

Market snapshot



Equities - India	Close	Chg .%	CYTD.%
Sensex	71,357	-0.7	18.2
Nifty-50	21,517	-0.7	19.7
Nifty-M 100	46,529	0.3	47.2
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	4,705	-0.8	23.5
Nasdaq	14,592	-1.2	41.1
FTSE 100	7,682	-0.5	3.6
DAX	16,538	-1.4	20.4
Hang Seng	5,629	-0.8	-15.4
Nikkei 225	33,464	0.0	28.2
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	77	1.7	-6.8
Gold (\$/OZ)	2,041	-0.8	12.9
Cu (US\$/MT)	8,419	-0.3	0.9
Almn (US\$/MT)	2,265	-1.1	-2.5
Currency	Close	Chg .%	CYTD.%
USD/INR	83.3	0.0	0.7
USD/EUR	1.1	-0.2	2.2
USD/JPY	143.3	0.9	8.3
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.2	0.01	-0.1
10 Yrs AAA Corp	7.6	0.01	-0.1
Flows (USD b)	3-Jan	MTD	CY23YTD
FII	-0.1	6.94	21.4
DII	-0.10	1.45	22.3
Volumes (INRb)	3-Jan	MTD*	YTD*
Cash	1,163	1024	1024
F&O	6,01,598	4,21,629	4,21,629

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research idea

Shobha: Aiming for higher scale with strong balance sheet

Targeting sustainable growth with healthy cash flows and profitability

- ❖ After underperforming its listed peers on pre-sales growth over FY21-23, we believe SOBHA is set to outperform in terms of growth given its focus on unlocking its vast land reserve and exploring external growth opportunities through its healthy balance sheet. The outperformance is also expected to be driven by improvements in profitability.
- ❖ Further, visibility in the monetization of some of its large land parcels in Bengaluru will lead to a re-rating in its implied land valuation. SOBHA is our top idea for CY24 with a revised TP to INR1,400, 25% upside potential.
- ❖ Key risks to our target price include (a) slowdown in residential absorption, (b) delay in monetization of large land parcels, and (c) inability to sign BD deals.



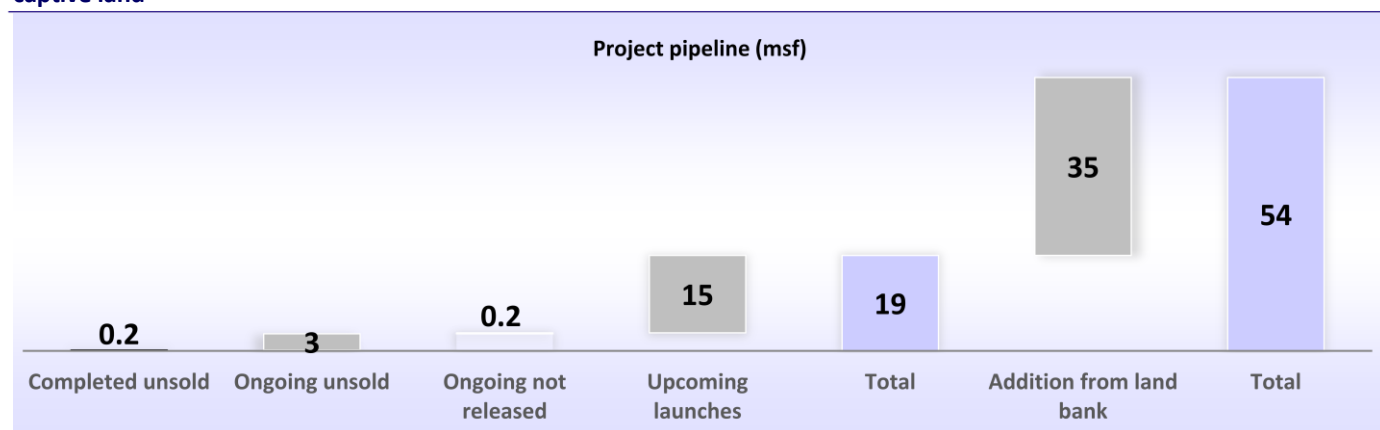
Research covered

Cos/Sector	Key Highlights
Shobha	Aiming for higher scale with strong balance sheet
3QFY24 Financials Preview	Banks and Ins: Earnings growth to moderate; remain watchful on NIMs NBFCs: Healthy profitability despite NIM restraint from rising CoF Non Lending: Capital markets-linked companies to deliver strong performance
India Strategy	Jan'24 (The Eagle Eye): Global markets continue to rally in Dec.'23
Bajaj Finance	No slowing down despite the RBI ban on two of its products
IndusInd Bank	Focus on increasing retail deposits; CASA mix moderates further



Chart of the Day: Shobha (Aiming for higher scale with strong balance sheet)

SOBHA has pipeline of 19msf (including 3msf of inventory) and it can increase to over 50msf if we consider the addition from captive land



Source: Company, MOFSL

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

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



Kindly click on textbox for the detailed news link

1

Jio Financial-BlackRock and Abira Securities file for mutual fund license with SEBI

The Indian mutual fund industry is fiercely competitive, with 44 companies and many others eyeing entry

2

Bank assurance sought to curb misselling of insurance products

Some of the measures being considered may include a cap on commission charges paid to banks for selling insurance products, stricter disclosures of commission while selling policies, and delinking bank employees' performance appraisals from insurance sales targets, said the people.

3

Airtel loses nearly 1.2 million active users in Oct 2023: TRAI

Bharti Airtel lost nearly 1.2 million active but its rival Reliance Jio added 1.84 million active users in October 2023, indicating strong adoption of its affordable internet-enabled feature phone, Jio Bharat.

4

Govt launches 9th round of oil, gas blocks for bidding, ONGC wins big

In the ninth bid round, 28 blocks, with an area of approximately 136,000 square kilometres, are on offer for bidding

5

Vedanta Resources' bondholders back company's debt restructuring plan

"The overwhelming consent to the revised terms will take immediate pressure (off) Vedanta to repay the debt obligation," Vedanta Resources said

6

Govt scraps privatisation of SAIL's Salem steel plant

The government on Wednesday said it has decided not to go ahead with the privatisation of SAIL's Salem Steel Plant (SSP).

7

HMSI sales rise 27% to 3,17,123 units in Dec

Exports were at 31,022 units as against 17,020 units in the year-ago period, it added.



Sobha

BSE SENSEX
71,357

S&P CNX
21,517



Bloomberg	SOBHA IN
Equity Shares (m)	95
M.Cap.(INRb)/(USDb)	106.2 / 1.3
52-Week Range (INR)	1140 / 412
1, 6, 12 Rel. Per (%)	12/96/71
12M Avg Val (INR M)	484

Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Sales	35.6	42	50.3
EBITDA	4.1	6.3	11.4
EBITDA Margin (%)	11.5	15	22.7
Adj PAT	1.5	3.9	8.1
Cons. EPS (Rs)	16.1	40.8	83.6
EPS Growth (%)	48.6	154.1	104.7
BV/Share (Rs)	271.7	309.1	389.2

Ratios

Net D:E	0.5	0.4	0.2
RoE (%)	6.1	14.1	23.9
RoCE (%)	7.7	11.9	19.6
Payout (%)	21.4	8.4	4.1

Valuations

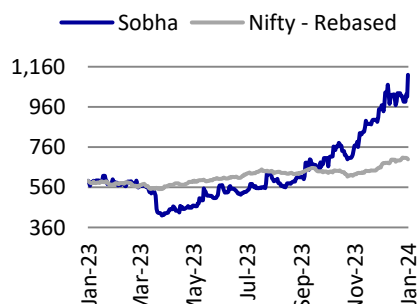
P/E (x)	64	25.2	12.3
P/BV (x)	3.8	3.3	2.6
EV/EBITDA (x)	26.8	17.2	9.3
Div. Yield (%)	0.3	0.3	0.3

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	52.3	52.3	52.0
DII	15.0	12.2	13.7
FII	11.2	12.8	15.6
Others	21.6	22.8	18.7

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR1120

TP: INR1400 (+25%)

Buy

Aiming for higher scale with strong balance sheet

Targeting sustainable growth with healthy cash flows and profitability

After underperforming its listed peers on pre-sales growth over FY21-23, we believe SOBHA is set to outperform in terms of growth given its focus on unlocking its vast land reserve and exploring external growth opportunities through its healthy balance sheet. The outperformance is also expected to be driven by improvements in profitability. Further, visibility in the monetization of some of its large land parcels in Bengaluru will lead to a re-rating in its implied land valuation. SOBHA is our top idea for CY24 with a revised TP to INR1,400, 25% upside potential.

