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Domestic auto components to touch USD 14bn by 2028

The domestic auto component aftermarket is expected to touch USD 14bn mark by 2028 on the back of robust growth in vehicle parc in the country, a report commissioned by industry body ACMA in partnership with

Ernst & Young said, as per ET. As per the Global Automotive Aftermarket Research Report, the size of the automotive aftermarket stood at USD 10bn in 2023. Growth of aftermarket in India is being fueled by a steady increase in the vehicle

parc – number of vehicles running on the road – which currently stands at 340mn and is expected to grow at a CAGR of 8% for the next five years, it added.

SECTOR

Credit card loans record highest slippages among retail loans

As consumerism takes off in the country, demand for credit card loans has also been galloping at a brisk pace over the past decade. But strong growth in these loans is accompanied by surge in bad loans, as per Business Line. The slippage ratio was the highest in the credit card loans in the years following the pandemic. Loans, which have been technically written off, are also very high in this segment. Credit cards and vehicle loan portfolios recorded a moderate, but statistically significant, rise in stress. Credit growth in credit card loans witnessed a

slight decline from 29.78% in the pre-Covid period to 24.99% after the pandemic.

Household consumption to revive in FY25

Household consumption will need to pick up if India is to achieve a GDP growth of 6% or higher in the coming fiscal, according to a report, as per ET. India needs household consumption to pick up for GDP growth of 6% or higher in the coming fiscal. The report by a brokerage house revised FY25 forecast to 6.3% from 6.0%, projecting muted inflation and higher food spending to drive growth. The report expects a revival in consumption to offset the

impact of lower commodity prices, slower global growth, and moderation in government capex. Pharma cos reluctant to ease medicine prices

India's pharmaceutical industry is seeking a one-time exemption from the price control measure that would force them to lower their rates in line with drop in the wholesale price index (WPI). The WPI has been showing a declining trend, as per ET. Under the Drug Price Control Order (DPCO) 2013, the prices of scheduled drugs are revised in line with the WPI of the previous calendar year. As a corollary, drug manufacturers are required to cut their prices if there is a decline in the annual WPI. On the other

Market Monitor

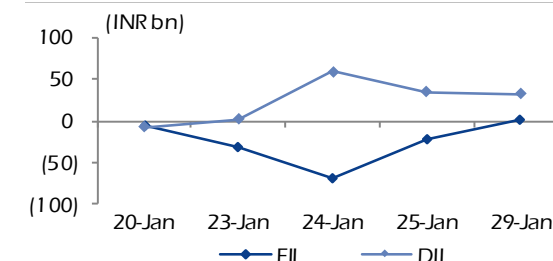
Global Indices

	Value	% change	PE
Sensex	71,942	1.8	23.5
Nifty	21,738	1.8	22.9
S&P 500	4,928	0.8	23.1
FTSE 100	7,633	(0.0)	11.3
HangSeng	15,776	(1.9)	8.3
Nikkei 225	36,087	0.2	26.1

30 January 2024 8:10 AM

Source: Bloomberg

FII & DII activities



Source: NSE

Rupee /Commodities/Metals (USD)

	Value	Change	% change
USD-INR	83.143	0.025	(0.030)
Oil (NYMEX)	77.070	0.290	0.378
Gold	2,030.580	(2.645)	(0.130)
Natural Gas	2.069	0.015	0.730

Source: Bloomberg

SECTOR

hand, manufacturers who do not come under price control order are allowed to increase the maximum retail price of medicines by 10% annually.

BFSI firms ramp up legal teams

Demand for specialist legal and compliance professionals has surged in the banking, financial services and insurance (BFSI) sector in the past year with banks, non-banking financial companies (NBFCs), insurance and fintech companies beefing up their senior leadership teams, driven by an increasing need for regulatory adherence and zero tolerance from boards, as per ET. There has been a sixfold jump in

managing director level movement in legal and compliance functions. The need for skilled senior compliance professionals has increased, especially in the BFSI sector. Financial institutions are recruiting senior compliance officers to ensure customer protection and market transparency. The recent regulatory emphasis has fueled demand for experts in compliance roles.

Flex office space operators eye tier 2 cities

Flexible office space operators continue to lease space in tier 2 cities with Ahmedabad, Indore, Lucknow and

Bhubaneswar emerging as the preferred destination, as per ET. According to an analysis by CBRE, flex office space operators took 1.6mn sq ft in 2023 in 10 tier 2 cities. As per the report, flexible workspace operators are recognizing the potential of the markets such as Chandigarh, Jaipur, Lucknow, Coimbatore, Kochi, Thiruvananthapuram, Vishakhapatnam, Ahmedabad, Indore, and Bhubaneswar and are rapidly expanding their presence, providing options for start-ups and established firms.

POLITICS & POLICY

India to grow by 7% in FY25 despite global risks: govt

India expects its economy to grow around 7% in FY25, outpacing the global economy. Growth will be supported by stable domestic demand and private investment. Recent events in the Red Sea crisis may impact global trade and supply chains, affecting trade flows, transportation cost, economic output, and inflation worldwide.

IR sets record for capex utilization in 9 months

In a remarkable achievement, Indian Railways has reported its highest-ever capital expenditure (Capex) utilization, reaching an impressive 75% during the initial nine months of the current fiscal year from April 1, 2023, to December 31,

2023, as per ET. As per the official data provided by the Ministry, the Railways has demonstrated its commitment to infrastructural development and passenger safety by investing INR 1,959bn, which accounts for 75% of total capex budget of INR 2.62tn allocated for this financial year. The statement further said that comparing the data with the corresponding period in the previous year, Indian Railways has outperformed itself, achieving a remarkable 33% increase in capex utilization. In December 2022, capex utilization stood at INR 1,462bn, highlighting the substantial boost in investment in various infrastructure projects.

ONDC to have 6,000 farmers' collectives by March-end

Thousands of farmers' collectives across the states are now able to sell a host of unique agricultural products including

rice, pulses, honey, millets, mushrooms, spices and value added products on the government's eCommerce platform – Open Network for Digital Commerce (ONDC), as per Financial Express. Since the farmers producer organization (FPO) started joining the ONDC platform in April, 2023, 4,000 such bodies so far have sold as many as 3,100 varieties of value-added agricultural products using the facility. Officials said the target is to bring 6,000 FPO into pan-India digital market place by the end of FY24. The platform is being promoted by the government as an alternative to global eCommerce majors such as Amazon and Walmart for supporting small enterprises.

INTERNATIONAL

ReNew mulls INR 264bn green hydrogen project

ReNew is planning to invest INR 264bn for a green hydrogen project in Kerala, according to a report of ET Energy. The 220-kilo-tonnes-per-annum (KTPA) green hydrogen project will be used to produce 1,100 KTPA of green ammonia, the report added. It will be powered by a 2 GW capacity electrolyser, which is 14,000mn units of power annually from 5 GW to 6 GW renewable energy plants, ETEnergyworld claimed quoting unnamed officials.

Samsung to begin laptop production in Noida plant

Samsung will begin manufacturing laptops at its Noida facility this year, said TM Roh, the president and head of the mobile experience (MX) business, said in an interaction, as per LiveMint. This move highlights India's growing significance as a manufacturing hub for the Korean electronics giant, which considers India its second-largest manufacturing base.

Microsoft CEO Satya Nadella to visit India in February

Microsoft CEO Satya Nadella will visit India on February 7 and 8 as part of his annual visit to the country with artificial intelligence (AI) and its opportunities serving as the focal

point for 2024, according to a report published by MoneyControl, as per LiveMint. Microsoft India and South Asia's President Puneet Chandok, in an internal email sent a few weeks ago, stated that the tech giant is committed to using technology to create more opportunities in the nation, as demonstrated by Nadella's visit.

Spain's Mango to add more stores in India

Spanish fashion company Mango, which has increased its points of sale in India from 10 in 2018 to 110 now, plans to continue to expand at a similar pace over the coming years, as per LiveMint. It will carve out its men's and kids wear segments, and also open more flagship stores (currently it has three) in metros as well as non-metros, according to Daniel Lopez, the company's director for franchises and expansion. Mango competes with brands such as H&M and Zara. India is one of its key international growth markets and is the leading country in Asia in terms of number of stores, Lopez said in an interview.

Brazil poised to welcome India dairy products

India and Brazil are discussing a proposal to open the Brazilian market for Indian dairy products, including camel milk and special cheese, two senior officials from the two countries said, as per LiveMint. Both governments are

collaborating on this initiative, following the recent opening of Brazil to Indian millet exports. The proposed partnership also involves plans to set up a center of excellence in Amreli, Gujarat to boost milk production and improve herd quality.

Oil supplies to India from Iraq surge in January

India's import of crude oil reached a multi-year high of 4.9mn bpd in January and increased 13% from December 2023, according to data from energy cargo tracker Vortexa. Indian refiners cumulatively had imported 4.3mn barrels a day in December. The country imported 1.20mn barrels a day of Russian crude in January, down by 9% to from 1.32mn barrels a day imported in December.

US sets visa-processing record from India

The US Embassy and Consulates in India processed a whopping 1.4mn visas during 2023, as per LiveMint. Appointment wait time dropped by 75% even as the country saw an unprecedented rise in demand for visas across all classes. Indians now represent one out of every ten US visa applicants around the world. The US government saw a 60% increase in applications over the past year, meeting demand with a three-month staffing surge in Mumbai. New Delhi set a student visa record for the third year in a row with more than 140,000 such documents greenlit in 2023.

ECONOMY

Macro and Market update

Hong Kong court orders Evergrande to liquidate after it fails to reach debt deal

A Hong Kong court ordered China Evergrande, to undergo liquidation following a failed effort to restructure USD 300bn owed to banks and bondholders that fuelled fears about China's rising debt burden.

No immediate impact of US decision to pause LNG export permits: Officials

India will not be immediately affected by the US decision to put a freeze on providing permits for the export of Liquefied Natural Gas (LNG) to countries with which it does not have a Free Trade Agreement (FTA), officials said. Officials however said major LNG routes into India do not cross the main maritime area affected Houthi strikes in and around the Red Sea and the Gulf of Aden. While India imports the largest chunk of its imports from Qatar, the US is the third-largest source of LNG.

MF collects INR 639bn via NFO in 2023

Asset management companies launched 212 new fund offerings mobilising INR 639bn in 2023, marginally higher

WTO says trade growth estimates appear 'overly optimistic'

The World Trade Organization will likely cut its estimates for goods trade growth for 2023 and 2024 due to a less buoyant global economy and the potential impact of disruptions to shipping through the Suez Canal, its chief economist said. He even added both annual growth estimates now appear "overly optimistic". The WTO had estimated in October that merchandise trade growth would be 0.8% for 2023 and 3.3% for 2024.

Gold imports rise 26.7% to USD 35.95bn in Apr-Dec on healthy demand

India's gold imports, which have a bearing on the country's current account deficit (CAD), increased 26.7% to USD 35.95bn during the April-December of this fiscal due to healthy demand, according to government data. Imports stood at USD 28.4bn during the same period a year ago. In December 2023, imports of the precious metal jumped by 156.5% to USD 3bn.

from previous year, on the back of significant uptrends in broader markets, as per Financial Express. In comparison, Asset Management Companies (AMC) garnered INR 622bn through 228 new fund offerings (NFO) in 2022. Further, they collected INR 997bn in 2021 and INR 537bn in 2020.

US Treasury to borrow USD 760bn in Q1, lower than forecast

The US Treasury expects to borrow USD 760bn in the first quarter, USD 55bn below the October estimate primarily due to forecasts for increased net fiscal flows and higher cash balance. The first-quarter financing estimate assumes a cash balance of USD 750bn at the end of March, the Treasury said in a statement.

Japan jobless rate falls to 2.4% in December

Japan's unemployment rate fell to 2.4% in December 2023 from 2.5% in the previous two months, which was also the consensus forecast. It was the lowest jobless rate in 2023.

Asian markets

Asia market opened higher on 30 January whereas in the US, the markets closed at the higher end ahead of earnings from several mega-cap tech companies. Treasury yields fell and the dollar rose ahead of the FOMC meet. Brent is at USD 82.10/bbl, DXY at 103.42, USD10Y at 4.07 and Gift Nifty at +0.46%

Source: Garima Kapoor, Economist, Elara Securities Research

CORPORATE

Airtel adds 4mn 4G-5G users in November

India's second-largest telecom operator Bharti Airtel has added 3.98mn 4G-5G users in November, which is the highest in 27 months, according to data from the Telecom Regulatory Authority of India (Trai), as per Financial Express. Out of total 379.8mn subscribers, the company's wireless broadband, which largely includes 4G subscribers at the end of November were at 255.07mn compared to 251.1mn in October, Trai data showed. The trend assumes significance in the sense that in October, Airtel added only 520,000 4G-5G users, which were its lowest in 18 months. The increase in 4G additions in November can be attributed to the overall subscriber base additions in the industry, as well as migration from the low end or 2G subscribers to 4G-5G, which also means a feature phone to smartphone shift.

Adani Green secures funding for USD 750mn

Adani Green Energy (AGEL), the green arm of the conglomerate, has completed the funding of the reserves for a USD 750mn Holdco Bond, as per LiveMint. The sources of funds are TotalEnergies JV proceeds USD 300mn, promoters preferential allotment of USD 281mn and debt service reserve account, hedge reserves and interest on reserve account of USD 169mn), respectively, said Adani Green in a BSE filing.

JSW Energy puts solar panel manufacturing plan on hold

Sajjan Jindal-led JSW Energy has put its solar module manufacturing plans on hold, citing a record fall in prices of solar panels. The company said it is re-evaluating the

business viability, as per ET. "We have been ready to do the groundbreaking, but we have put the project on hold at this point of time to re-evaluate the business viability for some more time," Prashant Jain, managing director of JSW Energy, said in the firm's third-quarter earnings call. "We have seen in the last quarter that the panel prices have been dipping close to single digits, something around USD 0.10-0.11," he said.

GAIL to buy 0.5 MTPA LNG from ADNOC

State-run GAIL India has signed a long term contract for procuring liquefied natural gas (LNG) from the Abu Dhabi National Oil (ADNOC) of 0.5 MTPA for a period of ten years beginning 2026, as per Business Line. The deal will contribute to bridging the gap in India's demand and supply of natural gas.

Tata Power commissioned Bifacial solar system

Tata Power Renewable Energy's has commissioned a 1,040 kW Bifacial Solar System at Chengmari Tea Estate in West Bengal, as per Business Line. The company reported on-ground installation of bifacial modules, captures sunlight from both sides of the panels for energy generation. Bifacial solar system comprises solar panel which captures sunlight from both surfaces and produces power from two sides. In other news, Tata Power has proposed a "rationalization" of tariffs, which could see a sharp rise in power rates especially for lower end consumers, as per ET. The utility published an advertisement in newspapers, wherein it proposed to increase the rate per unit to INR 7.37 per unit from the present INR 3.74 paid by subscribers consuming up to 100 units per month while the same for those for between 101-

300 units is proposed to be increased to INR 9.31 per unit from the present INR 5.89.

Mahindra Logistics to expand warehousing capacity

Mahindra Logistics has announced the inauguration of a 100,000 sqft extension to its existing multi-client warehouse in Nashik and also announced the development of a new 300,000 sqft warehousing facility, thereby expanding its overall warehousing footprint to 500,000 sqft in Nashik, Maharashtra, as per Financial Express. This, it said, will be the largest warehousing space offered by any service provider in Nashik. The new facility is scheduled to become operational by the end of Q3 2024. It manages the distribution of auto components for production plants located in Nashik, Igatpuri and Mumbai for an auto OEM customer from its existing warehouse. The new facilities will offer inbound logistics and distribution solutions for automotive, engineering goods, and consumer durables customers, incorporating technology-enabled and automated processes with end-to-end visibility. "

SpiceJet gets INR 9bn funding

With more than INR 9bn funding coming in this month, SpiceJet will focus on upgradation of its fleet and cost-cutting measures, as the no-frills airline works on ways to come out of turbulent times, as per ET. In an internal note to the senior staff, the airline said it now has a substantial bank balance of more than INR 9bn, including INR 1.6bn received as an instalment under the government's Emergency Credit Line Guarantee Scheme (ECLGS). The carrier, which had been facing multiple headwinds in recent months, has so far received around INR 10bn under the ECLGS.

CORPORATE

Inox Wind's 3 MW turbines on Ministry's revised list

Inox Wind (IWL) has announced its 3MW wind turbine generator (WTG), with booster capacity up to 3.3 MW, has been enlisted in the Revised List of Models and Manufacturers (RLMM), published by the Ministry of New and Renewable Energy (MNRE), as per Business Line. This

listing indicates 3 MW wind turbine is now commercially available.

WABAG in pact with Peak Sustainability Ventures

VA Tech Wabag (WABAG), a leading player in the water technology space, has signed an agreement with Peak Sustainability Ventures (PEAK) to build 100 bio-CNG plants

using methane generated by its sewage treatment facilities which would otherwise result in higher emissions and pollution, as per Business Line. The proposed bio-CNG gas plants will be set up across India and other mutually agreed-upon locations in overseas regions such as GCC, Africa, and Europe.

Cement

Extending Winter blues

All-India average price corrects INR 5 per 50kg bag in January

Based on our discussions with dealers, sales executives, and C&F agents, it appears the beginning of Q4 has been relatively slow on demand, and this coupled with increasing supply has resulted in price weakness. The trend is contrary to the usual patterns that suggests a recovery in demand and prices in the second half of January. This is usually attributed to subsiding Winter conditions and acceleration of construction activities following *Makar Sankranti* in several markets. As a result, all-India average retail price declined INR 5 per 50 kg bag MoM to INR 382 vs an average MoM increase of INR 4/bag in January in the past three years.

The MoM movement in prices across regions was as follows: South India saw the highest price cut of INR 10/bag, followed by an INR 5/bag fall in East India, an INR 4/bag each fall in Central as well as North India and an INR 1/bag dip in West India. On the demand side, extreme Winter conditions and region-specific issues, such as festivals in South India and Gujarat, sand-related challenges in Odisha & Jharkhand, and delayed payment for government projects in a few states have contributed to soft demand in January. Market intermediaries expect cement firms to try hiking prices in the range of INR 5-30/bag in February.

Price softens in North, Central and East India by INR 0-10/bag

After a muted December, weakness in prices prevailed further in January in most parts of Central, North and East India. In Central India, prices in Uttar Pradesh were broadly stable but declined INR 5-10/bag in Madhya Pradesh. In East India, prices in Jharkhand fell INR 10/bag, followed by INR 5/bag dip each in Bihar, Odisha, and West Bengal. Chhattisgarh was flat MoM. In North India, prices in Delhi and Rajasthan fell INR 10/bag and INR 6/bag, respectively. Punjab was flat MoM.

Another weak month for South India

In line with other regions, South India pockets too failed to report improvement in January, as earlier attempts during the month to raise prices did not materialize. Thus, prices in Tamil Nadu fell INR 15/bag, followed by INR 10/bag each in Andhra Pradesh, Kerala, and Telangana. Karnataka saw a price cut of INR 5/bag. As per market intermediaries, there is an increased likelihood of price hikes of INR 25-30/bag during early February.

In the West India region, Gujarat flat; Maharashtra mixed

Gujarat prices remain largely steady at December levels in January. On the other side, early January price hikes in Maharashtra were followed by partial rollbacks. Overall, prices at Nasik fell INR 5/bag while Mumbai and Nagpur were flat MoM.

Outlook: easing cost pressures to reduce impact of pricing pressure

The current international thermal coal prices are down ~31% vs the peak of mid-October, which will enable industry to reduce impact of falling cement prices. Demand is also expected to improve in the upcoming months as Winter recedes and due to pre-election spending.

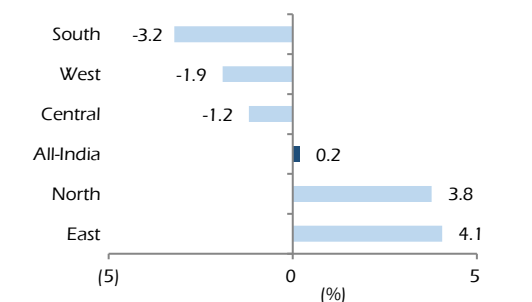
All-India cement prices down ~1% MoM

	Jan-24	YoY (%)	MoM (%)
Central			
Allahabad	430	(1.1)	0.0
Meerut	430	4.9	0.0
Sagar	325	(3.0)	(1.5)
Bhopal	340	(2.9)	(2.9)
East			
Patna	380	2.7	(1.3)
Raipur	330	3.1	0.0
Ranchi	380	4.1	(2.6)
Bhubaneswar	365	4.3	(1.4)
Kolkata	390	5.4	(1.3)
North			
Delhi	400	1.3	(2.4)
Jaipur	375	2.7	(1.6)
Amritsar	415	12.2	0.0
Chandigarh	410	12.3	0.0
South			
Bengaluru	425	0.0	(1.2)
Chennai	345	(9.2)	(4.2)
Hyderabad	365	(2.7)	(2.7)
Trissur	410	(6.8)	(2.4)
Vizag	370	(2.6)	(2.6)
West			
Ahmedabad	395	(2.5)	0.0
Surat	390	(2.5)	0.0
Mumbai	395	(2.5)	0.0
Nagpur	350	1.4	0.0
Nashik	350	0.0	(1.4)
All-India	382	0.9	(1.2)



Note: Exhibit represents retail prices as on 29 January 2024;
Source: Elara Securities Research

All-India average cement price largely flat YoY in FY24 YTD



Source: Elara Securities Research

Exhibit 1: Average price of January 2024 around 2% below Q3FY24 average

(INR/bag)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Jan-24	Variance (%)*	Comments
Central region average	378	383	381	385	390	381	(2.2)	Cement prices are expected to remain at current levels in February
Eastern region average	349	353	346	349	378	369	(2.5)	Below-than-expected demand continues to impact price hike attempts of cement firms
Northern region average	366	375	374	386	408	400	(2.0)	Limited construction activities with peak Winter season restricted price hike in January
Southern region average	407	393	384	372	399	383	(3.9)	Amid expectations of price hike attempts in the next few days, volume push by select firms may be a spoilsport
Western region average	381	379	376	373	382	376	(1.5)	Maharashtra prices are likely to remain flat while Gujarat may see price hikes of INR 10 per bag in February
All-India average	376	377	372	373	391	382	(2.4)	

Note: * Variance between January 2024 and average of Q3FY24; Source: Elara Securities Research

GAIL India

All segments driving earnings growth

PAT up 63% YoY, led by transmission, marketing and petchem

GAIL (GAIL IN) posted a PAT of INR 28.4bn versus INR 18.0bn estimated. Positive surprise came in from higher gas marketing EBITDA. Q3 PAT rose 63% YoY due to: 1) a 116% YoY rise in gas transmission EBITDA to INR 15.6bn on 17% gas volume growth and 36% rise in tariff, 2) gas marketing EBITDA at INR 20.7bn versus nil in Q3FY23, with normalization of Gazprom LNG supply and 9% volume growth, 3) LPG and liquid hydrocarbon (LHC) EBITDA at INR 2.8bn versus nil in Q3FY23, and 4) petchem EBITDA at INR 2.1bn versus INR 2.1bn loss in Q3FY23.

Strong guidance on gas transmission & marketing volume growth

Q3FY24 gas transmission volume was at 122mmcmd, up 17% YoY. GAIL guided that the exit rate for FY24 gas transmission volume may be ~123mmcmd, posting ~INR 100bn revenue in FY24, a 63% YoY growth. GAIL reiterated gas transmission volume to witness +10% volume CAGR in FY23-26E. The company guided that gas marketing segment may add 1-2mn tonnes of new LNG supply each year to a cumulative total of 8mn tonnes by CY30, implying that gas marketing may witness ~6% volume CAGR in the next five years due to comfort from rise in international LNG supply in the future.

Valuations: Revise to Accumulate; TP raised to INR 191

We up FY25E/26E EPS 7%/11% due to higher gas transmission and marketing volume. Thus, we raise TP to INR 191 (from INR 165). However, we revise GAIL to **Accumulate** from Buy as the stock has run-up 45% in the past three months, partly factoring in strong gas volume growth outlook, led by accelerating downstream CGD infrastructure and +150mn tonnes new LNG export capacity addition globally in the next four years. We value GAIL on SoTP, assuming 5.0x (unchanged) FY26E petrochemical EV/EBITDA, 5.0x (unchanged) FY26E LPG and LHC EV/EBITDA, 9.2x (unchanged) FY26E EV/EBITDA for transmission and 4.5x (from 4.0x) FY26E gas marketing EBITDA.

Rating: Accumulate

Target Price: INR 191

Upside: 11%

CMP: INR 172 (as on 29 January 2024)

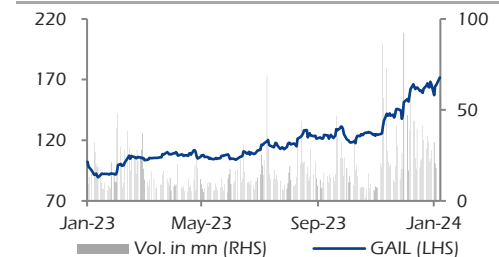
Key data

Bloomberg /Reuters Code	GAIL IN/GAIL.BO
Current /Dil. Shares O/S (mn)	6575/6575
Mkt Cap (INR bn/USD mn)	1,129/13,578
Daily Vol. (3M NSE Avg.)	22,640,351
Face Value (INR)	10

1 USD = INR 83.1

Note: * as on 29 January 2024; Source: Bloomberg

Price & Volume



Source: Bloomberg

Shareholding (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Promoter	51.9	51.9	51.9	51.9
Institutional Investors	34.3	34.2	33.9	33.6
Other Investors	8.8	8.9	8.9	9.0
General Public	5.0	5.1	5.3	5.5

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	15.3	9.9	21.5
GAIL	45.2	46.2	73.2
ONGC	36.7	47.0	71.0
Reliance	27.8	14.6	36.0

Source: Bloomberg

YE March (INR mn)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	Q3FY24E	Variance (%)
Revenue	342,365	353,654	(3.2)	318,068	7.6	322,768	6.1
EBITDA	38,226	17,613	117.0	34,913	9.5	29,382	30.1
EBITDAM (%)	11.2	5.0		11.0		9.1	
Depreciation	7,843	6,226	26.0	7,503	4.5	7,578	3.5
Interest cost	1,564	1,050	49.0	1,718	(9.0)	1,596	(2.0)
Other income	8,121	6,889	17.9	5,609	44.8	3,779	114.9
Profit before exceptional items	36,940	17,227	114.4	31,301	18.0	23,986	54.0
PBT	36,940	2,227	1,559.0	31,301	18.0	23,986	54.0
Tax	8,514	-231	(3,792.0)	7,252	17.4	5,757	47.9
PAT	23.0	(10.4)		23.2		24.0	
Adj PAT	28,426	17,457	62.8	24,049	18.2	17,990	58.0
Adj EPS (INR)	4.27	2.62	62.8	3.61	18.2	2.70	58.0

Source: Company, Elara Securities Estimate

Key Financials												
YE	Revenue (INR mn)	YoY (%)	EBITDA (INR mn)	EBITDA margin (%)	Adj PAT (INR mn)	YoY (%)	Fully DEPS (INR)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)	
March	1,513,965	53.8	66,868	4.4	52,894	(49.0)	7.9	9.5	7.2	21.7	18.1	
FY23	1,391,497	(8.1)	123,758	8.9	88,504	67.3	13.3	15.1	10.9	12.9	9.8	
FY24E	1,480,325	6.4	145,334	9.8	103,208	16.6	15.5	15.9	11.9	11.1	8.3	
FY25E	1,463,154	(1.2)	159,917	10.9	114,395	10.8	17.2	15.9	12.6	10.0	7.6	

Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Gagan Dixit • gagan.dixit@elaracapital.com • +91 22 6164 8504

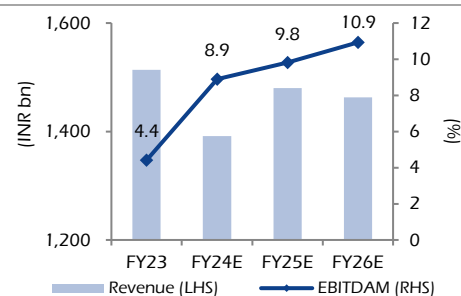
Amogh Deshpande • amogh.deshpande@elaracapital.com • +91 22 4204 8664

Financials (YE March)

Income Statement (INR mn)	FY23	FY24E	FY25E	FY26E
Revenue	1,513,965	1,391,497	1,480,325	1,463,154
EBITDA	66,868	123,758	145,334	159,917
Depreciation	24,881	26,724	28,759	30,047
EBIT	41,987	97,034	116,576	129,869
Interest cost	3,117	2,230	1,742	1,509
Other income	26,847	23,313	22,985	24,134
PBT	65,717	118,117	137,819	152,494
Less: taxation	12,823	29,613	34,611	38,099
PAT	52,894	88,504	103,208	114,395
Adj PAT	52,894	88,504	103,208	114,395
Balance Sheet (INR mn)	FY23	FY24E	FY25E	FY26E
Equity capital	65,751	65,751	65,751	65,751
Reserves	490,786	547,321	615,733	695,496
Total borrowings	201,501	191,501	174,501	124,501
Deferred taxes	46,628	46,715	46,817	46,929
Total liabilities	804,665	851,287	902,802	932,676
Fixed assets	579,698	670,806	733,718	751,654
Investments	127,888	127,888	127,888	127,888
Inventories	52,813	53,058	52,941	53,302
Debtors	114,106	69,329	69,623	69,138
Cash	1,738	10,559	3,577	11,242
Loans & advances	59,412	61,292	62,758	64,267
Other current assets	25,661	26,718	27,742	28,779
Net current assets	97,080	52,593	41,196	53,135
Total assets	804,665	851,287	902,802	932,676
Cash Flow Statement (INR mn)	FY23	FY24E	FY25E	FY26E
Operating cash flow	27,959	145,309	113,498	116,149
Capex	(74,191)	(117,832)	(91,670)	(47,985)
Free cash flow to firm	(46,232)	27,477	21,828	68,164
Investing cash flow	8,658	23,313	22,985	24,134
Financing cash flow	25,515	(41,969)	(51,795)	(84,633)
Net change in cash	(11,938)	8,821	(6,982)	7,665
Opening cash	13,676	1,738	10,559	3,577
Closing cash	1,738	10,559	3,577	11,242
Ratio Analysis	FY23	FY24E	FY25E	FY26E
Income Statement Ratios (%)				
Revenue growth	53.8	(8.1)	6.4	(1.2)
EBITDA growth	(51.6)	85.1	17.4	10.0
Adj PAT growth	(49.0)	67.3	16.6	10.8
EBITDAM	4.4	8.9	9.8	10.9
Adj net margin	3.5	6.4	7.0	7.8
Return & Liquidity Ratios				
Interest/PBIT (%)	0.1	0.0	0.0	0.0
Net debt/Equity (x)	0.4	0.4	0.3	0.2
ROE (%)	9.5	15.1	15.9	15.9
ROCE (%)	7.2	10.9	11.9	12.6
Per Share Data & Valuation Ratios				
Diluted Adj EPS (INR)	7.9	13.3	15.5	17.2
Adj EPS growth (%)	(49.0)	67.3	16.6	10.8
BVS (INR)	83.6	92.0	102.3	114.3
DPS (INR)	2.7	4.0	4.3	4.3
P/E (x)	21.7	12.9	11.1	10.0
EV/EBITDA (x)	18.1	9.8	8.3	7.6
Price/Book (x)	2.1	1.9	1.7	1.5
Dividend yield (%)	1.6	2.3	2.5	2.5

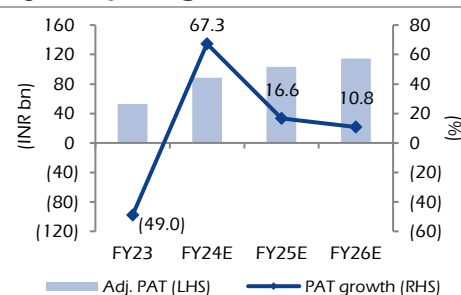
Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Revenue & margin trend



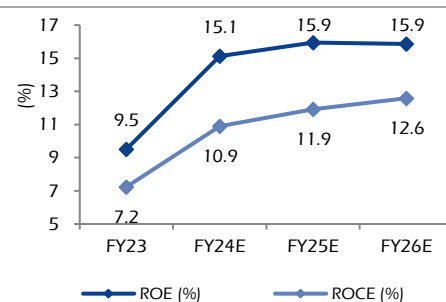
Source: Company, Elara Securities Estimate

Adjusted profit growth trend



Source: Company, Elara Securities Estimate

Return ratios



Source: Company, Elara Securities Estimate

Exhibit 1: Gas transmission volume up 17% YoY

Transmission segment	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)
-Natural gas					
Segment-wise revenue (net of excise duty, INR mn)	24,270	15,230	59.4	24,390	(0.5)
EBITDA (INR mn)	15,610	7,230	115.9	16,500	(5.4)
EBITDA margin (%)	64.3	47.5		67.7	
EBIT (INR mn)	12,151	4,260	185.2	12,907	(5.9)
Volume (mmscmd)	122	104	17.2	120	1.0
Transmission tariff (INR/MMBtu)	60.3	44.3	36.0	61.2	(1.5)
-LPG					
Segment-wise revenue (net of excise duty, INR mn)	1,820	1,780	2.2	1,830	(0.5)
EBITDA (INR mn)	1,010	1,080	(6.5)	1,040	(2.9)
EBITDA margin (%)	55.5	60.7		56.8	
EBIT (INR mn)	794	917	(13.4)	819	(3.0)
Volume (` 000 tonne)	1,095	1,101	(0.5)	1,114	(1.7)
Transmission tariff (INR/tonne)	1,662	1,617	2.8	1,643	1.2

Source: Company, Elara Securities Research

Exhibit 2: Gas marketing volume up 9% YoY

NG trading	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)
Segment-wise revenue (net of excise duty) (INR mn)	279,700	312,270	(10.4)	261,040	7.1
EBITDA (INR mn)	20,730	30	69,000.0	19,530	6.1
Blended margin (INR/mscm)	2,296	4	63,191.2	2,189	4.9
EBITDA margin (%)	7.4	0.0		7.5	
EBIT (INR mn)	18,804	(860)	NM	17,845	5.4
Volume sold (mmscmd)	98.1	90	9.2	97	1.2
Realization (USD/MMBtu)	10.3	12.8	(19.0)	9.8	5.1

Source: Company, Elara Securities Research

Exhibit 3: Petrochem sales volume up 231% YoY on lower base

Petrochemicals	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)
Segment-wise revenue (net of excise duty) (INR mn)	20,300	7,300	178.1	17,300	17.3
EBITDA (INR mn)	2,050	(2,100)	NM	(380)	NM
EBITDA margin (%)	10.1	(28.8)		(2.2)	
EBIT (INR mn)	619	(3,489)	NM	(1,600)	NM
Volume produced (` 000 tonne)	205	68	201.5	160	28.1
Volume sold (` 000 tonne)	215	65	230.8	168	28.0
Realization (USD/tonne)	1,134	1,366	(17.0)	1,246	(9.0)

