

Market snapshot



Equities - India	Close	Chg .%	CYTD.%
Sensex	64,081	0.8	5.3
Nifty-50	19,133	0.8	5.7
Nifty-M 100	39,312	1.4	24.8
Equities-Global	Close	Chg .%	CYTD.%
S&P 500	4,318	1.9	12.5
Nasdaq	13,294	1.8	27.0
FTSE 100	7,447	1.4	-0.1
DAX	15,144	1.5	8.8
Hang Seng	5,911	0.9	-11.8
Nikkei 225	31,950	1.1	22.4
Commodities	Close	Chg .%	CYTD.%
Brent (US\$/Bbl)	88	-0.1	8.8
Gold (\$/OZ)	1,986	0.2	8.9
Cu (US\$/MT)	8,064	0.4	-3.6
Almn (US\$/MT)	2,204	-0.6	-6.2
Currency	Close	Chg .%	CYTD.%
USD/INR	83.3	0.0	0.6
USD/EUR	1.1	0.5	-0.8
USD/JPY	150.5	-0.3	14.7
YIELD (%)	Close	1MChg	CYTD chg
10 Yrs G-Sec	7.3	-0.04	0.0
10 Yrs AAA Corp	7.8	-0.03	0.0
Flows (USD b)	2-Nov	MTD	CYTD
FII	-0.2	-0.37	11.9
DII	0.17	0.53	19.4
Volumes (INRb)	2-Nov	MTD*	YTD*
Cash	651	645	670
F&O	3,66,341	4,06,356	2,67,189

Note: Flows, MTD includes provisional numbers.

*Average



Today's top research theme

India Strategy: Interim review – Heavyweights in charge; Nifty EPS estimates stable

- ❖ The 2QFY24 aggregate earnings of the 133 MOFSL Universe companies were in line with our estimates and grew 52% YoY (vs. est. of +50% YoY). The earnings growth was fueled by domestic cyclical, such as BFSI and Auto. BFSI clocked a 41% YoY growth, while Auto registered a growth of 45% YoY vs. est. of 30%, driven by Maruti Suzuki.
- ❖ OMC's profitability surged to INR215b in 2QFY24 vs. a loss of INR6b in 2QFY23 owing to strong marketing margins. Ex-OMCs, MOFSL/Nifty's earnings grew 33%/26% YoY vs. estimates of +30%/22% YoY (in line).
- ❖ The Metals sector's earnings almost doubled YoY (vs. est. of +57% YoY). Notably, excluding JSW Steel, MOFSL Metals Universe suffered a decline of 22% YoY.
- ❖ Earnings of the 36 Nifty companies that have declared results so far jumped 35% YoY (vs. est. of +31% YoY), propelled by BPCL, HDFC Bank, JSW Steel, Reliance Industries, and ICICI Bank. These five companies contributed 73% to the incremental YoY accretion in earnings. Conversely, Tata Steel, UPL, and Tech Mahindra contributed adversely to Nifty earnings. Only five companies within Nifty reported profits below our expectations, while 12 recorded a beat and 19 registered in-line results so far.



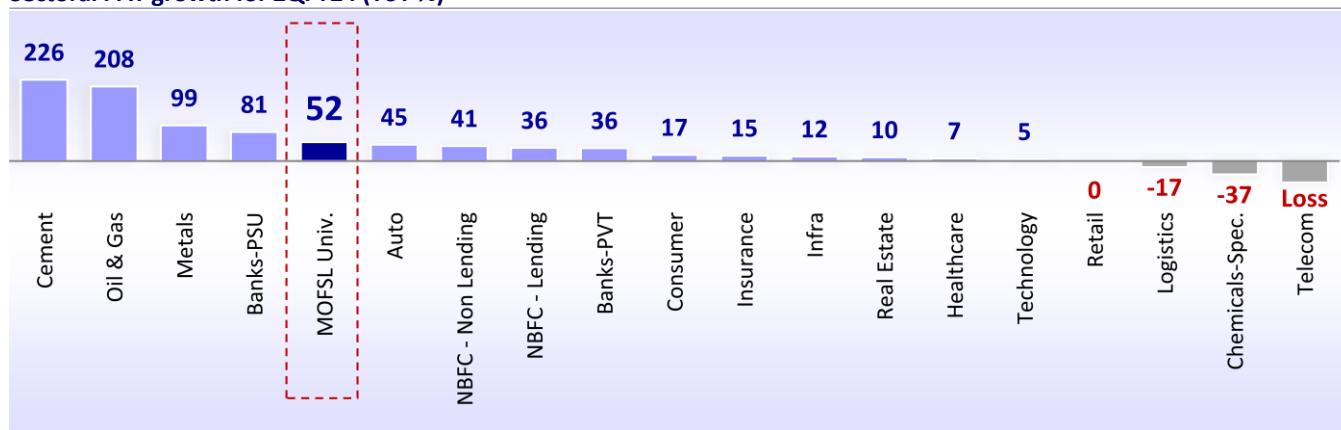
Research covered

Cos/Sector	Key Highlights
India Strategy	Interim review – Heavyweights in charge; Nifty EPS estimates stable
Other Notes	Tata Motors Tata Steel Britannia Industries Dabur India Hero Motocorp Godrej Properties Indraprastha Gas LIC Housing Finance Blue Dart Expres Clean Science Syrma SGS Tech Sapphire Foods Restaurant Brand MAS Finance Services Cholaman.Inv.&Fn Container Corpn Gujarat Gas 360 ONE JK Lakshmi Cement NOCIL



Chart of the Day: India Strategy (Interim review – Heavyweights in charge; Nifty EPS estimates stable)

Sectoral PAT growth for 2QFY24 (YoY %)



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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

Tata Motors partners up with JLR for development of TaMo's premium pure electric series Avinya

TPEM (Tata Passenger Electric Mobility) signed MoU with JLR (Jaguar Land Rover Plc) for the licensing of JLR's platform for a royalty fee for developing Avinya series vehicles.

2

Ashok Leyland strengthens LVC presence by driving in West Bengal

Ashok Leyland on Thursday announced its plans to strengthen its LCV presence in Eastern India with a focus on West Bengal, said the company through a statement. The company has taken various steps to expand its market portfolio in West Bengal market due to the state's business environment, a customer base, and a hospitable climate for investments.

3

Finance ministry not inclined to charge up FAME 3

According to officials, the government is of the view that the EV market has reached a point of maturity. Besides, support is also being offered under performance-linked incentives for battery, and auto component manufacturing.

4

Global uncertainties prompting shift to bilateral agreements: FM Nirmala Sitharaman

Finance Minister Nirmala Sitharaman, said that there is a greater interest in the world now to forge regional and bilateral arrangements so that countries can protect their domestic economies from global uncertainties.

5

Tata Steel to start talks with unions on UK job cuts, decision not delayed: CEO

Tata Steel will start consultations with the UK unions to discuss about the restructuring moves at its Port Talbot site as the company shifts to electric-arc furnace production.

6

Power tariff hiked by 20 paise per unit in Kerala; BPL consumers exempted

The power tariff has been hiked by 20 paise per unit in Kerala after the State Electricity Regulatory Commission on November 2 approved a submission in this regard.

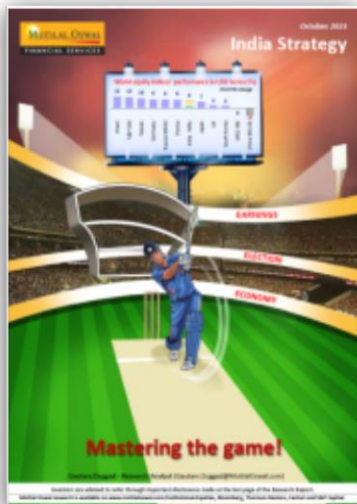
7

After RoDTEP, govt likely to extend export-boosting textile scheme

After Remission of Duties and Taxes on Exported Products (RoDTEP), the government may extend the tenure of another export-boosting scheme that mainly seeks to benefit the textiles sector till 2025-26.



