20 September 2023

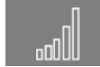
MORNING INDIA

Motilal Oswal Financial Services

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	67,597	-0.4	11.1
Nifty-50	20,133	-0.3	11.2
Nifty-M 100	40,658	-0.4	29.0
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	4,444	-0.2	15.7
Nasdaq	13,678	-0.2	30.7
FTSE 100	7,660	0.1	2.8
DAX	15,664	-0.4	12.5
Hang Seng	6,236	0.4	-7.0
Nikkei 225	33,243	-0.9	27.4
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	96	1.2	18.3
Gold ($/OZ)	1,934	0.5	6.0
Cu (US$/MT)	8,300	-0.6	-0.8
Almn (US$/MT)	2,176	1.3	-7.4
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	83.3	0.1	0.6
USD/EUR	1.1	0.3	-0.1
USD/JPY	147.6	-0.2	12.6
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.2	-0.01	-0.1
10 Yrs AAA Corp	7.7	0.00	0.0
Flows (USD b)	**18-Sep**	**MTD**	**CYTD**
FIIs	-0.1	-0.84	16.3
DIIs	0.07	1.37	14.5
Volumes (INRb)	**18-Sep**	**MTD***	**YTD***
Cash	841	973	659
F&O	3,06,195	3,23,770	2,56,365

Note: Flows, MTD includes provisional numbers.



Today's top research theme

Healthcare: US generics – turning the tide?

Product-specific opportunities remain the key at company level

- **Resurgence in optimism…:** The prospect of the US generics market has experienced a revival in the recent past. This has been driven by price stability in the base portfolio and lesser competition due to financial and/or regulatory constraints of some companies.
- **…though restrained…:** However, our analysis of industry-level approvals showcases a cautious stance on this optimism. The USFDA has approved ~420 products in 7MCY23 (~725 annualized) vs. pre-Covid annual run-rate of 670 (CY17-CY19). The pace of inspection yet to reach pre-Covid levels – is on the rise, implying mounting regulatory risk.
- **…would propel growth contingent on product-specific executions:** We believe that the US generics market remains a product-specific play from the incremental business perspective. This would not only offset the erosion in base portfolio but also deliver growth effectively.

Research covered

Cos/Sector	Key Highlights
Healthcare	US generics – turning the tide?
HDFC Bank	Discloses merged entity networth and other key metrics
EcoScope	Household net financial savings at 47-year low in FY23

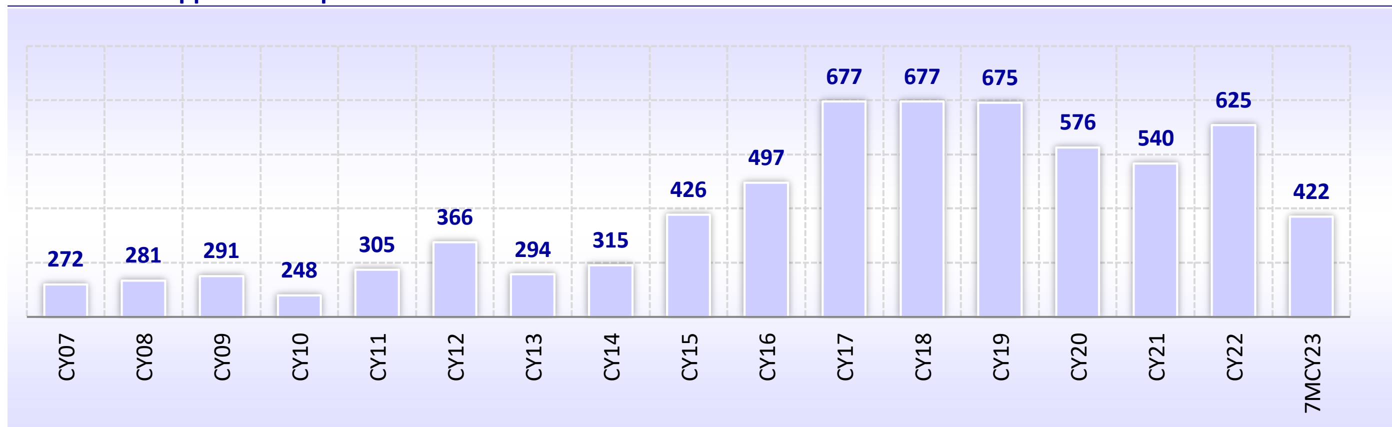
Piping hot news

Zee-Sony merger now likely by December

Axis Finance became the second lender after IDBI Bank to challenge the NCLT's nod to the Zee-Sony merger in the National Company Law Appellate Tribunal (NCLAT).

Chart of the Day: Healthcare (US generics – turning the tide?)