Source: Company, Elara Securities Research

Exhibit 4: LPG segment – Volume flat YoY

LPG and other HC	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)
Segment-wise revenue (net of excise duty) (INR mn)	11,280	12,050	(6.4)	8,300	35.9
EBITDA (INR mn)	2,800	(60)	NM	50	5,500.0
EBITDA margin (%)	24.8	(0.5)		0.6	
EBIT (INR mn)	2,575	(292)	NM	(167)	NM
Volume produced-LPG (` 000 tonne)	177	191	(7.3)	158	12.0
Volume sold-LPG (` 000 tonne)	176	193	(8.8)	161	9.3
Volume produced-Other liquid HC (` 000 tonne)	72	56	28.6	80	(10.0)
Volume sold-Other liquid HC (` 000 tonne)	73	55	32.7	81	(9.9)
Realization (INR/tonne)	64,164	62,490	2.7	51,634	24.3

Source: Company, Elara Securities Research

Exhibit 5: Valuations (FY26E)

	(INR bn)	(INR/share)
EV from transmission business	755	115
EV from NG trading business	312	48
EV from LPG business	76	12
EV from petrochemicals business	31	5
Total EV	1,176	179
Total portfolio stake	152	23
E&P Value	1	0
Stakes in city gas distribution projects	87	13
Firm value	1,416	215
Net debt, FY25E	163	25
Target price	1,253	191

Source: Elara Securities Estimate

Exhibit 6: Assumptions

	FY23	FY24E	FY25E	FY26E
Performance				
Transmission				
-NG (mmscmd)	107	121	137	149
-LPG ('000 tonne)	4,335	4,364	4,377	4,377
Sales				
NG (mmscmd)	95	98	105	110
Petrochemicals ('000 tonne)	400	725	757	757
LPG ('000 tonne)	546	601	604	604
Other liquid HC ('000 tonne)	383	383	383	383
Realization				
Blended transmission tariff				
-NG (INR/MMBtu)	43.1	49.3	49.3	49.3
-LPG (INR/tonne)	1,633	1,649	1,649	1,649
NG trading (INR/MMBtu)	28	50	47	49
Petrochem (INR/tonne)	121,100	101,833	94,626	94,626
Brent crude (USD/bbl)	95	82	80	80
Exchange rate (USD-INR)	80	83	83	83

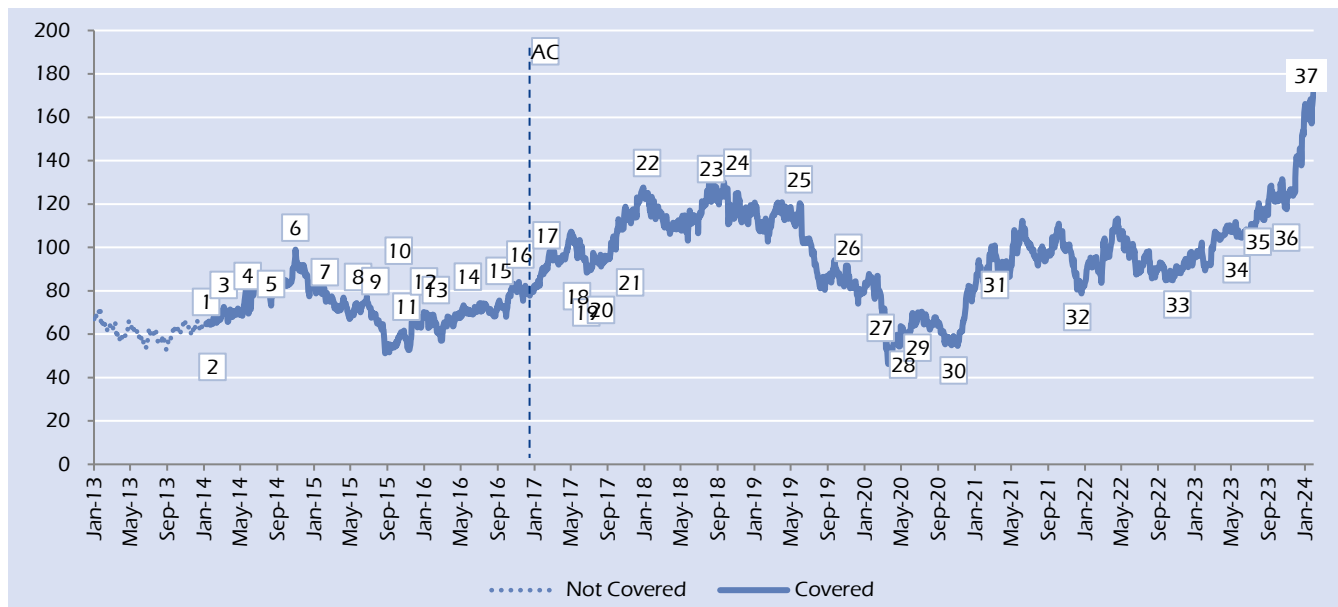
Source: Company, Elara Securities Estimate

Exhibit 7: Change in estimates

(INR bn)	Previous			Revised			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	1,357	1,422	1,391	1,391	1,480	1,463	2.5	4.1	5.2
EBITDA	107	139	149	124	145	160	15.5	4.5	7.0
Net profit	76	97	103	89	103	114	16.7	6.9	10.7
EPS (INR)	11.4	14.5	15.5	13.3	15.5	17.2	16.7	6.9	10.7
Target price (INR)			165			191			15.5
Rating			Buy			Accumulate			

Source: Elara Securities Estimate

Coverage History



AC = Analyst Change

	Date	Rating	Target Price	Closing Price
31	9-Mar-2021	Buy	INR 190	INR 149
32	7-Dec-2021	Buy	INR 197	INR 133
	9/6/2022#	Buy	INR 131	INR 93
33	4-Nov-2022	Buy	INR 124	INR 90
34	19-May-2023	Buy	INR 129	INR 105
35	31-Jul-2023	Buy	INR 148	INR 119
36	31-Oct-2023	Buy	INR 165	INR 120
37	29-Jan-2024	Accumulate	INR 191	INR 172

#Bonus Issue 2:1

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

Macrotech Developers

Pipeline potent

Stable presales performance

Macrotech Developers (LODHA IN) posted Q3 pre-sales of INR 34bn, up 12% YoY but down 3% QoQ. Sales volume was in line with Q2FY24 at 2.6mn sqft. Q3 collections were ~INR 26bn, down 6% QoQ and 3% YoY. LODHA saw 4% average YTD price growth, which is a nominal price rise so that affordability does not take a hit. Revenue from operations was reported at INR 29.3bn, up 68% QoQ and 65% YoY.

Strong entry in Bengaluru

LODHA, currently engaged in two projects in Bengaluru, recently launched a project in North Bengaluru and achieved strong pre-sales of INR 6.6bn, with over 80% of units sold within the first week, showcasing strong market demand. With premium prices (averaging at INR 11,000/sqft), LODHA stands out in a market wherein the average realization is ~INR 8,500/sqft. It has a gross development value of INR 30bn in Bengaluru, aiming for sales run rate of the same value within 3-4 years, emphasizing on its commitment to Bengaluru's upscale real estate market. This growth is further fueled by Bengaluru's robust purchasing power, buoyed by its dominant IT ITES sector.

Strong launch pipeline, on track to achieve sales guidance

LODHA continued with its impressive performance, with 9MFY24 pre-sales at INR 103 bn, up 14% YoY. This keeps it on track to meet its pre-sales guidance of INR 145bn for FY24. To bolster this momentum, it has a robust launch pipeline of 11 projects in Q4FY24, spanning 4.4msf with an estimated gross development value (GDV) of INR 62.6bn. Moreover, its business development activities have thrived, with a cumulative value of ~INR 203bn for 9MFY24, surpassing full-year guidance of INR 175bn.

Valuation: Revise to Accumulate with higher TP of INR 1,092

LODHA's strong pipeline and huge land reserves ensure sales visibility. This with improving realization may result in a spike in presales. Due to the recent ~29% run-up in the stock in the past three months, we revise our rating to **Accumulate** from Buy with a higher TP of INR 1,092 from INR 944 based on 1.25x one-year forward NAV.

Rating: Accumulate

Target Price: INR 1,092

Upside: 6%

CMP: INR 1,034 (as on 29 January 2024)

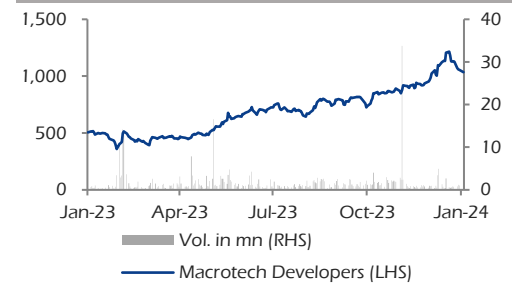
Key data

Bloomberg/Reuters Code	LODHA IN/MACE.BO
Current/Dil. Shares O/S (mn)	964/964
Mkt Cap (INR bn/USD mn)	998/11,994
Daily Volume (3M NSE Avg)	1,716,519
Face Value (INR)	10

1 USD = INR 83.1

Note: * as on 29 January 2024; Source: Bloomberg

Price & volume



Source: Bloomberg

Shareholding (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Promoter	75.0	75.0	74.9	74.9
Institutional Investors	23.4	23.9	24.1	24.3
Other Investors	0.3	0.4	0.3	0.2
General Public	1.4	0.8	0.6	0.6

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	15.3	9.9	21.5
Macrotech Developers	40.3	38.5	104.5
Oberoi Realty	19.0	16.8	63.0
Godrej Properties	51.7	38.7	104.8

Source: Bloomberg

YE March (INR mn)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	FY23	FY22	YoY (%)
Net Sales	29,306	17,738	65.2	17,496	67.5	94,704	92,332	2.6
EBITDA	8,827	4,038	118.6	4,161	112.1	20,662	21,786	(5.2)
EBITDA Margins (%)	30.1	22.8		23.8		21.8	23.6	
Other Income	281	1,286	(78.2)	55	410.9	1,408	2,921	(51.8)
Interest	1,168	1,176	(0.7)	1,231	(5.1)	4,791	6,803	(29.6)
Depreciation	333	217	53.7	293	13.7	928.1	747.7	24.1
PBT	7,607	3,931	93.5	2,692	182.6	16,351	17,156	(4.7)
Tax[Expense]/Credit	(1,439)	119		-624		370	-5,080	
PAT	6,168	4,050	52.3	2,068	198.3	16,721	12,075	38.5
Exceptional Items	(1,049)	0		0		(11,774)	-	
Minority Int/share of associates	(86)	(4)	NA	(49)	NA	(80)	(52)	55.0
Reported PAT after Minority Interest	5,033	4,046	24.4	2,019	149.3	4,867	12,024	(59.5)
Adj. PAT	6,082	4,046	50.3	2,019	201.2	16,641	12,024	38.4
NPM (%)	20.8	22.8		11.5		17.6	13.0	

Key financials

YE	Revenue (INR mn)	YoY (%)	EBITDA (INR mn)	EBITDA margin (%)	Adj PAT (INR mn)	YoY (%)	Fully DEPS (INR)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
March	94,704	2.6	20,662	21.8	16,641	38.4	17.3	13.1	9.7	44.6	51.8
FY23	103,521	9.3	16,403	15.8	10,722	(35.6)	11.1	7.9	8.3	69.2	65.0
FY24E	131,125	26.7	31,612	24.1	22,990	114.4	23.8	14.4	14.1	43.4	33.4
FY26E	165,179	26.0	50,134	30.4	38,145	65.9	39.6	19.3	19.9	26.2	20.8

Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Rupesh Sankhe • rupesh.sankhe@elaracapital.com • +91 22 6164 8581

Tanvi Tambat • tanvi.tambat@elaracapital.com • +91 22 6164 8537

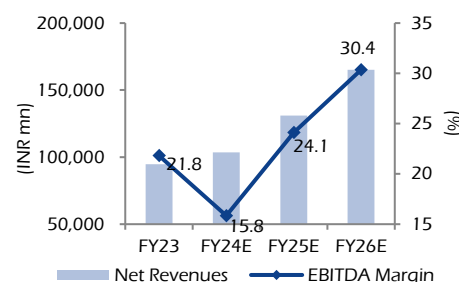
Elara Securities (India) Private Limited

Financials (YE March)

Income Statement (INR mn)	FY23	FY24E	FY25E	FY26E
Net Revenues	94,704	103,521	131,125	165,179
EBITDA	20,662	16,403	31,612	50,134
Add:- Non operating Income	1,408	2,670	2,855	3,053
OPBIDTA	22,070	19,073	34,467	53,187
Less :- Depreciation & Amortization	928	956	985	1,014
EBIT	21,142	18,117	33,482	52,173
Less:- Interest Expenses	4,791	4,196	3,853	3,242
PBT	16,351	13,922	29,629	48,931
Less :- Taxes	(370)	3,341	7,111	11,743
PAT	16,721	10,580	22,518	37,187
Add/Less: - Minority Interest	(28)	-	-	-
Profit/(Loss) of Associates	(52)	141	471	957
Adjusted PAT	16,641	10,722	22,990	38,145
Add/Less: - Extra-ordinaries	(11,774)	(1,049)	-	-
Reported PAT	4,867	9,673	22,990	38,145
Balance Sheet (INR mn)	FY23	FY24E	FY25E	FY26E
Share Capital	4,818	4,818	4,818	4,818
Reserves	121,808	131,481	154,470	192,615
Borrowings	90,486	79,868	76,696	63,086
Deferred Tax (Net)	(2,100)	(2,100)	(2,100)	(2,100)
Current Liabilities & Provision	170,769	167,303	158,074	149,395
Other Liabilities	3,336	3,275	3,220	3,170
Total Liabilities	389,117	384,646	395,178	410,984
Gross Block	24,248	24,525	25,015	25,020
Less:- Accumulated Depreciation	7,512	7,812	8,125	8,450
Net Block	16,736	16,712	16,890	16,570
Investments	3,652	3,656	3,666	3,692
Other Non-Current Assets	11,231	11,602	11,982	12,370
Current Assets	339,255	342,009	344,809	359,350
Cash and Bank Balances	18,242	11,715	18,880	20,051
Total Assets	389,116	385,694	396,227	412,033
Cash Flow Statement (INR mn)	FY23	FY24E	FY25E	FY26E
Cash profit adjusted for non cash items	28,590	13,062	24,501	38,391
Add/Less : Working Capital Changes	(1,090)	(6,274)	(12,078)	(23,262)
Operating Cash Flow	27,500	6,788	12,423	15,129
Less:- Capex	(904)	(932)	(1,162)	(695)
Free Cash Flow	28,404	7,721	13,585	15,823
Financing Cash Flow	(37,054)	(14,813)	(7,025)	(16,852)
Investing Cash Flow	17,778	1,497	1,767	2,895
Net change in Cash	8,224	(6,528)	7,165	1,171
Ratio Analysis	FY23	FY24E	FY25E	FY26E
Income Statement Ratios (%)				
Revenue Growth	2.6	9.3	26.7	26.0
EBITDA Growth	(5.2)	(20.6)	92.7	58.6
PAT Growth	(59.5)	98.7	137.7	65.9
EBITDA Margin	21.8	15.8	24.1	30.4
Net Margin	17.7	10.2	17.2	22.5
Return & Liquidity Ratios				
Net Debt/Equity (x)	0.6	0.5	0.4	0.2
ROE (%)	13.1	7.9	14.4	19.3
ROCE (%)	9.68	8.34	14.12	19.94
Per Share data & Valuation Ratios				
Diluted EPS (INR/Share)	17.3	11.1	23.8	39.6
EPS Growth (%)	0.4	(0.4)	1.1	0.7
DPS (INR/Share)	-	1.0	1.0	1.0
P/E Ratio (x)	60.0	93.1	43.4	26.2
EV/EBITDA (x)	51.8	65.0	33.4	20.8
EV/Sales (x)	11.3	10.3	8.0	6.3
Price/Book (x)	3.94	7.32	6.26	5.05
Dividend Yield (%)	-	0.1	0.1	0.1

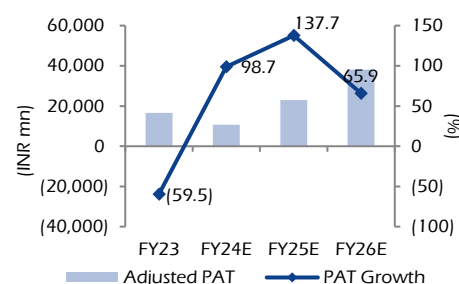
Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Revenue & margin growth trend



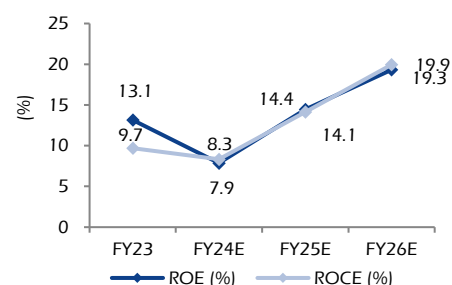
Source: Company, Elara Securities Estimate

Adjusted profit growth trend



Source: Company, Elara Securities Estimate

Return ratios



Source: Company, Elara Securities Estimate

Extended eastern suburbs to see traction

As ongoing infrastructure projects near completion, Palava and Upper Thane anticipate a surge in overall pricing growth. The imminent completion of the Airoli Katai Naka Freeway in 2024 is set to significantly reduce travel time between Airoli and Palava to just 20 minutes. Looking ahead to 2028, the Mumbai-Ahmedabad High-Speed Rail completion will position Palava a mere 20 minutes away from BKC. Traditionally known for mid-housing and affordable launches, the region is now poised for a transformation with the upgraded infrastructure, paving way for luxury and premium real estate launches. LODHA plans to start launching premium projects in extended Eastern suburbs from FY25.

Conference Call – Highlights

Sector highlights

- Policy rates cuts are expected by the RBI in the coming 12 months. The government may further support first-time home buyers and aid mid income and affordable housing segments.
- The Indian Real Estate sector is in the third year of a 15-year real estate cycle.
- Infrastructure upgrade in Mumbai is only enhancing housing demand.
- Residential market size in Bengaluru may double in the next four years. It has grown at ~18% in the past four years. Of this 18% growth, volume growth has been 10% and price growth 8%. The prices have increased substantially, by ~40% in the past five-year period compared with ~10% in the previous five years. Inventory overhang has been the lowest at nine months in the past eight years.

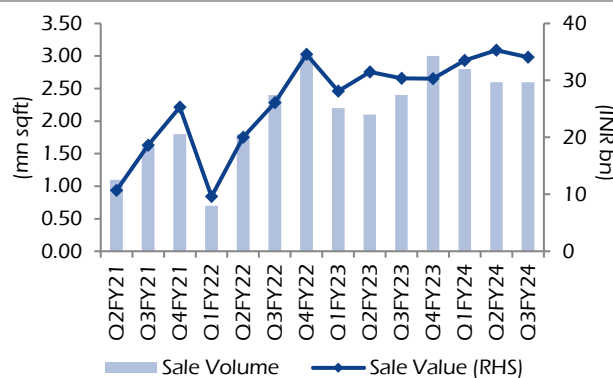
Guidance

- LODHA has a target to generate INR 15bn annual rental income by FY30, of which 30% may come from warehousing, 25% from facilities management and 45% from office and retail segments.
- LODHA may raise capital for inorganic or organic opportunities that may lead to long-term improvement in sustainability and predictability of its presales growth. LODHA has certain capital light opportunities in Mumbai and outright acquisition opportunity in Pune. They may raise capital in case the right opportunity presents.
- Net debt was largely stable in Q3 at INR 67.5bn. The management is confident of achieving net debt at just below INR 60bn mark.

Land monetization

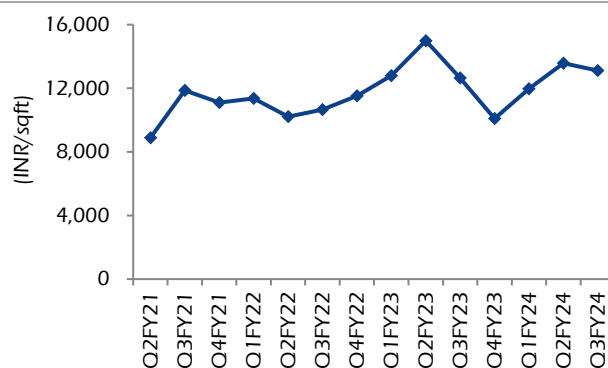
- Q3 saw two land sale transactions (with Coldchain Logistic at INR 50mn per acre and Panama Petrochem at INR 65mn per acre).
- Three years back, the transactions were below INR 30mn per acre and now, these have reached at INR 65mn per acre. In the next 12-24 months, these may cross INR 100mn per acre.

Exhibit 1: Stable sales performance



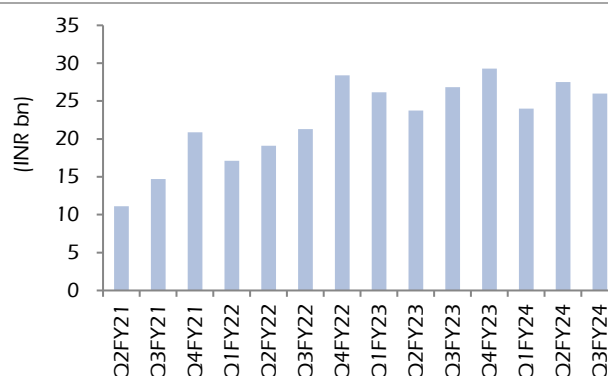
Source: Company, Elara Securities Research

Exhibit 2: No major change in sales mix, resulting in stable realization



Source: Company, Elara Securities Research

Exhibit 3: Collections in line



Source: Company, Elara Securities Research

Exhibit 4: FY24 guidance

Metric (INR bn)	FY23	FY24 guidance	9MFY24
Presales	120.7	145	103
Operating cashflow	56.6	60	36.7
New project additions	198	175	203
Net debt	70.7	Below ceiling of 1x Net debt: OCF & 0.5x net debt: equity	

Source: Company, Elara Securities Research

Exhibit 5: Micro market performance as on Q3FY24

Micro markets	Presales (INR bn)	Average sales price (INR per sqft)	Collections (INR bn)
South & Central MMR	6.9	23,845	801
Thane	3.2	11,109	3.6
Extended Eastern suburbs MMR	4.4	6,562	5.2
Western suburbs MMR	2.1	17,324	2
Pune	3.4	8,480	2.6
Eastern suburbs MMR	5.1	19,025	2
Extended Western suburbs MMR	-	-	0.3
Bengaluru	6.6	11,792	0.8

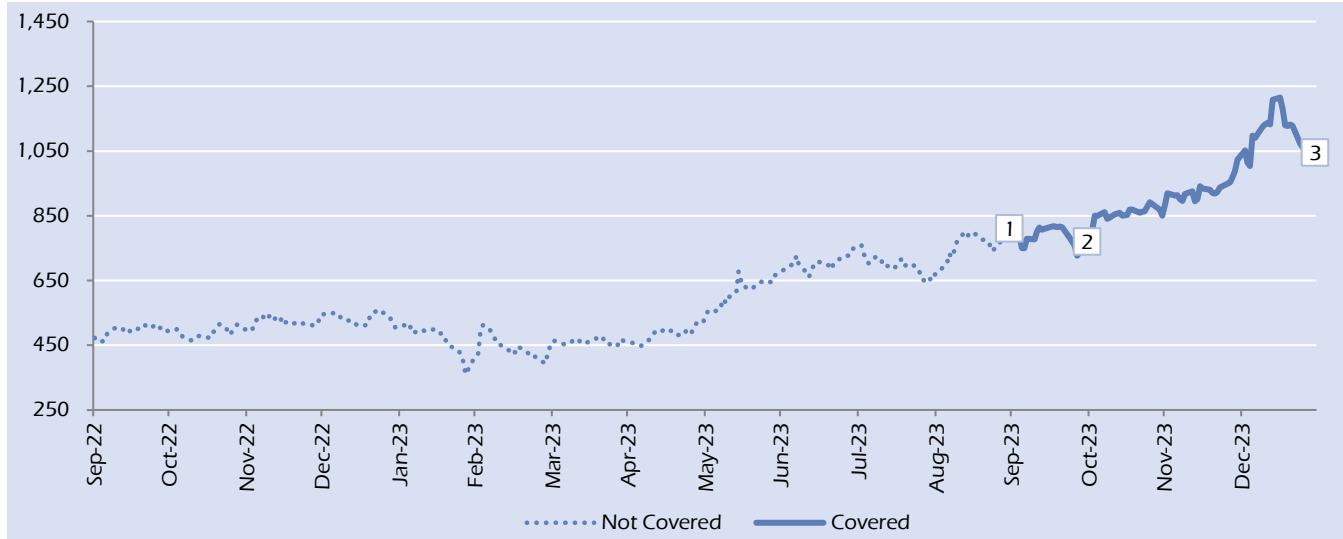
Source: Company, Elara Securities Research

Exhibit 6: Change in estimates

(INR mn)	Old			Revised			% change		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Sales	116,051	137,083	158,892	103,521	131,125	165,179	(10.8)	(4.3)	4.0
EBITDA	28,933	37,570	43,847	16,403	31,612	50,134	(43.3)	(15.9)	14.3
PAT	20,244	27,518	33,366	9,673	22,990	38,145	(52.2)	(16.5)	14.3
EPS	21.0	28.5	34.6	11.1	23.8	39.6	(47.0)	(16.5)	14.3
Target price (INR)	944			1,092			16		
Rating	Buy			Accumulate					

Source: Elara Securities Estimate

Coverage History



AC= Analyst change

	Date	Rating	Target Price	Closing Price
1	29-Sep-2023	Accumulate	INR 944	INR 800
2	30-Oct-2023	Buy	INR 944	INR 760
3	29-Jan-2024	Accumulate	INR 1,092	INR 1,034

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

ITC

Cigarette volume growth disappoints

Cigarettes – Volume slowdown albeit on high base

ITC (ITC IN) reported net sales of INR 164.8bn in Q3, up 1.6% YoY (four-year CAGR 8.7%), led by 2.3% growth in cigarette sales (net of tax), as cigarette volume decelerated ~1% (four-year CAGR: 4.1%, down from 5.1% CAGR in Q2FY24). Cigarettes witnessed consolidation on a high base after a period of sustained growth momentum. Differentiated variants and premium continued to perform well. Sales for the FMCG segment grew 7.6% YoY (four-year CAGR 12%) to INR 52.1bn, led by staples, dairy, beverages, fragrances, personal wash, homecare, *agarbattis* and notebooks portfolio. While both traditional and emerging channels continue to do well, competitive intensity was high in certain categories such as biscuits, snacks, noodles and popular soaps.

Agri and Paperboards hit; Hotels see strong growth

ITC's Agri business declined 2% YoY (four-year CAGR, up 9.9%), hit by restrictions imposed on certain commodities (up 14.2%, ex-wheat and rice). Hotels revenue grew 18.2% YoY (four-year CAGR 11.1%), on strong growth in average room rates and robust occupancy. Paperboards, Paper & Packaging revenue dropped 10% (four-year CAGR, up 7.5%), hit by low-priced Chinese supply in global markets and muted domestic demand.

Cigarettes margin, a miss; FMCG margin continued to expand

ITC's Q3 EBIT margin contracted 180bps YoY to 34%, 80bps lower than estimated. EBIT for Cigarettes at INR 47.3bn grew 2.3% YoY as margin dropped 75bps YoY. EBITDA margin for FMCG was 11%, up 100bps YoY led by premiumization, supply chain optimization, cost management.

Valuations: Maintain Accumulate, TP reduced to INR 490

We cut FY24E/25E/FY26E earnings estimate 6%/7%/8% to factor in lower revenue and profitability. We maintain **Accumulate** with lower TP of INR 490 (from INR 516) on SoTP, valuing the cigarettes business at 22x FY26E P/E and the FMCG business at 6x FY26E price/sales.

Rating: Accumulate

Target Price: INR 490

Upside: 9%

CMP: INR 450 (as on 29 January 2024)

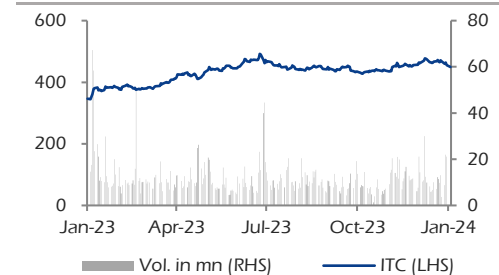
Key data*

Bloomberg /Reuters Code	ITC IN/ITC.BO
Current /Dil. Shares O/S (mn)	12,428/12,428
Mkt Cap (INRbn/USD mn)	5,613/67,489
Daily Vol. (3M NSE Avg.)	10,075,136
Face Value (INR)	1

1 USD = INR 83.1

Note: *as on 29 January 2024; Source: Bloomberg

Price & Volume



Source: Bloomberg

Shareholding (%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Promoter	0.0	0.0	0.0	0.0
Institutional Investors	85.2	85.4	85.6	85.3
Other Investors	2.1	2.1	2.1	2.1
General Public	12.7	12.4	12.4	12.6

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	15.3	9.9	21.5
ITC	3.7	(4.0)	30.8

Source: Bloomberg

YE March (INR mn)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	Q3FY24E	Variance (%)
Net Sales	164,833	162,257	1.6	165,501	(0.4)	170,317	(3.2)
Operating Expenses	104,590	100,025	4.6	105,085	(0.5)	106,964	(2.2)
% of Sales	63.5	61.6		63.5		62.8	
EBITDA	60,243	62,232	(3.2)	60,416	(0.3)	63,353	(4.9)
EBITDA Margins (%)	36.5	38.4		36.5		37.2	
Other Income	11,353	8,717	30.2	8,956	26.8	9,000	
Interest	124	102		105		110	
Depreciation	4,168	4,072	2.3	4,132	0.9	4,100	
PBT	67,305	66,775	0.8	65,135	3.3	68,143	(1.2)
Extraordinary items	(55)	-		-		-	
PBT after extraordinary items	67,250	66,775		65,135		68,143	(1.3)
Tax	11,529	16,465	(30.0)	15,865	(27.3)	16,695	
Effective Tax Rate(%)	17.1	24.7		24.4		24.5	
Reported PAT	55,721	50,310	10.8	49,270	13.1	51,448	8.3
Adjusted PAT	55,721	50,310	10.8	49,270	13.1	51,448	8.3
NPM (%)	33.8	31.0		29.8		30.2	

Key Financials

YE March	Revenue (INR mn)	YoY (%)	EBITDA (INR mn)	EBITDA margin (%)	Adj PAT (INR mn)	YoY (%)	Fully DEPS (INR)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY23	660,433	17.2	239,445	36.3	186,804	24.1	15.0	29.0	37.2	29.9	23.2
FY24E	686,117	3.9	247,746	36.1	194,329	4.0	15.6	28.9	36.9	28.9	22.3
FY25E	736,584	7.4	271,096	36.8	214,539	10.4	17.2	32.2	41.1	26.2	20.5
FY26E	800,661	8.7	300,629	37.5	237,980	10.9	19.1	35.7	45.5	23.6	18.5

Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Amit Purohit • amit.purohit@elaracapital.com • +91 22 6164 8594

Rohit Harlikar • rohit.harlikar@elaracapital.com • +91 22 6164 8562

Vidhi Puj • vidhi.puj@elaracapital.com • +91 22 6164 8521

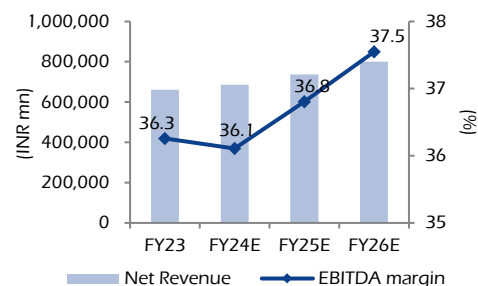
Elara Securities (India) Private Limited

Financials (YE March)

Income statement (INR mn)	FY23	FY24E	FY25E	FY26E
Net Revenue	660,433	686,117	736,584	800,661
EBITDA	239,445	247,746	271,096	300,629
Less: Depreciation & Amortisation	16,627	17,171	17,517	17,665
EBIT	222,817	230,575	253,580	282,965
Less: Interest Expense	418	420	420	420
Add: Other Income	24,376	25,878	29,500	31,000
Exceptional item	729	-	-	-
PBT	247,504	256,032	282,660	313,545
Less Taxes	59,971	61,704	68,121	75,564
Reported PAT	187,533	194,329	214,539	237,980
Reported PAT after Minority Interest	187,533	194,329	214,539	237,980
Adjusted PAT	186,804	194,329	214,539	237,980
Balance Sheet (INR mn)	FY23	FY24E	FY25E	FY26E
Share capital	12,428	12,476	12,476	12,476
Reserves	663,510	658,229	648,207	661,626
Borrowings	2,781	3,083	3,083	3,083
Deferred Tax (Net)	16,211	20,000	20,000	20,000
Total Liabilities	694,931	693,787	683,765	697,184
Gross Block	340,909	375,050	408,050	441,050
Less: Accumulated depreciation	104,940	122,111	139,628	157,292
Net Block	235,969	252,939	268,422	283,757
Capital work in progress	16,966	65,053	65,053	65,053
Goodwill	5,772	5,772	5,772	5,772
Investments	327,206	210,515	210,515	210,515
Cash	38,313	87,501	58,291	50,172
Net working capital	70,705	72,008	75,712	81,915
Total Assets	694,931	693,787	683,765	697,184
Cash flow statement (INR mn)	FY23	FY24E	FY25E	FY26E
Operating cash flow	197,575	210,197	228,351	249,442
Less: Capex	18,467	82,228	33,000	33,000
Free cash flow to firm	179,108	127,969	195,351	216,442
Investing cash flow	(72,850)	34,463	(33,000)	(33,000)
Financing cash flow	(125,192)	(195,472)	(224,561)	(224,561)
Net change in cash	(467)	49,188	(29,210)	(8,119)
Ratio Analysis	FY23	FY24E	FY25E	FY26E
Income statement Ratios (%)				
Revenue growth	17.2	3.9	7.4	8.7
EBITDA growth	26.5	3.5	9.4	10.9
PAT growth	24.1	4.0	10.4	10.9
EBITDA margin	36.3	36.1	36.8	37.5
Net margin	28.3	28.3	29.1	29.7
Return and liquidity ratios				
Net debt/Equity (x)	(0.3)	(0.3)	(0.3)	(0.2)
ROE (%)	29.0	28.9	32.2	35.7
ROCE(%)	37.2	36.9	41.1	45.5
Per share data and Valuation ratios				
Diluted EPS (INR)	15.0	15.6	17.2	19.1
EPS growth (%)	23.0	3.6	10.4	10.9
DPS (INR)	15.5	16.0	18.0	18.0
P/E ratio (x)	29.9	28.9	26.2	23.6
EV/EBITDA (x)	23.2	22.3	20.5	18.5
EV/Sales (X)	8.4	8.1	7.5	7.0
Price/Book(x)	8.3	8.4	8.5	8.3
FCFF yield (%)	3.2	2.3	3.5	3.9
Dividend yield (%)	3.4	3.6	4.0	4.0