Refer to our Sep'23 Quarter Preview



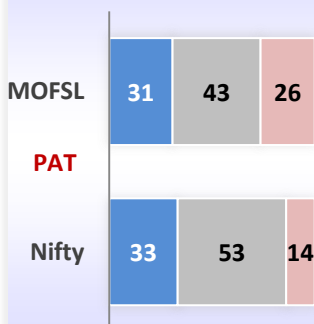
Interim review – Heavyweights in charge; Nifty EPS estimates stable

Earnings in line; BFSI and Auto drive the quarter

- In this report, we present our interim review of the 2QFY24 earnings season.
- As of 1st Nov'23, 133/36 companies within the MOFSL Universe/Nifty announced their 2QFY24 results. These companies constitute: a) 72% and 75% of the estimated PAT for the MOFSL and Nifty Universe, respectively; b) 49% of India's market capitalization; and c) 85% weightage in the Nifty.
- The 2QFY24 aggregate earnings of the aforesaid 133 MOFSL Universe companies were in line with our estimates and grew 52% YoY (vs. est. of +50% YoY). The earnings growth was fueled by the domestic cyclicals, such as BFSI and Auto. BFSI clocked a 41% YoY growth, while Auto registered a growth of 45% YoY vs. est. of 30%, driven by Maruti Suzuki.
- OMC's profitability surged to INR215b in 2QFY24 vs. a loss of INR6b in 2QFY23 owing to strong marketing margins. **Ex-OMCs, MOFSL/Nifty's earnings grew 33%/26% YoY, in-line vs. estimate of 30%/22%, respectively.**
- The Metals sector earnings almost doubled YoY (vs. est. of 57% YoY). Notably, excluding JSW Steel, MOFSL Metals Universe suffered a decline of 22% YoY.
- Until now, 32/37 companies within MOFSL Coverage Universe have reported an upgrade/downgrade of more than 3% each. However, EBITDA margin of the MOFSL Universe (excluding Financials) has expanded 510bp YoY to 18.1% during the quarter so far.
- Earnings of the 36 Nifty companies that have declared results so far jumped 35% YoY (vs. est. of +31% YoY), propelled by BPCL, HDFC Bank, JSW Steel, Reliance Industries, and ICICI Bank. These five companies contributed 73% to the incremental YoY accretion in earnings. Conversely, Tata Steel, UPL, and Tech Mahindra contributed adversely to Nifty earnings. Only five companies within Nifty reported profits below our expectations, while 12 recorded a beat and 19 registered in-line results so far.
- **Nifty EPS stable:** EPS estimates for FY24 and FY25 have witnessed a marginal rise so far at INR993 and INR1,139 (vs. INR986 and INR1132), respectively, as downgrades in Technology have been offset by upgrades in BFSI/Automobiles.
- **Summary of the 2QFY24 performance thus far:** 1) **Technology:** The IT Services companies reported a weak performance (although in line) in 2QFY24 with a median revenue growth of 1.0% QoQ CC, in an otherwise seasonally strong quarter. Surprisingly, the FY24 revenue guidance cut (INFO, HCLT) came on the back of multi-year mega deal signings, which indicates a challenging 2HFY24 with elongated ramp-ups and higher furloughs in 3Q. 2) **Banks:** Earnings growth has broadly stood in line, owing to steady loan growth and robust asset quality even as margins compressed further (more resilient for PSU banks so far). Asset quality has continued to improve while SMA and restructured pool have remained in control. 3) **NBFCs – Lending:** Demand momentum has remained strong so far in personal utility vehicles and commercial vehicles. While lower-ticket housing demand has been buoyant, a weakness has been observed in affordable housing below ticket size of INR3m. 4) **Automobiles:** 2QFY24 results thus far have been promising, with most of the companies surpassing our EBITDA and PAT estimates. The positive results were largely been driven by: 1) lower commodity

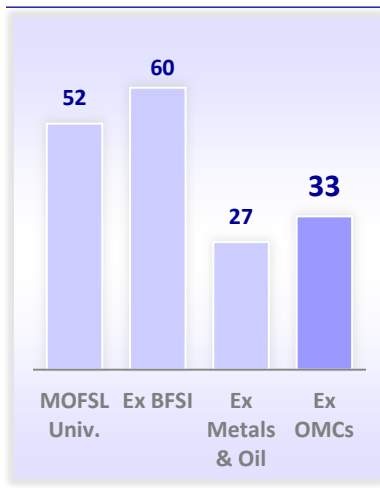
2QFY24: Expectations vs. delivery

% of companies that have declared results
 ABOVE EXPECTATIONS IN-LINE BELOW EXPECTATIONS



costs, 2) better product mix, 3) favorable FX, and 4) operating leverage. We believe the EBITDA margin for most of the companies has peaked out as it reflects all these tailwinds. 5) **Consumer:** Among the MOFSL Coverage companies, most of them reported in-line sales/EBITDA/PAT in 2Q. The overall FMCG sector posted muted YoY volume growth even as pricing growth component is moderating. 6) **Oil & Gas:** The sector so far has reported mixed results. RIL outperformed our estimates due to its sustained performance in the O2C segment and better realization in the E&P segment. *Refer to page 8 for the detailed 2QFY24 sectoral trends.*

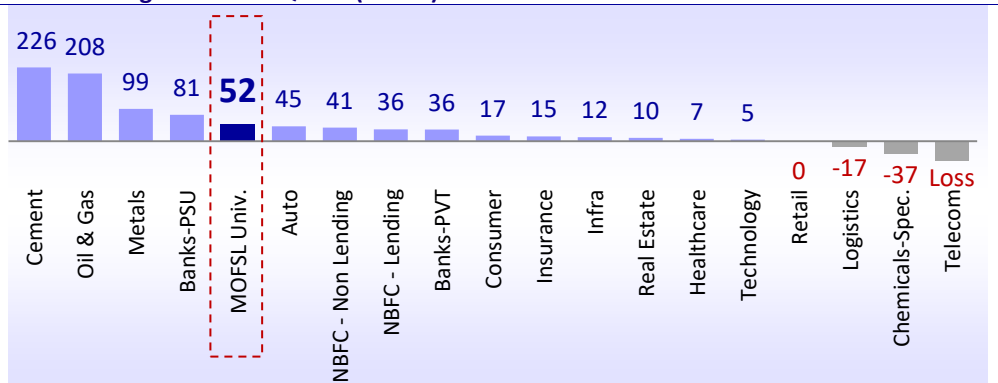
2QFY24: PAT growth YoY (%)



Key 2QFY24 result highlights

- As of 1st Nov'23, **36 Nifty stocks** reported a sales/EBITDA/PBT/PAT growth of 5%/24%/31%/35% YoY (vs. est. of +6%/21%/29%/31%). Of these, 12/5 companies surpassed/missed our PAT estimates. On the EBITDA front, 11/5 companies exceeded/missed our estimates during the quarter.
- For the **133 companies within our MOFSL Universe**, sales/EBITDA/PBT/PAT growth stood at 0%/31%/50%/52% YoY (vs. est. of +5%/29%/48%/50%). Excluding OMCs, the MOFSL Universe companies recorded a sales/EBITDA/PBT/PAT growth of 4%/20%/31%/33% YoY (vs. est. of +5%/18%/29%/30%) in 2QFY24.
- Among the Nifty constituents, HDFC Bank, ICICI Bank, Maruti Suzuki, JSW Steel, Bajaj Auto, Dr Reddy's Labs, Ultratech Cement, Cipla, Hero Motocorp, Tech Mahindra, and Tata Steel exceeded our profit estimates. Conversely, UPL, Wipro, and SBI Life Insurance missed our profit estimates for the quarter.
- Within the MOFSL Universe, NBFC - Non Lending/Automobiles/Oil & Gas/PSU Banks/Real Estate recorded an FY24E earnings upgrade of 13%/4%/4%/ 4%/3%. Conversely, Telecom, Chemicals, and Retail registered an earnings downgrade.
- **View:** The 2QFY24 corporate earnings scorecard so far has been in line, with BFSI and Automobiles driving the aggregate. The spread of earnings has been decent, with 74% of our Coverage Universe either meeting or exceeding profit expectations. The margin tailwind will moderate in 2HFY24 with base effect coming into play and pick-up in some commodity prices. Nifty is trading at a 12-month forward P/E of 17.4x, at a 13% discount to its own long-period average (LPA). We largely retain our sectoral allocations and weights and continue to rely on the sector winners with growth visibility driving our stock selection framework. **We remain OW on Financials, Consumption, Industrials, Automobiles and Healthcare; while we remain UW on Metals, Energy, IT and Utilities, and Neutral on Telecom in our model portfolio.**

Sectoral PAT growth for 2QFY24 (YoY %)



Of the 18 major sectors under MOFSL's coverage, 14 sectors have seen a rise in profits YoY



TATA Motors

Estimate change	↑
TP change	↔
Rating change	↔

CMP: INR636 TP: INR750 (+18%) Buy

Strong PAT beat driven by JLR/PV business

JLR raises FY24 EBIT margin target to ~8% from 6%

Bloomberg	TTMT IN
Equity Shares (m)	3598
M.Cap.(INRb)/(USDb)	2334.2 / 28
52-Week Range (INR)	678 / 375
1, 6, 12 Rel. Per (%)	4/27/45
12M Avg Val (INR M)	6616

- TATA Motors (TTMT)'s 2QFY24 results significantly beat our estimates as consol. EBITDA/PAT came in at INR137.2b/INR38.6b (est. INR130.2b/INR28.9b). The 2Q performance was driven by better-than-expect PAT in JLR/PV businesses. Its CV business was in line. Consol. net debt (auto) declined further by INR30b QoQ to INR387b.

