

Market snapshot

Equities - India	Close	Chg. %	CYTD.%
Sensex	71,595	0.2	-0.9
Nifty-50	21,783	0.3	0.2
Nifty-M 100	48,889	-0.9	5.9
Equities-Global	Close	Chg. %	CYTD.%
S&P 500	5,026	0.6	5.4
Nasdaq	15,991	1.2	6.5
FTSE 100	7,604	0.1	-1.7
DAX	16,979	0.1	1.4
Hang Seng	5,307	-1.0	-8.0
Nikkei 225	36,897	0.1	10.3
Commodities	Close	Chg. %	CYTD.%
Brent (US\$/Bbl)	84	-0.2	8.2
Gold (\$/OZ)	2,032	-0.1	-1.5
Cu (US\$/MT)	8,169	1.0	-3.5
Almn (US\$/MT)	2,216	1.1	-5.5
Currency	Close	Chg. %	CYTD.%
USD/INR	83.0	0.1	-0.2
USD/EUR	1.1	-0.1	-2.5
USD/JPY	149.4	0.0	5.9
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.1	0.03	-0.1
10 Yrs AAA Corp	7.6	0.00	-0.1
Flows (USD b)	9-Feb	MTD	CYTD
FII	-0.6	6.43	-3.2
DII	0.66	2.22	4.3
Volumes (INRb)	9-Feb	MTD*	YTD*
Cash	1,584	1528	1294
F&O	5,56,133	4,13,332	4,04,988

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research idea

Hero MotoCorp: Operating performance in line with estimates

- ❖ Hero MotoCorp (HMCL) posted an in-line operating performance in 3Q. HMCL expects double-digit revenue growth for the industry in FY25 and aims to outperform the industry with new launches. It expects an uptrend in margins from hereon, owing to benign input costs and improving mix.
- ❖ **Demand outlook**- Overall 2W industry revenue should grow in double digits in FY25 and HMCL expects to outperform the industry with its new launches, thereby implying market share gains. Industry growth is likely to be driven by the 125cc+ segment in FY25 as well.
- ❖ **Margins**: ICE margins stood at 16% in 3Q. The margin impact of EV sales was high in 3Q (200bp) due to the festive season and is likely to be at 100- 150bp in FY24. While input costs would remain stable, the management expects margins to be on a gradual uptrend with an improved mix.
- ❖ We maintain our FY24E EPS but increase our FY25E EPS by 10% to factor in better product mix and volume recovery. Reiterate our BUY rating on the stock with a TP of INR5,560 (18x Mar'26E EPS + INR235/INR198 for Hero FinCorp/Ather after 20% holding company discount).



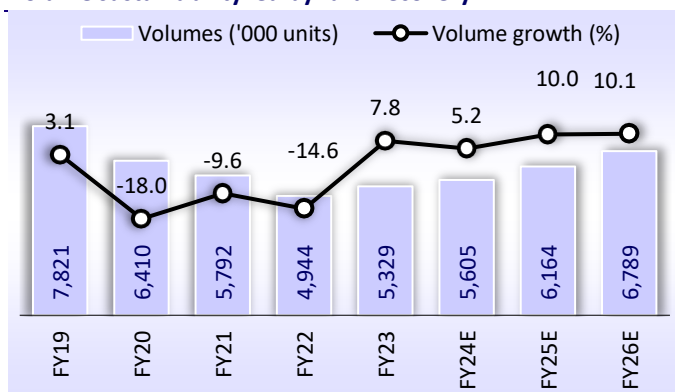
Research covered

Cos/Sector	Key Highlights
Hero MotoCorp	Operating performance in line with estimates
Life Insurance Corporation	Healthy improvement in VNB margin
Grasim	In-line performance of core segments; eyes on Paints rollout
Other updates	Divi's Lab Apollo Hospitals Zydus Lifesci. Alkem Lab MRF United Breweries Bandhan Bank Biocon Global Health The Ramco Cement Emami Sapphire Foods Campus Activewe. KNR Construct. ONGC Aurobindo Pharma P I Industries Multi Comm. Exc. Indigo Paints Vinati Organics UltraTech Cement Financial



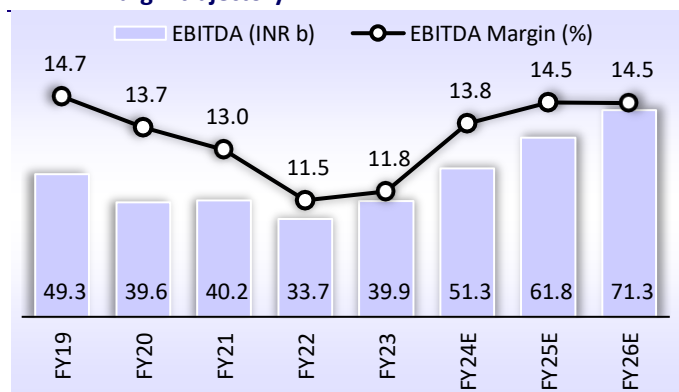
Chart of the Day: Hero MotoCorp (Operating performance in line with estimates)

Volume sustainability led by rural recovery



Source: Company, MOFSL

EBITDA margin trajectory



Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

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

Direct tax collection reaches 80% of revised FY24 target at Rs 15.60 lakh cr

Current fiscal's net direct tax collection surged 20% YoY to Rs 15.60 lakh crore, hitting 80% of revised full-year budget estimates.

2

Indian consumer electronics break boundaries; export surge to the US and Europe

Companies like Havells, Dixon, Voltas and Blue Star have said in their December quarter earnings call that they are forming a base for exports in the developed nations like the US.

3

Telecom licence fee collection rises 8.23% to Rs 5,326 cr in Sep 2023 quarter

In the September 2023 quarter, the government's collection of licence fees from telecom service providers rose by 8.23% year-on-year to Rs 5,326 crore, while spectrum usage charge (SUC) revenue decreased by about 40% to Rs 836 crore, as per the latest report from the Telecom Regulatory Authority of India (Trai).

4

Paytm gets merchants' backing; assures service continuity without disruption

Withdrawal or utilisation of balances by its customers from their accounts, including savings bank accounts, current accounts, prepaid instruments, FASTags, and National Common Mobility Cards, are to be permitted without any restrictions up to their available balance.

5

Paytm gets merchants' backing; assures service continuity without disruption

Withdrawal or utilisation of balances by its customers from their accounts, including savings bank accounts, current accounts, prepaid instruments, FASTags, and National Common Mobility Cards, are to be permitted without any restrictions up to their available balance.

6

Ginger Hotels, TajSATS to lead growth of Indian Hotel's new businesses

Indian Hotel Company (IHCL) plans to expand its new businesses, including Ginger Hotels and TajSATS, to 25% by the next few years. The value brand is expected to have a presence in all district headquarters.

7

ONGC posts 7.9 per cent fall in profit in Q3

The decline was also due to lower price realisation in the last quarter. Realisations fell 6.4% to \$81.59 per barrel. Gas prices, too, were lower by 24.2% at \$6.5 per mmBtu



Hero MotoCorp

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR4,909 TP: INR5,560 (+13%) Buy

Operating performance in line with estimates

Industry to see double-digit revenue growth in FY25

- Hero MotoCorp (HMCL) posted an in-line operating performance in 3Q. HMCL expects double-digit revenue growth for the industry in FY25 and aims to outperform the industry with new launches. It expects an uptrend in margins from hereon, owing to benign input costs and improving mix.
- We maintain our FY24E EPS but increase our FY25E EPS by 10% to factor in better product mix and volume recovery. **Reiterate our BUY rating on the stock with a TP of INR5,560** (18x Mar'26E EPS + INR235/INR198 for Hero FinCorp/Ather after 20% holding company discount).

EBITDA margin for ICE stood at ~16%

- 3QFY24 revenue/EBITDA/PAT grew 21%/47%/51% YoY to INR97.2b/INR13.6b/INR10.7b (vs. est. INR96.4b/INR13.4b/INR10.4b).
- 9MFY24 revenue/EBITDA/Adj. PAT grew 10%/34%/50% YoY.
- Net realization grew 3% YoY to INR66.6k (est. INR66k). Volumes grew 18% YoY.
- Gross margins improved 210bp YoY (+130bp QoQ) to 32.7% (est. 31.2%) due to benefits of RM cost softening.
- Despite higher other expenses (+20bp YoY/+120bp QoQ as % of sales), EBITDA margins improved 250bp YoY (-10bp QoQ) to 14% (est. 13.9%).
- EBITDA improved 47% YoY to INR13.6b (est. INR13.4b).
- Higher other income was slightly offset by higher depreciation, leading to adj. PAT growth of 51% YoY to INR10.7b (est. INR10.4b).
- The board approved an interim dividend of INR75 per share and a special dividend of INR25 per share. Total dividend is INR100 per share for FY24.

Highlights from the management commentary

- Demand outlook-** Overall 2W industry revenue should grow in double digits in FY25 and HMCL expects to outperform the industry with its new launches, thereby implying market share gains. Industry growth is likely to be driven by the 125cc+ segment in FY25 as well.
- Margins:** ICE margins stood at 16% in 3Q. The margin impact of EV sales was high in 3Q (200bp) due to the festive season and is likely to be at 100-150bp in FY24. While input costs would remain stable, the management expects margins to be on a gradual uptrend with an improved mix.

Valuation and view

- We expect recovery in domestic 2W demand to continue, led by stable demand in urban markets, better rural off-take, and a lower base of last year. New product launches in the growing 125cc segment and premium segment should augur well for HMCL. Moreover, stable RM prices and cost savings should drive a ~24% earnings CAGR over FY23-25E.
- HMCL is a pure play in the domestic 2W industry, with a stronghold in the 100cc motorcycle segment. It has low vulnerability to EVs as it garners just 7% volumes from scooters and its core 100cc motorcycle is less prone to EVs. The stock currently trades at ~24.6x/20.7x FY24E/FY25E EPS. Retain BUY with a TP of INR5,560 (18x Mar'26E EPS + INR235/INR198 for Hero FinCorp/Ather after 20% holding company discount).

Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USDb)	981.2 / 11.8
52-Week Range (INR)	4924 / 2246
1, 6, 12 Rel. Per (%)	18/49/70
12M Avg Val (INR M)	2170

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	338.1	370.6	426.8
EBITDA	39.9	51.3	61.8
EBITDA margin %	11.8	13.8	14.5
Adj. PAT	29.1	39.9	47.4
Adj. EPS (INR)	145.6	199.5	236.9
EPS Gr. (%)	17.7	37.0	18.8
BV/Sh. (INR)	836	909	1,006

Ratios

RoE (%)	17.9	22.9	24.7
RoCE (%)	17.6	22.5	24.3
Payout (%)	68.7	62.7	59.1

Valuations

P/E (x)	33.7	24.6	20.7
P/BV (x)	5.9	5.4	4.9
Div. Yield (%)	2.0	2.5	2.9
FCF Yield (%)	2.1	3.5	4.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	34.8	34.8	34.8
DII	28.1	29.2	27.3
FII	28.3	26.8	27.5
Others	8.8	9.9	10.5

FII Includes depository receipts

Quarterly Performance (S/A)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	3Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Total Volumes ('000 nos)	1,390	1,428	1,240	1,270	1,353	1,417	1,460	1,376	5,329	5,605	1,460
Growth YoY (%)	35.7	-0.7	-4.1	6.9	-2.7	-0.8	17.8	8.3	7.8	5.2	17.8
Net Realization	60,370	63,545	64,782	65,382	64,819	66,680	66,604	66,285	63,443	66,114	66,013
Growth YoY (%)	12.7	8.1	6.2	4.7	7.4	4.9	2.8	1.4	7.3	4.2	1.9
Net Op Revenues	83.9	90.8	80.3	83.1	87.7	94.5	97.2	91.2	338.1	370.6	96.4
Growth YoY (%)	53.0	7.4	1.9	11.9	4.5	4.1	21.1	9.8	15.6	9.6	20.0
RM Cost (% sales)	72.8	72.0	69.4	68.0	69.4	68.6	67.3	70.5	70.6	68.9	68.8
Staff Cost (% sales)	6.4	6.0	6.8	6.7	6.6	6.1	6.2	6.3	6.5	6.3	6.2
Other Exp (% sales)	9.6	10.6	12.3	12.3	10.3	11.2	12.5	9.7	11.2	11.0	11.1
EBITDA	9.4	10.4	9.2	10.8	12.1	13.3	13.6	12.3	39.9	51.3	13.4
Growth YoY (%)	82.7	-2.6	-3.7	30.9	28.2	27.9	47.4	13.6	0.0	0.0	45.2
EBITDA Margins (%)	11.2	11.4	11.5	13.0	13.8	14.1	14.0	13.5	11.8	13.8	13.9
Other Income	0.5	0.9	1.8	2.4	2.2	2.5	2.4	1.9	5.7	9.0	2
Interest	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0
Depreciation	1.6	1.6	1.6	1.7	1.7	1.7	1.8	1.8	6.6	7.1	2
PBT before EO Exp/(Inc)	8.2	9.6	9.4	11.5	12.5	14.0	14.2	12.3	38.7	53.0	13.8
Effective Tax Rate (%)	24.2	25.7	24.4	25.1	24.7	24.6	24.3	25.3	24.9	24.7	24.7
Adj. PAT	6.2	7.2	7.1	8.6	9.5	10.5	10.7	9.2	29.1	39.9	10.4
Growth (%)	70.9	-9.9	3.6	37.0	51.4	47.2	51.0	7.3	17.7	37.2	46.2

Key Performance Indicators

Y/E March	FY23				FY24E				FY23	FY24E	3Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Volumes ('000 units)	1,390.2	1,428.2	1,239.7	1,270.5	1,352.6	1,416.5	1,459.9	1,376.3	5,328.5	5,605.3	1,460
Growth (%)	35.7	-0.7	-4.1	6.9	-2.7	-0.8	17.8	8.3	1.2	1.2	17.8
Dom. 2W Mkt Sh (%)	35.7	29.7	31.3	34.3	31.8	29.7	29.6		32.5		
Net Realization	60,370	63,545	64,782	65,382	64,819	66,680	66,604	66,285	63,443	66,114	66,013
Growth YoY (%)	12.7	8.1	6.2	4.7	7.4	4.9	2.8	1.4	7.3	4.2	1.9
Cost Break-up											
RM Cost (% of sales)	72.8	72.0	69.4	68.0	69.4	68.6	67.3	70.5	70.6	68.9	68.8
Staff Cost (% of sales)	6.4	6.0	6.8	6.7	6.6	6.1	6.2	6.3	6.5	6.3	6.2
Other Cost (% of sales)	9.6	10.6	12.3	12.3	10.3	11.2	12.5	9.7	11.2	11.0	11.1
Gross Margins (%)	27.2	28.0	30.6	32.0	30.6	31.4	32.7	29.5	29.4	31.1	31.2
EBITDA Margins (%)	11.2	11.4	11.5	13.0	13.8	14.1	14.0	13.5	11.8	13.8	13.9
EBIT Margins (%)	9.3	9.6	9.5	11.0	11.8	12.2	12.1	11.5	9.8	11.9	12.1

E:MOFSL Estimates



Life Insurance Corporation

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR1,081 TP: INR1,270 (+18%) Buy

Healthy improvement in VNB margin

New product launches support growth in the non-par segment

Bloomberg	LICI IN
Equity Shares (m)	6325
M.Cap.(INRb)/(USDb)	6836.4 / 82.3
52-Week Range (INR)	1175 / 530
1, 6, 12 Rel. Per (%)	29/57/55
12M Avg Val (INR M)	1768

- Life Insurance Corporation (LIC)'s PAT for 9MFY24 was INR269b (3QFY24 at INR94b). PAT for 9MFY24 was not comparable to 9MFY23, as the last year's PAT included an amount of INR45b (net of tax) pertaining to the accretions on available solvency margin, which was transferred from the non-par fund to the shareholders account.
- Net premium grew 5% YoY to INR1.17t in 3QFY24. Market share in premium dropped to 58.9% in 9MFY24 from 68.4% in 9MFY23.
- VNB (net) grew 46% YoY to INR26.34b in 3QFY24, whereas in 9MFY24 VNB (net) grew 8.4% YoY to INR59.4b. This led to a growth in the VNB margin (net) to 20% in 3QFY24 and 16.6% in 9MFY24. The change in product mix led to an improvement in margins.
- Net margin in the Individual Par segment came in at 10.3% for 9MFY24 vs. 11% in 9MFY23. For the Non-Par segment, net margins improved to 63.8% vs. 63.6% in 9MFY23. In the group segment, net margin declined to 12.3% vs. 14.3% in 9MFY23.
- We have raised our VNB estimates to factor in the increase in VNB margins. We have also raised our EV estimates due to better-than-expected equity market returns. **Reiterate BUY with a TP of INR1,270 (based on 0.8x FY26E EV).**

Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Net Premiums	4,611	4,926	5,310
Surplus / Deficit	299.8	342.7	413.4
Sh. PAT	370.0	388.1	425.5
NBP gr- unwtd (%)	(15.0)	10.0	10.0
NBP gr - APE (%)	(7.0)	14.2	10.0
Premium gr (%)	(2.7)	6.8	7.8
VNB margin (%)	17.0	18.5	19.0
Op RoEV (%)	11.1	10.7	10.7
Total AUMs (INR t)	50.3	57.2	65.7
VNB (INR b)	94.0	114.8	129.7
EV per share	1,108	1,248	1,402

Valuations

P/EV (x)	1.0	0.9	0.8
P/EVOP (x)	10.8	9.3	8.3

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	45.2	45.2	45.2
DII	21.8	21.8	22.9
FII	21.6	21.0	19.1
Others	11.4	12.6	12.7

FII Includes depository receipts

APE share of non-par segment improves

- In 3QFY24, LIC's renewal/single premium rose 4%/10% YoY to INR624b/ INR464b, whereas its first year premium declined 13% YoY to INR84.3b. For 9MFY24, the total individual premium/total group premium came in at INR2.09t/ INR1.13t.
- On the distribution front, the share of agency channels stood at 95.3% in 3QFY24. On a YoY basis, the share of banca channel improved to 4.2% in 3QFY24 from 3.7% in 3QFY23.
- For 9MFY24, the 13th/25th/61st month persistency came in at 78%/ 71.9%/62.4%.
- AUM increased to INR49.7t as of 3QFY24 from INR44.3t in 3QFY23, reporting an increase of 12% YoY and 5% QoQ.
- In 9MFY24, the share of PAR/ULIP/term products on APE basis moderated YoY to 56.4%/2.0%/0.4%. The share of individual savings/annuity/group segment on APE basis increased YoY to 4.0%/2.8%/34.3%.

Highlights from the management commentary

- New product launches introduced in 9MFY24 were: LIC's Group Post-Retirement Medical Benefit, LIC's Dhan Vriddhi, LIC's Jeevan Kiran and LIC's Jeevan Utsav (collected premium of more than INR10b). These products are highly competitive and are gaining traction. LIC believes that the VNB margin is sustainable.

- LIC will focus more on alternate channels, considering its current share of less than 1%. The banca channel has witnessed a strong growth, and that is expected to continue.
- Margins in the Par segment have declined slightly. The movement in risk-free rates has also impacted this decline. LIC has repriced the annuity products twice this year, which has impacted its VNB margin.

Valuation and view

LIC has the levers in place to maintain its industry-leading position and ramp-up growth in the highly profitable product segments (mainly Protection, Non-PAR, and Savings Annuity). However, changing gears for such a vast organization require a superior and well-thought-out execution plan. We expect LIC to deliver a 6% CAGR in APE over FY23-26, thus enabling a 12% VNB CAGR. However, we expect operating RoEV to remain modest at 10.7% in FY26, given its lower margin profile than private peers and a large EV base. Considering the gradual recovery in margin and diversification in the business mix, we have raised our VNB estimates to factor in the increase in VNB margins. We have also raised our EV estimates owing to better than expected equity market returns. **Reiterate BUY with a TP of INR1,270 (based on 0.8x FY26E EV).**

Quarterly performance

Policy holder's A/c (INRb)	(INR b)							
	FY23				FY24			FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
First year premium	74.3	91.2	97.2	128.1	68.1	99.9	84.3	375.3
Growth (%)	46%	11%	11%	-12%	-8%	9%	-13%	-4%
Renewal premium	502.6	561.6	601.9	760.1	536.4	596.4	624.3	2,563.5
Growth (%)	9%	2%	6%	7%	7%	6%	4%	6%
Single premium	408.0	669.0	421.2	431.4	380.6	378.5	463.6	1,678.8
Growth (%)	34%	62%	31%	-26%	-7%	-43%	10%	-13%
Net premium income	983.5	1,321.0	1,117.9	1,317.6	983.6	1,074.0	1,170.2	4,610.7
Growth (%)	20%	27%	15%	-8%	0%	-19%	5%	-3%
PAT	6.8	159.5	63.3	134.3	95.4	79.3	94.4	370.0
Growth (%)	NM	NM	NM	NM	NM	NM	49%	
Key metrics (INRb)								
New business APE	102.7	149.6	123.2	191.4	106.4	119.9	131.6	543.1
Growth (%)	NA	NA	NA	NA	4%	-20%	7%	-7%
VNB	14.0	22.8	18.0	37.0	14.6	18.5	26.3	94.0
Growth (%)	NA	NA	NA	NA	4%	-19%	46%	3%
AUM (INRt)	41.0	42.9	44.3	44.0	46.1	47.4	49.7	50.3
Growth (%)	8%	NA	11%	8%	12%	10%	12%	14%
Key Ratios (%)								
VNB Margins (%)	13.6	15.2	14.6	19.4	13.7	15.4	20.0	17.0
Solvency ratio (%)	188.5	188.0	185.0	187.0	189.0	190.0	193.0	242.4



Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR2,169 TP: INR2,670 (+23%) Buy

In-line performance of core segments; eyes on Paints rollout...

...by the end of 4QFY24

Bloomberg	GRASIM IN
Equity Shares (m)	657
M.Cap.(INRb)/(USDb)	1444.8 / 17.4
52-Week Range (INR)	2182 / 1521
1, 6, 12 Rel. Per (%)	4/7/11
12M Avg Val (INR M)	1197

Financial Snapshot (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	253.4	290.7	311.8
EBITDA	23.7	27.5	35.4
Adj. PAT	15.6	13.2	16.4
EBITDA Margin (%)	9.4	9.4	11.4
S/A Adj. EPS (INR)	23.7	20.1	24.1
S/A EPS Gr. (%)	(25.5)	(15.2)	20.0
Consol EPS (INR)	94.3	96.0	105.6
BV/Sh. (INR)	737.7	769.5	796.6

Ratios

Net D:E	0.1	0.2	0.1
RoE (%)	4.6	2.9	3.8
RoCE (%)	5.9	5.3	6.3

Valuations

P/E (x)	91.6	108.0	90.0
EV/EBITDA (x)	4.2	3.7	2.8
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	(2.7)	(1.7)	(0.3)

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	42.8	42.8	42.8
DII	16.7	16.9	16.5
FII	16.8	16.4	16.8
Others	23.8	23.9	24.0

FII Includes depository receipts

- Grasim's 3QFY24 EBITDA was ~10% below our estimates, primarily due to higher losses (up INR470m QoQ to INR900m) in the new businesses (Birla Pivot and Paints) and the insulator segment. EBITDA for the VSF/Chemical segments was 5%/4% above our estimates. The VSF segment posted an EBITDA/kg of INR18.7 (est. INR17.6), while the Chemical segment clocked an OPM of 13.2% (est. 12.3%) during the quarter. The lower tax rate resulted in a 47% YoY growth in adjusted profit to INR2.4b (vs. estimate of INR2.0b).
- Management indicated that the margin in the VSF segment is stable. Even though the caustic soda price is declining, global prices are likely to bottom out soon, and then prices should remain stable or rise. The losses in the Paints and B2B businesses were higher due to the rise in employee strength.
- We largely retain our EPS estimates for FY24-26. **Reiterate BUY** with a TP of INR2,670 as we value its: 1) holding in subsidiary companies by assigning a discount of 40%; 2) standalone business at 7x EV/EBITDA, and 3) Paints business at 1x of investments.

Low base helps VSF segment; margin contracts in the Chemical segment

- Grasim's standalone revenue/EBITDA/Adj. PAT stood at INR64.0b/INR5.2b/INR2.4b, (+3%/+10%/+47% YoY and -1%/-10%/+19% vs. our est.) in 3QFY24.
- Sales volume in the VSF segment rose 32% YoY, while blended realization dipped 11% YoY. Lower costs led to EBITDA growth of 6.4x YoY (on a low base) to INR4b. OPM surged 9pp YoY to 10.8%. EBITDA/kg stood at INR19 vs. INR4/INR21 in 3QFY23/2QFY24.
- The Chemical segment's volumes rose 5% YoY, though realization was down 27% YoY (ECU realization dipped 33% YoY). Lower realization offset the benefits of lower costs, and EBITDA declined 23% YoY to INR20b. OPM dipped 5.7pp YoY to 13.2%.
- In 9MFY24, revenue declined 6% YoY, while EBITDA dropped 35% YoY to INR17.9b as the Chemical segment's EBITDA was down 55%. OPM dipped 4.3pp YoY to 9.4% as the Chemical segment's OPM dropped 10pp YoY to 14%. Adjusted profit was down 31% YoY to INR13.9b during the period.

Highlights from the management commentary

- Grasim raised the capacity of specialty chemicals (Epoxy) to 246KTPA from 123KTPA earlier. This will enable the company to meet the growing demand in value-added products and specialty chemicals.
- VSF plants' operating rate in China improved to 88% vs. 85% in 2QFY24, with a decline in inventory days (10 days vs. 12 in 2QFY24). The realization was further hurt by cheaper imports from China. VFY sales (applied in embroidery and home furnishing) witnessed lower demand in 3QFY24.
- Trial production of Paints has started at three plants; Ludhiana, Cheyyar, and Panipat. The brand architecture under Birla Opus is complete, and the full range of products will be launched in FY25E.

Valuation and view

- The VSF segment’s margin is expected to remain stable, and caustic soda prices appear to be bottoming out. Grasim will benefit from the capacity expansion of Epoxy, where margins are better than caustic soda. This would help improve the margin of the chemical segment. The company has started a trial run of the paint plants at three locations and is geared up to launch its Paints brand by Mar’24. Management has successfully completed the Rights issue of INR40b with an oversubscription of nearly 2x.
- We largely retain our EPS estimates for FY24-26. **Reiterate BUY** with a TP of INR2,670 as we value its: 1) holding in subsidiary companies by assigning a discount of 40%; 2) standalone business at 7x EV/EBITDA, and 3) Paints business at 1x of investments.

Quarterly Performance (S/A)

(INR m)

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE						
Net Sales	72.5	67.5	62.0	66.5	62.4	64.4	64.0	62.6	268.4	253.4	64.5	(1)	3	(1)
YoY Change (%)	92.8	36.7	7.1	4.2	(14.0)	(4.5)	3.3	(5.8)	28.7	(5.6)	4.2			.
EBITDA	13.2	9.6	4.8	4.3	6.7	5.9	5.2	5.8	31.8	23.7	5.8	(10)	10	(12)
Margins (%)	18.2	14.2	7.7	6.4	10.8	9.2	8.2	9.3	11.8	9.4	9.0	(81)	46	(105)
Depreciation	2.6	2.7	2.8	3.0	2.9	2.9	3.0	3.1	11.0	11.9	3.0	(0)	8	2
Interest	0.9	0.9	0.9	1.1	1.1	1.1	1.1	1.1	3.7	4.3	1.1	(3)	20	0
Other Income	0.4	7.6	1.0	1.2	1.2	7.6	1.2	1.3	10.2	11.2	1.1	6	17	(84)
PBT before EO Items	10.2	13.6	2.2	1.4	4.0	9.6	2.4	2.9	27.3	18.8	2.8	(16)	11	(75)
Extraordinary Inc/(Exp)	-	(0.9)	-	-	-	-	-	-	(0.9)	-	-			
PBT after EO Items	10.2	12.7	2.2	1.4	4.0	9.6	2.4	2.9	26.5	18.8	2.8	(16)	11	(75)
Tax	2.1	3.1	-0.4	0.4	0.4	1.6	0.0	1.2	5.2	3.2	0.9			
Rate (%)	20.9	24.2	(19.7)	30.9	10.2	16.8	1.2	40.0	19.7	17.0	30.0			
Reported PAT	8.1	9.6	2.6	0.9	3.6	7.9	2.4	1.7	21.2	15.6	2.0	19	(8)	(70)
Prior period tax/DTL reversal	-	-	(1.0)	-	-	-	-	-	(1.0)	-	-			
Adj. PAT	8.1	10.3	1.6	0.9	3.6	7.9	2.4	1.7	20.9	15.6	2.0	19	47	(70)
Margins (%)	11.1	15.3	2.6	1.4	5.7	12.3	3.7	2.8	7.8	6.2	3.1			
YoY Change (%)	81.3	8.8	(67.1)	(73.2)	(56.1)	(22.9)	46.9	85.4	(6.2)	(25.5)	23.7			

Segmental performance

(INR b)

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE						
VSF Segment														
Sales Volume (ton)	207	182	164	203	196	221	215	217	756	850	217	(1)	32	207
YoY Change (%)	73.2	9.5	(3.8)	6.4	(5.3)	21.6	31.7	7.0	16.9	12.5				73.2
Blended realization (INR/kg)	207	215	195	185	183	176	173	178	200	177	173	(0)	(11)	207
Net Sales (INR m)	43.0	39.0	31.8	37.6	35.8	38.9	37.1	38.6	151.5	150.4	37.5	(1)	17	43.0
YoY Change (%)	104.5	29.9	(4.6)	(0.1)	(16.7)	(0.4)	16.8	2.5	24.1	(0.7)				104.5
EBITDA (INR m)	5.0	3.2	0.6	1.4	3.9	4.7	4.0	4.4	10.3	17.0	3.8	5	538	5.0
EBITDA (%)	11.6	8.3	2.0	3.8	10.9	12.0	10.8	11.5	6.8	11.3	10.2	66	884	11.6
EBITDA/kg (INR)	24.1	17.8	3.9	7.1	19.9	21.2	18.7	20.5	13.6	20.1	17.6	6	385	24.1
Chemical Segment														
Sales Volume (ton)	278	296	284	286	292	306	299	303	1,144	1,200	300	(0)	5	(2)
YoY Change (%)	16.3	16.5	1.8	4.4	5.0	3.4	5.3	5.9	9.6	4.9				
Blended realization (INR/kg)	98	92	91	84	73	65	67	67	91	68	69	(3)	(27)	3
Net Sales (INR m)	27.3	27.1	25.8	24.0	21.5	19.9	20.0	20.4	104.2	81.7	20.7	(4)	(23)	0
YoY Change (%)	90.3	66.5	10.5	(3.6)	(21.5)	(26.6)	(22.7)	(14.8)	32.1	(21.6)				
EBITDA (INR m)	8.1	6.1	4.9	3.7	3.6	2.4	2.6	3.0	22.7	11.6	2.5	4	(46)	12
EBITDA (%)	29.5	22.5	18.9	15.3	16.7	11.9	13.2	14.5	21.8	14.1	12.3	90	(567)	136



Divi's Laboratories

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR3,652 TP: INR3,440 (-6%) Neutral

Custom synthesis drives earnings

Work in progress to enhance peptide opportunity

- Divi's Lab (DIVI) delivered lower-than-estimated earnings in 3QFY24. Its custom synthesis (CS) business has witnessed revival during the quarter, aided by two major contracts with innovator. However, its API business continues to be impacted by reduced pricing. The pricing effect was marginally offset by higher volume off-take.
- We cut our estimates by 7%/4%/4% for FY24/FY25/FY26, factoring in a) pricing pressure in API segment, b) subdued performance in nutraceutical segment, and c) scope of increased freight costs due to the Red Sea issue. We value DIVI at 36x 12M forward earnings to arrive at a TP of INR3,440.
- DIVI is progressing well with respect to the CDMO opportunity for GLP-1 products. It is currently showcasing its capabilities to an innovator customer and also has capacity if required for this customer. Further, it is also working to add new molecules in API segment. However, at 48x FY25E EPS of INR77 and 39x FY26E EPS of INR94, we believe the valuation adequately factors in a 29% earnings CAGR over FY24-26. Maintain Neutral.

