

Market snapshot



Equities - India	Close	Chg. %	CYTD.%
Sensex	63,783	1.0	4.8
Nifty-50	19,047	1.0	5.2
Nifty-M 100	38,702	1.5	22.8
Equities-Global	Close	Chg. %	CYTD.%
S&P 500	4,117	-0.5	7.2
Nasdaq	12,643	0.4	20.8
FTSE 100	7,363	0.1	-1.2
DAX	14,789	0.4	6.2
Hang Seng	5,979	2.0	-10.8
Nikkei 225	30,992	1.3	18.8
Commodities	Close	Chg. %	CYTD.%
Brent (US\$/Bbl)	90	0.0	10.3
Gold (\$/OZ)	1,982	-0.1	8.7
Cu (US\$/MT)	7,911	0.0	-5.4
Almn (US\$/MT)	2,182	0.0	-7.1
Currency	Close	Chg. %	CYTD.%
USD/INR	83.2	0.0	0.6
USD/EUR	1.1	0.0	-1.3
USD/JPY	150.0	-0.2	14.4
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.4	-0.02	0.0
10 Yrs AAA Corp	7.8	0.00	0.1
Flows (USD b)	27-Oct	MTD	CYTD
FII	-0.2	-2.28	12.7
DII	0.04	3.19	18.8
Volumes (INRb)	27-Oct	MTD*	YTD*
Cash	696	731	670
F&O	1,26,201	3,15,556	2,65,015

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research idea

Maruti Suzuki: Strong beat led by convergence of all positives in 2Q

- ❖ Maruti Suzuki (MSIL) reported a strong EBIT margin beat in 2QFY24; its margin improved ~400bp QoQ to 10.8% (vs. est. 9.1%). This was driven by RM cost savings, favorable FX, healthy mix, and operating leverage. While 2Q margin reflects all the positives and no negative, we expect some of these positives to ebb from the third quarter. Stable growth in domestic PVs and a favorable product lifecycle augur well for MSIL.
- ❖ We expect market share gains and margin recovery in FY24 vis-à-vis FY23. These would be fueled by an improvement in supplies, a favorable product lifecycle, healthy mix, and operating leverage. We raise our FY24E/25E EPS by 10%/6% to factor in better gross margin and higher other income (as we factor in the share swap for SMG instead of cash outflows). The stock trades at 23.4x/22.4x FY24E/FY25E consol. EPS. Maintain BUY with a TP of INR12,300 (premised on 25x Sep'25E consol. EPS).



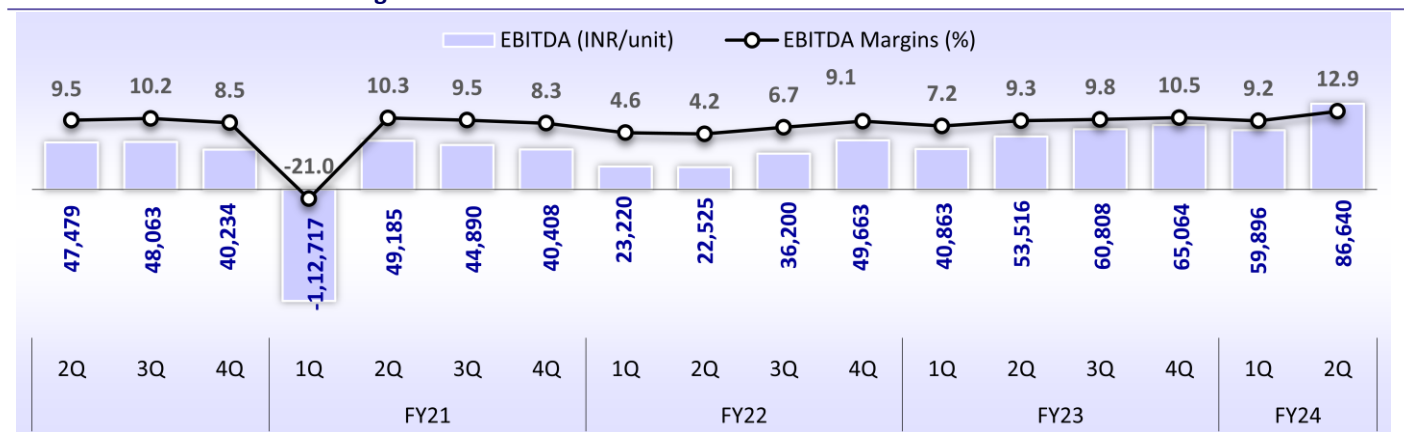
Research covered

Cos/Sector	Key Highlights
Maruti Suzuki	Strong beat led by convergence of all positives in 2Q
Reliance Industries	Standalone gains; Consumer on a steady path
SBI Life Insurance	APE & VNB margins in line
Cipla	NA/DF drives improved profitability
Other Notes	Dr Reddy's Labs SBI Cards Union Bank (I) IDFC First Bank Indian Hotels M & M Fin. Serv. Coromandel International Indiamart International AAVAS Financiers Home First Finance BPLC AU Small Finance Macrotech Development SRF Oberoi Realty IRB Infra.Development Blue Dart Express Piramal Pharma Mahanagar Gas Mahindra Life. Indostar Automobiles



Chart of the Day: Maruti Suzuki (Strong beat led by convergence of all positives in 2Q)

Trends in EBITDA and EBITDA margin



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

US Fed likely to pause again with rates at 22-year high

The Federal Reserve will likely announce it is holding interest rates at a 22-year high on Wednesday, as it looks to tackle inflation without damaging the resilient US economy.

2

Axis Bank well capitalised with self-sustaining capital structure to fund growth: MD Amitabh Chaudhry

Our overall capital adequacy ratio, including profit, stood at 17.84 per cent with a CET 1 ratio of 14.56 per cent. The Bank accreted 18 bps of CET-1 capital in Q2 FY24 and 54 bps in H1 FY24. Axis Bank is well capitalised with a self-sustaining capital structure for funding organic growth, bank expects to grow higher than the industry, average on the credit side. It would be 400-600 basis points higher than the industry in the MSME segment this fiscal.

3

Fincare SFB to merge with AU Small Finance Bank in all-share deal

In what could be the first-ever merger in the small finance bank space, Fincare Small Finance Bank is set to merge with AU Small Finance Bank (AU SFB) in an all-share deal.

4

Honda to launch only SUVs and focus on electric vehicles in India CEO Toshihiro Mibe

Our strategy is to achieve carbon neutrality by 2050. To achieve that, we have milestones set for 2030-35 and 2040.

5

Indian hospitality sector in a strong upcycle: IHCL

The Indian hospitality sector's ongoing upcycle is not a short term 3-4-year trend but one that will continue for long, There is no indication to signal any slowdown in the short to medium term.

6

India's 5G potential is now unfolding: Ericsson's Nunzio Mirtillo

India's vast startup ecosystem will create a plethora of 5G-oriented applications as developers tap into the unique characteristics of 5G.

7

Diamond houses hope to cut through slump in next four months

Amid a slowdown in the affluent markets, plunge in prices and chaotic geopolitics, Indian diamond houses, which cut and polish nine out of 10 stones, told banks last week that the next four months would be crucial.



Maruti Suzuki

Estimate change	↑
TP change	↔
Rating change	↔

CMP: INR10,561 TP: INR12,300 (+16%) Buy

Strong beat led by convergence of all positives in 2Q

Healthy demand to sustain during festive season; supply chain normalizes

Bloomberg	MSIL IN
Equity Shares (m)	302
M.Cap.(INRb)/(USDb)	3190.2 / 38.3
52-Week Range (INR)	10846 / 8076
1, 6, 12 Rel. Per (%)	2/17/9
12M Avg Val (INR M)	4697

Financials & valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	1,175	1,452	1,587
EBITDA	110	174	191
Adj. PAT	80	135	147
Cons. Adj. EPS (INR)	272	451	471
EPS Gr. (%)	111.7	65.9	4.4
BV/Sh. (INR)	1,999	2,355	3,037

Ratios

RoE (%)	13.3	19.0	15.3
RoCE (%)	16.9	24.4	19.9
Payout (%)	33.1	22.2	25.5

Valuations

P/E (x)	38.8	23.4	22.4
P/BV (x)	5.3	4.5	3.5
EV/EBITDA (x)	24.7	15.2	13.4
Div. Yield (%)	0.9	0.9	1.1

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	56.5	56.5	56.4
DII	18.3	18.2	18.2
FII	21.8	21.9	21.9
Others	3.4	3.4	3.6

FII Includes depository receipts

- Maruti Suzuki (MSIL) reported a strong EBIT margin beat in 2QFY24; its margin improved ~400bp QoQ to 10.8% (vs. est. 9.1%). This was driven by RM cost savings, favorable FX, healthy mix, and operating leverage. While 2Q margin reflects all the positives and no negative, we expect some of these positives to ebb from the third quarter.
- We raise our FY24E/25E EPS by 10%/6% to factor in better gross margin and higher other income (as we factor in the share swap for SMG instead of cash outflows). The stock trades at 23.4x/22.4x FY24E/FY25E consol. EPS. **Maintain BUY with a TP of INR12,300 (premised on 25x Sep'25E consol. EPS).**

RM cost savings, favorable mix/FX, & operating leverage aid margin

- MSIL's revenue/EBITDA/PAT grew 24%/73%/80% YoY to ~INR370.6b/INR47.8b/INR37.2b in 2QFY24. Its 1HFY24 revenue/EBITDA/adj. PAT jumped 23%/66%/102% YoY.
- Net realizations improved ~16% YoY/3% QoQ to INR671.2k/unit (est. INR681.5k/unit). Volumes were up ~7% YoY. Net sales came in at INR370.6b (+24% YoY/ est. INR376.35k) during the quarter.
- Gross margin expanded 250bp YoY/220bp QoQ to 29.4% (est. 27.4%) driven by a better mix and stable commodity costs, but diluted by higher discounts (+20bp YoY to 2.6% of ASP or INR17.7k/unit) in 2QFY24.
- This, coupled with operating leverage, led to a 360bp YoY EBITDA margin improvement (+370bp QoQ) to 12.9% (vs. est. 11.1%). EBITDA/unit improved ~INR33k YoY (+INR26.7k/unit QoQ) to INR86.6k/unit. EBITDA jumped 73% YoY to INR47.8b (vs. est. INR41.7b) in 2QFY24.
- Further, higher other income and lower tax boosted adj. PAT to INR37.2b (vs. est. INR31b), a growth of 80% YoY.
- FCFF in 1HFY24 stood at INR53.1b (vs. INR12.3b in 1HFY23) due to improved CFO, which stood at INR80.1b (vs. INR50.6b in 1HFY23). Capex was at INR27b (vs. INR38.3b in 1HFY23).

Highlights from the management commentary

- **Management expects ~18% YoY industry growth during the festive season and 5-7% growth for FY24.** MSIL should grow ahead of the industry. Overall demand has been stable. The central region (Delhi, NCR, Rajasthan, and MP) is doing well; the southern market is stable, while there is a weakness in the eastern markets. Weakness in the lower-end segment remains, while the SUV is doing better.

- **Order book at end-2QFY24 was ~288k units** (~355k units in 1QFY24), which has further declined to ~250k units at present as supply side has now been largely normalized. Inventory is slightly higher than one month (normal).
- **The 2QFY24 reflects all the tailwinds.** The sequential decline in commodity prices (precious metals) contributed significantly to EBITDA margin expansion. This was further supported by favorable mix/FX, employee cost (1Q had a one-off), and operating leverage. Some benefits of the decline in precious metals should accrue in 3QFY24, while increasing steel prices may limit the gains.
- **Capex guidance for FY24 is INR80b (excl. SMG)**, while it is yet to be finalized for FY25.

Valuation and view

- Stable growth in domestic PVs and a favorable product lifecycle augur well for MSIL. We expect market share gains and margin recovery in FY24 vis-à-vis FY23. These would be fueled by an improvement in supplies, a favorable product lifecycle, healthy mix, and operating leverage.
- The stock trades at 23.4x/22.4x FY24E/FY25E consol. EPS. **Reiterate BUY with a TP of INR12,300 (premised on 25x Sep'25E consol. EPS).**

S/A Quarterly Performance

Y/E March	(INR Billion)											
	FY23				FY24E				FY23	FY24E	2Q	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Financial Performance												
Volumes ('000 units)	467.9	517.4	465.9	514.9	498.0	552.2	549.5	571.5	1,966.2	2,171.2	552.2	
Change (%)	32.3	36.3	8.2	5.4	6.4	6.7	17.9	11.0	19.0	10.4	6.7	
ASP (INR '000/car)	566.3	578.5	623.4	622.4	649.1	671.2	667.8	684.1	597.7	668.7	681.6	
Change (%)	12.7	6.9	15.5	13.7	14.6	16.0	7.1	9.9	11.9	11.9	17.8	
Net operating revenues	265.0	299.3	290.4	320.5	323.3	370.6	367.0	390.9	1,175	1,452	376	
Change (%)	49.1	45.7	24.9	19.9	22.0	23.8	26.4	22.0	33.1	23.5	25.7	
RM Cost (% of sales)	74.6	73.1	72.7	73.3	72.8	70.6	71.0	71.0	73.4	71.3	72.6	
Staff Cost (% of sales)	4.4	3.8	4.1	3.5	4.5	3.5	3.6	3.4	3.9	3.7	3.3	
Other Cost (% of sales)	13.8	13.9	13.4	12.8	13.5	12.9	12.7	12.9	13.3	13.0	13.0	
EBITDA	19.1	27.7	28.3	33.5	29.8	47.8	46.6	49.7	110	174	42	
EBITDA Margins (%)	7.2	9.3	9.8	10.5	9.2	12.9	12.7	12.7	9.4	12.0	11.1	
Depreciation	6.5	7.2	7.1	7.4	7.5	7.9	8.0	8.1	28.2	31.5	8	
EBIT	12.6	20.5	21.2	26.1	22.4	39.9	38.6	41.6	82	142	34	
EBIT Margins (%)	4.8	6.8	7.3	8.1	6.9	10.8	10.5	10.6	7.0	9.8	9.1	
Interest	0.3	0.3	0.3	1.0	0.5	0.4	0.4	0.4	1.9	1.7	0.5	
Non-Operating Income	0.9	6.1	8.6	7.4	10.0	8.4	7.5	7.7	21.6	33.6	6.8	
PBT	13.2	26.3	29.5	32.5	31.9	48.0	45.7	48.8	101.6	174.4	40.4	
Effective Tax Rate (%)	23.4	21.6	20.4	19.4	22.1	22.6	22.8	23.1	20.8	22.7	23.2	
Adjusted PAT	10.1	20.6	23.5	26.2	24.9	37.2	35.3	37.6	80.5	134.9	31.0	
Change (%)	129.8	333.7	132.5	42.7	145.4	80.3	50.1	43.1	113.7	67.5	50.5	



Reliance Industries

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR2,266 TP: INR2,760 (+22%) Buy

Standalone gains; Consumer on a steady path

Bloomberg	RELIANCE IN
Equity Shares (m)	6766
M.Cap.(INRb)/(USD\$b)	15330.5 / 184.2
52-Week Range (INR)	2632 / 1986
1, 6, 12 Rel. Per (%)	-1/-2/-6
12M Avg Val (INR M)	15972

Financials & Valuations (INR b)

Y/E Mar	FY23	FY24E	FY25E
Sales	8,795	9,502	10,758
EBITDA	1,429	1,622	1,795
Adj PAT	667	698	804
EBITDA (%)	16%	17%	17%
EPS (INR)	98.6	103.1	118.8
EPS Gr. (%)	14%	5%	15%
BV/Sh. (INR)	1,274	1,375	1,492
Ratios			
Net D/E	0.3	0.4	0.3
RoE (%)	8.3	8.2	8.7
RoCE (%)	8.1	7.8	8.3
Valuations			
P/E (x)	23.0	22.0	19.1
P/BV (x)	1.8	1.6	1.5
EV/EBITDA (x)	12.5	11.4	10.0
Div Yield (%)	0.3	0.3	0.3
FCF Yield (%)	1.0	0.0	0.0

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	49.1	49.1	49.1
DII	15.8	15.9	14.7
FII	24.4	24.5	25.8
Others	10.7	10.5	10.4

FII Includes depository receipts

- Reliance Industries (RIL)'s 2QFY24 consolidated revenue grew 1% YoY/12% QoQ to INR2,319b (in line). EBITDA reported a strong 31% YoY growth to INR410b (8% beat), aided by sustained performance in the O2C segment, better gas price realization, and steady EBITDA growth of 13%/32% YoY in RJio/Retail during the quarter. Consequently, PAT grew 27% YoY to INR174b (5% beat).
- RJio's revenue/EBITDA grew 3% QoQ each (in line), fueled by 2.5% subscriber additions and marginal increase in ARPU. This flowed into the PAT, which rose 4% QoQ to INR51b (in-line). However, FCF (post-interest) turned negative to -INR19b, due to the continued high capex (INR190b in 1HFY24) and interest costs (INR76b) in 2QFY24.
- Reliance Retail posted a healthy revenue/EBITDA growth of ~19%/32% YoY (in line) buoyed by 41% YoY footfall growth and 31% YoY footprint additions. Higher depreciation and finance cost led to PAT growth of 21% YoY to INR27.9b.
- Standalone 2QFY24 EBITDA at INR192b (+14% vs. our estimate) was fueled by strong refining/PVC cracks and a rise in gas volumes. O2C's earnings in 3QFY24 may be tempered by plant shutdowns and weak gasoline margin. Over the next 1.5 years, we are building in healthy O2C profitability amid: 1) refining net capacity additions in CY24 (0.6mnbpod) are trailing oil demand growth of 0.9mnbpod (IEA), 2) CY23 is the last year of substantial supply growth (~5%; CY20-24) for olefins, and 3) low inventories for oil products and PE/PP globally. Consequently, we believe re-stocking can lead to a sharp uptick in margins.
- Net debt improved sequentially to INR1,177.3b in 2Q vs. INR 1,266.2b in 1Q. The cash and cash equivalents included INR103.5b towards capital raise in Reliance Retail. Capex for the quarter narrowed a bit sequentially to INR388.2b vs. INR396.5b in 1QFY24 (INR444.1b in 4QFY23).
- Using SOTP, we value the Refining and Petrochemical segments at 7.5x EV/EBITDA, arriving at a valuation of INR878/share for the standalone business. We ascribe an equity valuation of INR760/share to RJio and INR1,353/share to Reliance Retail, factoring in the recent stake sale. Our TP is adjusted for JFS valuation. **We reiterate our BUY rating with a TP of INR2,760.**

RJio – growth driven by (in-line) subscriber additions

- RJio's revenue/EBITDA grew 3% QoQ each (in line), fueled by 2.5% subscriber additions and marginal increase in ARPU. This flowed into the PAT, which rose 4% QoQ to INR51b (in-line).
- The company is aggressively rolling out 5G, having deployed over 150k sites with 1m+ 5G cells and 85% of the overall 5G capacity in the country. RJio remains on track to complete the pan-India rollout by Dec'23. We marginally revise our FY24E/25E capex to INR400b/INR312b.

- We expect its revenue/EBITDA CAGR at 11%/15% over FY23-25 factoring in 9%/3% CAGR for subs/ARPU over the same period. RJio's long-term outlook remains intact underpinned by market share gains from VIL, tariff hikes, and new growth opportunities such as Jiofiber, Airfiber, and JioBharat along with other digital avenues triggered by 5G rollout.

Reliance Retail – steady growth as expected

- Reliance Retail's revenue/EBITDA surged 19.5%/32.2% YoY to INR689b/INR58b (in line/ 5% beat) with 80bp YoY margin improvement. Core revenue/EBITDA (excluding Connectivity) jumped 24%/34% YoY as per our working. Higher depreciation and finance cost led to PAT growth of 21% YoY to INR27.9b.
- The growth lagged footprint additions. Reliance Retail reported 204 net store additions to 18,650 stores (+45.7% YoY) with a total area of 71.5m (+31.2% YoY).
- The Grocery business jumped 33% YoY, while Consumer Electronics/Fashion & Lifestyle rose 11%/32% YoY. Digital & New Commerce grew 39% YoY in 2QFY24, increasing its contribution to 19% from 18% in 2QFY23.
- Reliance Retail completed the transfer of assets to the warehouse InvIT entity for a total consideration of INR51.5b on 25th Oct'23. It completed an equity fund raise of INR153.1b in the current round from global marquee investors such as ADIA, QIC and KKR, thereby diluting ~2% stake.
- Standalone revenue and EBITDA are likely to report a 22% and 30% CAGR, respectively, over FY23-25 (maintained estimates) fueled by accelerated store additions across segments, a recovery in store productivity, and aggressive foray into digital & new commerce.

Standalone – sustained performance across segments drives a beat!

- Standalone revenue came in at INR1,374b (flat YoY), while EBITDA stood at INR192b (est. of INR168b, +63% YoY). The beat was driven by a strong gasoline margin as well as a rise in gas volumes in the E&P business as production at MJ field ramped up.
 - Downstream contribution, however, remained weak due to lower PE, PP and polyester chain deltas during the quarter.
 - EBITDA/mt stood at USD101.9 (+53% YoY), with production meant for sale at 17.1mmt (+6% YoY).
- Reported PAT grew 62% YoY to INR112b (est. of INR100b) during the quarter.
- Price realization for KG-D6 gas improved to USD10.5/mmBtu in 2QFY24 from USD9.9/mmBtu in 2QFY23.
- Oil & Gas exploration EBITDA jumped 51% YoY to INR47.7b.
- **For 1HFY24**, revenue stood at INR2,600b (-8% YoY); EBITDA was at INR367b (+12% YoY), while PAT stood at INR208b (-5% YoY).
 - Production meant for sale was at 34.3mmt (+4% YoY).
 - EBITDA/mt stood at USD98.5 (-4% YoY).
- **Key macro performance highlights:**
 - Global oil demand in 2QFY24 improved 2.5mn bopd YoY to 102.7mn bopd, with strong demand originating mainly from China and India.
 - Global refinery throughput was higher by 1.7mn bopd YoY to 82.9mn bopd in 2Q.

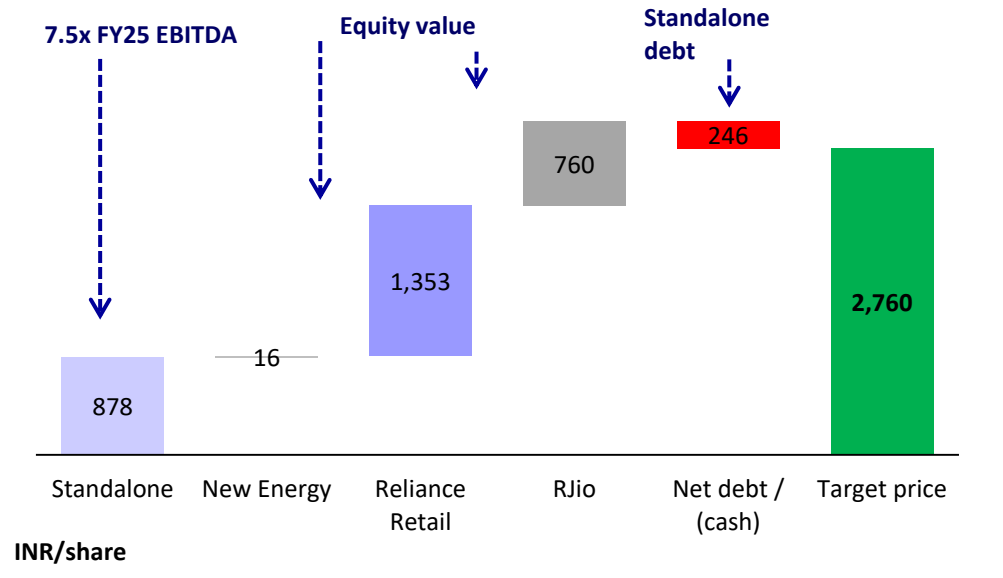
- Crude oil benchmarks decreased YoY due to macro headwinds led by high interest rates and lower industrial activities. Sentiments also shifted from risk premium to fundamentals.

Valuation and view

- Segment-wise, the Consumer business continues to post double-digit EBITDA growth with both RJio and Reliance Retail likely to record 15%/30% EBITDA CAGR over FY23-25. The growth would be driven by retail sector's footprint additions and new categories, while the telecom business continues to focus on subscriber growth. In O2C, we see refining and petchem segments margins picking up from the current levels as net capacity additions for both segments are tapering off on a YoY basis in CY24. Further, FY25 would see the full benefit from the ramped up volumes at MJ field.
- We value Reliance Retail's core business at 40x EV/EBITDA on FY25E and connectivity at 5x to arrive at our valuation of INR1,539. Reliance Retail's value in RIL share comes to INR1,353 (for its 87.9% stake). Our premium valuation multiples capture the opportunity for rapid expansion in its retail business and the aggressive rollouts of the digital platforms.
- We have marginally raised our FY24/FY25 estimates for RJio factoring in 11%/15% revenue/EBITDA CAGR during FY23-25. RJio is valued at an EV/EBITDA multiple of 12x on FY25E EBITDA. The potential tariff hikes, market share gains from VIL, and opportunity in Digital offer an option value of INR150 (Exhibit 15), arriving at a valuation of INR760/share (adjusted for its 66% stake).
- According to IEA estimates, the global oil demand growth is expected to remain strong led by transportation fuels. Average CY23 demand would be at 101.8mnbopd (up 2.2mnbopd YoY). Demand for CY24 is likely to be at 102.7mnbopd (up 0.9mnbopd YoY). Margin is anticipated to remain high amid a tight refining system in place with planned and unplanned shutdowns to help refiners even in the subdued demand growth scenario. Further voluntary cuts by OPEC+ and geopolitical tensions are expected to keep price and margin high.
- The global downstream chemical margin is expected to remain soft due to near-term supply overhang. Margin could improve, though, with moderation in supply from China coupled with improvement in global demand for products. RIL is expected to have an edge over peers as a majority of its focus lies in the domestic market in Polymer and Polyester products.
- LNG demand remains stagnant despite a higher summer demand in North East Asia. Severity of the coming winter in the EU is expected to affect the prices of LNG too with inventories at historical highs. The ceiling price for KG D6 is at USD9.96/mmBtu for 2HFY24.
- We model a capex of INR550b/INR450b for FY24/FY25 in the Standalone business, considering RIL's investments in the new-age greener businesses (such as solar energy and a hydrogen ecosystem in India).
- Consolidated gross debt contracted sequentially to INR2,957b at end-2QFY24 (from INR3,187b at Jun'23) with cash & cash equivalents at INR1,780b. Net debt stood at INR1,177b (according to management). The cash and cash equivalents included INR103.5b towards capital raise in Reliance Retail.
- We have built in an FY24 capex of INR1,200b, modeling INR400b in Telecom, INR550b in the Standalone business and the rest in others considering RIL's investment in new-age greener businesses.

■ Using SOTP, we value the Refining and Petrochemical segment at 7.5x FY25E EV/EBITDA to arrive at a valuation of INR878/share for Standalone. We ascribe an equity valuation of INR760/share to RJio and INR1,353/share to Reliance Retail and INR16/share towards the new age business. **We reiterate our BUY rating with a TP of INR2,760.**

RIL – SoTP valuation (INR/share)



Consolidated - Quarterly Earnings Model

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE		
Net Sales	2,193	2,301	2,172	2,129	2,076	2,319	2,449	2,658	8,795	9,502	2,254	3%
YoY Change (%)	56.7	37.3	17.4	2.7	-5.4	0.8	12.8	24.8	25.6	8.0	-2.0	
EBITDA	380	312	352	384	381	410	417	419	1,429	1,622	379	8%
Margin (%)	17.3	13.6	16.2	18.1	18.4	17.7	17.0	15.8	16.2	17.1	16.8	
Depreciation	89	97	102	115	118	126	125	128	403	497	108	16%
Interest	40	46	52	58	58	57	52	42	196	210	54	6%
Other Income	22	35	31	29	38	38	29	9	118	114	31	23%
PBT before EO expense	273	205	230	241	243	265	269	258	948	1,030	248	7%
Extra-Ord expense	-9	-2	0	0	0	0	0	0	-11	0	0	
PBT	282	206	230	241	243	265	269	258	959	1,030	248	7%
Tax	78	49	53	28	61	67	69	61	207	257	64	5%
Rate (%)	27.7	23.6	22.9	11.6	25.2	25.2	25.7	23.7	21.6	24.9	25.7	
Minority Interest & Profit/Loss of Asso. Cos.	15.5	19.3	19.5	20.0	21.7	24.3	18.9	18.9	74.3	75.7	19	
Reported PAT	188	138	158	193	160	174	181	178	678	698	166	5%
Adj PAT	182	137	158	193	160	174	181	178	678	698	166	5%
YoY Change (%)	48.3	0.1	-2.8	19.1	-12.0	27.0	14.6	-7.8	16.0	2.9	21.4	
Margin (%)	8.3	6.0	7.3	9.1	7.7	7.5	7.4	6.7	7.7	7.3	7.4	

E: MOFSL Estimates



SBI Life Insurance

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1,303 TP: INR1,570 (+21%) BUY

APE & VNB margins in line

Maintains 20% APE growth and 28-30% VNB margin guidance

- SBI Life Insurance (SBILIFE) reported in-line performance in 2QFY24. APE grew 33% YoY (in line) while VNB rose 20% YoY. Margin contracted 310bp YoY to 28.5% as product mix shifted towards ULIPs. PAT was flat YoY at INR3.8b (vs. our estimate of INR4.2b; 10% miss).
- In terms of NBP, the Group Savings posted a healthy growth of 70% YoY, while Non-Par savings declined 6% YoY in 2QFY24. Protection and ULIP segments reported a robust growth of 37% and 39% YoY, respectively.
- We expect SBILIFE to deliver a 20% CAGR in APE over FY23-25, thus enabling a 19% VNB CAGR. RoEV is likely to stay at ~21-22%. **We reiterate our BUY rating with a TP of INR1,570 (based on 2.3x Mar'25E EV).**

Share of ULIPs and Protection improves

- SBILIFE reported 21% YoY growth in gross premium (broadly in line), led by 33%/35% growth in first year/single premium. Shareholders' PAT was flat YoY at INR3.8b (vs. our estimate of INR 4.2b; 10% miss).
- Total APE jumped 33% YoY (in line), within which Group Savings surged 69% YoY. The Protection business grew 56% YoY, led by 113% growth in Group Protection. ULIP segment grew 50% YoY whereas the non-Par segment declined 7.5% YoY during the quarter.
- On a sequential basis, the share of ULIP and Protection businesses rose to 58% and 13%, respectively. The share of Non-par Savings declined to 16% vs. 19% in 1QFY24.
- Absolute VNB grew 20% YoY to INR14.9b (in line) while VNB margins contracted 310bp YoY to 28.5% (vs. estimate of 28.9%).
- On the distribution front, the share of the banca channel in total APE declined 600bp YoY, while the share of agency channel grew 200bp YoY.
- Except for 25M (which declined 80bp YoY to 76.7% in 2QFY24), persistency improved across all cohorts.