Key risks to our target price include (a) slowdown in residential absorption, (b) delay in monetization of large land parcels, and (c) inability to sign BD deals.

Delivered ~30% CAGR in pre-sales over FY21-23

- Over FY13-22, SOBHA sustained pre-sales at INR20-30b and sales volumes stagnant at ~4msf. However, during FY21-23, the company reported a 30% CAGR in bookings, driven by strong demand tailwinds, increased launches, and rising prices.
- Volumes saw a CAGR of ~20% during the period, aided by a high contribution from NCR, GIFT City, and Hyderabad. Growth in Bengaluru was in line with industry growth.
- SOBHA also reported a 12% CAGR in pricing during the period, led by strong appreciation in markets like NCR (+21%), GIFT City (+16%), and Pune (+10%).

Strong pipeline to support pre-sales growth

- The company has outlined 15msf of launches (period), of which 3-4msf was launched in 3QFY24 and the remaining will be launched over the next one and a half years.
- Through its vast land reserves of ~200msf, SOBHA aims to launch 30-40msf of projects over the next three to four years. These launches also include an initial phase of its projects on its large land parcels at Hosur (Tamil Nadu) and Hoskote (Bengaluru).
- We expect SOBHA to scale up launches to 9-10msf by FY26, which will lead to a 25% CAGR in pre-sales to INR100b through FY23-26.

Healthy balance sheet to enable growth beyond existing land bank

- Over the last three years, the management focused on bringing down the leverage, which further intensified after Mr. Jagadish Nangineni took over as MD and CEO in Mar'22. During his tenure, net debt has been reduced by INR13b to INR14b as of Sep'23.
- With leverage now at 0.6x, the management aims to scale up its operations by launching more projects on its existing land parcels.
- Further, it also intends to restart investments in land, given healthy cash flows. We expect the company's OCF to increase to INR13b by FY26, which should provide SOBHA enough firepower to target external growth.

Contracts margin stabilized, residential margins to improve from FY25

- EBITDA margins dropped to 11% in FY23 from 21% in FY22 as EBIT margins for the residential segment halved to 23%. The contractual segment managed to breakeven at the operating level owing to the impact of sharp inflation.
- Margin contraction, especially in the residential segment, despite pricing 10-15% premium over its peers, has been one of the key concerns for investors. Thus, margin improvement will be one of the key re-rating triggers.
- EBIT margins for the contractual segment have now stabilized at 15% (in 2QFY24) as guided by the company. The residential segment's EBITDA margin is expected to recover to 25-30% in 4QFY24.
- As per the management, projects launched post FY23 have seen healthy realizations and are expected to generate EBITDA margin of over 30%.

Resolution of ongoing cases might take time

- **Gurugram ED case:** The Enforcement Directorate has concluded its investigation and the case will go through the judicial process once filed in the court. SOBHA is confident of a favorable outcome but the timeline is difficult to ascertain.
- **Chennai IT Raid:** The management is yet to hear from the Income Tax Department about the findings of the raid and will accordingly assess if the judgement needs to be contested, hence it expects the case to run a little longer.
- **Sobha City OC issue:** The management admitted lapses in the documentation of the project and it proactively took action to get it corrected. The company is ready to accept the penalty levied for the same, but it will not be material.

Valuation and view

- We factor in higher launches over FY24-26E and hence revise our pre-sales estimates by 4%/12% for FY24/FY25. We also introduce FY26 estimates.
- We believe that as the company unlocks its vast land reserves and explores growth opportunities beyond its existing land bank, it will provide further growth visibility. Project launches on its large land parcels in Bengaluru and Tamil Nadu will drive re-rating for its existing land valuation.
- Its focus on sustainable growth (revenue growth, healthy profitability, and steady cash flows) will put the company on a long-term growth path.
- At CMP, SOBHA's ~200msf land is valued at INR38b vs. our arrived value of INR60b assuming 25-75 years of monetization. The company trades at 6.5x FY25E EV/EBITDA (implied based on FY25E pre-sales), which is 25-40% discount to its comparable midcap/smallcap peers (PEPL, BRGD, MLDL, Sunteck).
- **We revise our TP to INR1,400, implying 25% upside potential, and we rate SOBHA as our top idea for CY24.**



Financials: Banks and Insurance



3QFY24 earnings estimate (INR b)

PAT (INR b)	3Q FY24E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	4.2	6.6	4.2
AXSB	60.8	3.9	3.7
BANDHAN	7.9	171.8	9.5
DCBB	1.3	18.4	6.3
EQUITAS	2.1	20.7	3.6
FB	9.5	17.7	-0.9
HDFCB	162.4	32.5	1.7
ICICIBC	99.9	20.1	-2.7
IDFCFB	7.8	28.5	3.4
IIB	23.3	18.6	5.8
KMB	33.6	20.3	5.2
RBK	3.2	51.3	7.5
Private Total	415.8	23.2	1.6
PSU Banks			
BOB	42.2	9.4	-0.9
CBK	35.3	22.5	-2.1
INBK	19.4	39.3	-2.2
PNB	18.6	196.1	6.1
SBIN	110.2	-22.4	-23.1
UNBK	35.6	58.5	1.3
PSU Total	261.3	3.6	-11.3
Banks Total	677.1	14.8	-3.8
Other Financials			
SBICARD	6.0	17.8	0.0
Paytm	-2.6	NA	NA

Earnings growth to moderate; remain watchful on NIMs

Controlled slippages to aid further AQ improvement

- Credit growth steady; unsecured loan growth to moderate across banks:** Systemic credit growth remains healthy at 16% for the fortnight ended 15-Dec'23 and we expect growth trends for our coverage universe to remain steady, led by continued momentum in Retail, Business Banking, and recovery in the corporate segment. The SME segment has shown robust performance, while the real estate sector has been witnessing strong activity, with a segmental loan growth of 41% YoY. Among the retail segment, Home loans, Vehicle and Small business segments continue to do well, while unsecured loans are expected to witness some moderation in growth amidst RBI's RWA regulation.
- Deposit growth gains pace, buoyed by elevated rates; NIMs to compress further** Systemic deposit growth has improved to 13.3% YoY (fortnight ended 15 Dec'23), driven by higher push for deposit mobilization and aggressive TD rates being offered by banks. This has helped further narrow the gap between credit and deposit growth to ~2.4% in Dec'23. The elevated CD ratios across most private banks, coupled with healthy credit volumes in the seasonally strong second half, will likely sustain high competitive pressure on liabilities. Deposit accretion among top lenders such as HDFCB, AXSB, BOB, and IDFCFB will thus be a key monitorable and an important factor to determine the loan growth. CASA ratios are likely to moderate further across banks as deposit churn toward higher rate TDs continue. We thus expect systemic NIMs to moderate further though the pace of moderation is likely to decline vs that in 2QFY24.
- Slippages and credit cost to remain under control:** We estimate slippages to remain under control, while the recovery momentum remains healthy, thus driving continued improvement in asset quality ratios. Further, restructured book is likely to moderate, which along with low SMA book will help keep credit costs in check.
- Estimate banking coverage universe earnings to grow ~15%/28% (10%/24% YoY Ex of HDFCB) in 3QFY24/FY24:** We estimate NII for our banking coverage universe to grow at ~9% YoY (Ex of HDFCB) during 3QFY24, while elevated opex drags PPOP to a 4% YoY decline (Ex of HDFCB). For 3QFY24, we thus estimate private/PSU banks to report earnings growth of 23% (18% ex of HDFCB)/4% YoY. **We estimate MOSL Banking Universe earnings to grow 28% (~24% ex of HDFCB)/22%/20% YoY over FY24/FY25/26E.**

Private Banks – 3QFY24 PAT to grow ~18% YoY (Ex of HDFCB)

- We estimate PPOP growth of 8% YoY (+3% QoQ) (Ex of HDFCB) for our Private bank coverage universe during 3QFY24, while PAT growth is estimated to sustain at 18% YoY/1.5% QoQ (Ex of HDFCB).** Earnings growth is supported by robust business growth and controlled credit cost compensating for continued NIM compression and slightly higher opex. However, we expect the pace of NIM compression to moderate over 2Q levels.
- We thus estimate 3QFY24 NII growth of 18.5% YoY (15% YoY ex of HDFCB) with IDFCFB at ~27%, HDFCB at ~27%, KMB at ~15%, ICICIBC at ~12%, IIB at ~18%, and AXSB at 11% YoY.**

- Opex is likely to stay elevated as banks continue with their investments in branches + technology, while the pace of employee hiring also remains healthy.
- **Slippages are likely to remain under control**, which should drive continued improvement in asset quality ratios. This, coupled with healthy recoveries from NCLT resolutions and the sale of NPA accounts to ARC (Bandhan Bank), will enable further improvement in asset quality ratios.