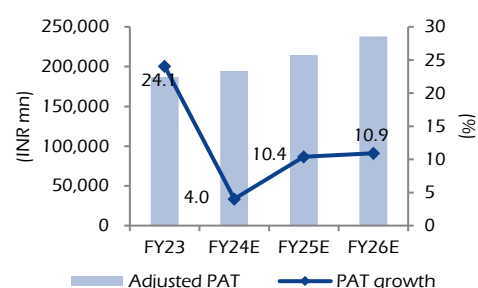
Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Revenue & margin growth trend



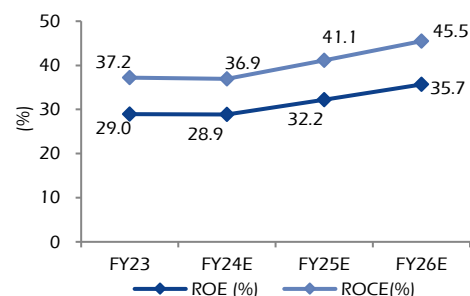
Source: Company, Elara Securities Estimate

Adjusted profit growth trend



Source: Company, Elara Securities Estimate

Return ratios



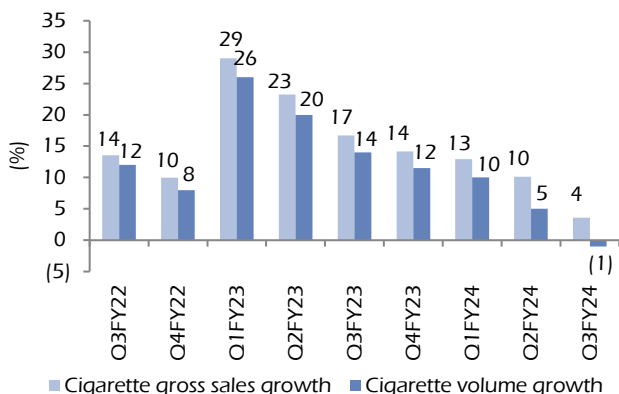
Source: Company, Elara Securities Estimate

Exhibit 1: Key ratios

YE March (%)	Q3FY24	Q3FY23	YoY bps chg	Q2FY24	QoQ bps chg	Q3FY24E	bps variance
Raw material cost	41.6	41.1	44	42.7	(113)	42.2	(65)
Staff costs	5.8	5.4	36	5.5	27	5.3	43
Other expenses	16.1	15.1	101	15.3	82	15.3	87
Effective tax rate	17.1	24.7	(753)	24.4	(723)	24.5	(737)
Gross margin	58.4	58.9	(44)	57.3	113	57.8	65
OPM	36.5	38.4	(181)	36.5	4	37.2	(65)
NPM	33.8	31.0	280	29.8	403	30.2	360

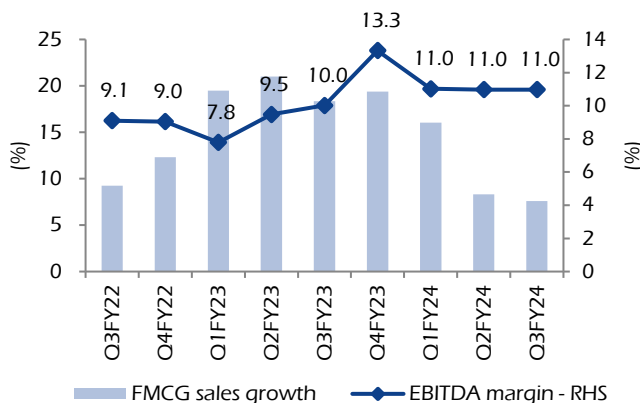
Source: Company, Elara Securities Estimate

Exhibit 2: Cigarettes volume up 4.1% on four-year CAGR



Source: Company, Elara Securities Research

Exhibit 3: FMCG – Margin continued to be strong



Source: Company, Elara Securities Research

Exhibit 4: Weak performance in Agri and Paperboards dragged down performance

Segment	Sales growth (%)	EBIT growth (%)	EBIT margin (%)	Comments
Cigarettes	+3.6 (gross)	+2.3	62.6 (-75bp)	<ul style="list-style-type: none"> On two-year CAGR, net segment revenue grew +9.3%, segment PBIT grew +9.4% Differentiated and premium offerings continued to perform well. Sustained volume claw back from illicit trade on the back of deterrent actions by enforcement agencies and relative stability in taxes
FMCG	+7.6	+24.1	8.3 (+110bp)	<ul style="list-style-type: none"> FMCG – Others reported good performance amidst subdued demand conditions and despite being on a high base. Two-year CAGR was high at 12.8%. Staples, Dairy, Beverages, Fragrances, Personal Wash, Homecare, <i>Agarbattis</i>, <i>Classmate</i> Notebooks and Pens propped growth. Competitive intensity was high in certain categories such as Biscuits, Snacks, Noodles, popular Soaps, including from local/regional players. Strong growth in alternate channels: Channel-specific business plans, collaborations, format-based assortments, and category-specific sell-out strategies drove growth
Hotels	+18.2	+57.1	27.3 (+676bp)	<ul style="list-style-type: none"> Strong growth in average room rate (ARRs) and occupancy seen across properties, led by retail and marquee events such as the ICC Cricket World Cup Segment EBITDA margin rose 470bps YoY to 36.2%, led by higher RevPARs, structural cost interventions and operating leverage. Healthy pipeline of management contracts under <i>Mementos</i>, <i>Welcomhotel</i>, <i>Storii</i>, <i>Fortune</i> and <i>WelcomHeritage</i> brands, with phased openings in the next few quarters
Agri Business	-2.2	-13.3	11.1 (-143bp)	<ul style="list-style-type: none"> Agri Business segment hit by trade restrictions on agri commodities (-2.2% YoY); revenue +14.2% YoY (excluding <i>Wheat</i> and <i>Rice</i>) Paperboards, Paper and Packaging were hit by low-priced Chinese supplies in global markets, muted domestic demand, surge in wood cost and high base effect Strong customer relationships and agile execution in Leaf Tobacco and value-added agri products continued to drive growth in these categories. Strategic sourcing support to Branded Packaged Foods – <i>Wheat</i>, <i>Dairy</i>, <i>Beverages</i> & <i>Spices</i>

Segment	Sales growth (%)	EBIT growth (%)	EBIT margin (%)	Comments
Paperboards, Paper & Packaging	-9.7	-51.2	14.2 (-1207bp)	<ul style="list-style-type: none"> Demand for Fine paper was relatively firm; décor paper witnessed strong performance. Margins hit by sharp drop in realizations and unprecedented surge in domestic wood costs due to increased demand from competing industries

Source: Company, Elara Securities Research

Exhibit 5: SoTP valuations

Segment	Valuations	Multiple (x)	Sales / EBITDA/ profit, Mar'26E (INR bn)	Mar'26E value (INR bn)	(INR/ share)
Cigarettes	P/E	22.0	169	3,714	298
FMCG	Price/sales	6.0	251	1,508	121
Hotel	EV/EBITDA	22.0	13	283	23
Agri business	EV/EBITDA	5.0	17	84	7
Paperboards, Paper and Packaging	EV/EBITDA	13.0	28	364	29
Net cash				161	13
Target price (INR)					490
CMP (INR)					450
Upside (%)					9

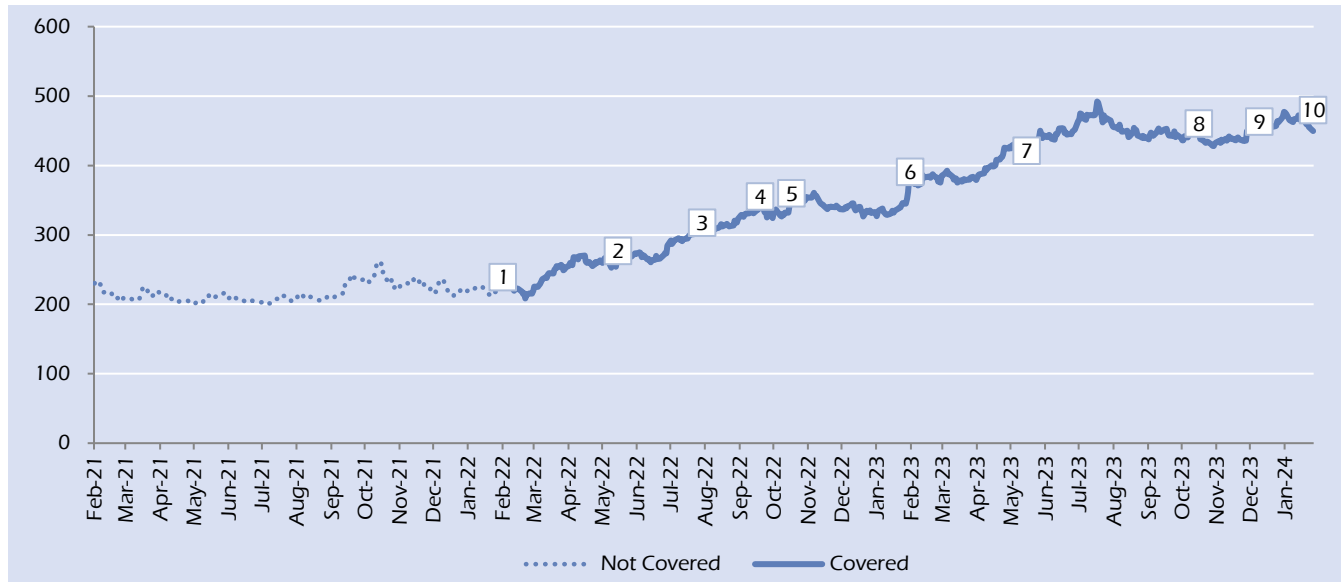
Note: Pricing as on 29 January 2024; Source: Elara Securities Estimate

Exhibit 6: Change in estimate

(INR mn)	Old estimates			Revised estimates			(% change)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	708,161	770,733	840,337	686,117	736,584	800,661	(3.1)	(4.4)	(4.7)
EBITDA	262,553	293,293	326,254	247,746	271,096	300,629	(5.6)	(7.6)	(7.9)
EBITDA (%)	37.1	38.1	38.8	36.1	36.8	37.5	(99)	(130)	(125)
PAT	205,919	231,386	257,430	194,329	214,539	237,980	(5.6)	(7.3)	(7.6)
EPS (INR)	16.5	18.5	20.6	15.6	17.2	19.1	(5.6)	(7.3)	(7.6)
TP (INR)			516			490			(5.0)

Source: Elara Securities Estimate

Coverage History



	Date	Rating	Target Price	Closing Price
1	4-Feb-2022	Accumulate	INR 270	INR 234
2	18-May-2022	Accumulate	INR 292	INR 267
3	1-Aug-2022	Accumulate	INR 338	INR 308
4	22-Sep-2022	Accumulate	INR 374	INR 345
5	20-Oct-2022	Accumulate	INR 393	INR 350
6	3-Feb-2023	Accumulate	INR 438	INR 381
7	18-May-2023	Accumulate	INR 473	INR 420
8	19-Oct-2023	Accumulate	INR 491	INR 450
9	12-Dec-2023	Accumulate	INR 516	INR 453
10	29-Jan-2024	Accumulate	INR 490	INR 450

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

Cholamandalam Investment

Cautiously optimistic

Robust growth aids core, provisions decline; absolute Stage 2 up
Healthy in-line Q3 (PAT at INR 8.7bn versus INR 8.3bn estimated) for Cholamandalam Investment (CIFIC IN) was led by continued growth (29% YoY), with new business share remaining constant, better NIMs (up 35bps QoQ) and lower provisions (down 10% QoQ). This was marked by: (a) higher yields led by re-pricing of floating assets of LAP/HL and network expansion into newer geographies (East), (b) accelerating disbursements for HL/LAP: 48%/51% YoY following branch expansion and (c) 23bps QoQ decline in credit cost to 1.1% as GNPA's pared 14bps QoQ.

The conservatism in business conduct stayed, with controlled expansion in personal loan segment, high PCR in new businesses (up from 59% in Q2 to 64% in Q3) and LAP LTVs sustaining at 50-60%. On the flip side, other income disappointed with 57% QoQ decline but that had more to do with repricing of commission rates (that reflected in Q2), elevated opex on tech ramp-up, underway branch expansion and absolute stage 2 rising 6% QoQ with equal spike in provisions, as against a drop since past many quarters.

Home loans/home equity drive growth; new business share steady

Business traction was significant, with diversification into new segments. AUM at INR 1,388bn grew 29% YoY/8% QoQ. Vehicle finance (60% of total AUM) grew 30% YoY/6% QoQ, largely led by TW (up 10.5% QoQ), Auto (cars/MUVs up 8.7% QoQ), and used vehicles (up 6.2% QoQ), followed by LCVs and three-wheelers and SCV growing 3-4% QoQ. New business segments grew 15% QoQ to INR 152bn (11% of total AUM). Home equity (20% of total AUM) continued to grow 9% QoQ, followed by home loans (9% of total AUM), up 12% QoQ. Given macro tailwinds with slight conservatism, expect 25% AUM CAGR from 30% earlier in FY24E-26E.

Remarkable asset quality show as stage 3 at <3%

Led by sturdy collections, Q3 asset quality was steady. Q3 saw a QoQ marginal dip in gross stage 3 of 14bps to 2.82%, and credit cost (20bps QoQ dip to 1.1%), with PCR dropping 217bps QoQ to 45.2% due to existing sufficiency. But absolute stage 2 did spike 6% QoQ led by restructured pool and the same should stabilize ahead. New businesses did see an NPA surge by 34bps QoQ. Expect 3.0% GNPA and 1.2/1.3% credit cost in FY24E-26E.

Valuations: Maintain Accumulate, TP raised to INR 1,295

Q3 posted yet another healthy set of earnings, with strength in core businesses and conservatism in new streams. We up FY24E/25E EPS estimates 5-9% as asset quality continued to surprise positively. Expect RoA to be maintained at 2.6%, with RoE at 22% in FY24E-26E. Though new segments with some risks are catching up, we derive comfort from high PCR and healthy asset quality in the traditional businesses. Against this backdrop, we reiterate **Accumulate** but shift multiple to Sep-25E, valuing CIFIC at 5.0x P/ABV with raised TP of INR 1,295 (earlier INR 1,231).

Rating: Accumulate

Target Price: INR 1,295

Upside: 5%

CMP: INR 1,231 (as on 29 January 2024)

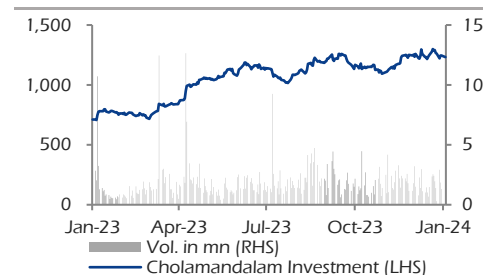
Key data

Bloomberg /Reuters Code	CIFIC IN/CHLA.BO
Current /Dil Shares O/S (mn)	822/822
Mkt Cap (INR bn/USD mn)	1,033/12,426
Daily Volume (3M NSE Avg)	1,705,746
Face Value (INR)	2

1 USD = INR 83.1

Note: *as on 29 January 2024; Source: Bloomberg

Price & Volume



Source: Bloomberg

Shareholding (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Promoter	51.5	51.5	51.4	50.4
Institutional Investor	41.1	41.3	41.6	43.1
Other Investor	1.6	1.6	1.6	1.4
General Public	5.9	5.7	5.4	5.1

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	15.3	9.9	21.5
Cholamandalam	5.4	8.2	73.4
Shriram Transport Finance	24.5	32.5	94.1
M&M Financial Services	0.5	(7.0)	23.5

Source: Bloomberg

YE March (INR mn)	Q3FY24	Q2FY24	Q3FY23	YoY (%)	QoQ (%)	Q3FY24E	Variance (%)
NII	25,207	22,298	17,798	0.4	13.0	23,716	6.3
Operating Profit	15,157	14,206	10,797	0.4	6.7	15,233	(0.5)
Reported Profit	8,762	7,625	6,843	0.3	14.9	8,317	5.3

Key financials											
YE	NII	YoY	PPOP	YoY	PAT	YoY	EPS	RoE	RoA	P/E	P/BV
March	(INR mn)	(%)	(INR mn)	(%)	(INR mn)	(%)	(INR)	(%)	(%)	(x)	(x)
FY23	70,083	21.9	44,494	18.0	26,662	24.2	32	20.8	2.7	37.9	8.1
FY24E	96,481	37.7	61,340	37.9	33,621	26.1	41	21.5	2.6	30.1	6.6
FY25E	124,042	28.6	78,282	27.6	43,179	28.4	52	22.3	2.7	23.5	5.4
FY26E	152,840	23.2	96,830	23.7	53,185	23.2	65	22.2	2.6	19.0	4.3

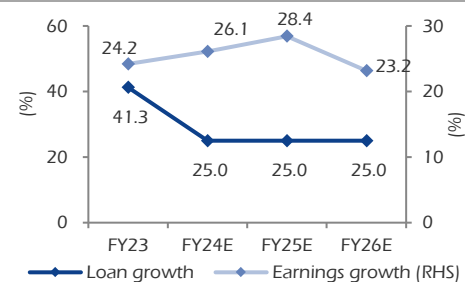
Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Standalone Financials (YE March)

Income Statement (INR mn)	FY23	FY24E	FY25E	FY26E
Net Interest Income	70,083	96,481	124,042	152,840
Other income	2,209	2,651	3,049	3,506
Total net Income	72,292	99,132	127,091	156,346
Less :- Opex (Incl depreciation)	27,799	37,792	48,809	59,516
Pre-provisioning Operating Profit	44,494	61,340	78,282	96,830
Less:- Provisions	8,497	16,409	20,579	25,756
PBT	35,997	44,930	57,703	71,074
Less :- Taxes	9,335	11,309	14,524	17,889
Reported PAT	26,662	33,621	43,179	53,185
Balance Sheet (INR mn)	FY23	FY24E	FY25E	FY26E
Capital	1,645	1,646	1,646	1,646
Reserves & Surplus	141,316	170,977	212,576	264,181
Net worth	142,961	172,622	214,222	265,826
Non-current liabilities	973,561	1,200,423	1,503,298	1,881,978
Current Liabilities	18,634	40,772	48,324	54,010
Total Liabilities	1,135,155	1,413,817	1,765,844	2,201,814
Fixed assets	4,591	5,935	7,419	9,274
other non-current assets	6,534	9,626	12,873	16,283
Current investments	36,200	41,630	47,875	55,056
Cash and bank balances	29,614	32,775	36,000	39,289
Loans and advances	1,047,483	1,309,354	1,636,693	2,045,866
Other current assets	10,733	14,496	24,984	36,047
Total Assets	1,135,155	1,413,817	1,765,844	2,201,814
Per Share data & Valuation Ratios	FY23	FY24E	FY25E	FY26E
EPS- (INR)	32.4	40.9	52.5	64.6
BV (INR)	173.8	209.8	260.3	323.1
ABV- (INR)	152.7	186.8	229.8	283.7
P/E- (x)	37.9	30.1	23.5	19.0
P/ABV-(x)	8.1	6.6	5.4	4.3
Yield and Cost (%)				
Yield on advances	13.0	14.1	14.0	14.1
Cost of funds (calc)	6.9	7.8	7.7	7.8
Interest Income/ Avg. assets	5.9	6.7	6.5	6.6
Interest Expense/ Avg. assets	5.9	6.7	6.5	6.6
Net Interest Margin (%)	7.2	7.5	7.6	7.6
Asset Quality (%)				
Gross NPA (%)	3.0	3.0	3.2	3.3
Net NPA (%)	1.9	1.5	1.6	1.6
% coverage of NPA	46.0	55.0	55.0	55.0
credit cost (calc)	0.9	1.4	1.4	1.4
Capital Adequacy				
Tier 1	17.5	19.5	21.3	23.4
CAR	20.5	22.5	24.3	26.4
Growth Rates				
Loan growth	41.3	25.0	25.0	25.0
Earnings growth	24.2	26.1	28.4	23.2
Business Ratios				
RoAA (%)	2.7	2.6	2.7	2.6
Core RoE (%)	20.8	21.5	22.3	22.2
Dividend Yield (%)	0.6	0.6	0.6	0.6
Dividend payout (%)	5.9	4.7	3.7	3.0

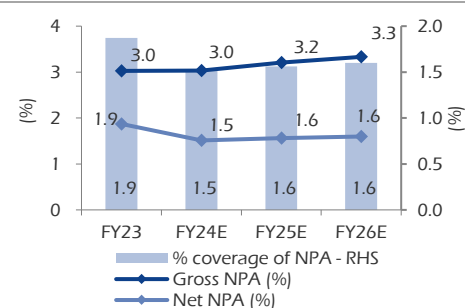
Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Loan & earnings growth trend



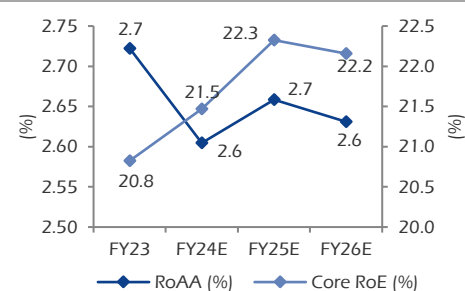
Source: Company, Elara Securities Estimate

Gross and net NPA



Source: Company, Elara Securities Estimate

Return ratios (%)



Source: Company, Elara Securities Estimate

Exhibit 1: CIFIC – Q3FY24 results

(INR mn)	Q3FY24	Q3FY23	YoY (%/ bps)	Q2FY24	QoQ (%/ bp)	Comment
Interest income	49,597	33,231	49.2	44,350	11.8	
Interest expenses	24,390	15,433	58.0	22,052	10.6	
Net interest income	25,207	17,798	41.6	22,298	13.0	NII above our estimates of INR 23.7bn, on account of increasing yields
Other income	590	519	13.6	1,369	(56.9)	
Total income	25,797	18,317	40.8	23,667	9.0	
Total operating expenses	10,640	7,520	41.5	9,461	12.5	Opex increased on sequential basis, largely led by increasing employee expense
Operating profit (PPOP)	15,157	10,797	40.4	14,206	6.7	
Provisions & write offs	3,588	1,589	125.8	3,998	(10.3)	Provision stood lower than our estimate of INR 4,118mn.
PBT	11,569	9,208	25.6	10,208	13.3	
Reported profit	8,762	6,843	28.0	7,625	14.9	PAT ahead of our estimate of INR 8.3mn, led by higher NII and lower provisioning
Balance sheet						
Total borrowed funds	1,231,030	893,050	37.8	1,194,700	3.0	
AUM	1,337,940	1,037,890	28.9	1,242,460	7.7	AUM in line with our estimate of INR 1,206bn, led by home loan business
Total assets	1,437,180	1,044,900	37.5	1,368,811	5.0	
NIM - calc (%)	7.8	7.4	38bps	7.5	35bps	NIMs increased sequentially, led by rising yielding rates
Asset quality						
GNPA	38,110	33,670	13.2	37,190	2.5	
NNPA	20,910	19,880	5.2	19,590	6.7	
Gross NPA (%)	3.92	5.4	(145)bps	4.1	(15)bps	
Net NPA (%)	2.6	3.8	(120)bps	2.6	(3)bps	
Coverage (%)	45.2	41.0	419bps	47.3	(217)bps	
Cost-income ratio (%)	41.2	41.1	19bps	40.0	127bps	Cost to income ratio spiked up, led by higher staff expense
Credit costs (%)	1.1	0.7	45bps	1.3	(23)bps	Credit cost declined on sequential basis, below our estimate of 1.3%
Stage 3 (%)	2.82	3.51	(69)bps	2.96	(14)bps	GNPA improved sequentially, in line with our estimates of 2.9%

Source: Company, Elara Securities Research

Q3FY24 earnings call – Key takeaways

Business highlights

- The company has partnership business in consumer loans, and has reduced its exposure towards the unsecured segment.
- Entry-level cars in personal vehicles are doing well. Discounts are lower, which is the focus area (as discounts have not started and demand exists). Q3 growth was 8% higher than 4% growth in commercial vehicles, construction equipment/tractors, wherein new vehicle growth was healthy and used vehicle growth seemed strong too. CV growth may be in single-digit this year as also for the next 2-3 quarters.
- Customer level indebtedness is not worrisome.
- Repeat customers under vehicle finance are 30% higher than existing customers of other businesses.
- The tractor industry decelerated 5% on overall volume but was up 5% as CIFIC witnessed both new and used tractor finance.

Growth trajectory

- FY25 growth: The company retains focus on home loans, loan against property (LAP) and vehicle finance (VF) as these segments are expected to do well. Expect better indicators for Q4 (current levels may drop slightly).
- Overall cost-to-asset stood at ~3%. Expect it to remain in the same range due to continued expansion in branches and technology.
- The company received the license so from the current quarter, the insurance income will directly book in Chola book.
- The company is trying to increase its ROA from current levels.
- The contribution of new businesses remained at 15% of the overall book.

Home loans

- Home loan (HL) yield up QoQ: The mix of new portfolio in new locations, i.e., tier III/IV cities and floating rate book have been repriced. Thus, part of the book has been repriced now and yields may remain around these levels.
- Home loan yield stood at 16% due to higher yield rate in the South.
- LAP ATS was INR 5mn.
- Expansion under LAP segment is from branch expansion, new micro-level products, addition of new

regions (i.e., East) and lower delinquency in LAP customers. Growth may be much stronger in LAP and HL – fewer customers have taken loans outside CIFIC.

- Home loans, LAP and vehicle loans may continue to see growth, which may sustain at current levels or drop slightly from the current rate.

Asset quality

- Gross stage 3 has come down on account of fully written-down book; hence, PCR was down.
- A PCR of 45% is sufficient (higher provisions on unsecured portion).
- On 90dpd+, the company provides 50% provisioning, and on 180dpd, 100% provisioning.
- Stage 2b asset has remained more or less same. The remaining book is in stage 2, most of which is from restructured (but that should pare down).
- New business has not gone through cycles to build LGD. The CESL segment contributed 7% to the overall book.
- New businesses saw higher write-offs (INR 120mn FLDG).
- The floods in Tamil Nadu did not impact much (slight impact on some customers).
- Traditional sourcing GNPA stood at 0.6% and group partners sourcing GNPA at 2.7%, which once increased to 4.7% as disbursement has been reduced from four partners and overall disbursement via partner channel reduced to INR 250cr (tightened the underwriting process).

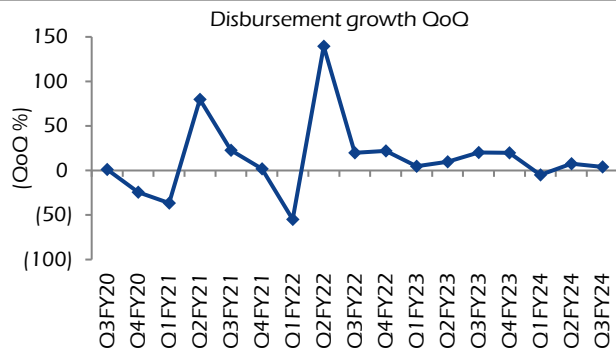
Spread analysis

- Multiple sources of funding were available. This with credit rating upgrade may help.
- Bank borrowing rate has not moved significantly – EBLR linked loans spreads have not increased. Some banks have seen rate increase which is in the range of 15-20bps and where the company is seeing higher rates they may see pre-closure and/or diversification to other sources.
- VF yields have been improving by 50bps. COF spike was only 20bps and expect not further increase in COF.
- NIM may go up..

Other highlights

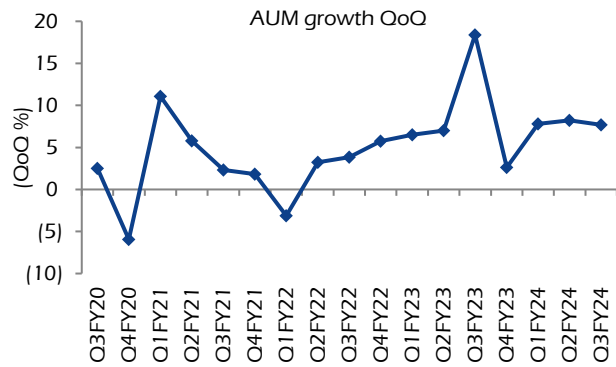
- Other income was down where previously subsidiaries income of insurance business is taken as in the form of dividend which now considered under fee income.
- The company is not facing any issue in funding from the banks and is exploring other sources of funding i.e., IFC and retail debenture book.
- ROA stood at 3.3% and ROE 19.8%.
- The company maintained strong liquidity.
- ICRA upgraded the rating from AA+ Stable to AA+/Positive.
- CAR stood at 19.37% and tier-1 capital at 15.55%.
- The board approved the dividend of 65%, i.e., INR 1.30 per share.

Exhibit 2: Disbursement up 4% QoQ



Source: Company, Elara Securities Research

Exhibit 3: AUM traction healthy at 8% QoQ as new verticals, new businesses and HL pick up



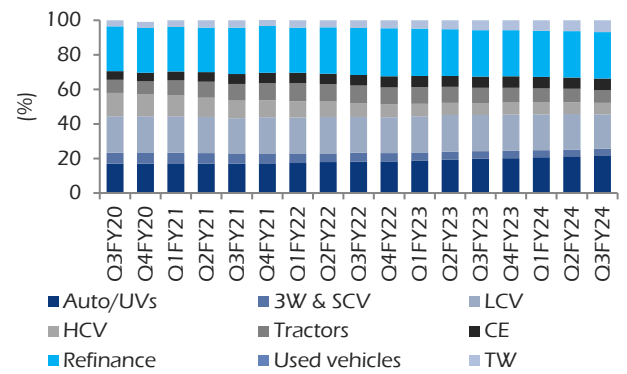
Source: Company, Elara Securities Research

Exhibit 4: CIFC has started witnessing momentum in new business verticals (10% of AUM mix)

Product	Details
CSEL	Offers personal loans, professional loans & business loans to salaried, self-employed professionals and micro & small businesses
	420 locations (419 co-located & one standalone); acquired >8.7 lakh customers as on Dec23.
	Business growth is through traditional DSA/DST model, partnerships and Fintechs
SBPL	Offers secured business loan against self-occupied residential property or commercial-cum-residential property as collateral 377 locations (co-located); spread across 12 states as on Dec 23.
SME	The product suite includes supply chain financing, term loans for capex, loan against shares, funding on hypothecation of machinery for specific industries. 69 (co-located) locations; business growth both through traditional and Fintech partnerships.