Highlights from the management commentary

- Future product launches include: 1) non-par savings, 2) rider portfolio revision, and 3) ROP protection for higher ticket sizes.
- In spite of a higher share of ULIPs, VNB margins remained flat QoQ. Within the segment, mix of protection and annuities has improved while non-par product has been repriced, which has delivered better margins.
- Strategic initiatives in the agency channel have started reflecting with stronger growth in the second quarter. Agency count addition has also been stronger in 2Q, which should start yielding results over the medium term.
- During 1HFY24, SBILIFE reported 48% YoY growth in sum assured vs. 45% YoY growth for the industry.

Bloomberg	SBILIFE IN
Equity Shares (m)	1000
M.Cap.(INRb)/(USDb)	1304 / 15.7
52-Week Range (INR)	1393 / 1039
1, 6, 12 Rel. Per (%)	4/8/-3
12M Avg Val (INR M)	1407

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Net Premiums	665.8	798.2	958.3
Surplus / Deficit	28.6	27.4	32.2
Sh. PAT	17.2	20.1	23.2
NBP gr- unwt'd (%)	16.2	20.0	20.0
NBP gr- APE (%)	17.2	17.8	22.5
Premium gr (%)	14.6	19.6	20.0
VNB margin (%)	30.1	29.1	29.7
RoEV (%)	16.2	22.2	21.4
Total AUMs (INRt)	3.1	3.7	4.3
VNB	50.7	57.0	71.2
EV per share	460	563	683

Valuations

P/EV (x)	2.8	2.3	1.9
P/EVOP (x)	14.3	13.1	10.8

*VNB, VNB margins based on ETR

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	55.4	55.5	55.5
DII	14.3	14.2	15.7
FII	26.2	26.2	24.3
Others	4.1	4.2	4.6

FII Includes depository receipts

Valuation and view

SBILIFE reported decent performance during the quarter, with in-line APE and VNB margins (VNB margins contracted 310bp YoY to 28.5% in 2QFY24). SBILIFE's channel productivity has been improving, and the company is working on improving its efficiency in the agency channel. SBILIFE continues to maintain its cost leadership. We estimate a 20% CAGR in APE over FY23-25 and estimate VNB margin of ~29.7% in FY25, thus enabling a 19% VNB CAGR. RoEV is expected to stay at around ~21-22%. **We reiterate our BUY rating with a TP of INR1,570 (based on 2.3x Mar'25E EV).**

Quarterly performance

(INR b)

Policy holder's A/c	FY23				FY24E				FY23	FY24E	FY24E 2QE	V/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
First year premium	25.7	34.8	50.6	40.9	26.4	46.3	51.9	53.6	152.0	178.2	45.4	2.0
Growth (%)	83%	-4%	24%	6%	3%	33%	3%	31%	17%	17%	30%	
Renewal premium	57.6	91.2	109.1	119.4	73.5	101.2	124.0	151.2	377.3	449.9	109.9	(7.9)
Growth (%)	14%	17%	13%	10%	28%	11%	14%	27%	13%	19%	21%	
Single premium	30.2	40.2	33.7	39.9	35.7	54.2	39.5	47.4	143.9	176.8	52.9	2.5
Growth (%)	56%	20%	-24%	42%	18%	35%	17%	19%	15%	23%	32%	
Gross premium income	113.5	166.2	193.3	200.1	135.6	201.8	215.4	252.2	673.2	804.9	208.2	(3.1)
Growth (%)	35%	13%	6%	14%	19%	21%	11%	26%	15%	20%	25%	
PAT	2.6	3.8	3.0	7.8	3.8	3.8	4.0	8.4	17.2	20.1	4.2	(9.6)
Growth (%)	18%	53%	-16%	16%	45%	1%	30%	7%	14%	17%	12%	
Key metrics (INRb)												
New Business APE	29.0	39.3	54.3	45.5	30.3	51.8	55.9	58.4	166.4	195.9	50.7	2.1
Growth (%)	79.0	-1.0	18.8	10.2	4.5	31.7	2.9	28.3	17.2	17.8	29.0	
VNB	8.8	12.4	15.1	14.4	8.7	14.9	16.1	17.3	50.7	57.0	14.7	1.7
Growth (%)	131.6	24.0	31.3	23.1	-1.1	20.2	6.5	20.4	37.0	12.5	18.2	
AUM	2,624	2,826	3,000	3,073	3,283	3,452	3,579	3,653	3,073	3,653	3,398	1.6
Growth (%)	13.3	15.7	16.8	14.9	25.1	22.1	19.3	18.8	14.9	18.8	20.2	
Key Ratios (%)												
VNB margins (%)	30.4	31.6	27.8	31.6	28.7	28.5	28.8	29.7	30.1	29.1	28.9	41
Solvency ratio (%)	221.0	219.0	225.0	215.0	215.0	212.0	216.0	212.3	215.0	212.3	217.0	500



Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR1,174 TP: INR1,450 (+24%) BUY

NA/DF drives improved profitability

EBITDA margin guidance further raised to 23-24% for FY24

Bloomberg	CIPLA IN
Equity Shares (m)	805
M.Cap.(INRb)/(USDb)	948 / 11.4
52-Week Range (INR)	1278 / 852
1, 6, 12 Rel. Per (%)	3/22/-7
12M Avg Val (INR M)	2002

- CIPLA beat our earnings estimates in 2QFY24, led by a superior performance in the branded generics segment of domestic formulation (DF) and SAGA. The company sustained robust sales growth in North America (NA), led by market share gain and healthy demand for its base portfolio.
- We raise our earnings estimates by 7%/4.4% for FY24/FY25, factoring in better growth prospects in DF, increased visibility for niche launches in NA, and controlled opex. We value CIPLA on SOTP basis (25x 12M forward earnings and add NPV of INR30 for g-Revlimid) to arrive at a TP of INR1,450.
- We remain positive on CIPLA given its market-beating growth in prescription market, efforts to enhance NA product pipeline with differentiated products, and improving profitability in the consumer health business. **Reiterate BUY.**

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	227.5	256.7	281.3
EBITDA	51.1	60.1	67.0
Adj. PAT	30.5	38.3	43.1
EBIT Margin (%)	17.3	19.3	19.8
Cons. Adj. EPS (INR)	37.8	47.4	53.4
EPS Gr. (%)	6.8	25.7	12.5
BV/Sh. (INR)	284.2	324.9	372.3

Ratios

Net D:E	0.0	-0.1	-0.2
RoE (%)	13.3	14.6	14.3
RoCE (%)	13.5	15.5	15.1
Payout (%)	10.3	10.2	11.2

Valuations

P/E (x)	31.1	24.8	22.0
EV/EBITDA (x)	18.3	15.1	13.1
Div. Yield (%)	0.3	0.3	0.4
FCF Yield (%)	1.0	3.6	3.7
EV/Sales (x)	4.1	3.5	3.1

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	33.4	33.4	33.4
DII	24.1	24.3	21.6
FII	25.9	25.6	28.1
Others	16.6	16.7	16.9

FII Includes depository receipts

Product mix/better operating leverage lead to superior margins

- 2QFY24 revenue increased by 14.6% YoY to INR67b (est. INR64.5b). DF sales (42% of sales) grew 9.8% YoY to INR28b. US sales (28% of sales) rose 31.8% YoY to INR18.9b (USD229m, up 27.9% in CC terms) as the market share expanded across key differentiated assets. SAGA sales (15% of sales) grew 14.5% YoY to INR9.9b. EM sales (11% of sales) declined 4% YoY to INR7.3b. API sales (2% of sales) declined 3.5% YoY at INR1.5b.
- Gross margin expanded 90bp YoY to 65.4% (est. 65%), led by a higher share of niche products.
- EBITDA margins expanded 210bp YoY to 26% (est. 24.2%), due to a better gross profit and lower other expenses (down 100bp YoY as % of sales).
- EBITDA increased by 25% YoY to INR17.3bn (est. INR15.6bn).
- **Assuming g-Revlimid sales of USD30m in 2QFY24, sales/EBITDA would be INR64b/INR14.6b (up 13%/18.4% YoY) and EBITDA margin would be 22.9% for the quarter on Ex-Revlimid basis.**
- After adjusting for impairment charges of INR431m, PAT grew 38% to INR11.7b (est. INR10b) due to higher other income.
- 1HFY24 revenue/EBITDA/PAT grew by 16%/27%/41% to INR130b/INR32b/INR21b.

Highlights from the management commentary

- CIPLA has raised its EBITDA margin guidance to 23-24% (vs. 22-23% earlier) for FY24.
- It expects to sustain the US sales run rate at USD220-225b in 3QFY24.
- CIPLA has one peptide launch lined up in FY24. The product has a market size of USD300m and already has some competition in US generics market.
- The company expects 5-year sustainable growth of 12% for India business.
- CIPLA has completed clinical trials for g-Symbicort and the filing is expected in 3QFY24.

Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	Est.	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	2QE			
Net Revenues	53.8	58.3	58.1	57.4	63.3	66.8	64.8	61.8	227.5	256.7	64.5	3.6
YoY Change (%)	-1.4	5.6	6.0	9.1	17.7	14.6	11.5	7.7	4.8	12.8	20.0	
Total Expenditure	42.3	44.4	44.0	45.7	48.3	49.4	49.5	49.3	176.4	196.6	48.9	
EBITDA	11.4	13.9	14.1	11.7	14.9	17.3	15.2	12.6	51.1	60.1	15.6	11.1
YoY Change (%)	-11.7	13.3	14.3	23.6	30.7	24.8	8.1	7.0	8.8	17.4	12.3	
Margins (%)	21.3	23.8	24.2	20.4	23.6	26.0	23.5	20.3	22.5	23.4	24.2	
Depreciation	2.5	3.0	2.7	3.5	2.4	2.5	2.7	2.9	11.7	10.4	2.6	
EBIT	8.9	10.9	11.4	8.3	12.5	14.9	12.6	9.6	39.4	49.6	13.1	
YoY Change (%)	-14.0	12.0	15.4	25.5	41.1	36.4	10.7	16.6	8.0	25.9	19.7	
Margins (%)	16.5	18.7	19.5	14.4	19.8	22.3	19.4	15.6	17.3	19.3	20.2	
Interest	0.2	0.3	0.3	0.3	0.2	0.3	0.3	0.3	1.1	1.0	0.2	
Other Income	1.0	1.0	1.1	1.3	1.4	1.8	1.2	1.0	4.5	5.3	1.1	
Profit before Tax	9.7	11.6	12.2	9.3	13.7	16.4	13.5	10.4	42.8	54.0	14.0	
One-time (expense)/income	0.0	-0.6	0.0	-1.8	0.0	-0.4	0.0	0.0	-2.5	-0.4	0.0	
PBT after EO expense	9.7	11.0	12.2	7.5	13.7	15.9	13.5	10.4	40.4	53.5	14.0	14.1
Tax	2.7	3.0	4.1	2.2	3.8	4.4	3.8	3.3	12.0	15.2	4.0	
Rate (%)	27.5	26.0	33.7	24.0	27.5	26.8	27.9	31.8	28.1	28.2	28.5	
Minority Interest	0.2	0.1	0.1	0.0	0.0	0.2	0.2	-0.1	0.3	0.4	0.0	
Reported PAT	6.9	7.9	8.0	5.3	10.0	11.3	9.5	7.1	28.0	37.9	10.0	13.3
Adj PAT	6.9	8.5	8.0	7.1	10.0	11.7	9.5	7.1	30.5	38.3	10.0	17.6
YoY Change (%)	-12.9	19.8	9.9	16.1	45.1	37.7	18.2	0.8	7.4	25.7	17.1	

E: MOFSL Estimates



Dr Reddy's Labs

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR5,397 **TP: INR5,400** **Neutral**

Niche products lead to superior margins

Emerging markets and PSAI drag performance to some extent

- Dr. Reddy's Lab (DRRD) delivered better-than-expected 2QFY24, driven by higher North America (NA)/Europe sales and improved profitability. This was, however, offset to some extent by the subdued performance in emerging markets and Pharmaceutical services (PSAI) segments.
- We raise our earnings estimates by 6%/4% for FY24/FY25, factoring in: a) better traction in existing products and sustained launch momentum in the NA market, and b) superior growth in the European market. We value DRRD at 22x 12M forward earnings and add NPV of INR110 related to g-Revlimid to arrive at our TP of INR5,400.
- After a strong 31% earnings CAGR over FY21-23, we expect earnings growth momentum to moderate to 12% CAGR over FY23-25 due to the high base on account of g-Revlimid and gradual recovery in EM/PSAI sales. Further, the current valuation adequately factors in the earnings upside. **Reiterate Neutral.**

Superior product mix benefit offset by higher SG&A spending YoY

- DRRD's 2QFY24 revenue grew 9% YoY to INR69b (our est: INR67b). Sequentially, its sales stood stable for the quarter.
- The US sales rose 13% YoY to INR32b (~USD382m; 46% of sales), led by better traction in the existing portfolio, Mayne integration, and favorable FX movement. The EU sales jumped 26% YoY to INR5.3b (8% of sales). India sales grew 3% YoY to INR12b (17% of sales). The PSAI segment's revenue was up 9% YoY to INR7b (10% of sales). The EM sales stood flat YoY to INR12b (17% of sales). The business was hurt by currency devaluation (Russia), reduced volume off-take in CIS, and pricing pressure on the base portfolio in ROW.
- Gross margin (GM) expanded 110bp YoY to 58.7% due to a better product mix. The global generic/PSAI segments reported GM of 63.6%/17.8% in 2Q.
- EBITDA margin expanded at a lower rate of 40bp YoY to 29.0% (our est: 27.2%) due to higher SG&A/R&D spending (50bp/20bp YoY as a % of sales).
- Assuming USD110m sales from g-Revlimid and adjusting for the same, DRRD would have sales/EBITDA of INR60b/INR11b with an EBITDA margin of 19% for the quarter.
- EBITDA grew 11% YoY to INR20b (v/s est. of INR18b).
- Adj. for a one-time litigation settlement income (INR980m), DRRD reported a PAT of INR13.3b (our est: INR11.7b), up 17% YoY in 2QFY24.
- For 1HFY24, Revenue/EBITDA/PAT grew 21%/43%/37% YoY to INR136b/INR40b/INR27b.

Highlights from the management commentary

- Management guided for 25-30 launches in FY24 and about 65-70 launches over the next three years.
- DRRD will launch b-Rituximab through a partner in FY25. The biosimilar portfolio launch (without a partner) would commence from FY27 onwards.
- Adjusting for the impact of NLEM and discontinued products, India segment grew in mid-single-digit YoY for the quarter.

Bloomberg	DRRD IN
Equity Shares (m)	167
M.Cap.(INRb)/(USDb)	900.1 / 10.8
52-Week Range (INR)	5990 / 4175
1, 6, 12 Rel. Per (%)	2/3/13
12M Avg Val (INR M)	2143

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	240.9	272.3	298.9
EBITDA	62.1	76.2	80.1
Adj. PAT	40.8	49.4	51.4
EBITDA Margin (%)	25.8	28.0	26.8
Cons. Adj. EPS (INR)	244.7	296.7	308.8
EPS Gr. (%)	39.2	21.2	4.1
BV/Sh. (INR)	1,387	1,658	1,942

Ratios

Net D:E	-0.3	-0.2	-0.5
RoE (%)	19.3	19.5	17.2
RoCE (%)	15.9	18.4	16.3
Payout (%)	9.0	8.5	8.1

Valuations

P/E (x)	22.1	18.2	17.5
EV/EBITDA (x)	13.5	11.0	9.8
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	2.2	0.3	6.1
EV/Sales (x)	3.5	3.1	2.6

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	26.7	26.7	26.7
DII	21.0	22.0	24.7
FII	42.4	39.8	36.6
Others	9.9	11.6	12.0

FII Includes depository receipts

Quarterly Performance - IFRS

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	Estimates	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	% Var
Sales	49.9	63.1	67.7	60.3	67.4	68.8	68.7	67.4	240.9	272.3	66.7	3.1
YoY Change (%)	1.3	9.4	27.3	15.6	35.2	9.1	1.5	11.7	13.5	13.0	5.8	
Total Expenditure	39.5	45.0	47.1	47.1	46.9	48.8	49.6	50.7	178.8	196.1	48.6	
EBITDA	10.3	18.0	20.6	13.2	20.5	20.0	19.1	16.7	62.1	76.2	18.1	10.1
YoY Change (%)	14.5	35.0	71.1	25.4	97.8	10.7	-7.1	26.8	38.3	22.7	0.6	
Margins (%)	20.7	28.6	30.4	21.9	30.3	29.0	27.8	24.8	25.8	28.0	27.2	
Amortization	3.1	3.2	3.3	3.2	3.6	3.8	3.9	3.7	12.7	15.0	3.7	
EBIT	7.3	14.9	17.3	10.0	16.9	16.1	15.3	13.0	49.5	61.3	14.5	
YoY Change (%)	19.1	43.5	91.2	32.2	131.5	8.3	-11.8	30.3	49.4	23.9	-2.6	
Margins (%)	14.6	23.6	25.5	16.6	25.0	23.4	22.2	19.3	20.5	22.5	21.7	
Other Income	2.8	0.3	0.2	1.2	1.1	1.6	1.0	0.9	4.5	4.6	0.9	
PBT before EO expenses	10.1	15.2	17.5	11.2	18.0	17.7	16.2	14.0	53.9	65.9	15.4	15.0
One-off income/(expense)	4.5	0.9	-1.1	2.1	0.5	1.4	0.0	0.0	6.4	1.9	0.0	
Profit before Tax	14.7	16.1	16.3	13.3	18.5	19.1	16.2	14.0	60.4	67.8	15.4	24.3
PBT after EO Expenses	14.6	16.1	16.3	13.3	18.5	19.1	16.2	14.0	60.4	67.8	15.4	
Tax	2.8	5.0	3.9	3.7	4.4	4.3	4.1	3.6	15.3	16.5	3.7	
Rate (%)	19.0	30.9	23.7	27.6	24.0	22.7	25.3	25.7	25.3	24.3	24.2	
Reported Profit	11.9	11.1	12.5	9.6	14.0	14.8	12.1	10.4	45.1	51.3	11.7	26.8
Adjusted PAT	8.2	11.4	13.1	8.1	13.7	13.3	12.1	10.4	40.8	49.4	11.7	13.8
YoY Change (%)	43.6	14.9	84.2	23.7	66.6	16.5	-7.6	28.6	39.3	21.2	2.3	
Margins (%)	16.4	18.1	19.4	13.4	20.3	19.3	17.6	15.4	16.9	18.1	17.5	

E: MOFSL Estimates



SBI Cards

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR790 TP: INR900 (+15%) Buy

NII, PPOP in line; elevated provisioning drags earnings

Spending jumps 27% YoY

Bloomberg	SBICARD IN
Equity Shares (m)	946
M.Cap.(INRb)/(USD\$)	748.3 / 9
52-Week Range (INR)	933 / 691
1, 6, 12 Rel. Per (%)	3/-6/-15
12M Avg Val (INR M)	991

- SBI Cards (SBICARD) posted PAT of INR6.03b, up 15% but a 7% miss vs. our expectations. NII grew in line at 16% YoY; however, elevated provisions dragged earnings down.
- Margin contracted 12bp QoQ to 11.3% amid decreasing yield as the mix of EMI and revolver stood broadly stable. Growth in spending was healthy, with retail spending up 21% YoY while corporate spending rose 55% YoY.
- GNPA ratios inched up marginally by 2bp to 2.43%, while NNPA ratio was stable at 0.89%. RoA/RoE stood at 4.9%/22.3% during the quarter.
- We cut our FY24E/25E earnings by 8%/10% to factor in lower margins and elevated credit costs. We also introduce FY26E and estimate SBICARD to deliver 35% earnings CAGR over FY24–26, following a flattish earnings growth in FY24. **Reiterate BUY with a revised TP of INR900 (premised on 22x Sep'25E EPS).**

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	44.0	53.0	69.3
OP	51.9	62.1	80.9
NP	22.6	24.3	33.2
NIM (%)	12.2	11.5	12.0
EPS (INR)	23.9	25.7	35.1
EPS Gr. (%)	39.3	7.5	36.5
BV/Sh. (INR)	104	127	159
ABV/Sh. (INR)	101	124	156

Ratios

RoE (%)	25.7	22.3	24.5
RoA (%)	5.6	4.8	5.2

Valuations

P/E(X)	33.1	30.8	22.5
P/BV (X)	7.6	6.2	5.0
P/ABV (X)	7.8	6.4	5.1

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	68.9	69.0	69.4
DII	17.3	17.2	17.0
FII	9.1	9.5	8.8
Others	4.7	4.4	4.7

FII Includes depository receipts

Margin moderates 12bp QoQ; credit costs remain elevated

- SBICARD posted PAT of INR6.03b, up 15% but a 7% miss vs. our expectations. Gross credit costs/ECL stood at 6.7%/ 3.4% in 2QFY24.
- NII rose 14% YoY to INR12.9b (in line). Margin contracted 12bp QoQ to 11.3% amid decreasing yield as the mix of EMI and revolver stood broadly stable. Management expects the CoF to increase further in 3Q & 4Q, which could exert further pressure on margin.
- Fee income grew by a healthy 23% YoY and formed 55% of total income. Opex grew 13% YoY to INR20.7b (broadly in line). Thus, PPOP rose 24% YoY (in line), while the cost-income ratio increased to 57.1% in 2QFY24.
- Cards-in-force rose 21% YoY/3.5% QoQ to 17.9m in 2QFY24. New card sourcing was robust at ~1.1m (-12% YoY/4.1% QoQ), with the open market channel contributing 49% to total sourcing (58% on an outstanding basis).
- Overall spending jumped 27% YoY/7% QoQ, with retail/corporate spending rising 21%/55% YoY. The share of online retail spending stood at 57% in 2QFY24. Receivables grew at a healthy pace of 4.2% QoQ (+20% YoY).
- GNPA ratios inched up marginally by 2bp to 2.43%, while NNPA was stable at 0.89%. PCR was broadly stable at 64.1% during the quarter.

Highlights from the management commentary

- Management indicated that the company is experiencing slight stress and that some of the customers are finding it difficult to repay. The mix of 2019 cohort declined to 14% in Q2 from 19% of NEA in Q1.
- Stress levels are likely to remain elevated in 3QFY24 as well. This is not due to any specific cohort, and reflects ongoing systemic trends.
- The CoF was stable at 7.1%, benefitting from the increased long-term borrowings in the previous two quarters. However, management expects the CoF to inch up in the next 1-2 quarters as the rate environment has hardened further.

Valuation and view

SBICARD reported a muted quarter characterized by elevated provisions and further compression in margins. The mix of revolvers and EMI loans remains stable, while management indicated that the recent hardening of interest rates will exert pressure on funding costs in the coming quarters. This could drive further margin compression over 2HFY24 as the outlook on any increase in the mix of EMI and Revolver loans remains uncertain. Management indicated a slight rise in stress levels, which will likely keep credit costs elevated over the near term. However, on the positive side, spending growth remains healthy while the company maintains a healthy traction in new card additions. Reversal in rate cycle, and lagged improvement in revolver mix remain the key triggers. These would support 35% earnings CAGR over FY24-26E while earnings growth for the current fiscal to remain modest. We cut our FY24E/25E earnings by 8%/10% and estimate a RoA/RoE of 5.2%/25.0% for FY25. **Reiterate BUY with a revised TP of INR900 (premised on 22x Sep'25E EPS).**

Quarterly performance

(InR b)

	FY23				FY24				FY24E	FY24E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2QE	Est	
Net Interest Income	10.8	11.2	11.4	11.7	12.3	13.0	13.5	14.2	53.0	13.0	-0.1
% Change (Y-o-Y)	16.7	21.5	14.9	16.7	14.3	16.1	18.2	22.1	20.5	16.2	
Other Income	18.8	19.7	20.5	22.4	22.4	23.2	24.7	26.0	96.4	23.8	-2.5
Total Income	29.5	30.9	31.9	34.1	34.8	36.2	38.3	40.3	149.4	36.8	-1.6
Operating Expenses	16.6	18.3	19.7	19.8	19.6	20.7	22.6	24.6	87.4	21.3	-3.0
Operating Profit	12.9	12.5	12.2	14.3	15.2	15.5	15.7	15.7	62.1	15.5	0.2
% Change (Y-o-Y)	22.5	18.3	6.4	22.0	17.3	23.9	29.0	9.8	19.6	23.7	
Provisions	4.5	5.5	5.3	6.3	7.2	7.4	7.5	7.3	29.4	6.8	9.5
Profit before Tax	8.4	7.1	6.8	8.0	8.0	8.1	8.2	8.4	32.6	8.7	-7.0
Tax	2.1	1.8	1.7	2.0	2.0	2.1	2.1	2.1	8.3	2.2	-7.0
Net Profit	6.3	5.3	5.1	6.0	5.9	6.0	6.1	6.2	24.3	6.5	-7.0
% Change (Y-o-Y)	105.8	52.4	32.1	2.7	-5.4	14.7	20.0	4.7	7.7	23.4	
Operating Parameters											
Loan (INRb)	320.8	365.0	373.5	393.6	418.1	435.6	468.5	494.8	494.8	437.7	
Loan Growth (%)	39.2	43.7	33.6	30.4	30.3	19.3	25.4	25.7	25.7	211.6	
Asset Quality											
Gross NPA (%)	2.2	2.1	2.2	2.4	2.4	2.4	2.4	2.4	2.4	2.5	
Net NPA (%)	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.8	0.8	0.9	
PCR (%)	65.1	64.0	64.2	63.6	63.8	64.1	65.1	66.3	66.3	65.2	



Union Bank of India

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR100 TP: INR125 (+25%) Buy

Steady quarter; lower provisions drive earnings beat

Asset quality improves further

- Union Bank of India (UNBK) reported a steady 90% YoY growth in PAT to INR35b (19% beat), driven by lower provisions (down 12% QoQ).
- NII grew 10% YoY to INR91.3b (in line), aided by NIM increase of 5bp QoQ to 3.18%.
- Loan book grew 10.5% YoY/4.3% QoQ, while deposits grew 9% YoY/1% QoQ. CD ratio thus increased 234bp QoQ to 70.6%.
- Asset quality ratios improved with GNPA/NNPA ratios at 6.4%/1.3%. PCR improved 90bp QoQ to ~80.7% in 2QFY24. Restructured book declined to 1.7% of loans, while SMA book improved to 52bp.
- We increase our FY24/25E earnings estimates by 7%/8% and estimate RoA/RoE of 1.1%/17.5% by FY25. We **retain our BUY rating on the stock with a TP of INR125.**

Margin improves 5bp QoQ to 3.18%; PCR improves 90bp to 80.7%

- UNBK reported 90% YoY growth in 2QFY24 PAT to INR35b (19% beat), driven by 57% YoY decline in provisions to INR17.7b (32% lower than MOFSLe).
- NII grew 10% YoY to INR91b (up 3% QoQ, in line), driven by a 5bp QoQ increase in NIM to 3.18%. Other income grew 13% YoY with treasury gain of INR6.8b. Thus, total income grew 11% YoY to INR128.2b.
- Operating expenses grew 12% YoY to INR56b (5% below MOFSLe). PPOp grew 10% YoY to INR72b (6% beat). C/I ratio remains broadly flat at 43.7%.
- Advances grew 10.5% YoY to INR8t, driven by growth in both the RAM segment and Overseas credit, which experienced a YoY growth of 15% and 22%, respectively. Deposits grew 9% YoY (1% QoQ) with CASA deposits increasing 4.4% YoY, leading to flattish CASA ratio at 34.7%.
- Fresh slippages moderated to INR26.3b (1.4% annualized), which along with healthy recoveries/upgrades and write-offs resulted in an improvement in asset quality ratios. GNPA/NNPA ratio thus improved 96bp/28bp QoQ to 6.4%/1.3%, while PCR improved to 80.7%.
- The total SMA book (~INR44b) stood at 0.52% of loans vs. 0.51% in 1QFY24. The total restructured loans declined to 1.7% of loans.

Highlights from the management commentary

- Margins stood at 3.14% in 2QFY24 and the bank expects it to be ~3% by the end of FY24.
- In 1HFY24, INR1.1t has been repriced under MCLR and the bank expects ~INR1.2t will be repriced under MCLR in 2HFY24.
- The bank has provided GNPA/NNPA guidance of below 6%/1% for FY24.
- The bank plans to move to the new tax regime in FY25 which will support net earnings next year.