Revival of the approval rate post-Covid



Source: MOFSL, USFDA

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

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In the news today

Kindly click on textbox for the detailed news link

1

Zee-Sony merger now likely by December

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2

Jio AirFiber: Reliance Jio launches fixed wireless service in 8 cities

"Our extensive fiber-to-the-home service JioFiber, already serves over 10 million customers...With JioAirFiber, we are expanding our addressable market to rapidly cover every home in our country with similar quality of service," Akash Ambani, chairman of Reliance Jio, said in a statement.

3

Total eyeing 50:50 JV with Adani Green

French energy major TotalEnergies is reportedly close to investing $300 million in a 50:50 joint venture with Adani Green Energy.

4

Sashidhar Jagdishan re-appointed as HDFC Bank MD & CEO for next three years

The RBI had first approved the appointment of Jagdishan as CEO of HDFC Bank for a period of three years from October 27, 2020, when he took the charge from Aditya Puri.

5

UK business will be profitable once the EAF project is build and commissioned: Koushik Chatterjee

Tata Steel and the United Kingdom government last week announced a joint investment package worth 1.25 billion pound, which includes a government grant of 500 million pound.

6

Arvind Fashions to focus on fewer but stronger brands

Less is more for apparel retailer Arvind Fashions, which is keeping its focus on six core brands to drive its business.

7

India's sugar exports may fall by half on output decline in 2023-24

Although the sugar export policy for 2023-24 will be announced only by January, traders and the industry already expect a further drop in outbound shipments.

Healthcare

US generics – turning the tide?

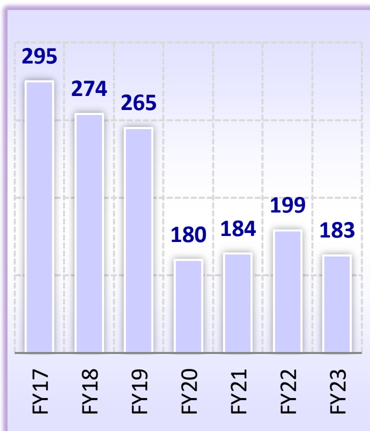
Product-specific opportunities remain the key at company level

- **Resurgence in optimism…: The prospect of the US generics market has experienced a revival in the recent past. This has been driven by price stability in the base portfolio and lesser competition due to financial and/or regulatory constraints of some companies.**
- **…though restrained…: However, our analysis of industry-level approvals showcases a cautious stance on this optimism. The USFDA has approved ~420 products in 7MCY23 (~725 annualized) vs. pre-Covid annual run-rate of 670 (CY17-CY19). The pace of inspection – while yet to reach pre-Covid levels – is on the rise, implying mounting regulatory risk.**
- **…would propel growth contingent on product-specific executions: We believe that the US generics market remains a product-specific play from the incremental business perspective. This would not only offset the erosion in base portfolio but also deliver growth effectively.**
- **Upgrade CIPLA to BUY under this backdrop: CIPLA's robust ANDA pipeline with complex products (inhalers, peptides, injectable, etc.) should drive consistent growth in the US generics segment. This along with a steady outperformance in branded generics market (of India/SA) would enable 16% earnings CAGR over FY23-25. Accordingly, we raise our P/E multiple to 25x (from 22x earlier; in line with its three-year/five-year average) on 12M forward earnings and add g-Revlimid's NPV (INR30) to arrive at our TP of INR1,420. Upgrade to BUY.**

Slowdown in industry-level approvals unlikely

- ANDA approval rate has been on a steady rise post-Covid, from the low of 540 in CY21 to ~700+ annual approvals in CY23E, backed by a reduction in approval timeline and clearance of the backlog. Particularly, the tablets/ capsules have witnessed the highest number of approvals (dosage-wise). Despite stringency in compliance requirement and gradual moderation in travelling for inspection, approvals of injectable products have been steady at ~100 on an annual basis. In fact, approvals have already reached 83 in CY23'TD. Even inhalers have seen a healthy increase in annual approvals to 14 over CY21-23 from average 10 approvals over CY17-19.