Segment mix benefit offset by lower operating leverage to some extent

- DIVI's 3QFY24 revenues grew 9% YoY to INR18.5b (our est: INR20.3b).
- The revenue share of generics/CDMO stood at 54%/46% in 3QFY24. CS grew 25% YoY to INR8.5b, while generics/nutraceuticals declined 2%/4% YoY to INR8.5b/INR1.5b.
- Gross margin expanded 400bp YoY/210bp QoQ to 60.7% due to a change in product mix. The QoQ improvement in gross margin was led by increased business from CS segment and lower raw material costs.
- However, EBITDA margin expanded at a lower rate by 250bp YoY to 26.4% (our est: 27.8%), largely due to higher gross margin, which was offset by higher employee costs/other expenses (+40bp/110bp as % of sales).
- As a result, EBITDA grew 20% YoY to INR4.9b (our est: INR5.6b).
- Adjusted for INR180m in forex gains, PAT grew 26% YoY to INR3.4b (our est: INR4b).
- In 9MFY24, revenue/EBITDA/PAT declined 5%/21%/25% YoY to INR55.4b/INR14.9b/INR10.6b. Moreover, EBITDA margin declined 540bp YoY to 26.9%.

Highlights from the management commentary

- 3QFY24 included certain business from two major contracts from an innovator customer, which boosted CS segment growth. DIVI expects this business to scale up in the coming quarters. The products are under patent and thus provide good visibility for the business.
- DIVI has the capability to develop protected amino acids and is working with innovators to improve business prospects.
- DIVI has a capacity that can be allocated for GLP1 products after qualification by customers.

Bloomberg	DIVI IN
Equity Shares (m)	265
M.Cap.(INRb)/(USDb)	969.6 / 11.7
52-Week Range (INR)	4074 / 2730
1, 6, 12 Rel. Per (%)	-9/-13/8
12M Avg Val (INR M)	1697

Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	76.1	87.6	100.9
EBITDA	20.9	26.9	31.9
Adj. PAT	15.0	20.6	24.9
EBIT Margin (%)	22.4	26.2	27.5
Cons. Adj. EPS (INR)	56.5	77.4	93.8
EPS Gr. (%)	-12.9	36.9	21.1
BV/Sh. (INR)	519.8	573.2	637.9

Ratios

Net D:E	-0.4	-0.3	-0.3
RoE (%)	11.3	14.2	15.5
RoCE (%)	11.3	14.2	15.5
Payout (%)	30.8	31.0	31.0

Valuations

P/E (x)	64.6	47.2	38.9
EV/EBITDA (x)	44.2	34.2	28.8
Div. Yield (%)	0.4	0.5	0.7
FCF Yield (%)	0.7	0.4	0.7
EV/Sales (x)	12.1	10.5	9.1

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	51.9	51.9	51.9
DII	21.9	21.8	20.7
FII	14.9	14.6	15.2
Others	11.3	12.1	12.2

FII Includes depository receipts

Qtr Performance												(INR m)
Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	22,545	18,545	17,077	19,508	17,780	19,090	18,550	20,692	77,675	76,112	20,331	-8.8
YoY Change (%)	15.0	-6.7	-31.5	-22.5	-21.1	2.9	8.6	6.1	-13.3	-2.0	19.1	
Total Expenditure	14,078	12,335	12,994	14,590	12,740	14,100	13,660	14,757	53,997	55,257	14,679	
EBITDA	8,467	6,210	4,083	4,918	5,040	4,990	4,890	5,935	23,678	20,855	5,652	-13.5
YoY Change (%)	-0.6	-24.7	-62.9	-55.5	-40.5	-19.7	19.8	20.7	-39.0	-11.9	38.4	
Margins (%)	37.6	33.5	23.9	25.2	28.3	26.1	26.4	28.7	30.5	27.4	27.8	
Depreciation	837	857	868	870	930	950	950	990	3,432	3,820	960	
EBIT	7,630	5,353	3,215	4,048	4,110	4,040	3,940	4,945	20,246	17,035	4,692	-16.0
YoY Change (%)	-2.0	-28.4	-68.5	-60.4	-46.1	-24.5	22.5	22.2	-43.3	-15.9	45.9	
Interest	0	0	1	2	0	10	0	0	7	10	5	
Other Income	320	492	674	662	810	750	770	791	2,150	3,121	710	
PBT before EO Income	7,950	5,845	3,888	4,707	4,920	4,780	4,710	5,735	22,390	20,145	5,397	
Forex gain /(Loss)	564	308	467	-42	30	-90	180	0	1,297	120	0	
PBT	8,514	6,153	4,354	4,665	4,950	4,690	4,890	5,735	23,687	20,265	5,397	-9.4
Tax	1,493	1,216	1,288	1,455	1,360	1,210	1,310	1,288	5,453	5,168	1,349	
Rate (%)	17.5	19.8	29.6	31.2	27.5	25.8	26.8	22.5	23.0	25.5	25.0	
PAT	7,021	4,937	3,066	3,210	3,590	3,480	3,580	4,445	18,234	15,095	4,048	-11.6
Adj. PAT	6,556	4,690	2,738	3,239	3,568	3,547	3,448	4,445	17,222	15,008	4,048	-14.8
YoY Change (%)	2.6	-23.9	-67.2	-61.5	-45.6	-24.4	25.9	37.2	-41.2	-12.9	47.8	
Margins (%)	31.1	26.6	18.0	16.5	20.2	18.2	19.3	21.5	23.5	19.8	19.9	
Adj. EPS	24.7	17.7	10.3	12.2	13.4	13.4	13.0	16.7	64.9	56.5	15.2	

Qtr Performance											
Y/E March	FY23				FY24E				FY23	FY24E	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Cost Break-up											
RM Cost (% of Sales)	36.0	36.4	43.3	42.4	38.7	41.4	39.3	38.6	39.3	39.5	40.5
Staff Cost (% of Sales)	10.9	12.5	14.0	13.2	14.8	13.9	14.4	13.3	12.6	14.1	13.4
Other Expenses(% of Sales)	15.5	17.6	18.8	19.2	18.2	18.5	19.9	19.3	17.6	19.0	18.3
Tax rate (%)	17.5	19.8	29.6	31.2	27.5	25.8	26.8	25.9	23.0	25.5	25.0
Gross Margins(%)	64.0	63.6	56.7	57.6	61.3	58.6	60.7	61.4	60.7	60.5	59.5
EBITDA Margins(%)	37.6	33.5	23.9	25.2	28.3	26.1	26.4	28.7	30.5	27.4	27.8
EBIT Margins(%)	33.8	28.9	18.8	20.7	23.1	21.2	21.2	23.9	26.1	22.4	23.1



Apollo Hospitals

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR6,437 **TP: INR7,400 (+15%)** **Buy**

Better realization drives healthcare performance

Healthco achieves break-even in 3Q

Bloomberg	APHS IN
Equity Shares (m)	139
M.Cap.(INRb)/(USDb)	925.6 / 11.1
52-Week Range (INR)	6474 / 4078
1, 6, 12 Rel. Per (%)	10/18/25
12M Avg Val (INR M)	2289

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	188.9	214.6	250.9
EBITDA	23.8	27.9	36.1
Adj. PAT	9.3	13.8	19.4
EBIT Margin (%)	12.6	13.0	14.4
Cons. Adj. EPS (INR)	64.5	95.7	135.2
EPS Gr. (%)	33.9	48.4	41.3
BV/Sh. (INR)	506.1	599.0	732.7

Ratios

Net D:E	0.1	-0.1	-0.3
RoE (%)	14.0	17.9	21.0
RoCE (%)	13.9	17.1	20.3
Payout (%)	9.1	6.1	4.3

Valuations

P/E (x)	99.8	67.2	47.6
EV/EBITDA (x)	39.5	33.1	25.0
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	1.0	2.1	2.6
EV/Sales (x)	5.0	4.3	3.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	29.3	29.3	29.3
DII	19.1	18.8	16.8
FII	46.3	46.2	47.9
Others	5.3	5.5	5.9

FII Includes depository receipts

- Apollo Hospitals (APHS) delivered marginally better-than-expected performance for 3QFY24. Healthy growth in ARPOB/in-patient volume and EBITDA break-even in Healthco (digital health and pharmacy distribution) has led to superior profitability despite 3Q traditionally considered to be a seasonally weaker quarter.
- We raise our earnings estimate by 3%/2% for FY25/FY26, factoring a) the faster turnaround of the Apollo 24/7 business, b) initiatives aimed at enhancing occupancy rates, and c) tariff hikes in the institutional patient category. We value APHS on SOTP basis (27x 12M forward EV/EBITDA for healthcare services, 12x 12M forward EV/EBITDA for backend pharmacy, 20x 12M forward EV/EBITDA for front-end pharmacy, 2x EV/sales for Apollo 24/7 and 25x EV/EBITDA for AHLL) to arrive at a price target of INR7,400.
- APHS is implementing efforts across segments – adding 2K beds over the next three years, improving payor mix to drive better ARPOB, and building tailwinds for GMV growth as well as improve operational efficiency. This would drive 15%/23% revenue/EBITDA CAGR over FY24-26. We reiterate our BUY rating on the stock.

ARPOB growth/improved traction in Healthco drives overall margins

- APHS 3QFY24 revenues grew 14% YoY to INR48.5b (est. INR47b).
- EBITDA margin expanded 80bp YoY to 12.7% (our est: 12.6%) due to lower employee/other expenses (down 60bp/40 YoY as a percentage of sales) offset by higher RM cost (+20 bp YoY as a percentage of sales).
- EBITDA grew 21% YoY to INR6.1b (our est: INR5.9b).
- Adj. PAT grew 60% YoY to INR2.5b (our est: INR2.4b).
- In 9MFY24, Revenue/EBITDA/PAT grew 15%/12%/24% YoY to INR141b/INR17.5b/INR6.4b.
- Hospital segment revenue grew 12% YoY to INR24.6b, driven by volume growth of 7.7% YoY and price/case mix growth of 4.3% YoY.
- Hospital segment EBITDA margin contracted 90bp YoY to 23.8%.
- HealthCo revenue grew 17% YoY to INR20.5b during the period.
- AHLL's revenue grew 8% YoY to INR3.4b.

Highlights from the management commentary

- APHS guided for GMV to grow 75% YoY to INR28b for FY24. It expects 60-70% YoY growth in GMV in FY25. 3Q has been an exceptional period in terms of GMV and we anticipate improvements going forward.
- APHS remains confident of achieving 14% YoY growth in revenue in healthcare services in FY24. It expects to achieve 15% YoY growth in healthcare services revenue in FY25.
- With health-co EBITDA break-even in 3QFY24, it expects Apollo 24/7 to achieve EBITDA break even in six to eight quarters.

Consolidated - Quarterly Earning Model

(INRm)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E vs Est	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Gross Sales	37,956	42,511	42,636	43,022	44,178	48,469	48,506	47,769	166,124	188,922	47,092	3.0%
YoY Change (%)	0.9	14.4	17.2	21.3	16.4	14.0	13.8	11.0	13.3	13.7	10.5	
Total Expenditure	33,049	36,857	37,582	38,141	39,088	42,194	42,369	41,467	145,628	165,118	41,158	
EBITDA	4,908	5,654	5,054	4,881	5,090	6,275	6,137	6,302	20,496	23,804	5,934	3.4%
YoY Change (%)	-5.6	-8.1	-13.9	5.4	3.7	11.0	21.4	29.1	-6.2	16.1	17.4	
Margins (%)	12.9	13.3	11.9	11.3	11.5	12.9	12.7	13.2	12.3	12.6	12.6	
Depreciation	1,478	1,550	1,534	1,591	1,669	1,634	1,670	1,657	6,152	6,630	1,590	
Interest	927	927	1,000	954	1,062	1,113	1,126	1,013	3,808	4,314	1,120	
Other Income	161	226	354	164	282	222	278	314	903	1,096	250	
PBT before EO expense	2,663	3,402	2,874	2,500	2,641	3,750	3,619	3,946	11,439	13,956	3,474	4.2%
Extra-Ord expense/(Income)	0	0	0	0	0	-19	0	0	0	-19	0	
PBT	2,663	3,402	2,874	2,500	2,641	3,769	3,619	3,946	11,439	13,975	3,474	4.2%
Tax	-695	1,142	1,035	1,080	966	1,300	1,089	838	2,562	4,193	973	
Rate (%)	-26.1	33.6	36.0	43.2	36.6	34.5	30.1	21.2	22.4	30.0	28.0	
Minority Interest & Profit/Loss of Asso. Cos.	187	220	303	-25	9	140	77	274	687	500	140	
Reported PAT	3,171	2,040	1,535	1,445	1,666	2,329	2,453	2,835	8,190	9,283	2,361	3.9%
Adj PAT	1,623	2,040	1,535	1,725	1,666	2,317	2,453	2,835	6,923	9,269	2,361	3.9%
YoY Change (%)	-43.2	-23.7	-36.9	-5.3	2.6	13.6	59.8	64.3	-29.3	33.9	53.8	
Margins (%)	4.3	4.8	3.6	4.0	3.8	4.8	5.1	5.9	4.2	4.9	5.0	

E: MOFSL Estimates

Key performance Indicators (Consolidated)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E vs Est	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Hospital Revenue (Mature) (INRm)	14,466	15,920	15,422	15,185	15,845	17,500	17,245	17,385	60,993	67,975	16,656	3.5%
YoY Growth (%)	14.1	9.3	9.2	18.4	9.5	9.9	11.8	14.5	12.5	11.4	8.0	
Hospital Revenue (New) (INRm)	5,768	6,725	6,522	6,761	7,092	7,972	7,391	6,936	25,775	29,391	7,488	-1.3%
YoY Growth (%)	-8.0	1.3	16.8	27.1	23.0	18.5	13.3	2.6	8.2	14.0	14.8	
Back end distribution (INRm)	14,792	16,683	17,578	17,992	18,054	19,454	20,493	19,984	67,045	77,985	19,512	5.0%
YoY Growth (%)	-2.2	42.9	34.5	30.9	22.1	16.6	16.6	11.1	25.1	16.3	11.0	
AHLL Revenue (INRm)	2,930	3,183	3,114	3,084	3,187	3,542	3,377	3,465	12,311	13,571	3,436	-1.7%
YoY Growth (%)	-5.2	-16.5	-0.6	-0.2	8.8	11.3	8.4	12.4	-6.2	10.2	10.3	
Cost Break-up												
Gross Margin (%)	48.6	48.9	48.0	48.1	48.7	49.3	47.8	50.7	48.4	49.1	49.1	
EBITDA Margin (%)	12.9	13.3	11.9	11.3	11.5	12.9	12.7	13.2	12.3	12.6	12.6	
PAT Margin (%)	4.3	4.8	3.6	4.0	3.8	4.8	5.1	5.9	4.2	4.9	5.0	



ZyduS LifeSciences

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR805 TP: INR820 (+2%) Neutral

Bloomberg	ZYDUSLIF IN
Equity Shares (m)	1024
M.Cap.(INRb)/(USDb)	814.9 / 9.8
52-Week Range (INR)	821 / 452
1, 6, 12 Rel. Per (%)	12/11/48
12M Avg Val (INR M)	707

Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	192.6	211.7	230.1
EBITDA	51.8	54.5	55.1
Adj. PAT	35.3	37.1	37.6
EBIT Margin (%)	23.0	22.1	20.5
Cons. Adj. EPS (INR)	34.4	36.2	36.8
EPS Gr. (%)	53.7	5.1	1.6
BV/Sh. (INR)	208.1	237.3	267.0

Ratios

Net D:E	-0.1	-0.2	-0.3
RoE (%)	18.2	16.3	14.6
RoCE (%)	17.1	15.3	13.8
Payout (%)	15.7	16.0	15.8

Valuations

P/E (x)	23.3	22.2	21.9
EV/EBITDA (x)	15.2	14.1	13.5
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	3.9	2.7	4.3
EV/Sales (x)	4.1	3.6	3.2

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	75.0	75.0	75.0
DII	13.0	13.1	13.7
FII	5.0	4.9	2.5
Others	7.0	7.5	8.8

FII Includes depository receipts

India/US/EM drives earnings

Work in progress for innovative pipeline

- ZyduS Life sciences (ZYDUSLIF) delivered better-than-expected performance for 3QFY24. ZYDUSLIF exhibited superior execution in the domestic formulation (DF) and emerging markets; however, this was partly offset by a subdued performance in the API segment for the quarter.
- We raise our earnings estimate by 6%/7% for FY24/FY25 to factor in a) the extended limited competition for g-Asacol, b) DF growth surpassing industry standards, and c) the development of a differentiated product pipeline in the US generics segment. We value ZYDUSLIF at 21x 12M forward earnings to arrive at a price target of INR820.
- ZYDUSLIF continues to build a robust product pipeline in innovative, branded generics as well as generics category. Further, the operational efficiency is expected to drive better-than-industry growth in the DF segment. However, we reiterate our Neutral stance on the stock, given the limited upside from the current levels.

Better product mix led to improved profitability YoY

- ZYDUSLIF sales grew 6% YoY to INR45b (our est. INR44b). EM/EU sales grew 31% YoY to INR4.9b (11% of sales). India sales (42% of sales) comprising of DF and consumer businesses grew 11% YoY to INR18b. Within India sales, branded formulations grew 16% YoY to INR14b. Consumer wellness declined 3.5% YoY to INR3.9b. US sales declined 4% YoY (+5% YoY in CC terms) to INR18b (USD221m; 43% of sales). API sales declined 24% YoY to INR1.4b (3% of sales).
- Gross margin expanded 290bp YoY to 67.4%, due to better product mix.
- EBITDA margin expanded 290bp YoY to 24% (our est. 23.5%) as lower 'other expenses' (down 200bp YoY) was offset by higher employee cost (up 200bp YoY as a percentage of sales).
- Consequently, EBITDA grew 20% YoY to INR10.8b (our est. INR10.4b).
- ZYDUSLIF registered a forex gain of INR206m for the quarter.
- Adjusting for the same, PAT grew 30% YoY to INR7.5b (our est. 6.7b).
- In 9MFY24, Revenue/EBITDA/PAT grew 15%/52%/71% to INR140b/INR37b/INR26b.

Highlights from the management commentary

- ZYDUSLIF exhibited healthy growth in volume/new launches, driving superior performance in the DF segment. The company plans to add 700MRs to expand its portfolio and enhance its market reach.
- ZYDUS expects slower build-up for Sitagliptin (Zituvio) in the US market.
- ZYDUS launched 11 ANDAs, which includes its first 505b2 product and 2 transdermals.
- The integration of Ligmeds is on track.

Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Chg. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Revenues	39.6	40.1	42.6	50.1	51.4	43.7	45.1	52.4	172.4	192.6	44.0	2.5
YoY Change (%)	-0.9	5.8	17.0	29.7	29.6	9.1	5.8	4.6	12.9	11.7	3.3	
Total Expenditure	32.4	32.0	33.6	37.0	36.1	33.0	34.2	37.4	135.0	140.8	33.6	
EBITDA	7.2	8.0	9.0	13.1	15.3	10.6	10.8	15.0	37.4	51.8	10.4	4.5
YoY Change (%)	-25.4	-6.8	19.7	52.6	111.5	32.6	20.3	14.3	6.1	38.5	15.1	
Margins (%)	18.3	20.0	21.1	26.2	29.8	24.4	24.0	28.6	21.7	26.9	23.5	
Depreciation	1.8	1.8	1.8	1.8	1.8	1.8	1.9	2.0	7.2	7.6	1.9	
EBIT	5.4	6.2	7.2	11.4	13.5	8.8	8.9	13.0	30.2	44.2	8.5	
YoY Change (%)	-31.9	-8.2	24.9	68.0	148.6	41.8	23.6	14.9	7.4	46.6	17.8	
Margins (%)	13.7	15.5	16.9	22.7	26.3	20.1	19.7	24.9	17.5	23.0	19.2	
Interest	0.3	0.4	0.3	0.3	0.2	0.1	0.2	0.0	1.3	0.5	0.1	
Other Income	0.7	0.4	0.4	0.4	0.4	0.5	0.4	0.5	1.9	1.8	0.5	
PBT before EO Income	5.8	6.3	7.2	11.5	13.7	9.3	9.0	13.6	30.7	45.6	8.8	2.5
EO Exp/(Inc)	-1.1	-0.1	-0.6	6.6	0.4	-0.8	-0.2	0.0	4.8	-0.6	0.0	
PBT after EO Income	6.8	6.4	7.8	4.9	13.3	10.1	9.3	13.6	25.9	46.2	8.8	4.8
Tax	1.2	1.4	2.0	1.4	2.2	2.3	2.1	3.6	5.9	10.2	2.2	
Rate (%)	17.4	21.3	25.0	28.2	16.3	22.5	23.1	26.5	22.7	22.0	24.5	
Min. Int/Adj on Consol	-0.4	0.1	0.4	-0.5	-0.3	0.2	0.6	-0.8	-0.4	-0.3	-0.1	
Reported PAT	5.3	5.2	6.2	3.0	10.9	8.0	7.7	9.1	19.6	35.7	6.6	16.0
Adj PAT	4.4	5.1	5.8	7.7	11.2	7.4	7.5	9.1	22.9	35.3	6.6	13.6
YoY Change (%)	-26.4	-13.6	14.4	46.1	155.4	45.7	29.6	18.4	3.9	53.7	14.1	
Margins (%)	11.1	12.6	13.6	15.4	21.8	16.9	16.7	17.4	13.3	18.3	15.1	

E: MOFSL Estimates

Key performance Indicators (Consolidated)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Domestic formulations	11.3	12.6	12.3	12.9	12.3	13.3	14.3	14.1	49.1	54.0	12.9
YoY Change (%)	-17.1	4.2	14.1	10.8	9.1	5.5	15.9	9.6	2.0	10.0	5.0
US sales	15.6	17.1	19.3	22.5	24.5	18.6	18.4	24.2	74.5	85.8	19.0
YoY Change (%)	7.4	14.0	28.0	58.3	57.4	9.2	-4.3	7.4	28.1	15.2	-1.1
Consumer healthcare	6.9	4.2	4.1	7.1	6.9	4.4	4.0	6.4	22.3	21.7	4.8
YoY Change (%)	18.0	12.0	7.9	11.8	0.3	3.0	-3.5	-9.5	12.9	-3.0	17.0
EU	0.6	0.5	0.7	0.8	0.6	0.6	0.7	1.0	2.6	3.0	0.7
YoY Change (%)	2.5	-11.3	3.7	18.5	5.0	5.0	5.0	39.7	5.8	15.0	5.0
Emerging markets	3.2	3.3	3.1	3.6	4.2	3.9	4.2	4.0	13.2	16.3	3.6
YoY Change (%)	13.9	-5.2	5.8	32.5	34.7	19.0	17.0	8.9	7.3	24.0	17.0
API	1.2	1.1	1.9	1.3	1.4	1.3	1.4	1.8	5.5	5.9	1.5
YoY Change (%)	-9.7	-16.6	14.0	-8.2	13.5	14.4	-23.9	44.1	-4.0	7.8	-20.0
Cost Break-up											
RM Cost (% of Sales)	38.1	36.9	35.5	33.8	32.6	33.7	32.6	34.3	35.9	32.9	34.8
Staff Cost (% of Sales)	17.2	16.8	16.2	14.4	14.2	17.2	18.1	16.3	16.0	16.2	17.1
R&D Expenses(% of Sales)	7.2	6.3	8.1	7.1	6.3	7.4	7.0	7.3	7.2	6.9	7.5
Other Cost (% of Sales)	19.3	20.0	19.1	18.4	17.1	17.3	18.3	16.7	19.2	17.1	18.0
Gross Margins(%)	61.9	63.1	64.5	66.2	67.4	66.3	67.4	65.7	64.1	67.1	65.2
EBITDA Margins(%)	18.3	20.0	21.1	26.2	29.8	24.4	24.0	28.6	21.7	26.9	23.5
EBIT Margins(%)	13.7	15.5	16.9	22.7	26.3	20.1	19.7	24.9	17.5	23.0	21.0

E: MOFSL Estimates



Alkem Laboratories

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR5,328 TP: INR5,160 (-3%) Neutral

India, international (ex-US) businesses outperforms

Steps up investments in biosimilar segment

Bloomberg	ALKEM IN
Equity Shares (m)	120
M.Cap.(INRb)/(USDb)	637 / 7.7
52-Week Range (INR)	5420 / 2835
1, 6, 12 Rel. Per (%)	2/15/43
12M Avg Val (INR M)	846

Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	128.7	144.8	161.2
EBITDA	23.7	27.1	30.6
Adj. PAT	19.6	21.6	23.4
EBIT Margin (%)	16.2	16.5	16.9
Cons. Adj. EPS (INR)	164.0	180.9	196.0
EPS Gr. (%)	54.6	10.3	8.4
BV/Sh. (INR)	877.1	1,017.3	1,169.2

Ratios

Net D:E	-0.2	-0.2	-0.3
RoE (%)	20.1	19.1	17.9
RoCE (%)	18.6	17.9	16.9
Payout (%)	22.5	22.5	22.5

Valuations

P/E (x)	32.6	29.5	27.2
EV/EBITDA (x)	26.1	22.5	19.6
Div. Yield (%)	0.6	0.6	0.7
FCF Yield (%)	1.7	2.0	1.7
EV/Sales (x)	4.8	4.2	3.7

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	56.7	56.7	57.2
DII	15.9	17.6	16.4
FII	8.5	6.0	4.4
Others	18.9	20.9	22.0

FII Includes depository receipts

- Alkem Lab (ALKEM) delivered better-than-expected 3QFY24 earnings. While sales were largely in line with estimates, margin came in above our estimate owing to controlled cost base. ALKEM continued to exhibit strong growth momentum in the international (Ex-US) business.
- We raise our earnings estimates by 10%/5%/6% for FY24/FY25/FY26 to factor in reduced operating costs/better productivity, a robust show in international business, and an improved outlook for the biosimilar segment. We value ALKEM at 25x 12M forward earnings to arrive at a TP of INR5,160.
- We expect 12%/14%/9% YoY growth in revenue/EBITDA/PAT over FY24-26, driven by a 13%/21%/7% sales CAGR in domestic formulation (DF), international (ex-US), and the US segments. We also expect a 60bp margin improvement. While growth prospects remain better in key segments, we maintain our Neutral rating on the stock as the current valuation adequately factors in the upside in earnings.

Lower RM costs and stable opex drive margin on YoY/QoQ basis

- 3QFY24 revenue grew 9% YoY to INR33b (in line). Domestic business grew 12% YoY to INR22b (69% of sales). International business grew 3% YoY to INR10.2b. Within international business, Other International sales grew 47% YoY to INR3.4b (10% of sales). US sales declined 10% YoY to INR6.8b (21% of sales).
- Gross margin expanded by 180bp YoY to 60.8% due to low raw material prices.
- EBITDA margin expanded by 160bp YoY to 21.3% (our est: 18.2%) due to higher GM and lower R&D/employee costs (-90bp/-10bp YoY as % of sales), offset by higher other expenses (+120bp YoY as % of sales).
- Accordingly, EBITDA increased by 18% YoY to INR7.1b (vs. est. of INR5.9b).
- Adj. PAT grew 41% YoY to INR6.4b (our est: INR4.5b) due to higher other income (>2x YoY) and a lower tax rate of 7.7% (vs. 14.6% in 3QFY23).
- For 9MFY24, revenue/EBITDA/PAT grew 12%/39%/65% YoY to INR97b/INR18b/INR16b.