Bloomberg	UNBK IN
Equity Shares (m)	6835
M.Cap.(INRb)/(USD\$)	740.5 / 8.9
52-Week Range (INR)	113 / 51
1, 6, 12 Rel. Per (%)	1/28/81
12M Avg Val (INR M)	1879

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	327.7	367.4	400.9
OP	254.7	281.0	305.6
NP	84.3	135.2	164.8
NIM (%)	2.8	2.9	2.9
EPS (INR)	12.3	19.0	22.2
EPS Gr. (%)	56.1	53.8	17.2
BV/Sh. (INR)	110	122	140
ABV/Sh. (INR)	94	112	131
RoE (%)	12.2	16.9	17.5
RoA (%)	0.7	1.0	1.1

Valuations

P/E(X)	8.1	5.3	4.5
P/BV (X)	0.9	0.8	0.7
P/ABV (X)	1.1	0.9	0.8

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	77.0	83.5	83.5
DII	12.7	7.9	7.1
FII	2.9	1.5	1.4
Others	7.4	7.2	8.0

FII Includes depository receipts

Valuation and view

UNBK reported a robust quarter as earnings beat estimates, led by higher treasury gains, healthy margins, and lower provisions. Loan growth remains steady while deposits growth remains flattish with CASA mix holding largely flat. Fresh slippages moderated, which along with healthy recoveries and upgrades, supported the asset quality. A low SMA book (0.52%) and controlled restructuring (1.7%) provide a healthy outlook on asset quality. We increase our FY24E/25E earnings estimates by 7%/8% and estimate RoA/RoE of 1.1%/17.5% by FY25. We **reiterate our BUY rating with a TP of INR125 (premised on 1.0x FY25E ABV).**

Quarterly performance

(INR b)

	FY23				FY24E				FY23	FY24E	FY24E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE	Est	
Net Interest Income	75.8	83.1	86.3	82.5	88.4	91.3	92.9	94.8	327.7	367.4	89.2	2%
% Change (YoY)	8.1	21.6	20.3	21.9	16.6	9.9	7.7	14.9	17.9	12.1	7.4	
Other Income	28.2	32.8	32.7	52.7	39.0	37.0	35.4	37.9	146.3	149.3	37.7	-2%
Total Income	104.0	115.8	119.0	135.2	127.4	128.2	128.3	132.7	474.0	516.6	126.9	1%
Operating Expenses	49.5	50.0	52.8	67.0	55.6	56.0	58.9	65.1	219.3	235.6	58.7	-5%
Operating Profit	54.5	65.8	66.2	68.2	71.8	72.2	69.4	67.6	254.7	281.0	68.1	6%
% Change (YoY)	5.1	8.3	29.8	23.6	31.8	9.8	4.8	-0.9	16.4	10.3	3.6	
Provisions	32.8	40.8	30.4	29.4	20.1	17.7	21.3	17.2	133.3	76.2	25.9	-32%
Profit before Tax	21.7	25.0	35.8	38.9	51.7	54.5	48.0	50.5	121.4	204.8	42.2	29%
Tax	6.1	6.5	13.4	11.1	19.4	19.4	14.4	16.4	37.0	69.6	12.7	53%
Net Profit	15.6	18.5	22.4	27.8	32.4	35.1	33.6	34.1	84.3	135.2	29.5	19%
% Change (YoY)	32.0	21.1	106.8	93.3	107.7	90.0	49.7	22.4	61.2	60.3	59.9	
Operating Parameters												
Deposit (INR b)	9,928	10,433	10,650	11,177	11,281	11,376	11,758	12,071	11,177	12,071	11,490	
Loan (INR b)	6,764	7,275	7,564	7,618	7,705	8,036	8,163	8,456	7,618	8,456	7,912	
Deposit Growth (%)	9.3	14.1	13.6	8.3	13.6	9.0	10.4	8.0	8.3	8.0	10.1	
Loan Growth (%)	15.7	25.2	22.6	15.3	13.9	10.5	7.9	11.0	15.3	11.0	8.8	
Asset Quality												
Gross NPA (%)	10.2	8.5	7.9	7.5	7.3	6.4	5.9	5.4	7.5	5.4	6.9	
Net NPA (%)	3.3	2.6	2.1	1.7	1.6	1.3	1.2	1.0	1.8	1.0	1.5	
PCR (%)	69.9	70.6	74.6	78.8	79.8	80.7	81.3	82.5	78.1	82.5	79.5	

E:MOFSL Estimates



IDFC First Bank

Estimate change	↓
TP change	↓
Rating change	↓

Bloomberg	IDFCFB IN
Equity Shares (m)	6618
M.Cap.(INRb)/(USDb)	607.1 / 7.3
52-Week Range (INR)	101 / 52
1, 6, 12 Rel. Per (%)	-8/38/44
12M Avg Val (INR M)	2860

Financial and Valuation Summary (INR b)

Y/E March	FY23	FY24E	FY25E
NII	126.4	161.8	201.7
OP	49.3	64.3	85.8
NP	24.4	31.6	41.3
NIM (%)	6.4	6.6	6.6
EPS (INR)	3.8	4.7	6.1
BV/Sh. (INR)	39	48	54
ABV/Sh. (INR)	37	46	52

Ratios

RoE (%)	10.4	10.8	11.9
RoA (%)	1.1	1.2	1.3

Valuations

P/E(X)	22.6	18.2	14.1
P/BV (X)	2.2	1.8	1.6
P/ABV (X)	2.4	1.9	1.7

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	39.4	39.9	36.5
DII	9.5	11.7	14.1
FII	24.5	20.9	19.3
Others	26.7	27.5	30.2

FII Includes depository receipts



CMP: INR86 TP: INR95 (+10%) Downgrade to Neutral

Earnings in line; margins stable at 6.3%

RoA to expand gradually; downgrade to Neutral on limited upside

- IDFC First Bank (IDFCFB) reported 2QFY24 PAT of INR7.5b (up 35% YoY, slight 4% miss), led by robust revenues.
- NII grew 32% YoY, led by healthy loan growth and largely stable margins (down 1bp QoQ to 6.32%).
- Loan book (incl. credit subs) grew 28%YoY/7% QoQ. Deposit growth was healthy at 39% YoY, with CASA mix broadly stable at 46.4%.
- IDFCFB is well poised to deliver healthy loan growth, led by robust traction across retail, while drag from the wholesale book continues to moderate. However, higher opex will curb the pace of RoA expansion.
- IDFCFB stock has delivered ~60% return since we initiated coverage on the stock in Oct-22. However post sharp outperformance over past one year the stock now offers a limited upside to our revised fair value. **We estimate bank to deliver 30% earnings CAGR over FY23-26 with RoA/RoE thus reaching to 1.33%/13.6% in FY26. We downgrade our rating to Neutral with a revised TP of INR95.**

Margins broadly stable at 6.3%; SMA book under control at 0.77%

- IDFCFB reported 2QFY24 PAT of INR7.5b (up 35% YoY; 4% miss), led by steady NII, healthy other income and in-line provisions.
- NII grew 32% YoY to INR39.5b (in line), driven by strong loan growth (up 28% YoY) and flat margin at 6.32% (down 1bp QoQ). The bank expects the margin to remain stable, aided by healthy loan growth, continued unwinding of high-cost legacy borrowings and re-pricing of MCLR-linked loans.
- Other income grew 35% YoY, with robust 47% YoY growth in core fees, while treasury income declined. Opex grew 34% YoY, with the C/I ratio staying elevated at 72%. PPOp rose 29% YoY to INR15b (in line).
- On the business front, funded assets grew 26% YoY/7% QoQ, led by 51%/29% YoY growth in Rural/Retail finance. The SME & Corporate book also grew 22% YoY. Within retail, growth was led by housing (26% YoY), vehicle finance (41% YoY) and cards (58% YoY). The share of Consumer and Rural finance stood at 69% as on 2QFY24.
- Deposits grew 39% YoY (up 11% QoQ), with healthy growth in CASA deposits at 26% YoY/11% QoQ. Thus, the CASA ratio was flat at 46.4%.
- Asset quality continued to improve, with GNPA/NNPA ratios declining by 6bp/2bp QoQ to 2.11%/0.7%. PCR was stable at ~68%. Further, the SMA book declined to 0.77% as on 2QFY24 vs. 0.85% in 1QFY24. Restructured book declined to 0.4% of funded assets vs. 0.5% in 1QFY24.

Highlights from the management commentary

- The C/I ratio remains elevated on continued business investments; however, the bank expects operating leverage to play out, resulting in a moderation in C/I by FY25 end.
- The credit card business is likely to achieve a breakeven by FY25 and profits will show up in FY26.
- IDFCFB's exposure to customers with less than INR50k unsecured loans is minimal at INR5.4b (0.3% of funded assets and 0.37% of retail loans). It has, though, tightened risk management policies. CE remains strong at 99.5%.
- A large part of the re-pricing has happened in the deposit portfolio and another 10-15bp will occur in coming quarters. INR25-26b of legacy borrowing at 8.9% is due to mature in 2H.

Valuation and view

- IDFCFB delivered a steady quarter with healthy business growth and stable margins. RoA stood at 1.16% as high opex remains a drag. We believe that the C/I ratio may remain elevated in the near term, mainly due to the need to mobilize deposits at a healthy run rate and continued investment in business, technology and branches.
- We estimate margins to remain stable, benefiting from steady loan growth, limited deposit re-pricing and further replacement of high-cost borrowings in FY25. While IDFCFB's asset quality metrics and CE remain strong, we would monitor its credit quality given the increasing stress in the unsecured retail segment. We note that even a slight increase in credit costs can prolong the guided recovery in RoA.
- IDFCFB stock has delivered ~60% return since we initiated coverage on the stock in Oct-22. However post the sharp outperformance over past one year the stock now offers a limited upside to our revised fair value. **We estimate bank to deliver 30% earnings CAGR over FY23-26 with RoA/RoE thus reaching to 1.33%/13.6% in FY26. We downgrade our rating to Neutral with a revised TP of INR95 (1.8x FY25E ABV).**

Quarterly performance (INR b)

	FY23				FY24E				FY23	FY24E	FY24E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE		Est
Net Interest Income	27.5	30.0	32.9	36.0	37.5	39.5	41.4	43.5	126.4	161.8	39.3	0%
% Change (Y-o-Y)	25.9	32.1	27.3	34.7	36.1	31.6	26.1	20.8	30.2	28.1	31.0	
Other Income	8.6	10.6	11.5	14.0	14.1	14.3	14.9	15.6	44.7	59.0	14.5	-1%
Total Income	36.1	40.6	44.4	49.9	51.6	53.8	56.4	59.1	171.0	220.8	53.8	0%
Operating Expenses	26.6	28.9	31.8	34.4	36.6	38.7	39.9	41.3	121.7	156.5	38.0	2%
Operating Profit	9.4	11.7	12.6	15.6	15.0	15.1	16.4	17.8	49.3	64.3	15.8	-4%
% Change (Y-o-Y)	-5.1	68.7	63.8	88.6	59.0	29.2	30.4	13.9	50.2	30.4	35.2	
Provisions	3.1	4.2	4.5	4.8	4.8	5.3	5.8	6.1	16.6	21.9	5.3	0%
Profit before Tax	6.4	7.4	8.1	10.8	10.2	9.8	10.6	11.7	32.7	42.4	10.5	-7%
Tax	1.6	1.9	2.1	2.7	2.6	2.3	2.7	3.2	8.3	10.8	2.7	-14%
Net Profit	4.7	5.6	6.0	8.0	7.7	7.5	7.9	8.5	24.4	31.6	7.9	-4%
% Change (Y-o-Y)	NM	266.1	115.1	134.2	61.3	35.2	31.2	6.3	NM	29.8	41.4	
Operating Parameters												
Deposit (INR b)	1,133	1,234	1,330	1,446	1,544	1,712	1,792	1,895	1,446	1,895	1,639	4%
Deposit Growth (%)	24.1	36.8	43.4	36.9	36.2	38.7	34.7	31.0	36.9	31.0	32.8	593
Loan (INR b)	1,326	1,402	1,471	1,564	1,674	1,792	1,870	1,957	1,518	1,913	1,728	4%
Loan Growth (%)	22.0	37.1	26.4	26.0	26.3	27.8	27.1	25.1	28.8	26.0	23.2	457
Asset Quality												
Gross NPA (%)	3.4	3.2	3.0	2.5	2.2	2.1	2.1	2.0	2.6	2.1	2.1	
Net NPA (%)	1.3	1.1	1.0	0.9	0.7	0.7	0.7	0.7	0.9	0.7	0.7	
PCR (%)	62.0	66.3	66.0	66.4	68.1	68.1	68.6	67.3	66.4	67.3	69.6	

Source: MOFSL, Company



Indian Hotels

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR375 **TP: INR480 (+28%)** **Buy**

Strong OR and ARR drive operating performance

Operating performance lower than our estimate

Bloomberg	IH IN
Equity Shares (m)	1420
M.Cap.(INRb)/(USDb)	532 / 6.4
52-Week Range (INR)	436 / 280
1, 6, 12 Rel. Per (%)	-6/4/9
12M Avg Val (INR M)	1677

- Indian Hotels (IH) reported consolidated revenue growth of 16% YoY in 2QFY24, aided by strong growth in standalone ARR (up 18% YoY) and better occupancy (up 610bp YoY). Consolidated management contract revenue grew 14% YoY to INR870m in 2QFY24.

- We maintain our FY24/FY25 EBITDA estimates and **retain BUY with our SoTP-based TP of INR480.**

Domestic business drives overall performance

Financials & Valuations (INR b)

Y/E Mar	2023	2024E	2025E
Sales	58.1	67.1	74.0
EBITDA	18.0	21.5	25.0
PAT	10.0	12.2	14.4
EBITDA (%)	31.1	32.0	33.7
EPS (INR)	7.0	8.6	10.2
EPS Gr. (%)	485.5	22.1	18.1
BV/Sh. (INR)	56.2	64.0	73.3

Ratios

Net D/E	(0.1)	(0.2)	(0.3)
RoE (%)	13.3	14.3	14.8
RoCE (%)	11.5	14.0	14.8
Payout (%)	8.5	9.3	7.9

Valuations

P/E (x)	53.2	43.6	36.9
EV/EBITDA (x)	29.3	24.2	20.4
Div Yield (%)	0.2	0.2	0.2
FCF Yield (%)	2.0	1.8	2.4

- Consolidated revenue was up 16% YoY/down 2% QoQ at INR14.3b (est. INR14.4b). EBITDA grew 21% YoY but declined 14% QoQ to INR3.5b (est. INR3.9b). Adjusted PAT was up 49% YoY/down 25% QoQ at INR1.7b (est. INR1.7b).

- Standalone revenue/EBITDA grew by 19%/29% YoY to INR8.9b/INR2.7b (flat/down 7% QoQ), aided by strong ARR growth (up 18% YoY/3% QoQ) to INR12,972. Occupancy grew 610bp YoY and 120bp QoQ to 75.9%.

- Subsidiary (consol. less standalone) sales stood at INR5.4b, up 12% YoY but down 6% QoQ. Subsidiary EBITDA came in at INR810m, flat YoY/down 30% QoQ.

- Revenue from PIEM/Roots/Benares/St. James Court jumped 12%/16%/46%/22% YoY, while it declined for UOH Inc by 4% YoY.

Highlights from the management commentary

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	38.2	38.2	38.2
DII	23.3	24.2	29.3
FII	22.2	21.6	16.3
Others	16.4	16.0	16.2

FII Includes depository receipts

- Outlook:** RevPAR growth has been strong so far in Oct'23, and showing good demand visibility for Nov'23. The management has guided for double-digit RevPAR growth in 3QFY24 and FY24.

- The majority of growth in FY24 is structural (events like G20 and cricket world cup accounting for just 1-1.5% of total revenue). Accordingly, the management expects to sustain growth in FY25 on the back of a strong demand outlook, coupled with more such events.

- Ginger Santacruz will open in the next two to three weeks, and the management has indicated that this hotel can touch the revenue mark of INR1b in the next three years, with ARR in range of INR6,500 to INR7,000.

Valuation and view

- We expect the strong momentum to continue in FY24, led by: 1) a further improvement in occupancy led by favorable demand-supply dynamics and big global events such as ongoing ICC Cricket Men's World Cup; 2) an increase in ARR due to better demand, upgrades in hotels and corporate rate hikes; 3) higher income from management contracts; and 4) value unlocking by scaling up reimagined and new brands.

- We maintain our FY24/FY25 EBITDA estimates in anticipation of a strong demand environment and ARR improvement. **Maintain BUY with our SoTP-based TP of INR480.**

Consolidated - Quarterly Earning Model

(INRm)




Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Gross Sales	12,661	12,326	16,858	16,254	14,664	14,332	20,735	17,392	58,099	67,123	14,422	-1
YoY Change (%)	267.5	69.2	51.7	86.4	15.8	16.3	23.0	7.0	90.1	15.5	17.0	
Total Expenditure	8,882	9,386	10,886	10,899	10,562	10,784	12,803	11,502	40,054	45,651	10,571	
EBITDA	3,779	2,940	5,972	5,355	4,102	3,548	7,932	5,890	18,046	21,472	3,850	-8
Margins (%)	29.8	23.9	35.4	32.9	28.0	24.8	38.3	33.9	31.1	32.0	26.7	
Depreciation	1,026	1,026	1,033	1,076	1,091	1,112	1,170	1,190	4,161	4,563	1,110	
Interest	624	600	567	570	565	591	540	510	2,361	2,206	540	
Other Income	271	250	577	291	493	477	550	450	1,389	1,970	300	
PBT before EO expense	2,401	1,564	4,949	4,000	2,939	2,322	6,772	4,641	12,914	16,674	2,500	
Extra-Ord expense	91	-123	-1	0	0	0	0	0	-33	0	0	
PBT	2,309	1,687	4,950	4,000	2,939	2,322	6,772	4,641	12,946	16,674	2,500	
Tax	648	443	1,161	980	833	723	2,032	1,392	3,232	4,980	750	
Rate (%)	28.1	26.3	23.4	24.5	28.4	31.1	30.0	30.0	25.0	29.9	30.0	
MI & Profit/Loss of Asso. Cos.	-39	28	-38	-263	-118	-70	-42	-289	-312	-519	31	
Reported PAT	1,701	1,216	3,827	3,283	2,224	1,669	4,782	3,538	10,026	12,213	1,719	
Adj PAT	1,769	1,123	3,826	3,283	2,224	1,669	4,782	3,538	10,001	12,213	1,719	-3
YoY Change (%)	NA	NA	357.2	430.2	25.7	48.6	25.0	7.8	NA	21.8	53.1	
Margins (%)	14.0	9.1	22.7	20.2	15.2	11.6	23.1	20.3	17.2	18.2	11.9	

Key Performance Indicators

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue Growth (%)										
Standalone	267.0	62.6	43.3	90.6	17.0	19.0	24.1	4.8	84.9	15.7
Subs	268.1	80.7	68.6	77.5	14.1	12.0	21.1	12.0	100.0	15.2
EBITDA Margin (%)										
Standalone	34.2	28.4	41.4	42.2	33.0	30.7	45.0	42.9	37.5	39.0
Subs	9.6	30.7	42.5	16.9	7.3	5.6	2.7	5.8	19.7	19.7
Cost Break-up										
F&B Cost (% of sales)	8.2	8.4	8.3	7.7	7.9	7.8	8.1	7.8	8.1	7.9
Staff Cost (% of sales)	28.4	30.5	25.2	26.0	29.2	30.7	21.8	25.9	27.2	26.4
Other Cost (% of sales)	33.5	37.3	31.1	33.4	34.9	36.7	31.8	32.4	33.6	33.7
Gross Margins (%)	91.8	91.6	91.7	92.3	92.1	92.2	91.9	92.2	91.9	92.1
EBITDA Margins (%)	29.8	23.9	35.4	32.9	28.0	24.8	38.3	33.9	31.1	32.0
EBIT Margins (%)	21.7	15.5	29.3	26.3	20.5	17.0	32.6	27.0	23.9	25.2



Mahindra & Mahindra Financial

Estimate change 
 TP change 
 Rating change 

CMP: INR277

TP: INR330 (+19%)

Buy

Bloomberg	MMFS IN
Equity Shares (m)	1236
M.Cap.(INRb)/(USD\$b)	342.6 / 4.1
52-Week Range (INR)	347 / 191
1, 6, 12 Rel. Per (%)	-4/2/26
12M Avg Val (INR M)	1159

Financials & valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	72.4	87.7	103.1
PPP	41.8	54.3	66.6
PAT	18.8	27.8	34.8
EPS (INR)	15.3	22.5	28.2
EPS Gr. (%)	-5	48	25
BV/Sh.(INR)	142	157	175

Ratios

NIM (%)	7.3	7.4	7.5
C/I ratio (%)	42.3	38.1	35.4
RoA (%)	1.8	2.2	2.4
RoE (%)	11.1	15.1	17.0
Payout (%)	37.5	35.0	35.0

Valuations

P/E (x)	18.1	12.3	9.8
P/BV (x)	1.9	1.8	1.6
Div. Yield (%)	2.1	2.8	3.6

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	52.2	52.2	52.2
DII	25.8	27.0	22.1
FII	14.2	14.1	17.1
Others	7.8	6.8	8.6

FII Includes depository receipts

Earnings volatile; Second consecutive quarter of big miss

NIM compression and high credit costs led to below par performance

- Mahindra & Mahindra Financial (MMFS)'s 2QFY24 PAT declined 48% YoY to INR2.35b (44% miss). Reported NII rose 9% YoY to INR16.7b (6% miss), while PPop grew 9% YoY to ~INR9.4b (10% miss).
- Annualized credit costs of ~2.8% (vs. 2.5% in 2QFY23) were higher than expectations and included ~INR3.5b of write-offs (vs. ~INR3.1b in 1Q).
- In 2QFY24, yields (calc.) moderated ~35bp QoQ, while CoF (calc.) rose 10bp, leading to a NIM contraction of ~45bp QoQ. Yield moderation was attributed to a rising proportion of PrimeX customers, stronger growth in lower-yielding Utility Vehicles and no interest rate hike on incremental lending.
- We cut our FY24E EPS by ~12% to factor in a higher NIM compression and elevated credit costs in 1HFY24. We model an 18%/21% CAGR in AUM/PAT over FY23-FY26E, with FY25E RoA/RoE of 2.2%/15%.
- Until two quarters ago, MMFS had managed to reduce volatility in its NIM and earnings performance by streamlining operations and enhancing risk management. MMFS has now reported two consecutive quarters of NIM volatility and elevated credit costs (despite minor improvements in asset quality). Such repeated volatility in NIM and credit costs could affect investor confidence in its transformation journey.
- We believe that MMFS should see improvements in NIM and a moderation in credit costs in 2HFY24. **Retain BUY with a revised TP of INR330 (based on 2.0x Sep'25E BVPS).**
- **Key risks:** a) yields remaining muted because of higher competitive intensity, b) overall provision coverage ratio remaining elevated longer than expected because of the intricacies of the ECL model.

NIM to improve and credit costs to moderate in 2HFY24

- The management guided that a product mix change (with higher mix of pre-owned vehicles and tractors) and interest rate hike on incremental disbursements should lead to a gradual expansion in yields. We estimate NIM to moderate to 7.3% in FY24 (vs. 8.3% in FY23) and then expand to 7.4% /7.5% in FY25/FY26.
- We expect asset quality improvement to sustain and model credit costs of 1.1%/0.9% in 3Q/4QFY24, which will translate into ~1.8% credit costs in FY24.

Key takeaways from the management commentary

- It has guided for business asset growth of 20%+ in FY24. With interest rates remaining elevated, it will monitor retail volumes in Diwali and might revise its AUM growth guidance in 4QFY24.
- The management said that it will take nine months before the PCR cover starts improving since LGD has been impacted because of the Covid period being the base. However, PD continues to improve.

Valuation and View

- MMFS is going through a transformation in its product/customer mix and its NIM profile will change and find its new sustainable normal. It would hopefully now start demonstrating more predictability in its earnings performance. A strong liability franchise and deep moats in rural/semi-urban customer segments position MMFS well to reap rewards of the hard work that is going into evolving this franchise.
- MMFS currently trades at 1.7x Sep'25E P/BV. Risk-reward is favorable for a PAT CAGR of ~21% over FY23-FY26E and FY25E RoA/RoE of 2.2%/15%. Maintain BUY with a revised TP of INR330 (based on 2.0x Sep'25E BVPS).

Quarterly Performance

(INR Mn)

Y/E March	FY23				FY24E				FY23	FY24E	2QFY24E	v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Interest income	24,372	25,163	27,947	29,344	30,349	31,535	34,215	35,895	1,06,826	1,31,994	32,322	-2
Interest Expenses	9,320	10,688	12,419	13,340	14,505	15,665	16,714	17,549	45,767	64,432	15,665	0
NII	15,052	14,475	15,528	16,004	15,844	15,870	17,501	18,346	61,059	67,562	16,657	-5
YoY Growth (%)	34.2	0.3	1.1	11.1	5.3	9.6	12.7	14.6	9.9	10.7	15.1	
Other income	614	930	969	1,223	905	870	936	2,098	3,735	4,809	1,111	-22
Net Total Income	15,666	15,405	16,496	17,227	16,750	16,740	18,437	20,444	64,794	72,371	17,768	-6
YoY Growth (%)	34.0	2.2	3.6	13.7	6.9	8.7	11.8	18.7	11.7	11.7	15.3	
Operating Expenses	6,208	6,768	6,513	7,786	6,750	7,312	7,727	8,795	27,276	30,584	7,304	0
Operating Profit	9,458	8,637	9,983	9,441	10,000	9,428	10,711	11,648	37,518	41,787	10,464	-10
YoY Growth (%)	26.3	-15.0	-6.0	5.1	5.7	9.2	7.3	23.4	0.7	11.4	21.2	
Provisions	6,453	1,985	1,551	4	5,264	6,266	2,676	2,295	9,992	16,501	4,849	29
Profit before Tax	3,005	6,652	8,431	9,437	4,735	3,163	8,035	9,353	27,526	25,286	5,614	-44
Tax Provisions	776	1,624	2,142	2,596	1,209	811	2,049	2,379	7,138	6,448	1,432	-43
Net Profit	2,229	4,483	6,290	6,841	3,527	2,352	5,986	6,974	19,843	18,838	4,183	-44
YoY Growth (%)	-114.6	-56.2	-29.6	13.9	58.2	-47.5	-4.8	1.9	100.7	-5.1	-6.7	
Key Operating Parameters (%)												
Yield on loans (Cal)	15.8	15.2	15.6	15.4	14.9	14.6	15.0	15.1	15.3	14.9		
Cost of funds (Cal)	6.5	6.8	7.2	7.3	7.5	7.6	7.7	7.7	7.0	8.0		
Spreads (Cal)	9.3	8.4	8.5	8.0	7.4	6.9	7.2	7.3	8.3	6.9		
Credit Cost (Cal)	3.9	1.1	0.8	0.0	2.5	2.8	1.1	0.9	1.4	1.8		
Cost to Income Ratio	39.6	43.9	39.5	45.2	40.3	43.7	41.9	43.0	42.1	42.3		
Tax Rate	25.8	24.4	25.4	27.5	25.5	25.6	25.5	25.4	25.9	25.5		
Balance Sheet Parameters												
Loans (INR B)	631	696	734	795	832	899	930	977	795	977		
Change YoY (%)	11.9	21.6	26.0	31.4	42.6	29.3	26.7	23.0	31.5	23.0		
Borrowings (INR B)	591	673	709	749	790	849	884	931	749	931		
Change YoY (%)	6.3	20.4	24.3	34.3	43.6	26.0	24.6	24.2	34.3	24.2		
Loans/Borrowings (%)	106.8	103.3	103.5	106.0	105.4	106.0	105.3	105.0	106.0	105		
Debt/Equity (x)	3.8	4.3	4.3		4.5	5.0	5.0	5.1	4.6	5.3		
Asset Quality Parameters (%)												
GS 3 (INR B)	54.4	49.4	45.9	37.2	37.7	40.2			37.2	37.4		
Gross Stage 3 (% on Assets)	8.0	6.7	5.9	4.5	4.3	4.3			4.5	3.7		
NS 3 (INR B)	22.8	20.7	18.8	15.1	15.0	15.6			15.1	15.0		
Net Stage 3 (% on Assets)	3.5	2.9	2.6	1.9	1.8	1.7			1.9	1.5		
PCR (%)	58.1	58.2	59.0	59.5	66.9	61.2			59.5	60.0		
ECL (%)	6.8	5.7	5.0	4.0	4.0	4.0			4.7	4.1		
Return Ratios (%)												
ROAA	1.2	2.2	2.8	2.9	1.4	0.9	2.2	2.5	2.3	1.8		
ROAE	5.7	11.4	15.7	16.3	8.2	5.5	13.9	15.6	12.6	11.1		

E: MOFSL estimates



Coromandel International

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR1075 TP: INR1,300 (+21%) Buy

Margins improved YoY, led by softening RM costs and backward integration in fertilizer business

Bloomberg	CRIN IN
Equity Shares (m)	292
M.Cap.(INRb)/(USDb)	316.4 / 3.8
52-Week Range (INR)	1185 / 838
1, 6, 12 Rel. Per (%)	-1/7/1
12M Avg Val (INR M)	434

In-line operating performance

- Coromandel International's (CRIN) experienced a marginal 1% decline in its EBIT during 2QFY24, despite a steep ~31% YoY decline in revenue. Softening of raw material prices and the benefits of backward integration led to EBIT growth of 4% YoY in the Nutrients and Allied business (EBIT contribution: 92%). On the other hand, the Crop Protection business (EBIT contribution: 8%) registered a ~17% YoY decline in EBIT due to pricing pressures.
- Factoring in its 2QFY24 performance, we maintain our earnings for FY24E/ FY25E. We **reiterate our BUY rating on the stock.**

Financials & Valuations (INR b)

Y/E Mar	2023	2024E	2025E
Sales	296.3	250.6	269.2
EBITDA	29.3	28.2	30.8
PAT	20.1	19.3	21.4
EBITDA (%)	9.9	11.2	11.4
EPS (INR)	68.5	65.7	72.7
EPS Gr. (%)	31.5	-4.1	10.8
BV/Sh. (INR)	269.0	320.7	377.4

Ratios

Net D/E	-0.2	-0.3	-0.3
RoE (%)	28.2	22.3	20.8
RoCE (%)	30.5	23.9	22.0
Payout (%)	17.5	21.3	22.0

Valuations

P/E (x)	15.7	16.3	14.7
EV/EBITDA (x)	10.3	10.2	9.2
Div Yield (%)	1.1	1.3	1.5
FCF Yield (%)	0.1	5.5	2.9

Shareholding pattern (%)

	Sep-23	Jun-23	Sep-22
Promoter	57.3	57.4	57.5
DII	21.1	20.6	18.7
FII	7.2	7.6	9.9
Others	14.3	14.4	13.9

Lower subsidy realization led to a decline in revenue

- CRIN reported overall revenue of INR69.8b (est. INR77.1b) in 2QFY24, down 31% YoY, led by lower subsidy realization in the fertilizer business. Total manufacturing volumes (NPK+DAP) declined 7% YoY to 1,027KMT, while total phosphate fertilizer manufacturing volumes (including SSP) declined 8% YoY to 1,239KMT.
- Nutrient & other allied business revenue declined 33% YoY to INR63b, while crop protection business revenue grew 3% YoY to INR7.3b. The Crop protection business performance was adversely affected by industry headwinds and below-average normal rainfall in its key market areas.
- EBITDA stood flat on YoY basis at INR10.6b (est. INR10.2b). As per our calculations, manufacturing EBITDA/MT (including SSP) stood at INR7,230 (up 14% YoY/7% QoQ). The same for phosphate fertilizers (DAP and NPK) stood at INR8,412 (up 15% YoY/ 5% QoQ).
- EBIT margin of the Crop Protection segment contracted 300bp YoY to 11.9% due to pricing pressures.
- Adjusted PAT stood at INR7.6b (est. INR7.2b), up 2% YoY.
- In 1HFY24, revenue declined 20% to INR126.8b, while EBITDA/Adj. PAT grew marginally YoY (1%) to INR17.7b/INR12.5b.

Highlights from the management commentary

- **Sulphuric Acid plant:** CRIN has commissioned 1650 TPD sulphuric acid plant (with investment of ~INR4b) in 2QFY24, increasing its total capacity to ~1.1 MTPA from 0.6MTPA.
- **Outlook:** The management has reduced its full-year EBITDA/MT guidance for manufactured fertilizer (excluding SSP) to INR5,000 in FY24 from its earlier guidance of INR5,500 to INR6,000 provided in previous quarters. This was on the back of a recent reduction in the NBS rates by the government.
- **Nano DAP** plant in Kakinada is set to be commissioned in 3QFY24 (subject to a few pending approvals). The plant has a capacity of ~10m bottles per annum (1 liter each) with ~MRP of ~INR600.

Valuation and view

- The operating performance of the Fertilizer business is expected to continue facing challenges in 2HFY24, primarily due to the lower NBS rates announced by the government for the upcoming Rabi season. Similarly, the operating performance of the Crop Protection segment is also expected to be under pressure in FY24; however, a recovery is anticipated in FY25.
- Factoring in its 2QFY24 performance, we maintain our earnings for FY24E/FY25E. We reiterate our BUY rating on the stock with TP of INR1,300 (at 18x FY25E EPS).