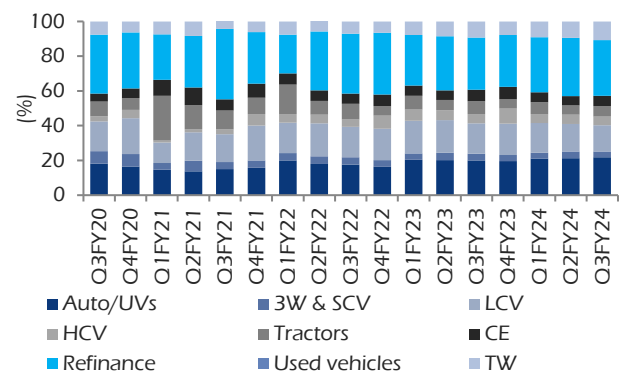
Source: Company, Elara Securities Research

Exhibit 5: AUM mix steady



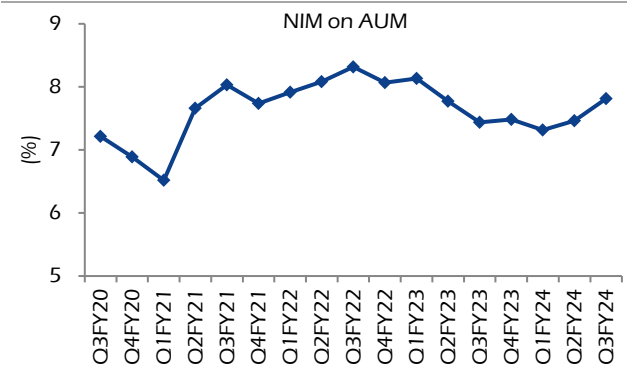
Source: Company, Elara Securities Research

Exhibit 6: Two-wheeler contribution to distribution mix up 113bps sequentially



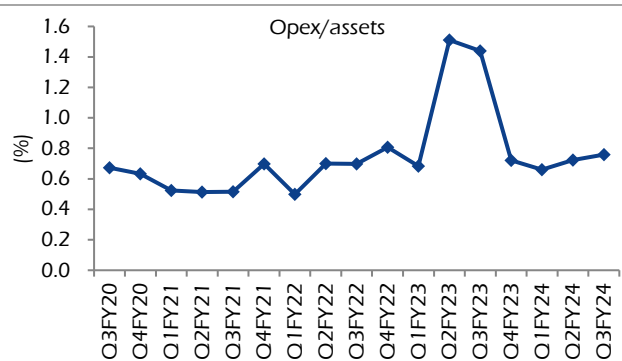
Source: Company, Elara Securities Research

Exhibit 7: NIMs on AUM increased 35bps



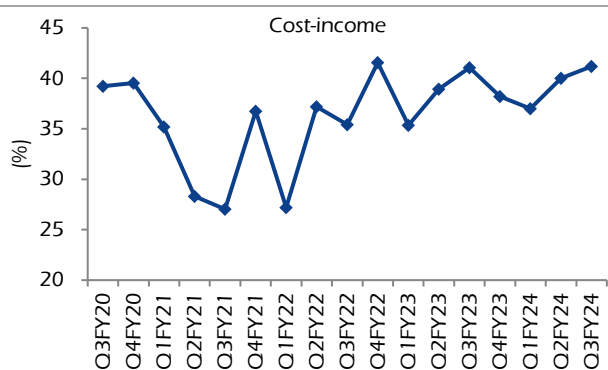
Source: Company, Elara Securities Research

Exhibit 8: Opex-to-assets up 4bps QoQ



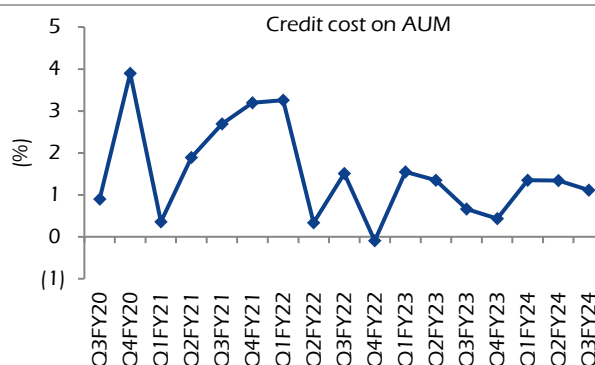
Source: Company, Elara Securities Research

Exhibit 9: Cost-to-income ratio up 120bps QoQ to 41.2%



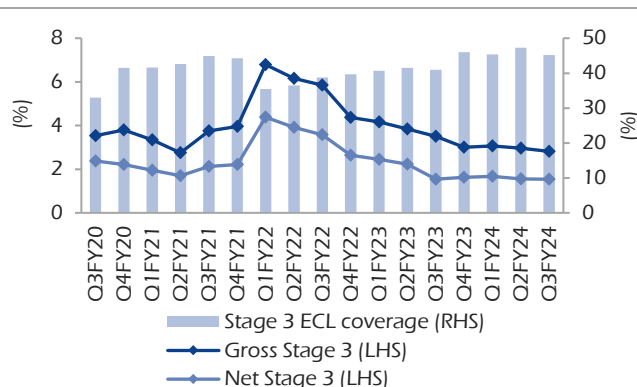
Source: Company, Elara Securities Research

Exhibit 10: Credit costs down 20bps QoQ



Source: Company, Elara Securities Research

Exhibit 11: Gross Stage 3 improved 15bps QoQ to 2.8%, with decreased PCR of 45.2%



Source: Company, Elara Securities Research

Exhibit 12: Stage-wise ECL as of Q3 – GNPA, as per RBI’s new regulation, at 4.07%, down 23bps QoQ

	(INR mn)			(%)		
	Asset	Total provision	NNPA	Asset	Total provision	NNPA
Stage 1A	1,270,320	5,440	1,264,880	93.93	0.43	93.53
Stage 1B	2,500	120	2,380	0.18	4.80	0.18
Total stage 1	1,272,820	5,560	1,267,260	94.12	0.44	93.71
Stage 2A	29,050	2,750	26,300	2.15	9.47	1.94
Stage 2B	12,390	1,530	10,860	0.92	12.35	0.80
Total stage 2	41,440	4,280	37,160	3.06	10.33	2.75
Total stage 3	38,110	17,200	20,910	2.82	45.13	1.55
Total	1,352,370	27,040	1,325,330	100.00	2.12	98.00
NPA as per RBI (incl Sec)	53,000	18,850	34,150	4.07	37.43	2.52
NNPA % as per RBI (Net NPA / (Asset - provisions for GNPA))						2.56

Source: Company, Elara Securities Research

Exhibit 13: Asset quality improvement trend across product segments

Particulars (%)	As of Q4FY23			As of Q1FY24			As of Q2FY24			As of Q3FY24		
	Stage 3 asset	Provision coverage	Net stage 3	Stage 3 asset	Provision coverage	Net stage 3	Stage 3 asset	Provision coverage	Net stage 3	Stage 3 asset	Provision coverage	Net stage 3
Vehicle finance	3.2	45.4	1.8	3.4	45.5	1.8	3.3	47.5	1.7	3.3	46.2	1.8
LAP	4.0	46.7	2.1	3.8	44.9	2.1	3.4	45.0	1.9	3.0	44.0	1.7
Home loans	1.6	49.3	0.8	1.6	36.1	1.0	1.4	36.4	0.9	1.4	34.8	0.9
Others	0.7	49.4	0.3	1.0	58.9	0.4	1.4	63.5	0.5	1.1	44.6	0.6
Total	3.0	46.0	1.6	3.0	46.0	1.6	3.0	47.3	1.6	2.8	45.2	1.6

Source: Company, Elara Securities Research

Exhibit 14: Estimate change – We slightly tweak FY24/25 estimates to incorporate steady growth prospects

(INR mn)	Old			Revised			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Net interest income	97,790	124,304	155,759	96,481	124,042	152,840	(1.3)	(0.2)	(1.9)
Operating profit	65,310	82,003	102,848	61,340	78,282	96,830	(6.1)	(4.5)	(5.9)
Net profit	32,183	39,330	49,341	33,621	43,179	53,185	4.5	9.8	7.8
EPS (INR)	39.1	47.8	60.0	40.9	52.5	64.6	4.5	9.8	7.7
TP (INR)			1,231			1,295			5.2

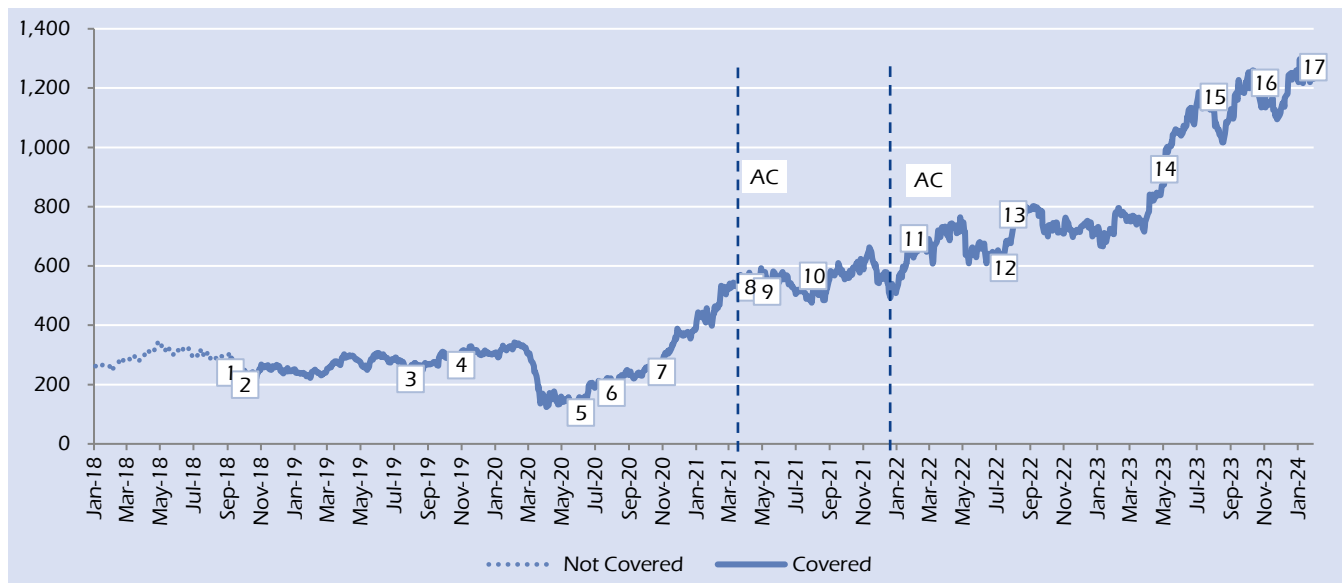
Source: Elara Securities Estimate

Exhibit 15: Recommend Accumulate, TP at INR 1,295 @5x Sep-FY25E P/ABV

Fair price - EVA (INR)	1,375
Fair price - Gordon growth (INR)	1,214
Average of two (INR)	1,295
Target P/ABV (x)	5.0
Target P/E (x)	27.7
Current price, INR	1,231
Upside (%)	5.2
Dividend yield (%)	0.2
Total return (%)	5.3

Note: Pricing as on 29 January 2024; Source: Elara Securities Estimate

Coverage History



AC= Analyst change

Date	Rating	Target Price	Closing Price
8 9-Apr-2021	Accumulate	INR 650	INR 558
9 10-May-2021	Accumulate	INR 590	INR 554
10 2-Aug-2021	Accumulate	INR 570	INR 526
11 1-Feb-2022	Accumulate	INR 700	INR 653
12 15-Jul-2022	Buy	INR 760	INR 633
13 1-Aug-2022	Buy	INR 876	INR 734
14 3-May-2023	Accumulate	INR 930	INR 887
15 1-Aug-2023	Sell	INR 1,023	INR 1,130
16 2-Nov-2023	Accumulate	INR 1,231	INR 1,177
17 29-Jan-2024	Accumulate	INR 1,295	INR 1,231

^Stock Split 2:10 (June 2019)

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

Marico

Recovery to be gradual

Volume continues to be soft in Q3

Marico's (MRCO IN) Q3 net sales declined 1.9% YoY to INR 24.2bn, as expected, dragged by the domestic business, which declined 3% in value as some pricing corrections in key portfolios were yet to come in the base. India business volume grew just 2%, hit by: 1) slower-than-expected pace of recovery in rural demand, 2) high competitive intensity from small unorganized players and 3) correction in stock at retailers' end due to credit squeeze. However, offtakes were healthier across key portfolios, with 75%+ of the business either gaining or sustaining market share or penetration. Foods grew 18% YoY (including *Plix* acquisition), but was muted adjusted for *Plix* business due to subdued demand in the urban markets.

Expect gradual volume recovery, going ahead

MRCO anticipates accelerated growth for *Parachute Rigid* due to benefit from upward trend in copra prices, near term. Q4 revenue may benefit from anniversary of price correction in *Parachute*. But higher base in Q4FY23 may limit positive revenue growth in Q4FY24. Foods may post INR 7.5bn in revenue in FY24, with management foreseeing a 20%+ organic growth in this portfolio from FY25 and revenue of INR 15bn by FY27

FY24E operating margin may improve 250bps

Gross margin and EBITDA margin improved primarily on incremental softer of input prices. The management expects gross margin to expand 450-500bps (from FY23 level), aided by input cost tailwinds. And operating margin may move up 250bps in FY24E to ~21%. Ad-spend may continue as long-term growth driver, likely rising going ahead.

Valuations: Reiterate Accumulate; new TP at INR 580

We cut FY24E/25E/FY26E earnings 2.7%/5.6%/6.7% to factor in lower revenue growth. We reiterate **Accumulate** with a lower TP of INR 580 (from INR 623) on 42x P/E (from 45x due to slower-than-expected volume recovery) on FY26E EPS of INR 13.5 as we roll-forward.

Rating: Accumulate

Target Price: INR 580

Upside: 12%

CMP: INR 517 (as on 29 January 2024)

Key data*

Bloomberg /Reuters Code	MRCO IN/MRCO.BO
Current /Dil. Shares O/S (mn)	1,294/1,295
Mkt Cap (INR bn/USD mn)	668/8,037
Daily Vol. (3M NSE Avg.)	1,314,524
Face Value (INR)	1

1 USD = INR 83.1

Note: *pricing as on 29 January 2024; Source: Bloomberg

Price & Volume



Source: Bloomberg

Shareholding (%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Promoter	59.5	59.4	59.4	59.4
Institutional Investors	35.3	35.4	35.5	35.7
Other Investors	1.0	1.0	0.9	0.9
General Public	4.2	4.2	4.1	4.0

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	15.3	9.9	21.5
Marico	(3.9)	(10.1)	2.5
Colgate	21.4	23.3	74.6
Dabur	1.8	(8.2)	(4.9)

Source: Bloomberg

YE March (INR mn)	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)	Q3FY24E	Variance (%)
Net Sales	24,220	24,700	(1.9)	24,760	(2.2)	24,500	(1.1)
Operating Expenses	19,090	20,140	(5.2)	19,790	(3.5)	19,363	(1.4)
% of Sales	78.8	81.5		79.9		79.0	
EBITDA	5,130	4,560	12.5	4,970	3.2	5,137	(0.1)
EBITDA Margins (%)	21.2	18.5		20.1		21.0	
Other Income	430	400	7.5	380	13.2	400	7.5
Interest	190	140		200		200	
Depreciation	420	390		390	7.7	380	10.5
PBT	4,950	4,430	11.7	4,760	4.0	4,957	(0.1)
Tax	1,090	1,100	(0.9)	1,160	(6.0)	1,279	(14.8)
Effective Tax Rate(%)	22.0	24.8		24.4		25.8	
Minority Interest	30	50.0		70.0		50.0	
Reported PAT	3,830	3,280	16.8	3,530	8.5	3,628	5.6
Adjusted PAT	3,830	3,280	16.8	3,530	8.5	3,628	5.6
NPM (%)	15.8	13.3		14.3		14.8	

Consolidated Key Financials

YE March	Revenue (INR mn)	YoY (%)	EBITDA (INR mn)	EBITDA margin (%)	Adj PAT (INR mn)	YoY (%)	Fully DEPS (INR)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY23	97,640	2.6	18,100	18.5	13,020	6.3	10.1	36.4	44.0	51.2	36.1
FY24E	95,987	(1.7)	20,105	20.9	14,477	11.2	11.2	36.2	43.6	46.1	32.3
FY25E	103,911	8.3	21,835	21.0	15,985	10.4	12.4	36.0	43.7	41.7	29.5
FY26E	113,194	8.9	23,833	21.1	17,721	10.9	13.7	35.8	43.8	37.6	26.8

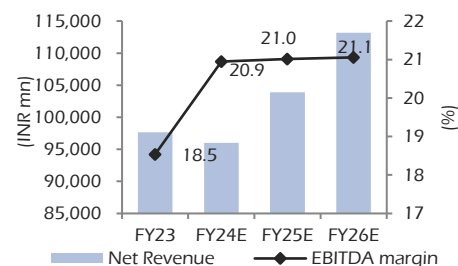
Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Financials (YE March)

Income statement (INR mn)	FY23	FY24E	FY25E	FY26E
Net Revenue	97,640	95,987	103,911	113,194
EBITDA	18,100	20,105	21,835	23,833
Less: Depreciation & Amortisation	1,550	1,638	1,727	1,815
EBIT	16,550	18,467	20,108	22,018
Less: Interest Expense	560	780	760	760
Add: Other Income	1,440	1,744	2,080	2,453
PBT	17,430	19,431	21,428	23,711
Less Taxes	4,210	4,654	5,133	5,680
Reported PAT	13,220	14,777	16,295	18,031
Minority Interest	200	300	310	310
Reported PAT after Minority Interest	13,020	14,477	15,985	17,721
Adjusted PAT	13,020	14,477	15,985	17,721
Balance Sheet (INR mn)	FY23	FY24E	FY25E	FY26E
Share capital	1,290	1,290	1,290	1,290
Reserves	36,700	40,795	45,502	50,948
Minority Interests	1,570	1,570	1,570	1,570
Borrowings	4,750	4,750	4,750	4,750
Deferred Tax (Net)	320	320	320	320
Total Liabilities	44,630	48,725	53,432	58,878
Gross Block	31,150	32,350	33,550	34,750
Less: Accumulated depreciation	8,690	10,340	12,067	13,882
Net Block	22,460	22,010	21,483	20,868
Capital work in progress	670	600	610	610
Investments	10,960	10,960	10,960	10,960
Cash	7,560	11,287	16,206	21,917
Net working capital	2,980	3,869	4,173	4,524
Total Assets	44,630	48,725	53,432	58,878
Cash flow statement (INR mn)	FY23	FY24E	FY25E	FY26E
Operating cash flow	16,250	15,226	17,408	19,185
Less: Capex	6,690	1,118	1,210	1,200
Free cash flow to firm	9,560	14,108	16,198	17,985
Investing cash flow	(9,370)	(1,118)	(1,210)	(1,200)
Financing cash flow	(5,110)	(10,381)	(11,279)	(12,274)
Net change in cash	1,770	3,727	4,919	5,711
Ratio Analysis	FY23	FY24E	FY25E	FY26E
Income statement Ratios (%)				
Revenue growth	2.6	(1.7)	8.3	8.9
EBITDA growth	7.7	11.1	8.6	9.2
PAT growth	6.3	11.2	10.4	10.9
EBITDA margin	18.5	20.9	21.0	21.1
Net margin	13.3	15.1	15.4	15.7
Return and liquidity ratios				
Net debt/Equity (x)	(0.2)	(0.3)	(0.4)	(0.4)
ROE (%)	36.4	36.2	36.0	35.8
ROCE(%)	44.0	43.6	43.7	43.8
Per share data and Valuation ratios				
Diluted EPS (INR)	10.1	11.2	12.4	13.7
EPS growth (%)	6.3	11.2	10.4	10.9
DPS (INR)	4.5	6.9	7.5	8.1
P/E ratio (x)	51.2	46.1	41.7	37.6
EV/EBITDA (x)	36.1	32.3	29.5	26.8
EV/Sales (X)	6.7	6.8	6.2	5.6
Price/Book(x)	17.6	15.8	14.3	12.8
FCFF yield (%)	1.3	2.0	2.2	2.4
Dividend yield (%)	0.9	1.3	1.4	1.6

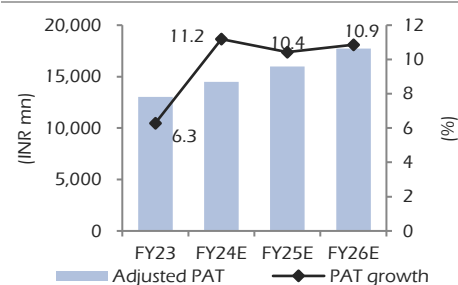
Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Revenue & margin growth trend



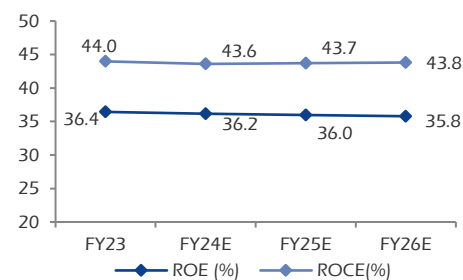
Source: Company, Elara Securities Estimate

Adjusted profit growth trend



Source: Company, Elara Securities Estimate

Return ratios



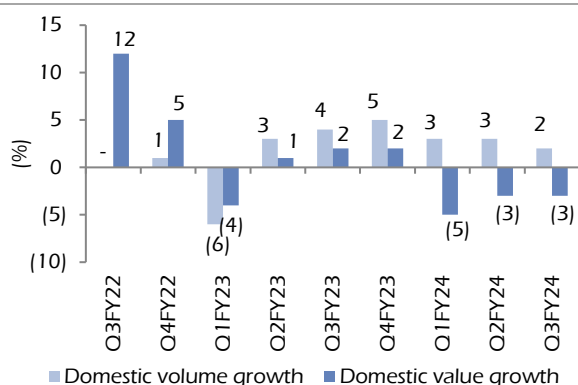
Source: Company, Elara Securities Estimate

Exhibit 1: Key ratios

YE March (%)	Q3FY24	Q3FY23	YoY bps chg	Q2FY24	QoQ bps chg	Q3FY24E	bps variance
Raw material cost	48.7	55.1	(634)	49.5	(80)	49.4	(72)
Staff costs	7.8	6.5	133	7.6	25	7.4	42
Advertising expenses	10.2	8.9	125	10.8	(67)	10.4	(21)
Other expenses	12.1	11.1	105	12.0	10	11.8	30
Effective tax rate	22.0	24.8	(281)	24.4	(235)	25.8	(378)
Gross margin	51.3	44.9	634	50.5	80	50.6	72
EBITDA margin	21.2	18.5	272	20.1	111	21.0	21
NPM	15.8	13.3	253	14.3	156	14.8	100

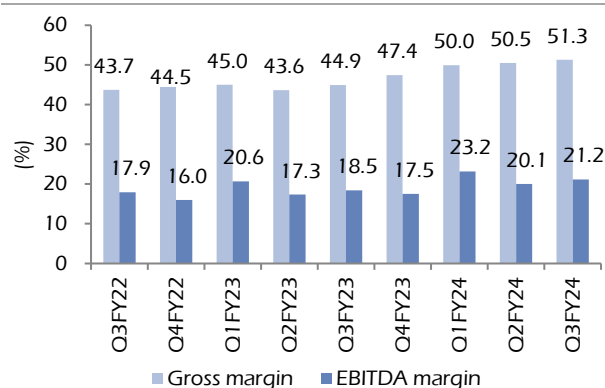
Source: Company, Elara Securities Estimate

Exhibit 2: Pricing intervention hit revenue growth



Source: Company, Elara Securities Research

Exhibit 3: Soft input prices prop margin



Source: Company, Elara Securities Research

Exhibit 4: Segment-wise performance – Muted volume growth across segments

Category	Q3FY24 value growth (%)	Q3FY24 volume growth (%)	Volume market share (%)	Comments
Parachute coconut oil (PCNO)	flat	3	53 (volume share)	<ul style="list-style-type: none"> Parachute Rigid registered 3% volume growth as loose to branded conversions picked some pace The franchise gained ~40bps in market share on MAT basis Management expects volume growth to continue with its gradually improving trajectory as input costs exhibit an upward bias amid stable consumer pricing
Saffola	Edible oil: (26) Foods: 18	Edible oil: mid-single-digit volume decline	Oats: 41 (value share)	<ul style="list-style-type: none"> Saffola edible oils posted mid single-digit volume decline, holding onto a strong base Saffola oats grew in double-digits and maintained category leadership while honey and soya chunks continued to scale up well True Elements and Plix are scaling up well
Value added hair oils (VAHO)	3		27 (value share)	<ul style="list-style-type: none"> Value-added hair oils grew 3% in value terms due to slower rural demand Value growth on four-year CAGR was at 6%. While growth in the bottom of the pyramid franchises was muted, MRCO continued to witness healthier traction in the mid and premium segments with mid to high single-digit growth.
Premium personal care			Post wash Leave-on Serums – 53% (volume share) Hair Gels/Waxes/Creams 52% (value share)	<ul style="list-style-type: none"> Premium personal care sustained its strong double-digit growth trajectory in Q3. Digital-first portfolio clocked an exit ARR of INR 4bn+ in Q3

Source: Company, Elara Securities Research

Exhibit 5: International business – Strong performance across markets, except for Bangladesh

Geography	Q3FY24 constant currency (CC) growth (%)	Comments
Bangladesh	(6)	<ul style="list-style-type: none"> ▪ Bangladesh business reported a 6% deceleration YoY in Q3 on constant-currency terms amidst macroeconomic headwinds. ▪ Newer portfolios of shampoo and baby care witnessed healthy growth. ▪ Management expects Bangladesh to revert to healthy trajectory from Q4.
South-East Asia	4	<ul style="list-style-type: none"> ▪ The Vietnam business grew 4% YoY in constant currency in Q3, due to slower home and personal care (HPC) demand in Vietnam.
Middle East and North Africa (MENA)	26	<ul style="list-style-type: none"> ▪ The MENA business grew 26% YoY in constant-currency terms in Q3, led by double-digit growth in the Gulf region and Egypt.
South Africa	33	<ul style="list-style-type: none"> ▪ The South Africa business delivered 33% YoY in constant currency terms in Q3, driven by strong growth in ethnic hair care.

Source: Company, Elara Securities Research

Exhibit 6: MRCO trading below its five-year average P/E of 44x



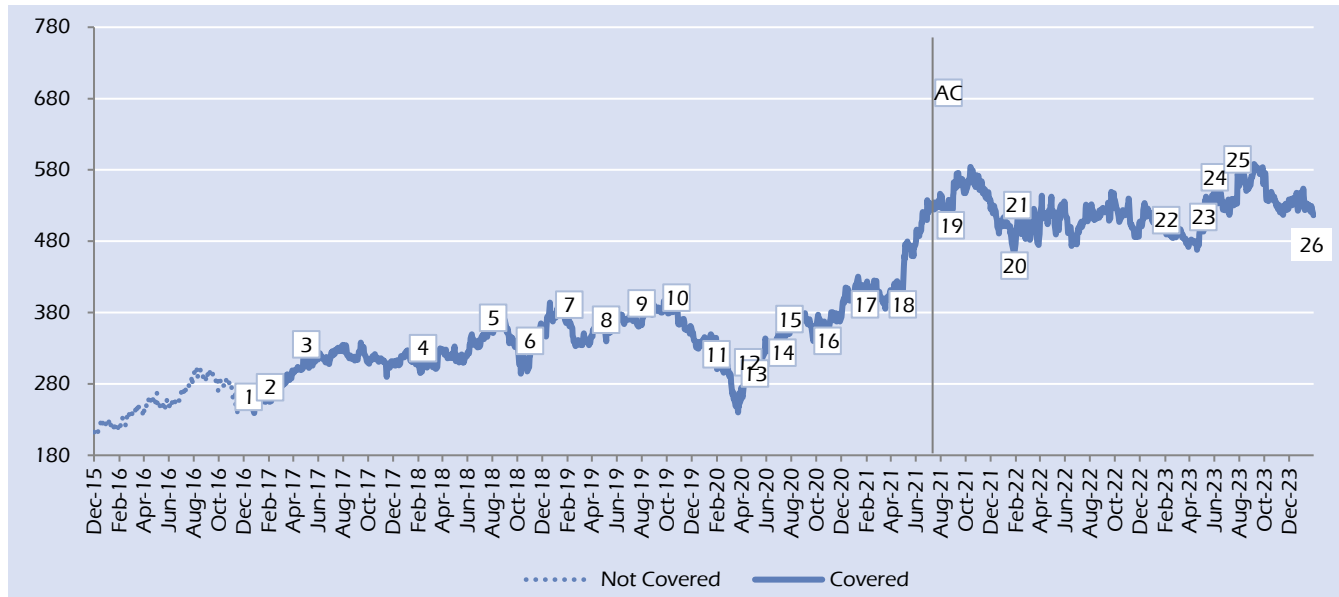
Source: Bloomberg, Company, Elara Securities Estimate

Exhibit 7: Change in estimates

(INR mn)	Old estimates			Revised			(% change)		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
Revenue	99,166	110,102	121,483	95,987	103,911	113,194	(3.2)	(5.6)	(6.8)
EBITDA	20,361	22,848	25,291	20,105	21,835	23,833	(1.3)	(4.4)	(5.8)
EBITDA (%)	20.5	20.8	20.8	20.9	21.0	21.1	41	26	24
PAT	14,874	16,931	19,000	14,477	15,985	17,721	(2.7)	(5.6)	(6.7)
EPS (INR)	11.5	13.1	14.7	11.2	12.4	13.7	(2.7)	(5.6)	(6.7)
Target price (INR)	623			580			(6.9)		

Source: Elara Securities Estimate

Coverage History



AC=Analyst change

	Date	Rating	Target Price	Closing Price
20	28-Jan-2022	Buy	INR 590	INR 472
21	4-Feb-2022	Accumulate	INR 590	INR 510
22	3-Feb-2023	Accumulate	INR 560	INR 494
23	5-May-2023	Buy	INR 590	INR 494
24	2-Jun-2023	Accumulate	INR 603	INR 549
25	28-Jul-2023	Accumulate	INR 623	INR 574
26	29-Jan-2024	Accumulate	INR 580	INR 517

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%



Bajaj Finance

Soft landing while navigating challenges

In-line earnings; credit costs, regulatory forbearance, key drags

Bajaj Finance (BAF IN) posted in-line Q3 earnings, led by decent NII traction (5% QoQ/25% YoY), steady opex (cost-income steady 34% QoQ), albeit with tad lower NIM (down 26bps QoQ) and higher provisions (up 16% QoQ) restricting the beat. NIMs were strained, attributable to 9bps QoQ spike in cost of funds and given the increased risk weightages. Considering 25bps asset repricing across, NIMs may settle at average 12.6%: FY24E-26E. Despite continued tech investments for operational excellence, cost-income should be 34% for FY24E-26E.

But BAF has been experiencing dual headwinds impacting its: (a) B2B sales finance business (27% of overall AUMs) on account of hit from regulatory forbearance on EMI cards issuances (refer report dated 29 December 2023, [Slow and steady wins the race](#)). We bake in 3.5% dent in fees for FY24E and (b) rural B2C business (7% of AUM) due to higher risk build-up, and thus the rise in credit cost estimate to 1.8% from 1.7% earlier. BAF expects corrections on deficiencies in a few weeks, in line with regulatory requirements. Therefore, although near-term headwinds persist, long-term story is constructive, promising 26% core profit CAGR in FY24E-26E.

Growth trajectory healthy but rural/consumer segments on alert

AUM grew a robust 35% YoY/7% QoQ to INR 3,110bn, led by robust 3.9mn customer addition and 9.86mn incremental loan cases in Q3. Q3 saw growth in Auto Finance (up 17% QoQ), Rural B2B (up 11% QoQ), SME (up 7% QoQ) and Mortgages (up 6% QoQ), and rural B2C grew just 2.6% QoQ. But small-ticket loan segment's exposure to rural B2C portfolio is targeted largely at existing customer base with negligible exposure in <INR 50,000 ticket size. With urban B2C health intact, the momentum may continue. Auto loans (6% of AUM; 55% of existing customers), LAP/mortgages (31%); MSME (13% of book, significant overlap in autos, LAP) should aid growth.

Risk metrics tightened; credit costs to climb

Q3 saw headline asset quality remain steady, with GNPA spiking to 0.95% from 0.91% in Q2. While credit costs have increased to 1.7% from 1.5% in Q2, we tweak credit cost estimates to average at 1.8% from 1.7% earlier, in FY24E-26E, factoring in concerns in key portfolios (rural/unsecured). Similarly, expect GNPA's to spike to 1.3% by FY26E.

Valuations: Maintain BUY, TP unchanged at INR 9,000

These hurdles at best may hit FY24E growth and fees 2-4% each. And despite near-term hurdle, expect 100mn+ customers by FY26E and 29% AUM CAGR (from 31%). AUM may still rise 1.8x by FY26E at 29% CAGR. Margin may see an average of 12.2-12.6%. BAF may restrict cost-income to 34% and GNPA/credit cost to 1.4%/1.8% with ROAs at 4.7%/RoEs at 21%+. Clarity on management changes further reinforces our confidence. We maintain our TP at INR 9,000 as we value the stock at 5.8x FY25E P/ABV.

YE March (INR mn)	Q3FY24	Q2FY24	Q3FY23	YoY (%)	QoQ (%)
NII	92,931	88,412	74,338	25.0	5.1
Operating profit	61,422	58,347	48,529	26.6	5.3
PAT	36,373	35,508	29,730	22.3	2.4

Key Financials

YE	NII (INR mn)	YoY (%)	PPoP (INR mn)	YoY (%)	PAT (INR mn)	YoY (%)	EPS (INR)	Core RoE (%)	RoA (%)	P/E (x)	P/ABV (x)
FY23	288,361	31.8	187,158	30.8	115,077	63.7	190.4	23.5	5.2	37.8	6.8
FY24E	367,904	27.6	243,990	30.4	146,211	27.1	231.8	21.5	5.0	31.0	5.7
FY25E	476,086	29.4	310,255	27.2	180,825	23.7	293.3	20.7	4.8	24.5	4.7
FY26E	587,699	23.4	387,322	24.8	226,552	25.3	367.5	21.1	4.7	19.6	3.8

Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Rating: Buy

Target Price: INR 9,000

Upside: 26%

CMP: INR 7,192 (as on 29 January 2024)

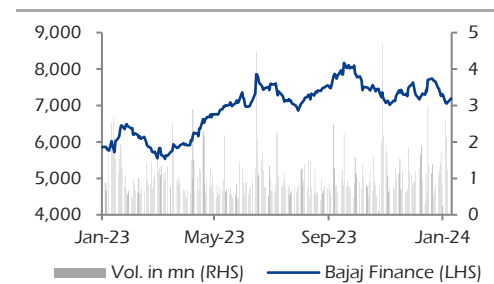
Key data

Bloomberg /Reuters Code	BAF IN/BJFN.BO
Current /Dil. Shares O/S (mn)	606/607
Mkt Cap (INR bn/USD mn)	4,445/53,439
Daily Vol. (3M NSE Avg.)	1,088,474
Face Value (INR)	2

1 USD = INR 83.1

Note: *as on 29 January 2024; Source: Bloomberg

Price & Volume



Source: Bloomberg

Shareholding (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Promoter	55.9	55.9	55.9	54.9
Institutional Investors	32.2	33.0	33.0	35.0
Other Investors	2.6	2.5	2.5	2.1
General Public	9.4	8.7	8.7	8.0

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	15.3	9.9	21.5
Bankex Index	7.9	(0.9)	9.0
Bajaj Finance	(4.2)	(2.6)	24.8

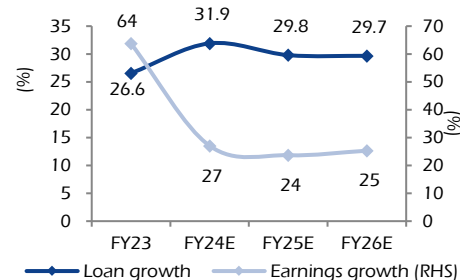
Source: Bloomberg

Financials (YE March)

Income statement (INR mn)	FY23	FY24E	FY25E	FY26E
NII	288,361	367,904	476,086	587,699
Other income	113	159	224	578
Gross Income	288,474	368,062	476,310	588,278
Operating expenses	101,315	124,073	166,054	200,956
PPOP	187,158	243,990	310,255	387,322
Provisions	31,880	49,192	66,294	81,666
PBT	155,279	194,798	243,961	305,656
Tax	40,202	48,587	63,137	79,103
PAT	115,077	146,211	180,825	226,552
Balance Sheet	FY23	FY24E	FY25E	FY26E
Capital	1,209	1,233	1,233	1,233
Reserves and Surplus	542,511	681,808	858,774	1,081,320
Net worth	543,720	683,041	860,007	1,082,553
Borrowings	2,166,905	2,841,429	3,594,245	4,606,439
Other liabilities	41,662	62,079	86,222	114,834
Total Liabilities	2,752,287	3,586,549	4,540,474	5,803,826
Fixed assets	23,875	45,238	45,067	52,496
Loans	2,422,689	3,195,835	4,148,095	5,378,867
Investments	227,518	270,770	267,405	285,271
Cash and bank balances	43,045	36,078	36,723	37,530
Other assets	35,159	38,628	43,184	49,662
Total Assets	2,752,287	3,586,548	4,540,474	5,803,826
Per Share data & Valuation Ratios	FY23	FY24E	FY25E	FY26E
EPS- (INR)	190.4	231.8	293.3	367.5
BV (INR)	1,065.0	1,270.1	1,557.2	1,918.2
ABV- (INR)	1,055.8	1,258.9	1,541.4	1,897.1
P/E- (x)	37.8	31.0	24.5	19.6
P/ABV-(x)	6.8	5.7	4.7	3.8
Yield and Cost (%)				
Yield on advances	18.6	19.0	18.4	17.9
Cost of funds	6.6	7.1	6.5	6.8
Net Interest Margin (%)	13.0	12.8	12.8	12.2
Asset Quality (%)				
Gross NPA	0.9	1.1	1.2	1.3
Net NPA	0.3	0.3	0.4	0.4
% coverage of NPA	63.8	70.5	70.8	71.2
credit cost (calc)	1.4	1.7	1.8	1.7
Capital Adequacy				
Tier 1	19.9	22.2	21.4	20.6
CAR	21.7	24.0	23.2	22.4
Growth Rates				
Loan growth	26.6	31.9	29.8	29.7
Earnings growth	64	27	24	25
Business Ratios				
RoAA (%)	5.2	5.0	4.8	4.7
RoE (%)	23.5	21.5	20.7	21.1

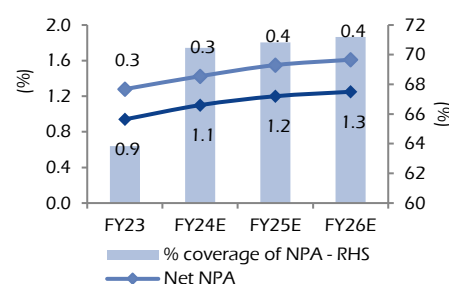
Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Loans & earnings growth trend (%)



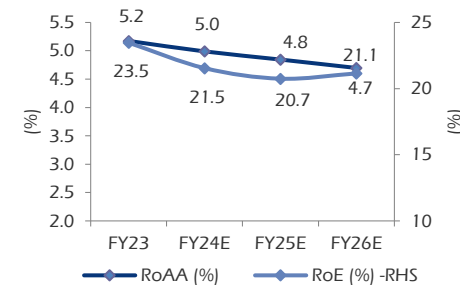
Source: Company, Elara Securities Estimate

Gross and Net NPA (%)



Source: Company, Elara Securities Estimate

Return ratios



Source: Company, Elara Securities Estimate

Exhibit 1: BAF Q3FY24 Earnings summary

(INR mn)	3QFY24	3QFY23	YoY (%/bps)	2QFY24	QoQ (%/bps)	
Income from operations	141,611	107,843	31.3	133,783	5.9	
Interest Expenses	48,680	33,505	45.3	45,371	7.3	
Net Interest Income	92,931	74,338	25.0	88,412	5.1	NII stood in line with our estimate of INR 92.3bn, on account of increasing yield
Other Income	49	17	184.3	35	40.1	
Total Income	92,980	74,355	25.0	88,447	5.1	
Total Operating Expenses	31,557	25,826	22.2	30,100	4.8	opex stood in line with our estimate of INR 31bn, increased 5% QoQ on account of higher depreciation and employee expenses
Operating Profit (PPP)	61,422	48,529	26.6	58,347	5.3	PPOP stood inline with our estimate of INR 61.4bn, up 5.3% QoQ largely on account of higher NII
Provisions & Write Offs	12,484	8,412	48.4	10,769	15.9	Provisions stood inline with our estimate of INR 12.1bn, up 16% QoQ on account of higher provisioning under rural B2B business
PBT	48,939	40,117	22.0	47,578	2.9	
Tax Expense	12,566	10,387	21.0	12,070	4.1	
Reported Profit	36,373	29,730	22.3	35,508	2.4	PAT stood inline with our estimate of INR 36.9bn, on account of higher NII'

Balance sheet Details

Total AUM	3,109,680	2,308,420	34.7	2,902,640	7.1	AUM traction continues, on account of higher growth in auto finance and rural B2B business
Consumer lending business	1,055,740	752,310	40.3	976,990	8.1	Consumer lending business grew 8% QoQ largely on account of auto loan growth of 17% QoQ
Rural Lending business	275,920	231,420	19.2	264,140	4.5	Rural lending business grew 5% QoQ led by rural B2B loan growth of 11.5% QoQ
SME Business	413,960	308,800	34.1	386,730	7.0	
Commercial Lending business	398,770	281,050	41.9	365,440	9.1	
Mortgages	965,290	734,840	31.4	909,340	6.2	

Asset Quality and other ratios:

Gross NPAs	29,542	26,316	12.3	26,414	11.8	
Net NPAs	11,506	9,465	21.6	8,998	27.9	
Gross NPA (%)	1.0	1.1	(19)bps	0.9	4bps	GNPA remain steady across all businesses except rural B2C segment
Net NPA (%)	0.4	0.4	(4)bps	0.3	6bps	
Cost to income ratio	33.9	34.7	(79)bps	34.0	(9)bps	Cost to income ratio remains steady on sequential basis at 34%
Credit cost	1.7	1.5	16bps	1.5	12bps	Credit cost increased sequentially on account of higher provision in Rural B2C segment
NIM %	12.4	13.2	(87)bps	12.6	(26)bps	NIM declined 26bps QoQ on account of increasing risk weights and higher cost of funds

Source: Company, Elara Securities Research

Q3FY24 Concall takeaways

- Q3FY24 was a mixed quarter – Good quarter on AUM growth, customer acquisition, portfolio metrics and operating efficiencies. BAF strengthened capital position with a raise of INR 91bn. Dampeners for the quarter were elevated loan losses and the impact of regulatory action. BAF delivered AUM growth of INR 207bn, booked 9.86mn new loans and witnessed the highest-ever new customer addition of 3.85mn in Q3. Bajaj Finserv App now has 49.19mn net users.
- In Q3, B2B disbursements were up 31% at INR 21,686crore as against INR 16,537 crore in Q3FY23.
- BAF estimates new customer addition at 13-14mn in FY24. It is likely to end the fiscal with >83mn customer franchise.
- In Q3, BAF added 158 new locations and 9.5K distribution points. Geographic presence stood at 4,092 locations and over 190K active distribution points, as of 31 December 2023.
- In Q3, opex to net total income improved to 33.9% versus 34.8% in Q3FY23. BAF is working to enhance operating efficiencies by implementing a host of GenAI capabilities and other digital initiatives.
- Annualized attrition, as of 31 December 2023, was 13.8% as against 19.1% as of 31 December 2022.
- BHFL: AUM was up 31% at INR 85,929crore as against INR 65,581crore as of 31 December 2022.
- BFSL added 38K customers to its franchise in Q3. Retail and HNI customer franchise stood at 656K, as of 31 December 2023. BFSL delivered significant upgrades to its Web and App platforms, with the addition of 43 new features in Q3.
- Long-range strategy: 2024-2025 may see cross sell, customer satisfaction, tech and data first to solve all challenges, in turn sustaining growth and robust efficiencies.
- ONDC may go live by June 2024, with synchronized processes by June 2024.
- Instant personal loans were stopped due to KFS norms.
- Co-branded card partnerships and no new regulatory application were witnessed.
- Meaningful drivers: 55% of existing customers are from auto loans and two-wheelers. These add ~30,000 accounts a month in 250 locations.
- The gold loan business is based on the B2C model. BAF leveraged the model to grow in three-digit.