- We upgrade our FY24E/FY25E consol. EPS by 6%/3.5% to factor in higher-than-estimated capitalization of R&D at JLR, partially offset by volume/margin cuts in both CV/PV businesses. **Reiterate BUY with a Dec'25E SOTP-based TP of INR750.**

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Net Sales	3,460	4,311	4,588
EBITDA	318.3	587.8	635.1
Adj. PAT	8.2	170.0	163.6
Adj. EPS (INR)	2.2	44.4	44.5
EPS Gr. (%)	-108	1,964	0
BV/Sh. (INR)	118.3	158.2	205.0

Sequential dip in EBITDA margins for JLR; CV/PV improve

- **Consolidated business:** Consol. revenue grew 32% YoY to INR1,051.3b in 2Q (est. INR1044.7b). EBITDA jumped 121.5% YoY to INR137.2b (est. INR130b). Adj. PAT stood at INR38.6b (est. INR28.9b) vs. a loss of INR12.6b in 2QFY23. Automotive FCF stood at INR39b (up 3.9x YoY), driven by JLR's FCF of GBP300m (vs. outflow of GBP15m in 2QFY23). Net debt (Auto) declined INR30b QoQ to INR387b. For 1HFY24, its revenue/EBITDA/adj. PAT grew 37%/2.9x/LTP YoY.

Ratios

Net D/E (x)	1.0	0.4	0.2
RoE (%)	1.8	32.1	24.1
RoCE (%)	5.0	13.8	13.0
Payout (%)	93.6	6.8	9.4

Valuations

P/E (x)	296.1	14.3	14.3
P/BV (x)	5.4	4.0	3.1
EV/EBITDA (x)	9.6	4.7	3.9
Div. Yield (%)	0.3	0.5	0.7
FCF Yield (%)	7.5	13.0	5.5

- **JLR – EBIT margin expands to 7.3%:** JLR's volumes grew 29% YoY (+4% QoQ) to 96.8k units (est. 92.5k). Net realizations remained flat YoY (-4% QoQ) at GBP70.8k per unit (est. GBP74.4k). A sequential decline in ASP was mainly due to a constraint in production of RR/RR Sport. EBITDA margin improved 460bp YoY (-140bp QoQ) to 14.9% (est. 14.5%). JLR's adj. PAT came in at GBP272m (est. GBP98m loss).

- **Tata CV business – EBITDA margin at 10.4%:** CV volumes grew 6% YoY (+20.5% QoQ), while realizations improved 15% YoY to INR1.89m (est. INR1.9m). EBITDA margin rose 530bp YoY to 10.4% (est. 10.8%), driven by a better mix, higher realizations, cost efficiency measures and commodity cost savings.

- **Tata PV business – 2Q ICE EBITDA margins at 9.2%, EV margins at -5% (vs. -9.7% in 1Q):** Volumes declined 3% YoY as its bestselling models like Nexon, Harrier and Safari were undergoing a mid-cycle refresh. Realizations remained flat YoY at INR880.9k (est. INR925k) in 2Q. EBITDA margin rose 70bp YoY to 6.4% (est. 6.7%).

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	46.4	46.4	46.4
DII	17.5	17.5	14.9
FII	18.4	19.1	14.1
Others	17.7	17.0	24.6

FII Includes depository receipts

Highlights from the management commentary

- **JLR: The order book has come off sharply as supplies improved.** It aims to bring it down to the pre-Covid level of ~110k units. The order book remained strong with over 168,000 client orders, with RR, RR Sport and Defender accounting for 77% of the order book.

- **JLR's EBIT margin target for FY24 has been increased to ~8% from 6%+.** The company continues to expect FCF of over GBP2b in FY24 and expects to reduce net debt to less than GBP1bn by the end of FY24. Investments are expected to go up in 2H for the planned capex and new investments.
- **CV outlook:** The management expects double-digit growth in 3Q, while 4Q is expected to be flat or see marginal growth due to a high base of previous year. The company is not seeing any drop in pricing discipline in MHCVs. It took a price hike on 1st Oct'23 to offset an expected steel price hike. The last price hike was in Sep'22.
- **PV outlook:** The management expects the domestic PV industry to grow in a single digit in FY24 due to a high base of last year. Expects strong volume for TTMT in 2H. The management has indicated 30% volume growth for TTMT since the start of Navratri. EV/CNG penetration stood at 13%/14% in 1HFY24.

Valuation and view

- TTMT should witness a healthy recovery as supply-side issues ease (for JLR) and commodity headwinds stabilize (for the India business). It will benefit from: a) the CV uptrend and stable growth in PVs, b) company-specific volume/margin drivers, and c) a sharp improvement in FCF as well as a reduction in net debt in both JLR and India businesses.
- The stock trades at 14.3x each on FY24E/FY25E consolidate P/E and 4.7x/3.9x EV/EBITDA. **Reiterate BUY with a Dec'25E SOTP-based TP of INR750.**

Quarterly Performance [Consol]

(INR b)

INR b	FY23				FY24				FY23	FY24	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE
JLR Volumes (incl JV; '000 units)	82.6	89.9	92.3	107.4	106.3	109.1	115.1	121.7	372.2	452.1	107.6
JLR Realizations (GBP/unit)	61,352	69,847	75,901	75,035	74,024	70,824	73,657	71,873	70,976	72,573	74,395
JLR EBITDA Margins (%)	6.7	10.3	11.9	14.8	16.3	14.9	15.9	17.0	11.3	16.0	14.5
India CV Volumes ('000 units)	103.7	100.5	95.0	118.7	88.6	106.8	102.8	115.8	417.9	414.0	104.7
India CV Realizations (INR '000/unit)	1575.7	1642.6	1784.5	1798.4	1925.4	1887.2	1909.4	1986.0	1721.9	1928.5	1,938
India CV EBITDA Margins (%)	5.4	5.1	8.5	10.2	9.4	10.4	10.7	10.9	7.5	7.5	10.8
India PV Volumes ('000 units)	130.4	142.8	132.3	135.5	140.4	139.0	137.1	148.4	541.0	564.8	138.9
India PV Realizations (INR '000/unit)	894.6	885.7	893.0	898.2	921.8	880.9	916.2	922.8	892.8	910.6	925
India PV EBITDA Margins (%)	6.2	5.7	7.0	7.3	5.2	6.4	7.1	7.6	6.5	6.5	6.7
Net Consol. Op Income	719.3	796.1	884.9	1059.3	1022.4	1051.3	1083.1	1154.1	3459.7	4310.8	1044.7
Growth (%)	8.3	29.7	22.5	35.1	42.1	32.1	22.4	8.9	24.2	24.6	31.2
Consol. EBITDA	31.8	62.0	96.4	128.1	135.6	137.2	147.5	167.5	318.3	587.8	130.2
EBITDA Margins (%)	4.4	7.8	10.9	12.1	13.3	13.1	13.6	14.5	9.2	13.6	12.5
Depreciation	58.4	59.0	60.7	70.5	66.3	66.4	70.0	78.5	248.6	281.2	67.5
Other Income	8.9	10.4	11.3	15.8	13.6	16.3	13.0	14.0	46.3	57.0	10.0
Interest Expenses	24.2	24.9	26.8	26.6	26.2	27.0	27.0	27.4	102.4	107.6	25.0
PBT before EO	-49.6	-17.7	32.0	50.0	53.3	61.1	58.5	70.7	14.7	243.6	39.1
EO Exp/(Inc)	-14.9	-3.1	0.0	2.2	6.8	1.2	0.0	0.0	-15.91	8.01	0.00
PBT after EO Exp	-34.7	-14.6	32.0	47.8	46.5	59.9	58.5	70.7	30.6	235.6	39.1
Tax rate (%)	-43.8	31.3	8.2	-13.0	33.6	36.8	27.0	27.3	23.0	30.9	27.0
PAT	-49.9	-10.0	29.4	54.0	30.9	37.8	42.7	51.4	23.5	162.8	28.6
Minority Interest	-0.6	-0.5	-0.9	-0.9	-1.0	-0.7	-0.8	-0.9	-2.8	-3.4	-0.7
Share in profit of Associate	0.4	1.1	1.0	0.9	2.1	0.5	0.7	1.7	3.4	5.0	1.0
Reported PAT	-50.1	-9.4	29.6	54.1	32.0	37.6	42.6	52.2	24.1	164.5	28.9
Adj PAT	-65.0	-12.6	29.6	56.2	37.2	38.6	42.6	52.2	8.2	170.0	28.9
Growth (%)	46.0	-71.7	-284.6	-1862.6	-157.3	-407.0	43.9	-7.2	-107.6	1963.5	-329.6

E: MOFSL Estimates



Tata Steel

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR118 TP: INR115 (-3%) Neutral

Weak operating performance as expected; losses in Europe business likely to reduce ahead

Bloomberg	TATA IN
Equity Shares (m)	12212
M.Cap.(INRb)/(USDb)	1443.4 / 17.3
52-Week Range (INR)	135 / 100
1, 6, 12 Rel. Per (%)	-6/2/11
12M Avg Val (INR M)	4757
Free float (%)	66.1