Quarterly Performance											(INR m)	
Y/E March	FY23				FY24				FY23	FY24E	FY24	Var
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	%
Net Sales	57,291	1,01,134	83,096	54,758	56,934	69,881	71,841	51,942	2,96,279	2,50,598	77,079	-9
YoY Change (%)	56.4	64.5	63.8	29.5	-0.6	-30.9	-13.5	-5.1	55.0	-15.4	-23.8	
Total Expenditure	50,437	90,564	75,290	50,726	49,842	59,294	65,466	47,835	2,67,017	2,22,438	66,892	
EBITDA	6,854	10,570	7,806	4,032	7,092	10,587	6,375	4,106	29,262	28,161	10,186	4
Margins (%)	12.0	10.5	9.4	7.4	12.5	15.2	8.9	7.9	9.9	11.2	13.2	
Depreciation	446	457	471	446	481	540	525	500	1,820	2,045	510	
Interest	266	542	568	524	405	462	320	280	1,900	1,467	350	
Other Income	536	311	396	469	445	448	277	328	1,711	1,498	249	
PBT before EO expense	6,678	9,881	7,163	3,531	6,651	10,033	5,807	3,655	27,253	26,146	9,575	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	6,678	9,881	7,163	3,531	6,651	10,033	5,807	3,655	27,253	26,146	9,575	
Tax	1,703	2,481	1,794	901	1,674	2,450	1,462	920	6,879	6,505	2,410	
Rate (%)	25.5	25.1	25.0	25.5	25.2	24.4	25.2	25.2	25.2	24.9	25.2	
Minority Interest & P/L of Asso. Cos.	-15	-6	100	166	36	15	105	174	245	330	-6	
Reported PAT	4,991	7,406	5,269	2,464	4,940	7,569	4,241	2,560	20,129	19,310	7,171	
Adj PAT	4,991	7,406	5,269	2,464	4,940	7,569	4,241	2,560	20,129	19,310	7,171	6
YoY Change (%)	47.8	42.6	38.1	-15.0	-1.0	2.2	-19.5	3.9	31.7	(4.1)	(3.2)	
Margins (%)	8.7	7.3	6.3	4.5	8.7	10.8	5.9	4.9	6.8	7.7	9.3	



IndiaMART

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR 2,772 TP: INR3,250 (+17%) Buy

Robust collections provide strong revenue visibility

Remain watchful of higher churn; reiterate BUY

Bloomberg	INMART IN
Equity Shares (m)	61
M.Cap.(INRb)/(USD\$)	169.7 / 2
52-Week Range (INR)	3336 / 2044
1, 6, 12 Rel. Per (%)	-1/-1/14
12M Avg Val (INR M)	573

Financials & Valuations (INR b)

Y/E Mar	2023	2024E	2025E
Sales	9.9	12.1	15.0
EBITDA	2.7	3.3	4.4
Adj. PAT	2.3	3.1	4.1
Adj. EPS (INR)	37.9	50.4	67.0
Adj. EPS Gr. (%)	-22%	33%	33%
BV/Sh. (INR)	337.4	377.9	423.8

Ratios

RoE (%)	11.7	14.1	16.7
RoCE (%)	14.5	16.3	18.8
Payout (%)	4.3	26.0	34.4

Valuations

P/E (x)	59.6	55.2	41.3
P/BV (x)	8.2	7.3	6.5

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	49.2	49.2	49.2
DII	5.5	5.6	5.2
FII	27.5	26.9	25.2
Others	17.9	18.3	20.3

FII Includes depository receipts

- IndiaMART (INMART) delivered a strong 2QFY24 performance, with revenue growth of 22.5% YoY/4.5% QoQ (in line). Collections jumped 28% YoY to INR3.3b, suggesting healthy visibility of revenue growth in FY24. Deferred revenue rose 26% YoY to INR12.4b, which should support ~23% YoY revenue growth in FY24E, despite a high base of FY23. EBITDA margin declined 30bp QoQ (70bp miss), driven by higher-than-expected employee costs.
- Customer addition was at a multi-quarter low of 2k (vs. normal range of 6-8k) on account of lower gross adds due to price hikes and higher-than-expected churn. The management remained cautious about higher churn and refrained from providing guidance on net additions in the near term, and suggested that it will take some time for churn to normalize. However, despite muted expectations for subscriber additions, they remain confident of maintaining collection growth at 22-23%.
- As its sales investments are over, INMART should see a healthy margin recovery going ahead. The management remains confident of maintaining quarterly standalone margin at 28-30%. We believe INMART should continue to benefit from ARPU improvements and operating leverage over FY23-25E. We estimate EBITDA margin of 27.3%/29.6% in FY24/FY25, and a PAT CAGR of 33% (excluding one-time gain) over FY23-25.
- BUSY continued to deliver a strong performance. Given the company's investments in manpower, marketing, and distribution, there is a healthy growth visibility for BUSY going forward. As a result, we believe that the expansion of BUSY's reach will serve as a key long-term driver for INMART's business. However, the performance of its other investments remains a key monitorable. Although BUSY has synergies with INMART's customer base and has the potential to provide long-term differentiation, it must scale up its operations to become a truly meaningful value addition.
- Though we remain watchful of higher churn, we expect INMART to deliver a 23% revenue CAGR over FY23-25 as visibility remains strong on account of robust collections and deferred revenue.
- We lower our FY24E/FY25E earnings by ~3.5% to account for lower subscriber additions and margin miss. We value INMART on a DCF basis to arrive at a TP of INR3,250, assuming 12.5% WACC and a 6.5% terminal growth rate. **We reiterate our BUY rating on the stock.**

In-line performance; muted subscriber addition

- INMART's 2QFY24 revenue grew 22% YoY, EBITDA rose 19% YoY and Adj. PAT was up 1% YoY.
- Collections remained strong at INR3.3b (+28% YoY). Deferred revenue rose 26% YoY to Rs.12.4b
- Subscriber addition was weak at +2k paying subscribers QoQ vs. normal range of 6-8k. ARPU jumped 10% YoY to INR 53.5k.

- EBITDA margin at 27.1% declined 30bp QoQ and 70bp below our estimates on the back of higher-than-expected employee expenses.
- Adj. PAT was up 1.5% YoY at INR694m, in line with our estimates.
- Traffic saw a strong 10% YoY jump to 210m after many quarters of decline. Total suppliers on the platform stood at 7.7m, up 5.5% YoY.
- Total cash and investments stood at INR19.1b.

Highlights from the management commentary

- In 2QFY24, the company added 2k paid customers, due to 1) lower gross addition due to price hikes and 2) higher churn.
- Given the higher-than-expected churn, the management refrained from giving any guidance for net customer additions. The management suggested that maintaining 6-8k subscriber addition would be difficult without solving the higher churn.
- Despite weak customer additions, the management remains confident of strong collections and deferred revenue at least for the next 2-3 quarters. It expects over 22-23% growth in collections.
- Though consolidated margin is difficult to predict, the management expects to maintain standalone margins at around 28-30%.

Strong collections to sustain; growth story intact

- Strong collections are testimony to demand recovery. We anticipate the momentum in collections to remain intact in the near term.
- We are confident of strong fundamental growth in operations, propelled by: 1) higher growth in Digitization among SMEs (~25%), 2) the need for out-of-the-circle buyers, 3) a strong network effect, 4) over 70% market share in the underlying industry, 5) the ability to improve ARPU on low price sensitivity, and 6) higher operating leverage.
- We have arrived at our DCF-based TP of INR3,250, assuming 12.5% WACC and a terminal growth rate of 6.5%. Our TP implies a 17% potential upside. **We reiterate our BUY rating on the stock.**

Consolidated quarterly earnings

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE		(%/bp)
Gross Sales	2,246	2,406	2,514	2,688	2,821	2,947	3,090	3,253	9,854	12,111	2,995	-1.6
Change (YoY %)	23.7	31.9	33.7	33.5	25.6	22.5	22.9	21.0	30.8	22.9	24.5	-200bp
Total Expenditure	1,604	1,734	1,812	2,027	2,048	2,147	2,223	2,391	7,177	8,809	2,162	-0.7
EBITDA	642	672	702	661	773	800	867	862	2,677	3,302	833	-3.9
Margin (%)	28.6	27.9	27.9	24.6	27.4	27.1	28.1	26.5	27.2	27.3	27.8	-70bp
Depreciation	63	76	86	86	74	80	80	81	311	314	77	4
Interest	12	26	22	21	22	23	20	20	81	85	22	5
Other Income	10	466	352	307	571	346	352	387	1,135	1,656	338	2
PBT before EO expense	577	1,036	946	861	1,248	1,043	1,119	1,149	3,420	4,559	1,072	-2.7
Extra-Ord. expense	0	0	-516	0	18	0	0	0	-516	18	0	
PBT	577	1,036	1,462	861	1,230	1,043	1,119	1,149	3,936	4,541	1,072	-2.7
Tax	40	243	240	198	293	239	256	263	721	1,052	268	-11
Rate (%)	6.9	23.5	16.4	23.0	23.8	22.9	22.9	22.9	18.3	23.2	25.0	-210bp
MI and P/L of Asso. Cos.	70	109	94	105	106	110	110	110	378	436	100	
Reported PAT	467	684	1,128	558	831	694	753	776	2,837	3,053	704	-1.4
Adj. PAT	467	684	612	558	849	694	753	776	2,321	3,071	704	-1.4
Change (YoY %)	-46.9	-16.8	-12.8	-2.8	81.8	1.5	23.0	39.0	-22.0	32.3	2.9	-150bp
Margin (%)	20.8	28.4	24.3	20.8	30.1	23.5	24.4	23.8	23.6	25.4	23.5	0bp



AAVAS Financiers

Estimate change	↔
TP change	↓
Rating change	↔

CMP: INR1,547 TP: INR1,700 (+10%) Neutral

	AAVAS IN
Bloomberg Equity Shares (m)	78
M.Cap.(INRb)/(USD\$b)	122.4 / 1.5
52-Week Range (INR)	2078 / 1335
1, 6, 12 Rel. Per (%)	-6/4/-30
12M Avg Val (INR M)	408

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	9.3	11.3	13.8
PPP	6.6	8.2	10.3
PAT	5.0	6.2	7.8
EPS (INR)	63.3	78.4	99.3
EPS Gr. (%)	16	24	27
BV/Sh. (INR)	477	555	655

Ratios (%)

NIM	5.9	5.8	5.8
C/I ratio	45.2	43.6	41.4
Credit cost	0.16	0.17	0.15
RoA	3.4	3.4	3.6
RoE	14.2	15.2	16.4

Valuation

P/E (x)	24.4	19.7	15.6
P/BV (x)	3.2	2.8	2.4

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	39.1	39.1	39.2
DII	14.2	14.4	11.0
FII	35.5	35.0	37.6
Others	11.2	11.5	12.2

FII Includes depository receipts

Disbursements yet to gain momentum even as NIM contracts

- AUM grew 22% YoY/5% QoQ to ~INR153b. Disbursements grew 10% YoY and 18% QoQ to ~INR12.6b, but were still below consensus expectations.
- 2QFY24 PAT grew 14% YoY to INR1.2b (5% beat). NII grew 18% YoY to ~INR2.2b. Other income grew 8% YoY, aided by higher assignment income of INR466m (PY: INR494m) and fee income of ~INR200m (PY: ~INR140m).
- Cost-to-income ratio moderated to ~45% (PQ: 48%), which led to the earnings beat, despite ~40bp QoQ compression in (calc.) NIM. Opex rose 14% YoY and declined 2% QoQ to INR1.3b. This was primarily because of lower employee expenses, potentially driven by lower ESOP expenses.
- We model a ~23% AUM CAGR and ~22% PAT CAGR over FY23-26E, with RoA/RoE of 3.6%/16.4% in FY26E.
- Valuations have declined over the last nine months and the stock now trades at 2.6x Sep'25E P/BV. Before turning constructive, we intend to closely monitor the execution of disbursements/AUM growth. Additionally, we will observe how the IT transformation improves productivity and operating efficiencies for AAVAS. We reiterate our **Neutral** stance on the stock with a TP of INR1,700 (based on 2.8x Sep'25E BVPS).

Disbursements will take another few quarters to fully recover

- AUM grew 22% YoY/5% QoQ to ~INR153b. Disbursements grew 10% YOY and 18% QoQ to ~INR12.6b, but were still below consensus expectations. Management shared that a) management transition, b) technology transformation, and c) high relationship officer attrition have all contributed to lower disbursement momentum.
- Annualized run-off in the loan-book stood at 16% (PY: 17%).
- Securitization during the quarter amounted to INR3.3b (PY: INR3b) but securitization margins were lower during the quarter (vs. earlier levels).

Highlights from the management commentary

- Disbursement were muted because there was a lagged impact of sanctions not getting converted into disbursements. Conversion of sanctions into disbursements dropped to 80% from ~90%.
- The decline in yields was driven by a) lower interest rate offered to retain existing customers and b) lower interest rate offered on new loan originations because of the competitive landscape.

Valuation and View

- AAVAS reported RoA/RoE of 3.3%/14% in 2QFY24. Its constant endeavor to improve its technological edge and relentless focus on asset quality have positioned it as a standout player among peers. Notably, its 1+DPD remains within guided levels, driven by its prudent underwriting process and efficient collection efforts.

■ Given the investments being made in sourcing, distribution, and technology, we expect AAVAS to embark on a strong disbursement growth trajectory from FY25 onwards. The stock trades at 2.6x Sep'25E P/BV and any rerating in valuation multiples will depend on consistent delivery of robust asset quality and stronger AUM growth. We reiterate our **Neutral** stance on the stock with a revised TP of INR1,700 (based on 2.8x Sep'25E BVPS).

Quarterly performance

Y/E March	FY23				FY24E				FY23			FY24E		2QFY24E		INR m
	1Q	2Q3	3Q	4Q	1Q	2Q	3Q	4Q	FY23	FY24E			v/s Est.			
Interest Income	3,148	3,287	3,585	3,861	4,128	4,259	4,476	4,773	13,882	17,636		4,355		-2		
Interest Expenses	1,347	1,410	1,504	1,650	1,866	2,036	2,162	2,281	5,910	8,345		2,016		1		
Net Income	1,802	1,877	2,082	2,211	2,262	2,223	2,314	2,492	7,971	9,290		2,340		-5		
YoY Growth (%)	20	15	32	23	26	18	11	13	22	17		25				
Other income	380	664	534	641	540	716	685	798	2,220	2,740		585		22		
Total Income	2,182	2,541	2,616	2,852	2,802	2,938	2,999	3,290	10,191	12,030		2,924		0		
YoY Growth (%)	37	21	20	18	28	16	15	15	23	18		15				
Operating Expenses	1,026	1,147	1,201	1,203	1,339	1,308	1,358	1,436	4,577	5,441		1,390		-6		
YoY Growth (%)	53	33	32	14	30	14	13	19	31	19		21				
Operating Profits	1,156	1,394	1,415	1,649	1,464	1,631	1,641	1,854	5,614	6,589		1,534		6		
YoY Growth (%)	26	13	12	22	27	17	16	12	17.6	17.4		10				
Provisions	9	16	35	64	57	65	30	50	124	202		50		30		
Profit before Tax	1,147	1,378	1,380	1,586	1,407	1,565	1,611	1,804	5,490	6,387		1,484		6		
Tax Provisions	254	310	307	318	310	348	348	374	1,189	1,380		320		9		
Profit after tax	892	1,068	1,073	1,268	1,097	1,217	1,263	1,430	4,301	5,007		1,163		5		
YoY Growth (%)	49	16	20	10	23	14	18	13	20.5	16.4		9				
Key Parameters (%)																
Yield on loans	12.7	12.9	13.0	13.1	13.3	13.2			13.7	14.0						
Cost of funds	6.9	7.0	7.3	7.6	7.7	7.9			6.6	7.6						
Spread	5.8	5.9	5.8	5.5	5.6	5.3			7.1	6.4						
NIM - YTD	7.7	8.2	8.2	8.3	8.0	8.0			6.2	5.9						
Credit cost	0.0	0.1	0.1	0.2	0.2	0.2			0.1	0.2						
Cost to Income Ratio (%)	47.0	45.1	45.9	42.2	47.8	44.5			44.9	45.2						
Tax Rate (%)	22.2	22.5	22.2	20.1	22.0	22.2			21.7	21.6						
Balance Sheet Parameters																
AUM (INR B)	118.9	125.4	130.9	141.7	146.5	153.2			141.7	174.1						
Change YoY (%)	23.7	23.6	23.3	24.8	23.2	22.1			24.8	22.9						
AUM mix (%)																
Home loans	71.1	70.9	70.1	69.9	69.8	69.7			69.9	68.6						
Mortgage loans	28.9	29.1	29.9	30.1	30.2	30.3			30.1	31.4						
Loans (INR B)																
Loans (INR B)	95.9	100.8	105.5	114.8	119.1	124.0			114.8	141.0						
% of AUM	80.6	80.4	80.6	81.0	81.3	81.0			26.8	22.9						
Disbursements (INR B)																
Disbursements (INR B)	10.9	11.5	12.0	15.8	10.7	12.6			50.2	57.9						
Change YoY (%)	136.5	27.2	26.5	22.9	-2.3	9.7			39.5	15.3						
Borrowings (INR B)																
Borrowings (INR B)	82.9	85.7	91.6	98.9	106.8	111.4			98.4	122.7						
Change YoY (%)	27.8	24.1	26.7	24.0		30.0			23.4	24.6						
Borrowings/Loans (%)	86.4	85.0	86.8	86.2	89.6	89.9			85.7	87.0						
Debt/Equity (x)	2.9	2.8	2.9	3.0	3.2	3.2			3.0	3.3						
Asset Quality (%)																
GS 3 (INR M)	1,045	1,113	1,204	1,067	1,193	1,295			1,067							
G3 %	1.08	1.10	1.13	0.92	1.00	1.04			0.92							
NS 3 (INR M)	805	848	917	780	872	939			780							
NS3 %	0.84	0.84	0.87	0.68	0.73	0.76			0.68							
PCR (%)	22.9	23.8	23.9	26.9	26.9	27.5			26.9							
ECL (%)	0.67	0.64	0.64	0.62	0.64	0.64			0.62							
Return Ratios - YTD (%)																
ROA (Rep)	3.2	3.4	3.4	3.5	3.2	3.3			3.5	3.4						
ROE (Rep)	12.5	13.4	13.6	14.1	13.2	13.6			14.2	14.2						

E: MOFSL Estimates



Home First Finance

Estimate change	
TP change	
Rating change	

CMP: INR952 TP: INR1,100 (+16%) Buy

Healthy operational performance; NIM compression of ~10bp

Earnings in line; BT-OUT rates elevated relative to historical levels

Bloomberg	HOMEFIRS IN
Equity Shares (m)	88
M.Cap.(INRb)/(USD\$)	83.9 / 1
52-Week Range (INR)	985 / 652
1, 6, 12 Rel. Per (%)	20/29/27
12M Avg Val (INR M)	189

- In 2QFY24, Home First Finance (HomeFirst) demonstrated healthy performance with 37% YoY growth in PAT to INR743m (in line). Additionally, NII rose 30% YoY to INR1.32b (in line). Non-interest income grew 73% YoY, driven primarily by higher assignment income.
- Opex grew 28% YoY to INR565m. PPop grew ~40% YoY to INR1.04b (6% beat). Credit costs at INR80m translated into annualized credit costs of ~45bp (PQ: ~50bp and PY: ~40bp).
- HomeFirst has been opening new branches and expanding its distribution network in the peripheries of urban centers and Tier 2 cities. It has also been investing in technology and analytics to improve its underwriting and credit assessment capabilities, which will help the company target right customers in these markets. A strong and steady execution positions HomeFirst well to capture the significant opportunity in the affordable housing segment.
- We model an AUM/PAT CAGR of ~31%/~28% over FY23-FY26E. HomeFirst's asset quality should strengthen and credit costs are likely to remain benign over FY24-FY26E. We increase our FY24 estimates by 3% to factor in higher other income. **We reiterate our BUY rating on the stock with a revised TP of INR1,100 (premised on 3.7x Sep'25E BVPS).**
- **Key downside risks:** a) sharp contraction in spreads and margins due to higher competitive intensity or because of measures taken to sustain business momentum and b) higher BT-OUTs leading to lower AUM growth.

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	5.4	6.8	8.6
PPoP	4.3	5.2	6.6
PAT	3.0	3.7	4.8
EPS (INR)	34.4	41.9	54.1
EPS Gr. (%)	32.6	21.9	29.0
BV/Sh. (INR)	237	275	326
ABV/Sh. (INR)	231	268	318

Ratios

NIM (%)	6.4	6.1	6.0
C/I ratio (%)	35.4	35.4	33.8
RoAA (%)	3.9	3.6	3.7
RoAE (%)	15.5	16.4	18.0

Valuations

P/E (x)	27.7	22.8	17.6
P/BV (x)	4.0	3.5	2.9
P/ABV (x)	4.1	3.6	3.0
Div. yield (%)	0.3	0.4	0.4

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	30.2	30.2	33.6
DII	10.0	10.0	6.4
FII	17.0	17.6	10.3
Others	42.8	42.2	49.7

FII Includes depository receipts

Business momentum strong despite relatively higher BT-OUTs

- Disbursements grew 37% YoY to ~INR9.6b, leading to AUM growth of 33% YoY to ~INR83.6b.
- In 2QFY24, the company undertook direct assignments of INR970m (up 40% YoY) and co-lending transactions of ~INR500m (up 3x YoY).
- BT-OUTs rate (annualized) stood at 8.6% and rose ~3pp YoY. BT-OUTs were significantly elevated and the management shared that it has sensitized its team and trained them for customer retention. Management shared that it expects the BT-OUT to moderate in the subsequent quarters.

Marginal deterioration in asset quality; bounce rates rose in Oct'23

- GS3 (including the RBI NPA circular) and NS3 increased ~10bp/8bp QoQ 1.74%/1.22% as on Sep'23. PCR declined ~70bp QoQ to 30.3% (vs. 31% as on Jun'23).
- The 1+dpd deteriorated ~20bp QoQ to 4.5%, while bounce rates declined to 14.2% in 2QFY24, but inched up to 15.7% in Oct'23 (vs. 15% in 1QFY24).
- The company's capital adequacy remains strong at 45.5% (Tier 1: 45.0%)

Spreads contract driven by moderation in yields and rise in CoF

- Reported yield moderated ~10bp QoQ to 13.6%, while the CoB rose ~10bp QoQ to 8.1%. Reported spreads contracted 20bp QoQ to 5.5%.
- Reported NIM declined ~10bp QoQ to 6.0%. Incremental CoF (excl. NHB borrowings) in 2QFY24 stood at 8.7%. Overall marginal CoF (incl. NHB borrowings) stood at 8.1%.

Highlights from the management commentary

- The normalization of bounce rates to pre-COVID levels will require time. HFFC is working toward addressing the behavior changes that occurred post COVID, with the goal of improving this metric.
- Management has communicated that there will be no further PLR hikes unless there is a corresponding increase in the Repo rate.

Valuation and View

- HomeFirst has invested in building a franchise, which positions the company well to capitalize on the strong growth opportunity in affordable housing finance. The company continues to expand its distribution network in a contiguous manner, covering Tier I and II cities within its existing states.
- We estimate HomeFirst to deliver a ~31% AUM CAGR over FY23-FY26E, along with NIM (as % of average AUM) of 6.4%/6.1%/6.0% in FY24/FY25/FY26. We expect cost efficiencies to kick in and drive a sustained improvement in its operating cost ratios until FY26.
- HomeFirst's asset quality is likely to strengthen and credit costs are expected to remain low over FY24-FY26 as the company prioritizes early bucket collections, thus driving improvement in asset quality. We **reiterate our BUY rating on the stock with a TP of INR1,100 (premised on 3.7x Sep'25E BVPS).**

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	2Q FY24E	Act v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,547	1,727	1,902	2,047	2,313	2,491	2,645	2,808	7,222	10,257	2,482	0
Interest expenses	607	712	796	929	1,068	1,170	1,260	1,366	3,043	4,864	1,211	-3
Net Interest Income	940	1,016	1,106	1,118	1,246	1,321	1,385	1,442	4,179	5,393	1,271	4
YoY Growth (%)	50.8	58.2	54.2	31.4	32.6	30.1	25.2	29.0	41.2	29.0	25.2	
Other Income	147	167	152	266	285	289	282	357	734	1,212	296	-2
Net Income	1,086	1,182	1,258	1,384	1,530	1,610	1,667	1,799	4,913	6,606	1,567	3
YoY Growth (%)	22.3	31.8	30.5	35.4	40.9	36.1	32.5	29.9	29.3	34.4	32.6	
Operating Expenses	387	441	443	475	553	565	588	630	1,746	2,336	581	-3
Operating Profit	699	741	816	910	977	1,044	1,079	1,168	3,167	4,269	987	6
YoY Growth (%)	15.3	24.3	25.3	38.1	39.8	40.9	32.3	28.5	24.8	34.8	33.1	
Provisions and Cont.	36	50	60	70	77	80	73	99	215	329	58	38
Profit before Tax	663	692	756	840	900	964	1,006	1,070	2,952	3,940	929	4
Tax Provisions	151	149	170	200	209	221	226	238	669	894	204	8
Net Profit	512	543	586	640	691	743	780	832	2,283	3,046	724	3
YoY Growth (%)	46.0	20.9	27.6	6.4	34.9	36.9	33.1	29.9	21.1	33.4	33.5	
Key Operating Parameters (%)												
Other income to Net Income Ratio	13.5	14.1	12.1	19.2	18.6	17.9			14.9	18.4		
Credit Cost	0.26	0.33	0.37	0.40	0.41	0.40			1.67	1.9		
Cost to Income Ratio	35.7	37.3	35.2	34.3	36.1	35.1			35.5	35.4		
Tax Rate	22.7	21.5	22.5	23.8	23.2	23.0			22.7	22.7		
Balance Sheet Parameters												
AUM (INR m)	58,319	62,750	67,512	71,980	77,760	83,654			71,980	97,301		
Change YoY (%)	35.8	35.9	35.2	33.8	33.3	33.3			33.8	35.2		
Loans (INR m)	47,222	51,454	55,955	59,957	65,194	70,253			59,957	81,240		
Change YoY (%)	39.1	41.5	41.5	39.3	38.1	36.5			39.3	35.5		
Borrowings (INR m)	48,387	52,282	58,045	59,556	68,215	72,792			48,135	67,673		
Change YoY (%)	22.9	30.5	44.5	32.5	41.0	39.2			38.8	40.6		
Loans/Borrowings (%)	97.6	98.4	96.4	100.7	95.6	96.5			125	120		
Asset Quality Parameters (%)												
GS 3 (INR m)	1,020	1,001	1,008	974	1,077	1,233			974	1,113		
Gross Stage 3 (% on Assets)	2.1	1.9	1.8	1.6	1.6	1.7			1.6	1.36		
NS 3 (INR m)	791	737	715	643	743	859			643	757		
Net Stage 3 (% on Assets)	1.66	1.42	1.27	1.06	1.13	1.21			1.1	0.92		
PCR (%)	22.4	26.4	29.1	34.0	31.0	30.3			34.0	32.0		
ECL (%)	0.98	0.98	0.96	0.96	0.94	0.91			0.96	0.94		
Return Ratios (%)												
ROAA (Rep)	3.9	3.8	3.8	3.9	3.9	3.8			3.9	3.9		
ROAE (Rep)	12.8	13.1	13.7	14.4	15.0	15.6			13.5	15.5		

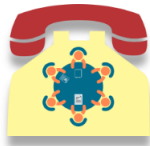
E: MOSL Estimates

BSE SENSEX
63,783NIFTY-50
19,047

CMP: INR335

Neutral

Conference Call Details

**Date:** 30th October 2023**Time:** 1430 hours IST**Dial-in details:**

+91 22 6280 1342

+91 22 7115 8243

Miss due to weaker than estimated GRM

- Refining throughput was in line with our estimate at 9.4mmt (+6% YoY).
- Reported GRM came in lower than our estimate at USD18.5/bbl (vs. our estimate of USD20.3/bbl and USD12.6/bbl in 1QFY24).
- Marketing volumes, excluding exports, were in line with our estimate at 12.2mmt (+7% YoY).
- Marketing margin (inc. inv.) was higher than our est. at INR5.9/lit (INR9.3/lit in 1QFY24).
- Marketing inventory gain for the quarter stood at INR14.9b vs. inventory loss of INR10.7b in 1QFY24.
- **As a result, EBITDA came in 7% below our est. at INR130.1b.**
- **Reported PAT was in line with our est. at INR85b.**
- **Debt position improved to INR225.7b at the end of 2QFY24 vs. INR279.4b at the end of 1QFY24.**
- **For 1HFY24**, BPCL posted EBITDA of INR288.2b (vs. operating loss of INR28.8b in 1HFY23) and reported PAT of INR190.5b (vs. net loss of INR65.7b in 1HFY23).
- Marketing sales volume, excluding exports, declined 7% YoY to 24.9mmt, with marketing margin at INR7.6/lit (vs. marketing loss of INR4.9/lit in 1HFY23).
- Refining throughput was down 6% YoY at 19.7mmt, with reported GRM at USD15.6/bbl (vs. USD22.2/bbl in 1HFY23).
- 1HFY24 EBITDA stood at 77% of our FY24 estimates, while PAT was at 87% of our FY24 estimates.
- BPCL had a cumulative negative net buffer of INR8487.4m as on 31st Mar'23 due to under-recovery on LPG cylinders. The same has been recognized as part of revenue upon its recovery in 1HFY24.