Decelerating pace of filings by coverage companies

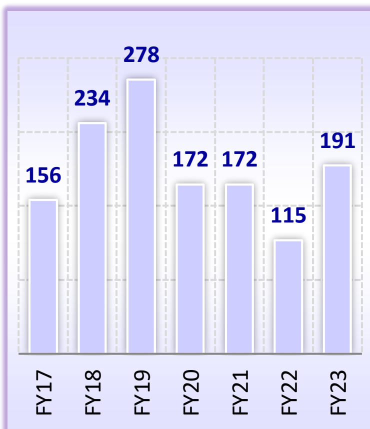


Source: MOFSL, Company

Filings of coverage companies reduce; but approvals recover smartly

- Over the past seven years, filings by pharma companies under our coverage have decreased to 183 in FY23 from 295 in FY17, as companies revisited the economic viability for certain products due to intensified competition as well as high cost of filings. SUNP, DRRD, ALKEM and AJP have reduced filings in the US generics space over the past two years. However, ARPB, ZYDUSLIF, LPC and CIPLA have witnessed a stable-to-increasing filing pace during the same period. ARBP has the highest filings in the US among pharma companies under our coverage with ~50 filings per year.
- Interestingly, the approval rates have improved to 191 in FY23 from 115 in FY22, partly due to clearance of backlog by the USFDA. With reduced aggregate filings, we expect subsequent aggregate approvals to be on a downtrend eventually. ZYDUSLIF and ARBP have seen a spike in approval rate in FY23 with 58 and 60 final approvals, respectively. With reduction in filings, the approvals have also reduced for SUNP/DRRD/Cipla/LPC to 5/2/2/2 in 7MCY23.

Approval rate revives in the past two years for coverage companies



Source: MOFSL, Company

The US sales on a recovery track

- The US sales grew 9% YoY in FY23 vs. stable-to-declining trend witnessed over FY13-FY22 at an aggregate level. Company wise, CIPLA/DRRD delivered strong 23%/25% YoY sales growth in the US generics, followed by ZYDUSLIF with 19% YoY growth in FY23. g-Revlimid, Sorafenib, and Pemetrexed injections were the key products driving sales growth during the period. ARBP's sales were almost flat YoY, while LPC's US generics sales declined 14% YoY owing to price erosion in the base portfolio and delay in potential niche launches.
- Going forward, we expect the US generics sales growth to be on an uptrend with 13% sales CAGR over FY23-25. While CIPLA and DRRD are expected to deliver consistent growth, niche launches by LPC and ARBP are likely to improve the sales growth in the US generics segment at an aggregate level.

The USFDA inspection at India sites on an uptrend

- From an average of 2,600 global inspections conducted by the USFDA annually during FY13-FY19 (12M ending Sep), the number of inspections reduced to ~1,100 only over the past four years. The inspections at India sites reached a peak of 334 (FY19; 12M ending Sep) from 112 in FY13. The inspection declined to eight during Covid period (FY21; 12M ending Sep). Post-Covid, however, there has been a healthy revival in inspections at India sites. Inspections are likely to reach 139 over 12M ending Sep'23. With a backlog of inspections from good manufacturing practices and/or pre-approval perspective, we expect the USFDA inspections at India sites to surge over the next 2-3 years. Thus, the inspection-related risks remain elevated for the US generics business.

Industry scan: Players under this backdrop

While industry outlook is likely to remain competitive, we expect product-specific opportunities to be the key growth drivers over the next 3-4 years.

Cipla

- **CIPLA:** The company delivered ~22% US sales CAGR over the past 10 years consistently. Even during the next 2-3 years, we expect niche launches such as g-Abraxane, g-Advair and peptides would put CIPLA in a good position. These launches are likely to drive 15% sales CAGR over FY23-25 to reach ~USD1b in the US generics. Further, CIPLA's strategy of filing complex products from alternate site would enable reduced regulatory risk and have better visibility for the US generics business. The strong respiratory franchise, higher chronic share at 60% of DF sales (vs. 40% at industry level) and healthy growth potential across prescription, trade generics and consumer healthcare segments would drive industry outperformance in the DF segment. We value CIPLA at 25x 12M forward earnings and add NPV of INR30 related to g-Revlimid to arrive at our TP of INR1,420. **Upgrade to BUY**.

Dr.Reddy's

- **DRRD:** After almost three years (FY19-22) of mid-single digit YoY growth, DRRD delivered a strong 25%/69% YoY growth in the US sales for FY23/1QFY24. While it has only two approvals in FY24'TD, management has guided for 20-25 annual launches (six in 1QFY24) over the next two years. We expect 15% sales CAGR for DRRD over FY23-25 to reach USD1.7b, driven by market share gain in g-Revlimid and new approvals. We value DRRD at 22x 12M forward earnings and add NPV of INR140 related to g-Revlimid to arrive at our TP of INR5,240. Retain **Neutral**.
- **ZYDUSLIF:** The company reported a strong 19%/48% YoY US sales growth for FY23/1QFY24 – after three years (FY20-22) of downtrend – propelled by g-

Revlimid/g-Trokendi. ZYDUSLIFE enjoys a decent pipeline (transdermals/REMS product) – both in the near term as well as longer term – by building its injectable portfolio. However, because of the high base (due to g-Asacol/g-Revlimid), we expect only 9% sales CAGR over FY23-25 to reach USD1b. Overall, we expect 16% earnings CAGR during FY23-25, fueled by healthy traction in the US and branded generics and supported by 110bp margin expansion in FY25. We value ZYDUSLIF at 20x 12M forward earnings to arrive at our TP of INR610. However, we reiterate our **Neutral** rating on ZYDUSLIF as its current valuation adequately factors in the upside in earnings.