PSBs – Elevated Opex + NIM softness to drive earnings moderation

- We estimate PSBs earnings growth to moderate, led by elevated opex and slight compression in margins. We thus estimate PSBs to report **NII growth of 6% YoY, while PPOP is expected to decline 12% YoY and PAT is expected to grow at 3.6% YoY.**
- **Opex is likely to remain elevated** on the back of the recently concluded wage negotiations agreed at 17% (higher than expectations of 15%), which would result in further wage/pension provisioning by PSBs, Federal Bank. **Treasury performance** is expected to remain healthy, aided by moderation in bond yields and strong capital markets.
- **Asset quality** improvement is likely to continue, with controlled slippages, while healthy recoveries, upgrades & sale to NARCL aid asset quality ratios. Healthy PCR and a sharp decline in SMA pool augur well for credit cost.

Small Finance Banks – Mixed performance; NIMs to moderate further

- We estimate **AUBANK** to report 7% YoY growth in 3QFY24 PAT to INR4.18b (4.2% QoQ growth) as opex ratios remain elevated (C/I ratio at ~62% for FY24), while NIMs fall further by 10bp QoQ to 5.4%, after a 22bp decline in 2QFY24. We remain watchful on asset quality as the bank reported an uptick in credit cost during 2QFY24, citing normalization in underlying business metrics.
- **EQUITASB** is likely to report healthy quarter with PPOP/PAT growth of 27%/24% YoY and ~31% YoY growth in advances (~6% QoQ). However, we estimate margins to further moderate by another 25bp QoQ to 8.2%.

Payments & Fintech: Macro uncertainty to keep earnings under check

- **SBICARDS:** The momentum in Credit Card spends and new account sourcing is likely to remain healthy amid festive demand in 3Q. NIM is expected to see slight moderation as revolver mix remains sticky at 24%. Asset quality pressures are likely to continue, keeping credit costs elevated. We thus estimate earnings to grow 18% YoY/ flat QoQ.
- **Paytm:** We estimate 3QFY24 GMV to grow 37% YoY to INR4.8t, while the value of loans disbursed is likely to moderate, given cautionary stance on PL & Postpaid loans. We expect revenue from operations to grow 32% YoY to INR27.3b, while contribution profit is estimated to grow 42% YoY to INR14.9b (contribution margin of ~55%). We estimate Adj. EBITDA to come in at INR2.04b.

Other monitorables

- **Unsecured loan growth and margins:** Post the RBI's move on risk-weights on unsecured loans, the growth trajectory in unsecured loans and commentary would be a key thing to watch out. While margins are expected to decline but colour on residual deposit re-pricing and asset mix would be important to assess the margin outlook.
- **Deposit progression remains a critical** business metric, given elevated CD ratios and recent media reports of RBI asking select banks to improve their CD ratio.
- **Opex & Wage provisions:** Continued technology spends and investments in branch expansion/business growth would affect opex run-rate. Shortfall on residual wage, pension provisioning would be important to assess earnings growth.
- **Fee income traction and treasury performance:** The traction in fee income and treasury performance amidst buoyant capital markets and moderation in bond yields remain other key focus areas.

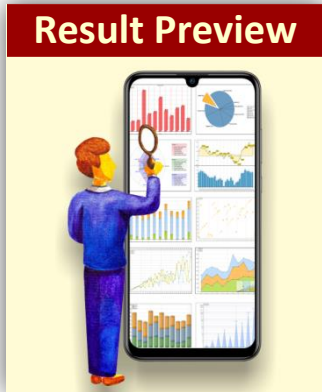
3QFY24 earnings estimates

	Rating	NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
		Dec'23	YoY (%)	QoQ (%)	Dec'23	YoY (%)	QoQ (%)	Dec'23	YoY (%)	QoQ (%)
Financials										
AU Small Finance	Buy	13,211	14.6	5.8	6,648	19.6	2.6	4,189	6.6	4.2
Axis Bank	Buy	1,27,102	10.9	3.2	90,824	-2.1	5.2	60,822	3.9	3.7
Bandhan Bank	Neutral	25,794	24.0	5.6	17,395	-9.5	9.9	7,898	171.8	9.5
DCB Bank	Neutral	4,908	10.0	3.2	2,299	18.5	9.2	1,348	18.4	6.3
Equitas Small Finance	Buy	7,895	21.9	3.1	3,521	26.1	6.6	2,053	20.7	3.6
Federal Bank	Buy	21,551	10.2	4.8	13,932	9.3	5.2	9,455	17.7	-0.9
HDFC Bank	Buy	2,91,423	26.8	6.4	2,40,169	26.2	5.8	1,62,416	32.5	1.7
ICICI Bank	Buy	1,84,917	12.3	1.0	1,41,432	6.6	-0.6	99,851	20.1	-2.7
IDFC First Bank	Neutral	41,786	27.2	5.8	16,020	27.1	6.1	7,768	28.5	3.4
IndusInd Bank	Buy	52,935	17.8	4.3	40,720	10.5	4.2	23,292	18.6	5.8
Kotak Mahindra Bank	Neutral	65,144	15.2	3.5	48,313	25.5	4.8	33,578	20.3	5.2
RBL Bank	Neutral	15,205	19.1	3.1	7,840	38.2	7.3	3,161	51.3	7.5
Banks – Private		8,51,871	18.5	4.1	6,29,114	14.0	4.1	4,15,830	23.2	1.6
Banks – Private (Ex of HDFCB)		5,60,447	15	3	3,88,944	8	3	2,53,414	17.8	1.5
Bank of Baroda	Buy	1,10,963	2.6	2.5	76,332	-7.3	-4.8	42,151	9.4	-0.9
Canara Bank	Buy	92,200	7.2	3.6	73,472	5.7	-3.5	35,287	22.5	-2.1
Indian Bank	Buy	58,373	6.1	1.7	40,939	0.8	-4.9	19,449	39.3	-2.2
Punjab National Bank	Neutral	1,00,949	10.0	1.7	64,519	12.9	3.8	18,624	196.1	6.1
State Bank of India	Buy	4,01,610	5.5	1.7	1,74,095	-31.0	-10.3	1,10,183	-22.4	-23.1
Union Bank	Buy	94,232	9.2	3.3	71,227	7.6	-1.4	35,582	58.5	1.3
Banks – PSU		8,58,327	6.2	2.2	5,00,585	-11.9	-5.2	2,61,277	3.6	-11.3
Total Banks		17,10,198	12.0	3.1	11,29,699	0.9	-0.2	6,77,107	14.8	-3.8
Total Banks (Ex of HDFCB)		14,18,775	9	2	8,89,530	-4	-2	5,14,691	10.2	-5.4
SBI Cards	Buy	13,527	18.2	4.3	15,778	29.6	1.7	6,000	17.8	0.0
Paytm	Buy	27,260	32.1	8.2	2,048	LP	-83.9	-2,632	NA	NA

For Paytm: NII represents Revenue from operations and PPOP represents Adjusted EBITDA



Financials - NBFCs



Healthy profitability despite NIM restraint from rising CoF

Mortgages and gold loans yet to fully recover; minor improvement in asset quality