Standalone - Quarterly Earning Model

(INR b)

Y/E March	FY23				FY24			Var (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2QE	2QAct			
Net Sales	1,210.5	1,148.1	1,191.6	1,181.1	1,129.8	1,223.9	1,029.9	-16%	-10%	-9%
<i>YoY Change (%)</i>	<i>70.7</i>	<i>50.3</i>	<i>25.3</i>	<i>13.3</i>	<i>-6.7</i>	<i>6.6</i>	<i>-10.3</i>			
EBITDA	-49.0	20.2	43.8	111.5	158.1	139.3	130.1	-7%	544%	-18%
Forex loss	9.6	5.9	1.4	-1.9	-0.2	0.4	1.0			
Depreciation	16.1	15.6	15.8	16.0	16.1	16.7	16.0			
Interest	6.2	8.1	9.8	8.1	6.8	8.4	7.7			
Other Income	4.4	5.6	4.5	5.4	4.7	4.7	7.7			
PBT before EO expense	-76.5	-3.8	21.3	94.8	140.1	118.4	113.1	-4%	LP	-19%
Extra-Ord expense	0.0	0.0	0.0	13.6	0.0	0.0	0.0			
PBT	-76.5	-3.8	21.3	81.2	140.1	118.4	113.1	-4%	LP	-19%
Tax	-13.9	-0.7	1.7	16.4	34.6	29.8	28.1			
<i>Rate (%)</i>	<i>18.2</i>	<i>19.1</i>	<i>7.8</i>	<i>20.2</i>	<i>24.7</i>	<i>25.2</i>	<i>24.8</i>			
Reported PAT	-62.6	-3.0	19.6	64.8	105.5	88.6	85.0	-4%	LP	-19%
Adj PAT	-62.6	-3.0	19.6	75.6	105.5	88.6	85.0	-4%	LP	-19%
<i>YoY Change (%)</i>	<i>PL</i>	<i>PL</i>	<i>-30.7</i>	<i>202.4</i>	<i>LP</i>	<i>LP</i>	<i>LP</i>			
<i>Margin (%)</i>	<i>-5.2</i>	<i>-0.3</i>	<i>1.6</i>	<i>5.5</i>	<i>9.3</i>	<i>7.2</i>	<i>8.3</i>			
Key Assumptions										
Refining throughput (mmt)	9.7	8.8	9.4	10.6	10.4	9.2	9.4	2%	6%	-10%
Reported GRM (USD/bbl)	27.5	16.8	15.9	20.6	12.6	20.3	18.5	-9%	10%	46%
Marketing sales volume excld exports (mmt)	11.8	11.4	12.8	12.9	12.8	12.1	12.2	1%	7%	-4%
Marketing GM incld inv (INR/litre)	-9.1	-0.6	1.1	2.9	9.3	5.4	5.9	10%	LP	-37%

AU Small Finance Bank

BSE SENSEX 63,783
NIFTY-50 14,895

CMP: INR690

Buy

Conference Call Details

Date: 30th Oct, 2023

Time: 7:45am IST

Dial-in details:

+91-22-7195 0000

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	44.3	52.7	67.3
PPoP	20.2	24.5	33.5
PAT	14.3	17.4	23.5
NIM (%)	5.6	5.2	5.4
EPS (INR)	22.0	26.2	35.2
EPS Gr. (%)	22.3	18.7	34.7
BV/Sh. (INR)	159	185	220
ABV/Sh. (INR)	157	182	217
Ratios			
RoE (%)	15.8	15.2	17.4
RoA (%)	1.8	1.7	1.9
Valuations			
P/E(X)	34.7	29.2	21.7
P/BV (X)	4.8	4.1	3.5
P/ABV (X)	4.9	4.2	3.5

In-line earnings aided by other income; NIMs contract 22bp

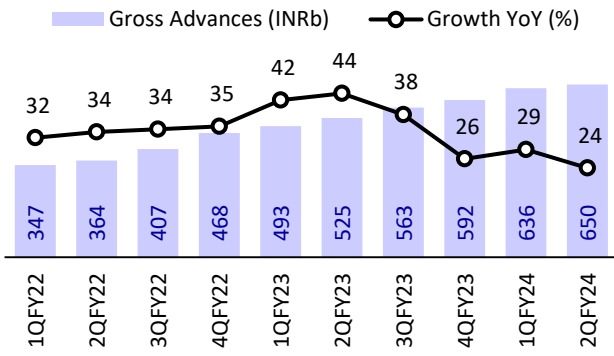
Provisioning expenses increase sharply; coverage ratio broadly stable

- AUBANK reported 17% YoY growth in net earnings (up 4% QoQ, in line) in 2QFY24, aided by robust other income (+72% YoY, 28% beat). However, provisions came in higher at INR1.1b vs. INR0.3b in 1QFY24.
- PPop grew 30% YoY (up 19% QoQ, 9% beat). Margins contracted 22bp QoQ to 5.5% in 2QFY24 and the management expects margins to be at 5.5%-5.7% going forward. Core other income grew 69% YoY, driven by healthy growth in disbursements, increasing contribution of credit card & bancassurance income and increasing share of transactional customers on the liability side.
- Opex grew 23% YoY as the bank continued to invest in building the franchise. However, total income grew 25.8% YoY (7.2% QoQ), which led to a 370bp QoQ moderation in C/I ratio to 61.3% in 2QFY24.
- Gross advances grew 24% YoY to INR642b (up 2% QoQ), led by healthy traction in the wholesale book (up 10% QoQ). While the yield on gross advances moderated to 13.3%, owing to a changing business mix, the quarter saw another 27bps increase in disbursement yields on a sequential basis, taking the total increase in yield on disbursement in 1HFY24 to ~41bp vs. FY23.
- After deciding to consume excess liquidity in 1QFY24, the bank increased its deposits by 9% QoQ and 30% YoY in Q2FY24, led by CASA growth of 6% QoQ and TDs growth of 11% QoQ. The CASA ratio thus moderated by 110bp QoQ to 33.9% in 2QFY24. The cost of funds rose 12bp QoQ to 6.70%.
- Absolute GNPA/NNPAs increased 11%/10.8% QoQ and fresh slippages rose to INR3.5b (2.7% of loans). Thus, the headline GNPA/ NNPA ratios deteriorated by 15bp/5bp QoQ to 1.91%/0.6% as the bank securitized INR29.2b in 2QFY24. However, the PCR ratio stood broadly stable at 69.1%.
- The outstanding restructured portfolio declined to INR5.1b, corresponding to 0.8% of advances (vs. 1.0% in 1QY24). The bank is carrying provisions of INR0.88b on the restructured book.
- **Valuation and view:** AUBANK reported a mixed quarter, aided by healthy deposit growth and higher other income. Asset quality deteriorated during the quarter, while margins continued to compress and stood at the lower end of the management's guided range. On the business front disbursement growth was healthy; however, higher securitization affected the growth rate of on-balance sheet advances. Provisioning coverage remains stable and the bank carries contingent reserves of ~INR70m, which provides comfort, given secured nature of the bank's portfolio. We will review our estimates and TP after the earning call scheduled for 30th Oct'23.

Quarterly Snapshot

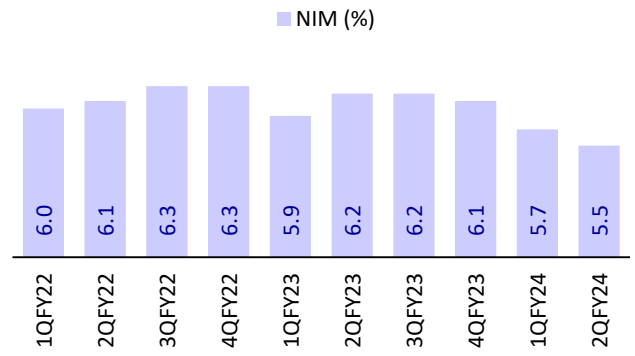
	FY22				FY23				FY24		Change (%)	
Profit and Loss (INR m)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Net Interest Income	7,240	7,531	8,204	9,366	9,760	10,833	11,527	12,132	12,462	12,490	15	0
Other Income	2,148	1,919	2,756	3,114	1,592	2,474	2,949	3,331	3,151	4,255	72	35
Total Income	9,388	9,451	10,961	12,479	11,352	13,307	14,476	15,463	15,613	16,744	26	7
Operating Expenses	4,570	5,526	6,376	7,656	7,411	8,319	8,919	9,753	10,153	10,267	23	1
Employee	2,826	3,268	3,559	4,137	3,940	4,513	4,652	4,825	5,070	5,120	13	1
Others	1,743	2,258	2,818	3,519	3,471	3,806	4,267	4,928	5,082	5,147	35	1
Operating Profits	4,818	3,925	4,584	4,823	3,941	4,988	5,557	5,709	5,461	6,477	30	19
Provisions	2,072	46	560	932	384	430	326	409	330	1,143	166	247
PBT	2,747	3,878	4,025	3,891	3,557	4,558	5,231	5,300	5,131	5,334	17	4
Taxes	715	1,093	1,004	430	878	1,132	1,302	1,054	1,262	1,315	16	4
Adj. PAT	2,032	2,785	3,020	3,461	2,679	3,426	3,928	4,246	3,869	4,018	17	4
PAT	2,032	2,785	3,020	3,461	2,679	3,426	3,928	4,246	3,869	4,018	17	4
Balance Sheet (INRb)												
Loans	340	358	402	461	487	517	556	584	629	642	24	2
Deposits	370	390	443	526	546	583	611	694	693	757	30	9
Total Assets	514	532	586	691	710	779	807	902	916	960	23	5
Asset Quality												
GNPA	14,959	11,514	10,576	9,244	9,696	9,967	10,189	9,813	11,212	12,448	25	11
NNPA	7,660	5,915	5,202	2,308	2,748	2,882	2,846	2,452	3,471	3,847	33	11
AUM Mix (%)												
Retail	85.2	89.3	86.6	84.4	82.6	80.9	79.7	78.4	78.9	77.2	-367	-161
Wheels	35.9	39.2	38.1	37.0	36.4	36.2	34.6	32.2	33.1	31.9	-434	-119
Secured MSME	39.4	39.5	37.5	35.3	33.9	33.0	32.1	31.3	29.9	28.6	-443	-129
Wholesale	14.8	15.1	16.6	17.8	17.4	19.1	20.3	21.6	21.1	22.8	367	161
NBFC	3.5	3.2	4.0	4.3	3.6	3.6	4.1	4.3	3.7	3.9	33	21
RE Group	1.6	1.7	1.7	1.7	1.7	1.8	1.9	2.1	2.0	2.1	28	13
Business Banking	5.0	5.2	5.6	6.2	6.6	7.4	7.8	8.4	8.7	9.4	208	77
Ratios (%)												
Asset Quality Ratios (%)												
GNPA (%)	4.3	3.2	2.6	2.0	2.0	1.9	1.8	1.7	1.8	1.9	1	15
NNPA (%)	2.3	1.7	1.3	0.5	0.6	0.6	0.5	0.4	0.6	0.6	4	5
PCR (Reported, %)	49	49	51	75	72	71	72	75	69	69	-210	0
Business Ratios (%)												
Non Int. to Total Income	22.9	20.3	25.1	25.0	14.0	18.6	20.4	21.5	20.2	25.4	682	523
Cost to Income	48.7	58.5	58.2	61.3	65.3	62.5	61.6	63.1	65.0	61.3	-120	-371
CASA (Reported)	26.0	30.3	39.0	37.0	39.0	42.0	38.0	38.4	35.0	33.9	-810	-110
CASA (incl CD's)	25.6	30.3	39.2	37.3	38.8	42.3	38.4	38.4	35.0	33.9	-841	-115
Loan/Deposit	91.7	91.8	90.7	87.7	89.1	88.7	91.0	84.2	90.7	84.7	-398	-597
Profitability Ratios												
Margins	6.0	6.1	6.3	6.3	5.9	6.2	6.2	6.1	5.7	5.5	-70	-22
Yield on AUM	14.0	13.9	13.7	13.4	13.3	13.3	13.4	13.4	13.4	13.3	0	-10
Cost of funds	6.3	6.1	5.9	5.7	5.7	5.8	6.0	6.3	6.6	6.7	90	10
RoA	1.6	2.1	2.2	2.2	1.5	1.8	2.0	2.0	1.7	1.7	-10	0
RoE	12.7	16.8	17.4	18.9	14.0	15.3	15.2	15.8	13.8	13.9	-140	10

Gross advances grew 24% YoY to INR650b



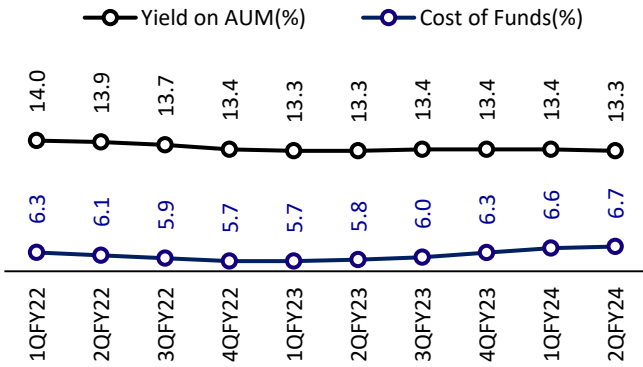
Source: Company, MOFSL

Margins moderated 22bp QoQ to 5.5%



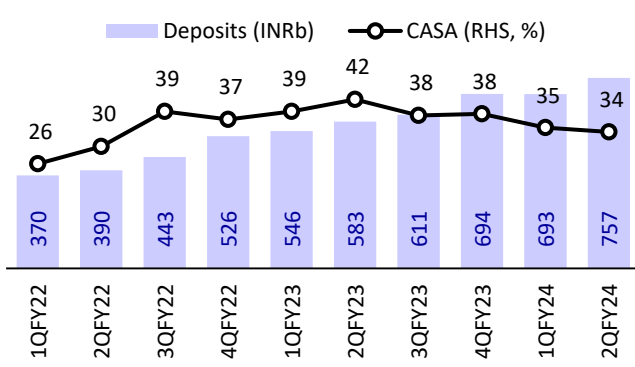
Source: Company, MOFSL

Yields on gross advances moderated 10bp QoQ, while cost of funds increased 10bp QoQ



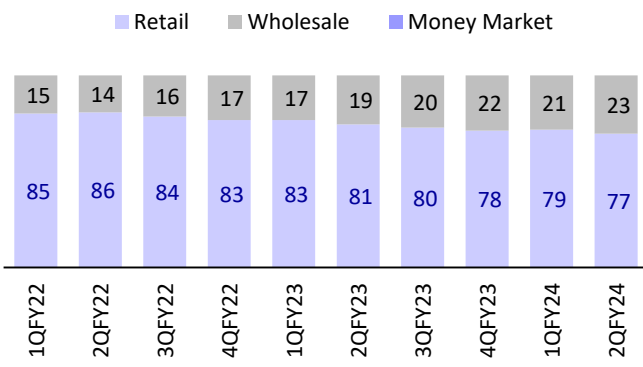
Source: Company, MOFSL

Healthy traction in deposit mobilization (~30% YoY); CASA ratio moderates to 33.9%



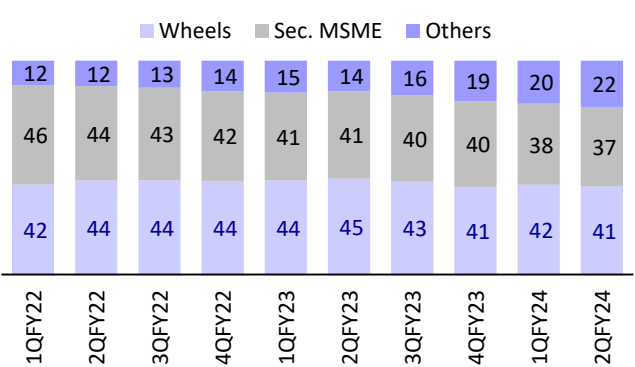
Source: Company, MOFSL

Retail mix share moderated to ~77%



Source: Company, MOFSL

Vehicles and MSME form ~78% of retail loans



Source: Company, MOFSL

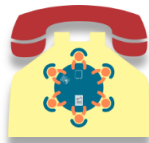
Macrotech Developers

BSE SENSEX 63,783
NIFTY-50 19,047

CMP: INR737

Buy

Conference Call Details



Date: 30 October 2023

Time: 13:00 IST

Dial-in details:

+91-22 6280 1342

Financials & Valuations (INR b)

Y/E Mar	FY23	FY24E	FY25E
Sales	94.7	113.1	134.6
EBITDA	20.7	29.4	35.7
EBITDA Margin (%)	21.8	26.0	26.5
PAT	15.4	18.5	22.9
EPS (INR)	16.0	19.2	23.8
EPS Gr. (%)	27.2	20.2	23.9
BV/Sh. (INR)	131.5	146.8	165.8
Ratios			
RoE (%)	12.4	13.8	15.2
RoCE (%)	10.1	9.9	11.8
Payout (%)	0.0	20.0	20.0
Valuations			
P/E (x)	46.2	38.4	31.0
P/BV (x)	5.6	5.0	4.4
EV/EBITDA (x)	37.9	25.9	21.1
Div yld (%)	0.0	0.5	0.6

Operationally in-line performance with material reduction in net debt

Achieves 80% of full-year BD target

Operational performance

- As disclosed in its operational update, LODHA maintained its sales run-rate with bookings of INR35b (in line with our estimate), up 12%/5% YoY/QoQ.
- Sales volumes for 2Q increased 24% YoY to 2.6msf, but blended realization declined 3% during the same period.
- New bookings during the quarter were driven by healthy sustenance demand at ongoing projects and the launch of 2msf worth GDV of INR24b. Overall launch pipeline for FY24 marginally increased to 11.8msf vs. 10.6msf guided in 4QFY23.

Cash flow performance

- Collections increased 16%/15% YoY/QoQ to INR28b. LODHA generated OCF of INR13b, up 24% YoY/52% QoQ.
- Healthy collections and moderation in BD spending has led to reduction in net debt by INR5.4b to INR67.3b. With this, the company has largely achieved its targeted D/E of 0.5x and the management remains confident to end the year with leverage of 0.5x of equity or below 1x OCF, whichever is lower.
- During the quarter, the company acquired two new projects – one each in eastern and western suburbs – with cumulative GDV of INR23b. The company has so far achieved 80% of full-year business development guidance of INR175b.

Financial performance

- Revenue came in at INR17.5b, flat YoY/up 8% QoQ - 31% lower than our estimate on account of lower-than-expected revenue recognition.
- EBITDA (excl. other income) increased 26% QoQ to INR4.2b (flat YoY) as margins improved 300bp sequentially to 24%. Adjusted EBITDA (excluding interest charge-off and capitalized interest) came in at INR5.5b, at a margin of 31%. The embedded EBITDA margin for pre-sales reported in 2Q stood ~30%.
- Adj. PAT declined 43% YoY/increased 24% QoQ to INR2.1b, with a margin of 12%.

Quarterly performance

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Var. 2QE (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Gross Sales	26,758	17,654	17,738	32,554	16,174	17,496	33,917	45,469	94,704	1,13,056	25,438	-31
YoY Change (%)	67	-17	-14	-5	-40	-1	91	40	2.6	19.4	44.1	
Total Expenditure	22,091	13,414	13,701	24,837	12,874	13,335	24,752	32,700	74,042	83,661	18,768	
EBITDA	4,667	4,240	4,038	7,717	3,300	4,161	9,164	12,769	20,661	29,395	6,669	-38
Margins (%)	17.4	24.0	22.8	23.7	20.4	23.8	27.0	28.1	21.8	26.0	26.2	
Adj. EBITDA (as per co.)	9,030	5,250	5,700	9,800	4,600	5,500	9,164	12,769	29,780	32,034	6,669	-18
Margins (%)	33.7	29.7	32.1	30.1	28.4	31.4	27.0	28.1	31.4	28.3	26.2	
Depreciation	196	219	217	296	240	293	280	265	928	1,078	250	
Interest	1,193	1,249	1,176	1,172	1,241	1,231	945	647	4,791	4,064	1,088	13
Other Income	0	-42	1,286	163	544	55	564	1,093	1,408	2,256	564	-90
PBT before EO expense	3,278	2,730	3,931	6,412	2,363	2,692	8,503	12,950	16,350	26,508	5,896	-54
Extra-Ord expense	0	-11,774	0	0	0	0	0	0	-11,774	0	0	
PBT	3,278	-9,044	3,931	6,412	2,363	2,692	8,503	12,950	4,576	26,508	5,896	-54
Tax	559	270	-119	-1,080	556	624	2,551	4,221	-370	7,952	1,769	
Rate (%)	17.0	-3.0	-3.0	-16.8	23.5	23.2	30.0	32.6	-0.1	0.3	30.0	
Minority Interest & Profit/ Loss of Asso. Cos.	6	16	0	58	15	40	24	1	80	80	18	
Reported PAT	2,713	-9,330	4,050	7,434	1,792	2,028	5,928	8,727	4,866	18,476	4,109	-51
Adj PAT (as per co.)	1,200	3,670	3,000	7,500	1,700	2,100	5,928	8,727	15,370	18,456	4,109	-49
YoY Change (%)	-2	28	8	31	42	-43	98	16	21.9	20.1	12.0	
Margins (%)	4.5	20.8	16.9	23.0	10.5	12.0	17.5	19.2	16.2	16.3	16.2	-415bp

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

Operational performance

Key metrics	FY23				FY24				FY23	FY24	FY24E	Var. 2QE (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sale Volume (msf)	2.2	2.1	2.5	2.5	2.8	2.6	3.1	2.8	9.3	11.3	2.5	2
Sale Value (INRb)	28.1	31.5	30.7	30.3	33.5	35.3	39.0	42.1	120.6	149.9	35.2	0
Collections (INRb)	26.2	23.8	26.8	29.3	24.0	27.5	34.2	36.8	106.0	131.6	30.9	-11
Realization (INR/sft)	11,027	13,743	11,920	11,680	11,429	13,308	12,516	15,177	12,056	13,278	13,880	-4

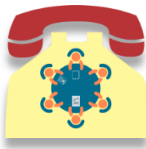
Source: MOFSL, Company

BSE SENSEX 63,783
NIFTY-50 19,047

CMP: INR2,175

Neutral

Conference Call Details



Date: 30th October 2023
Time: 3:00pm IST
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Operating performance in line with estimates

- SRF reported overall revenue of INR31.7b (est. of INR33.2) in 2QFY24, down ~15% YoY. Revenue for Chemical business/Packaging film business declined 22%/16% YoY to INR14.3b/INR11.2b. Technical textile biz grew 9% YoY to INR5.1b.
- EBITDA margins contracted 130bp YoY to 20.3% (est. of 19.5%); RM cost as a percentage of sales stood at 51% in 2QFY24 vs. 52.4% in 2QFY23, employee cost: 7.1% vs. 5.2%, power cost: 10.8% vs. 10%, and other expenses: 10.7% vs. 10.7%.
- EBITDA stood at INR6.5b (in line with est.), down 20% YoY.
- EBIT margin in Chemical biz/Packaging film biz contracted 390bp/70bp YoY to 24.4%/6.9%, while margins for Technical Textile biz expanded 130bp YoY to 14.8%.
- Adjusted PAT declined 38% YoY to INR3.2b (est. of INR3.4b).
- For 1HFY24, Revenue/EBITDA/Adj. PAT declined 15%/25%/39% YoY to INR65.2b/INR13.7b/INR7b.
- The company has approved projects for setting up a manufacturing facility for Capacitor Grade BOPP Film (with capacity of ~4500 MTPA) at Indore at a projected cost of INR2.75b.
- Further, the company plans to set up a new facility for producing agrochemical intermediates (with a capacity of ~600 MTPA) at Dahej. This project is expected to cost around INR2.35b.
- Also, the company has commissioned its facility for the development of PTFE. The project was completed at a cost of ~INR4.9b (vs. estimated cost of INR4.2b).

Consolidated - Quarterly Earning Model

Y/E March	FY23				FY24E				FY23	FY24E	FY24E 2Q	(INR m) Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	38,947	37,278	34,697	37,781	33,384	31,774	37,838	41,148	1,48,703	1,44,144	33,222	-4
YoY Change (%)	44.3	31.3	3.7	6.4	-14.3	-14.8	9.1	8.9	19.6	-3.1	-10.9	
Total Expenditure	28,749	29,226	26,211	28,185	26,184	25,320	29,705	31,876	1,12,371	1,13,085	26,749	
EBITDA	10,198	8,052	8,486	9,596	7,200	6,453	8,133	9,273	36,332	31,059	6,474	0
Margins (%)	26.2	21.6	24.5	25.4	21.6	20.3	21.5	22.5	24.4	21.5	19.5	
Depreciation	1,307	1,393	1,507	1,546	1,566	1,612	1,700	1,770	5,753	6,648	1,640	
Interest	325	445	620	659	656	793	640	620	2,048	2,709	650	
Other Income	99	327	100	223	118	291	110	309	749	828	360	
PBT before EO expense	8,665	6,542	6,460	7,614	5,095	4,339	5,903	7,192	29,280	22,529	4,544	
Extra-Ord expense & DO	249	361	150	280	237	191	0	0	1,040	428	0	
PBT	8,416	6,181	6,309	7,334	4,858	4,148	5,903	7,192	28,240	22,101	4,544	
Tax	2,336	1,371	1,200	1,709	1,265	1,140	1,445	1,761	6,617	5,611	1,112	
Rate (%)	27.0	21.0	18.6	22.5	24.8	26.3	24.5	24.5	22.6	24.9	24.5	
Reported PAT	6,080	4,810	5,109	5,625	3,593	3,008	4,458	5,431	21,623	16,490	3,431	
Adj PAT	6,329	5,171	5,259	5,905	3,830	3,199	4,458	5,431	22,663	16,918	3,431	-7
YoY Change (%)	63.1	42.9	11.4	-0.6	-39.5	-38.1	-15.2	-8.0	24.8	-25.4	-33.6	
Margins (%)	16.2	13.9	15.2	15.6	11.5	10.1	11.8	13.2	15.2	11.7	10.3	

BSE SENSEX 63,783
NIFTY-50 19,047

CMP: INR1099

Neutral

Conference Call Details

Date: 30th October 2023

Time: 16:00 IST

Dial-in details:

+91-22 6280 1244

Financials & Valuations (INR b)

Y/E Mar	FY23	FY24E	FY25E
Sales	41.9	43.9	51.8
EBITDA	21.1	19.5	25.3
EBITDA Margin (%)	50.4	44.5	48.8
PAT	19.0	13.4	17.1
EPS (INR)	52.4	36.9	47.2
EPS Gr. (%)	81.9	-29.5	27.7
BV/Sh. (INR)	335.8	370.7	415.9
Ratios			
RoE (%)	16.8	10.5	12.0
RoCE (%)	12.4	9.2	10.9
Payout (%)	3.8	5.4	4.2
Valuations			
P/E (x)	20.8	29.5	23.1
P/BV (x)	3.2	2.9	2.6
EV/EBITDA (x)	20.4	21.6	16.3
Div yld (%)	0.2	0.2	0.2

Healthy traction at 360 West drives pre-sales and P&L beat

Other projects witnessed steady sales

Operational performance

- OBER reported **bookings of INR9.65b, down 16% YoY, but doubled QoQ** (19% above our estimate). The sequential growth in bookings was driven by a rebound in sales at 360 West, which witnessed sales of INR3b across four units at an average realization of INR126k/sft. Since the last transaction in 4QFY23, the project has witnessed 13% growth in average realization.
- Overall, the company sold 151 units with a carpet area of 0.22msf.
- Eternia witnessed healthy traction as it reported sales of 41 units vs. its historical run-rate of 30 units. Sales velocity at other projects was in line with their steady state run-rate.
- Price realization too remained steady across all projects.
- **Leasing segment:** Rental revenue from office assets remained flat YoY to INR365m, but improved 5% QoQ, due to a 4pp rise in occupancy in commercial. Revenue from Oberoi mall came in at INR364m (up 5% YoY, down 3% QoQ). The EBITDA from annuity portfolio came in at INR675m with a blended margin of 93%.
- The momentum in the Hospitality segment continued in 2QFY24, with the ARR reaching INR11,686 (vs. INR11,602 in 1QFY24). During this period, the business generated revenue of INR402m, flat QoQ/18% up YoY.
- The occupancy rate remained steady at 84%. EBITDA came in at INR142m with a margin of 35% (vs. 36.6% in 1QFY24).

Cash flow performance

- Collections increased 25% YoY to INR10b.
- During the quarter, net debt stood at INR24b with D/E of 0.18x.

P&L highlights

- Revenue increased 77% YoY/34% QoQ to INR12.2b – (26% higher than estimate). The strong growth in the topline was driven by healthy sales at 360 West project.
- EBITDA increased 106% YoY/35% QoQ to INR6.4b with a margin of 52.4%.
- PAT improved 43%/42% YoY/QoQ as income from 360 West – which was earlier accounted as JV contribution - is fully consolidated since project is now owned by WoS of the company.

Quarterly performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Variance (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	9,131	6,886	16,295	9,614	9,100	12,174	11,321	11,295	41,926	43,889	9,645	26%
YoY Change (%)	221.2	-8.7	95.8	16.8	-0.3	76.8	-30.5	17.5	55.6	4.7	40.1	
Total Expenditure	4,209	3,782	6,891	5,927	4,362	5,792	6,323	7,899	20,808	24,376	5,425	
EBITDA	4,922	3,104	9,404	3,687	4,737	6,382	4,997	3,396	21,117	19,513	4,220	51%
Margins (%)	53.9	45.1	57.7	38.3	52.1	52.4	44.1	30.1	50.4	44.5	43.8	1396bp
Depreciation	98	101	102	97	113	113	120	114	398	460	110	
Interest	326	363	381	621	615	565	442	445	1,691	2,066	517	
Other Income	217	232	220	337	236	264	260	250	1,006	1,009	260	
PBT before EO expense	4,715	2,873	9,141	3,306	4,245	5,968	4,696	3,087	20,036	17,996	3,853	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	4,715	2,873	9,141	3,306	4,245	5,968	4,696	3,087	20,036	17,996	3,853	55%
Tax	1,137	692	2,260	-896	1,046	1,421	1,198	924	3,193	4,589	983	
Rate (%)	24.1	24.1	24.7	(27)	24.6	23.8	25.5	30	15.9	25.5	25.5	
Minority Interest & Profit/Loss of Asso. Cos.	453	1,006	144	601	17	21	0	0	2,204	17	0	
Reported PAT	4,031	3,186	7,026	4,803	3,216	4,568	3,499	2,163	19,046	13,424	2,871	
Adj PAT	4,031	3,186	7,026	4,803	3,216	4,568	3,499	2,163	19,046	13,424	2,871	59%
YoY Change (%)	400.0	19.5	50.3	106.7	-20.2	43.4	-50.2	-55.0	81.9	-29.5	-9.9	
Margins (%)	44.1	46.3	43.1	50.0	35.3	37.5	30.9	19.1	45.4	30.6	29.8	
Operational metrics												
Residential												
Sale Volume (msf)	0.25	0.37	0.22	0.16	0.15	0.22	0.71	0.60	0.8	1.7	0.24	-6%
Sale Value (INRm)	7,611	11,557	6,307	6,732	4,760	9,650	22,359	19,128	32,203	55,897	8,105	19%
Collections (INRm)	5,574	8,780	4,277	8,537	11,091	11,013	10,457	11,011	27,167	43,572	10,893	1%
Realization (INR/sft)	30,797	31,234	28,465	41,196	32,630	43,700	31,311	31,826	41,097	33,236	34,357	27%

Note: Estimates are under review since we will revise them after the earnings call

Source: MOFSL, Company

IRB Infrastructure

BSE SENSEX 63,783
NIFTY-50 19,047

CMP: INR33

Neutral

Conference Call Details



Date: 30th October 2023
Time: 5:00 PM IST
Dial-in details:
[Link](#)

Financials & Valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	64.0	73.5	81.1
EBITDA	32.3	35.6	38.7
Adj. PAT	7.2	9.0	9.9
EBITDA Margin (%)	50.4	48.4	47.7
Adj. EPS (INR)	1.2	1.5	1.6
EPS Gr. (%)	99.2	24.8	10.5
BV/Sh. (INR)	22.2	23.3	24.6
Ratios			
Net D:E	1.1	0.9	0.9
RoE (%)	5.5	6.5	6.9
RoCE (%)	7.3	7.8	8.0
Payout (%)	10.5	24.3	22.0
Valuations			
P/E (x)	27.7	22.2	20.1
P/BV (x)	1.5	1.4	1.3
EV/EBITDA(x)	10.6	9.3	8.4
Div. Yield (%)	0.0	0.9	0.9
FCF Yield (%)	10.5	17.3	16.0

Marginal beat on estimates

Earnings snapshot – 2QFY24

- Revenue grew 30% YoY to INR17.5b in 2QFY24 (14% above our estimates).
- EBITDA margin came in at 45.5% in 2QFY24 (down 400bp YoY, below our estimate of 47.7%).
- EBITDA grew 19% YoY to INR7.9b (9% above our estimates).
- High other income was more than offset by increased losses in JV/associates and higher interest expenses. As a result, APAT grew by 12% YoY to INR1.0b, in line with our estimates.
- Construction revenue grew 36% YoY to INR 11.8b during the quarter, while BOT revenue stood at INR 5.7b (up 19% YoY).
- Order book stood at ~INR326b (excl GST) as at the end of 2QFY24. While O&M order book stood at INR251b, construction order book stood at INR75.5b.
- IRB Infra has emerged as the preferred bidder for ToT bundle 12, with an upfront payment of INR 44b. The project entails tolling and O&M activities on the ~316 Kms (~1,267 Lane Kms) stretch for a revenue-linked concession period of 20 Years. This project will add ~INR 39b to IRB's order book, including ~INR 6b for EPC and an O&M order book of ~INR 33b. The project is expected to generate positive cashflow from the first year of operations.