- **LPC:** The company's US generics sales posted a compounded 5% decline over FY19-23 to reach the lowest annual sales of USD0.6b in FY23. The steep price erosion in its base portfolio, inventory correction along with regulatory issues at its manufacturing sites impacted the US sales adversely. However, LPC had made a good progress on the regulatory front. To date, it has successfully complied with five out of eight facilities that had adverse regulatory issues. Further, its niche launches (g-Spiriva, g-Prolensa, Brimonidine, and Prednisone) are expected to drive 28% sales CAGR over FY23-25 in the US generics segment. Likewise, we expect 2x earnings CAGR over FY23-25. Having said this, its return ratio would remain in low-double digit despite robust earnings CAGR. Reiterate **Sell** with a TP of INR830 (premised on 22x 12M forward earnings).

- **ARBP:** The company delivered a modest 2.4% sales CAGR over FY19-23 to USD1.5b. In fact, it reported a 2% YoY decline in the US sales in FY23. However, the company's growth prospect is quite promising over the next 3-4 years. We expect ARBP's US sales to register a 14% CAGR over FY23-25 to reach USD1.9b fueled by shortages of the drugs, moderating competition, reduction in pricing erosion, and consistent pace of approvals. In addition to the US sales prospects, the commercialization of Pen-G project is anticipated to improve profitability and drive overall earnings CAGR to 20% over FY23-25. We value ARBP at 15x 12M forward earnings to arrive at our TP of INR910. Considering the return ratio of 10% each in FY24/FY25 along with ARBP's reasonable valuation, we reiterate our **Neutral** rating on the stock.

- **TRP:** After four years of effort towards resolving regulatory issues, TRP recently received an EIR with VAI classification at its Dahej site. In addition to the base business (USD138m in FY23), we expect product approvals from Dahej to scale-up the US generics business over FY23-25. We expect 34% earnings CAGR over FY23-25, led by promising growth in the US/DF/Brazil (at +10%/15%/21%). Better operating leverage in these markets would drive margin expansion of 270bp over FY23-25. We value TRP at 28x 12M forward earnings to arrive at our TP of INR1,960. Reiterate **Neutral** due to limited upside from current levels.

- **SUNP:** After reporting strong annual sales of USD2b over FY5-17, SUNP's US sales declined to an annual run-rate of USD1.45b over FY18-21. However, over the past two years, there has been a healthy revival in the US sales, led by the enhanced specialty portfolio. The pace of filings/approvals for generics has significantly reduced over the past two years though. Despite this, we expect 10.5% sales CAGR over FY23-25 owing to increased prescription sales in specialty portfolio and addition of indication for Illumya. Overall, we project 15% earnings CAGR fueled by a steady traction in specialty portfolio, superior execution across branded generics market, and 160bp margin expansion. We reiterate our **BUY** rating with a TP of INR1,310 (based on 26x 12M forward earnings).

HDFC Bank

BSE SENSEX	S&P CNX
67,597	20,133

Stock Info

Bloomberg	HDFCB IN
Equity Shares (m)	7538
M.Cap.(INRb)/(USDb)	12341 / 148.2
52-Week Range (INR)	1758 / 1365
1, 6, 12 Rel. Per (%)	-2/-14/-6
12M Avg Val (INR M)	21162
Free float (%)	100

Financials Snapshot (INR b)

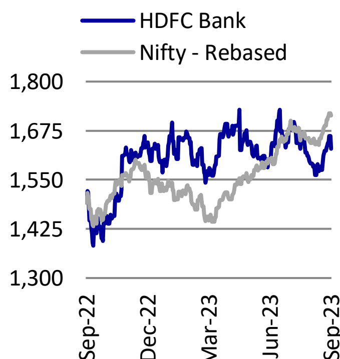
Y/E March	FY23	FY24E	FY25E
NII	868	1,176	1,390
OP	704	935	1,125
NP	441	614	744
NIM (%)	4.1	3.6	3.7
EPS (INR)	79.3	81.6	98.8
EPS Gr. (%)	18.6	2.9	21.1
BV/Sh. (INR)	502	577	656
ABV/Sh. (INR)	489	561	638
Ratios			
RoE (%)	17.0	14.8	16.0
RoA (%)	1.9	1.8	1.9
Valuations			
P/E(X)	20.6	20.0	16.5
P/BV (X)	3.2	2.8	2.5
P/ABV (X)	2.9	2.5	2.2