- Robust credit demand leading to healthy AUM growth:** We expect ~8% YoY growth in AUM for our coverage HFCs, including both affordable and other HFCs. Vehicle Financers are projected to report ~26% YoY growth in AUM. Gold lenders (including non-gold products) are expected to report a ~25% YoY growth. NBFC-MFIs are forecasted to report a ~35% YoY growth, while diversified lenders are anticipated to deliver a ~24% YoY growth in AUM. For our coverage universe, we estimate a loan growth of ~20% YoY/~5% QoQ in 3QFY24. Lenders acknowledged that they have started calibrating their growth in unsecured personal loans (PL; particularly those sourced through digital partnerships).
- NIM trajectory remains an important monitorable:** The extent of NIM recovery envisaged earlier in Vehicle Finance (VF) has not happened as yet because of the sustained rise in CoF, which might now peak by Mar/Jun'24. For Housing Financers, yields have maxed out (except for a change in product mix) and rising CoF would result in a sequential NIM compression.
- Expect operating cost ratios to remain broadly stable:** NBFCs/HFCs have been investing in either technology/analytics infrastructure or in branch expansions. We expect operating cost ratios to remain sequentially stable with an improvement bias.
- Asset quality exhibited minor improvement:** We expect a minor improvement in asset quality in Vehicle Finance as well as mortgages. MFI lenders could see some slippages during the quarter, resulting in asset quality remaining more range-bound. We do not expect any higher delinquencies in affordable HFCs. Credit costs likely to remain benign, except for a) provisions for slippages from restructured pool and b) write-offs in the PL portfolio.
- Healthy profitability despite NIM moderation to result in ~27% YoY PAT growth for the NBFC coverage universe:** We estimate a ~22%/22%/27% YoY growth in NII/PPoP/PAT in 3QFY24 for our coverage universe of NBFC – Lending Financials. We remain constructive on Vehicle Finance and expect mortgages to benefit from a recovery in both supply and demand. We continue to prefer: a) franchises that can manage their liabilities better than others to mitigate the impact on margins and b) companies with strong balance sheets and higher visibility on earnings growth. Our top picks in the sector are SHTF, PNBHF, and Fusion MFI.

3QFY24 earnings estimate (INR b)

PAT (INR b)	3QFY24	YoY (%)	QoQ (%)
HFC			
LICHF	11.0	128	-8
PNBHF	4.0	48	4
AAVAS	1.3	20	6
HomeFirst	0.8	34	6
CANF	2.0	31	26
REPCO	1.0	26	4
HFC - Total	20.0	75	-1
VEF			
CIFC	8.5	24	12
MMFSL	5.3	-15	126
SFL	18.9	6	8
VEF - Total	33	6	19
GL			
MGFL	5.8	48	4
Muthoot	10.2	13	3
GL - Total	16.0	23	3
MFI			
Credag	3.5	61	0
Fusion	1.4	33	9
Spandana	1.3	86	6
MFI - Total	6.2	59	3
Diversified			
BAF	37.2	25	5
Poonawalla	2.6	73	13
LTHF	6.2	23	5
MASFIN	0.6	26	6
Div - Total	46.7	27	5
Total (Universe)	121.6	27	7

Mortgages yet to fully recover; new housing scheme to aid demand

- Demand for mortgages in the affordable housing segment, with ticket sizes below INR3m, has shown limited recovery and remains relatively weak.** However, there has been healthy demand observed for low-ticket mortgages within the range of INR1.0-1.5m, particularly for self-construction purposes. CANF (with an incremental ATS of ~INR2.2m in housing loans) could see muted disbursements in the quarter because of a) a delay in demand recovery and b) management bandwidth spent in process improvements.

- We anticipate credit costs for LICHF at ~55bp (vs. ~60bp in 2QFY24) since we do not estimate any further deterioration in asset quality. Margins could fall ~25bp QoQ, led by moderation in yields and a rise in CoF.
- We expect both Aavas and HomeFirst to report a QoQ improvement in disbursements, leading to healthy AUM growth. NIM would moderate for both AHFCs because of a rise in CoB (despite benefits of NHB borrowings). Asset quality is likely to remain stable with benign credit costs.
- We estimate that PNBHF was not adversely impacted as much by weak trends in mortgages and expect it to report ~30% YoY growth in disbursements. We estimate a ~5bp QoQ NIM expansion and improvement in GS3 for PNBHF.

Vehicle Finance – NIM recovery taking longer than earlier anticipated

- MMFS has reported disbursements of ~INR155b in 3QFY24 (up 7% YoY), but growth in business assets was lower at ~3% QoQ because of conversion of pre-festival trade advances into customer retail loans. We expect credit costs for MMFS at ~1.3% in 3QFY24 (vs. 0.8% in 3QFY23). For CIFIC/ SHTF, we estimate disbursements to remain healthy, which should translate into ~39%/20% YoY growth in AUM.
- We estimate NIM improvement of 5-10bp QoQ. Margin recovery is taking longer than initially expected because of a sustained rise in the CoF.
- Expect minor improvement in vehicle finance (VF) asset quality for all the three VFs in our coverage with a sequential moderation in credit costs.

Gold Finance – Loan growth recovery delayed because of festive period in 3Q

- Expect gold loan financiers to deliver a muted gold loan growth in 3QFY24. We estimate tonnage growth to also remain modest because of high gold ornament release requests from customers.
- We expect ~1-3% sequential growth in the gold loan portfolio of MUTH/MGFL. NIM should exhibit QoQ compression because of the rise in CoF but stable yields.

Microfinance – Disbursement acceleration in 2H; NIM moderation likely

- Disbursements have remained healthy for NBFC-MFIs, leading to a healthy GLP growth for all three NBFC-MFIs – CREDAG, Fusion, and Spandana – in our coverage universe.
- While we estimate a ~10bp NIM compression for CREDAG (because of the rise in CoF), we estimate a margin expansion of ~10bp for Fusion, driven by its lower incremental cost of borrowings.
- While there were flows between asset quality buckets, we expect asset quality to remain robust and credit costs to remain benign for NBFC-MFIs as well. We expect higher write-offs for Fusion (leading to lower Stage 3) because of a change in its write-off policy. For Fusion, we estimate 3QFY24 credit costs of ~3% (PQ: 3.4%).

Diversified Financiers: Calibration in personal loans, but profitability robust

- Diversified lenders such as BAF, Poonawalla, LTFH, and non-vehicle segments of SHFL are likely to exhibit calibration in growth within unsecured personal loans. This has been more pronounced after the RBI increased the risk weights on unsecured consumer credit to 125% (from 100% earlier).
- For LTFH, we expect strong growth in retail loans, but since the wholesale segment (such as real estate and infrastructure) will continue to moderate, the consolidated loan book could grow ~3% QoQ in 3QFY24. We estimate credit costs to moderate for LTFH, leading to a sequential improvement in profitability.
- We expect BAF to report a ~34% YoY/7% QoQ growth in its AUM. We estimate a ~20bp contraction in NIM for BAF with credit costs increasing to ~1.7% (vs. ~1.5% in 2QFY24)
- We expect Poonawalla to deliver ~60% YoY growth in standalone AUM, driven by ~10% QoQ growth in disbursements. We estimate this to translate into a ~13% QoQ growth in PAT for the company.