Highlights from the management commentary

- ALKEM expects 17% EBITDA margin in FY24 and is making efforts to improve margins from these levels going forward.
- Other expenses fell QoQ due to lower distribution expenses related to freight.
- The company plans to invest INR2.5b to build a manufacturing facility in the US for the biosimilar segment.
- With improved traction in biosimilar products (7 launched in India), the company would introduce these products in other geographies as well.
- ALKEM expects Pen-G prices to remain high.

Quarterly Perf. (Consolidated)

(INR b)

Y/E March	FY23				FY24E				FY23E	FY24E	3QE	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Revenues	25.8	30.8	30.4	29.0	29.7	34.4	33.2	31.4	116.0	128.7	32.4	2.5
YoY Change (%)	-5.7	10.0	16.1	16.9	15.2	11.7	9.3	8.1	9.1	10.9	6.6	
Total Expenditure	23.0	26.3	24.4	25.5	25.8	26.9	26.2	26.1	64.4	65.7	26.2	
EBITDA	2.7	4.5	6.0	3.5	3.9	7.5	7.1	5.2	16.8	23.7	5.9	19.9
YoY Change (%)	-53.9	-27.3	20.2	4.8	42.4	64.5	18.1	48.4	-18.2	41.0	(1.5)	
Margins (%)	10.6	14.7	19.7	12.2	13.1	21.7	21.3	16.7	14.5	18.4	18.2	
Depreciation	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	3.1	2.9	0.7	
EBIT	2.0	3.8	5.2	2.7	3.2	6.7	6.4	4.5	13.7	20.8	5.2	
YoY Change (%)	-62.3	-31.7	23.7	8.2	60.8	78.7	22.6	64.5	-21.0	18.9	(0.9)	
Margins (%)	7.6	12.2	17.1	9.5	10.7	19.6	19.2	14.4	11.8	16.2	15.9	
Interest	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.2	1.1	1.1	0.3	
Other Income	0.5	0.5	0.5	0.7	0.7	0.6	0.9	0.6	2.2	2.8	0.7	
PBT before EO Exp	2.2	4.0	5.4	3.1	3.5	7.1	7.1	4.9	14.8	22.5	5.5	27.8
EO Exp/(Inc)	0.7	0.0	0.0	1.0	0.0	0.6	0.5	0.0	1.7	1.1	-	
PBT after EO Exp	1.5	4.0	5.4	2.1	3.5	6.5	6.5	4.9	13.0	21.4	5.5	
Tax	0.2	0.5	0.8	1.4	0.7	0.3	0.5	1.1	3.0	2.6	0.9	
Rate (%)	13.5	13.6	14.6	68.0	18.4	5.1	7.7	22.3	20.2	11.4	16.0	
PAT (pre Minority Interest)	1.3	3.5	4.6	0.7	2.9	6.1	6.0	3.8	10.1	18.9	4.6	
Minority Interest	0.0	0.2	0.1	0.0	0.0	-0.1	0.1	0.2	0.2	0.3	0.1	
Reported PAT	1.3	3.3	4.5	0.7	2.9	6.2	5.9	3.6	9.8	18.6	4.5	31.6
Adj Net Profit	1.9	3.3	4.5	2.9	2.9	6.8	6.4	3.6	12.7	19.6	4.5	42.0
YoY Change (%)	-59.8	-39.7	12.2	28.2	52.3	104.1	41.3	21.6	-23.2	54.6	-0.6	

Key performance Indicators (Consolidated)

Y/E March	FY23				FY24E				FY23E	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
INRm										
India formulations	17.8	22.2	19.9	20.1	19.0	23.3	22.3	22.2	80.0	86.8
YoY Change (%)	(6.7)	13.0	9.7	17.0	6.7	5.0	12.1	10.4	8.1	8.5
US generics	5.6	6.0	7.6	5.9	7.0	7.7	6.8	6.8	25.1	28.2
YoY Change (%)	(7.9)	(0.9)	32.8	9.2	25.0	27.1	(10.2)	14.5	7.9	12.4
International (Ex-US)	2.0	2.3	2.3	2.7	3.2	2.9	3.4	3.2	9.3	12.7
YoY Change (%)	9.6	15.2	17.1	33.3	56.5	27.3	46.9	21.5	18.9	37.0
Cost Break-up										
RM Cost (% of Sales)	42.5	42.4	41.1	43.3	40.4	38.6	39.2	39.9	42.3	39.5
Staff Cost (% of Sales)	20.7	18.5	17.3	17.3	19.1	16.1	17.2	18.6	18.4	17.7
R&D Expenses(% of Sales)	5.1	4.2	4.3	5.1	4.1	3.4	3.3	4.0	4.7	3.6
Other Cost (% of Sales)	21.1	20.0	17.7	22.2	23.3	20.2	18.9	22.8	20.2	20.8
Gross Margins(%)	57.5	57.6	58.9	56.7	59.6	61.4	60.8	60.1	57.7	60.5
EBITDA Margins(%)	10.6	14.7	19.7	12.2	13.1	21.7	21.3	16.7	14.5	18.4
EBIT Margins(%)	7.6	12.2	17.1	9.5	10.7	19.6	19.2	14.4	11.8	16.2



Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR1,37,083 TP: INR1,06,760 (-22%) Sell

Margins likely to have peaked out

Weaker-than-estimated operating performance

Bloomberg	MRF IN
Equity Shares (m)	4
M.Cap.(INRb)/(USD b)	581.4 / 7
52-Week Range (INR)	150254 / 81380
1, 6, 12 Rel. Per (%)	3/18/33
12M Avg Val (INR M)	848

- MRF’s 3QFY24 operating performance was below est. as higher RM costs and higher expenses dented overall margins, which stood at 17.2% (vs. est.18.2%). We believe margins are likely to have peaked out at current levels and expect stable margins over FY24-26E.
- We lower our FY24E EPS by 4% to factor in weak volume growth across CV/PV category, while maintaining our FY25E EPS estimates. We reiterate our Sell rating on the stock with a TP of INR106,760 (18x Mar’26E EPS) as the stock trades at 25.6x FY25E EPS (above its 10-year LPA), which does not reflect its weakening competitive position and similar return ratios vs. its peers.

Financials & valuations (INR b)

INR b	FY23	FY24E	FY25E
Sales	230.1	246.9	263.4
EBITDA	23.9	43.7	46.0
Adj. PAT	7.7	22.0	22.7
EPS (INR)	1,814	5,183	5,361
EPS Growth (%)	14.9	185.8	3.4
BV/Share (INR)	34,688	39,371	44,212

Ratios

RoE (%)	5.4	14.0	12.8
RoCE (%)	5.9	13.4	12.5
Payout (%)	9.6	9.6	9.7

Valuations

P/E (x)	75.6	26.4	25.6
P/BV (x)	4.0	3.5	3.1
Div. Yield (%)	0.1	0.4	0.4
FCF yield (%)	-0.9	1.8	2.5

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	27.8	27.8	27.9
DII	11.5	11.2	11.4
FII	19.4	19.6	18.2
Others	41.4	41.7	42.5

FII Includes depository receipts

Higher ‘other expenses’ restrict EBITDA margin expansion

- 3QFY24 revenue/EBITDA/Adj. PAT increased ~9%/89%/2x YoY to NR60.5b/INR10.4b/INR5.1b. 9MFY24 revenues/EBITDA/adj. PAT grew 9.5%/1.2x/3.1x YoY.
- Revenue rose 9% YoY (vs. CEAT/APTY revenue growth of 9%/3% YoY) to INR60.5b (est. INR61.4b). Revenue growth is likely to be driven by volume growth.
- Gross margins expanded 8pp YoY (down 70bp QoQ) to 40.1% (vs. est. 40.5% vs. APTY/CEAT gross margins of 46.6%/43.3%).
- Despite higher ‘other expenses’ (up 70bp YoY/up 60bp QoQ; as a percentage of sales), EBITDA margin came in at 17.2% (up 7.3pp YoY/down 130bp QoQ vs. est. 18.2% vs. CEAT/APTY margins of 14.1%/18.3%). EBITDA grew 89% YoY to INR10.4b (vs. est.11.2b).
- Adj. PAT grew 2x YoY to INR5.1b (vs. est. INR5.6b).
- The board has declared a second interim dividend of INR3/share (total dividend for FY24YTD is INR6/share).

Valuation and view

- MRF’s competitive positioning in the sector has weakened over the past few years, evident in the dilution of pricing power in the PCR and TBR segments. This, coupled with the impact of the planned capex, is expected to constrain the expansion in return ratios. We expect MRF’s return ratios to see a relatively lower uptick vs. peers over the next two years as its RoE is expected to reach 12.6% by FY26E (vs. APTY/CEAT estimated at 13.9%/17.3%).
- The stock is currently trading at 25.6x FY25E EPS above its 10-year LPA, despite its weakening competitive position and similar capital efficiency as peers. Hence, we reiterate our Sell rating on the stock with a TP of INR1,06,760 (valuing at 18x Mar-26E EPS).

Standalone - Quarterly Earning Model

(INR Million)

Y/E March	FY23				FY24E				FY23	FY24E	3QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Net Sales	55,989	57,190	55,349	57,254	63,233	60,876	60,478	62,282	2,25,782	2,46,868	61,438
YoY Change (%)	35.6	18.4	14.6	10.1	12.9	6.4	9.3	8.8	18.9	9.3	11.0
Total Expenditure	51,207	52,517	49,863	48,823	52,091	49,589	50,084	51,417	2,02,409	2,03,180	50,230
EBITDA	4,783	4,673	5,486	8,431	11,142	11,286	10,394	10,865	23,373	43,688	11,208
Margins (%)	8.5	8.2	9.9	14.7	17.6	18.5	17.2	17.4	10.4	17.7	18.2
Depreciation	2,969	3,083	3,149	3,285	3,317	3,500	3,591	3,620	12,486	13,984	3,650
Interest	635	704	802	839	780	749	776	747	2,981	2,843	760
Other Income	341	764	700	678	739	696	766	764	2,482	2,921	650
PBT before EO expense	1,519	1,650	2,235	4,985	7,783	7,734	6,792	7,262	10,389	29,783	7,448
Extra-Ord expense	0	0	0	-803	0	0	0	0	-803	0	0
PBT	1,519	1,650	2,235	5,788	7,783	7,734	6,792	7,262	11,192	29,783	7,448
Tax	395	410	543	1,682	1,969	2,015	1,712	1,953	3,030	7,650	1,892
Rate (%)	26.0	24.9	24.3	29.1	25.3	26.1	25.2	26.9	27.1	25.7	25.4
Reported PAT	1,123	1,240	1,692	4,106	5,814	5,719	5,080	5,309	8,162	22,133	5,556
Adj PAT	1,123	1,240	1,692	3,537	5,814	5,719	5,080	5,309	7,576	22,133	5,556
YoY Change (%)	-30.4	-32.4	16.0	125.6	417.6	361.3	200.2	50.1	17.0	192.1	228.4
Margins (%)	2.0	2.2	3.1	6.2	9.2	9.4	8.4	8.5	3.4	9.0	9.0

Key Performance Indicators

RM Cost(% of sales)	68.5	70.3	67.9	63.0	61.2	59.2	59.9	60.0	67.4	60.1	59.5
Staff Cost(% of sales)	6.5	6.8	7.3	7.0	6.5	7.1	7.2	7.1	6.9	7.0	7.1
Other costs(% of sales)	16.4	14.7	15.0	15.3	14.7	15.1	15.7	15.5	15.3	15.3	15.2
Gross Margin(%)	31.5	29.7	32.1	37.0	38.8	40.8	40.1	40.0	100.0	100.0	40.5
EBITDA Margin(%)	8.5	8.2	9.9	14.7	17.6	18.5	17.2	17.4	10.4	17.7	18.2

E: MOFSL Estimates



United Breweries

Estimate change	↓
TP change	↑
Rating change	↔

CMP: INR1,777 TP: INR1,500 (-16%) Sell

Volume growth healthy; GM recovery below expectation

Bloomberg	UBBL IN
Equity Shares (m)	264
M.Cap.(INRb)/(USD\$)	469.8 / 5.7
52-Week Range (INR)	1914 / 1342
1, 6, 12 Rel. Per (%)	-3/4/-7
12M Avg Val (INR M)	437

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Net Sales	79.6	90.0	97.3
Sales Gr. (%)	6.1	13.1	8.1
EBITDA	7.5	11.0	12.4
Margin (%)	9.4	12.2	12.8
Adj. PAT	4.5	7.1	8.1
Adj. EPS (INR)	16.9	26.8	30.5
EPS Gr. (%)	35.9	58.3	13.7
BV/Sh. (INR)	159.0	173.4	189.7

Ratios

RoE (%)	11.0	16.1	16.8
RoCE (%)	11.1	16.3	17.0

Valuations

P/E (x)	103.8	65.6	57.6
P/BV (x)	11.0	10.1	9.3
EV/EBITDA (x)	60.9	41.7	36.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	70.8	71.0	72.7
DII	17.2	17.1	15.1
FII	6.7	6.7	6.9
Others	5.2	5.2	5.3

FII Includes depository receipts

- United Breweries (UBBL) delivered sales in line with our estimate in 3QFY24 but continued to fall short on our margin estimate. Revenue grew 13.1% YoY (est. +12.6%), fueled by a healthy 8% YoY volume growth. The premium portfolio clocked 14% YoY volume growth.
- The North region posted a volume contraction (down 1% YoY) due to weak performance in Delhi and Haryana. Conversely, the other markets, viz., South, West, and East regions registered healthy volume growth of 10%, 9%, and 22%, respectively. Price hikes (5%) in Rajasthan, UP, Karnataka, etc. were well accepted and supported UBBL's revenue growth in 3QFY24.
- The company's GM at 44% (down 50bp QoQ) was below our expectation. We were expecting a sequential improvement in margin after the majority of the high-cost RM inventory was absorbed in 2QFY24. GM recovery was partially hit by slower returns on glass bottle. EBITDA margin at 8.0% was below our expectation (of 11.8%) too, mainly due to lower-than-expected GM recovery.
- UBBL posted a 1% volume dip during 9MFY24 after weak seasonal demand in 1QFY24. Though the company's premium portfolio has been growing strongly, the pace of growth was slower than that of the other premium brands. GM recovery remained the key monitorable, as it was down 600-800bp vs. FY21-FY22 levels. The soft barley prices and the recent price hikes should bridge the gap in FY25E, but glass prices remained elevated. The EBITDA margin of 8% was significantly low as compared to the mid-teens level margin witnessed prior to FY21. We model margin (both GM and EBITDA) revival in FY25/FY26, but the recovery uncertainty still hovers around earnings and the stock. **We value UBBL at 50x P/E on Dec'25E EPS to arrive at our TP of INR1,500. We maintain our Sell rating on the stock.**

Sales in line; margins below our estimates

- **Volume-driven sales growth:** UBBL's standalone net sales grew 13.1% YoY to INR18.2b (est. INR18.1b), driven by 8% volume growth and a 5% price hike. The favorable brand mix (higher premium portfolio growth) has been offset by unfavorable state mix. Rajasthan, UP, and Karnataka witnessed price hikes, while volume growth was driven by states such as Tamil Nadu, Telangana, Orissa, Maharashtra, and Rajasthan. Conversely, volume declined in Delhi, Haryana and Kerala.
- **Miss on margins continues:** GM expanded 220bp YoY but was down 50bp QoQ to 44% (est. 49%). We were modeling a GM recovery, as the high-cost RM inventory was largely liquidated as of 2QFY24. Employee costs and other expenses were up 8% and 10% YoY, respectively. EBITDA margin improved 320bp YoY to 8.0% (est. 11.8%) during the quarter.
- **Healthy growth on a favorable base:** EBITDA/PBT/Adj. PAT stood at INR1.5b/INR1.2b/ 0.9b (est. INR2.1b/INR1.7b/INR1.2b). The reported growth in revenue and EBITDA was strong owing to the weak base of last year. Revenue growth was just 2% in 3QFY23, with an EBITDA margin of 4.8%.

- **Weak performance in 9MFY24:** Net sales/Adj. PAT increased 4.5% YoY/ 3.2% YoY, while EBITDA declined 1.4% YoY. In 9MFY24, UBBL has seen 1% volume contraction; excluding RTM, the volume growth was 2% YoY.

Highlights from the management commentary

- Within the premium portfolio, Ultra and Ultra Max reported strong double-digit growth. The company had supply issues in Karnataka; however, it still managed to grow well.
- Beer consumption in India remains low, with only 85-90m consumers consume beer vs. 200m people who consume any type of liquor.
- GM recovery was below expected, as the company has seen slow glass bottle returns. GM should improve steadily in the coming years though.
- Spending on A&P increased by nearly 300bp in 3QFY24 compared to the previous quarter due to the World Cup campaign.
- The company remained invested in supply chain efficiencies; nearly INR1.3b has already been invested.

Valuation and view

- We cut our FY24E EPS by 12% owing to the miss on EBITDA/PAT in 3QFY24 and a slower-than-expected GM recovery. We largely retain our FY25 estimates.
- UBBL posted a 1% volume dip during 9MFY24 after weak seasonal demand in 1QFY24. Though the company's premium portfolio has been growing strongly, the pace of growth was slower than that of the other premium brands. We model 11% revenue CAGR during FY24-FY26, largely led by volume growth.
- GM recovery remained the key monitorable, as it was down 600-800bp vs. FY21-FY22 levels. The soft barley prices and the recent price hikes should bridge the gap in FY25E, but glass prices remained elevated. The EBITDA margin of 8% was notably low as compared to the mid-teens level margin witnessed prior to FY21.
- We model margin (both GM and EBITDA) revival in FY25/FY26, but the recovery uncertainty still hovers around earnings and the stock. **We value UBBL at 50x P/E on Dec'25E EPS to arrive at our TP of INR1,500. We maintain our Sell rating on the stock.**

Standalone Quarterly Performance

Y/E March	FY23				FY24E				FY23	FY24E	FY24	Varianc
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	e
Net Sales	24,367	16,796	16,110	17,645	22,732	18,880	18,227	19,721	74,999	79,559	18,140	0.5%
YoY Change (%)	117.9	17.8	1.9	3.4	-6.7	12.4	13.1	11.8	28.5	6.1	12.6	
Gross Profit	10,784	7,837	6,741	6,812	9,221	8,408	8,018	8,961	32,346	34,608	8,943	-10.3%
Margin (%)	44.3	46.7	41.8	38.6	40.6	44.5	44.0	45.4	43.1	43.5	49.3	
EBITDA	2,651	2,191	766	535	2,228	1,846	1,456	1,950	6,162	7,480	2,135	-31.8%
YoY Change (%)	177.8	32.3	-63.4	-79.5	-15.9	-15.8	89.9	264.9	-11.5	21.4	178.5	
Margins (%)	10.9	13.0	4.8	3.0	9.8	9.8	8.0	9.9	8.2	9.4	11.8	
Depreciation	575	520	502	507	513	508	518	529	2,106	2,068	554	
Interest	8	10	16	12	17	14	21	26	46	77	21	
Other Income	104	143	130	116	103	122	241	234	494	700	139	
PBT	2,170	1,805	131	132	1,801	1,446	1,158	1,630	4,257	6,034	1,698	-31.8%
Tax	554	463	152	35	440	369	310	438	1,210	1,557	455	
Rate (%)	25.5	25.6	40.2	26.3	24.5	25.5	26.7	26.9	28.4	25.8	26.8	
Adj PAT	1,617	1,342	226	97	1,361	1,076	848.5	1,192	3,295	4,478	1,243	-31.7%
YoY Change (%)	424.3	66.4	-80.6	-94.0	-15.8	-19.8	274.9	1,125.2	-10.0	35.9	449.2	
Margins (%)	6.6	8.0	1.4	0.6	6.0	5.7	4.7	6.0	4.4	5.6	6.9	

E: MOFSL Estimates



Bandhan Bank

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR217 TP: INR245 (+13%) Neutral

Mixed Quarter; Other Income drags earnings

Slippages remain elevated amid system migration

- Bandhan Bank (BANDHAN) posted a 7% miss on profitability at INR7.3b in 3QFY24, dragged down by muted other income. NII stood broadly in line.
- Advances grew at a healthy rate of 20% YoY/8% QoQ, driven by robust growth in the MFI and non-MFI portfolios. The MFI share in the total loan book stood at 50%, with the outstanding book currently at ~INR580b.
- Deposit growth was healthy at 15% YoY/4.8% QoQ, driven by 5% QoQ growth in TDs. CASA deposits declined by 2% QoQ. The CASA ratio, thus, declined 243bp QoQ to 36.1%.
- GNPA declined 30bp QoQ to 7.0%, while elevated slippages (affected by system migration) were offset by recoveries and the sale of housing assets to ARC. SMA book declined 90bp QoQ to 3.3%, which should reduce the slippage run rate going forward. Collection efficiency was steady at 99%.
- **We fine-tune our earnings estimates and expect FY25E RoA/RoE at 2.2%/17.7%. Reiterate Neutral with a TP of INR245 (1.5x Sep'25E ABV).**

Business growth healthy; CGFMU recovery remains on wait list

- BANDHAN reported a 7% miss on PAT at INR7.3b in 3QFY24 due to muted other income.
- NII grew 21.4% YoY (in line), while margins remained flat at 7.2%. Other income slumped 47% YoY (up 1% QoQ), leading to a 1% YoY decline in total revenue.
- PPOp was down 14% YoY/up 4.5% QoQ at INR16.5b (5% miss) as the bank's C/I ratio stood at 46%. Bandhan added 26 branches in 3Q and expects to continue the branch addition momentum.
- Advances grew at a healthy rate of 19.6% YoY/8.0% QoQ, amid broad-based growth in the MFI and non-MFI portfolios. MFI is expected to sustain the growth momentum, given that 2HFY24 is a seasonally strong period. The bank aims to reduce its MFI exposure by growing other segments of the book.
- Deposit growth was healthy at 14.8% YoY/4.8% QoQ, while CASA deposits declined amid a reduction in wholesale SA deposits. The CASA mix, thus, declined 2.4% to 36.1%. TD growth was healthy at 15% YoY/9% QoQ, in which retail TD growth was low at 22% YoY/3.7% QoQ.
- GNPA/NNPA ratios improved 30bp/11bp QoQ to 7.0%/2.2% as slippages remained elevated amid system migration followed by the festive season. The bank has recognized the sale of housing bad loans to ARC during 3Q. PCR was largely flat at ~70%.
- On the CGFMU audit, the management expects the audit to be completed in few months and expects full recovery. We remain watchful of developments here.

Bloomberg	BANDHAN IN
Equity Shares (m)	1611
M.Cap.(INRb)/(USDb)	345 / 4.2
52-Week Range (INR)	272 / 182
1, 6, 12 Rel. Per (%)	-9/-19/-32
12M Avg Val (INR M)	2429

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	92.6	104.1	123.2
OP	70.9	69.3	81.5
NP	21.9	32.6	41.5
NIM (%)	6.9	6.9	7.1
EPS (INR)	13.6	20.2	25.8
EPS Gr. (%)	NM	48.6	27.4
BV/Sh. (INR)	122	136	155
ABV/Sh. (INR)	116	127	148

Ratios

RoE (%)	11.9	15.7	17.7
RoA (%)	1.5	2.0	2.2

Valuations

P/E(X)	15.9	10.7	8.4
P/BV (X)	1.8	1.6	1.4
P/ABV (X)	1.9	1.7	1.5

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	40.0	40.0	40.0
DII	14.9	17.5	12.5
FII	34.7	32.8	32.4
Others	10.4	14.0	15.1

FII Includes depository receipts

Key takeaways from the management commentary

- CGFMU was availed in FY21 (not taken after that); from this, the bank disbursed INR208b (CGFMU) and INR19.50b in ECLGS. Nearly 85% of the portfolio has been repaid; however, the balance remains in the stress pool. Against the stress pool, the bank has ~89% of provisions.
- The management expects the audit of CGFMU claims to be completed in few months and expects it to be fully recovered.
- The cost-to-asset ratio is expected to be around ~3.5%-3.7% going forward. The bank has guided for ~7%-7.5% NIMs in 4QFY24, and expects RoA of ~2.5-2.8%, and RoE of ~14%-18%.
- During the quarter, out of total slippages of INR13.9b, slippage in the EEB book stood at INR9.9b, ~45% came in Oct'23 on account of system migration.

Valuation and view

BANDHAN reported a tepid 3QFY24 as PAT came in 7% below our estimate and slippages remained elevated due to system migration, but business growth improved in a seasonally strong second half. However, higher opex and lower other income kept the C/I ratio elevated at 46% and further suppressed PPop growth. SMA book declined 90bp QoQ to 3.3%, while CE remained steady at 99%. The bank has suggested a strong recovery in loan growth and asset quality in 4Q. The bank expects to increase its secured loan book to 50% in FY26. With a path to full recovery still further away, we remain watchful of asset quality and the potential delayed recovery from CGFMU (due to ongoing audit) and ECLGS. **We fine-tune our FY24/FY25 earnings estimates and expect RoA/RoE of 2.2%/~17.7% in FY25. We retain our Neutral rating with a TP of INR245 (premised on 1.5x Sep'25E ABV).**

Quarterly performance

Y/E March	FY23				FY24E				FY23	FY24E	FY24E V/S our	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est
Net Interest Income	25.1	21.9	20.8	24.7	24.9	24.4	25.3	29.5	92.6	104.1	25.8	-2%
% Change (YoY)	18.9	13.3	-2.1	-2.7	-0.9	11.4	21.4	19.2	6.3	12.4	24.0	
Other Income	3.3	4.8	10.3	6.3	3.9	5.4	5.5	7.3	24.7	22.0	6.1	-11%
Total Income	28.4	26.7	31.1	31.0	28.8	29.8	30.7	36.7	117.3	126.0	31.9	-4%
Operating Expenses	10.2	11.2	11.9	13.1	13.1	14.0	14.2	15.5	46.4	56.8	14.5	-3%
Operating Profit	18.2	15.5	19.2	18.0	15.6	15.8	16.6	21.3	70.9	69.3	17.4	-5%
% Change (YoY)	-7.0	-2.0	-1.4	-28.8	-14.2	2.0	-13.9	18.4	-11.5	-2.3	-9.5	
Provisions	6.4	12.8	15.4	7.3	6.0	6.4	6.8	6.8	42.0	26.0	6.8	0%
Profit Before Tax	11.8	2.7	3.8	10.6	9.6	9.5	9.7	14.5	28.9	43.2	10.6	-8%
Tax	2.9	0.6	0.9	2.5	2.4	2.3	2.4	3.6	7.0	10.6	2.7	-10%
Net Profit	8.9	2.1	2.9	8.1	7.2	7.2	7.3	10.9	21.9	32.6	7.9	-7%
% Change (YoY)	137.6	NM	-66.2	-57.5	-18.7	244.6	152.2	34.3	NM	48.6	171.8	
Operating Parameters												
Deposits (INR b)	931	994	1,023	1,081	1,085	1,121	1,174	1,254	1,081	1,254	1,174	
Loans (INR b)	909	902	921	1,048	982	1,020	1,102	1,231	1,048	1,231	1,104	
Deposit Growth (%)	20.3	21.3	21.0	12.2	16.6	12.8	14.8	16.0	12.2	16.0	14.8	
Loan Growth (%)	21.6	21.1	14.7	11.5	8.0	13.1	19.6	17.5	11.5	17.5	19.9	
Asset Quality												
Gross NPA (%)	7.3	7.2	7.2	4.9	6.8	7.3	7.0	5.8	4.9	5.8	5.8	
Net NPA (%)	1.9	1.9	1.9	1.2	2.2	2.3	2.2	1.7	1.2	1.7	1.8	
PCR (%)	74.9	75.5	75.4	76.8	69.2	70.0	70.0	72.6	76.8	72.6	70.7	

E: MOFSL estimates



Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR273 TP: INR240 (-12%) Neutral

Regulatory issues delay niche approvals

Work in progress on multiple fronts to better the outlook

- Biocon's (BIOS) 3QFY24 earnings came in below our estimates, due to increased operational costs. A moderation in API (generics) and discovery services (Syngene) and the transition to full integration in the biosimilar segment affected the 3Q performance.
- We cut our earnings estimates for FY24/FY25/FY26 by 70%/35%/19% to factor in a) the delay in niche approvals (Insulin Aspart and bBevacizumab) due to the delay in USFDA inspection, b) reduced prospects of Rh-Insulin, and c) increased pricing pressure in API generics. We value BIOS on the SOTP basis (15x EV/EBITDA for biosimilars, 54% stake in Syngene and 10x EV/EBITDA for generics) to arrive at a TP of INR240.
- BIOS is implementing its performance-improvement measures in key segments (biosimilars/CDMO/generics), but regulatory issues at its manufacturing sites, a moderation in demand for CDMO services, and continued investments in its generics segment may affect the near-term outlook. Maintain Neutral.