- SME (MSME) saw turnover of up to INR 500mn with an presence in 2,000 cities (small business and professionals). MSME saw significant overlapping into autos, LAP.
- Commercial loans: Built on domain specialization and over time moved to generalist.
- LAP business have a margin of 2.3-2.4x which majorly serves HNI clients with an average client exposure of INR 50mn.
- Credit card sourcing stagnated, impacting fee income. Partners have also contained growth, to reflect prudence. Accidental defaulters are not in the system anymore. Incremental volumes will impact fees.

Strategy

- Good progress was seen in strategic blocks of products, geography, platforms, horizontal functions and subsidiaries.
- BAF launched five new product initiatives, so far in FY24.
- BAF added 139 locations in Uttar Pradesh, Bihar and North-East and created a template to launch all products in all the locations in a sustained manner over LRS period.
- BAF has progressed well in providing similar experience across all its platforms. It also launched Auto Mall in FY24.
- BAF continues to invest in reducing friction and improving resilience and scalability.

Growth trajectory

- Ten new megatrends were seen for LRS 2024-28 with total 25 megatrends in aggregate.
- BAF's ambition is to be amongst top five players in each product line in LRS period. It may continue to invest in new product lines to seize India opportunity and to grow in a sustained manner.
- Geography-wise (4,100 locations), BAF may continue to strive to get all products in all locations in a sustained manner.
- BAF's ambition is to dominate all digital platforms and deliver 25% of business volumes. The strategy is to grow from 5mn to 10mn monthly downloads on the App, originate 1bn organic traffic on the web and deeply invest in marketplaces, social and rewards platforms.
- As regards horizontal functions, BAF's focus is to solve the hardest problems across all functions to reduce friction, scalability and resilience.

- Digital: BAF continues to invest deeply – June 2024 assets may get refreshed, but visible changes may be seen. Ongoing investments are in place (from INR 5mn a month to INR 10mn a month which is all organic).
- Growth: Calibration of risk, margin, and growth was seen. Tailwinds for strong growth are in place, and margins and risks remain headwinds. Monthly disbursements for personal loan industry stood at INR 700bn – BAF disbursed only INR 3-40bn. Thus, significant opportunity exists, with risk management at core. New business lines have gone live with existing lines also robust.
- The MFI segment is a new category and may gradually grow from here. BAF is targeting 100 villages till Mar-24 and 200 villages till Sep-24.

Spread analysis

- The cost of funds is inching up slowly but diversified franchise is helping.
- Deposits book grew by 35% YoY and stood at INR 580bn, as of 31 December 2023. In Q3, net deposit growth was INR 32bn. Deposits contributed to 22% of consolidated borrowings, as of 31 December 2023.
- NIM compression in Q3 over Q2 was 11bps. Given the increase in risk weights and higher incremental cost of funds (rose 9bps), BAF increased rates across all portfolios by 20-30bps.
- Yields have increased 25bps across products. BAF has been selective in portfolio and pricing.

Asset quality

- In Q3, loan losses and provisions were INR 13bn due to rural B2B, wherein AUM slowed down two quarters in a row. Urban B2C business is in a transient phase. Loan losses for rural B2C business continued to be elevated. AUM growth of rural B2C (excluding gold loan) has been brought down from 26% in March 2023 to 10% in December 2023. Urban B2C loan losses were higher in Q3 due to lower collection efficiencies. Overall, urban B2C portfolio was in good health.
- Expect credit costs to hold at 1.79% (pre COVID 1.8%, FY18-19: 1.6%); thus straddling between 1.6-1.8%.
- BAF's GNPA is lowest in the industry.
- Risk metrics across all businesses were stable, except rural B2C business. BAF continued to be watchful on risk actions in rural B2C business.
- Urban B2C: Rural B2C numbers are dropping (but not so in urban B2C).

- BAF may maintain credit cost of 175-185bps. Changes have been made to provision policy; customer-level GNPA which not includes management overlays, Management overlay may get adjusted eventually.
- Despite regulatory changes, across portfolios, numbers are still lower. Bounce rates are lower than pre COVID and flow rates are tad higher.

Other highlights

- Capital adequacy was strong at 23.87%, as of 31 December 2023. Tier-1 capital was 22.80%. On 16 November 2023, the RBI increased risk weights on consumer credit exposure from 100% to 125%, which had an impact of 290bps on BAF's CRAR. Adjusted for this change, CRAR would have been 26.77%.
- In compliance with the executive order, BAF temporarily suspended sanction and disbursement of new 'eCOM' loans and loans on 'Insta EMI Card', effective November 16, 2023. Further, as part of its commitment to highest standards of customer service, BAF also temporarily suspended sourcing and issuance of EMI cards to new customers and levy of annual renewal fees on existing EMI cards.
- RBI embargo: BAF scanned the entire framework. Two areas need focus – digital signature and vernacular (getting completed; may file for compliance soon given the complexity). Initial submissions are done and final submission may happen soon (KFS for all products).
- 86% is a retail finance company.
- Credit card partnership extension: One year renewal was granted and certain deficiencies were highlighted. BAF is engaging with partner and the RBI. It may file for renewal application with RBL. As regards partnership with DBS, BAF may proactively do the same.

Q3FY24 PPT highlights

- New loans booked rose 26% YoY to INR 9.9mn in Q3FY24 as against INR 7.8mn in Q3FY23.
- In Q3, BAF added the highest-ever new customers at 3.85mn to the franchise. It estimates new customer addition at 13-14mn in FY24.
- Customer franchise stood at 80.41mn, as of 31 December 2023. Cross sell franchise stood at 49.28mn. BAF is likely to end the fiscal with over 83mn customer franchise.
- In Q3, BAF added 158 new locations and 9.5K distribution points. Geographic presence stood at

- 4,092 locations and >190K active distribution points, as of 31 December 2023.
- Deposits contributed to 22% of consolidated borrowings, as of 31 December 2023.
 - NIM compression in Q3 over Q2 was 11bps. Given the increase in risk weights and higher incremental cost of funds, BAF has increased rates across all portfolios by 20-30bps.
 - In Q3, opex to net total income improved to 33.9% versus 34.8% in Q3FY23. BAF is working to enhance operating efficiencies by implementing a host of GenAI capabilities and other digital initiatives
 - Employee headcount stood at 54,281 (BFL, BHFL and BFSL), as of 31 December 2023. BAF added 3,181 employees in Q3. Annualized attrition, as of 31 December 2023, was 13.8% as against 19.1% as of 31 December 2022.
 - In Q3, loan losses and provisions were INR 1,248crore. Loan losses for Rural B2C business continued to be elevated. AUM growth of Rural B2C (excluding gold loan) has been brought down from 26% in March 2023 to 10% in December 2023. Urban B2C loan losses were higher in Q3 due to lower collection efficiencies. Overall, urban B2C portfolio is in good health.
 - Annualized loan loss to average AUF, excluding management overlay, was 1.79% in 9MFY24. We estimate FY24 loan loss to average AUF to hold at this level.
 - BAF holds a management and macro-economic overlay provision of INR 590crore, as of 31 December 2023. It released INR 150crore from the overlay in Q3.
 - Risk metrics across all businesses were stable except rural B2C business. BAF continued to be watchful on risk actions in Rural B2C business.
 - While NIM continued to soften gradually on account of lagged effect of cost of funds increase, in Q3, elevated loan losses and impact of regulatory action led to profit growth being lower by ~5-6%.
 - Capital adequacy was strong at 23.87%, as of 31 December 2023. Tier-1 capital was 22.80%. On 16 November 2023, the RBI increased risk weights on consumer credit exposure from 100% to 125%, which had an impact of 290bps on BAF's CRAR. Adjusted for this change, CRAR would have been 26.77%.
 - On 19 January 2024, BAF acquired 26.53% equity stake on a fully diluted basis of Pennant Technologies Private for an aggregate amount of INR 267.47crore.
 - BHFL: Home loans AUM grew by 21%. Loan against property grew by 15%. Lease rental discounting grew by 70%. Developer finance grew by 74% and Rural mortgages grew by 19%. Portfolio composition for HL: LAP: LRD: DF: Rural: Others stood at 56%: 9%: 19%: 10%: 4%: 2% as of 31 December 2023.
 - BHFL: In Q3, loan losses and provisions were INR 1crore as against INR 30crore in Q3FY23. BHFL holds a management and macroeconomic overlay provision of INR 150crore as of 31 December 2023. GNPA and NNPA stood at 0.25% and 0.10%, as of 31 December 2023 as against 0.23% and 0.10% as of 31 December 2022.
 - BFSL added 38K customers to its franchise in Q3. Retail and HNI customer franchise stood at 656K, as of 31 December 2023. Margin Trading Finance AUM grew by 193% to INR 3,167crore as of 31 December 2023 as against INR 1,080 crore as of 31 December 2022. BFSL delivered significant upgrades to its Web and App platforms, with addition of 43 new features in Q3.
 - Payments: EMI Card franchise stood at 42.2mn cards in force (CIF), as of 31 December 2023. Co-branded credit card CIF stood at 3.98mn, as of 31 December 2023. Digital app platform has 49.19mn net users, as of 31 December 2023.
 - Update on regulatory matter: RBI vide order dated 15 November 2023, under Section 45L(1)(b) of RBI Act, 1934, directed BAF to stop sanction and disbursal of loans under its two lending products namely, 'eCOM' and 'Insta EMI Card', with immediate effect on account of certain deficiencies seen in implementation of the extant provisions of Digital Lending Guidelines of Reserve Bank of India, particularly non issuance of key fact statements to the borrowers under these two lending products and the deficiencies in the key fact statements issued in respect of other digital loans sanctioned by the company. Further, RBI advised that these supervisory restrictions may be reviewed upon the rectification of the said deficiencies to the satisfaction of RBI.
 - Complying to the executive order, BAF temporarily suspended sanction and disbursal of new 'eCOM' loans and loans on 'Insta EMI Card', effective 16 November 2023. Further, as part of its commitment to the highest standards of customer service, BAF temporarily suspended sourcing and issuance of EMI cards to new customers and levy of annual renewal fees on existing EMI cards.
 - BAF has since conducted a comprehensive review of guidelines on Digital Lending and KFS and is implementing requisite corrective actions. The

company will ensure full compliance of the executive order to the satisfaction of RBI at the earliest.

- Update on Strategy LRS 2023-27: 1. Good progress was seen across strategic blocks of Products, Geography, Platforms, Horizontal functions and Subsidiaries. 2. Product-wise, BAF launched five new initiatives so far in FY24. 3. Geography-wise, BAF added 139 locations in Uttar Pradesh, Bihar and North-East and created a template to launch all products in all locations in a sustained manner over LRS period. 4. Platform-wise, BAF progressed well in providing similar experience across all its platforms. It also launched Auto Mall in FY24. 5. In horizontal functions, BAF continues to invest in reducing friction and improving resilience and scalability.
- Industry: India's total credit market is forecasted to grow from INR 166lakh crore to INR 268lakh crore, at an average growth rate of 12.7%. Retail credit is forecasted to grow at an average growth rate of 15% and commercial credit at 6.8%.
- India's household debt mix is forecasted to remain steady. Leaving aside Agri (16%), BFL will offer a full product suite for customers by FY25.
- Framework of strategic construct remains same as outlined in Q3FY23: 1. In products, the ambition is to be amongst top-five5 players in each product line in LRS period. BFL may continue to invest in new product lines to seize India opportunity and to grow in a sustained manner. BFL has planned nine new product initiatives in the LRS period. 2. Geography-wise, BFL may continue to strive to get all products in all locations in a sustained manner. 3. Platform-wise, the ambition is to dominate all digital platforms and deliver 25% of business volumes. The strategy is to grow from 5mn to 10mn monthly downloads on the app, originate 1bn organic traffic on the web and deeply invest in marketplaces, social and rewards platforms. 4. In horizontal functions, the focus is on solving the hardest problems across all functions to reduce friction, scalability and resilience. 5. In subsidiaries, the ambition is to dominate in respective industries and contribute 12-15% of retail mortgages and 50-60% of broking accounts by BFL.

BAF: Senior management – Key changes

Rajeev Jain to continue as MD: Anup Saha – Executive Director will be re-designated as Deputy Managing Director.

BAF is very excited about its long-term growth prospects. It remains committed to continuous transformation, shareholder value creation, good customer service and fostering a supportive and dynamic work environment.

In order to prepare BAF to achieve its long-term growth objectives, the Board of Directors, at its meeting held today have approved the following Executive Director/senior management portfolio changes:

- **Anup Saha** – Executive Director will be re-designated as Deputy Managing Director, subject to approval of shareholders. He is an outstanding leader and this advancement reflects his exceptional contributions. BAF is confident of his leadership abilities as it embarks on new challenges and opportunities. In his new role, he will continue to oversee all businesses of BAF (excluding loan against securities and commercial lending). He will also have expanded functional responsibilities for which he will be assisted by three new Chief Operating Officers. In his new role, he will continue to report to Managing Director.
- Appointment of three Chief Operating Officers:
 - a. **Deepak Bagati** - President Debt Management Services is being promoted to Chief Operating Officer. In his new role, he will continue to oversee Debt Management Services. Henceforth, he will also have expanded leadership responsibility for Operations, Service and Public Relations. In his new role, he will report to Anup Saha.
 - b. **Sandeep Jain** - Chief Financial Officer is being promoted to Chief Operating Officer and Chief Financial Officer. In his new role, he will continue to oversee Finance, FP&A, Treasury and Investor Relations. Henceforth, he will also have expanded leadership responsibility for Human Resources, Administration and Legal. In his new role, he will report to Anup Saha.
 - c. **Anurag Chottani** - Chief Information Officer is being promoted to Chief Operating Officer. In his new role, he will continue to oversee Technology and Corporate Strategy. Henceforth, he will also have expanded leadership responsibility for Marketing and Digital Platforms. In his new role, he will report to Anup Saha.
- **Rajeev Jain** – Managing Director, BFL will continue to be actively involved in shaping the strategy of the various businesses of the company and its subsidiaries. He will also actively engage with CEOs of the wholly-owned subsidiaries of the company to achieve short-term and long-term objectives of the company and its subsidiaries. In addition to Deputy Managing Director, Commercial lines of business (loan against securities and commercial lending), Risk, Compliance, Internal Audit and Chief Information Security Officer will continue to report to Managing Director.

- **Rakesh Bhatt** - Executive Director has decided to pursue new career pursuits outside the company and has thus resigned from the services. He has been an outstanding leader and helped the company achieve significant milestones during his long 15-year tenure. He played a pivotal role in shaping strategic direction, nurturing culture and driving innovation. He will remain with the company till 30 June 2024. After 30 June 2024, he will remain as an advisor to the company and will work with Managing Director.
- These announcements are effective from 1 April 2024, subject to necessary approvals.

Exhibit 2: Core business trends strong, growing 7% QoQ and 35% YoY

AUM (INR mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Consumer B2B -Auto Finance business	106,200	101,940	99,620	101,600	117,860	129,790	147,360	165,480	193,840
YoY growth (%)	(16.4)	(15.8)	(12.2)	(5.4)	11.0	27.3	47.9	62.9	64.5
QoQ growth (%)	(1.1)	(4.0)	(2.3)	2.0	16.0	10.1	13.5	12.3	17.1
AUM mix (%)	5.9	5.2	4.9	4.7	5.1	5.2	5.5	5.7	6.2
Consumer B2B - Sales Finance businesses	149,200	149,770	164,750	162,590	167,120	176,270	223,210	229,730	244,850
YoY growth (%)	46.5	29.9	47.4	29.5	12.0	17.7	35.5	41.3	46.5
QoQ growth (%)	18.8	0.4	10.0	(1.3)	2.8	5.5	26.6	2.9	6.6
AUM mix (%)	8.2	7.6	8.1	7.4	7.2	7.1	8.3	7.9	7.9
Consumer B2C businesses	363,440	387,720	412,070	440,720	467,330	501,080	548,450	581,780	617,050
YoY growth (%)	25.1	27.3	31.2	30.9	28.6	29.2	33.1	32.0	32.0
QoQ growth (%)	7.9	6.7	6.3	7.0	6.0	7.2	9.5	6.1	6.1
AUM mix (%)	20.1	19.6	20.2	20.2	20.2	20.3	20.3	20.0	19.8
Rural B2B business	39,930	41,290	45,640	43,290	46,840	48,030	55,670	55,340	61,660
YoY growth (%)	63.8	43.2	56.6	32.9	17.3	16.3	22.0	27.8	31.6
QoQ growth (%)	22.6	3.4	10.5	(5.1)	8.2	2.5	15.9	(0.6)	11.4
AUM mix (%)	2.2	2.1	2.2	2.0	2.0	1.9	2.1	1.9	2.0
Rural B2C business	143,110	153,010	167,400	179,080	184,580	194,570	202,720	208,800	214,260
YoY growth (%)	30.6	29.4	33.5	33.9	29.0	27.2	21.1	16.6	16.1
QoQ growth (%)	7.0	6.9	9.4	7.0	3.1	5.4	4.2	3.0	2.6
AUM mix (%)	7.9	7.7	8.2	8.2	8.0	7.9	7.5	7.2	6.9
SME business	231,530	249,790	265,640	288,810	308,800	337,650	349,640	386,730	413,960
YoY growth (%)	22.6	23.6	30.6	32.1	33.4	35.2	31.6	33.9	34.1
QoQ growth (%)	5.9	7.9	6.3	8.7	6.9	9.3	3.6	10.6	7.0
AUM mix (%)	12.8	12.7	13.0	13.2	13.4	13.6	12.9	13.3	13.3
Securities Lending business	91,270	105,360	108,010	121,820	132,570	150,930	162,380	169,860	192,050
YoY growth (%)	79.9	78.9	71.7	67.0	45.3	43.3	50.3	39.4	44.9
QoQ growth (%)	25.1	15.4	2.5	12.8	8.8	13.8	7.6	4.6	13.1
AUM mix (%)	5.0	5.3	5.3	5.6	5.7	6.1	6.0	5.9	6.2
Commercial Lending business	104,780	114,980	120,400	133,780	148,480	158,340	180,640	195,580	206,720
YoY growth (%)	39.5	38.6	33.6	36.5	41.7	37.7	50.0	46.2	39.2
QoQ growth (%)	6.9	9.7	4.7	11.1	11.0	6.6	14.1	8.3	5.7
AUM mix (%)	5.8	5.8	5.9	6.1	6.4	6.4	6.7	6.7	6.6
Mortgages	583,040	617,010	656,650	710,920	734,840	777,130	830,900	909,340	965,290
YoY growth (%)	24.7	24.4	28.5	31.2	26.0	26.0	26.5	27.9	31.4
QoQ growth (%)	7.6	5.8	6.4	8.3	3.4	5.8	6.9	9.4	6.2
AUM mix (%)	32.2	31.2	32.2	32.6	31.8	31.4	30.8	31.3	31.0
IPO Financing	-	53,650	-	1,050	-	-	-	-	-
Overall AUMs	1,812,500	1,974,520	2,040,180	2,183,660	2,308,420	2,473,790	2,700,970	2,902,640	3,109,680
YoY growth (%)	26.3	29.1	28.3	30.8	27.4	25.3	32.4	32.9	34.7
QoQ growth (%)	8.6	8.9	3.3	7.0	5.7	7.2	9.2	7.5	7.1

Source: Company, Elara Securities Research

Exhibit 3: Consumer lending AUM mix increased by 30bps QoQ to 34%

AUM mix (%)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Total Consumer lending business	34.1	32.4	33.2	32.3	32.6	32.6	34.0	33.7	34.0
Consumer B2B -Auto Finance business	5.9	5.2	4.9	4.7	5.1	5.2	5.5	5.7	6.2
Consumer B2B - Sales Finance businesses	8.2	7.6	8.1	7.4	7.2	7.1	8.3	7.9	7.9
Consumer B2C businesses	20.1	19.6	20.2	20.2	20.2	20.3	20.3	20.0	19.8
Total Rural Lending business	10.1	9.8	10.4	10.2	10.0	9.8	9.6	9.1	8.9
Rural B2B business	2.2	2.1	2.2	2.0	2.0	1.9	2.1	1.9	2.0
Rural B2C business	7.9	7.7	8.2	8.2	8.0	7.9	7.5	7.2	6.9
SME business	12.8	12.7	13.0	13.2	13.4	13.6	12.9	13.3	13.3
Total Commercial Lending business	10.8	11.2	11.2	11.7	12.2	12.5	12.7	12.6	12.8
Securities Lending business	5.0	5.3	5.3	5.6	5.7	6.1	6.0	5.9	6.2
Commercial Lending business	5.8	5.8	5.9	6.1	6.4	6.4	6.7	6.7	6.6
Mortgages	32.2	31.2	32.2	32.6	31.8	31.4	30.8	31.3	31.0
IPO Financing	0.0	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total AUM mix	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

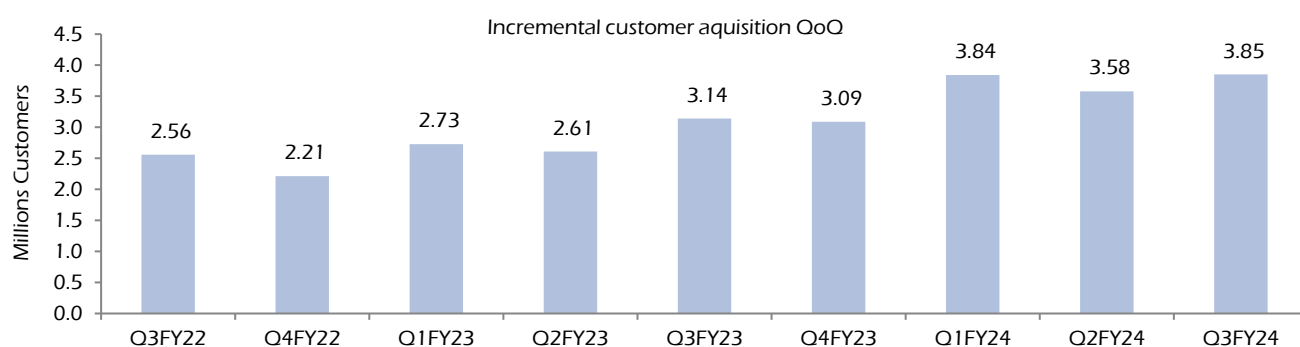
Source: Company, Elara Securities Research

Exhibit 4: Formidable customer franchise

Key data metrics	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Total customer franchise (units mn)	55.36	57.57	60.30	62.91	66.05	69.14	72.98	76.56	80.41
YoY gr. (%)	19.5	18.5	19.5	19.1	19.3	20.1	21.0	21.7	21.7
QoQ gr. (%)	4.8	4.0	4.7	4.3	5.0	4.7	5.6	4.9	5.0
Total cross sell franchise (units mn)	31.26	32.77	34.66	36.39	38.58	40.56	44.27	46.67	49.28
YoY gr. (%)	23.8	21.9	26.4	23.9	23.4	23.8	27.7	28.2	27.7
QoQ gr. (%)	6.4	4.8	5.8	5.0	6.0	5.1	9.1	5.4	5.6
New to BAF customers (Nos)	2,560,000	2,210,000	2,730,000	2,300,000	3,140,000	3,430,000	3,840,000	3,580,000	3,850,000
YoY gr. (%)	16.8	(2.2)	45.2	(2.1)	22.7	55.2	40.7	55.7	22.6
QoQ gr. (%)	8.9	(13.7)	23.5	(15.8)	36.5	9.2	12.0	(6.8)	7.5
Credit card - CIF	2,590,000	2,750,000	2,960,000	3,150,000	3,290,000	3,460,000	3,670,000	3,820,000	3,980,000
YoY gr. (%)	36.3	34.1	39.0	43.8	27.0	25.8	24.0	21.3	21.0
QoQ gr. (%)	18.3	6.2	7.6	6.4	4.4	5.2	6.1	4.1	4.2
EMI Card - CIF in mn	27.5	30	32.8	34.4	35.9	42	41.6	41.9	42.2
YoY gr. (%)	17.0	26.2	36.1	33.9	30.5	40.0	26.8	21.8	17.5
QoQ gr. (%)	7.0	9.1	9.3	4.9	4.4	17.0	(1.0)	0.7	0.7
Wallets	21.8	22.07	22.3	26.6	31.5	35.5	40.2	44.68	49.19
YoY gr. (%)	19.1	11.5	6.7	24.9	44.5	60.9	80.3	68.0	56.2
QoQ gr. (%)	2.3	1.2	1.0	19.3	18.4	12.7	13.2	11.1	10.1

Source: Company, Elara Securities Research

Exhibit 5: Incremental customer acquisition of 3.85mn in Q3FY24



Source: Company, Elara Securities Research

Exhibit 6: Diversified liability mix higher share from banks, NCDs, and FDs

Liability profile	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Overall borrowings (INR mn)	1,540,410	1,652,320	1,720,970	1,832,730	2,013,180	1,616,850	1,766,020	1,920,090	2,001,700
YoY gr. (%)	24.1	25.5	29.1	26.4	30.7	(2.1)	2.6	4.8	(0.6)
QoQ gr. (%)	6.2	7.3	4.2	6.5	9.8	(19.7)	9.2	8.7	4.3
Borrowings mix (%)									
Deposits	20.0	19.0	20.0	22.0	21.0	21.0	21.0	21.0	22.0
Bank loans (including CC/OD/WCDL)	29.0	28.0	31.0	31.0	31.0	33.0	31.0	32.0	33.0
NCD	38.0	40.0	35.0	35.0	35.0	34.0	36.0	33.0	33.0
Subordinate debt	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Short term borrowings	11.0	11.0	12.0	7.0	10.0	9.0	9.0	12.0	11.0
CBLO/ECB	-	-	-	3.0	1.0	1.0	1.0	1.0	-

Source: Company, Elara Securities Research

Exhibit 7: Key profitability metrics strong

BAF consolidated (%)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Total opex to net interest income	34.7	34.6	35.9	35.9	34.7	34.1	34.0	34.0	33.9
YoY increase in bps	240	(70)	530	(220)	-	(50)	(190)	(190)	(80)
QoQ increase in bps	(340)	(10)	130	-	(120)	(60)	(10)	-	(10)
Loan loss to AUM*	0.6	0.4	1.6	1.4	1.5	1.5	1.6	1.6	1.7
YoY increase in bps	(37)	(49)	(312)	60	91	109	2	13	15
QoQ increase in bps	(20)	(25)	117	(12)	11	(7)	10	(1)	13
Return on average assets	5.1	5.2	5.3	5.4	5.4	5.4	5.4	5.2	4.9
YoY increase in bps	150	160	266	160	30	20	9	(24)	(50)
QoQ increase in bps	130	10	13	7	-	-	2	(26)	(26)
Return on average equity	21.2	22.8	23.1	23.6	24.0	23.9	24.5	24.1	22.0
YoY increase in bps	800	800	1,237	837	278	114	140	53	(203)
QoQ increase in bps	600	160	27	50	41	(4)	53	(37)	(215)

Source: Company, Elara Securities Research

Exhibit 8: Asset quality profile sturdy, with sequential 4bps increase in GNPA

GNPA (INR mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Auto Finance business	13,040	12,380	11,100	8,780	7,480	6,490	5,940	5,280	5,640
YoY gr. (%)	(19.4)	0.9	(54.2)	(54.2)	(42.6)	(47.6)	(46.5)	(39.9)	(24.6)
QoQ gr. (%)	(32.0)	(5.1)	(10.3)	(20.9)	(14.8)	(13.2)	(8.5)	(11.1)	6.8
Sale Finance business	450	4,320	530	880	1,090	690	800	1,370	1,770
YoY gr. (%)	(83.0)	197.9	(60.2)	(3.3)	142.2	(84.0)	50.9	55.7	62.4
QoQ gr. (%)	(50.5)	860.0	(87.7)	66.0	23.9	(36.7)	15.9	71.3	29.2
Consumer B2C business	4,790	3,610	3,350	4,030	5,000	4,630	5,110	6,920	8,030
YoY gr. (%)	(51.2)	(27.8)	(62.6)	(43.2)	4.4	28.3	52.5	71.7	60.6
QoQ gr. (%)	(32.4)	(24.6)	(7.2)	20.3	24.1	(7.4)	10.4	35.4	16.0
Rural B2B business	100	70	100	240	290	190	200	340	430
YoY gr. (%)	(80.8)	(78.8)	(75.0)	(33.3)	190.0	171.4	100.0	41.7	48.3
QoQ gr. (%)	(72.2)	(30.0)	42.9	140.0	20.8	(34.5)	5.3	70.0	26.5
Rural B2C business	3,760	1,870	1,740	2,270	2,540	1,910	1,960	2,680	2,880
YoY gr. (%)	(9.6)	(7.0)	(53.2)	(47.1)	(32.4)	2.1	12.6	18.1	13.4
QoQ gr. (%)	(12.4)	(50.3)	(7.0)	30.5	11.9	(24.8)	2.6	36.7	7.5
SME business	3,290	3,640	3,590	4,270	4,840	4,260	4,290	4,980	5,550
YoY gr. (%)	(27.2)	78.4	(20.6)	12.7	47.1	17.0	19.5	16.6	14.7
QoQ gr. (%)	(13.2)	10.6	(1.4)	18.9	13.3	(12.0)	0.7	16.1	11.4
Securities Lending business	50	20	20	20	20	30	20	40	20
YoY gr. (%)	-	-	-	-	(60.0)	50.0	-	100.0	-
QoQ gr. (%)	150.0	(60.0)	-	-	-	50.0	(33.3)	100.0	(50.0)
Commercial Lending business	440	440	360	360	360	420	420	520	620
YoY gr. (%)	-	-	-	(18.2)	(18.2)	(4.5)	16.7	44.4	72.2
QoQ gr. (%)	-	-	(18.2)	-	-	16.7	-	23.8	19.2
Mortgages	5,160	4,980	4,600	4,450	4,480	4,510	4,740	4,320	4,690
YoY gr. (%)	25.9	18.3	10.0	(9.9)	(13.2)	(9.4)	3.0	(2.9)	4.7
QoQ gr. (%)	4.5	(3.5)	(7.6)	(3.3)	0.7	0.7	5.1	(8.9)	8.6
Overall GNPA	31,080	31,330	25,390	25,300	26,100	23,130	23,480	26,450	29,630
YoY gr. (%)	(25.9)	14.7	(46.4)	(38.3)	(16.0)	(26.2)	(7.5)	4.5	13.5
QoQ gr. (%)	(24.3)	0.8	(19.0)	(0.4)	3.2	(11.4)	1.5	12.6	12.0

