindo	-0.4	-2.3	160.2
Biocon	1.8	3.2	14.8
Zyodus Lifesci.	0.2	6.9	75.8
Cipla	0.4	8.7	35.8
Divis Lab	1.2	-8.2	13.2
Dr Reddy's	0.8	1.9	38.2
ERIS Lifescience	-1.6	-4.2	42.6
Gland Pharma	0.7	1.1	56.6

Company	1 Day (%)	1M (%)	12M (%)
Glenmark	-0.5	-0.3	127.6
Global Health	4.2	32.2	183.9
Granules	1.9	-0.1	45.5
GSK Pharma	3.6	12.6	86.8
IPCA Labs	-0.5	-0.4	29.4
Laurus Labs	0.9	-9.9	15.8
Lupin	-0.7	7.8	102.5
Max Healthcare	-4.6	13.1	73.8
Piramal Pharma	-0.5	-2.0	40.9
Sun Pharma	0.6	9.3	40.6
<b>Infrastructure</b>	<b>1.5</b>	<b>9.2</b>	<b>59.0</b>
Torrent Pharma	0.5	8.8	63.9
G R Infraproject	2.7	13.9	9.2
IRB Infra.Devl.	2.5	61.6	137.5
KNR Construct.	2.7	8.1	10.2
<b>Logistics</b>			
Adani Ports	3.5	17.0	172.8
Blue Dart Exp.	-1.7	-13.0	2.9
Container Corpn.	-0.1	4.6	51.3
Mahindra Logis.	-2.2	-6.8	-11.7
Transport Corp.	-1.5	16.3	55.7
TCI Express	-1.3	-1.2	-5.6
VRL Logistics	-1.3	-1.0	40.9
<b>Media</b>	<b>0.1</b>	<b>-12.8</b>	<b>14.7</b>
PVR INOX	0.0	-14.0	-14.6
Sun TV	-0.6	-8.0	42.7
Zee Ent.	1.4	-39.9	-22.1
<b>Metals</b>	<b>2.4</b>	<b>0.7</b>	<b>36.7</b>
Hindalco	2.1	-5.4	25.4
Hind. Zinc	0.3	0.3	-7.4
JSPL	4.5	4.4	34.9
JSW Steel	2.7	-5.4	13.2
Nalco	4.0	10.0	88.2
NMDC	4.5	8.2	96.9
SAIL	7.5	4.3	44.2
Tata Steel	2.9	-0.6	15.6
Vedanta	1.5	5.6	-16.7
<b>Oil &amp; Gas</b>	<b>4.2</b>	<b>16.0</b>	<b>51.8</b>
Aegis Logistics	-3.7	7.3	4.4
BPCL	9.8	22.4	68.1
Castrol India	4.7	5.0	67.6
GAIL	2.4	8.4	89.5
Gujarat Gas	1.9	18.6	25.0
Gujarat St. Pet.	-3.1	6.1	33.9
HPCL	4.9	19.6	112.3
IOC	8.8	24.8	107.4
IGL	1.3	4.5	4.8
Mahanagar Gas	0.9	21.5	73.4
MRPL	7.2	47.9	249.6
Oil India	2.4	16.6	98.3
ONGC	3.9	24.2	79.3
PLNG	1.4	18.9	27.7
Reliance Ind.	2.2	11.6	37.5



Company	1 Day (%)	1M (%)	12M (%)
<b>Real Estate</b>	<b>0.9</b>	<b>10.0</b>	<b>109.2</b>
Brigade Enterpr.	2.2	17.6	119.5
DLF	-1.1	10.9	123.3
Godrej Propert.	0.9	17.8	105.5
Mahindra Life.	1.2	3.8	62.5
Macrotech Devel.	4.0	9.9	119.7
Oberoi Realty Ltd	-1.7	-10.7	52.0
Sobha	-1.1	40.0	141.4
Sunteck Realty	-0.6	7.5	34.2
Phoenix Mills	5.5	10.9	81.3
Prestige Estates	-2.4	0.8	198.7
<b>Retail</b>			
Aditya Bir. Fas.	2.7	2.5	0.1
Avenue Super.	-0.6	-7.8	8.0
Bata India	-0.5	-9.1	-5.1
Campus Activewe.	-1.9	-10.5	-31.2
Barbeque-Nation	-0.1	-5.9	-29.4
Devyani Intl.	-2.7	-9.0	15.1
Jubilant Food	-1.4	-11.4	13.6
Metro Brands	0.9	-12.9	44.4
Raymond	0.4	3.5	24.6
Relaxo Footwear	-1.0	-7.1	5.4
Restaurant Brand	-1.0	2.2	7.5
Sapphire Foods	-2.1	0.4	19.4
Shoppers St.	0.3	9.6	16.1
Titan Co.	-0.4	-2.3	56.5
Trent	0.7	4.4	158.2
V-Mart Retail	-2.4	1.7	-24.2
Vedant Fashions	-2.1	-24.6	-23.5
Westlife Food	2.1	2.8	21.6
<b>Technology</b>	<b>2.2</b>	<b>5.8</b>	<b>22.1</b>
Cyient	8.8	-8.6	136.8
HCL Tech.	0.4	7.8	37.8
Infosys	2.2	10.4	6.9
LTIMindtree	2.3	-10.7	19.6
L&T Technology	0.3	6.6	60.5
Mphasis	-1.5	-4.2	22.2
Coforge	4.1	6.4	44.9
Persistent Sys	2.5	16.0	76.2
TCS	2.9	4.8	14.6
Tech Mah	2.0	4.7	31.6
Wipro	2.5	3.0	18.0
Zensar Tech	-1.0	-5.2	138.0
<b>Telecom</b>	<b>-0.6</b>	<b>4.5</b>	<b>50.1</b>
Bharti Airtel	0.0	12.6	48.0
Indus Towers	-1.3	6.9	51.5
Idea Cellular	-0.7	-12.5	106.6
Tata Comm	-0.3	-2.4	39.9
<b>Utilities</b>	<b>1.8</b>	<b>11.3</b>	<b>74.7</b>
Coal India	3.2	6.9	92.9
NTPC	3.3	8.7	99.2
Power Grid Corpn	4.3	16.5	73.7

Company	1 Day (%)	1M (%)	12M (%)
<b>Others</b>			
APL Apollo Tubes	-0.9	-1.7	24.9
BSE	-1.1	10.2	389.5
Coromandel Intl	0.6	-12.5	22.1
EPL Ltd	-1.8	-2.0	31.4
Indiamart Inter.	0.1	-5.4	12.9
Godrej Agrovet	-4.4	-4.0	21.3
Havells	2.0	-2.8	11.9
Indian Hotels	1.1	14.1	57.2
Interglobe	2.0	6.9	47.2
Info Edge	2.3	1.0	42.0
Kajaria Ceramics	-2.4	3.6	23.8
Lemon Tree Hotel	2.3	9.4	81.8
MCX	5.9	15.0	148.7
One 97	-20.0	-25.2	-10.7
Piramal Enterp.	3.0	-1.4	8.2
PI Inds.	-1.0	-3.1	12.5
Qess Corp	-2.6	-2.6	33.8
SIS	-0.3	7.4	34.0
SRF	0.4	-6.8	5.3
Tata Chemicals	-1.7	-11.1	3.1
Team Lease Serv.	0.4	-5.5	32.1
Voltas	0.9	6.7	28.8
UPL	0.7	-10.2	-23.4
Zomato Ltd	2.3	11.7	202.7

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Explanation of Investment Rating	
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BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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