Quarterly performance

(INR m)

Y/E March	FY23				FY24E		FY23	FY24E	FY24 2QE	Var %
	1Q	2Q	3Q	4Q	1Q	2Q				
Net Sales	19,246	13,430	15,141	16,200	16,342	17,450	64,016	73,514	15,321	14
YoY Change (%)	18.4	(8.3)	18.4	13.0	(15.1)	29.9	10.3	14.8	14.1	
Total Expenditure	8,639	6,778	7,695	8,612	8,564	9,504	31,725	37,961	8,007	
EBITDA	10,606	6,651	7,446	7,588	7,778	7,946	32,291	35,553	7,314	9
Margins (%)	55.1	49.5	49.2	46.8	47.6	45.5	50.4	48.4	47.7	
Depreciation	2,031	1,919	2,150	2,221	2,367	2,327	8,321	9,193	2,299	
Interest	3,850	3,893	3,671	3,733	3,815	4,346	15,146	15,766	4,070	
Other Income	708	959	560	789	1,112	1,295	3,016	3,621	830	
PBT	5,434	1,799	2,185	2,423	2,709	2,569	11,840	14,215	1,775	
Tax	1,468	702	646	753	836	858	3,569	4,053	536	
Rate (%)	27.0	39.0	29.6	31.1	30.9	33.4	30.1	28.5	30.2	
Share of profit in Associates	(334)	(244)	(125)	(367)	(535)	(753)	(1,069)	(1,177)	(300)	
Reported PAT	3,632	854	1,414	1,303	1,338	958	7,202	8,985	939	
Adj PAT	3,632	854	1,414	1,303	1,338	958	7,202	8,985	939	2
YoY Change (%)	405.1	101.7	94.5	(25.3)	(63.2)	12.2	99.3	24.8	10.0	
Margins (%)	18.9	6.4	9.3	8.0	8.2	5.5	11.3	12.2	6.1	

Blue Dart Express

BSE SENSEX	NIFTY-50
63,783	19,047

CMP: INR6,376

Buy

Result slightly below estimates; margins improve QoQ

Earnings snapshot – 2QFY24

- BDE’s revenue was flat YoY at INR13.2b in 2QFY24 (in line).
- During 2QFY24, BDE handled 0.3 m tonnes of cargo volume (+4% YoY), while its realization dropped ~4% YoY to INR 43.1/kg.
- BDE carried 92m shipments during the quarter.
- EBITDA margin came in at 9.9% in 2QFY24 against our estimate of 10.5%. EBITDA declined ~20% YoY to INR1.3b.
- In line with its operating performance, BDE’s APAT declined 23% YoY to INR713m (13% below estimate).
- On 15th Aug’23, BDE announced the opening of 15 new company-owned retail stores, 15 franchise collection centers, 15 express selling agents, and 15 regional service franchises.

Financials & Valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	51.7	58.0	68.7
EBITDA	6.3	6.4	8.8
Adj. PAT	3.7	3.8	5.5
EBITDA Margin (%)	12.2	11.1	12.8
Adj. EPS (INR)	154.4	159.8	233.2
EPS Gr. (%)	-11.1	3.5	45.9
BV/Sh. (INR)	531.1	630.9	804.1
Ratios			
Net D:E	-0.1	-0.1	-0.1
RoE (%)	33.1	27.5	32.5
RoCE (%)	35.3	29.3	34.0
Payout (%)	19.4	37.5	25.7
Valuations			
P/E (x)	41.3	39.9	27.3
P/BV (x)	12.0	10.1	7.9
EV/EBITDA(x)	23.3	22.6	16.2
Div. Yield (%)	0.5	0.9	0.9
FCF Yield (%)	1.5	2.2	2.7

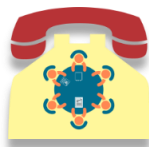
Quarterly snapshot - Standalone

Y/E March (INR m)	FY23				FY24E		FY23	FY24E	FY24 2QE	Var. vs Est
	1Q	2Q	3Q	4Q	1Q	2Q				
Net Sales	12,933	13,253	13,371	12,166	12,376	13,245	51,722	57,986	13,609	(3)
YoY Change (%)	49.6	18.0	6.6	4.3	-4.3	-0.1	17.3	12.1	2.7	
EBITDA	1,908	1,627	1,506	1,282	1,133	1,305	6,323	6,440	1,429	(9)
Margins (%)	14.7	12.3	11.3	10.5	9.2	9.9	12.2	11.1	10.5	
YoY Change (%)	128.7	-18.0	-26.1	-41.2	-40.6	-19.8	-10.2	1.9	-14.5	
Depreciation	397	419	414	436	444	456	1,666	1,707	422	
Interest	47	42	42	44	45	48	174	194	49	
Other Income	102	121	139	143	157	151	505	531	135	
PBT before EO expense	1,566	1,288	1,189	945	801	952	4,987	5,070	1,093	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	
PBT	1,566	1,288	1,189	945	801	952	4,987	5,070	1,093	
Tax	394	368	320	241	204	240	1,323	1,278	275	
Rate (%)	25.2	28.5	26.9	25.5	25.4	25.2	26.5	25.2	25.2	
Reported PAT	1,172	920	869	703	598	713	3,664	3,792	818	
Adj PAT	1,172	920	869	703	598	713	3,664	3,792	818	(13)
YoY Change (%)	298.9	-26.6	-28.9	-48.1	-49.0	-22.5	-11.1	3.5	-11.1	
Margins (%)	9.1	6.9	6.5	5.8	4.8	5.4	7.1	6.5	6.0	

Piramal Pharma

BSE SENSEX	NIFTY-50
63,783	19,047

Conference Call Details



Date: 30th Oct 2023

Time: 9:00 AM IST

Dial-in details:

[Link](#)

Financials & Valuations (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	70.8	78.7	88.7
EBITDA	7.3	10.1	12.1
Adj. PAT	(0.8)	1.9	3.9
EBIT Margin (%)	0.7	3.9	5.4
Cons. Adj. EPS (INR)	(0.4)	0.8	1.7
EPS Gr. (%)	NA	NA	109.2
BV/Sh. (INR)	56.8	67.1	70.4
Ratios	-	-	-
Net D:E	0.8	0.5	0.5
RoE (%)	(1.2)	2.5	4.8
RoCE (%)	3.7	3.0	4.2
Payout (%)	NA	17.6	17.6
Valuations	-	-	-
P/E (x)	NA	111.6	53.4
EV/EBITDA (x)	20.2	13.6	11.3
Div. Yield (%)	0.3	0.1	0.3
FCF Yield (%)	(0.0)	0.0	0.0
EV/Sales (x)	2.1	1.7	1.5

CMP: INR93

Operationally better than estimates; elevated interest cost drags PAT

- PIRPHARM's 2QFY24 revenue grew 11% YoY to INR19.1b (our est: INR19.2b).
- CDMO segment's (56% of total sales) revenue grew 13.6% YoY to INR10.7b.
- Complex hospital generics segment's (CHG; 31% of total sales) revenue rose 4.8% YoY to INR5.9b.
- India consumer healthcare segment's (ICH; 13% of total sales) revenue jumped 13% YoY to INR2.6b.
- Gross margin expanded 520bp YoY to 66.6% due to a change in product mix.
- EBITDA margin expanded 390bp YoY to 13.9% (our est: 11.5%) largely due to lower employee expenses (down 30bp as a % of sales) offset by higher other expenses (up 170bp as a % of sales).
- As a result, EBITDA grew 54% YoY to INR2.7b (our est: INR2.2b) for the quarter.
- Interest cost rose 32% YoY to INR1.1b in 2QFY24.
- During the quarter, PIRPHARM reported profit of INR50m vs. a loss of INR274m in the previous quarter (our estimated profit was at INR278m).
- For 1HFY24, revenue/EBITDA increased 14%/54% YoY to INR36.6b/INR3.9b while Adj. loss widened 30% YoY to INR936m.

Other highlights

- PIRPHARM witnessed continued order inflows in the CDMO segment. The segment also reported an improvement in profitability driven by revenue growth, favorable revenue mix, normalization of raw material costs, and cost optimization initiatives.
- PIRPHARM recorded a steady growth on the CHG business primarily on account of a healthy volume-led growth in Inhalation Anesthesia (IA) products. It has a pipeline of 28 products at various stages of development.
- PIRPHARM's e-commerce grew ~34% YoY in 2QFY24 and contributed 16% to ICH revenue. It launched seven new products and two new SKUs in 2Q.

Consolidated - Quarterly Earning Model

(INR m)

PPL Income statement (INRM)	FY23				FY24E				FY23	FY24E	FY24E	% var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE		
Revenues	14,820	17,200	17,160	21,636	17,489	19,114	20,001	22,052	70,816	78,655	19,206	0%
growth YoY(%)	13.0	9.0	11.5	1.5	18.0	11.1	16.6	1.9	8.0	11.1	11.7	
Expenses	13,969	15,475	15,962	18,123	16,165	16,457	16,950	19,007	63,529	68,580	16,988	
CDMO	7,700	9,400	10,210	12,850	8,980	10,680	11,333	12,781	40,160	43,774	10,528	1%
CHG	5,080	5,620	5,140	7,020	6,170	5,890	6,271	7,272	22,860	25,603	6,294	-6%
ICP	2,110	2,270	2,140	2,060	2,390	2,560	2,397	1,930	8,590	9,277	2,384	7%
EBITDA*	851	1,726	1,197	3,513	1,323	2,656	3,050	3,045	7,286	10,075	2,218	20%
margin (%)	5.7	10.0	7.0	16.2	7.6	13.9	15.3	13.8	10.3	12.8	11.5	
growth YoY(%)	-34.3	-12.2	-46.9	-11.7	55.5	53.9	154.8	-13.3	-23.3	38.3	28.5	
Depreciation	1,617	1,662	1,644	1,844	1,736	1,845	1,760	1,629	6,767	6,970	1,720	
EBIT	-766	64	-447	1,669	-413	811	1,290	1,417	520	3,105	498	63%
Other income	719	462	825	245	383	492	550	575	2,251	2,000	480	
Interest expense	623	830	947	1,043	1,185	1,099	650	205	3,442	3,139	750	
Share from Asso. Co	199	111	156	78	144	191	140	85	543	560	120	
PBT	-471	-193	-412	949	-1,071	396	1,330	1,871	-128	2,526	348	14%
EO Expenses/(gain)	680	70	324	-	-	-	-	-	1,074	-	-	
Taxes	-61	111	165	448	-85	345	266	131	663	657	70	
Tax Rate (%)	5.3	-42.2	-22.5	47.2	8.0	87.3	20.0	7.0	-55.2	26.0	20.0	
Reported PAT	-1,091	-373	-902	501	-986	50	1,064	1,740	-1,865	1,869	278	-82%
Adj. PAT	-446	-274	-578	501	-986	50	1,064	1,740	-798	1,869	278	-82%
Change (%)	NA	NA	NA	-75.4	NA	LP	LP	247.3	NA	NA	LP	

E: MOFSL Estimates

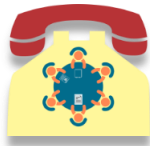
Mahanagar Gas

BSE SENSEX 63,783 NIFTY-50 19,047

CMP: INR988

Buy

Conference Call Details



Date: 30th October 2023

Time: 1600 hours IST

Dial-in details:

+91 22 6280 1143

+91 22 7115 8044

Total volumes in line; miss on EBITDA and margin

- **Total volumes were in line with est. at 3.6mmscmd (+3% YoY).**
 - CNG volumes stood at 2.6mmscmd (+2% YoY).
 - PNG total volumes came in at 1mmscmd (+8% YoY).
- **EBITDA/scm came below our estimate at INR14.6 (our est. of INR15.5).**
 - Employee costs and other expenses beat our estimates.
 - As a result, EBITDA came in at INR4.8b (est. of INR5.1b, +89% YoY).
 - PAT stood at INR3.4b (est. of INR3.5b, +106% YoY).
- **For 1HFY24, revenue stood at INR31.1b (+3% YoY), EBITDA came in at INR10b (+86% YoY), and PAT was at INR7.1b (+102% YoY).**
 - EBITDA/scm stood at INR15.7 (+84% YoY).
 - Total volumes were flat at 3.4mmscmd (-1% YoY).
- **MAHGL on 17th Oct'23 signed an agreement with Baidyanath LNG Pvt Ltd for incorporating a JVC.**
 - JVC will undertake the business of selling LNG as fuel to LNG vehicles.
 - MAHGL would have a 51% stake in the JVC.

Standalone - Quarterly Earning Model

Y/E March	FY23				FY24			(INR m)		
	1Q	2Q	3Q	4Q	1Q	2QE	2QAct	Var. (%)	YoY (%)	QoQ (%)
Net Sales	14,548	15,627	16,714	16,105	15,378	16,220	15,709	-3%	1%	2%
YoY Change (%)	136.4	88.2	62.6	48.2	5.7	3.8	0.5			
EBITDA	2,856	2,528	2,561	3,897	5,213	5,139	4,789	-7%	89%	-8%
EBITDA/SCM	9.1	7.9	8.2	12.8	16.8	15.5	14.6	-6%	83%	-13%
Margin (%)	19.6	16.2	15.3	24.2	33.9	31.7	30.5	-1.2	14.3	-3.4
Depreciation	537	551	585	638	620	644	658			
Interest	23	25	24	22	25	29	25			
Other Income	200	260	323	336	390	205	437			
PBT before EO expense	2,496	2,213	2,274	3,573	4,957	4,672	4,543	-3%	105%	-8%
PBT	2,496	2,213	2,274	3,573	4,957	4,672	4,543	-3%	105%	-8%
Tax	644	573	553	885	1,273	1,176	1,158			
Rate (%)	25.8	25.9	24.3	24.8	25.7	25.2	25.5			
Reported PAT	1,852	1,640	1,721	2,688	3,684	3,496	3,385	-3%	106%	-8%
YoY Change (%)	-9.3	-19.7	203.0	104.0	98.9	113.2	106.4			
Margin (%)	12.7	10.5	10.3	16.7	24.0	21.6	21.5	-0.0	11.1	-2.4
Sales Volumes (mmscmd)										
CNG	2.5	2.5	2.5	2.4	2.5	2.6	2.6	-2%	2%	4%
PNG - Domestic	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2%	4%	-1%
PNG - Industrial/ Commercial	0.4	0.4	0.4	0.5	0.4	0.5	0.5	6%	12%	15%
PNG - Total	0.9	0.9	0.9	1.0	0.9	1.0	1.0	4%	8%	7%
Total Volumes	3.4	3.5	3.4	3.4	3.4	3.6	3.6	-1%	3%	5%

Mahindra Lifespace

BSE SENSEX 63,783
NIFTY-50 19,047

CMP: INR506

Buy

Conference Call Details



Date: 30 October 2023

Time: 11:00 IST

Dial-in details:

Diamond pass [link](#)

Financials & Valuations (INR b)

Y/E Mar	FY23	FY24E	FY25E
Sales	6.1	2.9	4.0
EBITDA	-1.1	-1.3	-1.3
EBITDA Margin (%)	NM	NM	NM
PAT	0.5	0.6	1.1
EPS (INR)	3.0	3.6	6.8
EPS Gr. (%)	168.4	19.4	90.9
BV/Sh. (INR)	116.7	120.3	127.1
Ratios			
RoE (%)	2.6	3.0	5.5
RoCE (%)	-4.1	-4.5	-4.3
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	170.9	143.2	75.0
P/BV (x)	4.4	4.2	4.0
EV/EBITDA (x)	NM	NM	NM
Div yld (%)	0.0	0.0	0.0

Steady quarter despite absence of major launches

Lower revenue recognition adversely impacted P&L

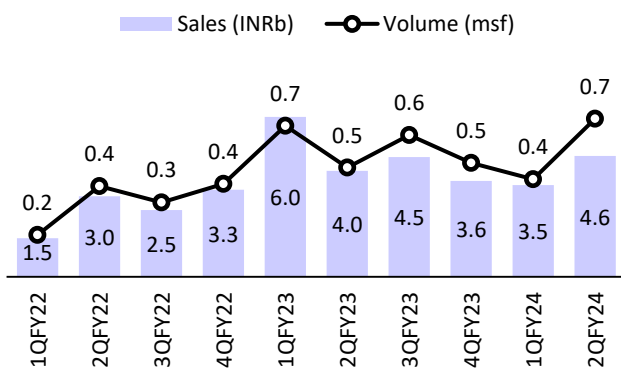
Operational performance

- MLDL achieved bookings of INR4.6b, up 14%/32% YoY/QoQ (30% higher than our estimate). Sales volume stood at 0.7msf, up 45% YoY.
- Collections for the quarter stood at INR3b, up 9% YoY.
- During the quarter, MLDL launched 0.47msf Tathawade phase 3 at Pune, covering an area of 0.34msf.
- The company's launch pipeline, in the near term, appears strong, with a total of ~7msf spread across both new and existing projects.
- It has also acquired 5.4 acre of land at Wagholi, Pune, which has a development potential of 1.5msf.
- The leasing traction in the IC segment picked up sequentially as it leased 10 acres vs. 3 acres in 1QFY24 and realization per acre stood at INR31m.

Financial performance

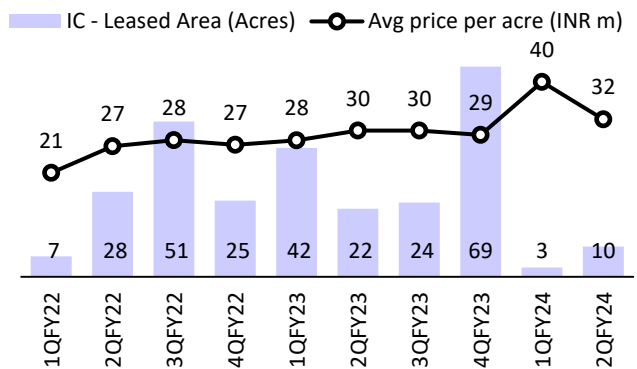
- MLDL's financial performance remained weak as revenue stood at INR0.2b, down 75% YoY.
- Lower revenue recognition led to EBITDA loss of INR0.35b.
- Profit contribution from MLDL's JV projects and the IC segment stood at INR6m.
- MLDL reported a loss of INR189m.

Bookings increased 14% YoY to INR4.6b



Source: Company, MOSL

MLDL leased 10 acres in IC segment



Source: Company, MOSL

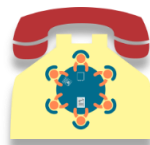
Quarterly performance

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Income from Operations	946	698	1,869	2,554	980	178	749	975	6,066	2,883	634	-72
YoY Change (%)	-36.2	17.8	667.9	57.9	3.7	-74.5	-59.9	-61.8	54.1	-52.5	-9.1	
Total Expenditure	1,265	1,092	1,983	2,827	1,412	527	994	1,217	7,167	4,149	942	
EBITDA	-320	-394	-114	-274	-431	-349	-244	-241	-1,101	-1,266	-308	13
Margins (%)	-33.8	-56.4	-6.1	-10.7	-44.0	-196.5	-32.6	-24.8	-18.2	-43.9	-48.5	
Depreciation	24	32	34	31	30	31	30	30	122	121	30	
Interest	18	25	33	34	42	2	33	54	109	132	33	
Other Income	228	40	112	149	120	79	30	-114	530	115	25	
PBT before EO expense	-134	-411	-69	-189	-383	-303	-277	-440	-803	-1,404	-345	-12
Extra-Ord expense	338	0	340	0	0	0	0	0	678	0	0	
PBT	204	-411	271	-189	-383	-303	-277	-440	-124	-1,404	-345	-12
Tax	76	-67	-14	34	-94	-108	-71	-78	28	-351	-89	
Rate (%)	37.0	16.4	-5.1	-17.9	24.4	35.7	25.7	17.7	-22.7	25.0	25.7	
Minority Interest & Profit/Loss of Asso. Cos.	625	266	48	229	247	6	417	934	1,167	1,604	353	
Reported PAT	754	-77	332	6	-43	-189	211	572	1,014	551	96	-297
Adj PAT	541	-77	-8	6	-43	-189	211	572	461	551	96	
YoY Change (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Margins (%)	57.2	-11.1	-0.4	0.2	-4.4	-106.5	28.1	58.7	7.6	19.1	15.2	
Operational Performance												
Area sold (msf)	0.7	0.5	0.6	0.5	0.4	0.7	0.7	0.8	2.2	2.6	0.4	61
Booking value (INR b)	6.0	4.0	4.5	3.6	3.5	4.6	7.3	8.9	18	24	3.5	30
Avg Realization (INR)	9262	8489	7393	7367	8214	6691	9796	11694	8,167	9,287	8,296	-19

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

Indostar Capital Finance

Conference Call Details

**Date:** 30th October 2023**Time:** 1230 pm IST[Link for the call](#)**Dial-in details:**

+91 22 6280 1550

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	4.8	5.6	7.5
PPP	2.0	3.1	5.4
PAT	2.3	1.6	2.7
EPS (INR)	16.5	11.9	19.8
EPS Gr. (%)	-131	-28	66
BV (INR)	229	241	260
Ratios			
NIM (%)	6.7	7.1	7.0
C/I ratio (%)	66.9	59.2	47.2
RoA (%)	2.4	1.5	2.0
RoE (%)	7.5	5.1	7.9
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	10.4	14.5	8.7
P/BV (x)	0.75	0.72	0.66
Div. Yield (%)	0.0	0.0	0.0

CMP: INR167

Earnings decline QoQ driven by normalization in credit costs and tax provisions

Minor asset quality deterioration due to the sale of Corporate portfolio

- In 2QFY24, PAT decreased 36% QoQ to INR248m (PQ: INR389m), primarily due to the normalization in credit costs and tax provisions.
- Asset quality exhibited minor deterioration with GNPA/NNPA increasing 10bp/20bp QoQ to 6.7%/3.3%.
- Total AUM stood at ~INR77.3b and declined 4% QoQ. Retail AUM grew 7% QoQ/10% YoY to INR73.6b and contributed ~95% to the AUM mix.
- D/E stood at 1.8x as of Sep'23.

Minor asset quality deterioration due to the sale of Corporate portfolio

- Asset quality exhibited minor deterioration with GNPA/NNPA increasing 10bp/20bp QoQ to 6.7%/3.3%, due to reduction in AUM because of the sale of the corporate portfolio.
- Collections during the quarter of ~INR960m resulted in gross collection efficiency of 135% (PQ:~139%).

IndoStar Home Finance Pvt Ltd ('IHFPL')

- AUM as of Sep'23 grew ~9% QoQ to ~INR18.9b.
- GS3 for housing finance increased to 1.3% (PQ: 1.2).
- IHFPL delivered a PAT of ~INR140m in 2QFY24 (vs. INR8m in 1QFY24)
- CAR stood at ~71%.

IndoStar Capital Finance Limited ("ICFL")

- ICFL delivered a PAT of ~INR105m (vs. INR310m in 1QFY24).
- The AUM in ICFL stood at ~INR58b, with retail vehicle finance business contributing INR43.8b to the total. Disbursements during the quarter were at ~INR12.2b (PQ: ~9.3b).
- GS3/NS3 deteriorated ~20bp/~30bp QoQ to 8.1%/4.0%. The increase was a result of the reduction in AUM due to the sale of the Corporate Lending portfolio.
- CAR stood at ~33%.

Valuation and view

- Indostar has a strong focus on expanding its retail business, specifically in the Commercial Vehicle (CV) lending segment. The company plans to target the lucrative used CV market, with increasing emphasis on used light commercial vehicles in tier II and III towns.
- In order to enhance operations, the company utilizes technology-enabled systems to ensure better adherence to processes, improve collection efficiencies, enhance credit underwriting, and boost sales productivity.
- The company intends to boost its disbursement capabilities by raising a significant amount of debt. This strategic move aims to align its current low debt-to-equity ratio with industry standards. Currently, the company's Debt/Equity ratio stands at 1.8 times, and it is one of the lowest in the industry.
- We await further insights from the earnings call held on 30th Oct'23.

Quarterly Performance								(INR M)
Y/E March	FY23				FY24		FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q		
Interest Income	2,770	2,609	2,626	2,579	2,723	2,732	10,672	10,584
Interest Expenses	1,481	1,464	1,354	1,504	1,544	1,652	5,395	5,803
Net Interest Income	1,289	1,145	1,272	1,075	1,179	1,081	5,276	4,782
YoY Growth (%)	25.3	6.3	-6.6	-40.5	-8.6	-5.6	13.4	-9.4
Other Income	372	336	191	313	271	402	1,071	1,212
Total Income	1,662	1,481	1,463	1,388	1,450	1,482	6,348	5,994
YoY Growth (%)	31.3	0.4	-10.3	-31.3	-12.7	0.1	9.7	-5.6
Operating Expenses	1,021	1,120	1,209	662	1,153	1,185	3,726	4,011
Operating Profit	641	361	254	726	297	297	2,621	1,983
YoY Growth (%)	93.1	-33.9	-59.1	-37.7	-53.6	-17.7	-4.0	-24.4
Provisions & Loan Losses	-23	-202	-132	-47	-119	1	11,585	-404
Profit before Tax	664	563	386	773	416	297	-8,964	2,386
Tax Provisions	55	47	20	13	27	49	-1,599	135
Net Profit	609	516	367	760	389	248	-7,365	2,252
YoY Growth (%)	-265	31	152	-110	-36	-52		-130.6



Automobiles

"For the entire festive season, which spans until November, it is expected that sales will experience an 18 percent upswing, culminating in one million vehicles sold throughout the industry. Entry-level car sales have remained relatively unchanged, which is consistent with the automotive industry's trend over the past few quarters, as costs are increasing due to the implementation of new regulations."

Mr. Shashank Srivastava,

Unwavering festive demand for 2W/UVs continues

...Expect 15-20% volume growth for 2W/SUVs during the festive season

- Our interactions with leading channel partners indicate a 15-20% YoY retail growth for 2Ws/UVs during the Navratri period. However, comparing YoY growth across segments for the month of October'23 is not possible due to the festive mismatch. While the 2W growth has largely been supported by festive demand and aggressive financing, with a notable emphasis in urban regions, while rural recovery continues at a gradual pace. In PVs, despite execution of order book and stable demand for high-end models, retails are expected to remain flat YoY during the Navratris due to weakness in lower end segments. Increasing discounts and a decline in waiting period indicate gradual softness in demand sentiments. CV retails are expected to grow 5-7% YoY during the month. Led by the festive period, fleet utilization level is over 80% in some of the regions; however, the same was in the range of 75-77% for the non-festive period. Except for tractors, all the segments are expected to witness wholesale growth during the month. We estimate dispatches for PV/2W/CV to increase by 17%/15%/11% YoY; however, tractor dispatches are expected to decline 5% YoY.
- 2Ws:** Retail growth during the Navratri period is expected to be 15-20% YoY with Northern and central regions growing better than southern regions. The re-launches in the entry level segment have brought back buyer's interest. Splendor/HF Deluxe mix now contributes 84% of volumes (vs. 95% same period last Navratri) in some regions. Our interaction with one of the HMSI dealers based in MP indicated that 2W volumes during the festive season have crossed the FY18 peak levels. Also, the supply-related issues for HMSI are now behind as inventory is over 35 days. Deliveries of HD X440 has commenced and the initial customer feedback has been positive. Newly launched Bullet 350 has a waiting period of one month and the initial response has been quite decent. For 2Ws, the average inventory level stands at 48-50 days, with HMCL being the highest at 58-60 days. For RE, inventory stands at 15-20 days. We expect dispatches for HMCL/TVSL/RE/BJAUT to grow 23%/19%/5%/2% YoY.
- PVs:** The feedback regarding festive demand for Navratri/Dussehra has been mixed. Volumes in the Northern states experienced healthy double-digit growth, while it remained flat in some of the Western and Southern regions. Weakness in the entry level portfolio continues, as a result of which discounts have increased by 15-20% YoY. However, demand for SUVs continue to remain strong with positive response for the new launches. As indicated by M&M dealer, new bookings are still coming in, as a result order intake has been growing. While the waiting period has started coming off as a whole, it is still higher for top models of XUV700/Scorpio- N, which stands at 6-8 months. The refreshed Nexon model has been received well with bookings coming in for both automatic and manual variants. It currently has a waiting period of 2 months. The average inventory level stands at 1.5-2 months, largely attributable to the lower-end models. We expect dispatches for MSIL/MM (including pickups)/TTMT PV to grow 17%/23%/8% YoY.

- **CVs:** MHCV retails are expected to grow 5-7% YoY during the month. While demand driven by infrastructure projects remained healthy due to the government's spending, the cargo demand did not see a significant improvement. Led by the festive period, fleet utilization level is over 80% in some of the regions; however, the same was in the range of 75-77% for the non-festive period. After multiple quarters of consistent discount moderation, we noted that CV players have increased discounts by 0.5% during the month. Inventory level currently stands at 25-30 days. We expect dispatches for TTMT CV/ AL/VECV to grow 8%/17%/10% YoY.
- **Tractors:** Our channel checks expect Oct'23 retails to decline 10-12% YoY. The decrease is attributed to the expiration of government-led subsidies, combined with the festive mismatch and an overall slowdown in demand. Sales during the Navratri days declined 13-15% YoY. We have not observed any material schemes or discounts during the festive season. Our interaction with an Escorts dealer indicated that the company's aggression with respect to the discounts and various schemes have been coming down after the Kubota's stake increase and in turn has negatively impacted the market share. John Deere is expected to announce price increase of INR8-10k/unit in November beginning. The average inventory level stands at 6-7 weeks, which we believe is still normal, considering the ongoing festive season. We expect dispatches for MM/ESC to decline ~5% YoY each.
- **Valuation and view:** We prefer 2Ws within the sector followed by CVs. We are already witnessing a reversal in demand patterns especially in the 2W segment, wherein, we anticipate better growth potential compared to other segments over FY23-25E. On the other hand, we turn cautious on PV growth outlook due to a slowdown in demand trend and high base. TTMT and HMCL are our top OEM picks. Among auto component stocks, we prefer ENDU and CRAFTSMA.