Source: Company, Elara Securities Research

Exhibit 9: NPA trends across key business segments

GNPA (%)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Auto Finance business	11.0	11.0	10.2	8.0	6.0	4.8	3.9	3.1	2.8
YoY increase in bps	(50.0)	170.0	(900.0)	(799.0)	(505.0)	(622.0)	(627.0)	(492.0)	(316.0)
QoQ increase in bps	(496.0)	(3.0)	(86.0)	(214.0)	(202.0)	(120.0)	(91.0)	(79.0)	(26.0)
Sale Finance business	0.3	2.8	0.3	0.5	0.6	0.4	0.4	0.6	0.7
YoY increase in bps	(161.0)	170.0	(73.0)	(11.0)	34.0	(242.0)	3.0	6.0	7.0
QoQ increase in bps	(34.0)	251.0	(249.0)	21.0	11.0	(25.0)	(4.0)	24.0	12.0
Consumer B2C business	1.3	1.0	0.8	0.9	1.1	0.9	0.9	1.2	1.3
YoY increase in bps	(201.0)	(75.0)	(201.0)	(118.0)	(25.0)	(2.0)	11.0	26.0	22.0
QoQ increase in bps	(78.0)	(38.0)	(12.0)	10.0	15.0	(15.0)	1.0	25.0	11.0
Rural B2B business	0.2	0.2	0.2	0.5	0.6	0.4	0.4	0.6	0.7
YoY increase in bps	(184.0)	(94.0)	(114.0)	(55.0)	37.0	22.0	15.0	6.0	8.0
QoQ increase in bps	(85.0)	(8.0)	5.0	33.0	7.0	(23.0)	(2.0)	24.0	9.0
Rural B2C business	2.6	1.2	1.0	1.2	1.3	1.0	0.9	1.3	1.3
YoY increase in bps	(109.0)	(46.0)	(184.0)	(186.0)	(121.0)	(24.0)	(7.0)	2.0	(3.0)
QoQ increase in bps	(54.0)	(136.0)	(18.0)	22.0	11.0	(39.0)	(1.0)	31.0	6.0
SME business	1.4	1.4	1.3	1.5	1.5	1.2	1.2	1.3	1.3
YoY increase in bps	(94.0)	49.0	(82.0)	(24.0)	15.0	(19.0)	(13.0)	(19.0)	(23.0)
QoQ increase in bps	(30.0)	4.0	(10.0)	12.0	9.0	(30.0)	(4.0)	6.0	5.0
Securities Lending business	0.06	0.01	0.02	0.02	0.01	0.02	0.01	0.02	0.01
YoY increase in bps	6.0	1.0	2.0	-	(5.0)	1.0	(1.0)	-	-
QoQ increase in bps	4.0	(5.0)	1.0	-	(1.0)	1.0	(1.0)	1.0	(1.0)
Commercial Lending business	0.4	0.4	0.3	0.3	0.2	0.3	0.2	0.3	0.3
YoY increase in bps	40.0	38.0	29.0	(18.0)	(18.0)	(12.0)	(6.0)	-	6.0
QoQ increase in bps	(3.0)	(4.0)	(9.0)	(2.0)	(3.0)	2.0	(3.0)	4.0	3.0
Mortgages	1.0	0.9	0.7	0.7	0.6	0.6	0.6	0.5	0.5
YoY increase in bps	-	(6.0)	(14.0)	(32.0)	(31.0)	(26.0)	(15.0)	(16.0)	(14.0)
QoQ increase in bps	(2.0)	(9.0)	(12.0)	(9.0)	(1.0)	(4.0)	(1.0)	(10.0)	1.0
Overall GNPA	1.7	1.6	1.3	1.2	1.1	0.9	0.9	0.9	1.0
YoY increase in bps	(113.0)	(19.0)	(171.0)	(128.0)	(59.0)	(66.0)	(38.0)	(26.0)	(19.0)
QoQ increase in bps	(72.0)	(13.0)	(35.0)	(8.0)	(3.0)	(20.0)	(7.0)	4.0	4.0

Source: Company, Elara Securities Research

Exhibit 10: BHFL – Performance metrics

BHFL: Key metrics/ratio analysis	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
NII (INR mn)	4,290	4,520	5,940	5,900	6,380	6,310	7,020	7,610	6,450
YoY gr. (%)	9.4	22.5	77.3	49.0	48.7	39.6	18.2	29.0	1.1
QoQ gr. (%)	8.3	5.4	31.4	(0.7)	8.1	(1.1)	11.3	8.4	(15.2)
PAT (INR mn)	1,850	1,980	3,160	3,060	3,340	3,020	4,620	4,510	4,370
YoY gr. (%)	(7.0)	10.6	96.3	84.3	80.5	52.5	46.2	47.4	30.8
QoQ gr. (%)	11.4	7.0	59.6	(3.2)	9.2	(9.6)	53.0	(2.4)	(3.1)
Total opex to net interest income	28.7	32.5	26.8	24.7	24.5	26.5	24.1	22.1	23.2
YoY increase in bps	230.0	590.0	(40.0)	(310.0)	(420.0)	(600.0)	(10.1)	(10.5)	(5.3)
QoQ increase in bps	90.0	380.0	(570.0)	(210.0)	(20.0)	200.0	(9.1)	(8.3)	5.0
Loan loss to AUM	0.14	0.08	0.06	0.23	0.21	0.38	0.04	10.00	0.01
YoY increase in bps	(22.0)	(1.0)	(24.0)	7.0	7.0	30.0	(33.3)	4,247.8	(95.2)
QoQ increase in bps	(2.0)	(6.0)	(2.0)	17.0	(2.0)	17.0	(89.5)	24,900.0	(99.9)
RoA	0.4	0.4	2.62	2.33	2.37	2.01	2.88	2.63	2.43
YoY increase in bps	10.0	(20.0)	76.0	193.0	197.0	161.0	9.9	12.9	2.5
QoQ increase in bps	-	-	222.0	(29.0)	4.0	(36.0)	43.3	(8.7)	(7.6)
RoE	2.9	3.0	15.51	12.60	13.32	11.67	17.21	16.12	15.02
YoY increase in bps	120.0	-	500.0	1,000.0	1,042.0	867.0	11.0	27.9	12.8
QoQ increase in bps	30.0	10.0	1,251.0	(291.0)	72.0	(165.0)	47.5	(6.3)	(6.8)

Source: Company, Elara Securities Research

Exhibit 11: BHFL – Stage 3 assets stable

BHFL asset quality	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Gross Stage 1 & 2 assets	437,600	468,030	503,700	552,860	583,460	625,020	667,120	667,120	667,120
YoY gr. (%)	39.6	37.7	38.5	38.6	33.3	33.5	32.4	20.7	14.3
QoQ gr. (%)	9.7	7.0	7.6	9.8	5.5	7.1	6.7	-	-
Gross Stage 1 & 2 assets % AUM	99.7	99.7	99.7	99.8	99.8	99.8	99.8	99.7	99.7
YoY increase in bps	(5.0)	4.0	1.5	11.4	11.9	9.1	0.0	(0.0)	(0.0)
QoQ increase in bps	-	4.0	4.5	2.9	0.6	1.2	(0.0)	(0.0)	-
Gross Stage 3 assets	1523.0	1464.0	1340.0	1310.0	1350.0	1370.0	1520.0	1710.0	1710.0
YoY gr. (%)	38.2	22.9	30.7	(7.7)	(11.4)	(6.4)	13.4	30.5	26.7
QoQ gr. (%)	7.3	(3.9)	(8.5)	(2.2)	3.1	1.5	10.9	12.5	-
Gross Stage 3 assets % AUM	0.35	0.31	0.27	0.24	0.23	0.22	0.23	0.26	0.26
YoY increase in bps	6.0	(4.0)	(1.5)	(11.4)	(11.9)	(9.1)	(14.3)	8.2	10.8
QoQ increase in bps	-	(4.0)	(4.5)	(2.9)	(0.6)	(1.2)	3.9	12.5	-
Coverage Ratio % Stage 3 assets	49.0	54.0	58.2	54.2	54.6	63.6	65.9	60.8	60.8
YoY increase in bps	1,100	1,600	2,220	1,420	560	960	13	12	11
QoQ increase in bps	900	500	420	(400)	40	900	4	(8)	-
ECL/Total Assets	0.99	1.00	0.92	0.86	0.84	0.78	0.73	0.73	0.73
YoY increase in bps	(7.0)	(4.0)	(4.9)	(9.7)	(15.2)	(21.8)	(20.4)	(15.1)	(12.6)
QoQ increase in bps	3.0	1.0	(7.9)	(5.8)	(2.5)	(5.6)	(6.3)	(0.0)	-

Source: Company, Elara Securities Research

Exhibit 12: CIF growth trend continues

Particulars	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Credit card - CIF	2,590,000	2,750,000	2,960,000	3,150,000	3,290,000	3,460,000	3,670,000	3,820,000	3,980,000
QoQ gr. (%)	18.3	6.2	7.6	6.4	4.4	5.2	6.1	4.1	4.2
EMI card - CIF in mn	28	30	33	34	36	42	42	42	42
QoQ gr. (%)	7.0	9.1	9.3	4.9	4.4	17.0	(1.0)	0.7	0.7

Source: Company, Elara Securities Research

Exhibit 13: Deposits, as a percentage of total, stable

(%)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Deposits as a percentage of total borrowings	20.0	19.0	20.0	22.0	21.0	21.0	21.0	21.0	22.0

Source: Company, Elara Securities Research

Exhibit 14: Physical branch expansion expected ahead

Particulars (No's/%)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Urban branches	1,368	1,368	1,368	1,372	1,392	1,392	1,422	1,469	1,538
Rural branches	2,055	2,136	2,218	2,313	2,322	2,341	2,406	2,465	2,554
Urban branches as percentage of total branches	40.0	39.0	38.1	37.2	37.5	37.3	37.1	37.3	37.6
Rural branches as percentage of total branches	60.0	61.0	61.9	62.8	62.5	62.7	62.9	62.7	62.4

Source: Company, Elara Securities Research

Exhibit 15: Total customer franchise increased to a new high of 80.41mn

(mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Total customer franchise	55.36	57.57	60.3	62.91	66.05	69.14	72.98	76.56	80.41
Non-delinquent customers	37.23	38.60	40.31	41.88	43.86	45.87	48.91	51.31	54.08

Source: Company, Elara Securities Research

Exhibit 16: Strong momentum in new customer accretion

(Units)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
New to BAF customers	2,560,000	2,210,000	2,730,000	2,300,000	3,140,000	3,430,000	3,840,000	3,580,000	3,850,000

Source: Company, Elara Securities Research

Exhibit 17: Calculated cost of funds spiked up by 8bps QoQ to 9.93%

Particulars	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Cost of funds(%)	6.8	6.4	6.1	6.7	7.0	7.9	9.3	9.8	9.9
Operating leverage(x)	4.8	4.9	4.8	4.9	5.0	5.1	5.2	5.4	4.7

Source: Company, Elara Securities Research

Exhibit 18: Stage 1 and 2 across business segments

Credit quality- portfolio composition (%)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Consumer Durable									
Bucket 0	99.7	97.9	99.7	99.6	99.6	99.6	99.6	99.5	99.5
30+	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4
2W & 3W									
Bucket 0	82.9	85.2	86.0	89.3	91.7	93.3	94.30	94.71	94.71
30+	11.0	8.7	8.4	6.3	5.2	4.2	3.71	3.69	3.69
Digital Products									
Bucket 0	99.7	99.7	99.5	99.5	99.6	99.5	99.46	99.41	99.41
30+	0.2	0.3	0.5	0.4	0.3	0.4	0.46	0.46	0.46
Urban B2C									
Bucket 0	98.2	98.5	98.6	98.8	98.7	98.8	98.72	98.74	98.74
30+	1.4	1.3	1.2	1.0	1.0	1.0	1.04	0.95	0.95
Business & professional									
Bucket 0	98.7	98.9	99.0	99.1	99.1	99.3	99.25	99.26	99.26
30+	0.9	0.7	0.6	0.6	0.4	0.4	0.43	0.39	0.39
Loan against property									
Bucket 0	97.9	98.6	98.4	98.6	98.8	98.8	98.90	99.09	99.09
30+	1.3	0.8	1.0	0.9	0.7	0.7	0.69	0.57	0.57
Home loans									
Bucket 0	99.1	99.5	99.4	99.4	99.5	99.6	99.44	99.47	99.47
30+	0.6	0.3	0.4	0.4	0.3	0.3	0.40	0.37	0.37
Rural lending B2B									
Bucket 0	99.8	99.8	99.7	99.6	99.7	99.6	99.65	99.60	99.60
30+	0.1	0.2	0.2	0.3	0.2	0.3	0.28	0.27	0.27
Rural lending B2C									
Bucket 0	95.8	97.8	98.1	97.9	98.0	98.1	98.01	98.22	98.22
30+	2.7	1.8	1.7	1.7	1.6	1.6	1.70	1.41	1.41

Source: Company, Elara Securities Research

Exhibit 19: Omni-presence strategy – Key metrics

Particulars	Units	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Geography							
New locations added - in the quarter	#	99	29	19	95	106	158
Locations - Cumulative	#	3,685	3,714	3,733	3,828	3,934	4,092
Gold loan branches - Cumulative	#	175	179	181	424	514	537
App metrics							
Downloads - In the quarter	# in mn	12.59	14.84	13.43	15.1	16.74	15.78
Net Installs - Cumulative	# in mn	26.6	31.5	35.5	40.2	44.7	49.2
In-App programs - Cumulative	#	87	101	104	118	134	129
App payments metrics							
Wallet accounts - Cumulative	# in mn	11.80	14.40	NA	NA	NA	NA
UPI handles - Cumulative	# in mn	7.23	10.39	12.98	15.48	18.6	21.48
Bill pay transactions - in the quarter	# in mn	3.59	5.00	5.27	5.44	6.43	7.49
QR deployment at merchant PoS - Cumulative	# in '000	78	214	627	1140	2160	2710
Rewards issued - In the quarter	# in mn	9.10	17.30	13.50	18.10	22.10	25.40
Particulars	Units	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
App business metrics							
Digital EMI card acquisition - In the quarter	# in '000	100	100	99	123	130	89
Personal loan disbursement - In the quarter	INR mn	23,910	23,010	26,070	27,600	29,100	28,610
Credit card acquisition - In the quarter	# in '000	47.8	59.2	72	77	69.9	59.7
Flexi loan transactions - In the quarter	# in '000	1,030	1,481	1,554	1,700	1,990	2,190
DMS receipts - In the quarter	# in '000	770	900	972	982	1,100	1,240
Marketplace metrics							
Bajaj Mall visits - In the quarter	# in mn	33.6	44.2	47.1	49	52	46
Bajaj Mall loans - In the quarter	# in '000	562	619	607	826	589	491
Insurance Bazaar policies sold - In the quarter	# in '000	23.5	153.7	107.6	112	106	149
Investments Bazaar MF A/C - In the quarter	# in '000	20.8	19.5	23.6	25.4	38.5	55
Digital EMI card metrics							
Digital EMI card acquisition - In the quarter	# in '000	664	637	598	665	678	439
Digital EMI card acquisition - In the CIF	# in MM	2.6	3.1	3.6	3.8	4.2	4.5
B2B loans from digital EMI cards - in the quarter	# in '000	269	284	291	416	346	281

Source: Company, Elara Securities Research

Exhibit 20: Customer franchise – Key financial metrics

Particulars	Units	FY17	FY18	FY19	FY20	FY21	FY22	FY23
New loans booked	mn	10.1	15.3	23.5	27.4	16.9	24.7	29.6
New customer addition	mn	4.1	6.1	8.3	8.1	6.0	9.0	11.6
Existing customer mix	%	59.8	60.3	64.8	70.4	64.6	63.5	60.9
Total franchise	mn	20.1	26.2	34.5	42.6	48.6	57.6	69.1
Cross sell franchise	mn	11	15.4	20.7	24.1	26.9	32.8	40.6
Co-branded credit cards sold	mn	0.03	0.39	0.81	1.12	0.7	1.36	1.92
Other financial products sold to existing customers	mn	0.06	0.08	0.19	0.27	0.67	2.23	2.36
AUM per cross sell franchise	INR	54,722	53,417	56,066	60,983	56,879	58,617	60,991
PAT per cross sell franchise	INR	1,670	1,618	1,933	2,182	1,644	2,145	2,837

Source: Company, Elara Securities Research

Exhibit 21: Recommend Buy, TP INR 9,000 @ 5.8x FY25E P/ABV

TP and upside	
Fair price - EVA (INR)	8,386
Fair price - Gordon growth (INR)	9,615
Average of the two (INR)	9,000
Target P/ABV (x)	5.8
Target P/E (x)	38.8
Current price, INR	7,187
Upside (%)	25.2
Dividend yield (%)	1.0
Total return (%)	26.2

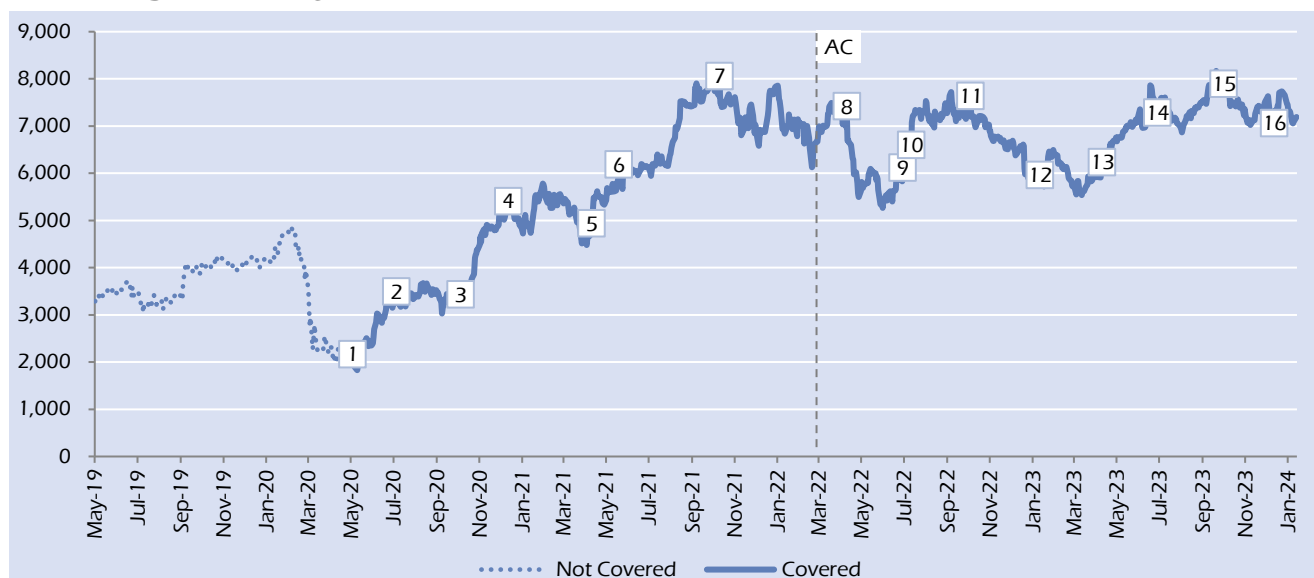
Note: Pricing as on 29 January 2024; Source: Elara Securities Estimate

Exhibit 22: Estimates change

(INR mn)	Old			Revised			% Chg		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Net interest income	356,010	442,743	558,303	367,904	476,086	587,699	3.3	7.5	5.3
Operating profit	234,755	299,058	376,926	243,990	310,255	387,322	3.9	3.7	2.8
PAT	142,497	180,774	226,813	142,935	180,825	226,552	0.3	0.0	(0.1)
EPS (INR)	231.0	293.0	368.0	232	293	367	0.4	0.1	(0.1)

Source: Elara Securities Estimate

Coverage History



Analyst change

	Date	Rating	Target Price	Closing Price
8	26-Apr-2022	Accumulate	INR 8,197	INR 7,241
9	15-Jul-2022	Accumulate	INR 6,561	INR 5,915
10	27-Jul-2022	Accumulate	INR 6,800	INR 6,396
11	20-Oct-2022	Reduce	INR 7,203	INR 7,432
12	27-Jan-2023	Buy	INR 7,006	INR 5,761
13	26-Apr-2023	Accumulate	INR 7,006	INR 6,056
14	14-Jul-2023	Accumulate	INR 8,681	INR 7,482
15	17-Oct-2023	Accumulate	INR 9,000	INR 8,093
16	28-Dec-2023	Buy	INR 9,000	INR 7,259

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

APL Apollo Tubes

Destocking hurts volume

Broadly in-line performance

APL Apollo Tubes' (APAT IN) Q3FY24 net sales fell ~4% YoY and ~10% QoQ to ~INR 40bn. Also, EBITDA grew ~2% YoY but fell ~14% QoQ to ~INR 2.8bn. Net sales and EBITDA were mostly in line with our expectations of ~INR 39.8bn and ~INR 2.9bn, respectively. PAT declined ~2% YoY and ~18% QoQ to ~INR 1.7bn.

EBITDA/tonne up ~3% YoY but down ~4% QoQ

Sales volume was flat YoY but dropped ~11% QoQ to 0.60mn tonnes, due to channel destocking led by expectations of fall in steel prices and widening price gap between primary and secondary steel pipes. Realization dipped ~3% YoY but rose ~1% QoQ to INR 67,054/tonne. Operating costs fell ~4% YoY but grew ~1% QoQ to INR 64,576/tonne. Thus, EBITDA/tonne was up ~3% YoY but down ~4% QoQ to INR 4,631.

Expanding footprint outside India

The 0.3mn-tonne greenfield expansion in Dubai was partially commissioned in December 2023, with full commissioning expected in FY25. Leveraging capacity from the plant, APAT intends to target global markets with estimated size of ~30mn tonnes. Further, APAT is in the process of completing land acquisition for the upcoming 0.2mn tonne expansion in East India and the project maybe completed in FY25. The management expects ramp-up in utilization (53% as of end-Dec'23) in the Chhattisgarh based Raipur unit to further strengthen margin. Further, potential revenue and EBITDA from this unit may be INR 70bn+ and INR 6bn+, respectively.

Valuation: Reiterate Accumulate; TP at INR 1,679

Post soft Q3, volume in the upcoming quarters may be healthy. Expected stability in steel prices may support volume. Simultaneously, APAT's industry-leading capacity, strong brand pull, higher share of value-added products, ramp-up in utilization at the Raipur facility and phase-wise completion of announced capex bode well for margin improvement. Therefore, we reiterate **Accumulate**. We cut our EBITDA estimates ~5% each for FY24E and FY26E and ~6% for FY25E. However, as we roll over to December 2025E from September 2025E, our TP is unchanged at INR 1,679 on 30x (unchanged) December 2025E P/E.

Rating: Accumulate

Target Price: INR 1,679

Upside: 10%

CMP: INR 1,532 (as on 29 January 2024)

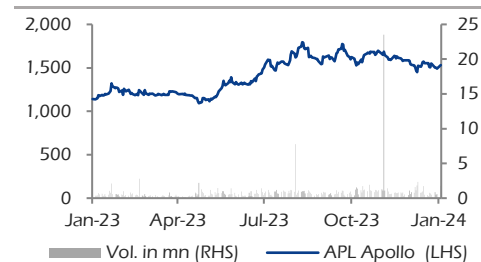
Key data*

Bloomberg /Reuters Code	APAT IN/APLA.BO
Current /Dil. Shares O/S (mn)	277/250
Mkt Cap (INR bn/USD mn)	425/5,110
Daily Volume (3M NSE Avg)	1,155,319
Face Value (INR)	2

1 USD = INR 83.1

Note: *as on 29 January 2024; Source: Bloomberg

Price & volume



Source: Bloomberg

Shareholding (%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Promoter	31.2	31.2	30.6	29.7
Institutional Investors	34.7	36.8	37.8	41.4
Other Investors	15.7	15.2	15.3	14.3
General Public	18.4	16.8	16.3	14.6

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	15.3	9.9	21.5
APL Apollo	(5.7)	(0.5)	34.4
Ratnamani Metals	17.2	23.2	59.8

Source: Bloomberg

YE March (INR mn)	Q3FY24	Q3FY23	YoY(%)	Q2FY24	QoQ (%)	Q3FY24E	Var(%)
Net Sale	40,478	42,011	(3.6)	44,890	(9.8)	39,758	1.8
Operating Expenses	38,982	40,543	(3.8)	43,054	(9.5)	38,229	2.0
% of Sales	96.3	96.5		95.9		96.2	
EBITDA	2,796	2,729	2.5	3,250	(14.0)	2,903	(3.7)
EBITDA Margins (%)	6.9	6.5		7.2		7.3	
Other Income	150	93	61.5	196	(23.4)	171	(12.3)
Interest	285	186	53.0	266	7.1	269	6.0
Depreciation	471	345	36.3	413	13.9	422	11.7
PBT	2,190	2,290	(4.4)	2,767	(20.8)	2,383	(8.1)
Tax	535	598	(10.6)	738	(27.5)	596	(10.2)
Effective Tax Rate(%)	24.4	26.1		26.7		25.0	
Adjusted PAT	1,655	1,692	(2.2)	2,029	(18.4)	1,788	(7.4)
Reported PAT	1,655	1,692	(2.2)	2,029	(18.4)	1,788	(7.4)
NPM (%)	4.1	4.0		4.5		4.5	

Key financials

YE	Revenue (INR mn)	YoY (%)	EBITDA (INR mn)	EBITDA margin (%)	Adj PAT (INR mn)	YoY (%)	Fully DEPS (INR)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
March											
FY23	156,744	24.2	10,216	6.5	6,419	3.7	23.1	23.5	25.2	66.2	37.7
FY24E	182,165	16.2	12,871	7.1	7,993	24.5	28.8	24.0	26.3	53.2	30.0
FY25E	240,310	31.9	18,615	7.7	12,425	55.5	44.8	29.5	33.0	34.2	20.4
FY26E	292,545	21.7	23,676	8.1	16,570	33.4	59.7	30.0	35.1	25.7	15.6

Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Ravi Sodah • ravi.sodah@elaracapital.com • +91 22 6164 8517
Saurabh Mitra • saurabh.mitra@elaracapital.com • +91 22 6164 8546
Bhavi Shah • bhavi.shah@elaracapital.com • +91 22 6164 8521

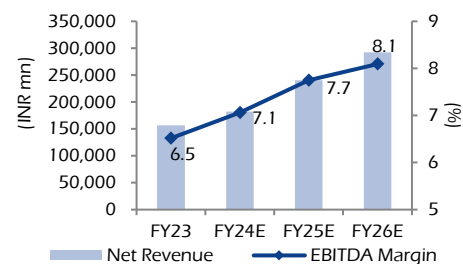
Elara Securities (India) Private Limited

Consolidated Financials (YE March)

Income Statement (INR mn)	FY23	FY24E	FY25E	FY26E
Net Revenue	156,744	182,165	240,310	292,545
Operating profit	5,300	7,589	11,886	15,777
Add:- Other operating Income	4,916	5,283	6,729	7,899
EBITDA	10,216	12,871	18,615	23,676
Less :- Depreciation & Amortization	1,383	1,767	2,005	2,138
Add: Other income	472	745	969	1,289
EBIT	9,304	11,850	17,579	22,827
Less:- Interest Expenses	671	1,100	1,012	733
PBT	8,633	10,750	16,567	22,094
Less :- Taxes	2,215	2,758	4,142	5,523
Reported PAT	6,419	7,993	12,425	16,570
Adjusted PAT	6,419	7,993	12,425	16,570
Balance Sheet (INR mn)	FY23	FY24E	FY25E	FY26E
Share Capital	555	555	555	555
Reserves	29,501	36,107	47,076	62,116
Borrowings	8,729	9,229	7,629	7,029
Deferred Tax (Net)	1,171	1,289	1,417	1,432
Other liabilities	1,405	1,405	1,168	1,177
Total Liabilities	41,362	48,585	57,845	72,309
Gross Block	30,087	36,587	39,087	41,587
Less:- Accumulated Depreciation	5,658	7,425	9,430	11,568
Net Block	24,430	29,163	29,657	30,019
Add:- Capital work in progress	3,740	3,240	2,740	1,740
Non current investments	960	960	960	960
Net Working Capital	2,128	4,214	6,636	10,150
Cash & current investments	6,295	5,984	11,003	19,856
Other assets	3,809	5,024	6,848	9,583
Total Assets	41,362	48,585	57,845	72,309
Cash Flow Statement (INR mn)	FY23	FY24E	FY25E	FY26E
Cash profit adjusted for non-cash items	8,376	10,231	14,602	18,166
Add/Less : Working Capital Changes	(1,475)	(2,086)	(2,422)	(3,514)
Operating Cash Flow	6,901	8,145	12,180	14,652
Less:- Capex	(8,424)	(6,000)	(2,000)	(1,500)
Free Cash Flow	(1,523)	2,145	10,180	13,152
Financing Cash Flow	1,446	(1,986)	(4,306)	(2,853)
Investing Cash Flow	(334)	(470)	(854)	(1,446)
Net change in Cash	(410)	(311)	5,020	8,853
Ratio Analysis	FY23	FY24E	FY25E	FY26E
Income Statement Ratios (%)				
Revenue Growth	24.2	16.2	31.9	21.7
EBITDA Growth	39.3	8.1	26.0	44.6
Adj. PAT Growth	3.7	24.5	55.5	33.4
EBITDA Margin	6.5	7.1	7.7	8.1
Adj. Net Margin	4.1	4.4	5.2	5.7
Return & Liquidity Ratios (%)				
Net Debt/Equity (x)	0.1	0.1	(0.1)	(0.2)
ROE	23.5	24.0	29.5	30.0
ROCE	25.2	26.3	33.0	35.1
Per Share data & Valuation Ratios				
Diluted EPS (INR)	23.1	28.8	44.8	59.7
EPS Growth (%)	(6.4)	24.4	55.5	33.4
DPS (INR)	5.0	5.3	5.5	5.8
P/E Ratio (x)	66.2	53.2	34.2	25.7
EV/EBITDA (x)	37.7	30.0	20.4	15.6
EV/Sales (x)	2.5	2.1	1.6	1.3
P/BV(x)	15.5	12.7	10.1	7.7
Dividend Yield (%)	0.3	0.3	0.4	0.4

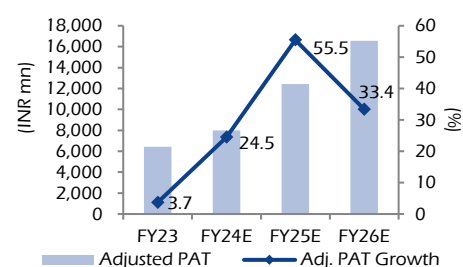
Note: Pricing as on 29 January 2024; Source: Company, Elara Securities Estimate

Revenue & margin trend



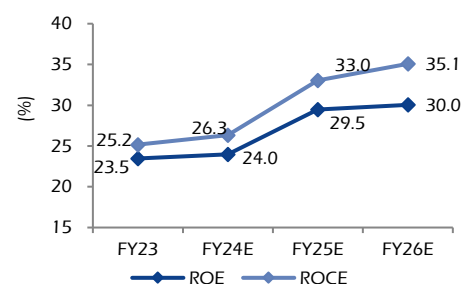
Source: Company, Elara Securities Estimate

Adjusted profit growth trend



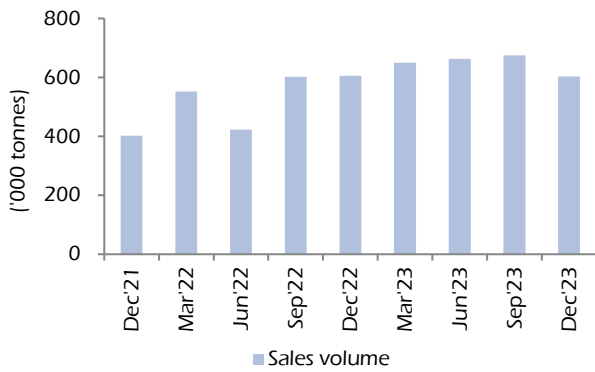
Source: Company, Elara Securities Estimate

Return ratios



Source: Company, Elara Securities Estimate

Exhibit 1: Q3FY24 volume down ~ 11% QoQ



Source: Company, Elara Securities Research

Exhibit 2: Value-added sales mix at 55% from 56% in FY23

('000 tonnes)	Q3FY24	Q3FY23	YoY(%)	Q2FY24	QoQ (%)
Apollo Structural	413.0	441.9	(6.5)	469.9	(12.1)
Apollo Galv	30.0	27.7	8.4	32.4	(7.3)
Apollo Z	160.7	135.5	18.6	172.4	(6.8)
Total pipes volume	603.7	605.0	(0.2)	674.8	(10.5)

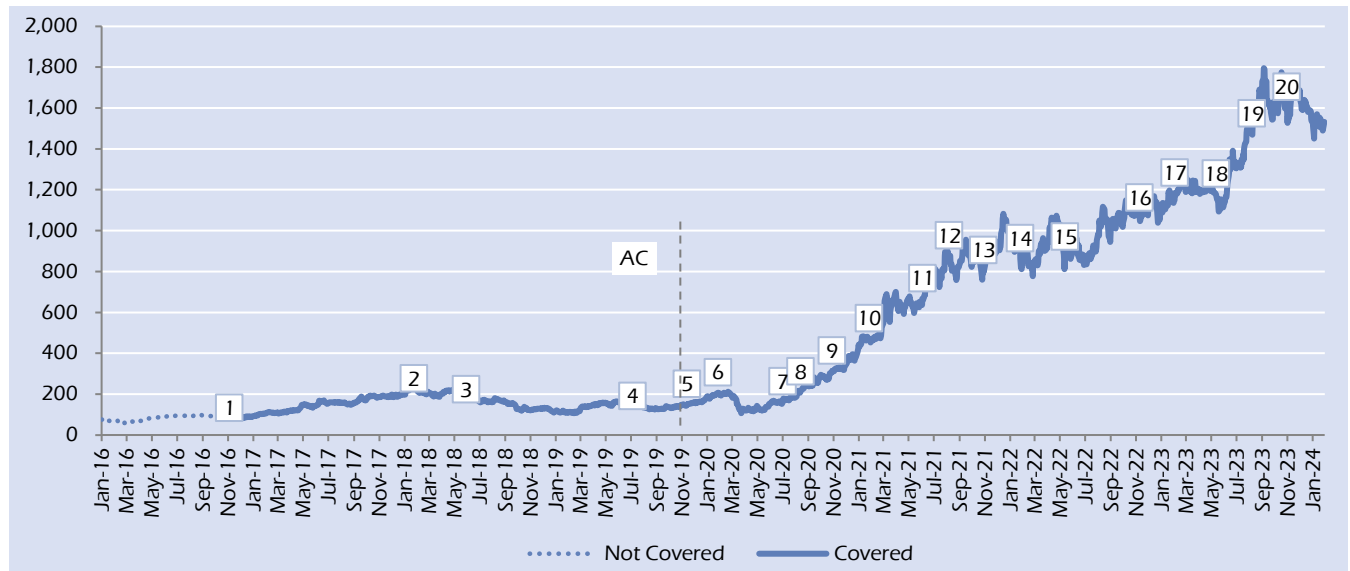
Source: Company, Elara Securities Research