Quarterly Performance

Sector	CMP		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Dec-23	Variance YoY (%)	Variance QoQ (%)	Dec-23	Variance YoY (%)	Variance QoQ (%)	Dec-23	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	1,559	Neutral	2,288	9.9	2.9	1,675	18.4	2.7	1,290	20.2	6.0
Bajaj Finance	7,298	Buy	76,471	29.1	6.3	61,812	27.4	5.9	37,238	25.3	4.9
Can Fin Homes	777	Neutral	3,274	30.1	3.4	2,767	30.0	2.4	1,985	31.1	25.6
Chola. Inv & Fin.	1,224	Buy	21,971	37.5	9.0	15,112	40.0	6.4	8,516	24.5	11.7
CreditAccess	1,594	Buy	7,869	45.6	3.1	5,634	48.8	0.1	3,480	61.2	0.3
Fusion Micro	586	Buy	3,224	27.8	5.4	2,503	36.2	3.5	1,367	33.4	8.7
Home First Fin.	932	Buy	1,379	24.7	4.4	1,084	32.9	3.8	786	34.1	5.8
L&T Fin. Holdings	164	Buy	18,910	3.8	2.6	12,981	4.0	0.1	6,248	23.0	5.1
LIC Housing Fin	562	Buy	19,657	22.4	-6.7	17,247	27.2	-9.2	10,973	128.5	-7.6
M & M Financial	275	Buy	16,887	8.8	6.4	10,233	2.5	8.5	5,321	-15.4	126.3
Manappuram Finance	171	Buy	14,060	28.8	3.8	8,897	50.3	2.7	5,808	47.6	3.6
MAS Financial	867	Buy	1,624	31.2	6.8	1,082	32.3	4.4	639	26.4	6.4
Muthoot Finance	1,468	Neutral	18,950	11.2	2.0	13,674	8.3	1.9	10,182	12.9	2.7
PNB Housing	785	Buy	6,640	-7.4	2.9	5,784	-14.2	4.8	3,995	48.4	4.3
Poonawalla Fincorp	438	Buy	5,224	73.5	10.1	3,677	136.0	9.6	2,602	73.0	13.1
Repco Home Fin	408	Neutral	1,746	25.9	3.0	1,389	26.2	3.8	1,016	25.8	3.5
Shriram Finance Ltd	2,048	Buy	48,382	15.4	5.3	37,015	12.1	6.3	18,869	6.2	7.8
Spandana Sphoorty	1,129	Buy	3,305	52.3	4.6	2,241	59.3	-13.0	1,331	86.4	6.3
NBFC			2,71,862	21.6	4.3	2,04,806	21.5	3.4	1,21,643	27.4	7.1



Financials – Non Lending

Result Preview



Company

Angel One

BSE

CAMS

ICICI Lombard

ICICI Securities

IIFL Wealth

MCX

Star Health

HDFC Life

IPRU Life

SBI Life

Max Financials

Capital markets-linked companies to deliver strong performance

Price hike set to improve health segment loss ratios; VNB margins to improve QoQ

- In 3QFY24, Nifty surpassed 21,750, translating into healthy trends in key parameters (volumes, orders, client additions, etc.) for capital markets-related companies. Both equity and commodity segments continued to witness better-than-expected trends in option volumes. ANGELONE and BSE would be the biggest beneficiaries of these trends.
- In the AMC sector, net equity inflows were buoyant in Oct'23 and Nov'23. The growth in equity AUM was primarily backed by strong SIP flows (SIP flows reaching an all-time high in Nov'23) and MTM gains (11% Nifty gain). Overall MF AUM, however, saw flattish trends, owing to weak trends in fixed income AUM. Increase in equity AUM would lead to improved performance for both CAMS and 360ONE.
- Private Life Insurance players saw a 19% growth in APE in Oct'23, followed by a 3% decline in Nov'23 (on a base of 20% growth in Nov'22). We expect sequential recovery in non-par share, leading to higher VNB margins.
- Ex-crop, the general insurance sector experienced steady GWP growth of 10% and 12% in Oct'23 and Nov'23, respectively. Growth in the health segment moderated to 10%/13% YoY over Oct/Nov'23 as compared to 27% in 2QFY24. The motor segment too saw a lower growth of 10%/12% YoY in Oct/Nov'23 compared to 14% in 2QFY24. Health segment loss ratios are expected to decline on the back of price hikes. We expect STARHEAL and ICICIGI to report improvement in profitability.
- We remain positive on the long-term growth potential of the non-lending financials, given their broader themes of financialization and digitization of savings. Our top picks in this space are ANGELONE, SBILIFE, and STARHEAL.

Incremental demat account additions moderates; sustained growth in cash volumes, with healthy F&O volumes in 3QFY24

- Retail segment's cash ADTO at NSE decreased by 19% MoM in Oct'23, but rebounded in Nov'23 with a 12% MoM growth. Compared to 2QFY24, the growth momentum of F&O ADTO was buoyant in 3QFY24 (retail F&O ADTO moderated 3% MoM in Oct'23, whereas it grew 9% MoM in Nov'23).
- Incremental demat account additions moderates to 2.7m in Oct'23 and 2.8m in Nov'23 (average 3m/month in 2QFY24). For ANGELONE, the average customer additions moderated to 0.68m in Nov'23. However, the number of orders per day showed a marginal increase in Nov'23 to 5.4m. We expect a healthy increase in revenue and profitability for ANGELONE.
- BSE witnessed strong traction in derivatives volumes, resulting in a 14%/5% market share in notional/premium turnover in Dec'23. Also, the increase in transaction charges w.e.f 1st November 2023 is likely to improve profitability.
- MCX has migrated successfully to its new CDP (Commodity Derivatives Platform). The company is in the process of getting a re-validation approval from SEBI for many new products, which were in the pipeline. MCX has seen strong traction in option volumes, although this has been partially offset by lower volumes in Futures.

Life Insurers: APE growth weakens on high base; VNB to be weak

- Life insurance players saw a healthy APE growth of 19% YoY in Oct'23. However, Nov'23 saw a decline of 3% YoY on a strong base, wherein APE growth was 20% in Nov'22. We expect demand for annuity, non-par (QoQ) and protection to remain strong.
- VNB growth:** VNB is expected to decline for all players, except HDFC Life, owing to weakness in margins as the share of non-par is expected to be lower.

Steady premium (ex-crop) growth for general insurance sector; health claim ratio to improve on the back of price hikes

- Ex-crop, the general insurance sector experienced steady GWP growth of 10% and 12% in Oct'23 and Nov'23, respectively. The health segment reported a moderated growth of 10%/13% YoY over Oct/Nov'23, whereas the Motor segment saw a lower double-digit growth of 10%/12% YoY in Oct/Nov'23.
- For ICICIGI, the premium growth in Oct/Nov'23 stood at 5%/17% YoY. The GWP growth for ICICIGI was primarily led by strong YoY expansion in the health segment, with 22%/29% YoY growth in Oct/Nov'23.
- For Oct/Nov'23, STARHEAL saw a premium growth of 18%/17% YoY, driven by retail growth of 18%/17% and group health business of 26%/18% (given lower base).
- Opex ratios are expected to benefit from operating leverage. Health segment loss ratios are expected to improve YoY, due to the implemented price hikes.

Strong SIP flows, positive net inflows, and equity MTM gains drive mutual fund AUM growth

- Mutual Fund AUM saw 20%+ YoY growth, led by strong 26%/27% growth in equity AUM for Oct'23/Nov'23. Net equity inflows remained buoyant in Oct'23 and Nov'23. The growth in equity AUM was primarily backed by strong SIP flows and MTM gains (higher in Nov'23).
- The share of equity AUM improved ~20bp in Oct'23 & ~50bp in Nov'23, reaching 53.3%. The SIP flows were strong for Oct'23 and Nov'23 (SIP flows reached its all-time high in Nov'23).
- This would translate into healthy operating performance for both CAMS and 360 ONE in 3QFY24.

Quarterly Performance

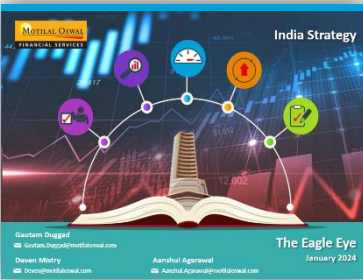
Sector	CMP (INR)	Rating	Revenue/NEP/ Gross Prem (INR m)			EBITDA/PBT/UP/VNB (INR m)			Net profit (INR m)		
			Dec-23	Variance YoY (%)	Variance QoQ (%)	Dec-23	Variance YoY (%)	Variance QoQ (%)	Dec-23	Variance YoY (%)	Variance QoQ (%)
Angel One	3,480	BUY	7,019	51.8	4.0	4,199	38.9	3.1	3,149	37.8	3.7
ICICI Sec	718	Under review	13,034	48.1	4.4	5,846	54.9	2.7	4,397	56.4	3.8
360 One	710	BUY	4,521	9.0	5.9	2,349	2.8	10.3	1,886	10.0	1.3
CAMS	2,651	BUY	2,871	17.9	4.4	1,269	17.3	3.9	873	18.7	4.2
BSE	2,413	Neutral	3,809	86.7	21.1	1,625	150.7	13.8	1,390	120.9	16.7
MCX	3,200	Neutral	1,766	23.0	6.9	-171	N.A	N.A	-37	N.A	N.A
Star Health	540	BUY	32,956	14.9	2.8	-57	N.A	N.A	1,947	-7.5	55.4
ICICI Lombard	1,420	BUY	43,899	15.8	1.9	-1,698	N.A	N.A	5,918	67.9	2.5
HDFC Life	647	Neutral	1,64,336	14	11	9,464	8	18	3,504	11	-7
ICICI Prudential	535	BUY	97,825	3	-2	5,138	-17	-11	2,773	26	14
SBI Life	1,433	BUY	1,99,942	4	-0.3	14,429	-4	-3	4,017	32	6
Max Financial	945	Neutral	74,107	18	12	4,293	-28	3	1,487	-49	-5
Non-Lending NBFC			648,083	12	4	46,686	-4	-2	31,303	5	3