Reliance Jio: Through power of technology we will built digital Statue of Unity; Akash Ambani, Chairman

- India's digital public infra is being globally praised
- Jio deploying a 5G cell every 10 seconds
- India ranks among top 3 5G enabled nations
- Through power of technology we will built digital Statue of Unity

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Aditya Birla Group: In coming quarters Vi will rollout significant investment to rollout 5G coverage; Kumar Mangalam Birla, Chairman

- India has emerged as a champion for the global south
- Many countries are eager to adopt India's public digital infra assets
- Vodafone idea is focused on delivering valuable offerings to customers, enterprises
- In coming quarters Vi will rollout significant investment to rollout 5G coverage

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PNB: Maintain NIM guidance of 2.9%-3%. Expect slippages & CC to decline going ahead; Atul Kumar, MD & CEO

- The pressure on NIMs was due to repricing of deposit, about 85% deposit has been re-priced
- Guidance for NIMs will be in 2.9%-3% range
- Cost of deposit is 4.84% which is increase of 10-15BPS compare to June
- There will be increase of 10-12bps in cost of deposit but not in near quarter

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Shriram Finance: Should be able to grow AUM by over 20%; YS Chakravarti, MD & CEO

- Should be able to grow AUM by over 20%
- On track to meet guidance of 12%-13% growth in CVs; Expect 15% growth in next 2 quarters
- Remaining segments will outpace CV growth, esp. MSME; construction equipment performing well
- Reduction in liquidity buffer, fall in negative carry, rising mix of higher yielding loans led to NIM expansion; NIMS guided to be in 8.5%-8.9% range
- Comfortable to grow without raising capital in next 2-3 years; RoE expected to trend up

[➔ Read More](#)

Canara Bank: There are pressure on interest expenses; K Satyanarayana Raju, MD & CEO

- There are pressure on interest expenses to meet the requirement of credit demand
- We may be able to maintain NIM 2.9%-3.05% if market continues to grow in the same level
- In terms of gold book, it is 1.4% and is growing at 27%-28% YoY
- We have identified almost 6k branches in South India and placed separate counter for jewels

[→ Read More](#)

Home First: Demand from affordable housing remains strong, can sustain NIM at current levels; Manoj Vioswanathan, MD & CEO

- We have been expecting 30% growth for this year and we are on track to that
- Customers demand for affordable housing on ground are very attractive
- Last 3 years we have saying that we will grow at 30% and have been maintaining that
- The affordable segment is chugging along nicely and PM Aavas Yojna has provided thrust to the segment

[→ Read More](#)

Westlife: Optimism in the current quarter is from World Cup demand and seasonality; Akshay Jatia, ED

- We are optimistic in festive and world cup quarter
- We have seen softening demand in Q2 but Q3 are always favourable
- We are the leaders in burgers, burger and chicken categories are growing very fast
- Western food style, informal eating out is contracting

[→ Read More](#)

Chalet Hotels: Margins & Revenue Have Seen Healthy Growth In Q2; Sanjay Sethi, MD & CEO

- Margins & revenue have seen healthy growth in Q2
- Hospitality revenue witnessed 21% growth in rates
- Q3 occupancies will outpace Q2 numbers
- ARR in bigger cities will grow in double digits

[→ Read More](#)

Dixon Tech: Mobile Orderbook is extremely healthy; Atul Lall, MD

- Mobile order book is healthy, already started trial runs for Xiaomi
- Commercial production is going to start in the next month, will be 0.5Mn/month in couple of quarters
- Nokia's present run-rate is about 1.5-2M and we will be started export in this
- Mobile is going to largest trigger for Dixon growth and the numbers will be huge

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Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY23	FY24	FY25	FY23	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Automobiles																
Amara Raja Ener.	Neutral	621	655	5	42.7	46.8	52.8	42.7	9.6	12.9	13.3	11.8	1.8	1.6	14.3	14.6
Apollo Tyres	Buy	376	500	33	17.1	28.5	32.4	69.1	66.4	13.9	13.2	11.6	1.3	1.2	13.3	13.5
Ashok Ley.	Buy	168	225	34	4.5	9.3	12.0	7,586.2	106.5	29.0	18.0	14.0	4.7	3.7	28.8	29.3
Bajaj Auto	Neutral	5374	5225	-3	214.2	276.1	309.0	16.7	28.9	11.9	19.5	17.4	5.4	5.0	29.3	29.9
Balkrishna Inds	Neutral	2599	2500	-4	52.1	71.1	95.6	-29.3	36.4	34.4	36.5	27.2	6.0	5.3	17.3	20.7
Bharat Forge	Buy	1026	1260	23	11.6	29.9	39.8	-46.4	157.3	33.0	34.3	25.8	6.1	5.1	19.2	21.6
Bosch	Neutral	19737	18550	-6	483.0	592.1	704.6	17.0	22.6	19.0	33.3	28.0	4.9	4.5	15.3	16.7
CEAT	Buy	2112	2950	40	51.9	162.9	186.7	164.4	213.9	14.6	13.0	11.3	2.1	1.8	17.6	17.2
Craftsman Auto	Buy	4653	5450	17	117.6	182.9	227.1	54.8	55.5	24.2	25.4	20.5	5.7	4.5	24.8	24.5
Eicher Mot.	Neutral	3396	3600	6	106.5	143.0	162.4	73.7	34.2	13.6	23.8	20.9	5.3	4.5	23.9	23.1
Endurance Tech.	Buy	1594	2000	25	34.7	51.7	62.3	0.4	49.3	20.4	30.8	25.6	4.5	3.9	15.4	16.2
Escorts Kubota	Neutral	3147	2930	-7	51.3	90.9	108.3	-22.9	77.0	19.2	34.6	29.0	4.2	3.7	12.8	13.6
Exide Ind	Buy	251	300	19	10.6	12.2	15.1	7.5	14.4	24.5	20.7	16.6	1.8	1.6	8.6	9.9
Hero Moto	Buy	3112	3675	18	145.6	188.0	203.3	17.7	29.1	8.2	16.6	15.3	3.4	3.1	21.5	21.1
M&M	Buy	1510	1770	17	64.9	86.1	93.9	51.6	32.8	9.1	17.5	16.1	3.5	3.0	21.8	20.3
CIE Automotive	Buy	460	575	25	18.1	22.5	27.1	69.3	24.3	20.6	20.5	17.0	3.0	2.6	15.6	16.6
Maruti Suzuki	Buy	10553	12300	17	271.8	450.8	470.7	111.7	65.8	4.4	23.4	22.4	4.5	3.5	19.0	15.3
MRF	Sell	108182	96500	-11	1,813.6	5,170.1	5,076.3	14.9	185.1	-1.8	20.9	21.3	2.7	2.4	13.9	12.1
Samvardh. Motherson	Buy	92	115	24	2.3	4.2	4.8	90.0	83.1	14.4	21.9	19.1	2.6	2.3	12.2	12.8
Motherson Wiring	Buy	61	70	14	1.1	1.5	1.8	4.3	35.5	23.4	41.0	33.2	15.9	12.7	43.5	42.6
Sona BLW Precis.	Neutral	551	565	3	6.8	8.9	11.6	16.9	31.0	29.8	61.9	47.7	12.2	10.4	21.1	23.4
Tata Motors	Buy	641	740	15	2.2	41.8	43.0	-107.6	1,845.4	2.7	15.3	14.9	4.1	3.2	30.5	23.6
TVS Motor	Neutral	1593	1400	-12	30.4	45.1	52.3	60.7	48.2	16.0	35.3	30.5	9.6	7.5	30.7	27.6
Tube Investments	Buy	3065	3735	22	40.5	58.1	70.9	7.4	43.4	22.0	52.7	43.2	12.1	9.7	25.4	25.0
Aggregate								127.3	80.1	10.5	21.4	19.3	4.2	3.6	19.6	18.7
Banks - Private																
AU Small Finance	Buy	690	-		22.0	26.2	34.6	22.3	19	31.9	26.3	19.9	3.7	3.1	15.2	17.1
Axis Bank	Buy	1002	1150	15	71.4	79.3	95.9	68.0	11	20.8	12.6	10.5	1.9	1.6	16.8	16.6
Bandhan Bank	Neutral	214	250	17	13.6	20.7	26.1	1,644.5	52	26.2	10.4	8.2	1.6	1.4	16.0	17.9
DCB Bank	Neutral	116	130	12	14.9	17.8	21.3	61.7	18.8	20.1	6.6	5.5	0.7	0.7	12.3	13.2
Equitas Small Fin.	Buy	93	115	24	4.9	7.4	9.0	106.8	51.5	22.7	12.6	10.3	1.8	1.5	14.9	16.0
Federal Bank	Buy	140	170	22	14.3	16.1	18.8	54.8	12.7	16.6	8.7	7.4	1.2	1.0	14.6	14.9
HDFC Bank	Buy	1470	1950	33	79.3	83.5	101.5	18.6	5.3	21.5	17.6	14.5	2.5	2.2	15.1	16.4
ICICI Bank	Buy	913	1120	23	45.8	57.0	65.5	36.0	24.6	14.9	16.0	13.9	2.7	2.3	18.6	18.3
IDFC First Bk	Neutral	86	95	10	3.8	4.7	6.1	1,452.3	23.8	29.8	18.2	14.1	1.8	1.6	10.8	11.9
IndusInd	Buy	1440	1700	18	96.0	118.3	146.8	54.7	23.2	24.1	12.2	9.8	1.8	1.5	15.6	16.8
Kotak Mah. Bk	Neutral	1703	1900	12	75.9	91.6	104.9	28.6	20.7	14.5	18.6	16.2	2.6	2.3	15.0	14.6
RBL Bank	Neutral	226	265	17	14.7	21.8	28.4	-	48.0	30.5	10.4	8.0	0.9	0.9	9.3	11.2
SBI Cards	Buy	791	900	14	23.9	25.7	35.1	39.3	7.5	36.6	30.8	22.5	6.2	5.0	22.3	24.5
Aggregate								40.4	28.8	20.5	16.0	13.2	2.4	2.1	15.2	15.9
Banks - PSU																
BOB	Buy	197	240	22	27.3	33.2	40.4	94.0	21.8	21.8	5.9	4.9	0.9	0.8	16.3	17.3
Canara Bank	Buy	381	440	16	58.5	80.6	92.6	78.1	37.8	14.9	4.7	4.1	0.8	0.7	18.2	17.6
Indian Bank	Buy	414	460	11	42.4	65.3	76.9	27.7	54.0	17.7	6.3	5.4	1.0	0.9	17.9	18.0
Punjab Natl. Bank	Neutral	73	75	3	2.3	5.8	9.1	-29.2	154.0	58.0	12.6	8.0	0.8	0.7	6.2	9.0
SBI	Buy	561	700	25	62.4	78.9	89.4	57.3	26	13.4	7.1	6.3	1.2	1.0	19.2	18.0
Union Bank (I)	Buy	100	125	25	12.3	19.0	22.2	56.1	54	16.8	5.3	4.5	0.8	0.7	16.9	17.5
Aggregate								58.4	34	18	6.5	5.5	1.0	0.9	15.6	16.0
NBFCs																
AAVAS Financiers	Neutral	1545	1700	10	63.3	78.4	99.3	40.0	23.9	26.7	24.4	19.7	3.2	2.8	14.2	15.2
Aditya Birla Cap	Buy	172	220	28	8.5	10.4	12.6	20.5	22.4	20.9	16.5	13.7	1.8	1.6	11.9	12.3
Angel One	Buy	2539	2550	0	107.5	137.6	160.7	42.5	28.0	16.8	18.5	15.8	7.3	5.7	45.3	40.8



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					FY23	FY24	FY25	FY23	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Bajaj Fin.	Buy	7506	9600	28	190.4	240.1	309.8	63.4	26.1	29.0	31.3	24.2	6.1	5.0	22.7	22.6
Cams Services	Buy	2305	2950	28	58.1	68.8	84.9	-0.8	18.5	23.3	33.5	27.2	12.6	10.8	40.1	42.7
Can Fin Homes	Neutral	741	840	13	46.7	55.6	63.2	31.9	19.2	13.7	13.3	11.7	2.3	1.9	18.6	17.8
Cholaman.Inv.&Fn	Buy	1168	1475	26	32.4	42.1	56.9	24.0	29.9	35.1	27.7	20.5	4.6	3.8	20.0	20.3
CreditAccess	Buy	1572	1670	6	52.0	93.4	112.7	127.1	79.7	20.7	16.8	13.9	3.8	3.0	25.4	23.9
Fusion Micro	Buy	602	720	20	38.6	55.8	73.8	1,367.7	44.7	32.2	10.8	8.2	2.1	1.7	21.5	22.8
HDFC Life Insur.	Neutral	608	700	15	6.3	7.7	9.0	10.7	22.1	17.3	78.9	67.3	2.8	2.3	19.2	18.8
Home First Fin.	Buy	954	1100	15	25.9	34.4	41.9	20.5	32.6	21.8	27.7	22.8	4.0	3.5	15.5	16.4
ICICI Pru Life	Buy	518	600	16	5.6	7.3	8.3	7.4	28.7	15.0	71.4	62.1	1.8	1.5	17.9	18.4
ICICI Lombard	Buy	1357	1600	18	35.2	41.5	50.9	36.0	18.0	22.5	32.7	26.7	5.7	5.0	18.4	19.8
ICICI Securities	Under Review	633	-		34.9	46.0	50.9	-18.6	32.0	10.7	13.8	12.4	6.1	5.2	47.8	44.9
360 ONE WAM	Buy	524	650	24	18.5	21.4	25.5	13.5	15.8	19.1	24.5	20.6	5.7	5.4	24.0	27.1
IndoStar	Buy	172	-		16.5	11.9	19.8	-130.6	-28.2	66.3	14.5	8.7	0.7	0.7	5.1	7.9
L&T Fin Holdings	Buy	137	170	24	6.5	9.6	11.7	51.2	46.4	22.3	14.3	11.7	1.5	1.4	10.6	12.0
Life Insurance Corp.	Buy	607	850	40	57.5	25.2	29.0	800.2	-56.2	15.1	24.1	20.9	0.6	0.5	13.9	13.7
LIC Hsg Fin	Buy	440	550	25	52.5	78.1	83.8	26.4	48.6	7.3	5.6	5.3	0.8	0.7	15.0	14.4
Manappuram Fin.	Buy	134	180	35	17.7	25.4	29.4	12.9	43.2	15.8	5.3	4.5	1.0	0.8	20.3	19.8
MAS Financial	Buy	903	1080	20	36.8	45.1	59.9	27.6	22.8	32.6	20.0	15.1	2.9	2.5	15.7	17.9
Max Financial	Neutral	905	900	-1	10.4	13.4	15.7	28.3	28.8	17.0	67.4	57.6	2.0	1.6	21.4	20.3
M&M Fin.	Buy	277	330	19	16.1	15.3	22.5	100.6	-4.9	47.1	12.3	9.8	1.8	1.6	15.1	17.0
Muthoot Fin	Neutral	1291	1290	0	86.5	106.6	121.4	-12.2	23.2	13.8	12.1	10.6	2.1	1.8	18.8	18.5
Piramal Enterp.	Buy	979	1280	31	74.9	104.5	88.3	7.5	39.5	-15.5	9.4	11.1	0.7	0.7	7.6	6.3
PNB Housing	Buy	737	950	29	61.9	58.2	69.4	24.9	-6.1	19.2	12.7	10.6	1.3	1.2	11.6	11.4
Poonawalla Fincorp	Buy	360	450	25	7.7	12.9	18.8	102.0	66.7	45.4	27.9	19.2	3.3	2.9	13.5	16.2
Repco Home Fin	Neutral	385	375	-3	47.3	57.6	61.2	54.7	21.6	6.3	6.7	6.3	0.8	0.7	13.4	12.6
Spandana Sphoorty	Buy	882	990	12	1.7	65.3	82.8	-82.7	3,640.9	26.7	13.5	10.7	1.8	1.5	13.9	15.2
Shriram Finance	Buy	1936	2325	20	159.7	195.8	222.8	42.0	22.6	13.8	9.9	8.7	1.5	1.3	15.8	15.9
SBI Life Insurance	Buy	1303	1570	21	17.2	20.1	23.2	14.2	16.9	15.5	64.8	56.2	2.3	1.9	22.2	21.4
Star Health Insu	Buy	587	760	29	10.6	18.6	22.9	-158.5	74.9	23.0	31.5	25.7	4.5	3.8	15.2	16.0
Aggregate								74.3	5.4	20.6	17.4	14.4	2.6	2.3	15.2	16.0
Chemicals																
Alkyl Amines	Neutral	2173	2100	-3	44.7	42.5	60.0	1.6	-5.0	41.3	51.2	36.2	8.3	7.1	17.3	21.1
Atul	Neutral	6243	6110	-2	169.0	135.9	174.6	-15.0	-19.6	28.4	45.9	35.8	3.7	3.4	8.3	9.8
Clean Science	Neutral	1324	1320	0	27.8	24.4	29.3	29.2	-12.0	20.0	54.2	45.2	11.5	9.5	23.3	23.1
Deepak Nitrite	Neutral	1988	2080	5	62.5	58.4	83.2	-20.1	-6.6	42.6	34.1	23.9	5.7	4.7	17.9	21.5
Fine Organic	Neutral	4573	4740	4	192.6	132.7	118.5	135.6	-31.1	-10.7	34.5	38.6	7.8	6.8	24.4	18.8
Galaxy Surfact.	Buy	2592	3285	27	107.5	100.8	109.5	45.0	-6.2	8.7	25.7	23.7	4.2	3.7	17.6	16.7
Navin Fluorine	Neutral	3430	4245	24	75.7	91.9	121.3	42.6	21.4	32.0	37.3	28.3	6.6	5.5	19.2	21.3
NOCIL	Buy	221	285	29	8.9	7.8	11.4	-15.5	-12.8	46.5	28.4	19.4	2.3	2.1	8.2	11.2
Vinati Organics	Buy	1740	2130	22	44.6	42.2	53.3	32.1	-5.2	26.1	41.2	32.7	6.9	5.9	18.1	19.4
Aggregate								10.1	-10.3	26.1	37.6	29.8	5.5	4.8	14.7	16.1
Cement																
Ambuja Cem.	Neutral	418	450	8	12.7	12.4	12.3	18.2	-2.1	-1.1	33.6	34.0	2.7	2.2	13.9	11.2
ACC	Neutral	1878	2150	14	52.6	91.4	110.9	-47.6	73.7	21.3	20.5	16.9	2.3	2.0	11.6	12.6
Birla Corp.	Buy	1168	1480	27	4.7	44.9	66.6	-91.4	858.9	48.2	26.0	17.5	1.4	1.3	5.7	7.9
Dalmia Bhar.	Buy	2039	2800	37	36.5	45.1	64.4	-16.5	23.4	42.8	45.2	31.7	2.4	2.2	5.3	7.2
Grasim Inds.	Buy	1855	2380	28	98.4	95.8	99.0	-11.8	-2.6	3.3	19.3	18.7	2.4	2.4	5.2	3.9
India Cem	Sell	208	150	-28	-15.2	-4.1	6.3	-	Loss	LP	NM	33.3	1.2	1.1	-2.3	3.5
J K Cements	Buy	3076	3640	18	55.2	90.1	107.2	-38.0	63.3	18.9	34.1	28.7	4.5	4.1	14.0	14.9
JK Lakshmi Ce	Buy	680	790	16	30.5	37.0	46.3	-15.2	21.5	25.2	18.4	14.7	2.5	2.2	14.6	16.0
Ramco Cem	Neutral	973	940	-3	14.5	22.8	31.2	-41.8	56.7	36.9	42.7	31.2	3.2	2.9	7.7	9.7



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					FY23	FY24	FY25	FY23	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Shree Cem	Neutral	25522	24310	-5	325.3	500.8	579.3	-48.3	53.9	15.7	51.0	44.1	4.7	4.3	9.5	10.2
Ultratech	Buy	8207	10090	23	175.4	256.4	311.5	-10.6	46.2	21.5	32.0	26.3	3.9	3.5	12.9	14.0
Aggregate								-21.0	27.4	19.1	29.3	24.6	3.0	2.6	10.1	10.6
Consumer																
Asian Paints	Neutral	2954	3100	5	44.2	54.5	61.6	32.6	23.2	13.0	54.2	48.0	16.7	15.0	31.7	32.9
Britannia	Neutral	4511	4680	4	80.3	88.7	104.0	27.6	10.4	17.3	50.9	43.4	30.4	27.5	60.1	66.6
Colgate	Neutral	2080	2020	-3	38.9	44.9	50.4	1.1	15.3	12.5	46.4	41.2	33.0	33.0	71.1	79.9
Dabur	Buy	524	660	26	9.6	10.9	12.9	-6.9	13.4	18.3	48.2	40.7	9.3	8.5	20.3	21.7
Emami	Buy	504	640	27	17.6	20.6	22.7	-8.2	17.1	10.3	24.4	22.2	9.0	7.9	38.0	38.1
Godrej Cons.	Buy	987	1150	17	17.2	20.2	25.6	-2.0	17.9	26.4	48.8	38.6	6.9	6.4	14.5	17.2
HUL	Buy	2482	3015	21	42.7	44.8	50.3	13.2	5.1	12.1	55.3	49.3	12.1	12.9	21.4	25.3
ITC	Buy	434	535	23	15.1	16.6	19.0	23.5	10.0	14.7	26.1	22.8	7.6	7.2	29.8	32.4
Indigo Paints	Buy	1413	2025	43	24.3	32.8	45.2	37.5	34.8	37.9	43.1	31.2	7.5	6.3	18.6	21.8
Jyothy Lab	Neutral	361	345	-5	6.3	8.9	10.3	46.2	39.7	16.3	40.8	35.1	7.8	7.3	20.1	21.5
Marico	Buy	538	690	28	10.1	11.6	13.3	6.3	14.9	14.4	46.4	40.5	15.3	13.1	35.9	34.9
Nestle	Neutral	24058	23900	-1	247.9	298.3	367.7	3.1	20.3	23.3	80.6	65.4	94.9	85.6	155.0	137.6
Page Inds	Neutral	37541	39730	6	512.2	583.0	709.4	6.5	13.8	21.7	64.4	52.9	25.7	21.5	39.8	40.6
Pidilite Ind.	Neutral	2317	2400	4	25.2	36.8	43.6	7.3	45.9	18.5	63.0	53.1	14.2	12.4	24.2	25.0
P&G Hygiene	Neutral	16976	16940	0	188.9	255.1	313.2	4.7	35.1	22.7	66.5	54.2	53.6	44.7	84.0	90.0
Tata Consumer	Buy	890	1005	13	11.7	14.6	19.1	10.3	25.2	30.5	61.0	46.7	4.8	4.3	8.2	9.6
United Brew	Sell	1612	1365	-15	12.5	18.5	27.5	-10.0	48.8	48.3	87.0	58.6	10.1	9.2	12.0	16.4
United Spirits	Neutral	1023	910	-11	12.7	14.4	17.2	-4.5	13.0	19.8	71.2	59.5	10.9	10.8	15.4	18.2
Varun Beverages	Buy	922	1090	18	11.5	15.6	19.3	115.8	35.1	24.0	59.2	47.7	17.4	13.1	33.7	31.3
Aggregate								15.2	15.7	14.2	44.1	38.6	11.5	10.9	26.0	28.4
EMS																
Avalon Tech	Buy	504	730	45	9.1	11.7	18.4	-16.9	29.5	56.5	43.0	27.4	5.3	4.5	13.3	17.8
Cyient DLM	Buy	649	870	34	4.0	8.7	16.2	-20.2	117.5	86.8	74.6	39.9	5.3	4.7	11.8	12.5
Data Pattern	Neutral	1925	2270	18	22.1	30.7	43.8	22.3	38.7	42.7	62.7	43.9	8.1	6.8	13.8	16.9
Kaynes Tech	Buy	2379	3100	30	16.4	29.0	43.8	81.3	76.9	51.2	82.2	54.4	12.3	10.0	16.1	20.3
Syrma SGS Tech.	Buy	601	775	29	6.7	9.2	13.7	28.6	35.6	49.5	65.6	43.9	6.2	5.5	10.0	13.3
Aggregate								36.0	53.2	52.9	65.1	42.6	7.3	6.3	11.3	14.7
Healthcare																
Alembic Phar	Neutral	747	720	-4	21.9	30.6	34.3	-37.6	40.0	12.1	24.4	21.8	3.0	2.7	12.9	13.0
Alkem Lab	Neutral	3676	3460	-6	106.0	123.5	155.3	-23.2	16.4	25.8	29.8	23.7	4.3	3.8	15.3	17.0
Ajanta Pharma	Buy	1762	2070	17	49.2	60.7	74.7	-10.0	23.3	23.2	29.0	23.6	5.6	4.8	20.9	21.9
Apollo Hospitals	Buy	4829	5900	22	48.2	73.0	108.7	-29.3	51.5	49.0	66.2	44.4	9.4	7.8	15.7	19.2
Aurobindo	Neutral	855	910	6	38.4	49.5	55.6	-12.9	28.8	12.3	17.3	15.4	1.7	1.5	10.3	10.5
Biocon	Neutral	223	245	10	5.9	9.7	14.7	-20.0	65.3	51.6	22.9	15.1	1.4	1.3	6.4	9.2
Cipla	Buy	1174	1450	24	37.8	47.4	53.4	6.8	25.5	12.7	24.8	22.0	3.6	3.2	14.6	14.3
Divis Lab	Neutral	3411	3430	1	64.9	66.2	86.5	-41.2	2.0	30.7	51.5	39.4	6.5	5.8	13.1	15.5
Dr Reddy's	Neutral	5386	5400	0	244.7	296.7	308.8	39.2	21.2	4.1	18.2	17.5	3.3	2.8	19.5	17.2
ERIS Lifescience	Neutral	842	950	13	27.8	33.9	35.5	-5.8	22.1	4.6	24.8	23.7	4.5	4.0	19.7	17.8
Gland Pharma	Buy	1550	1950	26	50.4	54.7	64.7	-31.4	8.4	18.3	28.3	23.9	2.9	2.6	10.7	11.3
Glenmark	Neutral	744	770	4	28.5	38.3	48.8	-17.5	34.5	27.3	19.4	15.2	2.1	1.9	11.3	12.9
GSK Pharma	Neutral	1435	1440	0	35.9	36.3	40.9	6.0	0.9	12.9	39.6	35.0	11.8	10.6	29.7	30.3
Global Health	Buy	758	840	11	12.1	16.2	19.4	53.7	33.1	19.7	46.9	39.1	7.3	6.3	16.7	17.3
Granules India	Buy	326	410	26	21.6	21.7	28.4	30.6	0.6	30.7	15.0	11.5	2.4	2.0	17.0	18.8
IPCA Labs	Neutral	982	860	-12	20.8	23.4	33.4	-42.8	12.7	42.7	41.9	29.4	3.9	3.5	9.7	12.6
Laurus Labs	Buy	357	460	29	14.8	9.1	16.9	-4.3	-38.2	84.5	39.1	21.2	4.3	3.7	11.6	18.7
Lupin	Sell	1132	870	-23	8.6	28.9	35.4	-55.0	235.7	22.4	39.2	32.0	3.7	3.4	10.0	11.0
Max Healthcare	Buy	565	650	15	11.6	14.3	16.4	27.5	23.6	14.7	39.5	34.4	5.8	5.0	15.9	15.5
Piramal Pharma	Buy	93	-		-0.4	0.8	1.7	-120.6	LP	109.2	111.1	53.1	1.4	1.3	2.5	4.8
Solara Active Pharma	Buy	309	420	36	-6.2	-3.6	11.3	-59.4	Loss	LP	NM	27.2	0.8	0.8	-0.9	2.8
Sun Pharma	Buy	1111	1325	19	35.8	40.4	47.1	14.4	13.0	16.7	27.5	23.6	4.2	3.6	16.2	16.5