Exhibit 3: Change in estimates

(INR mn)	Earlier			Revised			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Net revenue	187,761	250,518	304,898	182,165	240,310	292,545	(3.0)	(4.1)	(4.1)
EBITDA	13,563	19,884	25,050	12,871	18,615	23,676	(5.1)	(6.4)	(5.5)
PAT	8,491	13,414	17,634	7,993	12,425	16,570	(5.9)	(7.4)	(6.0)

Source: Elara Securities Estimate

Coverage History



AC: Analyst change

	Date	Rating	Target Price	Closing Price
14	25-Jan-2022	Buy	INR 1,051	INR 862
15	13-May-2022	Buy	INR 1,101	INR 871
16	9-Nov-2022	Accumulate	INR 1,245	INR 1,061
17	2-Feb-2023	Buy	INR 1,421	INR 1,184
18	12-May-2023	Buy	INR 1,459	INR 1,180
19	7-Aug-2023	Accumulate	INR 1,599	INR 1,477
20	30-Oct-2023	Accumulate	INR 1,679	INR 1,604

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

Event Calendar: January - February 2024

	Monday		Tuesday		Wednesday		Thursday		Friday
29	Bajaj Finance, Bharat Electronics, Bharat Petroleum, GAIL, ITC, Mahindra Logistics, Marico, NTPC, Nuvoco Vistas Corporation, Petronet LNG Nippon Life India Asset Management, UTI Asset Management Company	30	Arvind, Astral, Coromandel International, Dr. Reddy's Lab, Dwarikesh Sugar, Kaynes Technology, KEC International, KPIT Technologies, Larsen & Toubro, M&M Financial Serv, SRF, Voltas Blue Star, Star Health and Allied Insurance Company	31	India: Fiscal Deficit Ajanta Pharma, Ambuja Cement, Amara Raja Batteries, Balaji Amines, Bank of Baroda, Dabur India, Dixon Technologies, Godrej Consumer, Heidelberg Cement, Jindal Steel and Power, Jubilant FoodWorks, Jyothy Lab, Kajaria Ceramics, Maruti Suzuki, Motherson Sumi Wiring India, PVR Inox, Relaxo Footwears, Shree Cement, Sun pharma, Westlife Foodworld IDFC	1	Aavas Financiers, Adani Ports & SEZ, Bayer CropScience, City Union Bank, eClerx, Indian Hotels Company, India Cements, Minda Corporation, Mphasis, Praj Industries, Prism Johnson, RITES, Somany Ceramics, Sumitomo Chemicals, V-Guard Industries Castrol India, Pricol, Titan Company	2	Alkyl Amines, Century Plyboards, Delhivery, Dhanuka Agritech, Indigo, LIC Housing Finance, Mahindra Lifespace Developers, Sudarshan Chemicals, Tata Motors, Torrent Pharma, UPL Mahindra Holidays & Resorts, Transport Corporation of India State Bank of India (3 Feb)
5	Ashok Leyland, Insecticides India, Kansai Nerolac, KPR Mills, Orient Cement, Paradeep Phosphates, Varun Beverages, VRL Logistics	6	Birla Corporation, Brigade Enterprises, Chambal Fertilisers, Endurance Technologies, Godrej Properties, Lemon Tree Hotels, Navin Fluorine International, FSN E-Commerce Ventures, Radico Khaitan TTK Prestige	7	Ashoka Buildcon, Cummins, Lupin, Manappuram Finance, Nestle, Tata Consumer Products	8	Aarti Industries, Apollo Hospitals, BEML, Page Industries, Ramco Cements, Thermax, United Breweries	9	Emami, MRF, Tata Power, TV Today Network
12	India IIP for Dec (2.4% YoY) India CPI for Jan (5.69% YoY) India Imports for Jan (-4.8%) India Exports for Jan (1.0%) Samvardhana Motherson International, NHPC	13	US CPI for Jan (3.4% YoY) Deepak Nitrite, Hindalco Industries, Info Edge, ONGC	14	India WIP for Jan (0.73% YoY) UK CPI for Jan (4.0% YoY) Eurozone IIP for Dec (-6.8% MoM) Crompton Greaves Consumer, Gland Pharma	15	UK IIP for Dec (-0.1% YoY) US IIP for Jan (0.1% MoM)	16	
19		20	ABB India	21		22		23	

Quarterly Results: Covered Not Covered

Company	Rating	Mkt Cap (INR bn)	CMP (INR)	TP (INR)	Upside/Downside (%)	Net Sales (INR bn)				EBIDTA (INR bn)				Adj PAT (INR bn)				BVPS (INR)				ROE (%)			
						FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E
Agril																									
UPL	Buy	405	540	653	21.0	462.4	535.8	509.7	557.2	95.3	102.0	90.2	106.4	39.5	37.4	19.7	32.4	322	397	408	426	16.0	12.5	6.4	10.1
PI Industries	Buy	500	3,293	4,270	29.7	53.0	64.9	85.8	105.9	11.4	15.4	21.9	26.6	8.4	12.3	17.9	21.7	403	474	586	715	13.7	17.0	20.0	19.8
Bayer CropScience	Buy	264	5,868	6,432	9.6	47.3	51.4	56.5	63.3	8.1	9.2	11.0	13.0	5.9	6.5	8.2	9.6	562	603	668	759	23.2	24.1	27.2	26.0
Coromandel International	Buy	334	1,136	1,387	22.1	191.1	191.1	296.3	205.7	21.5	21.5	29.3	27.7	15.3	15.3	20.1	19.9	217	270	327	391	24.0	25.5	20.9	21.1
Rallis India	Reduce	51	265	246	(7.1)	26.0	29.7	27.7	32.1	2.7	2.2	3.2	4.1	1.6	0.9	1.6	2.2	87	89	94	102	9.7	5.3	9.0	11.3
Dhanuka Agritech	Accumulate	55	1,211	963	(20.5)	14.8	17.0	18.9	21.7	2.6	2.8	3.4	4.1	2.1	2.3	2.6	3.3	206	233	275	319	21.7	22.0	21.1	22.3
Insecticides India	Reduce	19	644	502	(22.1)	15.0	18.0	20.7	23.8	1.7	1.2	1.8	2.4	1.1	0.6	1.0	1.5	293	309	342	394	12.4	6.9	10.2	12.7
Chambal Fertilisers	Accumulate	154	371	314	(15.3)	160.7	277.7	167.4	170.8	22.6	18.2	20.9	21.8	15.7	10.3	12.3	13.1	154	170	204	234	24.5	14.6	14.5	13.4
Sumitomo Chemicals	Accumulate	198	397	401	1.1	30.6	35.1	31.5	38.4	6.0	6.7	5.2	7.5	4.2	5.0	3.9	5.7	39	48	54	65	22.0	21.2	14.5	17.6
Paradeep Phosphates	Accumulate	65	80	71	(11.4)	78.6	133.4	128.3	137.2	6.7	8.6	8.2	12.1	4.0	3.6	2.4	6.0	39	43	46	55	17.9	10.4	6.3	13.4
Automobiles																									
Maruti Suzuki	Buy	3,141	9,991	13,004	30.2	883.0	1,175.2	1,449.4	1,622.0	57.0	108.6	166.8	194.5	37.7	80.5	123.3	142.5	1,791	1,999	2,306	2,659	7.1	14.1	19.0	19.0
Bajaj Auto	Buy	2,138	7,549	8,600	13.9	331.4	364.3	452.5	535.4	52.6	65.5	89.8	106.8	47.0	56.3	76.0	89.5	922	898	979	1,074	19.4	21.6	28.6	30.8
Eicher Motors	Sell	1,004	3,669	3,300	(10.1)	103.0	144.4	165.5	182.5	21.7	34.4	43.0	47.7	16.8	29.1	37.4	41.1	462	549	666	794	13.9	21.1	22.5	20.6
Mahindra & Mahindra	Accumulate	2,039	1,640	1,688	2.9	574.5	849.6	1,033.2	1,111.8	70.4	104.4	132.8	146.8	51.4	79.8	101.1	101.8	313	349	409	471	13.3	15.9	21.4	18.6
Hero Motocorp	Accumulate	918	4,594	3,938	(14.3)	292.5	338.1	374.5	419.8	33.7	39.9	52.4	59.6	24.7	29.1	40.9	45.5	790	835	921	1,012	16.0	17.9	23.3	23.5
Tata Motors	Buy	3,082	841	779	(7.4)	2,784.5	3,459.7	4,233.5	4,604.2	247.2	319.2	588.6	669.3	(108.1)	8.2	202.3	259.8	116	136	195	271	(22.9)	5.4	36.7	33.6
TVS Motors	Accumulate	933	1,965	2,100	6.9	207.9	264.0	318.8	381.3	19.7	27.0	35.2	45.4	9.3	15.1	21.5	28.8	101	127	153	203	20.6	27.9	32.3	34.1
Ashok Leyland	Accumulate	510	174	200	15.1	216.9	361.4	404.2	445.5	9.9	29.3	45.7	52.6	0.3	13.0	27.9	33.3	25	29	32	38	7.6	17.5	31.2	32.5
Samvardhana Motherson	Buy	789	116	131	12.5	621.8	787.0	1,004.9	1,144.4	44.5	62.1	85.7	100.5	5.6	16.0	29.6	40.1	29	34	37	43	3.4	7.4	12.3	14.8
MRF	Accumulate	610	143,874	110,555	(23.2)	189.9	225.8	246.4	262.9	20.1	23.4	43.0	43.4	6.5	7.4	21.6	22.4	32,485	36,272	41,466	46,813	4.7	5.1	13.0	11.9
Exide Industries	Accumulate	268	315	230	(27.1)	123.8	145.9	160.2	171.2	14.0	15.7	18.3	21.3	7.6	9.0	10.4	12.1	125	132	141	152	8.7	8.3	8.9	9.7
Amara Raja Energy & M	Accumulate	143	838	670	(20.0)	87.0	103.9	117.5	126.4	10.2	13.6	15.9	17.4	5.1	7.4	8.7	9.4	274	310	331	373	11.5	15.1	15.8	15.5
Apollo Tyres	Accumulate	335	527	471	(10.7)	209.5	245.7	253.2	272.7	25.7	33.1	45.0	46.9	6.4	10.7	19.9	21.1	185	203	226	251	5.6	8.8	14.4	13.9
CEAT	Reduce	110	2,725	2,850	4.6	93.1	112.6	120.2	131.3	7.0	9.8	16.8	17.0	0.7	2.4	7.2	7.2	779	836	998	1,160	2.1	7.4	19.6	16.7
UNO Minda	Buy	392	685	822	20.1	83.1	112.4	142.0	163.7	8.9	12.4	15.8	19.0	3.6	6.5	8.7	10.5	60	73	85	101	12.5	17.2	19.2	19.7
Endurance Technologies	Accumulate	285	2,023	1,750	(13.5)	75.5	88.0	100.7	113.4	9.6	10.4	13.3	16.3	4.9	4.9	6.9	9.1	279	313	356	413	12.3	11.5	14.6	16.8
Bharat Forge	Accumulate	579	1,244	1,135	(8.7)	104.6	129.1	161.2	185.1	20.2	17.7	27.6	32.2	9.8	5.3	11.3	16.2	141	144	163	191	17.9	7.4	15.7	19.7
Minda Corporation	Buy	97	406	400	(1.5)	29.8	43.0	47.7	55.1	2.9	4.6	5.3	6.7	1.6	2.8	2.7	3.7	56	67	76	89	15.5	19.5	15.7	18.6
Motherson Sumi Wiring	Reduce	273	62	57	(7.6)	56.4	70.6	82.0	89.6	7.3	7.8	9.6	11.3	4.1	4.9	6.1	7.4	3	3	4	4	36.8	36.6	38.7	42.8
Sona BLW Precision Forg	Buy	350	597	700	17.2	26.8	32.1	40.6	40.6	7.0	9.0	11.5	11.5	4.0	5.1	6.9	6.9	39	45	53	53	18.4	20.7	23.8	23.8
Aviation																									
Indigo	Reduce	1,118	2,896	3,005	3.8	259.3	544.5	633.2	718.4	14.7	94.4	150.1	149.6	(52.3)	26.4	71.3	75.9	(157)	(164)	(58)	68	NM	NM	NM	NM
SpiceJet	Accumulate	44	64	37	(42.4)	65.6	88.7	87.3	100.6	(6.6)	(3.5)	7.7	18.1	(13.9)	(16.6)	(3.3)	7.1	(71)	(110)	(116)	(104)	34.6	27.5	4.5	(9.9)
Banking																									
HDFC Bank	Accumulate	11,055	1,456	1,889	29.8	720.1	868.4	1,095.6	1,369.2	640.8	704.1	910.5	1,179.1	369.6	441.1	607.8	744.5	427	497	555	636	16.7	17.0	17.2	16.3
Federal Bank	Buy	354	145	189	29.9	59.6	72.3	82.7	93.9	37.6	47.9	54.2	58.5	18.9	30.1	36.7	36.1	89	98	116	129	10.8	14.9	14.5	11.8
AU Small Finance Bank	Reduce	419	626	680	8.6	32.3	44.3	52.2	63.4	18.2	20.2	25.0	31.3	11.3	14.3	15.6	19.7	119	165	186	212	16.4	15.4	13.4	14.9
IndusInd Bank	Buy	1,187	1,527	1,890	23.8	149.6	175.5	200.6	226.4	128.4	143.5	157.0	174.9	46.1	73.9	87.6	97.8	612	700	799	910	10.2	14.5	15.1	14.7
Axis Bank	Buy	3,273	1,061	1,311	23.5	331.3	429.5	491.9	540.3	247.4	197.9	362.9	425.2	130.3	95.8	238.8	270.9	363	408	483	567	12.0	8.0	17.4	16.8
ICICI Bank	Buy	7,131	1,016	1,214	19.4	474.7	621.3	711.4	802.4	392.5	490.9	539.0	617.6	233.4	319.0	372.6	396.7	241	283	328	377	15.0	17.5	17.5	16.1
Kotak Mahindra Bank	Accumulate	3,623	1,823	2,004	9.9	168.2	215.5	251.2	284.0	120.5	148.5	179.5	200.3	85.7	109.4	120.5	129.6	365	420	479	542	12.6	14.0	13.5	12.8
Bandhan Bank	Accumulate	360	223	256	14.6	87.1	92.6	106.4	122.1	80.1	70.9	74.0	82.4	1.3	21.9	37.8	45.2	108	122	141	164	0.7	11.9	17.9	18.4
Punjab National Bank	Sell	1,184	108	80	(25.6)	286.9	344.9	394.4	432.6	207.6	225.3	238.0	267.9	34.6	25.1	71.2	96.3	58	84	90	97	4.0	2.8	7.4	9.3
State Bank of India	Buy	5,560	623	717	15.1	1,207.0	1,448.0	1,553.0	1,698.0	679.0	837.0	861.0	992.0	317.0	502.0	550.0	565.0	287	340	391	444	13.0	17.9	16.8	15.1
Bank of Baroda	Buy	1,211	234	247	5.4	326.2	413.6	436.3	496.5	223.9	268.6	297.4	329.2	72.7	141.1	149.1	167.4	166	190	213	239	8.9	15.3	14.3	14.3
City Union Bank	Accumulate	106	143	145	1.1	19.2	21.6	21.7	24.0	16.0	18.2	16.7	18.6	7.6	9.4	9.9	10.4	89	101	113	126	12.2	13.4	12.5	11.8
Karur Vysya Bank	Buy	153	191	198	3.4	27.2	33.5	37.6	41.3	16.3	24.8	25.2	28.3	6.7	11.1	14.5	15.8	95	107	125	144	9.3	13.7	15.7	14.7
DCB Bank	Accumulate	43	136	165	21.0	13.6	17.2	19.1	22.																

Company	Rating	Mkt Cap (INR bn)	CMP (INR)	TP (INR)	Upside/Downside (%)	Net Sales (INR bn)				EBIDTA (INR bn)				Adj PAT (INR bn)				BVPS (INR)				ROE (%)				
						FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	
Sudarshan Chemicals	Buy	36	520	558	7.4	22.0	23.0	25.0	27.6	2.7	2.1	2.9	3.0	1.3	0.4	0.8	1.0	1.0	120	120	129	140	16.5	5.4	9.9	10.9
SRF	Accumulate	666	2,247	2,672	18.9	124.3	148.7	152.0	176.2	31.0	35.3	30.5	34.5	18.9	21.6	16.5	18.5	289	349	396	451	24.5	24.5	22.9	14.9	14.8
Gujarat Fluorochemicals	Buy	409	3,720	3,453	(7.2)	39.5	56.8	46.9	53.9	12.0	20.5	11.6	16.6	7.8	13.2	6.6	10.0	385	502	554	627	20.4	27.3	11.4	15.6	
Aarti Industries	Accumulate	233	642	574	(10.6)	60.9	66.2	60.6	69.6	17.2	10.9	10.0	12.9	11.9	5.5	3.8	6.0	125	135.8	144.1	157.5	29.5	11.6	7.5	11.0	
Atul	Accumulate	185	6,279	7,344	17.0	50.8	54.3	50.1	55.8	9.1	7.7	7.1	8.3	6.0	5.0	4.7	5.5	1,511	1,603	1,746	1,899	14.3	11.0	9.6	10.2	
Navin Fluorine Internatio	Buy	165	3,324	4,699	41.4	14.5	20.8	20.8	26.6	3.5	5.5	4.6	6.8	2.6	3.8	2.7	4.5	372	441	489	571	14.8	18.6	11.5	17.2	
Ami Organics	Buy	42	1,145	2,025	76.8	5.2	6.2	8.2	13.2	1.1	1.2	1.8	3.0	0.7	0.8	1.2	2.0	143	163	193	245	20.9	14.9	18.7	25.0	
Consumer Discretionary																										
United Spirits	Reduce	796	1,094	1,170	7.0	97.1	103.7	107.8	121.5	16.1	14.2	17.6	19.7	9.8	8.8	11.7	13.2	68	82	94	108	16.4	19.4	18.3	18.1	
United Breweries	Reduce	476	1,802	1,575	(12.6)	58.4	74.9	78.2	86.6	5.5	6.1	8.6	12.0	2.2	3.4	5.2	7.7	149	150	165	187	5.5	7.7	12.0	15.6	
Radico Khaitan	Accumulate	215	1,612	1,475	(8.5)	28.7	31.4	35.9	41.8	4.0	3.6	5.2	6.6	2.5	2.0	3.2	4.1	149	165	190	221	13.9	10.4	14.1	15.6	
Jubilant FoodWorks	Reduce	339	513	515	0.4	43.3	51.0	55.8	62.3	11.0	11.6	12.0	14.3	4.4	4.0	3.9	5.3	32	33	38	46	24.7	19.0	16.9	19.0	
Westlife Foodworld	Reduce	127	815	880	7.9	15.8	22.8	25.5	28.9	1.9	3.7	4.4	5.1	(0.0)	1.1	1.4	1.7	30	36	42	53	(0.4)	21.7	22.6	23.1	
FSN E-Commerce Ventur	Accumulate	466	163	200	22.6	37.7	51.4	66.3	83.0	1.6	2.6	5.1	9.0	0.4	0.2	1.9	4.4	28	5	6	7	4.5	1.8	12.8	24.8	
Page Industries	Buy	420	37,635	46,304	23.0	38.9	47.9	47.8	56.3	7.9	8.6	9.8	12.0	5.4	5.7	6.4	8.0	976	1,229	1,505	1,721	54.4	46.4	42.1	44.4	
Vedant Fashions	Buy	269	1,106	1,608	45.4	10.4	13.5	15.8	19.3	5.0	6.7	7.7	9.2	3.1	4.3	5.0	6.0	45	58	69	88	29.0	34.6	32.5	31.7	
Go Fashion	Buy	60	1,110	1,458	31.4	4.0	6.7	8.5	10.5	1.2	2.1	2.8	3.4	0.4	0.8	1.0	1.3	81	96	116	140	9.9	17.3	18.3	19.0	
Diversified Financials																										
M&M Financial Serv	Accumulate	344	279	332	19.2	57.4	63.5	73.4	92.5	37.3	37.5	44.7	58.3	9.9	19.8	21.7	27.6	127	139	147	161	6.5	12.1	12.3	14.5	
Cholamandalam Investm	Accumulate	1,033	1,231	1,231	0.0	57.5	72.3	100.4	127.4	37.7	44.5	65.3	82.0	21.5	26.7	32.2	39.3	143	174	208	254	20.3	20.8	20.6	20.7	
LIC Housing Finance	Accumulate	330	600	472	(21.3)	57.8	64.9	74.8	84.9	48.0	55.0	65.1	73.8	22.9	28.9	33.9	40.9	448	492	531	520	10.1	11.2	12.1	14.2	
Bajaj Finance	Buy	4,445	7,192	9,000	25.1	218.8	288.4	356.0	442.7	143.1	187.2	234.8	299.1	70.3	115.1	142.8	180.8	725	1,065	1,269	1,556	17.4	23.5	21.5	20.8	
Manappuram Finance	Accumulate	152	180	200	11.2	39.7	43.8	54.4	64.1	22.7	23.3	32.2	36.6	13.3	14.8	20.0	22.6	99	114	135	164	16.9	16.4	19.0	17.9	
Muthoot Finance	Buy	560	1,394	1,520	9.0	71.2	66.7	78.4	88.9	54.4	47.3	56.9	65.3	39.5	34.7	42.0	48.3	457	525	611	713	21.6	16.5	17.1	16.9	
Shriram Finance	Accumulate	905	2,409	2,540	5.4	93.2	169.6	195.3	227.7	74.1	123.4	139.0	161.7	27.1	59.8	73.7	84.7	959	1,157	1,306	1,493	9.7	17.3	16.0	16.2	
SBI Cards and Payment S	Sell	680	716	719	0.5	38.4	45.1	53.3	65.5	44.3	51.9	63.3	84.3	16.2	22.6	23.3	30.6	82	104	126	153	23.0	25.7	21.4	23.0	
Aavas Financiers	Reduce	120	1,516	1,460	(3.7)	7.8	9.5	11.4	14.2	4.8	5.6	6.9	8.3	3.6	4.3	5.2	6.1	356	414	480	558	13.7	14.2	14.7	15.0	
L&T Finance Holdings	Buy	417	168	209	24.7	61.6	75.0	86.8	101.7	29.3	36.9	52.1	60.7	10.5	15.4	23.9	27.7	81	87	97	108	3.4	7.5	10.5	10.9	
CreditAccess Grameen	Buy	248	1,558	1,986	27.4	16.5	21.1	31.0	37.4	11.4	15.1	23.1	27.8	3.5	8.3	14.0	16.7	267	321	410	514	8.8	17.8	24.0	22.7	
Power Finance Corporati	Buy	1,474	447	326	(27.0)	140.3	143.6	164.8	187.2	144.5	138.7	172.3	192.9	100.2	116.1	124.8	137.4	225	258	306	358	17.9	18.2	16.8	15.7	
Can Fin Homes	Accumulate	102	766	856	11.7	8.2	10.1	11.7	14.3	6.6	8.4	9.6	11.3	4.7	6.2	7.0	8.1	230	274	327	388	16.6	18.5	17.6	17.1	
REC	Buy	1,316	500	581	16.3		151.0	162.4	198.0		138.5	168.1	198.8		110.5	133.8	146.1		219	265	320		20.3	21.0	19.0	
Building Materials																										
Astral	Accumulate	502	1,869	2,034	8.8		51.6	59.2	69.7		8.1	10.6	12.6		4.6	6.6	8.1		101	120	143		18.2	22.3	23.0	
Supreme Industries	Reduce	529	4,168	4,300	3.2		92.0	99.4	114.7		12.0	15.0	17.5		8.7	10.9	12.6		347	400	462		21.0	23.1	23.1	
Century Plyboards	Buy	176	793	800	0.8		36.5	39.8	47.4		5.6	6.3	7.7		3.8	4.0	4.7		86	102	121		22.1	19.2	18.8	
Kajaria Ceramics	Accumulate	215	1,349	1,414	4.8		43.7	47.0	53.5		5.9	7.5	9.2		3.5	4.7	5.8		146	172	199		15.8	18.4	19.8	
Somany Ceramics	Buy	29	676	832	23.1		24.8	26.8	30.3		1.9	2.6	3.2		0.7	1.2	1.6		187	212	245		9.7	14.4	16.4	
Capital Goods																										
Havells India	Accumulate	826	1,318	1,385	5.1	138.9	168.7	187.9	216.4	17.6	16.0	18.3	24.4	11.6	10.5	12.6	17.3	96	106	117	135	20.8	16.7	18.1	22.0	
Siemens	Accumulate	1,533	4,306	4,510	4.7	161.4	195.5	224.1	267.1	17.6	24.9	28.4	34.6	12.6	19.6	22.2	26.8	326	368	410	459	11.5	15.9	16.0	17.3	
ABB India^	Reduce	1,015	4,792	4,525	(5.6)	69.3	85.7	104.9	125.0	5.6	9.6	14.2	16.0	4.4	7.7	11.8	13.2	191	233	282	338	11.6	17.1	21.7	20.1	
Cummins	Accumulate	625	2,255	1,835	(18.6)	61.4	77.4	85.4	98.4	8.9	12.4	13.9	15.8	7.5	11.4	12.9	14.7	179	198	227	261	16.0	22.0	22.0	21.8	
Voltas	Accumulate	344	1,040	960	(7.7)	79.3	95.0	111.7	132.8	6.8	5.7	7.2	10.5	5.1	3.8	5.1	8.3	165	164	174	192	9.7	7.0	9.2	13.7	
Crompton Greaves Cons	Accumulate	193	301	315	4.7	53.9	68.7	72.5	80.5	7.7	7.7	7.7	9.2	5.9	4.8	5.3	6.5	39	42	53	58	43.2	31.6	27.9	30.7	
Thermax	Reduce	370	3,107	2,700	(13.1)	61.3	80.9	92.6	107.6	5.5	7.6	9.2	11.6	3.1	4.5	5.3	7.1	282	310	352	402	9.3	12.2	13.0	15.5	
V-Guard Industries	Accumulate	126	291	315	8.3	35.0	41.3	48.0	54.6	3.4	3.2	4.4	5.5	2.2	1.9	2.7	3.6	33	37	42	49	16.8	12.5	15.7	18.4	
KEC International	Accumulate	160	624	720	15.4	137.4	172.8	201.9	228.0	9.0	8.3	13.3	19.4	3.3	2.0	4.6	9.5	134	134	146	178	9.8	5.8	12.7	22.8	
ITES	Sell	173	722	370	(48.7)	26.6	26.3	25.4	34.5	7.2	7.4	5.9	8.1	5.2	5.4	4.4	6.2	104	108	108	113	21.2	21.3	17.1	23.2	
BEML	Reduce	133	3,186	2,350	(26.2)	43.4	39.0	44.8	53.2	3.1	3.6	4.7	5.4	1.3	1.6	3.0	3.5	552	580	630	689	5.9	6.7	12.0	12.7	
KEI Industries	Accumulate	288	3,193	3,485	9.1	57.3	69.1	82.1	97.8	5.9	7.1	8.7	11.0	3.8	4.7	6.0	7.6									

Company	Rating	Mkt Cap (INR bn)	CMP (INR)	TP (INR)	Upside/Downside (%)	Net Sales (INR bn)				EBIDTA (INR bn)				Adj PAT (INR bn)				BVPS (INR)				ROE (%)			
						FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E
Eureka Forbes	Buy	95	493	630	27.9	3.8	20.8	22.9	26.6	0.8	1.5	2.8	4.3	0.6	0.7	1.9	3.0	211	212	221	237	6.8	3.3	8.7	12.8
Cement																									
UltraTech	Accumulate	2,966	10,274	10,659	3.7	517.1	623.4	689.3	748.7	115.1	106.2	128.3	152.0	56.7	50.7	70.8	85.5	1,639	1,880	2,086	2,714	12.0	9.7	12.4	12.3
Shree Cement	Accumulate	1,025	28,412	28,150	(0.9)	145.9	175.0	208.9	227.2	37.1	29.6	43.0	49.2	23.3	13.5	19.8	22.7	4,553	5,177	5,410	5,959	14.2	7.5	10.4	11.1
Ambuja^	Buy	1,140	574	501	(12.7)	285.5	384.0	374.8	415.2	62.1	51.2	66.1	79.6	28.6	24.9	34.6	43.6	121	160	248	266	11.9	7.0	8.6	8.6
ACC^	Accumulate	468	2,493	2,813	12.8	158.1	217.7	196.1	212.7	30.0	19.2	31.4	36.0	18.9	9.9	19.1	21.7	757	752	793	891	14.1	5.6	12.8	13.0
JK Cement	Accumulate	333	4,306	4,413	2.5	78.4	95.0	113.0	126.5	15.1	13.1	21.3	25.4	7.1	4.7	8.8	11.2	562	609	700	829	17.5	10.4	17.5	19.1
Prism Johnson	Accumulate	87	173	154	(10.9)	61.3	72.1	81.6	91.6	5.2	3.6	5.9	7.4	0.9	(1.0)	1.3	2.6	26	24	26	30	6.7	(7.8)	10.5	18.7
Star Cement	Buy	72	179	212	18.7	22.2	25.7	28.9	33.5	3.5	4.7	5.9	7.4	2.5	2.5	3.3	3.9	52	57	64	73	11.6	10.8	12.7	13.2
Birla Corporation	Accumulate	113	1,470	1,457	(0.9)	72.9	85.1	99.4	105.3	11.1	7.7	15.2	16.3	4.2	0.4	4.8	5.6	786	777	837	897	7.3	0.8	7.8	8.3
Heidelberg Cement	Accumulate	53	235	213	(9.5)	22.4	22.1	24.9	27.1	4.3	2.5	3.9	4.7	2.5	1.1	2.3	3.1	67	64	68	75	16.5	7.1	15.4	18.9
JK Lakshmi	Buy	110	937	955	1.9	54.2	64.5	73.1	80.6	9.5	8.4	11.3	13.6	4.8	3.6	5.4	6.6	195	226	264	315	21.0	13.5	17.5	17.8
India Cements	Sell	80	258	166	(35.7)	45.5	51.8	55.2	60.8	4.8	(1.4)	3.0	7.9	0.8	(4.6)	(1.0)	2.5	188	189	179	176	1.3	(7.9)	(1.8)	4.6
Orient Cement	Accumulate	57	279	232	(16.9)	27.2	29.3	33.5	36.2	5.9	3.6	5.2	5.6	2.6	1.2	2.3	2.3	69	76	83	92	18.6	7.8	13.3	12.3
Ramco Cements	Accumulate	233	986	1,109	12.5	59.0	80.5	93.7	99.4	12.8	11.8	18.7	19.8	5.9	3.4	6.2	7.0	257	282	298	321	9.7	5.2	8.8	9.2
Nuvoco Vistas Corporati	Buy	126	353	435	23.1	90.6	102.9	112.6	119.7	15.0	12.1	18.0	19.8	0.3	(1.7)	2.4	3.7	226	247	251	259	0.4	(1.9)	2.7	4.0
Dalmia Bharat	Accumulate	423	2,256	2,425	7.5	110.6	132.4	140.5	166.7	24.3	23.2	27.8	36.4	8.1	7.3	7.7	13.1	771	846	851	900	5.6	4.6	4.8	7.8
Consumer Electronics																									
Amber Enterprises	Accumulate	148	4,391	3,140	(28.5)	42.1	69.3	79.5	95.8	2.8	4.2	5.4	6.9	1.1	1.6	2.2	3.3	53	58	64	72	6.7	9.0	10.8	14.8
Dixon Technologies	Sell	351	5,872	4,460	(24.0)	107.0	121.9	162.5	197.8	3.8	5.1	7.0	8.9	1.9	2.5	4.3	5.6	170	219	287	379	22.0	22.4	28.7	29.0
Kaynes Technology	Accumulate	185	2,890	2,610	(9.7)		11.3	17.8	24.1		1.7	2.7	3.7		1.0	1.9	2.6		165	197	240		16.4	17.7	20.7
FMCG																									
Hindustan Uniliver	Reduce	5,743	2,444	2,600	6.4	511.9	591.4	606.4	651.1	125.0	136.3	143.8	156.3	88.5	100.2	103.0	112.6	207	214	211	207	18.4	20.3	20.7	22.9
Nestle^	Accumulate	2,409	2,499	26,000	940.6	146.6	167.9	191.0	211.3	34.9	36.3	43.6	50.1	23.5	23.9	30.1	34.9	202	256	303	358	118.8	108.5	112.1	109.9
Britannia Industries	Reduce	1,237	5,137	4,520	(12.0)	141.4	163.0	166.5	181.4	22.0	28.3	29.9	33.0	15.3	19.5	20.3	22.8	106	137	185	246	43.6	54.7	55.5	46.6
Godrej Consumer	Accumulate	1,195	1,168	1,230	5.3	122.8	133.2	144.8	157.5	24.0	24.3	29.3	34.9	17.9	17.6	20.0	24.1	113	135	137	151	17.1	13.9	14.4	16.4
Marico	Accumulate	668	517	623	20.6	95.1	97.6	99.2	110.1	16.8	18.1	20.4	22.8	12.3	13.0	14.9	16.9	26	29	33	38	38.5	36.7	39.0	39.1
Colgate Palmolive	Accumulate	687	2,527	2,675	5.9	51.0	52.3	56.6	61.2	15.7	15.5	18.8	20.6	10.8	10.5	13.3	14.7	64	63	67	76	74.4	61.3	74.9	75.3
Emami	Accumulate	220	500	565	13.1	31.9	34.1	36.2	39.9	9.5	8.6	10.0	11.3	10.8	7.9	8.3	9.3	47	52	66	87	56.3	38.6	33.5	30.9
Dabur India	Reduce	947	534	550	2.9	108.9	115.3	126.5	137.4	22.5	21.6	24.7	27.2	18.2	17.1	19.7	21.9	47	51	57	65	24.4	20.5	21.2	21.3
Jyothy Lab	Accumulate	197	537	450	(16.2)	22.0	24.9	28.1	31.1	2.5	3.2	4.9	5.5	1.6	2.3	3.8	4.4	39	42	48	56	11.1	15.6	22.7	22.8
Bajaj Consumer Care	Accumulate	31	216	270	25.0	8.8	9.6	10.4	11.2	1.7	1.4	1.9	2.1	1.7	1.4	1.8	1.9	57	55	60	63	21.7	17.4	21.9	21.9
ITC	Accumulate	5,613	450	516	14.7	563.4	660.4	708.2	770.7	189.3	239.4	262.6	293.3	150.6	186.8	205.9	231.4	49	54	55	55	25.0	29.0	30.3	33.7
Tata Consumer Products	Accumulate	1,060	1,141	1,246	9.2	124.3	137.8	152.8	181.0	17.2	18.6	22.7	28.8	9.9	10.4	15.8	17.1	163	175	213	259	6.7	6.6	8.8	7.8
Mrs Bectors Food Special	Accumulate	70	1,191	1,414	18.7	9.9	13.6	16.6	19.9	1.2	1.8	2.5	3.1	0.6	0.9	1.5	1.9	79	76	96	122	12.7	17.8	23.8	23.6
Varun Beverages	Accumulate	1,649	1,270	1,180	(7.1)	88.2	131.7	161.3	194.5	16.5	27.9	36.7	44.3	6.9	15.0	21.3	26.3	31	39	48	59	18.3	32.6	38.2	37.9
Footwear																									
Relaxo Footweares	Accumulate	210	845	1,005	19.0	26.5	27.8	31.4	37.1	4.2	3.4	4.8	6.0	2.3	1.5	2.5	3.3	71	75	79	83	14.0	8.5	12.9	16.5
Healthcare																									
Apollo Hospitals	Reduce	913	6,349	5,001	(21.2)	146.6	166.1	191.5	210.2	21.9	20.5	24.4	30.3	7.6	8.2	9.3	13.2	392	430	463	541	15.9	13.9	14.2	18.7
Fortis Healthcare	Accumulate	320	424	390	(8.1)	57.2	63.0	70.5	77.6	10.7	11.0	12.3	13.6	2.4	5.2	5.9	6.8	82	96	102	111	3.6	7.4	7.3	7.9
Shalby	Buy	33	308	321	4.4	7.0	8.0	9.4	10.7	1.2	1.4	1.7	2.0	0.6	0.7	0.8	1.1	81	86	93	101	7.0	7.7	9.0	10.5
Hotels																									
Indian Hotels Company	Buy	706	496	465	(6.3)	30.6	58.1	68.6	81.6	4.0	18.0	21.1	27.9	(2.6)	10.0	12.1	17.0	50	56	66	75	(3.7)	12.5	13.0	15.9
Chalet Hotels	Accumulate	156	757	825	9.0	5.1	11.3	16.7	21.8	1.0	4.5	7.7	10.3	(0.7)	1.4	3.4	5.4	65	75	87	114	(5.3)	9.3	19.2	23.0
Lemon Tree Hotels	Accumulate	111	140	121	(13.5)	4.0	8.8	10.8	13.5	1.2	4.5	5.6	7.2	(0.8)	1.1	1.7	2.7	18	18	23	28	(5.8)	8.1	9.5	12.2
IT Services																									
Tata Consultancy Service	Buy	13,908	3,801	4,430	16.5	1,917.5	2,254.6	2,409.0	2,567.4	530.6	592.6	632.6	706.4	383.3	421.5	458.3	497.2	241	247	279	361	43.7	46.9	47.9	42.9
Infosys	Sell	6,876	1,657	1,260	(23.9)	1,216.4	1,467.7	1,542.6	1,590.7	314.8	351.5	368.7	376.4	221.2	241.0	245.1	257.5	181	183	213	244	29.2	31.8	29.4	29.1
HCL Technologies	Sell	4,273	1,575	1,430	(9.2)	856.5	1,014.6	1,100.8	1,216.1	201.9	226.3	246.3	281.9	135.6	148.5	157.8	178.0	229	241	247	253	21.9	22.7	23.6	25.9
Wipro	Reduce	2,471	473	450	(4.9)	795.3	909.3	898.9	924.6	138.2	141.0	137.2	147.3	119.4	113.8	112.3	121.9	119	142	169	190	18.1	14.6	12.7	12.3
Tech Mahindra	Buy	1,283	1,314	1,660	26.3	446.5	532.9	526.1	574.3	80.2	80.3	51.1	91.3	56.3	48.6	27.3	58.2	308	317	336	380	21.8	17.7	9.5	18.5
LTIMindtree	Accumulate	1,614	5,448	6,570	20.6	261.1	331.8	357.1	388.0	52.5	61.1	64.7	79.1	39.5	44.8	49.3	64.5	483	561	646	758				