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	20.8	20.9	21.0
DII	22.0	23.1	22.2
FII	45.6	44.7	44.8
Others	11.5	11.3	12.0

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR1,629 TP: INR1,950 (+20%) Buy

Discloses merged entity networth and other key metrics

2QFY24 to mark a weak start; RoE to revert to pre-merge levels by FY26E

HDFC Bank management at its analyst meet highlighted the baseline net worth, margins, asset quality and other key metrics of the merged entity. Following are the key takeaways from the meeting –

- **HDFC Ltd's net worth declined to INR1.12t in Jul'23 from INR1.34t as of Mar'23 due to accounting changes from IND-AS to IGAAP, credit policy harmonization, DTL reserve and other factors.**
- **The huge liquidity build-up at HDFC Ltd affected margins by 70bp to 2.0% as of Day-0 of the merged entity. The management highlighted that this implies a margin hit of 20-25bp on the pro forma merged entity estimates of 3.7-3.8%. As a result, we lower our NII estimates.**
- **The merged entity's opening loans and advances stood at INR22.2t as of 1st Jul'23 and we estimate the same to grow by 12% over the remaining 9MFY24 and then at a 17% CAGR in the upcoming years.**
- **Asset quality ratios have deteriorated after the merger, with the GNPA ratio increasing to 1.4% from 1.2% and the NNPA ratio rising to 0.4% from 0.3% for the standalone bank. PCR will be broadly stable at 74% (75% for standalone HDFC Bank).**
- **The pro forma merged entity's RoA/RoE sustained at 1.9%-2.0%/16% in 1QFY24; however, 2QFY24 appears to be a weak quarter with subdued margins and elevated cost ratios (pro forma merged at 40% for 1QFY24). We reduce our PAT/BV estimates by ~5%/~3% and lower our PT to INR1,950 (2.7x FY25E ABV + INR206 from subs).**

HDFC Ltd net worth moderates on methodology change, other factors

The management highlighted that erstwhile HDFC Ltd's (e-HDFC) net worth, which stood at INR1.34t as of Mar'23 as per IND-AS, has moderated to INR1.12t as of 1st Jul'23 under IGAAP. It incorporates the impact of methodology alignment to IGAAP from IND-AS (INR 118b), credit policy harmonization (INR76b), deferred tax liability reserve (INR49b) and interim dividends (INR81b). HDFC Bank's net worth thus will increase from the opening figure of INR2.94t as of 1st Jul'23 to INR3.91t on merged basis as of 1st Jul'23. The standalone bank's BVPS moves from INR525 as of 1st Jul'23 to INR519 on the merged basis.

Loan growth to remain in check; estimate ~12% growth over residual 9MFY24 and 17% CAGR thereafter

We estimate loan growth for the merged entity to sustain at 12% over the remaining 9MFY24, while the CAGR will recover to 17% over FY24-26E. The continued rundown in wholesale book of e-HDFC Ltd and slower growth in the individual mortgage business will drag down overall loan growth. The bank has indicated that the merged entity's balance sheet size was INR32.5t as of 1st Jul'23 and we estimate it to grow to ~INR49t by FY26E.

GNPA ratio for merged entity to increase to 1.4%; PCR broadly stable

The GNPA ratio for the merged entity will increase to 1.4% from 1.2% for the standalone bank, while net NPAs will increase to 0.4% from 0.3%. The provisioning undertaken as a part of credit policy harmonization at INR76b is almost equally distributed between General, Contingent and Specific provisions. HDFC's coverage ratio has thus improved to ~74%, enabling the merged entity's PCR to also sustain at ~74% (75% for standalone bank). Contingent and floating provisions as % of advances also stand broadly unchanged at 0.7%. Total provisions as % of advances will increase to 2.2%; however, excluding specific, the provisions as % of advances remain unchanged at 1.1%.

E-HDFC Ltd margin declines sharply on high liquidity build-up; Pro forma IGAAP RoA moderates 50bp for FY23

HDFC Ltd's margins moderated from 2.9% in FY23 to 2.7% in 1QFY24. However, given the huge liquidity build-up (~INR1t of borrowings toward end of quarter), margins as of Day-0 of the merger declined sharply to 2.0%, thus representing a 70bp decline over the previous quarter. The management highlighted that for the merged entity this implies a margin hit of 20-25bp over the pro forma merged entity's margin estimates of 3.7-3.8%. Besides the pro forma RoA for HDFC Ltd has also moderated to 1.8% under IGAAP vs. 2.4% under IND-AS in FY23 and the same is likely to moderate further given the huge margin drag from excess liquidity.