Higher opex impacts profitability on YoY basis

- 3QFY24 sales grew 23% YoY to INR36b (est. INR36.9b). Biosimilars (63% of sales) grew 42% YoY to INR21b, research services (22% of sales) were up 9% YoY to INR8.5b, and generics sales declined 2% YoY to INR7b (18% of sales).
- Gross margin (GM) inched up 40bp YoY to 63.4%.
- However, EBITDA margin contracted 740bp YoY to 16% (est. 23.2%) due to higher other expenses (+1,240bp YoY as % of sales), offset by lower employee costs and R&D expenses (-230bp YoY each).
- EBITDA declined 16% YoY to INR5.8b (est. INR8.6b) for the quarter.
- Exceptional items included a) recognition of receivables related to working capital (INR8b), b) impairment of intangible assets (INR3.8b), c) provision for inventory (INR2.4b), and d) Bicara revaluation (INR4.5b). Impairment was due to uncertainty related to commercialization of a product. The provision was made due to low demand and consequent low probability of liquidation.
- Adj. one-offs, BIOS posted a 3Q loss of INR1.7b (est. PAT: INR2.1b).
- In 9MFY24, revenue/EBITDA grew by 41%/25% YoY to INR105b/INR20.3b, while PAT declined by 88% YoY to INR742m.

Highlights from the management commentary

- The INR3.8b impairment for the quarter was related to Rh-Insulin.
- BIOS received its first generic product approval in China.
- It has secured new contracts in the US for b-Pegfilgrastim, b-Trastuzumab, and b-Adalimumab.

Bloomberg	BIOS IN
Equity Shares (m)	1200
M.Cap.(INRb)/(USDb)	328.2 / 4
52-Week Range (INR)	307 / 192
1, 6, 12 Rel. Per (%)	-4/-10/-9
12M Avg Val (INR M)	1214

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	142.6	159.5	185.5
EBITDA	27.9	37.9	47.2
Adjusted PAT	2.6	10.2	16.3
EBIT Margin (%)	8.6	14.0	16.5
Cons. Adj EPS (INR)	2.1	8.5	13.6
EPS Gro. (%)	-65.8	298.2	60.1
BV/Sh. (INR)	155.2	161.2	170.8

Ratios

Net D-E	0.9	0.9	0.8
RoE (%)	1.4	5.4	8.2
RoCE (%)	3.3	4.5	5.8
Payout (%)	29.3	29.3	29.3

Valuations

P/E (x)	127.9	32.1	20.1
EV/EBITDA (x)	23.0	17.1	14.1
Div. Yield (%)	0.8	0.8	1.2
FCF Yield (%)	2.8	6.8	6.5
EV/Sales (x)	4.5	4.1	3.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	60.6	60.6	60.6
DII	14.5	14.1	8.6
FII	6.9	8.4	15.0
Others	18.0	16.8	15.7

FII Includes depository receipts

Quarterly performance (Consolidated)

(INRb)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	vs Est
Net Sales	21.7	23.2	29.4	36.5	34.2	34.6	36.0	37.7	110.8	142.6	36.9	-2.3%
YoY Change (%)	23.1	26.1	35.3	51.5	57.9	49.2	22.5	3.4	35.3	28.7	25.5	
Total Expenditure	17.0	18.5	22.5	27.8	27.1	27.2	30.3	30.2	85.8	114.7	28.3	
EBITDA	4.6	4.7	6.9	8.7	7.1	7.4	5.8	7.6	25.0	27.9	8.6	-32.6%
YoY Change (%)	19.4	5.5	21.9	47.4	53.5	57.4	-16.3	-13.3	25.3	11.6	24.2	
Margins (%)	21.4	20.3	23.4	23.9	20.8	21.4	16.0	20.0	22.5	19.5	23.2	
Depreciation	2.2	2.3	3.0	3.6	3.6	3.9	4.2	3.9	11.1	15.6	3.7	
EBIT	2.5	2.4	3.9	5.1	3.6	3.5	1.6	3.6	13.8	12.3	4.8	
YoY Change (%)	27.5	-1.8	8.0	33.8	43.5	46.8	-58.3	-28.6	17.5	-11.0	24.8	
Margins (%)	11.4	10.3	13.2	13.9	10.4	10.2	4.5	9.6	12.5	8.6	13.1	
Interest	0.2	0.3	1.2	2.5	2.3	2.5	2.7	2.4	4.2	9.9	2.3	
Other Income	0.8	0.7	0.8	0.5	0.9	1.6	1.1	1.1	2.7	4.8	0.9	
Extraordinary Income	-0.4	-0.2	-3.2	2.7	0.0	-0.2	8.3	0.0	-1.0	8.0	0.0	
Share of Profit/Loss from Associates	-0.4	-0.3	-0.6	-0.4	-0.3	-0.2	-0.2	0.2	-1.7	-0.6	-0.1	
PBT	2.2	2.3	-0.2	5.3	1.8	2.1	8.1	2.6	9.6	14.6	3.4	140.8%
Tax	0.3	1.5	0.0	0.8	0.4	0.4	0.6	0.4	2.6	1.8	0.6	
Rate (%)	13.4	64.3	16.2	15.4	19.1	19.6	6.8	16.8	26.6	12.0	19.4	
Minority Interest	0.2	0.4	0.2	1.0	0.5	0.5	0.9	0.3	1.8	2.2	0.6	
PAT	1.7	0.5	-0.4	3.5	1.0	1.3	6.6	1.8	5.2	10.7	2.1	210.7%
Adj PAT	2.0	1.7	2.2	1.5	1.0	1.4	-1.7	1.8	7.5	2.6	2.1	-180.4%
YoY Change (%)	69.3	-28.0	-10.9	-45.1	-51.1	-16.2	-176.5	21.6	-15.1	-65.8	-4.8	
Margins (%)	7.9	2.0	-1.4	9.5	2.9	3.6	18.3	4.8	4.7	7.5	5.7	

Key performance Indicators (Co[nsolidated])

Y/E March	FY23				FY24E				FY23	FY24E	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Cost Break-up											
RM Cost (% of Sales)	36.7	36.6	37.1	36.8	38.7	35.4	36.6	36.5	36.8	36.8	35.6
Staff Cost (% of Sales)	21.4	21.2	17.7	14.5	15.2	15.3	15.4	14.9	18.1	15.2	14.7
R&D Expenses(% of Sales)	9.1	10.4	11.5	9.4	9.2	7.6	9.1	7.2	9.4	8.3	8.5
Other Cost (% of Sales)	11.4	11.4	10.4	15.4	16.1	20.2	22.8	21.4	13.2	20.2	18.0
Gross Margins (%)	63.3	63.4	62.9	63.2	61.3	64.6	63.4	63.5	63.2	63.2	64.4
EBITDA Margins (%)	21.4	20.3	23.4	23.9	20.8	21.4	16.0	20.0	22.5	19.5	23.2
EBIT Margins (%)	11.4	10.3	13.2	13.9	10.4	10.2	4.5	9.6	12.5	8.6	13.1

E: MOFSL Estimates



Global Health

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR1270 TP: INR1,460 (+15%) Buy

Volume growth, improved efficiency aid earnings growth

Noida project on track; Indore project faces hiccups

Bloomberg	MEDANTA IN
Equity Shares (m)	269
M.Cap.(INRb)/(USDb)	340.8 / 4.1
52-Week Range (INR)	1309 / 447
1, 6, 12 Rel. Per (%)	27/76/160
12M Avg Val (INR M)	350

- Global Health (Medanta) delivered an in-line performance in 3QFY24, which marked the eighth consecutive quarter of robust YoY growth in sales/EBITDA/PAT. Interestingly, YoY growth in revenue was mainly led by high volumes in both in-patient (IPD) and out-patient (OPD). ARPOB grew ~4%-5% YoY.
- We raise our earnings estimates by 4%/10%/9% in FY24/FY25/FY26 to factor in a) strong demand driving better business prospects in Lucknow/Patna, and b) sustained improvement in the performance of matured hospitals. We value Medanta at 28x 12M forward EV/EBITDA to arrive at a TP of INR1,460.
- Medanta is well poised to deliver consistent growth in earnings on the back of bed additions in existing hospitals, the commissioning of new hospitals (Noida/South Delhi), and the addition of medical talent to meet healthy demand in respective markets. **Reiterate BUY.**

Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	33.4	38.4	43.4
EBITDA	8.6	10.4	11.8
Adj. PAT	5.0	6.4	7.5
EBIT Margin (%)	19.9	21.8	22.0
Cons. Adj. EPS (INR)	18.6	24.0	28.0
EPS Gr. (%)	53.4	28.6	16.8
BV/Sh. (INR)	105.8	125.5	148.6

Ratios

Net D:E	0.0	(0.0)	(0.1)
RoE (%)	19.0	20.7	20.4
RoCE (%)	15.4	18.1	18.8
Payout (%)	17.6	17.6	17.6

Valuations

P/E (x)	68.3	53.1	45.5
EV/EBITDA (x)	39.9	32.7	28.6
EV/Sales (x)	10.2	8.9	7.8
Div. Yield (%)	0.2	0.3	0.3
FCF Yield (%)	0.9	0.8	1.0
EV/Sales (x)	10.2	8.9	7.8

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	33.1	33.1	33.1
DII	11.2	10.9	12.6
FII	11.4	10.7	9.4
Others	44.4	45.6	45.0

FII Includes depository receipts

Improved IPD/OPD volume leads to margin uptrend

- In 3QFY24, Medanta's sales grew 20% YoY to INR8.3b (in line). Revenue of mature hospitals grew 17% YoY to INR6b, while that of developing hospitals increased by 32.6% YoY to INR2.7b.
- EBITDA margin expanded 260bp to 25.9 % YoY due to strong operating leverage, with lower employee costs/other expenses (down 80bp/210bp YoY as % of sales).
- Mature hospitals EBITDA came in at INR1.5b (63% of EBITDA) and margin expanded 380bp YoY to 25.3%. Developing hospitals EBITDA stood at INR968m (37% of EBITDA) and margin expanded 420bp YoY to 35.3%.
- Accordingly, total EBITDA grew 34% YoY to INR2.2b (in line).
- PAT jumped 53% YoY to INR1.2b, thanks to better core operations and higher other income (up 84% YoY; in line).
- During 9MFY24, revenue/EBITDA/PAT grew 23%/37%/56% YoY to INR24.5b/INR6.2b/INR3.5b.

Highlights from the management commentary

- Medanta added 159/94 doctors in developing/mature hospitals in 9MFY24.
- In the Noida project, ~82% of super structure work is completed and it is on track to commence operations by end FY25. Since it is a single-tower facility, the company can scale up this site much faster.
- Medanta has not increased prices at Lucknow/Patna since inception.
- Lucknow has witnessed strong demand, so the company added 150 beds. It has also exhibited robust operating efficiency.
- Medanta launched advanced NICU ambulance and child development center at Lucknow.

Consolidated - Quarterly Earning												(INR m)
Y/E March	FY23				FY24E				FY23	FY24E	FY24E	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE		
Gross Sales	6,172	6,791	6,943	7,034	7,730	8,439	8,326	8,936	26,943	33,432	8,262	0.8%
YoY Change (%)	27.1	17.6	19.1	35.2	25.2	24.3	19.9	27.0	14.0	14.0	19.0	
Total Expenditure	4,843	5,211	5,316	5,375	5,887	6,255	6,149	6,549	20,746	24,840	6,188	
EBITDA	1,329	1,580	1,627	1,659	1,843	2,185	2,177	2,388	6,197	8,592	2,074	5.0%
YoY Change (%)	31.2	15.3	18.4	112.2	38.7	38.3	33.8	43.9	36.5	38.6	27.5	
Margins (%)	21.5	23.3	23.4	23.6	23.8	25.9	26.1	26.7	23.0	25.7	25.1	
Depreciation	366	385	414	409	468	485	495	487	1,575	1,935	432	
Interest	185	182	207	205	179	201	177	144	779	701	140	
Other Income	93	155	119	284	215	208	219	295	649	936	190	
PBT before EO expense	871	1,168	1,125	1,329	1,410	1,707	1,724	2,051	4,492	6,892	1,692	1.9%
PBT	871	1,168	1,125	1,329	1,410	1,707	1,724	2,051	4,492	6,892	1,692	1.9%
Tax	284	311	319	320	390	455	488	556	1,231	1,889	467	
Rate (%)	32.6	26.6	28.4	24.1	27.7	26.6	28.3	27.1	27.4	27.4	27.6	
Reported PAT	587	857	806	1,009	1,020	1,252	1,236	1,495	3,261	5,003	1,225	0.9%
Adj PAT	587	857	806	1,011	1,020	1,252	1,236	1,495	3,261	5,003	1,225	0.9%
YoY Change (%)	40.6	28.0	15.1	476.3	73.8	46.1	53.3	47.9	66.2	53.4	52.0	
Margins (%)	9.5	12.6	11.6	14.4	13.2	14.8	14.8	16.7	12.1	15.0	14.8	

E: MOFSL Estimates



The Ramco Cements

Estimate change	↔
TP change	↓
Rating change	↔

CMP: INR902 TP: INR970 (+8%) Neutral

Result below estimates on lower volumes and realization

Expects sales volume of ~19-20mt in FY25 vs. ~18mt in FY24

Bloomberg	TRCL IN
Equity Shares (m)	236
M.Cap.(INRb)/(USDb)	213.1 / 2.6
52-Week Range (INR)	1058 / 701
1, 6, 12 Rel. Per (%)	-10/-7/3
12M Avg Val (INR M)	443

Financial Snapshot (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	92.9	100.8	109.6
EBITDA	16.1	20.8	23.0
Adj. PAT	4.3	7.3	8.8
EBITDA Margin (%)	17.3	20.6	21.0
Adj. EPS (INR)	18.2	30.7	37.3
EPS Gr. (%)	25.2	68.9	21.3
BV/Sh. (INR)	302	329	363

Ratios

Net D:E	0.7	0.7	0.6
RoE (%)	6.2	9.7	10.8
RoCE (%)	6.2	8.1	8.8
Payout (%)	19.2	11.4	9.4

Valuations

P/E (x)	49.4	29.3	24.1
P/BV (x)	3.0	2.7	2.5
EV/EBITDA(x)	16.2	12.5	11.2
EV/ton (USD)	141	135	129
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	-1.8	0.9	4.3

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	42.1	42.1	42.3
DII	36.3	36.8	35.6
FII	7.9	7.9	7.1
Others	13.6	14.1	14.9

FII Includes depository receipts

- The Ramco Cements (TRCL)'s 3QFY24 performance was below our estimates, primarily due to a 6% lower-than-estimated sales volume (up 10% YoY). Realization improved 4% QoQ, but was 1% below our estimate. EBITDA grew 39% YoY to INR3.95b (est. INR4.4b), while OPM was up 4.6pp YoY to 18.8% (vs. est. 19.6%). EBITDA/t stood at INR988 vs. estimated INR1,040. Profit was INR934m vs. our estimate of INR1.3b.
- Management guided sales volume of 5mt in 4QFY24 (up ~7% YoY) and ~19-20mt in FY25 (up 6-11% YoY). It announced a brownfield expansion of 3.15mt clinker/1.5mtpa cement capacity at a capex of INR12.5b. Further, TRCL believes that net debt at INR50b has peaked and future expansion will predominantly be funded through internal accruals.
- We cut our EPS estimate by 6% for FY24; while retaining our estimates for FY25/26. **We value TRCL at 12x FY26E EV/EBITDA (vs. 13x earlier) given its higher leverage (net debt-to-EBITDA is estimated at >2x until FY26). We reiterate our Neutral rating on the stock with a revised TP of INR970.**

Volume rises 10% YoY; OPM improves 4.6pp YoY

- Revenue/EBITDA/PAT stood at INR21.1b/INR3.95b/INR934m (up 5%/ up 39%/up 39% YoY and 7%/10%/29% below our estimates) in 3QFY24. Sales volume at 4mt grew 10% YoY (6% below our estimate). The realization at INR5,265/t (up 4% QoQ) was 1% below our estimate.
- Opex/t declined 10% YoY, led by an 18% decline in variable costs and a 10% decline in employee expenses. OPM was up 4.6pp YoY to 18.8%, and EBITDA/t was up 26% YoY to INR988. 'Other income' declined 25% YoY, while finance cost/depreciation increased 67%/22% YoY during the quarter.
- During 9MFY24, TRCL's revenue grew 20% YoY, driven by 25% volume growth and a 4% decline in realization. EBITDA increased 48% YoY to INR11.3b. EBITDA/t was up 18% YoY to INR880. PAT increased 43% YoY to INR2.7b.

Highlights from the management commentary

- Capex is pegged at INR17b in FY25E towards brownfield expansion at Kurnool, Andhra Pradesh (INR7.5b), land acquisition for a greenfield project in Karnataka (INR2b), maintenance capex (INR3b), and the balance for debottlenecking, WHRS at RR Nagar, and the leftover Kurnool project.
- Blended coal consumption cost was USD138/t (INR1.64/kcal) vs. USD148/t (INR1.75/kcal) in 2QFY24. In 4QFY24, fuel cost is estimated to be at similar levels as in 3QFY24.
- Cement prices are under pressure in TRCL's key markets. However, the prices are expected to improve going forward.

Higher leverage remains a concern; maintain Neutral

- We estimate the company’s sales volume to achieve a CAGR of ~8% over FY24-26. Further, we estimate its EBITDA/t to improve to INR1,060/INR1,100 in FY25/FY26 from INR895/t in FY24E.
- At CMP, the stock trades at 12.5x/11.2x FY25E/FY26E EV/EBITDA. The continued increase in leverage, and elevated capex are the key concerns. **We value TRCL at 12x FY26E EV/EBITDA (vs. 13x earlier), and maintain our Neutral rating with a revised TP of INR970.**

Quarterly Performance

Y/E March	(INR b)											
	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Sales volume (m ton)	3.31	3.35	3.64	4.70	4.30	4.61	4.00	5.04	15.02	17.95	4.24	(6)
YoY Change (%)	54.6	23.5	21.1	45.5	29.9	37.7	9.9	7.2	34.8	19.5	18.8	
Realization (INR/ton)	5,298	5,253	5,515	5,464	5,212	5,053	5,265	5,181	5,384	5,174	5,313	(1)
YoY Change (%)	(6.2)	(2.5)	7.3	3.4	(1.6)	(3.8)	(4.5)	(5.2)	1.3	(3.9)	(5.5)	
QoQ Change (%)	0.3	(0.9)	5.0	(0.9)	(4.6)	(3.1)	4.2	(1.6)			5.1	
Net Sales	17.7	17.8	20.1	25.7	22.4	23.3	21.1	26.1	81.4	92.9	22.5	(7)
YoY Change (%)	44.3	19.5	29.7	50.3	26.4	30.5	4.8	1.6	36.0	14.2	12.2	
Total Expenditure	14.7	16.0	17.2	21.6	19.0	19.3	17.1	21.4	69.5	76.8	18.1	(6)
EBITDA	3.0	1.8	2.8	4.1	3.4	4.0	4.0	4.7	11.8	16.1	4.4	(10)
Margins (%)	17.0	10.3	14.2	16.1	15.2	17.1	18.8	18.0	14.5	17.3	19.6	
Depreciation	1.1	1.2	1.4	1.4	1.5	1.6	1.7	1.7	5.0	6.4	1.6	4
Interest	0.5	0.6	0.6	0.8	0.9	1.2	1.0	1.0	2.4	4.2	1.1	(11)
Other Income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.4	0.1	(50)
PBT before EO expense	1.5	0.2	1.0	2.1	1.1	1.4	1.3	2.2	4.7	6.0	1.8	(26)
PBT	1.5	0.2	1.0	2.1	1.1	1.4	1.3	2.2	4.7	6.0	1.8	(26)
Tax	0.4	0.0	0.3	0.5	0.3	0.4	0.4	0.6	1.3	1.7	0.5	
Prior year tax	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	27.0	28.4	30.7	26.3	27.0	26.7	30.8	27.6	27.5	28.0	28.0	
Reported PAT	1.1	0.1	0.7	1.5	0.8	1.0	0.9	1.6	3.4	4.3	1.3	(29)
Adj PAT	1.1	0.1	0.7	1.5	0.8	1.0	0.9	1.6	3.4	4.3	1.3	(29)
YoY Change (%)	(33.6)	(94.7)	(18.4)	23.7	(29.7)	783.2	38.6	2.7	(41.8)	25.2	94.0	
Margins (%)	6.3	0.6	3.4	5.9	3.5	4.3	4.4	6.0	4.2	4.6	5.8	

Per ton analysis (incl. Dry mortar)

	(INR/t)											
Net realization	5,355	5,331	5,519	5,467	5,212	5,053	5,265	5,181	5,416	5,174	5,313	(1)
RM Cost	798	806	764	1,130	760	959	820	1,008	894	894	960	(15)
Employee Expenses	327	335	310	241	294	300	342	289	306	305	330	4
Power, Oil & Fuel	1,584	1,991	1,929	1,635	1,758	1,358	1,384	1,334	1,772	1,453	1,328	4
Freight cost	1,087	1,040	1,087	1,063	1,064	1,025	1,073	1,066	1,067	1,057	1,055	2
Other Expenses	650	610	646	521	541	546	658	550	590	571	600	10
Total Expenses	4,447	4,782	4,737	4,589	4,418	4,188	4,277	4,248	4,629	4,280	4,273	0
EBITDA	908	549	782	878	794	865	988	934	787	895	1,040	(5)

Source: Company, MOFSL Estimates



Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	HMN IN
Equity Shares (m)	445
M.Cap.(INRb)/(USDb)	213.4 / 2.6
52-Week Range (INR)	589 / 341
1, 6, 12 Rel. Per (%)	-13/-17/-4
12M Avg Val (INR M)	282

Financials & Valuations (INR b)

Y/E March	2024E	2025E	2026E
Sales	35.5	37.9	40.5
Sales Gr. (%)	4.1	7.0	6.7
EBITDA	9.5	10.6	11.4
EBIT Margin (%)	26.9	27.9	28.1
Adj. PAT	8.3	9.2	9.5
Adj. EPS (INR)	18.9	20.8	21.5
EPS Gr. (%)	22.6	9.8	3.4
BV/Sh.(INR)	59.6	67.5	74.7

Ratios

RoE (%)	33.8	32.7	30.2
RoCE (%)	35.0	34.3	33.0
Payout (%)	50.2	52.9	58.2

Valuation

P/E (x)	25.7	23.4	22.6
P/BV (x)	8.1	7.2	6.5
EV/EBITDA (x)	21.7	19.2	17.5
Div. Yield (%)	2.0	2.3	2.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	54.8	54.8	54.3
DII	24.0	25.2	27.0
FII	12.9	11.9	11.2
Others	8.3	7.8	7.6

FII Includes depository receipts

CMP: INR485 TP: INR600 (+24%) Buy

Volume muted; rural recovery a key monitorable

- Emami reported 1.4% YoY sales growth in 3QFY24 (est. +3.1%), hit by subdued rural demand and weak performance of the winter portfolio. The non-winter portfolio clocked 5% YoY revenue growth, while the winter portfolio (such as Boroplus) posted a 9% YoY contraction. The healthcare range was flat YoY (the immunity range contracted). Navratna and pain management ranges clocked 7% and 3% YoY growth, respectively.
- Emami's volume dipped 1% YoY in 3QFY24. Besides weak general demand, delayed winter also hurt growth. The four-year volume CAGR stood at 2%.
- GM expanded 290bp YoY to 68.8% due to softening RM prices. EBITDA margin rose 170bp YoY to 31.6% (the best margin profile among FMCG peers). EBITDA growth stood at 7% YoY during the quarter.
- Emami's core categories are niche and they have been witnessing slow user addition over the last five years. Although Emami commands a high market share in core categories, the share gain is no longer a catalyst for volume growth. Management has initiated several steps (e.g., team additions, new launches, hiring consultants, marketing spends, etc.) over the last 3-4 years to revive volume growth; however, the desired result has not yet been achieved. We factor in these issues in our target valuation multiple (at 40-50% discount to peers). **We value Emami at 28x P/E on Dec'25 EPS to arrive at our TP of INR600. Reiterate BUY.**

Performance weak but in line with our expectations

- Flattish domestic sales growth:** Consolidated net sales grew 1.4% YoY to INR9,963m (est. INR10,132m). The domestic business was flat YoY due to the delayed winter. The domestic non-winter portfolio rose 5% YoY, while the winter portfolio contracted 9% YoY. Management is trying to accelerate growth through the new launches (balm, oral care, hair care, and healthcare) and further intensify its distribution touch points.
- Brand performance:** Navratna/Pain Management/Healthcare/Boroplus/Kesh King/Male Grooming segments were +7%/+3%/flat/-9%/-13%/-6% YoY in 3QFY24, and +1%/+5%/+4%/-6%/-6%/-4% in 9MFY24.
- Healthy margin expansion:** Gross margin expanded 290bp YoY to 68.8% (est. 67.2%), led by benign RM prices. EBITDA margin rose 170bp YoY to 31.6%. Other expenses dipped 50bp YoY, while employee and ad spending rose 70bp and 100bp YoY, respectively. Ad spending grew to INR1,657m.
- EBITDA/PBT/Adj. PAT grew in the high-single to double-digit range:** EBITDA grew 7% YoY to INR3,149m (est. INR3,050m). PBT rose 12% YoY to INR2,831m (est. INR2,908m). Adjusted PAT before amortization increased 10% YoY to INR2,806m (est. INR2,754m) for the quarter.
- Healthy international performance:** The international market delivered 8% YoY growth (11% in CC terms) led by the MENAP region, despite currency fluctuations and geopolitical disturbances in key geographies.
- During 9MFY24,** Emami's sales/EBITDA/Adj. PAT grew 4.6%/11.4%/16.5%.

Highlights from the management commentary

- Revenue was hit by subdued demand in the rural market, and the late onset of winter hurt the winter portfolio. Demand should improve in FY25E, owing to benign inflation and rising government spending to revive the rural economy.
- The volume growth remained flattish (down 0.9%) during the quarter. Management aspires to achieve 6-8% volume growth in the medium term.
- The price increase will be around 2-3% every year.
- In 3QFY24, e-commerce grew 15% YoY, while Modern Trade saw 10% YoY growth. Both channels together contributed more than 22% of sales.
- The Man Company's operating margin became positive, and Brillare's operating margin improved to -20% from -45% in 3QFY24.
- The effective tax rate would be in the range of 7-8% for FY24E and ~10% for FY25E.

Valuation and view

- We broadly maintain our FY24/FY25 EPS estimates.
- We model a 7% revenue CAGR during FY24-26 with an equal share of volume and price growth. EBITDA margin is already at an elevated level (much higher than peers). We model a 28% EBITDA margin for FY25/FY26 vs. ~27% for FY24E.
- Emami's core categories are niche and they have been witnessing slow user addition over the last five years. Although Emami commands a high market share in core categories, the share gain is no longer a catalyst for volume growth.
- Management has initiated several steps (e.g., team additions, new launches, hiring consultants, marketing spends, etc.) over the last 3-4 years to revive volume growth; however, the desired result has not yet been achieved.
- We factor in these issues in our target valuation multiple (at 40-50% discount to peers). **We value Emami at 28x P/E on Dec'25 EPS to arrive at our TP of INR600. Reiterate BUY.**

Consol. Quarterly performance

Y/E MARCH	(INR m)											
	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE	(%)	
Domestic volume gr. (%)	9.6	-1.0	-3.9	2.0	3.0	2.0	-0.9	3.0	2.1	1.8	0.0	
Net Sales	7,733	8,138	9,827	8,360	8,257	8,649	9,963	8,582	34,057	35,451	10,132	-1.7%
YoY change (%)	17.0	3.4	1.1	8.8	6.8	6.3	1.4	2.7	6.8	4.1	3.1	
Gross Profit	4,872	5,422	6,472	5,278	5,401	6,061	6,851	5,617	22,044	23,929	6,808	0.6%
Gross margin (%)	63.0	66.6	65.9	63.1	65.4	70.1	68.8	65.4	64.7	67.5	67.2	
EBITDA	1,733	1,954	2,942	1,998	1,900	2,337	3,149	2,139	8,627	9,525	3,050	3.2%
Margins (%)	22.4	24.0	29.9	23.9	23.0	27.0	31.6	24.9	25.3	26.9	30.1	
YoY change	2.1	-29.5	-13.9	21.9	9.6	19.6	7.0	7.1	-9.4	10.4	3.6	
Depreciation	881	479	472	640	460	461	458	452	2,473	1,831	257	
Interest	25	18	18	14	21	23	27	29	74	100	22	
Other Income	63	420	69	138	83	111	167	168	689	529	137	
PBT	891	1,877	2,521	1,482	1,502	1,964	2,831	1,827	6,770	8,124	2,908	-2.7%
Tax	120	54	185	63	129	158	155	122	421	565	154	
Rate (%)	13.5	2.9	7.3	4.2	8.6	8.1	5.5	6.7	6.2	6.9	5.3	
Adj. PAT	1,032	1,749	2,547	1,477	1,413	1,967	2,828	2,138	6,805	8,346	2,754	2.7%
YoY change (%)	-18.5	-22.9	-5.3	32.7	36.9	12.5	11.0	44.8	-7.3	22.6	7.4	

E: MOFSL Estimates



Sapphire Foods

Estimate changes

TP change

Rating change



CMP: INR1,379 TP: INR1,600 (+16%)

Buy

Bloomberg	SAPPHIRE IN
Equity Shares (m)	64
M.Cap.(INRb)/(USDb)	87.9 / 1.1
52-Week Range (INR)	1568 / 1120
1, 6, 12 Rel. Per (%)	-1/-11/-13
12M Avg Val (INR M)	200

Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	26.1	30.6	36.0
Sales Gr. (%)	15.2	17.3	17.5
EBITDA	4.8	5.8	7.0
Margins (%)	18.6	18.9	19.5
Adj. PAT	0.7	1.0	1.6
Adj. EPS (INR)	10.4	15.9	25.4
EPS Gr. (%)	-39.5	52.7	60.3
BV/Sh.(INR)	213.5	240.6	281.3

Ratios

RoE (%)	5.1	7.0	9.7
RoCE (%)	6.1	7.0	8.5

Valuations

P/E (x)	132.7	86.9	54.2
P/BV (x)	6.5	5.7	4.9
EV/Sales (x)	3.7	3.1	2.3
Pre Ind-AS EV/EBITDA (x)	30.3	23.5	18.1

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	31.3	41.7	44.9
DII	31.7	28.0	25.0
FII	30.0	23.7	16.5
Others	7.0	6.9	13.6

FII Includes depository receipts

Strong delivery in KFC; demand challenges persist

- Sapphire Foods (Sapphire) reported 11.6% YoY revenue growth in 3QFY24, despite 18% store growth. Underlying growth metrics (ADS, SSSG) remained weak, but Sapphire's KFC performance (SSSG, ROM) was better than Devyani's.
- **KFC:** Same-store sales declined 2% (flat in 2Q) vs. a 5% drop for Devyani. ROM was healthy at 20% (flat YoY, +90bp QoQ) vs. Devyani's 19% (-70bp YoY).
- **PH:** Performance further deteriorated, with same-store sales down 19% (-20% in 2Q) compared to a 13% decline for Devyani. Rising competition pressure has been impacting PH's unit economics. ROM was 4.6% (-950bp YoY, -300bp QoQ) vs. Devyani's 6% (down 800bp YoY).
- The QSR industry continues to see weakness in unit economics of both dine-in and delivery formats. KFC has been managing the headwinds more effectively, while PH has been struggling due to weak unit economics and intense competition. The company's store expansion spree is expected to slow down in FY25 (mainly in PH) to fix the profitability metrics. We maintain our cautious stance on QSR for the near term due to the ongoing demand challenges. The stock trades at 23x/18x Pre Ind-AS EV/EBITDA on FY25E/FY26E (moderate vs. QSR peers). We reiterate **our BUY rating on the stock with a TP of INR1,600.**

KFC delivers well in challenging period

- **Sluggish growth metrics:** Consolidated sales grew 11.6% YoY to INR6.7b, KFC grew 16% YoY, while PH declined 4%. Store growth was healthy at 18%, the company added 36 stores (25 KFC, 8 PH, 3 others) to 850 stores. ADS of KFC was down 8% YoY at INR125k (flat YoY), while ADS of PH was down 22% YoY at INR45k (much lower than INR80k for Domino's).
- **Expect slower store addition in FY25:** Sapphire added 107 stores in 9MFY24 (65 KFC, 33 PH, 9 others) after adding 164 stores in FY23. KFC store addition would continue at the same pace in FY25, but PH store addition would slow as the management aims to fix ADS and profitability for the existing store network. We model overall ~90 store addition in FY25.
- **Weak margin print:** Consolidated GM improved 180bp YoY/10bp QoQ to 68.9% and GP was up 15% YoY at INR 4.6b. EBITDA rose 4% YoY to INR1.2b, while margins contracted 130bp YoY to 18.3%. PBT (better metric post IND AS) declined 58% YoY, PBT margin stood at 2% (vs. Devyani's 1% and Jubilant's 6%). We model PBT margin of 4%/6% in FY25/FY26.