Domestic ASP expected to increase by INR2,200/t and coal costs likely to reduce by USD10/t in 3QFY24

Financials & Valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	2,434	2,436	2,639
EBITDA	323	243	369
Adj. PAT	86	73	144
EBITDA Margin (%)	13.3	10.0	14.0
Adj. EPS (INR)	7.1	5.9	11.8
EPS Gr. (%)	-78.5	-16.0	98.7
BV/Sh. (INR)	80	75	82

Ratios

Net D:E	0.7	0.9	0.8
RoE (%)	8.3	7.7	15.0
RoCE (%)	12.1	8.2	13.8
Payout (%)	50.8	84.1	42.3

Valuations

P/E (x)	16.7	19.8	10.0
P/BV (x)	1.5	1.6	1.4
EV/EBITDA(x)	6.6	9.2	6.0
Div. Yield (%)	3.1	4.2	4.2
FCF Yield (%)	5.2	0.2	9.6

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	33.9	33.9	33.9
DII	22.4	21.1	18.3
FII	21.0	21.0	21.5
Others	22.7	24.0	26.2

FII Includes depository receipts

- Tata Steel (TATA) reported an in-line operating performance in 2QFY24, aided by improved volumes in India business, lower input costs and better operating efficiency.
- **Consolidated performance:** Revenue/EBITDA at INR557b/INR43b were in line with our estimates, aided by lower input costs and better efficiency.
- Consolidated ASP stood at INR78,758/t, which was INR808/t lower than our estimate of INR79,566/t. EBITDA stood at INR6,037/t, which was INR59/t above our estimate of INR5,978/t. APAT stood at INR7b, which was 17% above our estimate of INR6b.
- The European operation remained weak and posted an operating loss of INR25b (in line). Operating loss per tonne stood at USD155/t (up USD57/t QoQ). The miss was led by lower production due to planned relining in the Netherlands, subdued demand in Europe, high emission-related costs, an increase in coal costs in the Netherlands and lower sales volumes.
- Gross debt remained stable QoQ at INR897b (vs. INR904b in 1Q), while net debt increased by INR56b to INR770b (vs. INR714b in 1Q). The net debt-to-EBITDA ratio exceeded FY21 levels and came in at 3.5x (up 146bp in 1HFY24) and the net debt-to-equity ratio stood at 0.79x (up 18bp in 1HFY24).
- **Standalone performance:** Revenue was down 4% YoY at INR332b, 8% above our estimate of INR309b. EBITDA increased by 45% YoY to INR68b, in line with our estimate of INR65b.
- Standalone ASP declined INR1,628/t YoY to INR68,928/t (INR2,392/t above our estimate of INR66,526/t).
- EBITDA/t improved by INR4,503/t YoY to INR14,006/t, in line with our estimate of INR14,063/t. APAT was up 100% YoY at INR45b, 17% above our estimate of INR38b.
- Sales were down 2% YoY at 4.8mt, in line with our estimate of 4.7mt.

Highlights from the management commentary

- On a standalone basis, coking coal costs declined USD59/t QoQ and is expected to increase by USD10/t in 3QFY24.
- Standalone realizations could improve by INR2,000-2,200/t in 3QFY24.
- For TSE, coal costs would decline by ~USD60/t in the Netherlands and ~USD20/t in the UK. Dispatches from TSE are expected to be ~8mt in FY24.
- Negotiations are going on with trade unions in UK and will end in 45 days.
- BF, which was under relining in the Netherlands, is expected to come on stream in 3QFY24, which will claw back 40% of volumes lost in 1HFY24.
- BF at Kalinganagar is expected to come on stream in the next six months and a 0.75mt EAF facility in Punjab is expected to come on stream by FY26.
- Net debt is expected to be around the current levels.

Impairment at TSE drives exceptional loss

- TATA reported INR130b on standalone basis and INR69b as exceptional item in 2QFY24.
- As the UK facility is nearing its end of life, TATA proposes to change the steel manufacturing route by shutting down BF and shifting to the EAF facility.
- Hence, TATA has carried out impairment of the UK facility for its heavy end assets.
- Consolidated exceptional items also included INR12b related to past service costs due to benefits granted under BSPS.
- The management has indicated that there will not be any further impairment related to the UK operations.

Valuation and view

- Though TATA reported a substantial exceptional loss, the management has guided for no further one-off losses from TSE operations.
- BF at the Netherlands is expected to come on stream in 3QFY24. With strong demand from domestic automobile, construction, consumer durables and rural customers, we believe TATA is expected to achieve its yearly sales guidance.
- TATA has guided for a lower coking coal cost across all geographies, which should boost margins. Similarly, natural gas prices in Europe have eased, so the cost is expected to be lower in 2HFY24 vs. 1HFY24.
- We marginally increase our FY25 revenue/EBITDA estimates by 5%/4%. The stock is trading at 6x FY25E EV/EBITDA and 1.4x FY25E P/B. **We reiterate our Neutral rating on the stock with our SOTP-based TP of INR115.**

Standalone quarterly performance (INR b)

Y/E March	FY23*				FY24E				FY23	FY24E	FY24E vs Est (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Sales Vol (kt)	4,070	4,910	4,590	4,796	4,790	4,820	4,910	5,180	18,366	19,700	4,700	3
Change (YoY %)	2.0	11.1	8.0	-3.5	17.7	-1.8	7.0	8.0	4.2	7.3		
Change (QoQ %)	-18.1	20.6	-6.5	4.5	-0.1	0.6	2	5.5				
ASP (INR/t)	84,213	70,556	66,373	71,466	72,427	68,928	71,331	70,958	75,559	70,911	66,536	4
Abs Change (QoQ)	10,409	-13,658	-4,182	5,093	961	-3,499	2,403	-372	2,376	-4,647		
Change (YoY %)	21.3	-4.6	-11.7	-3.2	-14.0	-2.3	7.5	-0.7	3.2	-6.2		
Net Sales	343	346	305	343	347	332	350	368	1,388	1,397	309	8
Change (YoY %)	23.8	6.0	-4.7	-6.6	1.2	-4.1	15.0	7.2	7.6	0.7		
Change (QoQ %)	-6.6	1.1	-12.1	12.5	1.2	-4.2	5.4	4.9				
Total Expenditure	247	300	253	261	281	265	292	303	1,110	1,140		
As a % of net sales	72.1	86.5	83.1	76.3	80.9	79.7	83.4	82.3	80.0	81.6		
EBITDA	96	47	52	81	66	68	58	65	277	257	65	4
Change (YoY %)	-28.1	-65.3	-57.6	-33.5	-30.8	44.7	12.4	-20.0	-45.7	-7.5		
Change (QoQ %)	-21.9	-51.2	10.6	57.6	-18.6	2.1	-14.1	12.1				
(% of Net Sales)	27.9	13.5	16.9	23.7	19.1	20.3	16.6	17.7	20.0	18.4		
EBITDA(INR/t)	23,488	9,503	11,241	16,952	13,808	14,006	11,812	12,555	15,107	13,029	14,063	-
Interest	7	10	11	10	10	11	12	12	39	45		
Depreciation	14	14	14	14	14	14	16	16	58	61		
Other Income	5	8	9	7	15	8	10	10	25	43		
PBT (before EO Inc.)	79	30	36	64	56	51	40	47	205	193		
EO Income(exp)	-1	0	0	-7	0	-130			-8	-130		
PBT (after EO Inc.)	79	30	36	57	56	-79	40	47	198	63		
Reported PAT	59	22	27	40	46	-85	28	35	145	24		
Adjusted PAT	59	22	27	47	46	45	28	35	152	154	38	17
Change (YoY %)	-31.4	-74.7	-65.5	-40.4	-22.0	99.7	5.1	-26.8	-54.1	0.9		
Change (QoQ %)	-25.2	-62.3	21.3	74.1	-2.2	-3.3	-36.2	21.2				

*Note - 1QFY23, 2QFY23 and FY23 have been restated and now includes TSLP financials

Source: MOFSL, Company



Britannia Industries

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR4,527 TP: INR4,680 (+3%) Neutral

Bloomberg	BRIT IN
Equity Shares (m)	240
M.Cap.(INRb)/(USDb)	1090.5 / 13.1
52-Week Range (INR)	5270 / 3705
1, 6, 12 Rel. Per (%)	2/-5/16
12M Avg Val (INR M)	1649

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	163.0	174.3	193.7
Sales Gr. (%)	15.3	6.9	11.1
EBITDA	28.3	31.6	35.5
EBITDA mrg. (%)	17.4	18.1	18.3
Adj. PAT	19.4	21.3	25.0
Adj. EPS (INR)	80.3	88.6	103.8
EPS Gr. (%)	27.6	10.3	17.2
BV/Sh.(INR)	146.7	148.4	164.0