Merged entity profitability and growth – 2QFY24 to mark a sluggish start

The pro forma merged entity's RoA/RoE sustained at 1.9%-2.0%/16% in 1QFY24; however, 2QFY24 appears to be a weaker quarter with a huge hit on margins and elevated cost ratios (pro forma merged at 40% for 1QFY24). The tax rate and acquisition cost treatment changes have further affected RoA; however, an improvement in credit cost on improved mix of secured assets will help offset revenue pressure to some extent. The merged entity's CAR improves 30bp to 19.2%, though RWA density stands broadly unchanged at ~65% with mortgage book having lower RWA density, offset by higher RWA on non-individual loans.

Reduce PAT, BV estimates; Maintain Buy with revised TP of INR1,950

While we were already conservative in our projections and estimated FY24 NIM to be at 3.75%, which is in line with the pro forma merged estimates. However, the impact on net worth from the transition to IGAAP, credit policy harmonization and other factors has led to a slight cut in our BV projections. Besides, the drag from excess liquidity, ICRR and continued unwinding of the non-individual loan portfolio of HDFC Ltd will further impact margins and earnings. We nevertheless believe that the merger will enable HDFC Bank to build a more diversified and robust franchise. Moreover, an increased customer base, strong technological edge and robust distribution should help the bank improve cross-selling to customers and enable healthy business growth.

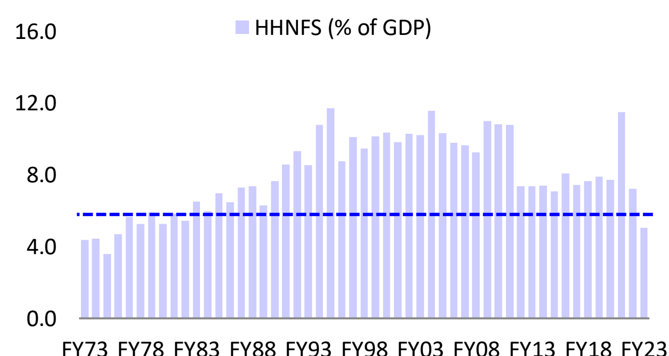
- We cut our FY24/25 ABV projections by 3%/4% and lower our PAT estimates by 5%/6%.
- We estimate a ~21% CAGR in net earnings over FY24-26, while RoA/RoE would expand to 2%/17%.
- We thus revise our TP to INR1,950 (premised on 2.7x FY25E ABV + INR206 from subs) and believe that a gradual recovery in growth and margins will enable improved stock performance. Retain BUY.

Household net financial savings at 47-year low in FY23

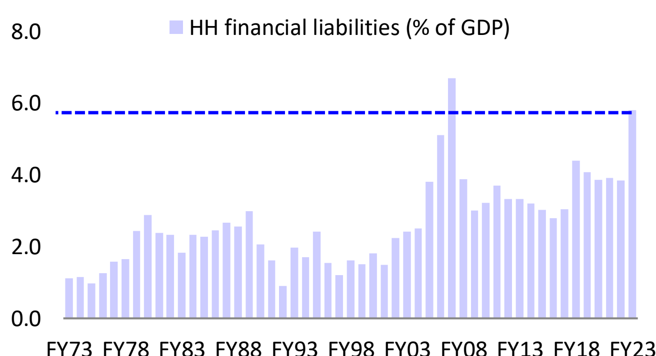
Household debt was up at 37.6% of GDP in FY23