Highlights from the management commentary

- The macro environment remains tough for the QSR category. The company will slow down its store expansion pace but continue to invest in refurbishments to maintain the customer experience.

- KFC store expansion will be steady; however, PH store expansion will be muted in FY25 as the company focuses on ADS and profitability.
- Sapphire recognizes that in a highly competitive space, it must make more efforts on PH to revive consumer interest.
- KFC can sustain ~20% ROM if demand does not decelerate further.
- For PH, the growth rate is slowing down as the company is planning to double the store count in four years rather than in three years; targeting to close only 3-5% non-performing stores; and refurbishing restaurants to enhance the customer experience.

Valuation and view

- We cut our FY25/FY26 EPS estimates by 35%/42% as we expect weak unit economics and a longer slowdown impact on growth and profitability.
- Sapphire added 107 stores in 9MFY24 (65 KFC, 33 PH, 9 others) after adding 164 stores in FY23. KFC store addition will sustain in FY25 but PH store addition will be muted as the management plans to fix ADS and profitability for the current network. We model combined ~200 stores addition during FY25 and FY26.
- PBT (better metric post IND AS) declined 58% YoY, PBT margin stood at 2% (vs. Devyani's at 1% and Jubilant's 6%) in 3Q. We do not see near-term respite in profitability; however, with a gradual stability in growth metrics in FY25, we expect better unit economics. A higher mix of KFC would also improve PBT margin for Sapphire in FY25 and FY26. We model PBT margin of 4%/6% in FY25/FY26.
- The QSR industry continues to see weakness in unit economics in both dine-in and delivery formats. KFC has been managing the headwinds more effectively, while PH has been struggling due to weak unit economics and intense competition. Sapphire's store expansion spree is expected to slow in FY25 (mainly in PH) to fix profitability metrics. We maintain our cautious stance on QSR for the near term due to the ongoing demand challenges. The stock trades at 23x/18x Pre Ind-AS EV/EBITDA on FY25E/FY26E (moderate vs. QSR peers).
Retain our BUY rating on the stock on with a TP of INR1,600 (22x FY26E Pre Ind-AS EV/EBITDA).

Quarterly Performance

Y/E March	(INR m)											
	FY23				FY24E				FY23	FY24E	FY24	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3Q	
KFC - No. of stores	281	301	325	341	358	381	406	426	341	426	401	
PH - No. of stores	235	249	274	286	302	311	319	326	286	326	319	
KFC - SSSG (%)	65.0	15.0	3.0	2.0	0.0	0.0	-2.0	-2.0	15	-1.0	0.0	
PH - SSSG (%)	47.0	23.0	-4.0	-4.0	-9.0	-20.0	-19.0	-12.0	12	-15.0	-15.0	
Net Sales	5,463	5,628	5,961	5,604	6,544	6,426	6,656	6,477	22,656	26,103	6,763	-1.6
YoY change (%)	80.3	35.9	17.5	12.8	19.8	14.2	11.6	15.6	31.6	15.2	13.5	
Gross Profit	3,707	3,737	3,998	3,807	4,483	4,417	4,583	4,461	15,249	17,944	4,638	-1.2
Margin (%)	67.9	66.4	67.1	67.9	68.5	68.7	68.9	68.9	67.3	68.7	68.6	
EBITDA	1,104	1,032	1,167	981	1,214	1,151	1,217	1,264	4,284	4,847	1,240	-1.8
EBITDA growth %	223.9	82.2	1.9	-1.7	10.0	11.6	4.3	28.8	40.4	13.1	6.3	
Margin (%)	20.2	18.3	19.6	17.5	18.6	17.9	18.3	19.5	18.9	18.6	18.3	
Depreciation	609	628	681	724	727	768	874	877	2,642	3,246	791	10.5
Interest	197	206	217	249	226	245	263	250	869	984	252	4.5
Other Income	59	71	67	114	75	75	60	77	311	287	75	-19.8
PBT	356	269	336	123	336	214	140	213	1,084	904	273	-48.5
Tax	-25	1	9	9	88	62	42	53	-7	244	68	
Rate (%)	-7.1	0.3	2.6	7.0	26.0	28.9	30.0	24.6	-0.6	27.0	25.0	
Adjusted PAT	381	269	327	114	249	152	98	161	1,091	660	204	-51.9
YoY change (%)	-244.5	-626.1	-35.9	-56.9	-34.8	-43.4	-69.9	40.7	137.2	-39.5	-37.5	

E: MOFSL Estimates



Campus Activewear

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	CAMPUS IN
Equity Shares (m)	306
M.Cap.(INRb)/(USDb)	78.4 / 0.9
52-Week Range (INR)	425 / 238
1, 6, 12 Rel. Per (%)	-11/-22/-57
12M Avg Val (INR M)	394

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	14.8	14.5	15.9
EBITDA	2.5	2.0	2.7
Adj. PAT	1.2	0.8	1.2
EBITDA Margin (%)	17.1	14.0	16.8
Adj. EPS (INR)	3.8	2.7	4.0
EPS Gr. (%)	-8.0	-30.2	48.2
BV/Sh. (INR)	18.0	20.7	24.6

Ratios

Net D:E	0.6	0.2	0.2
RoE (%)	21.2	12.9	16.0
RoCE (%)	18.2	11.8	14.6
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	67.2	96.3	65.0
EV/EBITDA (x)	32.2	39.5	29.9
EV/Sales (X)	5.5	5.5	5.0
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	0.7	2.9	1.2

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	73.9	73.9	74.0
DII	7.1	4.8	6.4
FII	5.9	9.3	6.0
Others	13.1	7.9	13.6

FII Includes depository receipts

CMP: INR257 **TP: INR285 (+11%)** **Buy**

Weak market condition and high ad spent continues

- Campus Activewear (Campus) posted flat revenue YoY (5% miss), recovering from weak 2QFY24 performance. This recovery was fueled by restocking in its primary distribution channel and marketplace model. However, high SG&A led to a decline in EBITDA margins to 11.9% (down 780bp YoY), cushioned by 260bp YoY GM improvement.
- We anticipate potential earnings vulnerability over the next two to three quarters; subsequently, we have cut EBITDA/PAT by 6%/8% for FY25 and model 14%/29% Revenue/EBITDA CAGR over FY24-26E. Consequently, our TP has been adjusted to INR285, reflecting a 55x PE on FY26. Despite the significant correction in the stock, Campus's robust market position and extensive growth opportunities suggest a potential market-leading recovery in FY25. We maintain our **BUY rating on the stock with a TP of INR285.**

EBITDA decline 39% (53% miss), led by higher SG&A

- Revenue was flat YoY at INR 4.7b (5% miss). Volumes declined 1% YoY, which was offset by a 2% YoY increase in ASP. Bata revenue was also flat YoY.
- RM cost declined 4% YoY, which improved gross margin by 260bp YoY to 51.3%. Gross profit was up 7% YoY to INR2.4b (9% miss).
- EBITDA declined 39% YoY to INR563m (53% miss), primarily due to increased marketing expenditures. Margins declined 780bp YoY to 11.9%.
- PAT declined 48% YoY to INR249m (65% miss) due to EBITDA miss.
- 9MFY24 Revenue/EBITDA/PAT declined 5%/25%/40% YoY.

Key takeaways from the management commentary

- The company has repaid the debt of INR1.1b in 3QFY24 and now the net debt stands at INR483m. In addition, the working capital days reduced to 68 days in 3QFY24 from 150 days in 2QFY24; inventory stands at INR4b.
- Campus is prioritizing the recovery of lost volumes in O2O/B2B channels in 2QFY24 by focusing on a) expanding its marketplace segment and b) restocking in the primary distribution channel, which previously experienced destocking.
- The company lost some market share in UP/Bihar, led by new players, but it has gained market share in West/Central/South states.
- In 3QFY24, marketing spend increased to 10%, notably higher than the typical range of 5-6%, led by big billion days. The company's targeted marketing cost typically is 6-6.5%.

Valuation and view

- Our channel check explains a.) Prolonged macroeconomic headwinds, particularly in the value segment within the northern region, as evident from the performance of all players, b.) heightened competitive pressures from other players offering low ASP products and providing high channel commissions, resulting in distributor churn. Campus's premiumization strategy, focusing on INR1000-2000 ASP segment, might encounter headwinds amidst the current economic downturn, where we observe significant customer downgrading across discretionary categories.

- The ongoing weak environment, coupled with the churn in distributors and a decline in O2O business partners, has hurt revenue growth. Additionally, increased SG&A expenses will adversely impact EBITDA margin improvement. Consequently, we cut our FY24/25E revenue by 2%/3%, EBITDA by 23%/6% and PAT by 35%/8%. We have factored in a revenue/PAT CAGR of 14%/40% over FY24-26E.
- We reiterate our BUY rating on the stock with a TP of INR285 (premised on 55x P/E on FY26 EPS).

Consolidated - Quarterly Earning

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		3QE	Var (%)	
Revenue	3,377	3,332	4,656	3,478	3,538	2,587	4,720	3,666	14,842	14,510	4,945	-4.5
YoY Change (%)	149.6	22.0	7.4	-1.3	4.8	-22.4	1.4	5.4	24.3	-2.2	6.2	
Gross Profit	1,676	1,594	2,265	1,787	1,888	1,406	2,420	1,906	7,323	7,620	2,670	-9.4
Gross margin	49.6	47.9	48.6	51.4	53.4	54.3	51.3	52.0	49.3	52.5	54.0	-272
Total Expenditure	2,760	2,897	3,737	2,912	2,876	2,342	4,158	3,108	12,307	12,484	3,746	11.0
EBITDA	617	434	919	565	662	245	563	557	2,536	2,026	1,199	-53.1
EBITDA margins (%)	18.3	13.0	19.7	16.3	18.7	9.5	11.9	15.2	17.1	14.0	24.3	-1,233
Depreciation	145	170	196	200	171	181	184	205	710	740	185	-0.9
Interest	56	76	82	72	69	65	58	32	287	224	65	-10.5
Other Income	6	7	9	6	2	4	14	7	28	27	4	209.1
PBT	422	196	650	299	424	4	335	327	1,567	1,089	954	-64.9
Tax	109	50	167	70	109	1	86	77	396	272	238	-64.0
Rate (%)	25.8	25.7	25.7	23.3	25.8	13.5	25.6	23.5	25.2	25.0	25.0	
Reported PAT	313	145	483	229	315	3	249	250	1,171	817	715	-65.2
Adj PAT	313	145	483	229	314	3	249	250	1,171	817	715	-65.2
YoY Change (%)	1,467	-49	-12	0	1	-98	-48	9	8.7	-30.2	48	

E: MOFSL Estimates



KNR Constructions

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR272 TP: INR320 (+18%) Buy

Execution in line, while margins soften; focus on new order inflows

Bloomberg	KNRC IN
Equity Shares (m)	281
M.Cap.(INRb)/(USDb)	76.5 / 0.9
52-Week Range (INR)	306 / 226
1, 6, 12 Rel. Per (%)	4/1/-20
12M Avg Val (INR M)	209

Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	39.9	43.5	49.5
EBITDA	7.0	7.7	8.9
PAT	4.3	4.7	5.6
EBITDA (%)	17.5	17.7	18.0
EPS (INR)	15.2	16.7	19.9
EPS Gr. (%)	3.0	9.9	18.9
BV/Sh. (INR)	111.9	128.1	147.5

Ratios

Net D/E	-0.1	0.0	0.0
RoE (%)	14.5	13.9	14.4
RoCE (%)	15.1	14.6	15.0
Payout (%)	3.3	3.0	2.5

Valuations

P/E (x)	17.9	16.3	13.7
P/BV (x)	2.4	2.1	1.8
EV/EBITDA (x)	10.6	9.7	8.5
Div Yield (%)	0.2	0.2	0.2
FCF Yield (%)	3.7	2.1	2.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	51.1	51.1	51.1
DII	29.3	32.3	34.9
FII	7.6	6.6	5.8
Others	12.0	9.3	8.2

FII Includes depository receipts

- KNR Constructions (KNRC)'s 3QFY24 revenue grew 9% YoY to ~INR9b (in line). The execution was primarily driven by the implementation of the Road HAM projects. EBITDA stood at INR1.5b (v/s our estimate of INR1.6b). EBITDA margin was at 16.3% (-250bp YoY and -140bp QoQ) v/s our estimate of 17.9% for 3QFY24. Lower execution of the high-margin irrigation projects impacted overall margins adversely.
- In line with operational performance, APAT stood at INR855m, 14% below our estimate (+10% YoY and -14% QoQ). During 9MFY24, revenue stood at INR27.8b (+8% YoY), EBITDA came in at INR4.9b (-4.5% YoY), EBITDA margin was 17.5%, and APAT stood at INR2.9b (+3.3% YoY).
- KNRC has not secured new orders in 9MFY24, with the current order book at ~INR67b. However, the order pipeline looks promising, with expectations of INR20-30b in new project wins in 4QFY24.
- KNRC is actively seeking opportunities in various states for project bidding and across water and road segments. Despite muted order inflow to date, the tender pipeline remains strong. We have tweaked our estimates to factor in some order inflows in YTD FY24, which could impact execution in the near to medium term. We expect a 10% CAGR in revenue over FY23-26. EBITDA margin is expected to be 17-18%. We cut our EPS estimates for FY24/FY25/FY26 by 4%/9%/3%. **We reiterate our BUY rating with a revised TP of INR320 (based on SoTP valuation). We value the EPC business at a P/E of 14x on FY26E EPS and BOT assets at 1x investment value.**

Key takeaways from the management commentary

- In 9MFY24, KNRC has not secured any orders. The pace of awarding contracts by NHAI has been sluggish due to land availability issues. However, the order pipeline is promising, totaling INR450b, and KNRC anticipates winning new projects worth INR20-30b in FY24.
- Several tenders, which KNRC has bid for, were due to open but were postponed by the authorities, and hence order inflows could not materialize.
- Management has guided a revenue of INR12b for 4QFY24 and ~10% YoY growth in revenue in FY25.
- EBITDA margin could improve if the execution of the high-margin irrigation projects picks up pace.
- Irrigation receivables stood at INR6.5b at the end of Dec'23 (same as in Nov'23). KNRC has bid for irrigation projects worth INR11-12b in Telangana, but these bids remain pending due to the recently concluded state elections.

Valuation and view

- New order inflows are essential for KNRC's growth beyond FY25. With a robust order pipeline and a focus on diversifying into other segments, the company aims to boost its order intake. Management remains focused on improving the liquidity position of the company in order to bid when NHA's project awarding picks up.
- KNRC is looking to execute the pending irrigation order book once it gets clarity on the payments on those projects by the authority.
- With no order inflows in 9MFY24 and softer execution in irrigation projects, we cut our revenue and earnings estimates, and expect KNRC to report a CAGR of 10%/7%/10% in revenue/EBITDA/PAT over FY23-26, along with ~17-18% margin. **Reiterate BUY with a revised SoTP-based TP of INR320.**

Quarterly performance -Standalone

Y/E March	FY23				FY24E				FY23	FY24E	MOSL	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	3QE	3QE		
Net Sales	8,906	8,474	8,302	11,756	9,296	9,415	9,054	12,160	37,438	39,924	9,183	-1
YoY Change (%)	20.4	12.2	8.3	16.3	4.4	11.1	9.1	3.4	14.4	6.6	10.6	
EBITDA	1,650	1,888	1,560	2,119	1,733	1,663	7,581	10,042	30,220	32,938	7,539	
Margins (%)	18.5	22.3	18.8	18.0	18.6	17.7	1,473	2,118	7,218	6,987	1,644	-10
Depreciation	327	366	381	401	283	311	16.3	17.4	19.3	17.5	17.9	
Interest	69	84	160	80	50	58	325	331	1,474	1,250	320	
Other Income	91	76	59	96	71	50	72	60	393	240	60	
PBT before EO expense	1,345	1,514	1,079	1,735	1,470	1,344	60	58	321	240	60	
Extra-Ord expense	0	0	1,380	0	0	0	0	0	1,380	0	0	
PBT (pre-exceptional)	1,345	1,514	1,079	1,735	1,470	1,344	1,136	1,786	5,672	5,736	1,324	
Tax	336	438	840	449	367	346	281	449	2,062	1,443	334	
Rate (%)	25.0	28.9	77.9	25.9	25.0	25.7	24.7	25.2	36.4	25.2	25.2	
Reported PAT	1,008	1,076	1,619	1,286	1,103	999	855	1,337	4,989	4,293	990	
Adj PAT	1,008	1,076	777	1,286	1,103	999	855	1,337	4,148	4,293	990	-14
YoY Change (%)	38.1	13.0	-2.1	14.0	9.4	-7.2	10.1	3.9	15.1	3.5	27.4	
Margins (%)	11.3	12.7	9.4	10.9	11.9	10.6	9.4	11.0	11.1	10.8	10.8	

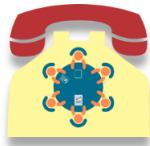
BSE SENSEX
71,595

S&P CNX
21,783

CMP: INR268

Buy

Conference Call Details



Date: 12th Feb 2024

Time: 1545 hours IST

Dial-in details:

1800 121 8750

EBITDA in line; realization at USD81.6/bbl

- Crude oil sold stood at 4.7mmt in 3QFY24, while gas sold was 4bcm (both in line). VAP sales came in below our est. at 573tmt (our est. of 655tmt) during the quarter.
- ONGC's reported oil realization was in line with our est. at USD81.6/bbl (-6% YoY). Net of windfall tax, realization stood at USD72.4/bbl.
- EBITDA came in line with our est. at INR171.6b (-16% YoY), while PAT was INR95.4b (our est. of INR91.5b, down 14% YoY).
- ONGC has declared a second interim dividend of INR4/share (in addition to the INR5.75/share declared in Nov'23).
- OVL's oil production rose 31% YoY to 1.816mmt, while gas production was up 10% YoY to 0.859bcm in 3QFY24
- Crude oil sales stood at 1.224mmt (-3% YoY), while gas sales came in at 0.481bcm (-15% YoY).
- OVL's revenue was INR24.4b (-3% YoY), PBDT stood at INR9.14b (-43% YoY), while PAT came in at INR1.71b (-69% YoY) in 3QFY24.
- **For 9MFY24, ONGC's revenue stood at INR1,038b (-13% YoY), with EBITDA at INR550b (-16% YoY). Reported PAT declined 24% to INR298b.**

Standalone - Quarterly Earning Model

(INR b)

Y/E March	FY23				FY24				Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	3QAct			
Net Sales	423.2	383.2	385.8	362.9	338.1	351.6	349.9	347.9	-1%	-10%	-1%
YoY Change (%)	83.8	57.4	35.5	5.2	-20.1	-8.2	-9.3	-9.8			
EBITDA	259.3	188.1	204.1	163.4	194.5	183.6	179.0	171.6	-4%	-16%	-7%
Margins (%)	61.3	49.1	52.9	45.0	57.5	52.2	51.2	49.3			
Depreciation	57.1	53.1	64.6	93.0	67.0	59.6	63.8	74.1			
Interest	6.4	6.7	6.9	7.1	10.1	10.2	10.1	10.2			
Other Income	7.6	35.3	14.1	19.3	16.1	20.9	17.1	34.0			
PBT before EO expense	203.4	163.6	146.7	82.6	133.6	134.7	122.2	121.3	-1%	-17%	-10%
Extra-Ord expense	0.0	0.0	0.0	92.4	0.0	0.0	0.0	0.0			
PBT	203.4	163.6	146.7	-9.8	133.6	134.7	122.2	121.3	-1%	-17%	-10%
Tax	51.4	35.3	36.3	-7.3	33.5	32.6	30.8	26.0			
Rate (%)	25.3	21.6	24.7	74.7	25.0	24.2	25.2	21.4			
Reported PAT	152.1	128.3	110.4	-2.5	100.2	102.2	91.5	95.4	4%	-14%	-7%
Adj. PAT	152.1	128.3	110.4	61.8	100.2	102.2	91.5	95.4	4%	-14%	-7%
YoY Change (%)	250.8	50.9	26.0	-30.3	-34.1	-20.3	-17.2	-13.7			
Margins (%)	35.9	33.5	28.6	17.0	29.6	29.1	26.1	27.4			
Key Assumptions (USD/bbl)											
Oil Realization (pre windfall tax)	108.5	95.5	87.1	77.1	76.5	84.8	82.0	81.6	0%	-6%	-4%
Crude oil sold (mmt)	5.0	4.8	4.7	4.7	4.7	4.7	4.7	4.7	0%	1%	1%
Gas sold (bcm)	4.1	4.2	4.2	4.1	4.1	4.0	4.1	4.0	-2%	-6%	-2%
VAP sold (tmt)	671.0	640.0	599.0	613.0	589.0	651.0	655.2	573.0	-13%	-4%	-12%

Aurobindo Pharma

BSE SENSEX
71,595S&P CNX
21,783

CMP: INR1,000

Conference Call Details



Date: 12 Feb 2024

Time: 8:30 am IST

Dial-in details:

Diamond Pass: [Link](#)

Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	285.6	295.9	324.8
EBITDA	55.1	59.8	61.4
Adj. PAT	30.0	34.3	39.5
EBIT Margin (%)	14.1	15.3	15.8
Cons. Adj. EPS (INR)	51.2	58.7	67.5
EPS Gr. (%)	33.2	14.6	15.0
BV/Sh. (INR)	506.2	558.9	620.3
Ratios			
Net D:E	0.0	-0.1	-0.1
RoE (%)	10.6	11.0	11.4
RoCE (%)	9.7	10.3	10.9
Payout (%)	9.5	10.2	8.9
Valuations			
P/E (x)	19.5	17.1	14.8
EV/EBITDA (x)	10.5	9.1	8.8
Div. Yield (%)	0.5	0.6	0.6
FCF Yield (%)	-0.8	6.7	0.6
EV/Sales (x)	2.0	1.8	1.7

Better than estimates

- Aurobindo's (ARBP) 3QFY24 sales grew 15% YoY to INR74b (our estimate: INR73b).
- Overall Formulation sales grew 15% YoY to INR62.9b.
- US formulations revenues grew 25% YoY to INR37.6b (CC: +23% YoY to USD451m; 51% of sales).
- Europe formulation sales grew 2% YoY to INR17.3b (24% of sales).
- Growth Markets sales grew 26% YoY to INR6.3b (9% of sales).
- ARV revenue declined 29% YoY to INR1.8b (2% of sales).
- API sales grew by 7% YoY to INR10b (14% of sales).
- Gross margin (GM) expanded 250bp YoY (200bp QoQ) to 57%.
- However, EBITDA margin expanded 690bp YoY to 21.8% (our estimate: 20.8%) due to lower other/employee expenses (down 340bp/90bp YoY as % of sales).
- EBITDA rose 68% YoY to INR16b (our estimates: INR15b).
- Adjusting for forex gains of INR452m, PAT grew at a higher rate of 87% YoY to INR9b (our est: INR8b). Other income grew 46% YoY.
- For 9MFY24, revenue/EBITDA/PAT rose 17%/37%/31% to INR214b/INR41.5b/INR22.7b. Moreover, EBITDA margins expanded 290bp YoY to 19.2%.
- Revenue was flat compared to Bloomberg estimates, while EBITDA/PAT beat the Bloomberg consensus estimates by 6%/3%.

Other highlights

- The company filed 7 ANDAs with the USFDA and received the final approval for 16 ANDAs, including 7 specialty and injectable products, in 3QFY24.
- ARBP launched 21 products including 4 specialty and injectable products in 3Q.
- R&D spending stood at INR4b or 5.4% of sales.
- Net capex was USD103m, including investments of USD37m in the PLI project.
- As of Dec'23, the total investment for the PLI project was ~USD230m and it was ~USD305m for the Biosimilar project.
- Net cash, including investments, stood at USD49m at the end of 3QFY24.

Quarterly performance (Consolidated)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
Net Sales	62.4	57.4	64.1	64.7	68.5	72.2	73.5	71.3	248.6	285.6	73.3	0.3%
YoY Change (%)	9.4	-3.4	6.7	11.4	9.9	25.8	14.7	10.2	6.0	14.9	14.4	
EBITDA	10.2	10.5	9.5	10.0	11.5	14.0	16.0	13.6	40.3	55.1	15.2	5.1%
YoY Change (%)	-15.3	-11.3	-6.1	2.9	12.4	33.4	67.8	35.3	-8.1	36.6	59.7	
Margins (%)	16.4	18.3	14.9	15.5	16.8	19.4	21.8	19.0	16.2	19.3	20.8	
Depreciation	2.8	3.0	3.2	3.5	3.3	4.2	4.2	3.2	12.4	14.9	4.2	
EBIT	7.5	7.5	6.3	6.6	8.2	9.9	11.8	10.4	27.9	40.3	11.1	
YoY Change (%)	-19.8	-15.5	-11.7	-8.9	10.7	30.7	86.1	58.0	-14.5	44.3	75.2	
Interest	0.1	0.3	0.4	0.6	0.6	0.7	0.8	-0.2	1.4	1.8	0.4	
Other Income	0.4	0.6	0.8	1.1	0.8	1.9	1.2	0.5	2.9	4.3	0.9	
PBT before EO expense	7.7	7.9	6.7	7.1	8.5	11.0	12.2	11.1	29.4	42.8	11.5	5.9%
Forex loss/(gain)	0.3	0.5	-0.1	-0.2	-0.4	0.3	-0.5	0.5	0.4	-0.1	0.0	
Exceptional (expenses)/income	-0.6	0.0	0.0	0.0	-0.7	0.0	0.0	0.0	-0.6	-0.7	0.0	
PBT	6.8	7.4	6.8	7.4	8.1	10.7	12.7	10.6	28.4	42.2	11.5	9.8%
Tax	1.6	1.1	1.9	2.2	2.4	3.2	3.2	3.7	6.8	12.6	3.3	
Rate (%)	23.2	15.3	27.8	30.4	29.7	30.1	25.5	35.3	24.1	30.0	29.0	
Minority Interest	0.0	0.0	0.0	0.1	0.0	-0.1	0.1	0.0	0.1	0.0	-0.1	
Reported PAT	5.2	6.2	4.9	5.1	5.7	7.6	9.4	6.9	21.4	29.5	8.2	13.8%
Adj PAT	5.9	6.6	4.8	5.1	5.9	7.8	9.0	7.2	22.5	30.0	8.2	9.7%
YoY Change (%)	-21.4	-4.5	-14.4	-10.3	0.9	17.2	87.4	40.3	-12.9	33.2	70.8	
Margins (%)	9.4	11.6	7.5	7.9	8.7	10.8	12.3	10.1	9.0	10.5	11.2	

E: MOSL Estimates

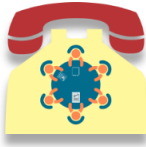
PI Industries

BSE SENSEX 71,595 S&P CNX 21,783

CMP: INR3,484

Buy

Conference Call Details



Date: 12th Feb 2024
Time: 2:30pm IST
Dial-in details:
[Click Here](#)

Operating performance above estimates; PAT beats estimates on gross margin expansion

- Consolidated revenue stood at INR19b (est. in-line), up 17.6% YoY.
- EBITDA stood at INR5.5b (est. INR4.7b), up 33% YoY. EBITDA margins grew 340bp YoY to 29.2% (est. 25%); gross margins: 53.6% (up 640bp YoY); employee expenses up 150bp YoY to 9.8%; other expenses up 140bp YoY to 14.6% of sales.
- Adj. PAT was up 28% YoY to INR4.5b (est. INR3.5b).
- Revenue/EBITDA/PAT for 9MFY24 grew 20%/32%/38% YoY to INR59.2b/INR15.7b/INR13.1b.
- Note:** Material lost in transit amounting to INR401m in 2QFY24 has been recovered in 3QFY24. The material has been re-processed and sold to the customer in 3QFY24.
- Agrochemical revenue stood at INR17.7b (up 10% YoY).
- Pharma revenue in 3QFY24 stood at INR1.3b, up 77% QoQ.