Ratios

RoE (%)	63.5	60.0	66.5
RoCE (%)	32.8	32.7	36.8
Payout (%)	89.6	85.0	85.0

Valuation

P/E (x)	56.4	51.1	43.6
P/BV (x)	30.9	30.5	27.6
EV/EBITDA (x)	38.3	34.3	30.4
Div. Yield (%)	1.6	1.7	1.9

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	50.6	50.6	50.6
DII	14.0	12.6	16.3
FII	19.7	21.3	17.2
Others	15.8	15.6	16.0

FII Includes depository receipts

Volumes flat; prices cut to remain competitive

- Britannia Industries (BRIT) reported muted revenue growth in 2QFY24 due to a high base, a slowdown in rural markets and competition from local players. GP margin and EBITDA margin expanded (YoY/QoQ) as RM prices declined, which led to profit growth of 19.8%.
- BRIT gained market share in 2QFY24 through price cuts in certain SKUs. The price cuts also helped it maintain competitiveness.
- Volume growth was flat (+20bp) and growth in Focus States also came down amid weak consumer sentiment, mainly in rural markets.
- BRIT continued to incur capex for setting up superior factories and capacity enhancement. Currently, it has in-house manufacturing capacity of 65%.
- Although we like the company's structural investment case accompanied by healthy return ratios, valuations at ~51x FY24E EPS/~44x FY25E EPS price in these factors. We reiterate our **Neutral rating on the stock with a TP of INR4,680 (premised on 45x FY25E EPS).**

Miss on sales; higher operating margin led to a slight beat on profit

- BRIT's consolidated sales rose 1.2% YoY to INR44.3b (est. INR46.4b) in 2QFY24. Consol. EBITDA/PBT/Adj. PAT increased by 22.6%/21.3%/19.8% YoY to INR8.7b/INR8.0b/INR5.9b (est. INR8.3b/INR7.6b/INR5.7b).
- The base business volume was flat in 2QFY24 (est. +3%).
- Consolidated gross margin grew 400bp YoY/100bp QoQ to 42.9% (est. 42.0%).
- EBITDA margin expanded 340bp YoY/250bp QoQ to 19.7% (est. of 17.8%).
- In 1HFY24, net sales/EBITDA/PAT grew 4.5%/28.8%/25.8%.
- **On a standalone basis**, sales/EBITDA/PAT grew 2.3%/22.3%/15.8% YoY in 2QFY24 to INR42.9b/INR8.4b/5.7b.
- 1HFY24 CFO/FCF increased by ~21%/107% YoY to INR9.7b/INR7.3b. BRIT incurred a capex of INR2.4b in 1HFY24 (vs. INR3.8b in 1HFY23). Cash and cash equivalent as of Sep'23 stood at INR1.2b (vs. INR1.0b as on Sep'22).

Highlights from the management commentary

- Overall commodity costs softened YoY in 2QFY24 as flour prices inched up and prices of sugar, palm oil, laminates and corrugated boxes softened YoY.
- The company has reduced prices by 1.5% from the peak level after increasing them by 22% during the inflationary environment. Hence, the overall price growth is still above 20%.
- Growth in Focus States declined in 2Q. As they are mainly rural-focused markets, overall rural growth is also down during the year.
- Four BRIT's brands fall into the INR 10b plus category, collectively contributing INR 9.7b to the overall turnover.
- BRIT plans to enhance capacity in the mega food park in Ranjangaon, which accounts for 15% of total capacity requirements.

Valuation and view

- We broadly maintain our FY24/FY25 EPS estimates.
- BRIT's valuations at ~51x FY24E P/E and ~44x FY25E P/E appear rich. Although we are optimistic about its potential in the Packaged Food space in the long run, as well as its remarkable progress in direct distribution and high RoE, we believe the current valuations already price in these positive factors. We reiterate our **Neutral rating on the stock with a TP of INR4,680 (premised on 45x FY25E EPS).**

Consol. Quarterly Performance

(INR b)

Y/E March	FY23				FY23				FY23	FY24	FY22	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		2QE		
Base business volume growth (%)	-2.0	4.0	2.0	3.0	0	0	5.0	4.0	1.8	2.3	3.0	
Net Sales	37.0	43.8	42.0	40.2	40.1	44.3	46.0	43.8	163.0	174.3	46.4	(4.5)
YoY change (%)	8.7	21.4	17.4	13.3	8.4	1.2	9.7	8.9	15.3	6.9	6.0	
Gross Profit	13.6	17.1	18.3	18.1	16.8	19.0	19.1	18.1	67.1	73.0	19.5	(2.5)
Margins (%)	36.9	38.9	43.7	44.9	41.9	42.9	41.5	41.3	41.2	41.9	42.0	
EBITDA	5.0	7.1	8.2	8.0	6.9	8.7	8.2	7.8	28.3	31.6	8.3	5.6
Margins (%)	13.5	16.3	19.5	19.9	17.2	19.7	17.8	17.7	17.4	18.1	17.8	
YoY growth (%)	-9.6	27.5	51.5	45.7	37.6	22.6	0.4	-3.2	28.6	11.5	16.0	
Depreciation	0.5	0.5	0.6	0.7	0.7	0.7	0.7	0.8	2.3	2.9	0.7	
Interest	0.4	0.5	0.4	0.3	0.5	0.5	0.5	0.5	1.7	2.0	0.5	
Other Income	0.6	0.5	0.5	0.6	0.5	0.5	0.6	0.6	2.2	2.2	0.6	
PBT	4.6	6.6	7.7	7.6	6.2	8.0	7.5	7.1	26.5	28.8	7.6	5.0
Tax	1.3	1.7	2.2	2.0	1.7	2.1	1.9	1.8	7.2	7.5	2.0	
Rate (%)	27.5	25.6	28.1	26.9	26.9	26.5	25.2	25.1	27.0	25.9	25.8	
Adjusted PAT	3.4	4.9	5.6	5.5	4.5	5.9	5.6	5.3	19.4	21.3	5.7	4.0
YoY change (%)	-13.2	28.5	49.7	46.5	34.7	19.8	1.4	-4.1	27.6	10.3	15.2	

E: MOFSL Estimates



Estimate changes	↔
TP change	↔
Rating change	↔

CMP: INR530 TP: INR660 (+24%) Buy

Beat on results; rural market still lagging

Bloomberg	DABUR IN
Equity Shares (m)	1772
M.Cap.(INRb)/(USDb)	939.9 / 11.3
52-Week Range (INR)	611 / 504
1, 6, 12 Rel. Per (%)	-1/-7/-11
12M Avg Val (INR M)	1127

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	115.3	128.2	143.5
Sales Gr. (%)	5.9	11.2	11.9
EBITDA	21.6	25.6	29.3
EBITDA mrg. (%)	18.8	19.9	20.4
Adj. PAT	17.0	20.0	23.1
Adj. EPS (INR)	9.6	11.3	13.0
EPS Gr. (%)	-6.9	17.4	15.5
BV/Sh.(INR)	50.6	56.8	62.0

Ratios

RoE (%)	19.6	21.0	21.9
RoCE (%)	17.6	18.5	19.5
Payout (%)	54.2	61.8	60.0

Valuation

P/E (x)	55.2	47.0	40.7
P/BV (x)	10.5	9.3	8.5
EV/EBITDA (x)	40.9	34.5	29.8
Div. Yield (%)	1.0	1.3	1.5

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	66.2	66.2	67.2
DII	9.9	8.9	6.7
FII	18.4	19.4	20.2
Others	5.5	5.5	5.8

FII Includes depository receipts

- DABUR achieved steady revenue and double-digit operating profit growth, with improvement in gross margins led by moderating inflation despite 43% increase in Ad-spends. While there has been a sequential improvement noted in urban markets, the rural market is still lagging behind. However, there are promising signs of recovery in rural sentiments.
- Digestive and home care portfolio saw strong double-digit growth, while beverages witnessed a decline due to uneven distribution of rainfall and a shift in the festive season. Leveraging synergies within the healthcare portfolio, the company expects to achieve double-digit consolidated sales growth in FY24. The success of Badshah masala (grew 16.4%) is contributing significantly to the growth momentum of the food portfolio and food business including Badshah is on track to achieve ~INR5b annual revenue.
- Legal proceedings related to the hair relaxer industry resulted in a legal charge of ~INR360m for Dabur's US-based step-down subsidiary, Namaste LLC, during the quarter. Going forward, the anticipated legal expenses are expected to range between INR200m and INR220mn per quarter.
- DABUR has demonstrated a faster rural recovery compared to the industry, with nearly half of its domestic sales originating from rural markets. Strengthening distribution infrastructure and fostering innovation are expected to further boost the company's growth momentum. **We reiterate our BUY rating on the stock with a TP of INR660 at 50x FY25E EPS.**

In-line sales; higher operating margin led Adj. PAT beat

Consolidated

- Dabur's 2QFY24 consolidated sales grew 7.3% to INR32.0b (est. INR32b).
- EBITDA/PBT/adj. PAT adjusted to the amortization and legal cost increased 16%/9.3%/14.7% YoY to INR7.0b/INR7.0b/INR5.6 b (est. INR6.2b/INR6.4b/INR4.9b). Reported PAT grew 5.1% YoY to INR5.2b.
- The company posted 3% (est. 3%) India FMCG volume growth and with Badshah, it reported 5.8% in 2QFY24.
- Gross margin expanded 290bp YoY to 48.3% (est. 46.9%).
- As a percentage of sales, higher ad-spends (up 170bp YoY to 6.8%), lower other expenses (down 60bp YoY to 10%) and stable staff costs (up 20bp YoY to 9.8%) restricted **EBITDA margin expansion by 160bp to 21.8%** (est. 19.2%).
- In 1HFY24, Net sales/EBITDA/Adj. PAT increased 9%/13.7%/11.5%.
- The board has a declared interim dividend of INR2.75.
- **International business** grew 23.6% in CC terms and 10.4% in INR terms.