- **According to the Reserve Bank of India (RBI), household net financial savings (HHNFS) collapsed to just 5.1% of GDP in FY23, marking the lowest level in 47 years since FY77. Moreover, it was revised down to 7.2% of GDP for FY22 as well, from 7.6% of GDP (and as much as 8.3% of GDP, as per RBI's first estimates released in Sep'22). The downward revision in FY22 is in line with our calculations and the deterioration in FY23 is worse than our estimates.**
- **HHNFS is a function of gross financial savings (GFS) and financial liabilities (FL). In line with our estimates, household financial borrowings in FY23 surged to 5.8% of GDP, the second-highest in the post-independence period (it was 6.7% of GDP in FY07).**
- **Accordingly, household debt was revised up to 36.9% of GDP in FY22 (from RBI's previous estimate of 35.6% of GDP) and it increased further to 37.6% of GDP, only second to 39.2% of GDP in FY21. As discussed earlier, details suggest that India's non-mortgage household debt is similar to that in other major economies such as the US, China, Japan, and Australia, while mortgage debt is among the lowest.**
- **Notably, household GFS was largely stable at ~11% of GDP in FY23 vs. FY22, which means that lower HHNFS was a clear result of a sharp jump in household borrowings last year. GFS has six major components – deposits, currency, insurance, pension & provident funds (P&PFs), capital market investments, and small savings. Deposits are, by far, the largest components of household GFS.**
- **There are a few important things to note in GFS: 1) the share of currency and small savings declined in FY23 (vs. FY22), while the share of deposits increased, 2) the share of capital market investments (called shares & debentures, S&D) has quadrupled to an average of 0.8% of GDP in the past seven years (FY17-FY23) from just 0.2% of GDP in the years prior to demonetization, 3) savings in P&PFs have been very stable at 2.4% of GDP for the last four years, the highest in the 21st century, and 4) as a mirror image to rising S&D, the share of deposits has averaged 4.3% of GDP in the past six years, compared to ~6% in the previous years.**
- **As discussed in our recent strategy note, weak income growth, coupled with robust consumption and investment growth (i.e., physical savings) can occur only if HHNFS declines significantly. This is exactly what has transpired.**
- **Notably though, such economic growth is highly unsustainable. In the current financial year, as nominal GDP growth is likely to be only ~8%, household income growth is also likely to be similar. If so, either consumption growth will be very weak or household investments will weaken substantially, since a further fall in HHNFS looks very difficult. Further, with a unanimous expectation of narrowing current account deficit (CAD), investments can increase only if savings rise faster.**
- **Not only this, HHNFS play a crucial role as they are the principal means for financing the fiscal deficit. If HHNFS fails to pick up, it will become increasingly challenging to fund narrowing fiscal deficit.**

Household NFS collapsed to just 5.1% of GDP, 47-year low in FY23…

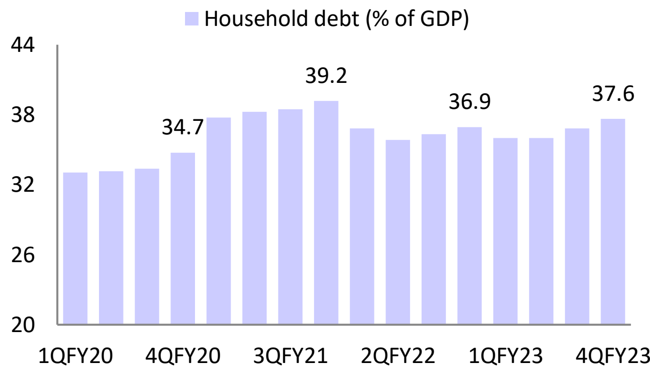


…as annual borrowings were at the second-highest level in the post-independence period