Quarterly Earning Model

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3Q		
Net Sales	15,432	17,700	16,132	15,656	19,104	21,169	18,975	20,452	64,920	79,700	18,839	1
YoY Change (%)	29.3	30.7	18.9	12.2	23.8	19.6	17.6	30.6	22.5	22.8	16.8	
Total Expenditure	11,976	13,381	11,981	12,228	14,426	15,655	13,439	15,730	49,566	59,250	14,134	
EBITDA	3,456	4,319	4,151	3,428	4,678	5,514	5,536	4,722	15,354	20,450	4,705	18
Margins (%)	22.4	24.4	25.7	21.9	24.5	26.0	29.2	23.1	23.7	25.7	25.0	
Depreciation	560	560	567	577	697	803	783	900	2,264	3,183	850	
Interest	36	111	89	33	43	78	70	30	269	221	50	
Other Income	241	317	502	495	469	469	561	420	1,555	1,919	420	
PBT before EO expense	3,101	3,965	3,997	3,313	4,407	5,102	5,244	4,212	14,376	18,965	4,225	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	3,101	3,965	3,997	3,313	4,407	5,102	5,244	4,212	14,376	18,965	4,225	
Tax	516	629	484	519	625	317	772	716	2,148	2,430	718	
Rate (%)	16.6	15.9	12.1	15.7	14.2	6.2	14.7	17.0	14.9	12.8	17.0	
Minority Interest & Profit/Loss of Asso. Cos.	-39	-12	-5	-12	-47	-20	-14	-13	-68	-94	-6	
Reported PAT	2,624	3,348	3,518	2,806	3,829	4,805	4,486	3,510	12,296	16,630	3,513	
Adj PAT	2,624	3,348	3,518	2,806	3,829	4,805	4,486	3,510	12,296	16,630	3,513	28
YoY Change (%)	40.2	45.8	58.0	37.3	45.9	43.5	27.5	25.1	45.7	35.2	-0.2	
Margins (%)	17.0	18.9	21.8	17.9	20.0	22.7	23.6	17.2	18.9	20.9	18.6	

BSE SENSEX
71,595S&P CNX
21,783

CMP: INR3,830

Neutral

Conference Call Details**Date:** 12th February 2024**Time:** 04:00pm IST**Dial In :** +91 22 7115 8184**Contribution to SGF lowers profitability**

- Overall volumes improved 81% YoY to INR74t in 3QFY24. Total revenue grew 33% YoY to INR1.92b (~8.5% beat).
- Futures volumes came in at INR13.1t, down 15.6% YoY and up 9% QoQ. Options volumes saw strong growth of 140% YoY and 10% QoQ to INR60.5t.
- Staff costs jumped 27% YoY to INR290m (5.5% higher than our estimate). Software expenses surged 116% YoY (+9% QoQ) to INR1.46b (12.6% above our estimate).
- Overall, MCX posted an operating loss of INR310m vs. our estimated loss of INR236m (~31% miss), mainly because of a contribution of INR131m to SGF in 3Q.
- Other income declined 12% YoY and 6% QoQ to INR177m (6.2% below our expectations).
- MCX reported a loss of INR53.5m vs. our estimated loss of INR37m (~45% miss).
- For 9MFY24, revenue increased by 32% YoY to INR5.02b, whereas PAT declined 103% YoY to INR48m.

Quarterly Performance

(INR m)

	FY23			FY24E			Est. 3QFY24	Var. (%/bp)	YoY (%)	QoQ (%)	
	1Q	2Q	3Q	4Q	1Q	2Q					3Q
Sales	1,088	1,274	1,436	1,338	1,458	1,651	1,915	1,766	8.5	33.4	16
YoY Gr. (%)	24.2	53.1	60.3	25.6	34	29.6	33.4	23	1043bp	-2692bp	381bp
Staff costs	227	229	229	234	253	274	290	275	5.5	26.6	5.9
Other expenses	368	389	879	1,083	1,098	1,664	1,822	1,662	9.7	107.2	9.5
EBITDA	493	656	327	21	107	-287	-197	-171	15.3	-160.2	-31.4
Depreciation	58	58	43	58	43	66	113	66	71.2	164.7	71.2
EBIT	435	598	285	-37	64	-353	-310	-236	30.9	-208.6	-12.2
Margins (%)	40	47	19.8	-2.8	4.4	-21.4	-16.2	-13.4	-276bp	-3600bp	520bp
Interest costs	1	0	1	1	1	1	1	0		-44.4	-16.7
Other income	93	182	201	201	204	189	177	189	-6.2	-11.7	-6.2
PBT bef. Exceptional items	527	781	485	163	267	-164	-133	-47	180	-127.4	-19.2
Tax	106	135	90	86	58	16	-91	-10	768.9	-200.8	-655.8
Rate (%)	20.1	17.2	18.5	52.6	21.6	-9.9	68.3	22	4627bp	4973bp	7820bp
Profit from associate	-6	-5	-7	-23	-13	-10	-11	0			
PAT	415	641	388	55	197	-191	-54	-37	45	-113.8	-71.9
YoY Gr. (%)	4	96	13	-85	-53	-130	-114	-110		-12669bp	1594bp
EPS (INR)	8.2	12.6	7.6	1.1	3.9	-3.7	-1.1	-0.7	45	-113.8	-71.9
Total volumes (INR t)	28.7	35.9	40.7	42	51.8	67	73.6	73.6	-	80.6	9.9
QoQ Gr. (%)	9.8	25.4	13.4	3	23.4	29.3	9.9	9.9			
YoY Gr. (%)	49.6	71.2	89	60.7	80.7	86.3	80.6	80.6			

Indigo Paints

BSE SENSEX
71,595S&P CNX
21,783

CMP:INR1,423

Conference Call Details

**Date:** 12th February 2024**Time:** 11:00am IST**Dial-in details:**

+91 22 6280 1144 /

+91 22 7115 8045

[Diamond Pass](#)

Financials & Valuations (INR b)

Y/E March	2024E	2025E	2026E
Sales	12.8	15.2	18.0
Sales Gr. (%)	19.5	18.7	18.4
EBITDA	2.3	3.0	3.6
EBIT Margin (%)	17.9	19.6	19.9
Adj. PAT	1.4	1.9	2.3
Adj. EPS (INR)	30.4	40.7	49.0
EPS Gr. (%)	25.1	34.0	20.2
BV/Sh.(INR)	187.5	219.2	256.0
Ratios			
RoE (%)	17.3	20.0	20.6
RoCE (%)	17.1	19.8	20.4
Valuation			
P/E (x)	49.1	36.6	30.5
P/BV (x)	8.0	6.8	5.8
EV/EBITDA (x)	29.8	22.4	18.3
Div. Yield (%)	0.4	0.6	0.8

Strong performance amid challenging environment

Consolidated performance

- **Sales growth above industry:** Net sales grew 25.8% YoY to INR3,538m (est. INR3,406m). Indigo Paints witnessed over 3x-4x higher growth than the industry, indicating market share gain by the company. Sales growth in Tier 1/Tier 2 cities continue to outpace Tier 3/Tier 4 cities and rural areas. In pre-Diwali season, it witnessed record sales nationwide.
- **Healthy margin expansion:** Gross margin rose 440bp YoY and 260bp QoQ to 48.2% (est. 46.1%), aided by a favorable product mix. As a percentage of sales, high employee costs (up 30bp YoY) and 'other expenses' (up 90bp YoY) led to a ~320bp expansion in EBITDA margin YoY to 17.6% (est. 16.9%). A&P expenses increased due to the advertising in the Cricket World Cup.
- **Strong growth in EBITDA/PBT/PAT:** EBITDA grew 53.5% YoY to INR622m (est. INR576m). PBT increased by 41.7% YoY to INR501m (est. INR483m). Adj. PAT rose 43% YoY to INR376m (est. INR357m).
- **In 9MFY24,** net sales/EBITDA/adj. PAT increased by 23%/40%/40%.

Highlights from presentation

- The company added two more depots (one each in North India & East India) to improve its distribution efficiency. As of Dec'23, the company has total 53 depots.
- It added 396 tinting machines, taking the total to 9,510 in 3QFY24 from 9,114 in 2QFY24. The number of active dealers also increased by 597 during the quarter.
- On the B2B front, during the past three quarters, Apple Chemie has been steadily investing in salesforce expansion and has established its presence in 7-8 more states. Apple Chemie is expected to clock healthy sales in 4QFY24.
- Civil work is progressing well in the proposed new water-based paint plant at Jodhpur, which is expected to commence operation by the end of FY25.

Consolidated Quarterly Performance

(INR m)

Y/E March	FY23				FY24				FY23	FY24	FY24	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	3QE			
Net Sales	2,240	2,426	2,813	3,255	2,884	2,790	3,538	3,614	10,733	12,826	3,406	3.9%
Change (%)	43.6	23.7	6.0	12.9	28.8	15.0	25.8	11.0	18.5	19.5	21.1	
Raw Material/PM	1,228	1,414	1,580	1,731	1,519	1,519	1,833	2,004	5,952	6,875	1,836	
Gross Profit	1,012	1,012	1,233	1,524	1,365	1,271	1,705	1,611	4,781	5,951	1,570	8.6%
Gross Margin (%)	45.2	41.7	43.8	46.8	47.3	45.6	48.2	44.6	44.5	46.4	46.1	
EBITDA	353	338	406	717	491	421	622	757	1,815	2,291	576	8.1%
Margin (%)	15.7	13.9	14.4	22.0	17.0	15.1	17.6	20.9	16.9	17.9	16.9	
Change (%)	74.9	44.5	4.9	33.4	39.2	24.8	53.5	5.5	33.5	26.3	41.9	
Interest	4	3	3	4	5	6	6	3	14	19	4	
Depreciation	84	85	87	87	101	113	146	94	343	454	118	
Other Income	5	32	38	28	38	32	31	30	101	131	28	
PBT	269	282	353	654	423	335	501	690	1,558	1,949	483	3.7%
Tax	70	74	91	168	108	81	125	188	402	503	126	
Effective Tax Rate (%)	26.0	26.4	25.7	25.6	25.6	24.3	25.0	27.2	25.8	25.8	26.1	
Adjusted PAT	199	208	263	487	310	253	376	502	1,156	1,446	357	5.3%
Change (%)	71.5	53.2	8.1	40.7	55.9	22.1	43.0	3.1	37.5	25.1	35.9	

E: MOFSL Estimates

Vinati Organics

BSE SENSEX
71,595S&P CNX
21,783

CMP: INR1,636

Buy

[Concall tomorrow at
1500 hours](#)**Beat driven by lower-than-expected other expenses; margin improves sequentially**

- VO's revenue stood at INR4.5b (our est. at INR4.2b, -13% YoY).
- EBITDA was INR1.1b (est. of INR879m, -22% YoY).
- Gross margin was 47.2% (-280bp YoY), with an EBITDAM of 25.6% (-300bp YoY) during the quarter.
- PAT came in at INR770m (est. of INR649m, -28% YoY).
- **For 9MFY24**, revenue stood at INR13.4b (-16% YoY), EBITDA was INR3.3b (-23% YoY). PAT came in at INR2.3b (-28% YoY).
- EBITDAM for 9M was at 24.5% (-240bp YoY).

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY23				FY24				Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	3QAct			
Gross Sales	5,063	5,663	5,165	5,034	4,310	4,629	4,185	4,480	7%	-13%	-3%
YoY Change (%)	31.0	51.4	40.0	3.6	-14.9	-18.3	-17.7	-13.3			
Gross Margin (%)	45.5%	45.0%	50.0%	50.3%	47.6%	45.8%	44.4%	47.2%	2.7%	-2.8%	1.3%
EBITDA	1,309	1,485	1,480	1,523	1,090	1,048	879	1,147	31%	-22%	9%
Margin (%)	25.8	26.2	28.6	30.3	25.3	22.6	21.0	25.6	4.6	-3.0	3.0
Depreciation	128	130	166	130	132	173	140	193			
Interest	5	0	2	1	3	9	2	10			
Other Income	187	200	113	170	153	106	130	88			
PBT before EO expense	1,363	1,554	1,424	1,561	1,109	972	866	1,032	19%	-28%	6%
PBT	1,363	1,554	1,424	1,561	1,109	972	866	1,032	19%	-28%	6%
Tax	351	394	355	407	276	247	217	262			
Rate (%)	25.7	25.3	24.9	26.1	24.9	25.4	25.1	25.4			
Reported PAT	1,012	1,160	1,069	1,154	832	725	649	770	19%	-28%	6%
Adj. PAT	1,012	1,160	1,069	1,154	832	725	649	770	19%	-28%	6%
YoY Change (%)	25.0	42.6	28.4	14.1	-17.7	-37.5	-48.3	-28.0			
Margin (%)	20.0	20.5	20.7	22.9	19.3	15.7	15.5	17.2	1.7	-3.5	1.5



UltraTech Cement

BSE SENSEX 71,595 S&P CNX 21,783



Bloomberg	UTCEM IN
Equity Shares (m)	288
M.Cap.(INRb)/(USDb)	2871.2 / 34.6
52-Week Range (INR)	10526 / 6991
1, 6, 12 Rel. Per (%)	-1/12/17
12M Avg Val (INR M)	2801

Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Net Sales	705.1	761.9	844.4
EBITDA	127.8	154.7	180.8
PAT	69.9	88.1	105.8
EPS (INR)	242.1	305.1	366.4
GR. (%)	38.0	26.0	20.1
BV/Sh (INR)	2,078.8	2,338.9	2,650.4

Ratios

ROE (%)	12.2	13.8	14.7
RoCE (%)	11.5	12.8	13.8

Valuations

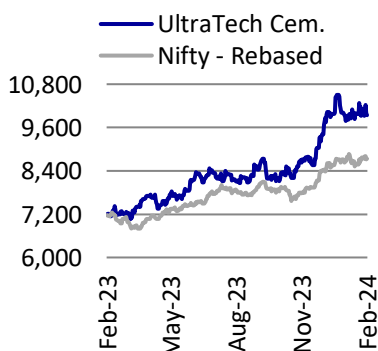
P/E (X)	41.1	32.6	27.1
P/BV (X)	4.8	4.3	3.8
EV/EBITDA (X)	22.7	18.6	15.5
Div Yield (%)	0.5	0.5	0.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	60.0	60.0	60.0
DII	13.8	15.2	17.6
FII	18.9	17.3	14.8
Others	7.3	7.5	7.7

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR9,946 TP: INR12,000 (+21%) Buy

Valuation premium supported by growth plans

Enough organic growth opportunities to reach 200mtpa capacity target

- UltraTech Cement (UTCEM) valuations have experienced a re-rating, aided by its timely capacity additions, increased market share, cost-saving initiatives, and strong balance-sheet. UTCEM is the market leader with an installed domestic grey cement capacity of ~136mtpa and a market share of ~26%.
- In our previous report [Scaling new heights!](#), we have highlighted that the company's robust expansion plan and leadership position warrant a higher valuation multiple. We continue to believe in the company's ability to gain market share, driven by its extensive operations, nationwide presence, and robust brand equity. We estimate the company's volume CAGR at ~10% over FY23-26 vs. ~7% for the industry. Further, we estimate UTCEM capacity utilization at ~84-85% over FY24-26 vs. ~71-72% for the industry.
- The company's sustainability initiatives towards energy transition, circular economy, decarbonisation, water, biodiversity and mines management, augur well for the business growth and profitability improvement.
- We estimate 10%/19%/28% CAGR in consol. revenue/EBITDA/adjusted PAT over FY23-26, driven by higher sales volume, cost savings, lower interest, and tax expenses (by opting the new tax regime from FY24). We estimate its ROE/ROCE to improve to 15%/14% in FY26 vs. 10%/9% in FY23, aided by low-cost expansions. The company's improving earnings, return ratios, and leadership position warrant higher multiples for the stock, which currently trades at 18.6x/15.5x FY25E/FY26E EV/EBITDA. **We value the stock at 18x FY26E EV/EBITDA to arrive at our TP of INR12,000. We reiterate our BUY rating on the stock.**

Growth plans drive valuation re-rating

- UTCEM continued its growth journey through brownfield and greenfield expansions across regions to maintain its leadership position. UTCEM's domestic grey cement capacity stood at 136mtpa. In the last decade, the company added ~82mtpa of grey cement capacity (capacity CAGR stood at ~10% over FY14-24E), of which ~49mtpa (~60%) was through acquisitions.
- The company is expanding capacity under Phase II (24.4mtpa) and Phase III (21.9mtpa) to reach ~180mtpa by FY27 through organic routes. Apart from that, the company explores inorganic growth opportunities, and in Dec'23, it announced acquisition of the cement business of Kesoram Industries (KSI). KSI has a cement grinding capacity of 10.75mtpa (included surplus grinding capacity of 2.25mtpa). The transaction is likely to complete in 2HFY25E. The management highlighted the effective date of merger to be 1st Apr'24. We have not yet factored in the acquisition of KSI cement asset in our estimates. After the completion of these organic expansions and acquisitions, its grey cement capacity will increase to ~190mtpa by FY27E (capacity CAGR to be 11% over FY23-27E vs. 7% estimated for the industry over the same period).

- Management in the recent earnings concall also highlighted that the company has enough organic opportunities to reach capacity target of 200mtpa in the medium term. We believe the company's low-cost (all Phase - I, II and III expansions entail capex of ~USD70/t) robust capacity expansion has led to the valuation re-rating.

Sustainability initiatives toward business growth

- The company's key sustainability initiatives include decarbonization, reduction of air emissions (SOx, NOx, Dust, etc.), water conservation, biodiversity preservation, and responsible mines management. We believe these initiatives augur well for the business growth as well as profitability improvement.
- The company is developing pre and co-processing facilities and infrastructure to enhance the focus on alternative fuel and raw materials. It reduced clinker factor to ~70% from ~72% in FY22. The company will launch new products and variants for blended multi-component cement to further reduce clinker factor.
- The company is investing in renewable energy (WHRS, Solar, and Wind). It has 44 kilns in operation, out of which, 29 kilns (~66%) are equipped with WHRS and work is in progress on five more kilns (~11%). The company's WHRS capacity has grown to 264MW, more than three times in the last five years. The share of power generated from WHRS in its total power requirement increased to ~16% vs. ~8% in FY19. It targets to increase WHRS capacity to 465MW by FY27E and its share in total power requirement to ~26%. Apart from that, it is participating in a hybrid solar-wind project, which will help increase other renewables capacity (RE) to 1.5GW by FY27E (from 455MW). The share of other RE in total power requirement is likely to increase to ~34% by FY27E from ~8% currently. The company has a long-term target (by FY30E) of increasing its share of WHRS and other RE (combined) to ~85%.
- The company has achieved a water positivity rate of 4.55x and is targeting 5.0x by FY24E. UTCCEM aims to reduce Scope 1 and Scope 2 carbon emissions by 27% and 69%, respectively, by FY32 (FY17 being the base year). The company has achieved a 12% reduction in specific Scope 1 net carbon emissions to 557Kg/t of cementitious products in FY23.

Valuation re-rating deservedly; reiterate BUY

- UTCCEM's steady capacity expansion plans, along with the scope for further organic growth opportunities, support valuation re-rating. We estimate UTCCEM capacity utilization to be at the optimum level of ~84-85% and consol. volume CAGR at ~10% FY23-26. We further estimate its EBITDA/t at INR1,090/INR1,220/INR1,300 in FY24/FY25/FY26 vs. INR1,005 in FY23 (EBITDA/t was at INR1,225 in FY22). We have not yet factored in the acquisition of KSI cement asset in our estimates.
- UTCCEM's net debt increased to INR55b as of Dec'23 from INR27b in Mar'23, due to higher capex and dividend payouts. Capex is pegged at INR90b for FY24/FY25 each and INR70b for FY26. With 9MFY24 capex reaching INR69.2b, we anticipate a reduction in net debt to INR32b/INR2b by FY24/FY25-end, supported by enhanced operating cash flow generation (resulting from improved profitability and working capital release).
- **The company's improving earnings, return ratios, strong balance-sheet and leadership position in the industry warrant higher multiples for the stock. UTCCEM is currently trading at 18.6x/15.5x FY25E/FY26E EV/EBITDA. We value the stock at 18x FY26E EV/EBITDA to arrive at our TP of INR12,000. We reiterate our BUY rating on the stock.**



Financials

Month	PSU Banks		
	WALR – O/s Loans	WALR - Fresh Loans	WATDR
Dec-22	8.92	8.22	5.76
Jan-23	8.97	8.36	5.89
Feb-23	9.07	8.56	6.02
Mar-23	9.14	8.67	6.15
Apr-23	9.16	8.49	6.27
May-23	9.18	8.57	6.37
Jun-23	9.19	8.50	6.46
Jul-23	9.22	8.72	6.54
Aug-23	9.24	8.80	6.62
Sep-23	9.23	8.63	6.75
Oct-23	9.25	8.67	6.80
Nov-23	9.25	8.60	6.85
Dec-23	9.28	8.51	6.88

Month	Private Banks		
	WALR - O/s Loans	WALR - Fresh Loans	WATDR
Dec-22	10.48	9.67	5.89
Jan-23	10.54	9.72	6.02
Feb-23	10.61	9.87	6.10
Mar-23	10.65	10.08	6.24
Apr-23	10.72	9.68	6.36
May-23	10.74	9.87	6.44
Jun-23	10.81	9.99	6.53
Jul-23	10.65	10.01	6.62
Aug-23	10.64	10.16	6.67
Sep-23	10.62	10.18	6.69
Oct-23	10.59	10.20	6.75
Nov-23	10.59	10.23	6.76
Dec-23	10.62	10.20	6.83

WALR on fresh loan declines; Pace of TD increase moderates NIM compression to continue

- The weighted average lending rate (WALR) on fresh loans declined 9bp MoM in Dec’23, while it has increased 181bp since Apr’22. PSU banks (PSUs) reported a decline of 9bp MoM, and private banks (PVBs) saw a decline of 3bp MoM. The decline in PSU banks’ WALR for fresh loans can be attributed to the uptick in the corporate segment, which ideally should reflect lower yields.
- Systemic WALR on outstanding loans, however, increased 5bp MoM (114bp increase since Apr’22). This rise can primarily be attributed to the ongoing MCLR repricing, especially at PSU banks with a significantly higher proportion of loans linked to MCLR.
- The weighted average term deposit cost (WATDR) for the system has increased 4bp MoM to 6.8% (3bp MoM increase for PSUs & 7bp MoM increase for PVBs). More importantly, the increase in cost of WATDR has moderated significantly with the December month witnessing the slowest MoM increase for both PSUs and PVBs over the past one year.
- With intense mobilization efforts and assertive increases in deposit rates, there has been noticeable momentum in liability growth across banks (except for some select large PVBs). Systemic deposit growth has thus improved to 12.4% YoY. The gap in credit-deposit growth has also thus narrowed to ~3% vs. a peak of ~9% in Oct’22.
- Credit growth for the system remains robust at 16% YoY and we estimate this to sustain at a ~13.5% CAGR over FY25-26E. Importantly, the systemic LDR remains at elevated levels of 79.9% (77.6% adjusted for HDFC merger). Most banks reported incremental LDR of 80-140% over the past one year, with AU SFB at the lowest at 58.6% and BOB at the highest with 139.3% in our coverage (HDFCB stands at 195.4% due to the merger).
- With repo rates remaining unchanged since Feb-23, lending rates have remained broadly stable; however, funding cost has been gradually rising due to the ongoing liability re-pricing. NIMs for the banking sector have thus been witnessing pressure barring select banks. We expect NIM compression to continue at a more moderate pace over the near term with PSUs continuing to show relative resilience. Top picks: ICICI, IIB & SBI.

WALR on fresh loans decline 9bp MoM in Dec’23 (up 181bp since Apr’22)

- WALR on fresh loans declined 9bp MoM in Dec’23, but has increased 181bp since Apr’22, with PSUs seeing a decline of 9bp (up 174bp since Apr’22). PVBs too saw a decline of 3bp (up 167bp since Apr’22). For the quarter, it declined 6bp, led by a 12bp QoQ decline in PSU banks WALR. This indicates the rising competition among banks to deliver healthy loan growth and a pick-up in corporate loan growth. The increase over FY23 is a reflection of the rise in the repo rate, which has cumulatively increased 250bp since Apr’22 to 6.5%.
- WALR on outstanding loans nevertheless increased 5bp MoM (up 114bp since Apr’22) to 9.86%, with PSUs experiencing a 5bp MoM increase and PVBs remaining flat. This can be attributable to the MCLR repricing in the PSUs. The one-year MCLR rate for PVBs increased 25-50bp YoY, with Federal seeing the highest rise at 50bp, while PSU banks too seeing an MCLR expansion of 25-50bp.

WATDR rises 4bp MoM in Dec'23; 180bp increase since Apr'22

- WATDR rose 4bp MoM and 180bp since Apr'22 to 6.83%. The increase was largely driven by PVBs, up 7bp MoM, while PSUs saw a 3bp MoM increase, as PSUs are better placed in terms of CD ratio vs private banks. More importantly, the increase in the cost of WATDR has moderated significantly with the December month witnessing the slowest MoM increase for both PSUs and PVBs over the past one year.
- Due to a more restricted liquidity environment and growing competition for attracting additional deposits, there has been an increase in deposit costs for the majority of banks in recent quarters.
- We believe that despite the ongoing importance of deposit mobilization for sustaining loan growth, banks will focus on achieving a well-balanced combination of LCR, CASA, and retail deposits.

Gap between Credit and Deposit growth continues to narrow

- With intense mobilization efforts and assertive increases in deposit rates, there has been noticeable momentum in liability growth across banks (except for some select large PVBs). Systemic deposit growth has thus improved to 12% YoY. The gap in credit-deposit growth has also thus narrowed to ~3% vs. the peak of ~9% in Oct'22.
- Due to the recent rise in short-term TD rates by PSUs, select mid-sized PVBs have taken a proactive approach to elevate their SA rates. Remarkably, these SA rates exceed even the TD rates offered by larger PVBs. Amidst the heightened competition for liabilities, several banks have chosen to strategically shift either toward bulk TDs or to redirect their funding emphasis toward higher Certificate of Deposits (CDs).
- Nevertheless, this strategy incurs higher costs compared to the traditional retail term deposits. The LCR has decreased for most banks, and there appears to be limited flexibility for banks, with the exception of PSUs to utilize additional liquidity in order to sustain healthy margins.

Credit-deposit ratio remains elevated; incremental CD ratio under watch

- Credit growth for the system remains robust at 16% YoY, and we estimate this to sustain at a ~13.5% CAGR over FY25-26E.
- Importantly, the systemic LDR remains at elevated levels of 79.9% (77.6% adjusted for HDFC merger) with most banks reporting an increase.
- Incremental LDR for banks under our coverage stood at 80-140% over the past one year, with AU SFB at the lowest at 58.6%, and BOB at the highest with 139.3% in our coverage (HDFCB stands at 195.4% due to the merger).
- Among large banks, notable increases in the CD ratio have been observed, with HDFCB (195.4% increase mainly due to merger, while the outstanding CD would have been 89% otherwise), followed by BoB with an increase of around 8%, IndusInd with about 7%, and Axis with approximately 7% from FY22 levels.
- LCR ratio however remains at a comfortable level with most of the large PVBs being in the range of 110-127%. This indicates limited headroom for deploying further excess liquidity.