Standalone

- **2QFY24 standalone** sales grew 3% YoY to INR23.3b.
- EBITDA/adj. PAT increased 7.6%/6.2% YoY to INR5.1b/INR4.2b.
- EBITDA margin came in at 21.8%.
- In 1HFY24, Net sales/EBITDA/Adj. PAT increased 5.3%/7.9%/7%.

Highlights from the management commentary

- Uneven rainfall, particularly in North India, significantly affected the beverage portfolio of the Indian business. Despite this, Ex Beverages, Dabur India's business, witnessed a 6% YoY growth, driven by a 5% YoY increase in volume.
- There has been a 43% increase in ANP investments, emphasizing the importance of media investments for long-term sustainable growth and maintaining market leadership.
- During the quarter, HPC portfolio grew 5.8% YoY. Home care saw a robust 15% YoY growth, driven by double-digit increases in odomos and odonil
- With moderation in inflation and distribution changes in the international business, a robust recovery has been witnessed, resulting in a significant 23.6% constant currency growth.
- Legal costs on Namaste LLC were around INR 300-350m per quarter in the first half. Moving forward, it will be capped at INR 200-220m per quarter.

Valuation and view

- There are no material changes to our FY24 and FY25 estimates.
- DABUR continues to grow and gain share despite persistent challenges in key categories. The recent softening in inflation and improved rural demand have contributed to a revival in volume growth across its portfolio.
- The company's commitment to volume growth, widespread expansion, and capturing market share, combined with a strong pipeline of new product developments, go-to-market strategies, and effective cost management, strengthen our belief in its promising potential.
- Moreover, the increased investment in advertising and promotions is expected to provide an additional boost to its growth trajectory. **We reiterate our BUY rating with a TP of INR660 (premised on 50x FY25E EPS).**

Quarterly Performance (Consolidated)

Y/E March	(INR b)											
	FY23				FY23				FY23	FY24E	FY23	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Domestic FMCG vol. growth (%)	5.0	2.0	-3.0	1.0	3.0	3.0	8.0	7.0	2.0	5.3	3.0	
Net sales	28.2	29.9	30.4	26.8	31.3	32.0	34.6	30.3	115.3	128.2	32.0	0.2%
YoY change (%)	8.1	6.0	3.4	6.4	10.9	7.3	13.7	13.2	5.9	11.2	7.1	
Gross profit	12.9	13.6	13.9	12.3	14.6	15.5	16.4	14.3	52.6	60.8	15.0	3.2%
Margin (%)	45.9	45.4	45.5	45.8	46.6	48.3	47.5	47.1	45.6	47.4	46.9	
EBITDA	5.4	6.0	6.1	4.1	6.0	7.0	6.8	5.7	21.6	25.6	6.2	13.3%
Margins (%)	19.3	20.1	20.0	15.3	19.3	21.8	19.8	18.8	18.8	19.9	19.2	
YoY growth (%)	-1.5	-3.2	-2.8	-9.6	11.2	16.0	12.3	39.4	-4.0	18.2	2.4	
Depreciation	0.7	0.7	0.7	0.9	0.9	0.9	0.9	0.9	3.1	3.5	0.9	
Interest	0.1	0.2	0.2	0.3	0.2	0.3	0.2	0.1	0.8	0.8	0.2	
Other income	1.0	1.2	1.0	1.2	1.1	1.2	1.2	1.2	4.5	4.7	1.2	
PBT	5.6	6.4	6.2	4.1	6.0	7.0	7.0	5.9	22.2	25.9	6.4	9.5%
Tax	1.2	1.5	1.4	1.0	1.4	1.4	1.6	1.5	5.2	5.9	1.5	
Rate (%)	21.8	23.1	23.1	25.4	22.6	20.7	23.5	24.7	23.3	22.8	23.4	
Adjusted PAT	4.4	4.9	4.8	3.1	4.7	5.6	5.3	4.3	17.0	20.0	4.9	15.5%
YoY change (%)	0.7	-2.8	-5.0	-17.8	7.8	14.7	11.7	36.9	-6.7	17.4	-0.7	
Extraordinary Inc/(Exp)	0.0	0.0	0.0	0.1	0.1	0.5	0.3	0.2	0.0	1.1	0.1	
Reported PAT	4.4	4.9	4.8	3.0	4.6	5.2	5.0	4.0	17.0	18.9	4.8	8.2%

E: MOFSL Estimates



Hero MotoCorp

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USDb)	610 / 7.3
52-Week Range (INR)	3275 / 2246
1, 6, 12 Rel. Per (%)	2/17/10
12M Avg Val (INR M)	1621

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	338.1	374.2	407.4
EBITDA	39.9	52.4	57.2
Adj. PAT	29.1	40.2	42.7
Adj. EPS (INR)	145.6	201.0	213.2
EPS Gr. (%)	17.7	38.0	6.1
BV/Sh. (INR)	836	930	1,034

Ratios

RoE (%)	17.9	22.8	21.7
RoCE (%)	17.6	22.3	21.3
Payout (%)	68.7	52.2	51.6

Valuations

P/E (x)	20.9	15.2	14.3
P/BV (x)	3.6	3.3	3.0
Div. Yield (%)	3.3	3.4	3.6
FCF Yield (%)	3.3	6.0	7.0

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	34.8	34.8	34.8
DII	29.2	27.3	26.9
FII	26.8	28.1	27.8
Others	9.3	9.9	10.5

FII Includes depository receipts

CMP: INR3,052 TP: INR3,850 (+26%) Buy

Inline operating performance

Looking to ramp up total production of HD and Karizma to 10k/month soon

- Hero MotoCorp's 2Q operating performance was in line, while higher 'other income' drove PAT beat. During the initial 17 days of the festive season, HMCL experienced a volume growth of ~15% YoY, driven by the resurgence in rural demand. The order back log for HD X440 stands at ~25k units, which are set to be fulfilled over the next four months. It aims to ramp up production capacity to 10k units/month together for HD and Karizma.
- We raise our FY24/25E EPS estimate by ~7%/5% to factor in for better product mix and higher other income. We reiterate our BUY rating on the stock with a TP of INR3,850 (16x Sep'25E EPS + INR226/INR116 for Hero FinCorp/Ather after a 20% holding company discount).

2QFY24 EBITDA margin for ICE at ~15%, deployed 90bp behind EVs

- 2QFY24 revenue/EBITDA/PAT grew 4%/28%/47% YoY to INR94.5b/INR13.3b/INR10.5b (vs. est. INR92.5b/12.7b/9.4b). 1HFY24 revenue/EBITDA/Adj PAT grew 4%/28%/49% YoY.
- Net realizations grew 5% YoY to INR66.7k (vs. est. INR65.3k). Volumes declined 1% YoY.
- Gross margins expanded 340bp YoY (up 80bp QoQ) to 31.4% (vs. est. 30.9%), owing to lower commodity costs and a favorable product mix.
- However, despite higher-than-estimated 'other expenses' (up 70bp YoY/up 100bp QoQ; as a % of sales) offsetting gross margins gains, EBITDA margins expanded 260bp YoY (up 30bp QoQ) to 14.1% (vs. est. 13.7%). EBITDA grew 28% YoY to INR13.3b (vs. est. INR12.7b).
- Further, higher-than-estimated 'other income' boosted adj. PAT, which grew 47% YoY to INR10.5b (vs. est. INR9.4b).
- CFO for 1HFY24 stood at INR10.8b (vs. INR4.5b in 1HFY23), led by strong operating performance. Capex for 1HFY24 was INR3.1b (vs. INR2.3b in 1HFY23). FCFE was at INR7.8b (vs. INR2.2b in 1HFY23).