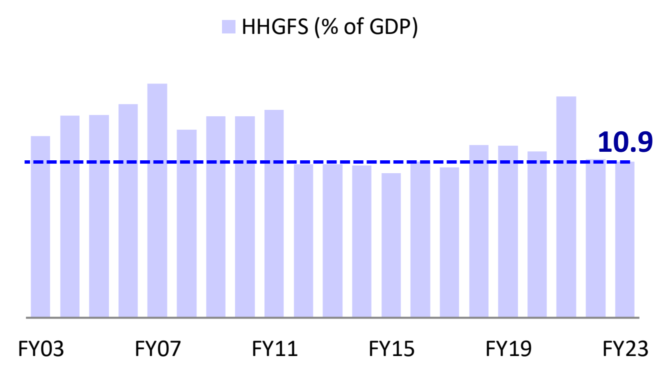


Source: RBI, CSO, MOFSL

Thus, household debt increased to 37.6% of GDP in FY23

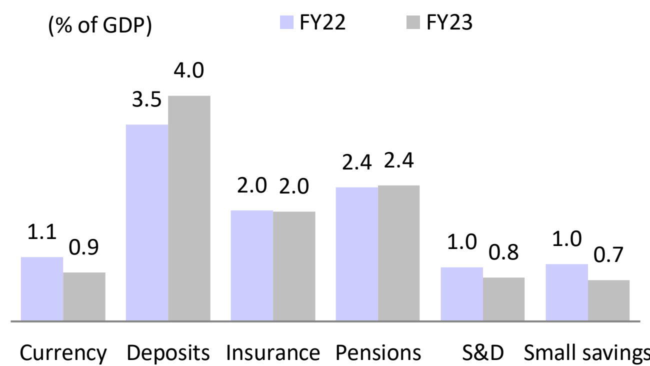


Household GFS was stable at 10.9% of GDP last year…

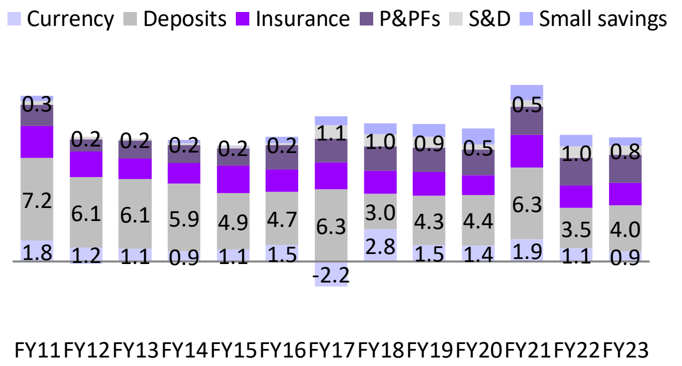


Source: RBI, CSO, MOFSL

…with higher deposits, but lower currency and small savings in FY23 vs. FY22



Share of capital market investments has risen in the past decade (% of GDP)



Source: RBI, CSO, MOFSL

Key components of HH financial savings

	INR t					% of GDP				
	FY19	**FY20**	**FY21**	**FY22E**	**FY23**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**
GFS	**22.6**	**24.1**	**30.6**	**26.0**	**29.6**	**12.0**	**12.0**	**15.4**	**11.1**	**10.9**
Deposits*	7.8	8.8	12.4	8.3	11.0	4.1	4.4	6.3	3.5	4.0
Currency	2.8	2.8	3.8	2.7	2.4	1.5	1.4	1.9	1.1	0.9
Insurance	3.9	3.7	5.7	4.7	5.3	2.1	1.9	2.9	2.0	2.0
P&PFs#	4.0	5.0	5.0	5.6	6.6	2.1	2.5	2.5	2.4	2.4
Investments@	1.7	1.0	1.2	2.3	2.1	0.9	0.5	0.6	1.0	0.8
Ow: MFs	1.5	0.6	0.6	1.6	1.8	0.8	0.3	0.3	0.7	0.7
Small savings	2.1	2.6	2.4	2.4	2.0	1.1	1.3	1.2	1.0	0.7
Financial liabilities	**7.7**	**7.7**	**7.8**	**9.0**	**15.8**	**4.1**	**3.9**	**3.9**	**3.8**	**5.8**
Bank loans	5.8	5.1	6.4	7.8	12.0	3.1	2.5	3.2	3.3	4.4
NBFCs	0.9	0.9	0.9	0.2	2.4	0.5	0.5	0.4	0.1	0.9
HFCs	0.7	0.1	0.5	1.0	1.2	0.3	0.0	0.3	0.4	0.4
NFS	**14.9**	**16.3**	**22.8**	**17.0**	**13.8**	**7.9**	**8.1**	**11.5**	**7.2**	**5.1**

*Scheduled commercial banks (SCBs), NBFCs, HFCS and co-operative banks

@ Including net flows into MFs and capital raised

Source: RBI, CSO, Various national sources, CEIC, MOFSL

BOB: Expect overall loan growth of 14-15% for FY24 with retail loan growth of over 20%; Joydeep Dutta, ED

- Net interest margin will be at 3.3% at FY24, flat YoY
- Expect overall loan growth of 14-15% for FY24 with retail loan growth of over 20%
- Expect downward trend in asset quality to continue
- See better growth rates in the festive season
- Penetration in the MSME segment w.r.t new credit enterprises remains low

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Bajaj Auto: Co should be touching 10,000 sales under the Triumph brand; Rajiv Bajaj, CEO

- By January 2024, should touch sale of 10,000 units under the triumph brand
- CNG 2 wheeler bike in the 100cc segments should be on cards
- Request finance minister to bring down GST on CNG vehicles to 18%
- More chetak products to be launched after this festive season
- In the premium segment, looking at total capacity of 35,000 motorcycles per month

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Mahindra Holidays: Company to build 4-5 resorts in Uttarakhand. ₹1,000 cr investment is on the way; Kavinder Singh, CEO

- Looking to break ground in 1-2 resorts in Uttarakhand this calendar year
- Company to build 4-5 resorts in Uttarakhand
- Rs. 1,000 Cr. is on the way, execution has started
- Build green filed large resorts in existing land parcel
- Engaged with at least 6-7 state governments for land parcel

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Spandana Sphoorty: Presented to board guidance of ₹17,000 cr of AUM by FY25; Shalabh Saxena, MD & CEO

- By FY24, AUM will be at Rs.12,000 Cr.
- Presented to board guidance of Rs. 17,000 Cr. of AUM by FY25
- Expect few PSU banks to come in and aid lowering cost of funds
- NIM will be comfortably at 13.75-14% levels
- Identified 7 states, where market share is miniscule, will be focus area of growth
- 12-13 lakhs customer base seen by FY24 vs 8.8 Lakh in FY23

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UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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