**Asian Paints: Asian Paints can be a Rs 1 lakh cr revenue co in the next decade; Amit Syngle, CEO**

- Looking at more acquisition in the home décor space
- Asian Paints can be Rs 1 lakh cr revenue co in the next decade
- Will retain to 18-20% margin band, will invest the rest in growth
- Have focused on the entire home improvement space

[➔ Read More](#)**Manappuram Finance: NIM will be maintained at current levels; VD Nandakumar, MD**

- Hold on to guidance of 50% gold share in AUM
- Expect 10-15 bps increase in borrowing cost
- Expect to take Asirvad MFI IPO by mid-March or early April
- Non-Gold AUM growth could be at 30% & overall AUM growth at 18-20%

[➔ Read More](#)**Apollo Hospitals: Don't expect cost pressure on the margins; Suneeta Reddy, MD**

- There was margin pressure in the hospital biz
- Apollo Online biz grew 27% YoY, ahead on guidance on cash flows
- Have investors interested in investing in Apollo HealthCo
- Next quarter the diagnostic biz should hit Rs 500 cr for FY24

[➔ Read More](#)**LIC: Q1 and Q2 was not that good for the co; Siddhartha Mohanty, MD**

- Q1 and Q2 was not that good for the co, have started moving in Q3 especially in margin
- FY25 will be better than FY24
- APE to further improve in Q4, expect double digit APE growth
- Volume wise nor-par APE growth is 80%+ YoY
- Closely watching developments in Zee, have not taken decision

[➔ 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
Automobiles																
Amara Raja Ener.	Neutral	870	825	-5	51.0	55.9	58.7	19.5	9.5	5.1	17.0	15.6	2.5	2.2	15.5	15.2
Apollo Tyres	Buy	510	620	22	28.3	33.2	38.7	65.5	17.3	16.4	18.0	15.4	1.8	1.6	13.2	13.9
Ashok Ley.	Buy	173	205	18	8.3	10.3	11.5	84.8	23.1	12.2	20.8	16.9	5.0	4.0	26.2	26.2
Bajaj Auto	Neutral	7783	6775	-13	277.3	310.9	348.5	29.5	12.1	12.1	28.1	25.0	7.9	7.2	29.4	30.0
Balkrishna Inds	Neutral	2305	2360	2	67.9	91.9	112.3	30.2	35.3	22.1	33.9	25.1	5.4	4.7	16.6	20.1
Bharat Forge	Buy	1315	1385	5	27.7	40.2	44.6	138.2	45.0	11.1	47.5	32.7	7.9	6.6	17.9	22.0
Bosch	Neutral	25468	20115	-21	557.7	715.6	815.4	15.5	28.3	14.0	45.7	35.6	6.1	5.6	14.1	16.3
CEAT	Buy	2799	3250	16	174.6	189.5	217.6	236.5	8.5	14.9	16.0	14.8	2.8	2.4	18.8	17.3
Craftsman Auto	Buy	4162	5395	30	165.7	198.2	261.0	40.9	19.6	31.7	25.1	21.0	5.2	4.2	22.8	22.2
Eicher Mot.	Neutral	3840	3815	-1	147.5	167.2	195.2	38.4	13.4	16.8	26.0	23.0	5.9	5.0	24.6	23.6
Endurance Tech.	Buy	1842	2275	23	47.0	60.5	75.6	35.6	28.8	24.9	39.2	30.4	5.2	4.6	14.1	16.1
Escorts Kubota	Neutral	2809	2765	-2	85.6	97.1	110.7	66.9	13.3	14.0	32.8	28.9	3.8	3.4	12.1	12.3
Exide Ind	Neutral	339	340	0	12.5	15.9	18.3	17.4	27.6	15.1	27.1	21.3	2.4	2.2	8.8	10.3
Hero Moto	Buy	4909	5560	13	199.5	236.9	277.2	37.0	18.7	17.0	24.6	20.7	5.4	4.9	22.9	24.7
M&M	Buy	1647	2005	22	89.4	94.4	104.7	37.8	5.6	11.0	18.4	17.5	3.8	3.3	22.5	20.2
CIE Automotive	Buy	485	555	15	22.3	26.5	30.7	23.3	19.2	15.8	21.8	18.3	3.2	2.8	15.5	16.3
Maruti Suzuki	Buy	10730	11850	10	428.0	447.4	483.0	57.5	4.5	7.9	25.1	24.0	4.6	3.6	18.2	14.8
MRF	Sell	137047	106760	-22	5,183.3	5,360.8	5,929.5	185.8	3.4	10.6	26.4	25.6	3.5	3.1	14.0	12.8
Samvardh. Motherson	Buy	121	120	-1	4.3	5.1	5.7	85.5	20.0	10.9	28.3	23.6	3.3	3.0	12.4	13.5
Motherson Wiring	Buy	69	75	9	1.4	1.9	2.2	31.6	29.2	15.6	47.6	36.8	18.1	14.3	42.5	43.5
Sona BLW Precis.	Neutral	618	610	-1	9.0	11.8	14.2	32.0	31.9	20.0	68.9	52.2	13.6	11.5	21.2	23.9
Tata Motors	Buy	915	1000	9	52.9	62.3	72.3	2,360.1	17.7	16.1	17.3	14.7	5.5	4.0	37.2	30.8
TVS Motor	Neutral	2037	1880	-8	44.7	53.8	63.1	46.8	20.5	17.4	45.6	37.9	12.3	9.6	30.5	28.4
Tube Investments	Buy	3451	4025	17	56.6	70.5	85.2	39.7	24.4	20.9	60.9	49.0	13.6	11.0	24.8	24.9
Aggregate								91.5	13.5	13.4	24.9	22.0	5.1	4.2	20.6	19.3
Banks - Private																
AU Small Finance	Buy	604	800	33	23.7	31.2	39.8	7.7	32	27.5	25.4	19.3	3.3	2.8	13.7	15.7
Axis Bank	Neutral	1051	1175	12	78.3	89.9	107.3	9.7	14.9	19.3	13.4	11.7	2.2	1.9	17.7	17.4
Bandhan Bank	Neutral	216	245	13	20.2	25.8	30.9	48.6	27	19.9	10.7	8.4	1.6	1.4	15.7	17.7
DCB Bank	Neutral	132	150	14	16.6	19.5	23.3	11.3	17.4	19.2	7.9	6.7	0.8	0.8	11.5	12.2
Equitas Small Fin.	Buy	103	125	22	7.2	8.4	10.9	48.6	16.8	29.3	14.2	12.2	2.0	1.8	14.7	15.3
Federal Bank	Buy	147	175	19	16.7	18.5	21.7	17.2	10.3	17.6	8.8	8.0	1.2	1.1	15.1	14.5
HDFC Bank	Buy	1403	1950	39	79.8	96.2	115.8	0.6	20.6	20.4	17.6	14.6	2.5	2.2	14.6	15.8
ICICI Bank	Buy	1011	1230	22	58.2	66.0	77.1	27.2	13.3	16.8	17.4	15.3	3.0	2.6	18.9	18.3
IDFC First Bk	Neutral	81	85	5	4.5	5.8	7.7	19.1	29.3	31.1	18.0	13.9	1.7	1.5	10.5	11.7
IndusInd	Buy	1486	1900	28	116.0	140.5	170.5	20.8	21.2	21.4	12.8	10.6	1.8	1.6	15.4	16.2
Kotak Mah. Bk	Neutral	1742	2000	15	89.7	103.3	121.3	18.2	15.2	17.4	19.4	16.9	2.7	2.3	14.7	14.4
RBL Bank	Neutral	260	270	4	19.0	25.8	34.9	29.2	35.5	35.1	13.7	10.1	1.1	1.0	8.1	10.3
SBI Cards	Neutral	718	850	18	25.1	34.0	46.2	5.1	35.3	36.1	28.6	21.1	5.7	4.6	21.8	23.9
Aggregate								26.2	18.2	19.8	16.5	14.0	2.5	2.2	15.3	15.7
Banks - PSU																
BOB	Buy	263	290	10	34.3	39.8	45.7	25.8	16.1	14.9	7.7	6.6	1.2	1.1	17.8	17.8
Canara Bank	Buy	571	570	0	80.3	94.5	111.1	37.3	17.7	17.7	7.1	6.0	1.2	1.0	19.9	19.5
Indian Bank	Buy	532	525	-1	62.0	70.6	83.1	46.2	13.9	17.7	8.6	7.5	1.3	1.1	17.0	16.7
Punjab Natl.Bank	Neutral	124	100	-19	7.4	10.5	14.0	224.0	43.0	32.6	16.8	11.7	1.3	1.2	8.5	11.0
SBI	Buy	724	800	10	71.2	94.0	113.1	14.2	32	20.3	10.2	7.7	1.6	1.3	17.4	19.6
Union Bank (I)	Buy	149	165	11	19.9	22.6	26.7	60.9	14	18.0	7.5	6.6	1.2	1.1	17.6	17.6
Aggregate								30.6	26	20	9	7.3	1.4	1.2	15.1	16.6
NBFCs																
AAVAS Financiers	Neutral	1409	1650	17	60.6	74.2	93.4	11.3	22.6	25.8	23.3	19.0	3.0	2.6	13.6	14.5
Aditya Birla Cap	Buy	188	230	22	10.7	13.6	17.1	25.8	27.0	26.0	17.6	13.8	1.9	1.7	12.2	13.2
Angel One	Buy	3393	4000	18	131.6	163.8	199.6	22.4	24.5	21.9	25.8	20.7	9.9	7.7	43.6	41.8
Bajaj Fin.	Buy	6655	8500	28	235.7	303.9	384.2	23.8	28.9	26.4	28.2	21.9	5.4	4.4	22.3	22.2



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
Cams Services	Buy	2904	3450	19	69.7	87.1	107.5	20.0	25.0	23.4	41.7	33.3	15.8	13.5	40.6	43.7
Can Fin Homes	Neutral	808	815	1	57.3	64.1	73.3	22.7	11.9	14.4	14.1	12.6	2.5	2.1	19.1	18.0
Cholaman.Inv.&Fn	Buy	1122	1470	31	41.1	56.5	70.1	26.8	37.6	23.9	27.3	19.8	4.8	3.9	20.4	21.8
CreditAccess	Buy	1597	1985	24	93.2	112.6	134.6	79.2	20.9	19.5	17.1	14.2	3.9	3.0	25.3	23.9
Fusion Micro	Buy	569	720	27	51.7	70.4	87.6	34.1	36.1	24.5	11.0	8.1	2.0	1.6	20.1	22.1
HDFC Life Insur.	Neutral	584	700	20	7.4	11.3	14.0	17.7	51.6	24.3	78.5	51.8	2.7	2.3	17.8	17.5
Home First Fin.	Buy	987	1180	20	34.5	41.9	54.2	33.1	21.5	29.3	28.6	23.5	4.2	3.6	15.6	16.4
ICICI Pru Life	Buy	521	580	11	2.4	3.3	4.8	-56.9	33.7	46.7	214.2	160.3	1.8	1.6	16.4	16.6
ICICI Lombard	Buy	1638	1650	1	39.7	48.6	55.4	12.7	22.4	14.1	41.3	33.7	6.9	6.1	17.7	19.2
ICICI Securities	Under Review	805	-	-	50.7	56.0	63.8	45.5	10.4	14.0	15.9	14.4	7.6	6.4	52.2	48.3
IIFL Finance	Buy	582	800	37	50.9	65.0	81.4	29.1	27.6	25.4	11.4	9.0	2.1	1.7	19.8	21.0
360 ONE WAM	Buy	655	770	18	21.5	25.7	30.9	16.2	19.6	20.2	30.5	25.5	7.2	6.8	24.0	27.3
IndoStar	Buy	189	245	29	7.8	17.3	28.1	-52.9	121.5	62.7	24.3	11.0	0.8	0.7	3.4	7.0
L&T Fin Holdings	Buy	172	200	17	9.8	11.8	15.5	50.4	19.7	31.7	17.4	14.6	1.8	1.7	10.8	12.0
Life Insurance Corp.	Buy	1081	1270	18	58.5	61.4	67.3	1.7	5.0	9.6	24.1	25.4	1.0	0.9	19.8	12.6
LIC Hsg Fin	Buy	651	755	16	88.4	87.3	94.1	68.3	-1.3	7.9	7.4	7.5	1.2	1.0	16.8	14.8
Manappuram Fin.	Buy	183	230	25	26.5	30.5	36.3	49.6	15.2	18.8	6.9	6.0	1.3	1.1	21.1	20.3
MAS Financial	Buy	1000	1160	16	45.0	57.7	71.5	22.3	28.4	23.9	22.2	17.3	3.2	2.8	15.6	17.2
Max Financial	Neutral	988	1040	5	19.7	17.0	22.9	113.8	-13.3	34.2	50.3	58.0	2.2	1.8	19.7	18.8
M&M Fin.	Buy	289	340	18	14.8	22.6	28.0	-8.1	53.1	23.9	19.5	12.8	2.0	1.8	10.8	15.2
Muthoot Fin	Neutral	1377	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	892	1100	23	-70.1	77.7	109.2	-193.5	LP	40.5	NM	11.5	0.7	0.7	-5.4	6.2
PNB Housing	Buy	826	1025	24	56.1	73.1	91.3	-9.4	30.2	25.0	14.7	11.3	1.4	1.3	11.2	12.0
Poonawalla Fincorp	Buy	481	580	21	13.0	18.5	26.6	67.5	42.7	43.6	37.1	26.0	4.5	3.9	13.5	16.0
Repc Home Fin	Neutral	459	460	0	61.2	64.8	71.4	29.4	5.8	10.2	7.5	7.1	1.0	0.9	14.2	13.2
Spandana Sphoorty	Buy	963	1400	45	72.0	89.6	113.5	4,023.7	24.4	26.7	13.4	10.7	1.9	1.6	15.2	16.2
Shriram Finance	Buy	2334	2700	16	193.3	222.5	265.5	21.0	15.1	19.3	12.1	10.5	1.8	1.6	15.7	15.9
SBI Life Insurance	Buy	1442	1700	18	18.4	21.7	24.6	7.0	17.9	13.3	78.4	66.5	2.6	2.1	21.6	20.6
Star Health Insu	Buy	555	730	32	15.7	20.1	25.5	47.6	28.0	26.8	35.4	27.6	4.3	3.7	13.0	14.5
Aggregate								-1.4	29.5	23.1	19.9	15.4	2.9	2.5	14.4	16.1
Chemicals																
Alkyl Amines	Neutral	2218	2125	-4	28.3	37.8	58.2	-36.7	33.7	54.0	78.4	58.7	8.9	7.9	11.8	14.3
Atul	Neutral	6362	6795	7	111.8	141.7	179.3	-33.8	26.7	26.5	56.9	44.9	3.8	3.5	6.9	8.1
Clean Science	Neutral	1405	1420	1	21.6	27.0	33.1	-22.3	25.0	22.7	65.1	52.1	12.5	10.4	20.8	21.8
Deepak Nitrite	Neutral	2214	2230	1	64.6	78.6	92.7	3.4	21.6	18.0	34.3	28.2	6.2	5.2	19.7	20.1
Fine Organic	Sell	4400	3460	-21	106.7	102.2	97.7	-44.6	-4.2	-4.4	41.3	43.0	7.4	6.3	19.5	15.8
Galaxy Surfact.	Buy	2632	3760	43	95.3	111.5	129.9	-11.3	17.0	16.6	27.6	23.6	4.3	3.8	16.7	17.1
Navin Fluorine	Neutral	3029	2950	-3	47.9	68.0	89.7	-36.7	42.0	31.8	63.2	44.5	6.2	5.6	10.3	13.2
NOCIL	Neutral	265	250	-6	7.6	10.3	13.2	-15.1	35.5	29.0	34.9	25.8	2.7	2.5	8.0	10.2
Vinati Organics	Buy	1636	-	-	30.5	42.3	54.7	-31.6	38.6	29.5	53.6	38.7	6.8	5.9	13.3	16.3
Aggregate								-22.4	21.9	21.4	44.8	36.7	5.8	5.1	12.9	13.8
Capital Goods																
ABB India	Buy	4488	5460	22	56.7	68.8	81.8	75.2	21.2	19.0	79.1	65.3	15.8	12.9	21.9	21.7
Bharat Electronics	Neutral	181	190	5	4.8	5.5	6.2	17.5	14.6	11.9	37.4	32.6	8.4	7.3	22.5	22.4
Cummins India	Buy	2604	2910	12	55.6	65.2	77.7	23.6	17.3	19.2	46.8	39.9	12.1	10.8	27.2	28.6
Hitachi Energy	Sell	6190	4500	-27	24.7	66.0	104.9	11.6	167.1	58.9	250.5	93.8	19.9	16.4	7.9	17.5
Kalpataru Proj.	Buy	879	1000	14	35.6	56.0	67.0	18.3	57.3	19.6	24.7	15.7	2.4	2.1	10.3	14.4
KEC International	Neutral	660	670	2	13.7	28.3	41.6	100.7	105.8	46.9	48.0	23.3	4.2	3.6	9.0	16.5
Kirloskar Oil	Buy	850	840	-1	23.9	29.9	36.9	27.9	25.1	23.5	35.6	28.4	4.8	4.2	14.1	15.8
Larsen & Toubro	Buy	3325	4200	26	93.5	121.1	149.7	23.3	29.5	23.7	35.5	27.5	5.2	4.5	14.5	17.6
Siemens	Buy	4277	4600	8	55.1	65.0	77.5	55.5	17.9	19.3	77.6	65.8	11.6	10.3	15.9	16.6
Thermax	Neutral	3350	3000	-10	50.6	61.0	72.1	26.4	20.5	18.2	66.2	54.9	8.8	7.9	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
Triveni Turbine	Buy	466	540	16	8.1	10.4	13.7	33.1	29.4	31.7	57.8	44.7	15.7	12.5	30.1	31.2
Aggregate								27.3	27.2	22.0	44.2	34.8	6.9	6.1	15.7	17.5
Cement																
Ambuja Cem.	Neutral	577	550	-5	12.8	11.9	13.6	1.2	-7.6	14.7	44.9	48.6	3.8	3.0	14.4	10.8
ACC	Neutral	2629	2550	-3	102.8	120.6	132.2	95.3	17.3	9.6	25.6	21.8	3.1	2.8	13.0	13.5
Birla Corp.	Buy	1694	1800	6	52.0	74.0	88.2	1,009.0	42.3	19.2	32.6	22.9	2.1	1.9	6.5	8.7
Dalmia Bhar.	Buy	2126	2800	32	45.1	64.9	89.1	23.4	44.0	37.2	47.2	32.7	2.4	2.3	5.3	7.3
Grasim Inds.	Buy	2169	2670	23	94.3	96.0	105.6	-4.2	1.8	9.9	23.0	22.6	2.9	2.8	4.6	2.9
India Cem	Sell	247	185	-25	-6.8	6.2	7.7	-55.6	LP	24.0	NM	39.6	1.4	1.4	-3.8	3.5
J K Cements	Buy	4228	4700	11	108.9	129.8	161.3	97.3	19.2	24.2	38.8	32.6	6.1	5.3	16.8	17.4
JK Lakshmi Ce	Buy	935	1010	8	36.7	46.7	53.8	20.5	27.2	15.2	25.5	20.0	3.5	3.0	14.5	16.1
Ramco Cem	Neutral	901	970	8	18.2	30.7	37.3	25.2	68.9	21.3	49.5	29.3	3.0	2.7	6.2	9.7
Shree Cem	Neutral	27604	27700	0	586.7	601.0	738.6	80.3	2.4	22.9	47.1	45.9	5.0	4.6	11.0	10.4
Ultratech	Buy	9947	12000	21	242.1	305.1	366.4	38.0	26.0	20.1	41.1	32.6	4.8	4.3	12.2	13.8
Aggregate								28.0	18.7	17.3	34.7	29.3	3.6	3.1	10.4	10.6
Consumer																
Asian Paints	Neutral	2952	3340	13	58.7	61.3	67.2	32.8	4.4	9.6	50.3	48.2	16.4	14.8	33.9	32.3
Britannia	Neutral	4970	5500	11	89.0	101.1	113.0	10.8	13.7	11.8	55.9	49.2	30.7	26.6	57.7	58.1
Colgate	Neutral	2531	2400	-5	48.5	50.2	54.4	24.7	3.5	8.2	52.2	50.4	35.7	31.6	72.4	66.5
Dabur	Buy	539	635	18	10.6	12.2	13.6	9.1	15.3	11.3	51.0	44.2	9.7	8.9	19.9	21.0
Emami	Buy	485	600	24	18.9	20.8	21.5	22.6	9.8	3.4	25.6	23.3	8.1	7.2	33.8	32.7
Godrej Cons.	Buy	1219	1350	11	19.8	22.1	25.9	15.4	11.4	17.4	61.5	55.2	8.3	7.6	14.1	14.3
HUL	Buy	2424	2900	20	44.5	49.0	53.6	2.5	10.1	9.4	54.4	49.5	11.1	10.8	20.6	22.2
ITC	Buy	416	515	24	16.4	17.2	18.5	9.1	5.0	7.3	25.3	24.1	7.4	7.3	29.4	30.4
Indigo Paints	Buy	1419	-		30.4	40.7	49.0	25.1	34.0	20.2	46.7	34.8	7.6	6.5	17.3	20.0
Jyothy Lab	Neutral	446	500	12	10.0	11.1	12.5	57.8	11.3	12.1	44.6	40.1	9.4	8.6	22.4	22.5
Marico	Buy	520	625	20	11.3	12.7	14.1	12.3	11.8	10.9	45.9	41.1	17.1	16.4	37.9	40.9
Nestle	Neutral	2450	2400	-2	40.4	36.6	40.9	60.0	-9.4	11.7	60.6	66.9	81.0	70.4	145.0	112.6
Page Inds	Neutral	36310	35500	-2	510.4	636.4	724.7	-0.3	24.7	13.9	71.1	57.1	25.3	21.5	35.6	37.7
Pidilite Ind.	Neutral	2658	2650	0	37.4	43.4	48.8	48.2	16.2	12.3	71.1	61.2	16.3	14.2	24.5	24.8
P&G Hygiene	Neutral	16541	16000	-3	241.1	271.3	310.0	26.0	12.5	14.2	68.6	61.0	52.4	44.7	79.5	79.3
Tata Consumer	Buy	1131	1370	21	14.8	18.5	20.6	29.8	25.1	11.2	76.6	61.2	6.1	4.7	8.3	9.2
United Brew	Sell	1771	1500	-15	16.9	26.8	30.4	35.6	58.6	13.4	103.8	65.6	11.0	10.1	11.0	16.1
United Spirits	Neutral	1112	1150	3	16.7	19.0	21.4	31.7	13.9	12.2	66.5	58.4	11.2	9.4	16.9	16.1
Varun Beverages	Buy	1371	1500	9	15.8	19.8	26.2	37.3	25.3	32.1	86.6	69.1	25.7	19.4	34.2	31.9
Aggregate								15.7	7.9	9.8	45.1	41.8	11.6	10.8	25.8	25.8
EMS																
Avalon Tech	Buy	481	610	27	4.8	11.4	17.4	-46.7	136.7	52.2	99.6	42.1	5.5	4.9	5.7	12.3
Cyient DLM	Buy	776	830	7	8.0	14.4	23.5	100.6	79.6	63.3	96.7	53.8	6.4	5.7	11.0	11.2
Data Pattern	Neutral	1875	2020	8	33.1	43.5	58.1	49.4	31.5	33.5	56.7	43.1	7.8	6.6	14.7	16.6
Kaynes Tech	Buy	2902	3300	14	28.3	45.1	63.4	72.7	59.5	40.5	102.6	64.4	15.0	12.2	15.8	20.9
Syrma SGS Tech.	Buy	513	720	40	7.0	10.6	18.1	3.4	51.2	71.2	73.4	48.6	5.5	4.9	7.7	10.6
Aggregate								34.4	55.1	49.0	80.9	52.1	8.1	7.0	10.0	13.5
Healthcare																
Alembic Phar	Neutral	963	910	-6	29.0	34.8	39.5	32.7	20.0	13.6	33.2	27.7	3.9	3.5	12.3	13.2
Alkem Lab	Neutral	5327	5160	-3	164.0	180.9	196.0	54.6	10.3	8.4	32.5	29.4	6.1	5.2	20.1	19.1
Ajanta Pharma	Buy	2163	2515	16	66.5	79.1	92.1	35.1	18.9	16.5	32.5	27.4	6.8	5.8	22.8	22.9
Apollo Hospitals	Buy	6432	7400	15	64.5	95.7	135.2	33.9	48.4	41.3	99.8	67.2	12.7	10.7	14.0	17.9
Aurobindo	Neutral	1002	-		51.2	58.7	67.5	33.2	14.6	15.0	19.6	17.1	2.0	1.8	10.6	11.0
Biocon	Neutral	274	240	-12	2.1	8.5	13.6	-65.8	298.2	60.1	128.1	32.2	1.8	1.7	1.4	5.4
Cipla	Buy	1439	1600	11	53.0	57.7	64.4	40.4	8.9	11.6	27.1	24.9	4.4	3.8	16.1	15.2
Divis Lab	Neutral	3651	3440	-6	56.5	77.4	93.8	-12.9	37.0	21.2	64.6	47.2	7.0	6.4	11.3	14.2
Dr Reddy's	Neutral	6152	5540	-10	317.8	322.9	338.8	29.9	1.6	4.9	19.4	19.1	3.7	3.1	20.7	17.7
ERIS Lifescience	Neutral	911	900	-1	33.0	33.5	40.7	18.6	1.6	21.4	27.6	27.2	4.9	4.3	19.1	17.0
Gland Pharma	Buy	2007	2200	10	54.4	65.7	74.5	7.8	21.0	13.3	36.9	30.5	3.7	3.3	10.6	11.5