Exhibit 1: Changes to our estimates

Company	Old estimates (INR)		New estimates (INR)		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Angel One	137.6	160.7	141.2	172.7	2.6	7.5
ICICI Sec	46.0	50.9	50.0	57.2	8.7	12.3
360 One	20.9	26.0	21.2	26.6	1.4	2.3
CAMS	68.8	84.9	68.8	84.9	-	-
BSE	22.2	51.1	33.1	60.6	49.6	18.5
MCX	19.1	76.7	19.1	76.7	-	-
Star Health	16.2	22.0	14.3	19.6	-12.0	-11.0
ICICI Lombard	41.5	50.9	41.5	50.9	-	-
HDFC Life	7.7	9.0	8.2	8.8	6.2	-1.9
ICICI Pru	7.3	8.3	7.4	9.5	2.0	15.0
SBI Life	20.1	23.2	20.3	23.8	0.8	2.6
Max Fin	13.4	15.7	13.3	16.3	-1.0	3.9



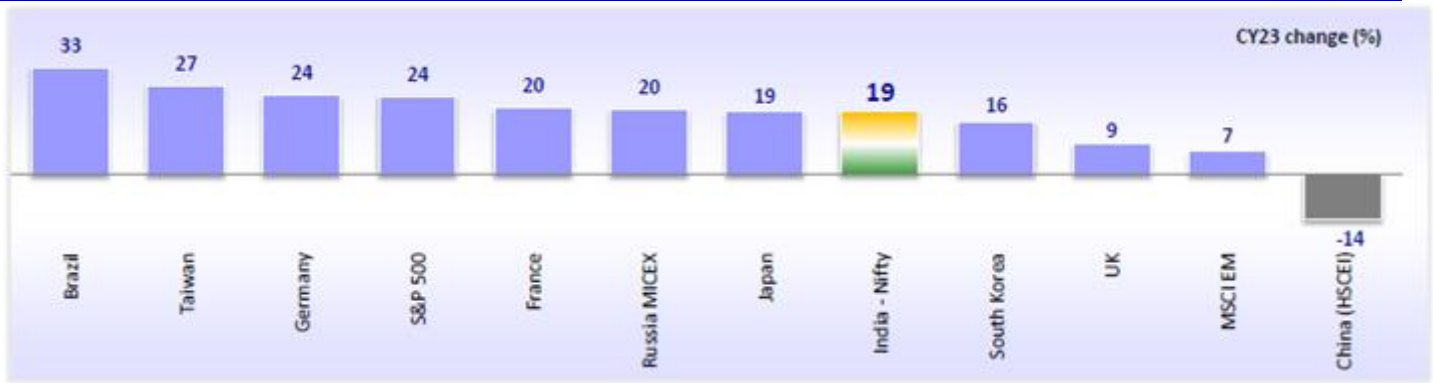
India Strategy



The key highlights of our Jan'24 edition of 'The Eagle Eye' are as follows:

- a) Most of the major global markets end positive; Brazil leads with China being the only laggard; b) India remains the top-performing market in local currency terms in the last decade; c) Broad-based rally seen in Dec'23; Real Estate, Capital Goods, and Auto among the top gainers in CY23; d) Real Estate and Capital Goods were the top performers in the last five years; e) Dollar index down from the CY23 highs; f) FII flows strengthen in Dec'23; Net FII and DII flows are at ~USD44b in CY23 vs. USD15.2b in CY22; g) Average monthly cash and F&O volumes hit an all-time high; g) Sustained market capitalization-to-GDP ratio above its long-term average; h) About 94% of the Nifty constituents end higher in Dec'23, whereas 96% end higher in CY23
- Notable Published reports in Oct'23: a) Public Sector Banks: Well poised for Re-rating 2.0; b) INDIA STRATEGY: Getting in the Groove!!!!

CY23 performance of global equity indices in USD terms (%)

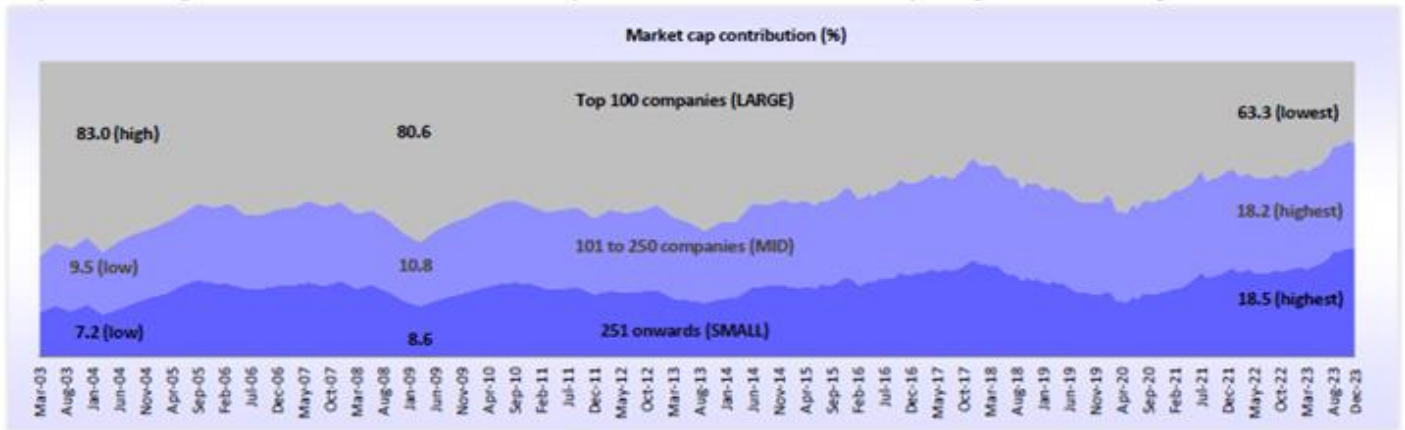


Performance of the MSCI India index vs. MSCI US, MSCI World, MSCI Emerging Market, and MSCI China Indices, in USD terms



*Indices rebased to 100

Sharp broad basing seen in CY23 with mid- and small-cap contribution to total market cap rising to an all-time high in Nov'23



Note: Dec'23 market cap contribution for Large/Mid/Small stood at 63.9%/17.8%/18.3% respectively