Highlights from the management commentary

- **Festival demand-** Within the first 17 days, HMCL has grown 15% compared to the previous festive season. Furthermore, the industry as a whole is thriving. The company has devised a comprehensive strategy encompassing its entire product portfolio. Rural demand has picked up as well. In the last two to three years, the mix had slightly tilted toward the urban segment. Now, it has evenly balanced out, indicating the recovery in rural segment. After the festivals, increased demand owing to the marriage season is expected to fuel growth for HMCL.
- **Premium: HD/Karizma has order backlog of ~25k/14k units.** Planning to ramp up production capacity between HD and Karizma to 10k units/month in phase-1. Hero 2.0- currently has 200 stores and plans to get to 500 stores in the next six months.

- **Electric 2W- EVs are holding a 5% volume share** even in the festive season, which indicates increasing adoption of EVs in the rural areas. Vida has breached the milestone of 2k units in monthly sales. This figure is anticipated to rise even further in the coming months. The company's objective is to extend its presence to more than 100 cities by December'23 and diversify its product offerings by introducing new models at various price points in FY25. Currently, the production run rate stands at ~1k units/week.
- **Believe industry is in the Margin recovery phase- In 2Q**, the ICE margin was 15%, with 90bp allocated towards EV initiatives. However, as of now, the EV segment has not achieved a positive outcome, even at the gross profit level.

Valuation and view

- We expect a noticeable recovery in the domestic 2W demand to persist. This resurgence is primarily attributed to steady demand in urban markets, improved uptake in rural areas, healthy festive growth, and a lower base from the previous year. In addition to these factors, the stability in RM prices and operational cost savings are expected to contribute to an earnings CAGR of ~21% over FY23-25E.
- HMCL is a pure play in the domestic 2W industry, with its stronghold in the 100cc motorcycle segment. The company has low vulnerability to EVs due to its limited reliance on the scooter segment, which accounts for only 8% of its total volumes. Additionally, its core product, the 100CC Motorcycle is less susceptible to the impact of EVs.
- The stock currently trades at ~15.2x/14.3x FY24E/FY25E EPS. We reiterate our BUY rating with a TP of INR3,850 (16x Sep'25E EPS + INR226/INR116 for Hero FinCorp/Ather after 20% holding company discount).

Quarterly Performance-SA

(INR Billion)

Y/E March	FY23				FY24E				FY23	FY24E	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Total Volumes ('000 nos)	1,390	1,428	1,240	1,270	1,353	1,417	1,470	1,414	5,329	5,653	1,417
Growth YoY (%)	35.7	-0.7	-4.1	6.9	-2.7	-0.8	18.6	11.3	7.8	6.1	-0.8
Net Realization	60,370	63,545	64,782	65,382	64,819	66,680	66,847	66,304	63,443	66,184	65,305
Growth YoY (%)	12.7	8.1	6.2	4.7	7.4	4.9	3.2	1.4	7.3	4.3	2.8
Net Op Revenues	83.9	90.8	80.3	83.1	87.7	94.5	98.3	93.8	338.1	374.2	92.5
Growth YoY (%)	53.0	7.4	1.9	11.9	4.5	4.1	22.3	12.9	15.6	10.7	1.9
RM Cost (% sales)	72.8	72.0	69.4	68.0	69.4	68.6	68.8	68.9	70.6	68.9	69.1
Staff Cost (% sales)	6.4	6.0	6.8	6.7	6.6	6.1	6.1	6.2	6.5	6.2	6.4
Other Exp (% sales)	9.6	10.6	12.3	12.3	10.3	11.2	11.0	10.9	11.2	10.9	10.8
EBITDA	9.4	10.4	9.2	10.8	12.1	13.3	13.9	13.1	39.9	52.4	12.7
Growth YoY (%)	82.7	-2.6	-3.7	30.9	28.2	27.9	50.4	21.1	0.0	0.0	22.3
EBITDA Margins (%)	11.2	11.4	11.5	13.0	13.8	14.1	14.1	14.0	11.8	14.0	13.7
Other Income	0.5	0.9	1.8	2.4	2.2	2.5	1.9	1.7	5.7	8.3	2
Interest	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0
Depreciation	1.6	1.6	1.6	1.7	1.7	1.7	1.8	1.8	6.6	7.0	2
PBT before EO Exp/(Inc)	8.2	9.6	9.4	11.5	12.5	14.0	14.0	12.9	38.7	53.4	12.4
Effective Tax Rate (%)	24.2	25.7	24.4	25.1	24.7	24.6	24.7	24.8	24.9	24.7	24.8
Adj. PAT	6.2	7.2	7.1	8.6	9.5	10.5	10.5	9.7	29.1	40.2	9.4
Growth (%)	70.9	-9.9	3.6	37.0	51.3	47.2	48.0	13.2	17.7	38.2	30.7



Godrej Properties

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR1,716 TP: INR2,015 (+17%) Buy

Strong show on pre-sales and healthy cash flows

Pre-sales doubled YoY driven by new launches

- Godrej Properties (GPL) reported bookings of INR50b in 2QFY24, up 109%/133% YoY/QoQ (27% above our estimate). Sales volume surged 93%/133% YoY/QoQ to 5.24msf. Blended realizations improved 8% YoY but declined 4% sequentially to INR9,600/sft due to relatively higher contribution from the plotted projects, which have lower realizations.
- Unlike 1QFY24, pre-sales during the quarter were largely driven by new phases/project launches, which generated 80% of total sales. The company launched seven new projects/phases with combined saleable area of ~5msf.
- GPL has indicated a launch pipeline of ~22msf for FY24 of which 6msf have been launched in 1HFY24. Management reiterated its guidance to exceed INR140b pre-sales in FY24. We expect GPL to clock bookings of INR150b.
- Revenue jumped 108% YoY to INR3.4b vs. our estimate of INR2.2b fueled by higher-than-expected project recognition. It reported an operating loss of INR0.7b. PAT grew 8% YoY to INR726m aided by other income of INR2.6b.

Healthy OCF; debt continues to inch up due to BD activity

- GPL reported gross collections of INR26.5b, up 19% YoY/QoQ each. The spending on construction & overheads increased 24% YoY, leading to an OCF of INR5.6b (up 4% YoY) during the quarter.
- GPL spent INR14b on land and approvals, leading to a deficit of INR8.7b. The company raised INR27b of NCD leading to an increase in gross debt to INR102b vs. INR76b in 1QFY24. GPL had a cash balance of INR41b in 2QFY24 (vs. INR23b in 1QFY24).
- Net debt was at INR61b with a net D/E of 0.65x; management reiterated its guidance of keeping the ratio between 0.5x and 1.0x in the near term.

Key highlights from the management commentary

- Demand** for housing continues to grow, with favorable microeconomic indicators and a continued preference for large developers. GPL's most important priority is to launch all the recently acquired projects, which will accelerate its bookings and earnings growth trajectories.
- Business development:** Given the significant progress made on BD in the last few quarters, the focus has shifted to execution as the company is confident of achieving its near-term growth targets with projects already in the portfolio. It plans to enter the Hyderabad market soon.
- Launches of key projects:** A few recently acquired projects like Sector 49 Gurugran, Raj Kapoor Bungalow, Mahalunge (premium phase), Ananda (Bengaluru) are front-ended (launching sooner than expected). It has made an encouraging progress on approvals for Ashok Vihar, and now only 3-4 approvals are yet to be received. Management is moderately confident on launching it in 4QFY24, but the company will surely achieve the sales guidance irrespective of the status of individual projects.

Bloomberg	GPL IN
Equity Shares (m)	278
M.Cap.(INRb)/(USDb)	477.1 / 5.7
52-Week Range (INR)	1769 / 1005
1, 6, 12 Rel. Per (%)	13/24/32
12M Avg Val (INR M)	950

Financials & Valuations (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	21.9	34.8	39.0
EBITDA	0.8	7.4	9.1
EBITDA (%)	3.7	21.3	23.4
PAT	6.9	12.0	13.9
EPS (INR)	24.8	43.2	50.0
EPS Gr. (%)	96.3	93.3	102.1
BV/Sh. (INR)	354.2	397.4	447.4

Ratios

Net D/E	0.6	0.4	0.3
RoE (%)	7	11	12
RoCE (%)	5	7	8
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	69	40	34
P/BV (x)	5	4	4
EV/EBITDA (x)	666	71	56
Div Yield (%)	0	0	0

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	58.5	58.5	58.5
DII	4.6	4.3	4.5
FII	29.3	28.9	27.5
Others	7.7	8.4	9.5

Valuation and view

- GPL has achieved 52% of its annual pre-sales target, and given the strong launch pipeline of 16msf in 2HFY24, it can comfortably exceed its guidance for FY24.
- Management intends to launch the recently acquired projects on priority, which would accelerate the booking growth and enable higher cash flow given the favorable ownership of new projects.
- Sustained traction in BD continues to provide strong visibility on pre-sales growth. Further, improvement in profitability led by higher completions of projects with favorable ownership augurs well for the stock. **We roll forward our estimates and reiterate our BUY rating with an increased TP of INR2,015 (implying 17% upside).**