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
Glenmark	Neutral	843	800	-5	24.1	39.3	48.0	82.2	63.2	22.1	35.0	21.4	2.3	2.1	6.8	10.1
GSK Pharma	Neutral	2380	1780	-25	38.1	42.1	46.4	6.1	10.5	10.1	62.4	56.5	19.2	17.2	30.8	30.4
Global Health	Buy	1268	1460	15	18.6	24.0	28.0	53.2	29.0	16.7	68.3	53.1	12.0	10.1	19.0	20.7
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	1196	1080	-10	24.5	36.9	49.0	17.7	50.8	32.7	48.8	32.4	4.8	4.2	10.2	13.9
Laurus Labs	Buy	393	440	12	3.9	11.8	15.3	-73.9	206.5	29.5	101.8	33.2	5.0	4.4	5.0	14.2
Lupin	Neutral	1620	1480	-9	42.4	47.2	55.2	392.3	11.4	17.0	38.2	34.3	5.1	4.5	14.3	13.9
Max Healthcare	Buy	874	930	6	14.6	18.1	22.1	26.5	23.9	21.9	59.7	48.2	9.0	7.6	16.2	17.0
Piramal Pharma	Buy	136	165	22	1.4	3.1	4.8	-334.1	116.6	56.0	96.1	44.4	2.0	1.9	2.5	4.9
Sun Pharma	Buy	1535	1635	7	40.1	47.3	56.6	12.2	17.9	19.5	38.3	32.4	5.8	5.0	16.1	16.5
Torrent Pharma	Neutral	2657	2540	-4	48.4	65.4	81.6	30.2	35.1	24.7	54.9	40.6	10.8	5.4	22.6	26.7
Zydus Lifesciences	Neutral	806	820	2	34.4	36.2	36.8	53.7	5.1	1.6	23.4	22.3	3.9	3.4	18.2	16.3
Aggregate								26.5	19.5	17.2	36.5	30.6	4.9	4.3	13.4	14.2
Infrastructure																
G R Infraproject	Buy	1290	1390	8	74.8	85.4	98.6	-15.0	14.1	15.4	17.2	15.1	2.1	1.8	13.0	13.0
IRB Infra	Neutral	68	60	-12	1.1	1.6	2.2	-6.0	45.6	33.7	61.1	41.9	3.0	2.8	5.0	6.9
KNR Constructions	Buy	272	320	18	15.2	16.7	19.9	3.0	9.9	18.9	17.9	16.3	2.4	2.1	14.5	13.9
Aggregate											34.4	27.6	2.7	2.5	8.0	9.1
Logistics																
Adani Ports	Buy	1271	1470	16	42.0	48.1	58.6	20.1	14.4	21.9	30.2	26.4	5.2	4.5	18.5	18.4
Blue Dart Express	Buy	6072	7850	29	125.8	191.5	245.8	-18.6	52.3	28.4	48.3	31.7	10.2	8.3	22.3	28.9
Concor	Buy	944	990	5	21.0	25.0	29.8	9.2	19.3	19.0	45.0	37.7	4.8	4.5	11.0	12.4
Mahindra Logistics	Neutral	389	380	-2	-6.5	7.1	17.1	-276.3	LP	141.8	NM	55.1	5.6	5.2	-8.7	9.8
Transport Corp.	Buy	896	1150	28	44.0	51.8	67.9	5.8	17.6	31.2	20.3	17.3	3.4	2.9	18.0	17.9
TCI Express	Buy	1319	1600	21	39.1	46.3	53.5	7.6	18.2	15.5	33.7	28.5	7.1	5.9	22.9	22.5
VRL Logistics	Buy	644	820	27	10.2	20.0	29.2	-45.6	96.0	45.5	63.0	32.1	5.6	5.2	9.1	16.7
Aggregate											32.3	27.5	5.2	4.5	15.9	16.5
Media																
PVR Inox	Neutral	1405	1600	14	25.1	53.3	79.0	-191.8	112.7	48.2	56.1	26.4	1.8	1.7	3.3	6.7
Sun TV	Buy	622	790	27	46.2	49.2	51.8	8.7	6.5	5.4	13.5	12.7	2.5	2.3	18.4	18.3
Zee Ent.	Neutral	203	200	-2	5.0	7.7	11.1	4.6	54.3	44.8	40.8	26.5	1.8	1.7	4.4	6.6
Aggregate								22.4	25.7	21.5	22.7	18.1	2.0	1.9	9.0	10.6
Metals																
Coal India	Buy	456	430	-6	41.1	41.1	45.9	-10.1	0.2	11.5	11.1	11.1	4.0	3.4	36.3	30.9
Hindalco	Buy	592	750	27	47.3	56.7	64.1	4.4	19.8	13.1	12.5	10.4	1.7	1.5	14.2	14.9
Hind. Zinc	Neutral	313	310	-1	18.3	23.4	26.4	-26.4	28.0	12.6	17.1	13.3	9.2	6.9	56.7	59.1
JSPL	Buy	761	900	18	59.8	57.3	82.1	64.3	-4.3	43.3	12.7	13.3	1.7	1.6	14.5	12.3
JSW Steel	Neutral	812	910	12	43.5	65.4	73.6	195.8	50.3	12.6	18.7	12.4	2.7	2.3	15.1	19.7
Nalco	Neutral	157	130	-17	5.8	8.8	10.9	-26.2	52.2	24.4	27.3	17.9	2.1	2.0	7.9	11.4
NMDC	Buy	241	240	-1	18.6	21.5	24.5	11.5	15.4	13.8	12.9	11.2	2.8	2.4	22.6	23.0
SAIL	Neutral	134	120	-10	2.6	7.9	10.5	-45.0	208	33.4	52.3	17.0	1.0	0.9	1.9	5.7
Tata Steel	Neutral	141	130	-8	4.0	10.8	12.9	-43.6	172	19.0	35.4	13.0	1.9	1.8	5.2	14.0
Vedanta	Neutral	274	270	-2	11.8	20.3	23.4	-58.2	72	15.5	23.2	13.5	3.9	4.0	13.4	29.2
Aggregate								-7.6	31.7	16.1	16.4	12.5	2.4	2.2	14.7	17.4
Oil & Gas																
Aegis Logistics	Neutral	374	345	-8	13.9	15.7	16.6	-5.2	13.1	5.5	26.9	23.8	3.4	3.1	13.2	13.7
BPCL	Neutral	614	475	-23	131.1	74.3	74.6	1,291.4	-43.3	0.4	4.7	8.3	1.9	1.7	45.2	21.6
Castrol India	Buy	202	230	14	8.7	9.2	10.4	6.0	5.0	13.7	23.1	22.0	9.4	8.9	43.1	41.5
GAIL	Buy	173	200	16	12.9	13.4	16.6	60.5	3.4	23.9	13.4	12.9	1.7	1.5	14.5	13.6
Gujarat Gas	Buy	582	575	-1	15.8	18.7	21.2	-28.7	18.2	13.4	36.9	31.2	5.2	4.6	14.7	15.7
Gujarat St. Pet.	Buy	383	400	4	22.8	19.0	19.7	35.8	-16.7	4.1	16.8	20.2	2.1	2.0	13.2	10.1
HPCL	Buy	510	530	4	106.7	80.5	80.9	-317.0	-24.5	0.5	4.8	6.3	1.7	1.4	40.1	24.1
IOC	Buy	183	165	-10	33.2	16.7	16.1	290.4	-49.6	-3.9	5.5	10.9	1.5	1.4	30.0	13.4
IGL	Sell	440	350	-20	25.9	24.6	26.4	25.2	-4.9	7.3	17.0	17.9	3.7	3.2	23.4	19.2
Mahanagar Gas	Buy	1472	1665	13	135.0	114.9	120.3	68.8	-14.9	4.8	10.9	12.8	2.9	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
MRPL	Sell	189	135	-29	17.6	14.4	14.1	16.5	-17.8	-2.2	10.8	13.1	2.7	2.3	27.9	19.2
Oil India	Buy	515	485	-6	59.4	61.6	68.0	-5.4	3.7	10.3	8.7	8.4	1.4	1.3	19.8	16.4
ONGC	Buy	267	-		42.7	45.0	50.9	40.7	5.4	13.0	6.2	5.9	1.1	1.0	18.4	17.4
PLNG	Neutral	270	295	9	22.7	23.1	25.1	5.2	1.6	8.6	11.9	11.7	2.4	2.2	21.5	19.6
Reliance Ind.	Buy	2922	3130	7	100.9	120.7	138.8	2.3	19.7	15.0	29.0	24.2	2.1	2.0	8.0	8.9
Aggregate								76.1	-9.2	10.4	13.4	14.8	2.0	1.8	14.6	12.0
Real Estate																
Brigade Enterpr.	Buy	999	1250	25	14.7	36.9	41.5	21.4	151.4	12.4	68.0	27.0	5.8	4.8	8.9	19.5
DLF	Neutral	834	740	-11	10.3	16.2	18.1	-9.7	57.3	11.6	81.0	51.5	3.8	3.5	6.6	9.7
Godrej Propert.	Buy	2258	2855	26	27.1	46.2	47.4	21.1	70.8	2.4	83.4	48.8	6.3	5.6	7.8	12.2
Oberoi Realty	Neutral	1342	1350	1	40.7	45.2	60.4	-22.3	10.9	33.7	33.0	29.7	3.6	3.2	11.5	11.4
Macrotech Devel.	Buy	1089	1295	19	14.8	24.6	35.7	-7.4	66.3	45.3	73.7	44.3	7.6	6.7	10.8	16.1
Mahindra Lifespace	Neutral	587	600	2	1.5	8.2	6.9	-50.9	462.5	-16.6	401.1	71.3	5.0	4.6	1.2	6.7
Sunteck Realty	Buy	461	640	39	9.1	16.4	22.8	8,869.3	80.9	39.4	51.0	28.2	2.3	2.2	4.7	8.0
Sobha	Buy	1414	1700	20	14.0	40.8	83.6	29.8	190.8	104.7	100.7	34.6	5.2	4.6	5.3	14.2
Prestige Estates	Buy	1202	1465	22	27.6	19.7	25.5	43.3	-28.5	29.2	43.6	61.0	4.1	3.9	9.9	6.5
Phoenix Mills	Neutral	2814	2000	-29	57.7	71.7	100.8	41.3	24.2	40.6	48.7	39.2	5.4	4.7	11.6	12.8
Aggregate								11.5	44.9	26.7	64.9	44.8	5.3	4.8	8.2	10.8
Retail																
Avenue Supermarts	Buy	3714	4700	27	39.8	54.8	73.9	8.6	37.7	34.8	93.3	67.7	12.9	10.8	14.9	17.4
Aditya Birla Fashion	Neutral	253	230	-9	-6.3	-5.6	-7.1	796.3	Loss	Loss	NM	NM	6.1	7.1	-16.9	-14.6
Bata India	Neutral	1421	1480	4	23.1	30.8	42.3	-7.8	33.1	37.4	61.4	46.1	10.7	8.7	18.9	20.8
Barbeque-Nation	Neutral	644	675	5	-3.3	3.3	5.1	-184.9	LP	56.8	NM	197.5	6.5	6.3	-3.4	3.2
Campus Activewe.	Buy	257	285	11	2.7	4.0	5.3	-29.4	48.1	32.5	96.3	65.0	12.4	10.4	12.9	16.0
Devyani Intl.	Buy	154	195	27	0.9	1.5	2.4	-62.1	71.0	58.0	176.9	103.5	22.4	23.2	11.7	22.0
Jubilant Food.	Neutral	482	480	0	4.1	5.4	7.2	-30.7	32.2	33.2	118.3	89.5	15.6	15.5	13.2	17.4
Metro Brands	Buy	1101	1380	25	11.7	16.1	20.5	-12.1	38.2	27.0	94.2	68.2	16.7	14.5	19.3	23.3
Raymond	Buy	1718	2350	37	99.1	120.4	151.8	4.9	21.5	26.1	17.3	14.3	2.5	2.2	17.8	16.3
Relaxo Footwear	Neutral	852	850	0	8.6	11.4	15.4	38.4	33.0	35.1	99.2	74.6	10.5	9.5	11.0	13.4
Restaurant Brands	Buy	114	140	23	-3.4	-0.9	0.8	-30.5	Loss	LP	NM	NM	8.3	8.9	-22.1	-7.0
Sapphire Foods	Buy	1378	1600	16	10.4	15.9	25.4	-39.5	52.7	60.3	132.7	86.9	6.5	5.7	5.1	7.0
Shoppers Stop	Neutral	746	695	-7	12.4	15.0	14.2	-14.4	20.9	-5.5	60.0	49.7	18.8	13.7	36.9	31.9
Titan Company	Buy	3591	4200	17	41.5	53.1	64.1	12.9	27.8	20.8	86.4	67.7	22.2	18.0	28.1	29.4
Trent	Buy	3758	4200	12	24.4	35.0	45.4	119.3	43.5	29.7	153.9	107.3	36.1	26.5	28.6	30.5
V-Mart Retail	Neutral	2155	2100	-3	-55.8	16.2	57.6	1,187.8	LP	255.5	NM	133.0	5.2	5.0	NM	3.8
Vedant Fashions	Neutral	965	1200	24	17.0	21.7	26.5	-3.8	27.4	22.4	56.7	44.5	14.7	12.3	27.1	29.1
Westlife Foodworld	Neutral	781	775	-1	4.9	8.0	12.5	-30.8	61.1	57.0	158.0	98.1	17.8	16.0	12.4	17.2
Aggregate								1.4	39.8	30.0	103.8	74.2	15.3	13.1	14.8	17.7
Technology																
Cyient	Buy	2192	2400	10	69.4	86.0	112.0	32.5	24.0	30.2	31.6	25.5	6.5	5.9	21.2	24.2
HCL Tech.	Buy	1632	1880	15	58.9	67.5	78.3	7.5	14.5	16.1	27.7	24.2	6.8	6.9	24.6	28.6
Infosys	Buy	1670	1750	5	59.3	67.8	79.4	3.1	14.2	17.2	28.1	24.6	9.1	9.1	32.5	37.1
LTI Mindtree	Neutral	5452	6600	21	157.9	179.2	220.0	4.0	13.5	22.7	34.5	30.4	8.3	7.1	26.0	25.3
L&T Technology	Buy	5568	6220	12	125.0	151.1	177.7	13.1	20.9	17.6	44.6	36.8	11.2	9.7	25.9	28.2
Mphasis	Neutral	2587	2600	0	82.2	94.5	112.7	-5.5	15.0	19.3	31.5	27.4	5.7	5.3	18.9	20.1
Coforge	Neutral	6500	6600	2	140.6	190.3	220.3	7.7	35.3	15.8	46.2	34.2	11.6	10.0	26.3	31.1
Persistent Sys	Neutral	8636	8110	-6	146.4	177.6	219.2	17.7	21.3	23.4	59.0	48.6	14.1	11.8	26.1	26.8
TCS	Buy	4134	4250	3	125.7	146.8	170.1	9.0	16.8	15.9	32.9	28.2	17.2	17.7	51.5	61.9
Tech Mah	Neutral	1312	1360	4	40.4	50.9	68.0	-29.5	26.1	33.8	32.5	25.8	4.1	4.0	12.7	15.6
Wipro	Neutral	490	520	6	20.6	22.9	27.3	-0.6	11.5	19.2	23.8	21.4	3.5	3.6	14.7	16.7
Zensar Tech	Neutral	565	570	1	27.3	24.6	28.5	89.8	-9.7	15.9	20.7	22.9	3.8	3.4	19.6	15.8
Aggregate								4.3	15.4	17.5	31.9	27.7	9.5	9.4	29.7	34.0



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
Telecom																
Bharti Airtel	Buy	1121	1310	17	18.9	32.6	40.6	29.4	72.8	24.4	59.4	34.4	5.9	5.0	11.5	15.8
Indus Towers	Neutral	226	210	-7	20.4	20.7	23.3	128.7	1.5	12.7	11.1	10.9	2.3	1.9	23.0	19.0
Vodafone Idea		16			-11.3	-9.5	-8.4	10.6	Loss	Loss	NM	NM	-0.5	-0.4	NM	NM
Tata Comm	Neutral	1761	1750	-1	44.6	54.6	78.2	-26.6	22.5	43.1	39.5	32.3	21.5	14.1	66.1	53
Aggregate								Loss	Loss	LP	-55	-412	28.8	31.3	-52.1	-7.6
Others																
APL Apollo Tubes	Buy	1345	1770	32	28.7	43.2	59.3	23.9	50.8	37.3	46.9	31.1	10.2	7.9	23.9	28.7
BSE	Neutral	2490	2725	9	62.2	65.0	77.9	296.1	4.5	19.9	40.0	38.3	12.7	11.5	31.7	30.1
Coromandel Intl	Buy	1085	1260	16	54.9	67.2	71.5	-19.8	22.4	6.4	19.8	16.2	3.5	3.0	19.0	20.0
EPL	Buy	194	275	42	8.2	11.2	13.8	13.5	37.3	22.6	23.7	17.3	2.9	2.7	12.7	16.2
Godrej Agrovet	Neutral	523	525	0	18.7	21.6	24.0	43.9	15.3	11.6	28.0	24.3	4.0	3.7	14.9	15.9
Havells India	Buy	1347	1510	12	19.0	24.7	30.1	10.6	29.9	22.2	71.0	54.6	11.4	10.1	16.1	18.4
Indiamart Inter.	Buy	2694	3000	11	51.9	65.6	86.2	11.8	26.5	31.4	52.0	41.1	7.0	6.2	14.3	15.9
Indian Hotels	Buy	533	615	15	8.8	11.0	13.0	24.8	25.0	18.4	60.6	48.5	8.3	7.2	14.6	15.9
Interglobe	Neutral	3107	3300	6	199.9	234.4	239.2	-	17	2	15.5	13	85.1	11.4	-314.6	152.6
Info Edge	Neutral	5488	4720	-14	62.8	68.6	81.7	97.5	9.1	19.2	87.4	80.1	6.0	5.6	6.2	13.1
Kajaria Ceramics	Buy	1252	1600	28	28.4	34.7	41.1	32.8	22.2	18.3	44.1	36.1	7.9	7.3	18.1	20.4
Lemon Tree Hotel	Buy	136	170	25	1.6	3.1	4.2	6.4	90.8	36.0	84.7	44.4	10.9	8.7	13.7	21.8
MCX	Neutral	3831	-		19.1	76.7	90.2	-34.6	301.3	17.7	200.6	50.0	13.0	12.4	6.5	25.4
One 97	Neutral	420	575	37	-13.2	-0.5	15.5	-52.7	Loss	LP	NM	NM	2.1	2.1	-6.6	-0.3
Qess Corp	Neutral	493	560	14	20.6	33.6	46.4	79.4	63.5	38.0	24.0	14.7	2.1	1.9	11.8	17.9
PI Inds.	Buy	3487	-		103.0	122.4	143.5	27.3	18.9	17.2	33.9	28.5	6.2	5.1	19.8	19.7
SIS	Buy	467	590	26	21.4	34.5	45.1	-7.9	61.3	30.6	21.8	13.5	1.2	1.0	12.8	17.9
SRF	Neutral	2299	2250	-2	46.0	72.8	87.6	-39.6	58.2	20.4	50.0	31.6	6.1	5.3	12.7	17.8
Tata Chemicals	Neutral	957	900	-6	48.6	38.1	51.6	-47.0	-21.6	35.5	19.7	25.1	1.2	1.2	6.1	4.6
Team Lease Serv.	Buy	2964	3450	16	70.0	104.1	150.9	7.5	48.7	45.0	42.3	28.5	5.4	4.6	13.3	16.9
Voltas	Buy	1056	1230	16	8.6	18.0	28.2	-25.2	110.1	56.6	123.2	58.6	6.2	5.7	5.1	9.8
UPL	Neutral	457	530	16	0.4	26.5	53.2	-99.3	6,008.4	101.0	1,055.8	17.3	0.9	0.8	0.1	7.4
Zomato	Buy	149	170	14	0.4	1.1	2.7	-134.7	168.2	140.0	361.4	134.7	6.5	6.2	1.8	4.7



Index	1 Day (%)	1M (%)	12M (%)
Sensex	0.2	0.3	17.7
Nifty-50	0.3	1.1	21.7
Nifty Next 50	-0.4	6.4	48.1
Nifty 100	0.2	2.0	25.5
Nifty 200	0.0	2.3	29.8
Company	1 Day (%)	1M (%)	12M (%)
Automobiles	-0.4	5.7	48.4
Amara Raja Ener.	-0.9	6.9	42.3
Apollo Tyres	-5.4	8.9	52.9
Ashok Leyland	-1.4	-2.2	16.5
Bajaj Auto	0.4	9.7	102.4
Balkrishna Inds	-0.6	-12.4	-0.2
Bharat Forge	2.5	3.1	51.1
Bosch	0.6	11.9	45.3
CEAT	0.5	14.0	83.8
Craftsman Auto	2.2	-14.2	26.7
Eicher Motors	0.9	-0.8	18.7
Endurance Tech.	-4.5	-10.5	31.8
Escorts Kubota	-4.3	-0.6	42.5
Exide Inds.	-1.9	3.4	88.3
Hero Motocorp	2.1	19.4	91.8
M & M	-2.3	1.0	20.0
CIE Automotive	0.8	0.7	24.0
Maruti Suzuki	-0.1	7.1	21.9
MRF	-3.8	4.1	54.4
Sona BLW Precis.	1.9	-2.9	33.2
Motherson Sumi	1.2	13.3	52.9
Motherson Wiring	-3.9	6.2	31.5
Tata Motors	-1.0	14.4	109.5
TVS Motor Co.	0.2	0.9	94.1
Tube Investments	-1.4	-9.2	37.4
Banks-Private	1.0	-6.1	7.8
AU Small Fin. Bank	1.4	-22.3	-5.8
Axis Bank	1.5	-5.9	21.1
Bandhan Bank	1.0	-8.0	-10.7
DCB Bank	-1.5	-15.5	17.9
Equitas Sma. Fin	-0.3	8.4	41.9
Federal Bank	0.4	-2.7	13.4
HDFC Bank	0.0	-15.0	-15.0
ICICI Bank	2.2	3.2	17.4
IDFC First Bank	0.3	-3.5	38.3
IndusInd Bank	0.6	-8.5	27.7
Kotak Mah. Bank	0.7	-4.6	-1.6
RBL Bank	1.7	-7.5	54.7
SBI Cards	-0.4	-5.7	-5.1
Banks-PSU	1.0	22.2	77.9
BOB	4.1	18.1	55.5
Canara Bank	0.3	26.8	94.9
Indian Bank	-3.7	26.2	85.2
Punjab Natl.Bank	-0.3	30.5	142.9
St Bk of India	3.7	16.0	31.7
Union Bank (I)	-0.4	21.2	105.2
NBFCs	0.7	-4.7	9.1
Angel Broking	-0.1	-9.8	201.8

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	-0.1	2.6	32.8
Nifty Midcap 100	-0.9	4.1	57.9
Nifty Smallcap 100	-1.4	5.6	71.7
Nifty Midcap 150	-0.9	3.6	53.7
Nifty Smallcap 250	-1.3	5.4	64.5
Aditya Birla Capital Ltd	0.5	7.3	27.7
Bajaj Fin.	1.2	-13.9	3.1
Cholaman.Inv.&Fn	-1.0	-8.9	41.0
Can Fin Homes	-0.5	4.4	34.8
Cams Services	-1.1	5.0	28.9
CreditAcc. Gram.	2.5	-9.5	65.6
Fusion Microfin.	-2.2	-6.8	32.4
Home First Finan	-1.5	5.0	27.7
Indostar Capital	-2.5	7.0	23.6
IIFL Finance	-1.5	-7.1	21.5
L&T Fin.Holdings	-0.8	3.0	82.5
LIC Housing Fin.	0.4	15.6	71.1
M & M Fin. Serv.	-1.0	5.4	6.8
Muthoot Finance	1.4	-6.9	35.5
Manappuram Fin.	0.4	3.9	60.4
MAS Financial Serv.	-1.0	10.3	22.4
ICICI Sec	0.7	7.3	69.3
360 One	-0.3	-3.0	43.4
PNB Housing	2.1	4.8	70.5
Repc Home Fin	-2.1	11.0	95.9
Shriram Finance	-0.6	7.7	77.5
Spandana Sphoort	-0.3	-20.4	76.8
Insurance			
HDFC Life Insur.	-1.3	-8.9	12.6
ICICI Pru Life	0.2	-3.6	19.3
ICICI Lombard	1.1	17.4	44.3
Life Insurance	-2.2	29.8	76.3
Max Financial	-0.9	4.3	32.5
SBI Life Insuran	-1.3	-0.7	22.0
Star Health Insu	-1.1	1.0	2.7
Chemicals			
Alkyl Amines	0.0	-13.0	-14.9
Atul	2.2	-6.3	-11.3
Clean Science	2.4	-6.4	-5.8
Deepak Nitrite	0.5	-9.2	22.6
Fine Organic	-1.0	-8.7	-12.8
Galaxy Surfact.	0.3	-6.2	13.4
Navin Fluo.Intl.	-1.5	-13.5	-27.9
NOCIL	-1.9	-1.0	26.6
Vinati Organics	-2.3	-5.6	-15.5
Capital Goods	1.8	0.7	92.2
A B B	0.9	-8.8	43.5
Bharat Electron	-2.2	-2.2	88.6
Cummins India	0.7	28.5	64.9
Hitachi Energy	-0.9	8.9	106.3
K E C Intl.	-0.3	8.4	41.9
Kalpataru Proj.	3.3	19.6	81.0
Kirloskar Oil	2.7	28.8	158.9
L&T	-0.3	-6.5	54.8



Company	1 Day (%)	1M (%)	12M (%)
Siemens	1.2	2.0	37.8
Thermax	4.4	5.0	58.1
Triveni Turbine	-0.6	16.1	64.3
Cement			
Ambuja Cem.	2.3	9.7	61.0
ACC	4.7	13.8	37.2
Birla Corp.	6.5	17.0	86.3
Dalmia Bhar.	1.3	-7.8	10.4
Grasim Inds.	5.4	5.5	32.5
India Cem	4.1	-4.4	28.5
J K Cements	0.4	5.0	52.7
JK Lakshmi Ce	2.0	11.1	23.6
Ramco Cem	-7.5	-9.2	24.5
Shree Cem	0.8	1.1	19.0
Ultratech	-0.5	0.5	38.5
Consumer	0.4	-4.8	17.9
Asian Paints	0.8	-9.7	4.9
Britannia	2.0	-2.9	7.2
Colgate-Palm.	1.4	3.6	72.7
Dabur	1.0	-1.6	1.1
Emami	-0.2	-12.1	17.9
Godrej Cons.	0.1	4.8	29.5
HUL	0.3	-6.0	-6.3
ITC	0.2	-10.6	11.0
Indigo Paints	-1.3	-4.5	22.3
Jyothy Lab	-3.5	-12.7	117.7
Marico	-0.3	-1.9	5.4
Nestle	1.1	-5.5	29.0
Page Inds	-1.2	-0.4	-4.4
Pidilite Ind.	1.4	-2.4	14.2
P&G Hygiene	-0.2	-3.6	20.5
Tata Consumer	-0.8	1.6	56.4
United Brew	1.2	-2.1	14.6
United Spirits	2.8	1.4	40.4
Varun Beverages	-0.4	5.6	115.1
EMS			
Kaynes Tech	-0.7	10.2	228.9
Avalon Tech	-0.7	-12.5	
Syrma SGS Tech.	-1.2	-16.0	93.1
Cyient DLM	3.1	19.7	
Data Pattern	-1.4	-4.4	29.0
Healthcare	0.5	7.3	51.3
Alembic Phar	-2.3	20.4	85.5
Alkem Lab	0.3	2.9	64.9
Apollo Hospitals	3.3	11.0	46.7
Ajanta Pharma	-1.7	0.3	79.4
Aurobindo	0.1	-10.4	127.5
Biocon	-4.0	-2.8	12.4
Zydus Lifesci.	0.4	12.9	69.7
Cipla	1.4	11.7	40.9
Divis Lab	-0.9	-8.3	29.4
Dr Reddy's	-0.1	7.1	37.2
ERIS Lifescience	-3.3	-0.3	43.0
Gland Pharma	0.2	3.0	53.7

Company	1 Day (%)	1M (%)	12M (%)
Glenmark	-1.8	-4.9	113.8
Global Health	0.8	28.1	182.1
Granules	-1.9	2.3	44.8
GSK Pharma	-1.6	14.2	88.2
IPCA Labs	-1.7	8.4	36.4
Laurus Labs	-0.6	-7.6	16.0
Lupin	1.0	16.2	109.5
Max Healthcare	1.4	22.0	98.4
Piramal Pharma	-2.1	-5.2	55.6
Sun Pharma	2.3	15.9	52.4
Infrastructure	-0.4	7.3	57.5
Torrent Pharma	0.4	13.7	72.5
G R Infraproject	-2.0	14.6	13.7
IRB Infra.Devl.	-2.0	48.8	142.6
KNR Construct.	-4.6	5.0	1.8
Logistics			
Adani Ports	2.1	6.2	118.4
Blue Dart Exp.	-0.5	-17.0	-5.5
Container Corpn.	-0.8	6.5	52.8
Mahindra Logis.	-2.2	-13.5	-5.2
Transport Corp.	-0.2	7.8	38.4
TCI Express	1.1	-4.7	-11.4
VRL Logistics	-0.6	-9.3	26.2
Media	-0.3	-8.2	16.9
PVR INOX	-1.7	-10.1	-16.5
Sun TV	-2.6	-13.7	35.7
Zee Ent.	5.1	-20.7	-9.5
Metals	-1.5	3.7	37.7
Hindalco	-1.7	2.7	33.0
Hind. Zinc	-0.6	-0.4	-4.5
JSPL	-2.0	4.6	27.5
JSW Steel	-1.3	-1.2	12.2
Nalco	-2.1	22.6	101.4
NMDC	-1.2	11.0	101.4
SAIL	-3.9	17.0	56.6
Tata Steel	-1.6	5.7	27.0
Vedanta	-1.5	5.4	-11.5
Oil & Gas	-2.0	18.4	58.9
Aegis Logistics	-1.7	8.3	6.0
BPCL	-1.0	33.6	84.1
Castrol India	2.3	11.9	68.4
GAIL	-3.7	7.5	80.6
Gujarat Gas	-2.9	13.4	20.7
Gujarat St. Pet.	-3.9	17.2	47.7
HPCL	-2.8	16.1	119.9
IOC	-5.1	38.4	129.3
IGL	0.0	2.6	1.6
Mahanagar Gas	-0.3	23.0	65.0
MRPL	-5.6	41.5	247.9
Oil India	0.4	37.8	125.0
ONGC	-2.1	23.5	83.0
PLNG	-2.9	17.2	20.8
Reliance Ind.	0.7	13.2	36.1



Company	1 Day (%)	1M (%)	12M (%)
Real Estate	0.0	1.1	114.0
Brigade Enterpr.	-2.6	5.7	99.1
DLF	0.4	5.7	133.9
Godrej Propert.	1.8	0.7	92.2
Mahindra Life.	-1.6	4.5	51.9
Macrotech Devel.	-1.8	-3.8	119.1
Oberoi Realty Ltd	-0.2	-12.6	58.8
Sobha	-0.9	9.8	148.4
Sunteck Realty	-1.4	-0.9	37.3
Phoenix Mills	-0.9	5.4	103.8
Prestige Estates	-0.8	-10.0	196.7
Retail			
Aditya Bir. Fas.	-2.3	10.2	-1.3
Avenue Super.	-0.3	-2.4	6.8
Bata India	0.4	-9.4	-6.2
Campus Activewe.	-0.7	-10.3	-34.9
Barbeque-Nation	-1.3	2.7	-16.9
Devyani Intl.	0.9	-17.4	-3.3
Jubilant Food	1.5	-8.1	5.3
Metro Brands	-0.3	-12.3	40.2
Raymond	-0.4	-1.4	29.4
Relaxo Footwear	-0.5	-4.4	9.7
Restaurant Brand	-0.6	-0.7	14.3
Sapphire Foods	1.0	-0.3	9.2
Shoppers St.	-1.5	7.9	12.4
Titan Co.	1.2	-2.8	45.8
Trent	-2.1	20.7	180.2
V-Mart Retail	0.2	1.4	-13.9
Vedant Fashions	-1.9	-19.9	-20.9
Westlife Food	-1.8	-4.3	9.9
Technology	-0.4	8.8	21.6
Cyient	0.0	-3.1	138.7
HCL Tech.	-0.2	11.7	42.2
Infosys	-1.3	9.2	3.2
LTIMindtree	0.6	-7.7	16.1
L&T Technology	-0.2	5.8	53.2
Mphasis	-0.3	1.3	21.0
Coforge	-1.6	7.1	49.8
Persistent Sys	0.1	18.5	79.0
TCS	0.0	12.0	16.7
Tech Mah	0.1	6.1	29.0
Wipro	0.3	8.8	20.1
Zensar Tech	-3.0	0.5	122.9
Telecom	-1.5	3.6	49.9
Bharti Airtel	-1.9	5.2	46.1
Indus Towers	-0.6	6.7	41.9
Idea Cellular	4.7	-4.3	97.5
Tata Comm	0.1	1.8	42.6
Utilities	-1.1	6.6	83.8
Coal India	-0.7	18.4	112.6
NTPC	-1.8	1.6	95.7
Power Grid Corpn	-1.2	12.7	71.0

Company	1 Day (%)	1M (%)	12M (%)
Others			
APL Apollo Tubes	-3.3	-12.8	11.8
BSE	-0.9	8.2	392.3
Coromandel Intl	1.2	-7.1	18.4
EPL Ltd	-1.1	-2.3	24.3
Indiamart Inter.	0.3	3.4	13.5
Godrej Agrovet	-2.1	-4.7	13.6
Havells	-0.2	-2.4	9.1
Indian Hotels	1.5	16.2	66.7
Interglobe	-0.8	3.1	52.3
Info Edge	-0.6	5.2	42.8
Kajaria Ceramics	-2.5	-9.2	15.0
Lemon Tree Hotel	-1.4	4.8	79.3
MCX	-1.3	24.4	171.6
One 97	-6.0	-38.8	-40.5
Piramal Enterp.	0.3	-3.4	6.6
PI Inds.	0.8	1.3	9.1
Quess Corp	-0.9	-3.1	26.6
SIS	-4.9	2.5	28.3
SRF	0.1	-0.6	3.6
Tata Chemicals	-1.4	-13.3	-5.5
Team Lease Serv.	-2.5	-7.1	19.2
Voltas	-0.7	6.4	28.2
UPL	-1.5	-18.0	-36.1
Zomato Ltd	3.7	11.3	174.7

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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

*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.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

MOFSL, its associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

In the past 12 months, MOFSL or any of its associates may have:

- a) received any compensation/other benefits from the subject company of this report
- b) managed or co-managed public offering of securities from subject company of this research report,
- c) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
- d) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:

- (a) a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
- (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures. To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement	Companies where there is interest
Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore, as per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.