Top ideas

	MCap (USD b)	CMP (INR)	EPS (INR)			EPS CAGR (%) FY23-25	PE (x)			PB (x)			ROE (%)		
			FY23	FY24E	FY25E		FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Preferred large cap stocks															
State Bank of India	69.8	642	62.4	63.7	94.5	23.1	10.3	10.1	6.8	1.7	1.4	1.2	18.1	15.5	20.1
ITC	68.4	462	15.0	16.4	18.4	10.8	30.8	28.2	25.1	8.5	8.1	7.7	29.0	29.4	31.4
Larsen & Toubro	58.1	3,527	75.9	97.6	120.9	26.2	46.5	36.1	29.2	5.4	5.4	4.8	12.1	15.0	17.5
Bajaj Fin.	52.7	7,327	190.4	240.1	309.8	27.6	38.5	30.5	23.6	8.1	5.9	4.8	23.4	22.7	22.6
HCL Technologies	48.0	1,466	54.8	57.5	66.1	9.8	26.8	25.5	22.2	6.1	6.1	6.2	23.3	24.0	27.9
Titan Company	39.7	3,676	36.8	46.1	59.9	27.7	100.0	79.7	61.3	27.4	22.2	18.0	30.8	30.9	32.5
UltraTech Cement	36.0	10,503	175.4	257.5	312.9	33.6	59.9	40.8	33.6	5.6	5.0	4.4	9.7	12.9	14.0
Avenue Supermarts	31.5	4,079	36.7	41.6	58.0	25.7	111.2	98.0	70.4	16.4	14.1	11.7	16.0	15.5	18.2
Coal India	28.4	376	45.7	41.1	41.1	-5.1	8.2	9.2	9.1	4.0	3.3	2.8	49.2	36.3	30.9
M & M	25.0	1,726	64.9	90.7	95.6	21.4	26.6	19.0	18.1	4.8	4.0	3.4	19.1	22.8	20.4
Zomato	12.7	124	Loss	0.3	1.0	LP	NM	443.1	121.1	5.1	5.4	5.2	-	1.2	4.4
Preferred midcap/smallcap stocks															
Indian Hotels	7.4	438	7.0	8.6	10.2	20.1	62.2	51.0	43.1	7.8	6.8	6.0	13.3	14.3	14.8
Godrej Properties	6.7	2,013	22.4	24.8	44.7	41.4	90.1	81.3	45.0	6.0	5.7	5.0	6.9	7.2	11.9
Ashok Leyland	6.2	181	4.5	9.2	11.5	59.5	40.2	19.8	15.8	6.3	5.1	4.0	16.8	28.4	28.3
Metro Brands	4.1	1,263	13.3	13.4	18.5	18.0	95.0	94.0	68.2	21.7	18.9	16.0	25.7	22.0	26.0
Angel one	3.4	3,489	107.5	137.6	160.7	22.3	32.5	25.4	21.7	13.4	10.1	7.9	47.6	45.3	40.8
Global Health	3.1	959	12.1	18.0	21.7	33.8	79.0	53.2	44.1	10.6	9.1	7.8	16.1	18.4	19.0
PNB Housing	2.4	781	61.9	58.2	69.4	5.8	12.6	13.4	11.3	1.2	1.3	1.2	10.0	11.6	11.4
Craftsman Auto	1.4	5,398	117.6	186.0	224.9	38.3	45.9	29.0	24.0	8.3	6.6	5.2	19.7	25.2	24.3
Sobha	1.1	986	10.8	16.1	40.8	94.3	91.1	61.3	24.1	3.8	3.6	3.2	4.2	6.1	14.1
Lemon Tree Hotel	1.1	120	1.5	2.0	3.2	44.8	79.2	60.0	37.8	11.0	9.3	7.4	14.0	16.7	21.9

Bajaj Finance

BSE SENSEX	S&P CNX
71, 357	21,517
Bloomberg	BAF IN
Equity Shares (m)	604
M.Cap.(INRb)/(USDb)	4564 / 54.8
52-Week Range (INR)	8192 / 5486
1, 6, 12 Rel. Per (%)	-4/-11/-6
12M Avg Val (INR M)	7335
Free float (%)	44.1

Financials Snapshot (INR b)

Y/E March	FY24E	FY25E	FY26E
Net Income	363	452	570
PPP	240	307	390
PAT	146	189	240
EPS (INR)	238	306	389
EPS Gr. (%)	25	29	27
BV/Sh. (INR)	1,230	1,510	1,846

Ratios

NIM (%)	10.5	10.3	10.4
C/I ratio (%)	33.7	32.1	31.6
RoA (%)	4.6	4.6	4.7
RoE (%)	22.5	22.4	23.2
Payout (%)	15.2	13.8	13.8

Valuations

P/E (x)	31.0	24.1	19.0
P/BV (x)	6.0	4.9	4.0
Div. Yield (%)	0.5	0.6	0.7

CMP:INR7,385

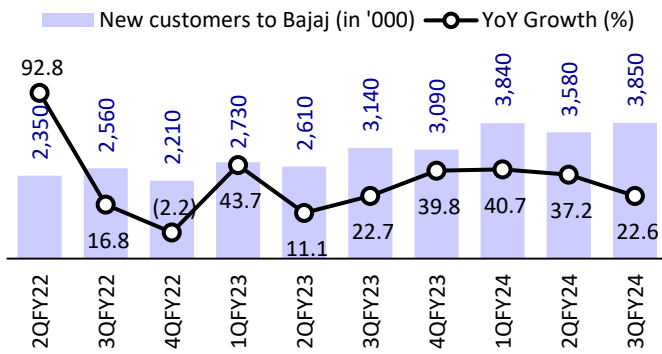
Buy

No slowing down despite the RBI ban on two of its products

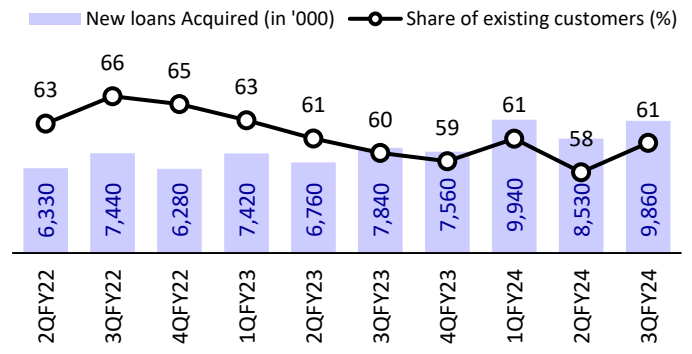
AUM growth inline; Minimal impact of the ban on new customer acquisitions and new loans booked

- Total customer franchise stood at ~80.4m, up ~22% YoY/5% QoQ.
- New customer acquisition remained healthy with BAF acquiring 3.85m new customers (v/s 3.1m YoY and 3.6m QoQ). Customer addition trend was largely in line with prior festive quarters suggestive of the fact that the RBI ban did not have any outsized impact.
- New Loans booked rose ~26% YoY at 9.86m (v/s 7.8m in 3QFY23).
- AUM growth was in-line with the reported AUM at INR3.11t, up ~35% YoY/~7% QoQ.
- AUM growth of 35% YoY suggests that festive period was strong as BAF and that it successfully leveraged traditional channels (except digital/e-commerce) for newer customer acquisitions.
- Deposit book stood at INR580bn and grew 35% YoY/6% QoQ
- Consolidated Liquidity surplus stood at INR116b (v/s INR114b QoQ). Surplus liquidity declined to ~3.7% of AUM (v/s 3.9% QoQ).

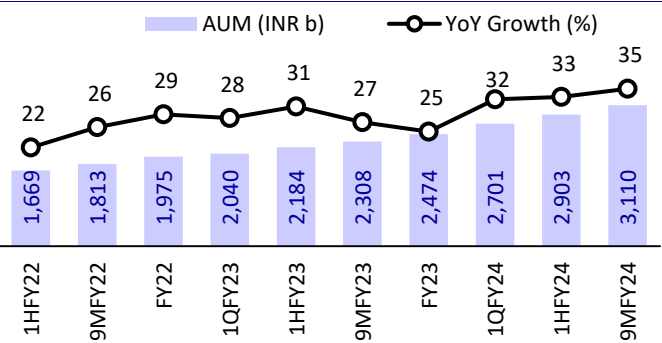
Healthy new customer acquisitions



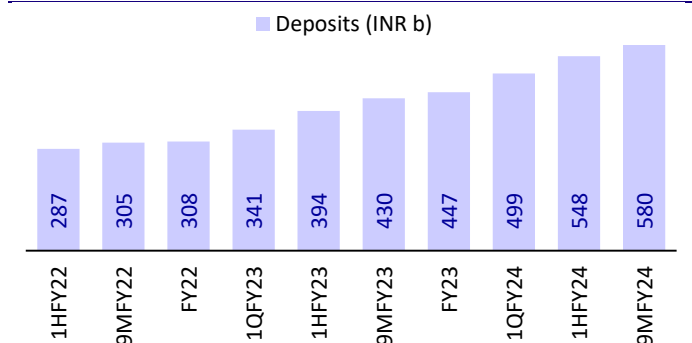
Share of existing customers increased on sequential basis