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY23	FY24	FY25	FY23	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Torrent Pharma	Neutral	1922	2050	7	37.2	50.1	66.3	8.3	34.7	32.4	38.4	29.0	7.8	3.9	23.3	26.9
Zydus Lifesciences	Neutral	575	640	11	22.4	30.7	30.4	3.9	36.8	-1.0	18.7	18.9	2.8	2.5	16.4	14.1
Aggregate								-4.3	22.2	19.1	28.4	23.9	3.7	3.3	13.2	13.9
Infrastructure																
G R Infraproject	Buy	1131	1485	31	88.1	85.2	99.8	11.5	-3.3	17.2	13.3	11.3	1.8	1.6	14.6	14.8
IRB Infra	Neutral	33	-		1.2	1.5	1.6	99.2	24.8	10.5	22.2	20.1	1.4	1.3	6.5	6.9
KNR Constructions	Buy	264	315	19	14.7	15.5	17.3	15.1	5.1	11.3	17.0	15.3	2.3	2.0	14.8	14.3
Aggregate											17.4	15.3	1.6	1.5	9.3	9.6
Logistics																
Adani Ports	Buy	782	1010	29	30.9	36.2	45.9	10.9	17.2	26.8	21.6	17.0	3.3	2.9	16.1	18.0
Blue Dart Express	Buy	6373	-		154.4	159.8	233.2	-11.1	3.5	45.9	39.9	27.3	10.1	7.9	27.5	32.5
Concor	Buy	689	810	17	19.2	19.4	24.2	10.2	0.9	25.0	35.6	28.5	3.5	3.3	10.2	12.0
Mahindra Logistics	Neutral	354	330	-7	3.7	-1.7	12.4	49.7	PL	LP	NM	28.5	4.8	4.2	-2.2	15.7
Transport Corp.	Buy	801	930	16	41.6	46.6	57.8	10.7	11.9	24.1	17.2	13.9	3.0	2.5	18.9	19.6
TCI Express	Buy	1330	1700	28	36.4	39.1	48.7	8.1	7.6	24.5	34.0	27.3	7.1	5.8	22.8	23.5
VRL Logistics	Buy	655	825	26	18.8	20.5	33.0	6.4	9.0	60.9	31.9	19.9	5.2	4.4	17.4	24.2
Aggregate											24.2	18.8	3.5	3.1	14.5	16.5
Media																
PVR Inox	Neutral	1606	1700	6	-24.8	50.4	63.0	-63.9	LP	25.0	31.8	25.5	2.0	1.9	6.5	7.6
Sun TV	Buy	633	720	14	42.5	45.7	49.1	1.8	7.5	7.4	13.9	12.9	2.5	2.4	18.3	18.2
Zee Ent.	Buy	249	300	20	4.8	7.0	9.9	-59.0	46.9	41.4	35.7	25.2	2.2	2.1	6.2	8.4
Aggregate								-11.3	43.0	18.0	21.2	18.0	2.2	2.1	10.3	11.4
Metals																
Coal India	Buy	314	340	8	45.6	34.8	36.0	61.8	-23.8	3.5	9.0	8.7	2.8	2.4	31.5	28.1
Hindalco	Buy	456	570	25	45.3	45.4	48.6	-26.2	0.3	6.9	10.0	9.4	1.3	1.1	13.7	12.9
Hind. Zinc	Neutral	296	290	-2	24.9	19.6	26.6	7.7	-21.2	35.8	15.1	11.1	7.4	5.2	55.3	54.9
JSPL	Buy	644	800	24	36.4	54.7	80.0	-57.7	50.2	46.2	11.8	8.1	1.5	1.3	13.4	17.1
JSW Steel	Neutral	732	780	7	14.7	49.6	77.2	-83.4	237.5	55.6	14.8	9.5	2.4	2.0	17.0	22.6
Nalco	Neutral	91	90	-1	8.3	7.6	9.4	-48.2	-9.4	24.6	12.1	9.7	1.2	1.1	10.3	12.1
NMDC	Buy	154	170	10	16.5	18.6	19.3	-48.5	12.6	4.0	8.3	8.0	1.8	1.6	22.6	20.8
SAIL	Neutral	84	85	1	4.8	7.6	10.2	-84.0	58	33.7	11.0	8.2	0.6	0.6	5.6	7.2
Tata Steel	Neutral	120	120	0	7.1	5.2	11.6	-78.5	-26	121.0	22.9	10.4	1.5	1.4	6.5	13.8
Vedanta	Neutral	216	230	7	29.0	16.7	24.0	-44.9	-42	43.1	12.9	9.0	2.5	2.5	17.5	27.7
Aggregate								-46.2	-4.6	32.1	12.2	9.3	1.8	1.6	14.8	17.4
Oil & Gas																
Aegis Logistics	Neutral	300	335	12	14.6	13.3	15.2	43.7	-9.3	14.5	22.6	19.7	2.7	2.5	12.7	13.3
BPCL	Neutral	335	-		9.4	114.4	44.3	-81.9	1,114.1	-61.3	2.9	7.6	1.1	1.0	40.0	13.5
Castrol India	Buy	137	160	17	8.2	8.1	8.9	7.5	-1.4	9.6	16.9	15.4	6.6	6.1	40.8	41.0
GAIL	Buy	118	145	23	8.1	11.4	13.6	-48.5	41.7	19.4	10.3	8.7	1.2	1.1	12.9	14.0
Gujarat Gas	Buy	407	535	31	22.2	15.6	20.6	17.8	-29.5	31.8	26.1	19.8	3.6	3.2	14.6	17.2
Gujarat St. Pet.	Buy	275	325	18	16.8	17.6	18.2	-3.5	5.3	3.4	15.6	15.1	1.6	1.5	10.3	10.0
HPCL	Neutral	244	275	13	-49.2	104.0	51.6	-195.7	LP	-50.4	2.3	4.7	0.8	0.7	39.2	15.9
IOC	Buy	87	113	30	8.5	27.6	12.9	-54.5	225.3	-53.4	3.1	6.7	0.7	0.7	25.3	10.6
IGL	Sell	382	355	-7	20.6	24.1	22.8	9.9	16.6	-5.5	15.9	16.8	3.2	2.9	22.0	18.1
Mahanagar Gas	Buy	989	-		80.0	115.9	80.6	32.3	45.0	-30.4	8.5	12.3	2.0	1.8	25.6	15.7
MRPL	Neutral	100	100	0	7.3	12.7	6.8	-11.4	74.5	-46.2	7.9	14.6	2.7	2.4	39.7	17.3
Oil India	Buy	302	370	22	62.8	48.0	50.1	75.2	-23.6	4.3	6.3	6.0	0.9	0.8	14.5	13.9
ONGC	Buy	185	220	19	30.4	49.3	45.5	-5.8	62.3	-7.7	3.7	4.1	0.7	0.7	20.9	17.1
PLNG	Neutral	220	225	2	21.6	19.8	18.7	-3.4	-8.3	-5.3	11.1	11.8	2.0	1.8	18.9	16.3
Reliance Ind.	Buy	2265	2760	22	98.6	103.1	118.8	14.2	4.6	15.2	22.0	19.1	1.6	1.5	8.2	8.7
Aggregate								-19.6	73.4	-15.2	9.5	11.2	1.4	1.2	14.3	11.1
Real Estate																
Brigade Enterpr.	Buy	619	720	16	12.1	25.3	32.6	42.2	108.8	28.9	24.5	19.0	3.4	2.9	14.8	16.5
DLF	Neutral	536	440	-18	11.4	12.2	18.2	69.7	7.4	49.0	43.8	29.4	2.4	2.2	7.8	10.8
Godrej Propert.	Buy	1601	1915	20	22.4	27.9	43.9	77.2	24.7	57.5	57.4	36.5	4.5	4.0	8.1	12.5



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY23	FY24	FY25	FY23	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Oberoi Realty	Neutral	1099	-	-	52.4	38.8	51.5	81.9	-25.9	32.7	28.3	21.4	2.9	2.6	11.0	13.0
Macrotech Devel.	Buy	736	-	-	16.0	19.2	24.3	27.9	20.2	26.8	38.4	30.3	5.0	4.4	13.8	15.5
Mahindra Lifespace	Buy	506	-	-	3.0	5.5	10.1	168.4	85.5	83.2	91.4	49.9	4.1	3.8	4.6	8.0
Sobha	Buy	707	750	6	10.8	16.7	42.8	-39.8	53.9	156.8	42.5	16.5	2.6	2.3	6.3	14.6
Prestige Estates	Buy	749	900	20	19.2	25.0	23.5	58.5	30.2	-6.3	29.9	31.9	2.6	2.4	9.0	7.8
Phoenix Mills	Neutral	1803	1850	3	40.9	53.9	75.8	207.5	32.0	40.6	33.4	23.8	3.5	3.0	10.9	13.6
Aggregate								49.4	22.4	39.0	38.4	27.6	3.5	3.2	9.2	11.5
Retail																
Avenue Supermarts	Buy	3666	4500	23	36.7	41.8	58.2	59.4	13.9	39.3	87.7	63.0	12.1	10.1	15.5	18.2
Aditya Birla Fashion	Neutral	216	195	-10	-0.7	-4.5	-3.9	-45.7	Loss	Loss	NM	NM	5.0	5.5	-11.8	-9.4
Bata India	Neutral	1553	1490	-4	25.1	28.3	36.8	213.3	12.6	30.3	55.0	42.2	11.1	8.8	22.4	23.2
Barbeque-Nation	Neutral	663	690	4	3.9	4.5	9.4	-159.6	15.0	107.4	146.7	70.7	6.2	5.7	4.2	8.0
Campus Activewe.	Buy	269	335	24	3.8	5.2	6.5	-8.6	35.0	26.6	52.2	41.2	11.6	9.1	22.3	22.0
Devyani Intl.	Buy	188	250	33	2.3	2.0	2.8	18.9	-14.6	41.2	94.1	66.6	19.5	15.1	22.6	25.5
Jubilant Food.	Buy	505	610	21	6.1	5.6	7.5	-7.6	-7.6	33.7	89.5	66.9	13.8	15.1	15.4	22.5
Metro Brands	Buy	1182	1350	14	13.3	13.4	18.5	70.7	1.0	37.8	88.0	63.9	17.7	15.0	22.0	26.0
Raymond	Buy	1744	2600	49	94.4	114.2	132.3	44.5	20.9	15.8	15.3	13.2	2.5	2.1	20.2	17.3
Relaxo Footwear	Neutral	895	840	-6	6.2	10.0	14.0	-33.6	60.6	40.4	89.8	63.9	10.9	9.7	12.7	16.0
Restaurant Brands	Buy	114	145	28	-4.9	-2.2	0.5	14.8	Loss	LP	NM	239.0	7.6	7.4	-13.5	3.1
Sapphire Foods	Buy	1292	1670	29	17.0	18.2	26.9	134.6	7.4	47.5	70.9	48.1	6.0	5.3	8.8	11.7
Shoppers Stop	Neutral	639	735	15	14.5	16.7	26.4	-269.2	14.8	58.4	38.3	24.2	14.6	9.1	46.5	46.3
Titan Company	Buy	3120	3795	22	36.8	44.8	58.3	40.2	21.9	30.1	69.6	53.5	19.0	15.4	30.1	31.9
Trent	Buy	2122	2330	10	11.1	20.1	27.8	835.7	80.3	38.4	105.7	76.4	21.3	16.4	24.2	26.0
V-Mart Retail	Buy	1744	2340	34	-4.3	-33.1	38.1	-167.4	Loss	LP	NM	45.7	4.0	3.7	NM	8.4
Vedant Fashions	Buy	1283	1530	19	17.7	19.4	23.6	36.2	9.7	21.7	66.2	54.4	19.1	15.9	30.6	30.9
Westlife Foodworld	Neutral	820	850	4	7.2	8.7	12.4	-	21.9	42.6	94.0	65.9	18.2	14.3	21.5	24.3
Aggregate								57.1	15.9	38.4	81.3	58.7	13.4	11.4	16.5	19.4
Technology																
Cyient	Buy	1635	1980	21	52.4	70.7	88.3	9.6	35.1	24.8	23.1	18.5	4.8	4.4	21.6	24.7
HCL Tech.	Buy	1269	1410	11	54.8	58.1	65.9	10.0	6.0	13.5	21.8	19.3	5.3	5.4	24.2	27.9
Infosys	Buy	1381	1660	20	57.6	61.1	69.2	9.8	6.2	13.1	22.6	20.0	7.5	7.5	33.5	37.8
LTI Mindtree	Neutral	5170	5350	3	151.8	165.2	205.8	13.7	8.9	24.5	31.3	25.1	7.8	6.6	27.1	28.5
L&T Technology	Buy	4176	5210	25	110.5	123.1	148.9	22.1	11.4	21.0	33.9	28.1	8.4	7.3	25.5	27.9
Mphasis	Neutral	2115	2290	8	86.9	88.2	109.0	15.8	1.4	23.7	24.0	19.4	4.6	4.2	20.3	23.0
Coforge	Neutral	5010	4840	-3	130.6	146.5	186.4	17.7	12.2	27.3	34.2	26.9	8.5	7.2	26.7	28.9
Persistent Sys	Neutral	6085	5430	-11	124.4	148.7	187.1	36.2	19.5	25.8	40.9	32.5	9.8	8.2	26.5	28.1
TCS	Buy	3351	4060	21	115.3	126.9	145.1	10.9	10.1	14.3	26.4	23.1	13.9	14.4	52.1	61.3
Tech Mah	Neutral	1121	1040	-7	57.3	44.1	54.7	-8.6	-23.0	24.1	25.4	20.5	3.5	3.4	13.8	16.8
Wipro	Neutral	382	418	9	20.7	19.6	23.1	-5.5	-5.5	18.2	19.5	16.5	2.7	2.6	13.8	16.1
Zensar Tech	Neutral	482	520	8	14.4	25.8	25.6	-21.6	79.9	-0.8	18.6	18.8	3.3	3.0	18.8	17.0
Aggregate								7.0	5.4	15.3	25.3	21.9	7.5	7.4	29.8	33.8
Telecom																
Bharti Airtel	Buy	915	1070	17	13.6	22.3	33.8	115.5	63.9	51.5	41.0	27.1	4.7	4.0	13.4	16.0
Indus Towers	Neutral	169	170	1	8.9	18.9	19.4	-62.3	111.8	2.9	8.9	8.7	1.7	1.4	21.5	18.2
Vodafone Idea		11			-10.2	-10.2	-8.2	3.1	Loss	Loss	NM	NM	-0.3	-0.3	NM	NM
Tata Comm	Neutral	1609	1630	1	60.7	46.4	55.2	17.1	-23.5	19.0	34.6	29.1	18.3	12.2	66	50.2
Aggregate								Loss	Loss	LP	-63	301.8	19.7	18.7	-31.3	6.2
Others																
APL Apollo Tubes	Buy	1623	1930	19	23.1	33.1	52.1	15.2	42.9	57.4	49.1	31.2	11.9	8.9	27.0	32.6
BSE	Neutral	1863	1380	-26	15.7	53.2	51.1	-16.1	239.0	-3.9	35.0	36.4	9.6	8.9	27.5	24.4
Coromandel Intl	Buy	1073	1300	21	68.5	65.7	72.7	31.5	-4.0	10.7	16.3	14.7	3.4	2.8	22.3	20.8
EPL	Buy	183	270	48	7.2	9.6	12.8	6.3	33.5	33.5	19.0	14.2	2.7	2.4	14.7	18.0



Company	Reco	CMP (INR)	TP (INR)	% Upside Downside	EPS (INR)			EPS Gr. YoY (%)			P/E (x)		P/B (x)		ROE (%)	
					FY23	FY24	FY25	FY23	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Godrej Agrovet	Neutral	465	480	3	13.0	16.2	21.0	-39.9	24.5	29.7	28.7	22.2	3.6	3.4	13.0	15.8
Havells India	Buy	1257	1580	26	17.2	21.2	27.1	-10.1	23.5	27.8	59.3	46.4	10.5	9.2	17.8	19.8
Indiamart Inter.	Buy	2766	3250	17	46.4	50.1	67.0	-4.5	8.0	33.7	55.2	41.3	7.3	6.5	14.1	16.7
Indian Hotels	Buy	375	480	28	7.0	8.6	10.2	-485.5	22.1	18.6	43.6	36.9	5.9	5.1	14.3	14.8
Interglobe	Neutral	2472	2615	6	-8.2	207.2	218.8	-94.9	LP	6	12	11.3	56.3	9.4	-346.1	142.9
Info Edge	Neutral	4079	4200	3	31.8	58.2	65.6	-6.7	83.1	12.7	70.0	62.1	4.5	4.2	6.2	13.2
Kaveri Seed	Buy	629	700	11	46.6	54.4	60.8	27.9	16.8	11.8	11.6	10.3	2.2	1.9	21.2	19.9
Kajaria Ceramics	Buy	1283	1580	23	21.4	28.8	36.3	-11.1	34.7	26.1	44.6	35.3	8.0	7.3	18.8	21.6
Lemon Tree Hotel	Buy	112	135	21	1.5	1.9	3.2	-255.5	27.4	64.1	58.1	35.4	8.7	7.0	16.2	21.9
MCX	Neutral	2244	1830	-18	29.2	24.6	76.4	3.8	-15.9	210.9	91.4	29.4	7.6	7.2	8.4	25.2
One 97	Buy	896	1160	29	-28.0	-12.8	4.5	-24.1	Loss	LP	NM	200.1	4.5	4.5	-6.3	2.3
Qess Corp	Neutral	418	400	-4	11.5	19.0	33.5	-35.3	66.0	76.1	22.0	12.5	1.8	1.6	10.8	17.7
PI Inds.	Buy	3315	4560	38	80.9	105.6	126.8	45.7	30.6	20.0	31.4	26.1	5.8	4.8	20.3	20.2
SIS	Buy	421	520	24	23.2	26.0	35.1	19.7	12.0	35.0	16.2	12.0	1.1	0.9	15.3	17.7
SRF	Neutral	2177	-		76.2	57.7	85.9	24.8	-24.3	49.0	37.7	25.3	5.6	4.7	15.6	20.1
Tata Chemicals	Neutral	956	1080	13	91.6	78.1	66.6	84.8	-14.7	-14.8	12.2	14.4	1.1	1.1	9.7	7.7
Team Lease Serv.	Buy	2474	3080	25	65.1	78.0	110.0	189.8	19.8	41.0	31.7	22.5	4.5	3.7	14.6	17.5
Trident	Buy	35	45	30	0.9	1.0	1.5	-45.8	11.1	55.3	36.2	23.3	3.7	3.2	11.0	15.1
Voltas	Buy	835	1000	20	11.5	14.8	20.9	-24.8	29.1	41.3	56.5	40.0	4.8	4.4	8.4	10.9
UPL	Neutral	559	650	16	58.5	56.1	65.1	-7.8	-4.1	16.0	10.0	8.6	0.9	0.8	14.6	14.7
Zomato	Buy	106	115	9	-1.2	0.1	0.9	-28.0	LP	912.4	1,152.3	113.8	4.6	4.5	0.4	4.0



Index	1 Day (%)	1M (%)	12M (%)
Sensex	1.0	-3.5	6.7
Nifty-50	1.0	-3.4	7.4
Nifty Next 50	2.0	-3.1	3.4
Nifty 100	1.1	-3.4	5.6
Nifty 200	1.2	-3.6	8.0
Company	1 Day (%)	1M (%)	12M (%)
Automobiles	1.4	-0.7	24.6
Amara Raja Ener.	2.8	-2.8	22.1
Apollo Tyres	1.3	-0.2	30.2
Ashok Leyland	1.0	-6.2	13.7
Bajaj Auto	2.2	6.8	48.3
Balkrishna Inds	1.7	1.7	33.7
Bharat Forge	0.7	-5.9	24.8
Bosch	0.5	2.7	25.4
CEAT	-0.1	-0.1	40.2
Craftsman Auto	5.2	-1.1	55.0
Eicher Motors	2.0	-2.4	-8.5
Endurance Tech.	0.9	-0.3	18.0
Escorts Kubota	0.4	-5.2	55.8
Exide Inds.	2.1	-3.4	51.0
Hero Motocorp	0.0	3.5	19.2
M & M	0.3	-4.9	16.7
CIE Automotive	1.6	-3.1	53.5
Maruti Suzuki	1.3	-1.1	16.8
MRF	0.5	-2.1	23.6
Sona BLW Precis.	0.9	-6.6	15.1
Motherson Sumi	0.6	-4.8	45.1
Motherson Wiring	2.9	-4.4	-0.7
Tata Motors	2.3	3.4	57.2
TVS Motor Co.	0.9	4.2	41.6
Tube Investments	4.8	-1.2	11.9
Banks-Private	1.1	-4.0	4.5
AU Small Fin. Bank	0.5	-7.5	18.8
Axis Bank	3.2	-2.2	9.6
Bandhan Bank	0.9	-15.1	-20.8
DCB Bank	2.9	-6.7	8.5
Equitas Sma. Fin	-0.8	-5.0	50.2
Federal Bank	1.0	-7.3	3.7
HDFC Bank	0.4	-3.8	1.0
ICICI Bank	0.5	-3.2	-1.3
IDFC First Bank	1.3	-11.8	51.5
IndusInd Bank	1.9	0.3	26.2
Kotak Mah. Bank	0.5	-3.5	-8.7
RBL Bank	4.6	-7.8	65.9
SBI Cards	2.3	0.1	-7.9
Banks-PSU	4.1	-6.0	42.4
BOB	4.1	-8.4	31.5
Canara Bank	6.0	1.8	31.5
Indian Bank	3.5	-3.9	74.9
Punjab Natl.Bank	4.7	-10.2	70.1
St Bk of India	2.6	-4.8	-3.2
Union Bank (I)	5.4	-2.4	88.8
NBFCs	1.1	-3.3	4.3
Angel Broking	5.0	30.5	56.4

Note: Sectoral performance are of NSE/BSE Indices

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	1.3	-3.3	10.0
Nifty Midcap 100	1.5	-4.8	24.2
Nifty Smallcap 100	2.0	-0.3	29.4
Nifty Midcap 150	1.5	-4.3	23.1
Nifty Smallcap 250	1.9	-1.3	28.0
Aditya Birla Capital Ltd	1.1	-4.6	46.8
Bajaj Fin.	1.2	-4.2	7.7
Cholaman.Inv.&Fn	3.0	-2.5	62.7
Can Fin Homes	2.9	-3.8	42.7
Cams Services	0.1	-7.0	-11.2
CreditAcc. Gram.	1.8	18.6	61.1
Fusion Microfin.	4.9	-0.2	
Home First Finan	4.9	16.3	34.4
Indostar Capital	-2.9	-4.0	3.6
L&T Fin.Holdings	4.3	8.5	68.6
LIC Housing Fin.	0.5	-5.8	4.3
M & M Fin. Serv.	2.8	-7.0	33.7
Muthoot Finance	2.2	2.5	23.9
Manappuram Fin.	2.2	-9.2	26.9
MAS Financial Serv.	3.9	-0.9	12.2
ICICI Sec	-1.3	3.4	23.0
360 One	0.5	1.9	16.8
PNB Housing	3.3	11.3	96.4
Repc Home Fin	0.7	0.2	74.6
Shriram Finance	7.7	2.3	55.2
Spandana Sphoort	7.2	13.2	47.8
Insurance			
HDFC Life Insur.	0.5	-6.1	14.2
ICICI Pru Life	1.6	-10.5	3.7
ICICI Lombard	0.1	4.1	16.8
Life Insurance	0.3	-5.9	1.9
Max Financial	2.4	-1.2	34.0
SBI Life Insuran	-0.2	0.1	4.0
Star Health Insu	1.3	-3.9	-18.1
Chemicals			
Alkyl Amines	1.3	-6.9	-26.8
Atul	0.1	-11.0	-25.7
Clean Science	0.6	-7.4	-18.4
Deepak Nitrite	1.9	-7.2	-12.0
Fine Organic	1.8	-7.1	-31.7
Galaxy Surfact.	0.8	-0.1	-9.1
Navin Fluo.Intl.	0.1	-22.8	-23.7
NOCIL	2.6	-4.9	-11.2
Vinati Organics	-0.5	-6.5	-10.7
Cement			
Ambuja Cem.	0.2	-3.1	-20.9
ACC	-1.2	-7.0	-18.8
Birla Corp.	-2.1	-1.7	31.2
Dalmia Bhar.	1.1	-14.0	28.8
Grasim Inds.	0.3	-3.9	7.6
India Cem	-0.5	-10.4	-13.9
J K Cements	-0.1	-4.0	17.9
JK Lakshmi Ce	3.9	6.9	21.4
Ramco Cem	-0.5	5.3	38.2



Company	1 Day (%)	1M (%)	12M (%)
Shree Cem	0.5	-3.2	18.9
Ultratech	0.1	-0.6	27.6
Consumer	0.9	-1.8	16.9
Asian Paints	-0.2	-10.5	-2.9
Britannia	0.1	-2.4	20.2
Colgate-Palm.	2.3	1.5	28.4
Dabur	3.2	-6.5	-4.5
Emami	1.3	-1.4	5.5
Godrej Cons.	2.4	-1.3	18.1
HUL	0.2	-0.8	-1.5
ITC	-0.1	-3.4	25.4
Indigo Paints	1.4	-6.0	-2.5
Jyothy Lab	3.6	-1.1	86.5
Marico	0.1	-7.9	3.5
Nestle	2.2	5.2	19.5
Page Inds	1.3	-3.0	-26.2
Pidilite Ind.	0.9	-7.3	-9.7
P&G Hygiene	0.8	-7.4	20.2
Tata Consumer	1.2	0.3	15.7
United Brew	2.6	2.1	-2.1
United Spirits	1.1	0.5	17.0
Varun Beverages	5.6	-4.7	75.1
EMS			
Kaynes Tech	3.8	6.7	
Avalon Tech	2.8	-9.9	
Syrma SGS Tech.	3.7	7.5	117.8
Cyient DLM	0.9	-7.1	
Data Pattern	4.9	-7.5	44.2
Healthcare	0.6	-2.8	11.4
Alembic Phar	0.1	-1.6	36.1
Alkem Lab	3.2	3.3	18.0
Apollo Hospitals	1.6	-5.3	9.1
Ajanta Pharma	2.8	1.2	35.5
Aurobindo	0.0	-2.9	61.4
Biocon	0.3	-15.9	-19.4
Zydus Lifesci.	0.7	-5.0	32.6
Cipla	2.0	-0.5	0.7
Divis Lab	0.2	-9.4	-5.8
Dr Reddy's	-0.5	-1.8	20.2
ERIS Lifescience	3.0	1.2	15.6
Gland Pharma	0.9	-6.4	-18.4
Glenmark	-0.8	-4.3	86.0
Global Health	1.3	8.9	
Granules	0.6	-6.7	-11.6
GSK Pharma	-0.4	-6.0	5.0
IPCA Labs	0.3	6.5	5.6
Laurus Labs	-0.6	-9.5	-22.2
Lupin	-0.9	-0.1	60.9
Max Healthcare	2.7	-1.7	34.6
Piramal Pharma	3.2	-4.5	-41.8
Solara Active	1.9	-13.2	-25.3
Sun Pharma	0.7	-2.5	9.9
Infrastructure	1.2	-2.7	18.3
Torrent Pharma	1.6	3.9	20.1

Company	1 Day (%)	1M (%)	12M (%)
G R Infraproject	2.5	-5.5	-7.8
IRB Infra.Devl.	2.5	5.1	40.0
KNR Construct.	0.4	-5.7	18.6
Logistics			
Adani Ports	1.6	-5.8	-4.7
Blue Dart Exp.	-1.1	-3.7	-22.3
Container Corpn.	-0.3	-4.7	-12.8
Mahindra Logis.	-0.4	-8.7	-34.4
Transport Corp.	1.8	1.2	9.0
TCI Express	-0.3	-10.4	-29.8
VRL Logistics	-2.9	-8.5	10.3
Media	2.6	-3.4	5.2
PVR INOX	1.9	-6.4	-7.6
Sun TV	1.6	7.4	19.9
Zee Ent.	4.4	-4.8	-6.3
Metals	0.9	-4.8	8.1
Hindalco	-0.1	-4.0	10.6
Hind. Zinc	0.4	-4.9	4.1
JSPL	-0.2	-7.1	37.2
JSW Steel	0.5	-6.1	7.7
Nalco	1.2	-1.9	27.9
NMDC	1.5	8.4	48.0
SAIL	0.8	-9.6	1.7
Tata Steel	0.0	-6.4	15.1
Vedanta	1.7	3.3	-25.2
Oil & Gas	1.2	-4.7	-5.5
Aegis Logistics	4.6	-8.1	-0.2
BPCL	0.0	-4.0	9.6
Castrol India	1.5	-0.8	10.0
GAIL	-0.2	-2.4	34.3
Gujarat Gas	0.7	-3.4	-21.5
Gujarat St. Pet.	-0.2	-4.4	24.6
HPCL	0.6	-5.0	15.6
IOC	0.8	-3.9	27.2
IGL	-1.2	-16.0	-10.2
Mahanagar Gas	-0.1	-3.1	13.7
MRPL	3.6	7.5	79.1
Oil India	0.4	5.0	61.2
ONGC	2.1	-1.3	40.2
PLNG	0.7	-7.7	8.8
Reliance Ind.	1.8	-4.4	1.5
Real Estate	1.9	1.2	33.1
Brigade Enterpr.	3.5	6.2	22.8
DLF	2.7	1.4	39.8
Godrej Propert.	1.6	1.4	29.1
Mahindra Life.	1.1	-4.9	26.5
Macrotech Devel.	1.5	-6.7	45.3
Oberoi Realty Ltd	2.8	-3.4	24.3
Sobha	1.0	3.5	13.4
Phoenix Mills	3.4	-2.1	23.3
Prestige Estates	-4.6	23.7	66.3
Retail			
Aditya Bir. Fas.	1.1	0.2	-37.1
Avenue Super.	-0.5	0.7	-14.2



Company	1 Day (%)	1M (%)	12M (%)
Bata India	-0.1	-3.4	-14.1
Campus Activewe.	0.2	-7.8	-52.8
Barbeque-Nation	0.8	-13.5	-38.5
Devyani Intl.	2.2	-9.7	-3.4
Jubilant Food	-0.2	-8.4	-14.8
Metro Brands	0.2	7.8	41.8
Raymond	4.6	-3.8	54.6
Relaxo Footwear	3.0	-0.8	-7.6
Restaurant Brand	0.5	-11.2	-6.2
Sapphire Foods	-4.3	-9.7	-12.7
Shoppers St.	-1.8	-4.8	-12.1
Titan Co.	0.6	-2.9	15.4
Trent	4.5	0.4	45.0
V-Mart Retail	-0.4	-14.2	-41.3
Vedant Fashions	1.1	-1.3	-10.1
Westlife Food	-7.1	-15.4	13.2
Technology	1.2	-6.1	7.1
Cyient	2.8	-2.3	119.1
HCL Tech.	3.0	0.6	22.9
Infosys	1.5	-5.9	-9.4
LTIMindtree	0.0	-4.9	10.6
L&T Technology	0.9	-11.8	18.8
Mphasis	0.4	-14.4	7.3
Coforge	2.1	-3.8	28.8
Persistent Sys	3.7	4.2	61.4
TCS	0.4	-6.6	6.1
Tech Mah	0.5	-13.0	4.2
Wipro	1.1	-8.0	-0.1
Zensar Tech	-0.5	-8.1	125.3
Telecom	1.1	-6.1	10.9
Bharti Airtel	1.0	-0.6	11.9
Indus Towers	-0.9	-11.8	-11.7
Idea Cellular	1.4	-9.2	26.7
Tata Comm	3.1	-14.3	31.2
Utilities	2.0	-5.0	-8.6
Coal India	2.9	7.7	30.3
NTPC	2.1	-1.1	38.6
Power Grid Corpn	1.0	0.8	19.7

Company	1 Day (%)	1M (%)	12M (%)
Others			
APL Apollo Tubes	1.7	-0.3	51.6
BSE	3.5	42.5	204.6
Coromandel Intl	0.1	-4.6	8.9
EPL Ltd	0.4	-2.3	15.4
Indiamart Inter.	4.2	-4.8	21.4
Godrej Agrovet	0.8	-3.2	-8.6
Havells	-0.6	-10.4	6.2
Indian Hotels	-0.1	-9.3	16.3
Interglobe	2.4	3.5	41.9
Info Edge	0.8	-3.7	3.9
Kajaria Ceramics	5.3	-4.0	19.7
Kaveri Seed	1.5	1.5	30.0
Lemon Tree Hotel	4.6	-5.5	29.7
MCX	0.4	15.8	48.3
One 97	2.3	5.1	37.9
Piramal Enterp.	2.7	-6.3	15.1
PI Inds.	0.8	-4.0	3.4
Quess Corp	1.9	-1.6	-25.1
SIS	2.5	-2.0	1.3
SRF	3.3	-3.8	-13.0
Tata Chemicals	1.6	-8.4	-19.6
Team Lease Serv.	1.2	-4.7	-11.8
Trident	3.0	-8.8	-3.2
Voltas	0.7	-4.1	-4.5
UPL	-0.4	-9.2	-20.9
Zomato Ltd	-0.8	5.5	62.3

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NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
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