Company	Rating	Mkt Cap (INR bn)	CMP (INR)	TP (INR)	Upside/ Downside (%)	Net Sales (INR bn)				EBIDTA (INR bn)				Adj PAT (INR bn)				BVPS (INR)				ROE (%)			
						FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E
Coforge	Buy	386	6,255	8,100	29.5	64.3	80.1	92.6	106.9	11.4	14.1	15.8	19.9	7.4	7.5	9.6	13.7	113	114	151	214	25.1	22.5	25.9	30.8
eClerx	Accumulate	133	2,709	2,500	(7.7)	21.6	26.5	29.3	33.3	6.7	7.4	8.5	10.3	4.2	4.9	5.5	6.7	316	345	389	443	27.4	28.5	28.3	30.3
L&T Technology Services	Sell	575	5,438	4,240	(22.0)		80.1	96.2	108.6		17.1	19.2	22.1		11.7	13.1	14.7		467	500	622		25.7	25.5	24.8
Tata Elsi	Accumulate	479	7,694	8,610	11.9		31.4	36.0	42.9		9.6	10.8	13.3		7.6	8.2	9.7		114	151	214		22.5	25.9	30.8
KPIT Tech	Buy	386	1,407	1,480	5.2		33.7	47.6	55.8		6.0	9.7	11.7		3.8	5.9	7.4		49	61	76		22.5	26.2	30.6
Cyient	Buy	222	2,006	2,430	21.1		60.2	71.3	79.9		10.2	14.1	16.3		5.8	8.3	9.9		315	353	398		17.5	22.7	24.0
Industrials																									
Praj Industries	Accumulate	94	513	575	12.2	23.4	35.3	35.2	38.3	1.9	3.1	3.3	3.7	1.5	2.4	2.5	2.8	50	59	70	84	17.5	24.1	21.2	20.1
Internet																									
Info Edge	Accumulate	644	4,975	5,230	5.1	15.3	21.6	24.4	28.3	4.5	7.8	8.5	9.6	5.0	6.1	7.1	8.0	1,086	849	891	938	3.6	5.6	6.2	6.7
IndiaMART InterMESH	Buy	152	2,530	3,645	44.1	7.5	9.4	11.5	13.9	3.1	2.6	3.3	4.2	3.1	2.8	3.2	3.5	310	345	308	360	16.4	13.4	17.3	16.4
Justdial	Buy	71	838	1,060	26.5	6.5	8.4	10.5	12.1	(0.0)	0.9	2.2	3.8	0.7	1.6	3.5	4.6	399	418	458	512	2.0	4.5	8.7	10.2
Affle India	Buy	168	1,200	1,350	12.5	10.8	14.3	18.3	23.6	2.1	2.9	3.7	5.0	2.2	2.5	2.9	3.9	88	110	110	139	28.0	18.6	20.0	23.3
Zomato	Buy	1,181	136	150	10.7		70.8	112.4	141.6		(12.1)	(1.8)	7.1		(9.7)	0.7	6.7		23	23	24		(5.4)	0.3	3.4
Infrastructure																									
Larsen & Toubro	Buy	5,097	3,708	3,750	1.1	1,565.2	1,833.4	2,266.8	2,593.2	182.0	207.5	240.0	284.8	85.5	106.1	119.9	149.1	586	636	712	788	10.8	12.4	12.8	14.5
PNC Infratech	Buy	111	434	565	30.1	63.1	70.6	79.5	91.8	7.9	9.5	10.5	12.2	4.6	6.2	6.6	7.8	130	154	179	209	14.8	16.9	15.6	15.7
NCC	Buy	133	212	201	(5.3)	99.3	133.5	160.0	182.4	10.0	13.4	15.5	19.1	3.4	5.7	6.7	9.0	95	101	110	122	5.3	7.2	10.4	12.3
KNR Constructions	Accumulate	75	268	302	12.9	32.7	37.4	39.4	42.8	6.8	7.2	6.7	7.4	3.6	3.6	3.7	4.1	80	97	110	125	17.5	20.0	12.7	12.5
Ashoka Buildcon	Buy	48	172	229	32.8	46.4	63.7	72.2	81.6	5.6	5.3	5.8	6.7	4.5	3.1	3.2	3.8	96	120	131	145	15.9	10.3	9.1	9.8
PSP Projects	Accumulate	28	765	920	20.2	17.5	19.3	23.4	28.3	2.6	2.3	2.7	3.3	1.6	1.3	1.6	2.0	190	222	262	311	26.6	17.9	18.4	19.1
HG Infra Engineering	Buy	61	937	1,190	27.0	36.2	44.2	51.8	59.2	5.8	7.1	8.3	9.4	3.4	4.2	4.8	5.5	209	273	346	429	28.3	26.8	24.0	21.7
Logistics																									
Adani Ports & SEZ	Buy	2,585	1,197	1,407	17.6	159.3	208.5	240.8	274.3	97.5	128.3	146.2	168.0	56.2	82.4	78.0	96.7	188	224	249	290	20.0	18.8	16.2	17.6
Container Corporation of India	Reduce	524	860	724	(15.8)	75.9	81.0	89.2	98.7	17.3	18.4	20.2	23.2	10.6	11.7	12.7	14.4	177	185	198	213	10.1	10.6	10.9	11.5
Mahindra Logistics	Sell	32	438	281	(35.8)	41.4	51.3	56.7	64.9	1.8	2.6	2.8	3.4	0.2	0.3	0.2	0.5	83	82	83	88	3.0	4.5	3.6	7.5
VRL Logistics	Buy	64	735	890	21.1	21.5	26.3	30.8	36.1	3.7	4.0	4.9	5.9	1.6	1.7	2.2	2.6	74	110	139	172	25.6	39.7	19.9	19.1
Blue Dart Express	Accumulate	156	6,556	7,242	10.5	44.1	51.7	57.8	64.7	7.0	6.3	5.9	6.8	4.1	3.7	3.4	4.0	402	531	621	728	50.5	33.1	25.0	25.3
Allcargo GATI	Accumulate	16	125	145	15.9	14.9	17.2	19.7	22.6	0.3	0.7	1.0	1.2	(0.0)	0.1	0.3	0.4	43	47	50	53	(0.6)	1.3	2.7	4.0
Delhivery	Reduce	315	428	405	(5.3)		72.3	82.2	95.6		(4.5)	(1.1)	0.7		(10.1)	(8.0)	(6.5)		126	118	110		(13.3)	(9.0)	(7.8)
Media & Entertainment																									
Zee Entertainment	Sell	155	162	170	5.1	81.9	80.9	88.7	89.2	17.2	11.1	11.5	12.2	10.9	5.9	6.3	6.7	108	112	118	125	9.4	2.3	5.7	5.8
Sun TV Network	Accumulate	261	663	720	8.7	34.5	36.6	41.7	42.7	22.1	23.5	27.5	27.6	15.9	16.7	20.3	20.5	207	230	255	285	20.9	19.4	21.2	19.2
PVR Inox	Buy	146	1,490	1,900	27.5	20.1	52.2	65.9	68.9	1.8	15.1	20.8	22.1	(7.3)	(3.2)	2.1	1.2	113	747	768	781	(32.1)	(7.7)	2.8	1.6
Entertainment Network 18	Buy	12	248	215	(13.3)	3.2	4.4	4.8	5.6	0.5	0.7	1.0	1.3	(0.3)	(0.0)	0.2	0.3	160	158	162	169	(4.4)	(0.5)	2.2	4.1
TV Today Network	Buy	14	237	260	9.9	9.3	8.8	9.3	10.2	2.4	1.3	0.7	1.6	1.8	1.0	0.5	1.1	194	139	251	270	16.9	8.9	4.1	7.2
DB Corp	Accumulate	58	325	360	10.7		21.3	24.3	27.1		3.2	6.2	7.0		1.7	4.2	4.9		109	125	148		8.8	20.8	22.0
Metals																									
NMDC	Accumulate	648	221	134	(39.4)	259.6	176.7	212.7	237.2	126.3	60.6	76.5	87.9	94.5	46.6	58.3	66.1	81	69	81	92	39.7	23.2	24.6	24.5
JSW Steel	Accumulate	1,985	812	909	12.0	1,438.3	1,636.5	1,733.0	2,055.1	390.1	185.5	290.1	392.6	206.9	37.3	93.4	158.3	278	277	309	378	36.7	5.6	12.6	17.4
Tata Steel	Reduce	1,660	135	136	0.7	2,423.3	2,416.4	2,272.2	2,413.7	634.9	323.0	205.1	322.2	402.5	108.4	2.4	138.4	77	89	84	88	42.7	10.0	0.2	12.8
Jindal Steel and Power	Accumulate	745	731	707	(3.3)	510.9	527.1	517.1	570.8	159.1	97.0	103.3	134.1	88.2	39.5	56.6	79.7	334	379	436	514	26.2	10.6	13.6	16.4
Steel Authority of India	Accumulate	497	120	104	(13.7)	1,028.1	1,037.7	1,112.9	1,169.0	213.2	73.4	104.3	120.0	122.6	17.2	32.2	45.2	116	126	129	137	25.7	3.3	6.0	8.0
Hindalco Industries	Accumulate	1,276	568	541	(4.7)	1,950.6	2,232.0	2,158.3	2,303.6	283.5	226.7	251.5	272.6	137.9	100.7	120.2	132.0	326	422	450	489	19.1	11.6	12.3	12.5
Jindal Stainless	Accumulate	455	553	653	18.1		353.8	390.5	477.7		35.9	47.3	61.9		21.1	27.8	39.2		132	148	171		19.4	22.9	27.9
Oil & Gas																									
Reliance Industries	Buy	19,595	2,896	3,354	15.8	7,000.0	8,778.0	9,062.0	9,575.0	1,105.0	1,422.0	1,621.0	1,840.0	676.0	741.0	897.0	1,073.0	1,314	1,225	1,351	1,504	6.5	8.6	10.3	11.1
ONGC	Accumulate	3,177	253	224	(11.3)	5,138.7	6,548.4	5,632.2	6,050.0	857.7	857.1	1,062.3	1,004.0	469.6	406.9	514.6	478.6	206	223.1	243.8	263.2	19.5	15.1	17.5	15.0
Indian Oil Corporation	Buy	2,072	147	178	21.3	5,893.4	8,417.6	7,744.7	7,540.9	473.0	310.7	833.9	622.9	253.9	119.9	498.0	332.2	97	102	119	134	20.2	7.4	32.8	19.0
Bharat Petroleum	Accumulate	1,069	493	396	(19.6)	3,467.9	4,731.9	4,197.6	4,380.4	191.4	108.9	462.5	291.1	90.1	15.8	278.3	152.3	264	272	363	413	17.1	3.0	44.6	20.0
GAIL	Buy	1,129	172	165	(3.9)	984.3	1,514.0	1,357.0	1,422.2	138.3	66.9	107.1	139.0	103.6	52.9	75.8	96.6	84	84	90	99	20.3	9.5	13.1	15.3
Hindustan Petroleum	Reduce	642	452	450	(0.5)	3,496.8	4,404.0	4,177.6	4,247.0	101.8	(75.2)	239.6	153.6	63.8	(89.7)	144.7	86.0	273	195	236	275	17.1	(27.0)	47.3	23.7
Petronet LNG	Accumulate	394	263	235	(10.6)	431.7	599.0	543.6	570.4	52.5	48.6	51.2	57.2	33.5	32.4	34.5	39.0	90	100	109	119	26.7	22.8	22.1	21.9
Indraprastha Gas	Accumulate	293	419	421	0.5																				

Company	Rating	Mkt Cap (INR bn)	CMP (INR)	TP (INR)	Upside/ Downside (%)	Net Sales (INR bn)				EBIDTA (INR bn)				Adj PAT (INR bn)				BVPS (INR)				ROE (%)			
						FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E	FY22	FY23	FY24E	FY25E
Gujarat State Petronet	Accumulate	205	364	328	(9.9)	20.2	17.6	18.2	18.2	14.0	12.6	13.5	12.1	9.8	9.4	10.7	9.0	150	164	179	192	12.2	10.7	11.0	8.6
Gujarat Gas	Accumulate	381	553	491	(11.3)	164.6	167.6	156.3	172.6	20.8	23.9	19.0	20.8	12.9	15.3	11.1	12.2	81	102	117	134	23.0	21.8	13.8	13.2
MRPL	Sell	315	180	150	(16.5)	697.3	1,088.6	924.0	925.0	50.3	66.9	77.5	63.0	29.9	26.5	46.3	36.6	41	56	83	104	52.2	31.1	38.0	22.4
Mahanagar Gas	Accumulate	140	1,414	1,535	8.5	35.6	63.0	63.0	62.5	9.2	11.8	18.9	17.9	6.0	7.9	13.0	12.4	364	419	510	598	16.6	19.1	25.7	20.9
Chennai Petroleum	Sell	123	824	774	(6.1)	433.8	767.3	641.6	617.7	27.3	57.0	43.8	34.2	13.4	35.3	27.2	20.3	187	422	603	739	20.2	49.9	34.2	24.3
Paints																									
Asian Paints	Sell	2,855	2,976	2,840	(4.6)	291.0	344.9	360.2	392.3	48.0	62.6	79.3	81.8	31.5	41.0	56.2	57.4	144	167	190	215	26.3	27.9	32.9	29.6
Berger Paints	Reduce	653	560	564	0.7	87.6	105.7	113.1	125.6	13.3	14.9	19.3	21.2	8.3	8.6	12.4	13.6	40	39	45	51	25.3	21.8	27.2	26.1
Kansai Nerolac	Reduce	273	338	320	(5.4)	59.5	70.8	75.5	83.5	6.5	7.9	10.6	11.3	3.9	4.9	7.2	7.3	77	85	103	110	9.4	11.1	14.2	12.8
Pharmaceuticals																									
Sun pharma	Accumulate	3,361	1,401	1,484	5.9	386.5	438.9	481.2	528.9	102.4	117.7	125.4	143.0	77.6	81.8	83.7	97.1	200	233	258	289	15.7	16.9	15.2	15.8
Dr. Reddy's	Reduce	975	5,844	5,579	(4.5)	214.4	240.9	273.0	292.5	46.1	59.6	77.6	85.9	26.5	31.3	46.3	52.2	1,141	1,383	1,656	1,954	17.8	18.1	21.8	20.3
Cipla	Accumulate	1,079	1,337	1,499	12.1	217.6	227.5	256.7	279.1	45.0	50.3	62.2	69.0	26.4	29.8	41.2	45.1	258	294	334	381	14.2	17.4	21.0	21.1
Torrent Pharma	Accumulate	825	2,438	2,225	(8.7)	85.1	96.2	107.6	118.5	24.3	28.4	33.3	36.6	12.6	12.5	15.7	18.0	176	183	208	246	21.6	20.9	25.3	25.3
Zyudus Lifescience	Buy	758	749	791	5.7	152.7	175.2	193.3	208.0	33.4	38.5	49.3	55.9	21.3	25.6	34.2	38.9	168	173	201	232	14.3	13.4	17.4	17.3
Aurobindo Pharma	Buy	680	1,161	1,208	4.1	234.6	248.6	286.0	310.7	43.9	37.6	55.4	64.1	27.8	19.3	30.8	35.6	419	458	502	556	12.7	7.8	11.5	12.1
Lupin	Accumulate	675	1,483	1,383	(6.8)	164.1	166.4	197.0	215.2	21.0	17.2	33.6	38.5	(15.3)	4.3	16.8	20.1	340	274	306	343	7.6	3.5	13.4	14.3
Ajanta Pharma	Accumulate	274	2,177	1,894	(13.0)	33.4	37.4	41.8	46.1	9.3	8.0	10.9	12.1	7.1	5.9	7.6	8.5	255	265	293	335	23.8	18.0	22.5	22.7
JB Chemicals & Pharmaco	Reduce	263	1,695	1,515	(10.6)	24.2	31.5	35.3	39.4	5.4	7.0	9.3	10.4	3.9	4.0	5.7	6.6	277	160	189	219	21.3	19.2	23.7	23.2
Gland Pharma	Accumulate	310	1,881	1,764	(6.2)	44.0	36.2	56.3	62.8	15.1	10.2	13.8	15.6	12.1	8.4	9.0	10.1	613	482	537	598	20.5	11.7	11.3	11.3
Divi's Laboratories	Sell	948	3,571	2,443	(31.6)	89.6	77.7	81.0	91.3	38.8	23.7	24.0	28.4	28.7	15.6	15.2	18.3	443	482	517	568	31.9	15.5	13.5	14.8
Pipes																									
APL Apollo Tubes	Accumulate	425	1,532	1,679	9.6	126.3	156.7	187.8	250.5	9.5	10.2	13.6	19.9	6.2	6.4	8.5	13.4	89	109	134	177	29.8	23.5	25.3	31.1
Ratnamani Metals & Tubes	Accumulate	224	3,196	3,155	(1.3)	31.2	44.6	53.5	63.0	4.9	7.8	9.9	11.8	3.2	5.1	6.7	8.1	321	372	456	559	15.2	21.0	23.0	22.8
Real Estate																									
Godrej Properties	Accumulate	676	2,430	1,811	(25.5)	18.2	22.5	30.0	34.4	1.3	2.5	4.1	7.4	5.4	6.6	7.5	9.9	312	334	361	397	4.1	6.2	7.5	9.0
Oberoi Realty	Reduce	476	1,308	1,323	1.2	26.9	41.9	46.9	60.9	11.8	21.1	23.2	28.5	8.1	19.0	19.4	22.7	286	335	389	451	10.1	15.6	13.7	13.8
Prestige Estates Projects	Accumulate	486	1,213	930	(23.3)	63.9	83.2	94.6	109.5	15.3	20.9	23.7	27.7	3.4	6.3	8.7	12.3	238	256	278	308	12.0	9.2	7.8	10.0
Sobha	Buy	131	1,377	964	(30.0)	25.6	33.1	36.1	40.9	5.3	3.7	6.7	7.1	1.7	1.0	2.6	2.8	255	263	282	304	7.1	4.2	10.2	10.1
Brigade Enterprises	Accumulate	233	1,007	790	(21.6)	30.0	34.4	39.3	46.8	7.7	8.6	9.6	10.7	1.4	2.5	2.7	3.3	127	141	150	161	4.8	7.6	8.0	9.0
Mahindra Lifespace Deve	Buy	86	554	588	6.1	3.9	6.1	6.6	8.9	(0.9)	(1.1)	1.0	1.9	(0.3)	(0.8)	0.6	1.2	115	117	131	151	3.4	1.9	11.4	14.2
Macrotech Developers	Buy	998	1,034	944	(8.7)	94.7	116.1	137.1			20.7	28.9	37.6		16.6	20.2	27.5		131	152	181		13.1	13.8	15.8
Sugar																									
Balrampur Chini Mills	Buy	79	392	483	23.3	48.5	46.7	58.7	61.3	7.0	5.1	8.4	5.5	4.7	2.8	5.0	3.0	136	144	162	172	16.8	9.8	15.4	8.9
Dwarikesh Sugar	Buy	16	85	119	40.7	19.8	21.0	22.0	22.5	2.9	2.1	2.8	2.2	1.6	0.9	1.5	1.1	36	39	51	59	23.1	14.4	16.8	12.4
Textile																									
Arvind	Buy	82	314	251	(20.1)	80.1	83.8	80.2	94.0	8.3	8.3	8.5	10.5	2.5	3.5	3.6	5.2	113	128	142	159	8.7	11.0	10.2	13.1
KPR Mills	Accumulate	256	750	949	26.5	48.2	61.9	66.1	73.1	12.2	12.7	13.4	15.3	8.4	8.1	8.9	10.2	93	108	129	153	30.4	23.6	22.0	21.2
Vardhman Textiles	Accumulate	116	402	420	4.5	96.2	101.4	95.7	103.1	22.7	13.2	9.5	14.9	15.1	8.0	6.1	10.0	272	301	314	339	21.8	9.8	6.9	10.7
Utilities																									
NTPC	Buy	3,147	325	287	(11.6)	1,196.6	1,637.7	1,799.8	1,844.9	377.5	432.3	446.8	449.8	148.0	163.1	189.4	205.7	132	143	154	166	11.9	11.7	12.7	12.7
NHPC	Buy	873	87	60	(31.0)	83.5	93.2	114.6	129.1	46.8	53.7	65.3	69.1	35.4	36.1	32.8	35.6	33	35	37	38	10.9	11.1	9.1	9.5
Power Grid Corporation	Reduce	2,360	254	201	(20.8)	399.3	447.9	478.1	484.6	373.3	397.3	416.0	417.0	133.3	154.2	161.8	170.8	109	89	97	102	18.3	15.8	17.0	16.6
PTC India	Accumulate	70	237	174	(26.6)	156.3	148.9	168.4	197.2	6.1	5.6	6.1	6.3	4.2	3.7	4.2	4.4	133	140	150	160	10.8	8.9	9.6	9.3
Tata Power	Accumulate	1,220	382	288	(24.6)	428.2	551.1	593.2	673.9	75.1	77.1	109.1	129.9	10.7	33.4	27.1	32.6	70	90	97	105	9.6	13.0	9.1	10.1
Torrent Power	Sell	482	1,004	679	(32.4)	142.6	256.9	266.8	282.5	35.9	47.7	47.1	51.8	13.6	21.1	19.8	21.3	207	229	232	229	13.6	20.2	16.6	17.8
JSW Energy	Sell	816	496	381	(23.2)	86.1	103.3	136.1	160.9	40.1	32.8	60.5	77.6	17.4	13.3	17.6	27.1	106	113	102	126	10.8	7.9	9.4	13.0
CESC	Buy	184	139	167	20.1	125.4	142.5	160.6	169.5	29.2	21.5	33.0	36.4	13.6	13.4	14.3	15.5	78	82	86	91	13.5	12.8	13.1	13.5
Coal India	Accumulate	2,544	413	385	(6.7)	1,097.2	1,382.5	1,459.0	1,520.1	286.6	411.9	441.9	453.0	173.8	281.2	288.4	288.8	71	93	117	141	40.3	49.1	40.1	33.3
Indian Energy Exchange	Buy	125	140	188	33.9	4.3	4.0	4.6	5.1	3.6	3.4	3.9	4.3	3.0	2.9	3.4	3.6	8	9	10	12	43.2	39.4	39.0	34.7
SJVN	Accumulate	508	129	80	(38.1)	24.2	29.4	32.0	42.3	17.3	22.3	25.3	29.2	9.9	13.6	18.0	19.8	34	35	37	41	7.5	9.8	12.3	12.4

Note: CMP as on 29 January 2024; Numbers updated as on 29 January 2024; 4:00 pm; # Consolidated financials; ^ YE Dec; \$ YE June; UR: Under Review; NR: Not Rated; Source: Company, Elara Securities Estimates

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Team - Institutional Equities

Harendra Kumar	Managing Director		harendra.kumar@elaracapital.com	+91 22 6164 8571
Sales				
Ashok Agarwal	India		ashok.agarwal@elaracapital.com	+91 22 6164 8558
Hitesh Danak	India		hitesh.danak@elaracapital.com	+91 22 6164 8543
Karan Rathod	India		karan.rathod@elaracapital.com	+91 22 6164 8570
Lekha Nahar	India		lekha.nahar@elaracapital.com	+91 22 6164 8512
Prashin Lalvani	India		prashin.lalvani@elaracapital.com	+91 22 6164 8544
Shraddha Shrikhande	India		shraddha.shrikhande@elaracapital.com	+91 22 6164 8567
Sudhanshu Rajpal	India		sudhanshu.rajpal@elaracapital.com	+91 22 6164 8508
Joshua Saldanha	Asia		joshua.saldanha@elaracapital.com	+91 22 6164 8541
Anita Nazareth	Corporate Access, Conference & Events		anita.nazareth@elaracapital.com	+91 22 6164 8520
Tina D'souza	Corporate Access		tina.dsouza@elaracapital.com	+91 22 6164 8595
Quantitative, Alternatives, Sales Trading & Dealing				
Sunil Jain	Quantitative & Alternates		sunil.jain@elaracapital.com	+91 22 6164 8531
Nandish Patel	Quantitative & Alternates		nandish.patel@elaracapital.com	+91 22 6164 8564
Biren Mehta	Head - Sales Trading		biren.mehta@elaracapital.com	+91 22 6164 8500
Kalpesh Parekh	India		kalpesh.parekh@ElaraCapital.com	+91 22 6164 8555
Manoj Murarka	India		manoj.murarka@elaracapital.com	+91 22 6164 8551
Anil Pawar	India		anil.pawar@elaracapital.com	+91 22 6164 8552
Nilesh Chheda	India		nilesh.chheda@elaracapital.com	+91 22 6164 8554
Nupur Barve	India		nupur.barve@elaracapital.com	+91 22 6164 8532
Research				
Dr Bino Pathiparampil	Head of Research	Healthcare, Pharmaceuticals, Strategy	bino.pathiparampil@elaracapital.com	+91 22 6164 8689
Amit Purohit	Analyst	Building Materials, FMCG, Paints	amit.purohit@elaracapital.com	+91 22 6164 8594
Ankita Shah	Analyst	Infrastructure, Ports & Logistics, Industrials	ankita.shah@elaracapital.com	+91 22 6164 8516
Biju Samuel	Analyst	Quantitative & Alternate Strategy	biju.samuel@elaracapital.com	+91 22 6164 8505
Gagan Dixit	Analyst	Aviation, Chemicals, Oil & Gas	gagan.dixit@elaracapital.com	+91 22 6164 8504
Garima Kapoor	Economist		garima.kapoor@elaracapital.com	+91 22 6164 8527
Harshit Kapadia	Analyst	Capital Goods, Consumer Electronics	harshit.kapadia@elaracapital.com	+91 22 6164 8542
Jay Kale, CFA	Analyst	Auto & Auto Ancillaries	jay.kale@elaracapital.com	+91 22 6164 8507
Karan Taurani	Analyst	Media & Entertainment, Alcobev, QSR, Inter-Banking & Financials	karan.taurani@elaracapital.com	+91 22 6164 8513
Prakhar Agarwal	Analyst	Banking & Financials	prakhar.agarwal@elaracapital.com	+91 22 6164 8502
Prashant Biyani	Analyst	Agrochemicals, Fertilisers, Sugar	prashant.biyani@elaracapital.com	+91 22 6164 8581
Prerna Jhunjhunwala	Analyst	Textiles, Retail	prernajhunjhunwala@elaracapital.com	+91 22 6164 8519
Ravi Sodah	Analyst	Cement, Metals & Mining	ravi.sodah@elaracapital.com	+91 22 6164 8517
Ruchi Mukhija	Analyst	IT Services	ruchi.mukhija@elaracapital.com	+91 22 6164 8583
Rupesh Sankhe	Analyst	Utilities, Renewables, Capital Goods, Real	rupesh.sankhe@elaracapital.com	+91 22 6164 8518
Shweta Daptardar	Analyst	Diversified Financials, Non Lending Financials	shweta.daptardar@elaracapital.com	+91 22 6164 8559
Saurabh Mitra	Sr. Associate	Cement, Metals & Mining	saaurabh.mitra@elaracapital.com	+91 22 6164 8546
Aditya Jaiswal	Associate	Strategy	adityajaiswal@elaracapital.com	+91 22 4204 8683
Amogh Deshpande	Associate	Aviation, Chemicals, Oil & Gas	amogh.deshpande@elaracapital.com	+91 22 4204 8664
Bhavi Shah	Associate	Cement, Metals & Mining	bhavi.shah@elaracapital.com	+91 22 6164 8521
Gaurang Sakare	Associate	Healthcare, Pharmaceuticals	gaurang.sakare@elaracapital.com	+91 22 4204 8618
Heet Van	Associate	Healthcare, Pharmaceuticals	heet.van@elaracapital.com	+91 22 6164 8545
Himanshu Dhyawala	Associate	Diversified Financials, Non Lending Financials	himanshu.dhyawala@elaracapital.com	+91 22 4204 8661
Jinesh Kothari	Associate	Infrastructure, Ports & Logistics	jinesh.kothari@elaracapital.com	+91 22 6164 8500
Kartik Solanki	Associate	Banking & Financials	kartik.solanki@elaracapital.com	+91 22 4204 8604
Ketul Dalal	Associate	Auto & Auto Ancillaries	ketul.dalal@elaracapital.com	+91 22 4204 8693
Keval Shah	Associate	Strategy	keval.shah@elaracapital.com	+91 22 4204 8669
Mudit Kabra	Associate	Capital Goods, Consumer Electronics	mudit.kabra@elaracapital.com	+91 22 4204 8611
Nemish Sundar	Associate	Capital Goods, Consumer Electronics	nemish.sundar@elaracapital.com	+91 22 6164 8500
Nishant Chowhan, CFA	Associate	Auto & Auto Ancillaries	nishant.chowhan@elaracapital.com	+91 22 4204 8667
Palak Shah	Associate	Banking & Financials	palak.shah@elaracapital.com	+91 22 6164 8500
Ragini Pande	Associate	Utilities, Renewables	ragini.pande@elaracapital.com	+91 22 6164 8500
Rohit Harlikar	Associate	Building Materials, Dairy, FMCG, Paints	rohit.harlikar@elaracapital.com	+91 22 6164 8562
Rounak Ray	Associate	Media & Entertainment, Alcobev, QSR, Inter-IT Services	rounak.ray@elaracapital.com	+91 22 4204 8684
Seema Nayak	Associate	Economics	seema.nayak@elaracapital.com	+91 22 4204 8687
Shweta Roy	Associate	Economics	shweta.roy@elaracapital.com	+91 22 6164 8500
Subhankar Sanyal	Associate	Economics	subhankar.sanyal@elaracapital.com	+91 22 4204 8688
Tanvi Tambat	Associate	Real Estate	tanvi.tambat@elaracapital.com	+91 22 6164 8537
Ujwal Wadighare	Associate	Agrochemicals, Fertilisers, Sugar	ujwal.wadighare@elaracapital.com	+91 22 6164 8500
Vaibhav Chechani	Associate	IT Services	vaibhav.chechani@elaracapital.com	+91 22 4204 8682
Vidhi Puj	Associate	Building Materials, FMCG, Paints	vidhi.puj@elaracapital.com	+91 22 4204 8692
Vinayak Patil	Database		vinayak.patil@elaracapital.com	+91 22 6164 8510
Priyanka Sheth	Editor		priyanka.sheth@elaracapital.com	+91 22 6164 8568
Prakriti Singh	Editor		prakriti.singh@elaracapital.com	+91 22 6164 8500
Gurunath Parab	Production		gurunath.parab@elaracapital.com	+91 22 6164 8515
Jinesh Bhansali	Production		jinesh.bhansali@elaracapital.com	+91 22 6164 8537

India
Elara Securities (India) Pvt. Ltd.
One International Center, Tower 3,
21st Floor,
Senapati Bapat Marg,
Elphinstone Road (West)
Mumbai – 400 013, India
Tel : +91 22 6164 8500

Europe
Elara Capital Plc
 6th Floor, The Grove,
 248A Marylebone Road,
 London, NW1 6JZ
 United Kingdom
 Tel : +44 20 7486 9733

USA
Elara Securities Inc.
 230 Park Avenue, Suite 2415,
 New York, NY 10169, USA
 Tel: +1 212 430 5870
 Fax: +1 212 208 2501

Asia / Pacific
Elara Capital (Asia) Pte.Ltd.
 One Marina Boulevard,
 Level 20, Singapore 018989
 Tel : +65 6692 0174

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Elara Securities (India) Private Limited
 Registered Office Address: One International Center, Tower
 3, 21st Floor, Senapati Bapat Marg,
 Elphinstone Road (West) Mumbai – 400 013, India Tel : +91
 22 6164 8500

CIN: U74992MH2007PTC172297 | SEBI Research Analyst
 Registration No.: INH000000933

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Investor Grievance Email ID:

investor.grievances@elaracapital.com -

Tel. +91 22 6164 8509

Compliance Officer: Mr. Anand Rao -

Email ID: anand.rao@elaracapital.com - Tel. +91 22 6164 8509