AUM rose 7% QoQ and 35% YoY, implying healthy disbursements



Deposit book stood at INR580b, up 35% YoY and 6% QoQ



Source: MOFSL, Company

Source: MOFSL, Company

IndusInd Bank

BSE SENSEX	S&P CNX
71,357	21,517
Bloomberg	IIB IN
Equity Shares (m)	776
M.Cap.(INRb)/(USDb)	1245.3 / 15
52-Week Range (INR)	1619 / 990
1, 6, 12 Rel. Per (%)	3/5/11
12M Avg Val (INR M)	4577
Free float (%)	84.9

Financials Snapshot (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	175.9	207.6	249.6
OP	144.2	160.2	194.7
NP	74.4	91.1	112.9
NIM (%)	4.1	4.2	4.4
EPS (INR)	96.0	117.4	145.5
EPS Gr. (%)	54.7	22.3	24.0
BV/Sh. (INR)	707	809	938
ABV/Sh. (INR)	691	792	919
Ratios			
RoE (%)	14.5	15.5	16.7
RoA (%)	1.7	1.8	2.0
Valuations			
P/E (X)	16.7	13.6	11.0
P/BV (X)	2.3	2.0	1.7
P/ABV (X)	2.3	2.0	1.7

CMP: INR1,601

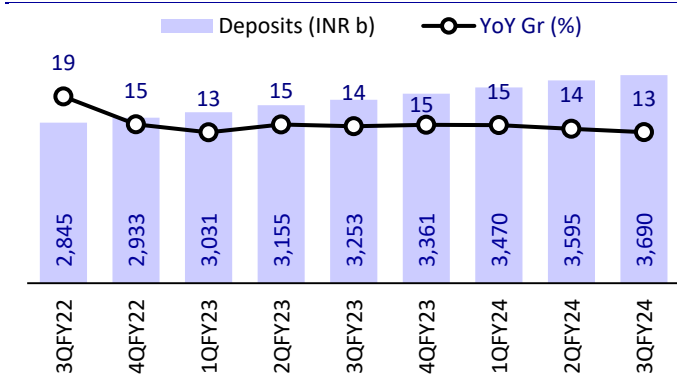
Buy

Focus on increasing retail deposits; CASA mix moderates further

IndusInd Bank (IIB) released its quarterly update for 3QFY24. Following are the key takeaways:

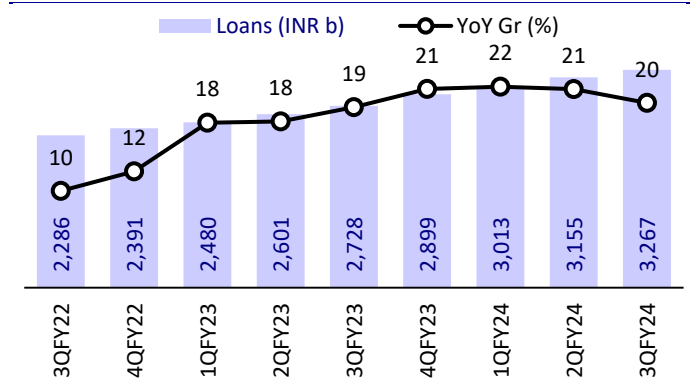
- Net advances picked up and grew 19.8% YoY to ~INR3.3t. Loan growth remained healthy at 3.6% QoQ.
- The bank’s CD ratio increased to 88.6% (up 82bp QoQ) in 3QFY24.
- Deposit growth came in healthy at 2.6% QoQ/13.4% YoY to ~INR3.7t. In deposits, CASA mix moderated 90bp QoQ to 38.5% in 3QFY24.
- Growth in Retail/Small Business deposits remained healthy at 5.2% QoQ to reach INR1,653b. The management is making progress in shoring up its Retail deposit mix. Currently, Retail/Small Business deposits make up 45% of total deposits.
- IIB continues to report a strong trend in loan growth and we expect this trend to remain healthy, which is likely to support margins going forward. Deposit franchise is also growing at a steady pace, with focus remaining on augmenting Retail deposits.

Deposits up 13% YoY (+2.6% QoQ) in 3QFY24



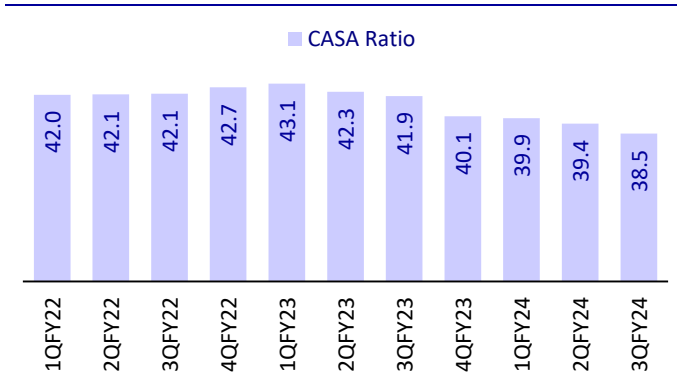
Source: MOFSL, Company

Loans up 20% YoY (+3.6% QoQ) in 3QFY24



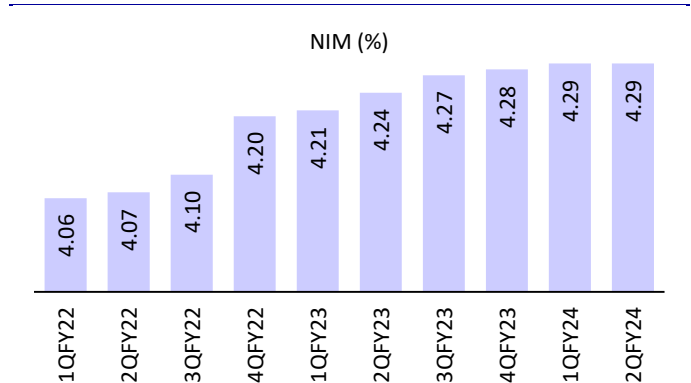
Source: MOFSL, Company

CASA ratio moderates to 38.5% in 3QFY24



Source: MOFSL, Company

NIM stood at 4.29% in 2QFY24



Source: MOFSL, Company



Axis Bank: Expecting deposit rates to remain elevated for the next 3 months; Neeraj Gambhir, Group Executive

- Government spending has not kicked in as much as expected
- Expect some spending to come through in the Jan-March quarter
- For the next 3 months expect deposit rates to remain elevated
- Next fiscal borrowing program will begin April onwards
- Expect yields to be around 7% in H1

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Blue Star: Have not seen any major change post RBI risk weight announcement; B Thiagarajan, MD

- 2023 has been a great year, looking forward to strong summer season
- Demand continued to be robust during festive season
- FY25 capacity utilization will be ready ahead of time
- Manufacturing capacity is increasing, PLI scheme will aid growth
- Holding on to 15% market share by FY25
- Have not seen any major change post RBI risk management

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CSB Bank: 50-60% of new branches getting added in North & West; Pralay Mondal, MD

- Gold loans to pick-up next quarter
- Gold loan grew 22%, slightly lower than usual
- 50-60% of new branches getting added in North & West
- Do not have a lot of business on unsecured loans

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Thyrocare: Hopeful that we will be able to sustain momentum in 2024; Rahul Guha, MD

- Business is doing well, franchise business is up 20% YoY
- Hopeful that we will be able to sustain momentum in 2024
- Should see a continued momentum from the API group
- Volume growth sluggish in Q3, see decline sequentially
- Target double digit revenue growth in FY24
- Will sustain margins around 30% net of ESOPs

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MapMyIndia: Automotive OEM biz will be key driver for ₹1,000 cr revenue target; Rakesh Verma, MD

- Have Rs.450-500 cr of cash on book as of today
- Long term biz growth will be coming from international and drone market
- Automotive OEM biz will be key driver for Rs. 1,000 cr target
- Historically, H2 is always better than H1

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Senco Gold: Continue to hold guidance of 18-20% growth for FY24; Suvankar Sen, Executive Director

- Q3 was good for company, saw 20-25% growth
- Increase in price of gold may impact demand a bit
- Looking at a higher growth in diamond jewelry
- Margin in H2 will be better, will open about 18-20 stores
- Market share at 1-15% nationally, have 3-4% share in East India

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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

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