Quarterly Performance (INR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E 2QE	Variance (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Gross Sales	2,447	1,651	1,962	16,463	9,360	3,430	2,299	6,810	22,523	21,900	2,215	55
YoY Change (%)	184.0	27.7	-29.6	23.7	282.6	107.8	17.2	-58.6	23.4	-2.8	34.2	
Total Expenditure	2,589	2,325	2,130	12,996	9,303	4,047	2,996	4,753	20,040	21,098	2,391	
EBITDA	-142	-674	-168	3,466	57	-617	-696	2,057	2,482	802	-176	
Margins (%)	-5.8	-40.8	-8.6	21.1	0.6	-18.0	-30.3	30.2	11.0	3.7	-8.0	
Depreciation	55	56	65	66	69	74	70	67	241	280	70	
Interest	345	406	457	535	297	480	604	943	1,742	2,324	604	
Other Income	1,817	2,041	2,084	1,926	3,299	2,621	2,088	2,431	7,867	10,439	840	
PBT before EO expense	1,276	905	1,394	4,791	2,990	1,451	718	3,478	8,366	8,637	-10	-14,709
Extra-Ord expense	0	0	0	0	1,550	0	0	0	0	-1,550	0	
PBT	1,276	905	1,394	4,791	1,440	1,451	718	3,478	8,366	7,087	-10	-14,709
Tax	327	-188	449	1,159	592	388	144	1,002	1,747	2,126	-2	
Rate (%)	25.6	-20.7	32.2	24.2	41.1	26.7	20.0	28.8	20.9	30.0	20.0	
Minority Interest & P/L of Asso. Cos.	-516	-423	-381	913	488	-336	334	349	-407	834	612	
Reported PAT	433	670	564	4,545	1,336	726	908	2,825	6,212	5,795	604	20
Adj PAT	433	670	564	4,545	2,248	726	908	2,825	6,212	6,707	604	
YoY Change (%)	154.6	87.7	44.8	75.6	419.3	8.4	61.0	-37.9	77.2	8.0	-9.9	
Margins (%)	17.7	40.6	28.7	27.6	24.0	21.2	39.5	41.5	27.6	30.6	27.3	
Operational Metrics												
Sale Volume (msf)	2.8	2.7	4.6	5.3	2.3	5.2	5.4	4.5	15	17	4.1	29
Sale Value (INRb)	25	24	33	41	23	50	40	37	122	150	39.7	27
Collections (INRb)	18	22	21	43	22	27	38	53	105	140	37.0	-28
Realization/sft	8,906	8,883	7,145	7,716	10,018	9,607	7,505	8,124	8,041	8,624	9,771	-2

Source: MOFSL, Company



Indraprastha Gas

Estimate change	↑
TP change	↔
Rating change	↔

CMP: INR390 **TP: INR350 (-10%)** **Sell**

Volume growth to moderate amid multiple headwinds

Bloomberg	IGL IN
Equity Shares (m)	700
M.Cap.(INRb)/(USDb)	272.9/ 3.3
52-Week Range (INR)	516 / 376
1, 6, 12 Rel. Per (%)	-12/-26/-13
12M Avg Val (INR M)	845

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	141.5	135.1	137.8
EBITDA	20.4	25.5	26.2
Adj. PAT	14.5	18.0	18.2
Adj. EPS (INR)	20.6	25.7	25.9
EPS Gr. (%)	9.9	24.5	1.0
BV/Sh.(INR)	101.2	119.2	137.4

Ratios

Net D:E	-0.4	-0.3	-0.3
RoE (%)	20.6	23.3	20.2
RoCE (%)	19.9	22.5	19.6
Payout (%)	63.0	30.0	30.0

Valuation

P/E (x)	18.9	15.2	15.0
P/BV (x)	3.9	3.3	2.8
EV/EBITDA (x)	12.1	9.7	9.3
Div. Yield (%)	3.3	2.0	2.0
FCF Yield (%)	3.7	2.2	3.1

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	45.0	45.0	45.0
DII	26.2	25.2	25.3
FII	20.9	22.1	21.0
Others	7.8	7.7	8.7

FII Includes depository receipts

- Indraprastha Gas (IGL)'s 2QFY24 EBITDA, at INR6.6b, came in line with our estimate. However, its PAT, at INR5.3b, delivered 24% beat. Volumes rose 3% YoY to 8.3mmscmd during the quarter.
- Management expects that ~15% of IGL's volume may be hit due to the implementation of the recently approved Delhi Motor Vehicle Aggregator and Delivery Service Provider Scheme. Although management has kept its volume guidance unchanged at 9mmscmd as of end-FY24, the outlook for FY25 remains uncertain due to the implementation of the aforementioned scheme.
- Lack of adequate infrastructure and paucity of credible EV options (Tata Tiago being the only credible option in sub-INR1m category) remain the key challenges in implementation of the scheme. However, given the upcoming elections in Delhi in 2025, we believe the policy noise around EVs will remain high in Delhi, thereby capping the valuation upside.
- Owing to stronger-than-expected margins in 1HFY24, we raise our EBITDA/scm assumption to INR8 from 2HFY24 onwards. Subsequently, we raise our EBITDA/PAT estimates by 3%/7% for FY24 and by 13%/14% for FY25.
- We expect IGL's volumes to grow at 5%/8% in FY24/FY25, as against an 11% CAGR during FY16-23, owing to multiple headwinds. We value the stock at 12x FY25E adj. EPS of INR25.1 and add value of JV at 25% holding company discount to arrive at our TP of INR350. **We reiterate our Sell rating.**

EBITDA in line but IGL delivers a beat on PAT

- Total volumes were in line with our estimate at 8.3mmscmd (up 3% YoY).
- **CNG volumes stood at 6.25mmscmd (up 3% YoY)**
- PNG volumes stood at 2.06mmscmd (up 3% YoY)
- EBITDA/scm came in at INR8.6 (vs. our est. of INR8 and INR8.6 in 1QFY24)
- **Gross margin came in at INR14.1/scm (vs. INR14.4/scm in 1QFY24)**
- Opex stood at INR5.5/scm (vs. INR5.8/scm in 1QFY24)
- Resulting EBITDA was in line at INR6.6b (up 25% YoY)
- PAT was above our est. at INR5.3b (up 29% YoY) due to higher-than-estimated other income at INR1.3b (vs. INR457m in 1QFY24)
- IGL's share in CUGL and MNGL added INR902m to its consol. profit (up 29% YoY) in 2QFY24.
- **For 1HFY24, EBITDA was up 13% YoY to INR13b, with EBITDA/scm at INR8.6 (down 7% YoY). PAT was up 16% YoY to INR9.7b during the period.**
- Total volumes were up 3% YoY to 8.3mmscmd,
- with CNG at 6.2mmscmd (up 3% YoY) and
- PNG at 2mmscmd (up 3% YoY).
- IGL's share in CUGL and MNGL added INR1.7b to its consol. profit (up 41% YoY) during the period.

Valuation and view

- The volume growth trajectory in the near-to-medium term will remain slow as PNG supply faces constraints, in our opinion:
 - I/C PNG volume growth is coming to a standstill amid competition from alternative fuels
 - Stagnant volume growth in D-Haryana segment over the past few quarters amid limited investment and ongoing dispute
 - The single-unit nature of landed house in Delhi / new geographical areas (unlike skyscrapers in Mumbai), makes it difficult to maintain high volume growth rates in D-PNG.
- These three categories account for 2mmscmd (~25% of volumes) and are a drag on growth. As such, while IGL’s volumes reported 11% CAGR over FY16-23, we are building in 5%/8% growth in FY24/FY25E. Lastly, we believe EBITDA/scm may have peaked in 1HFY24 and could decline going forward.
- We value the stock at 12x FY25E adj. EPS of INR25.1 and add value of JV at 25% holding company discount to arrive at our TP of INR350. **We reiterate our Sell rating.**

Quarterly performance

Y/E March	(INR m)											
	FY23				FY24				FY23	FY24E	FY24	Var vs
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Net Sales	31,939	35,540	37,108	36,872	34,070	34,585	34,056	32,349	1,41,459	1,35,061	35,634	-3%
Change (%)	154.0	94.1	67.5	53.3	6.7	-2.7	-8.2	-12.3	83.5	-4.5	0.3	
EBITDA	6,175	5,275	4,285	4,663	6,424	6,569	6,289	6,226	20,398	25,509	6,248	5%
EBITDA (INR/scm)	8.6	7.1	5.7	6.3	8.6	8.6	7.9	7.9	6.9	8.2	8.0	7%
Change (%)	62.1	-0.5	-8.8	-6.8	4.0	24.5	46.8	33.5	8.4	25.1	18.4	
Depreciation	857	914	925	938	989	1,022	1,047	1,128	3,634	4,186	1,036	-1%
Interest	24	31	26	26	24	25	28	35	106	111	28	
Other Income	307	1,100	557	654	457	1,340	496	542	2,619	2,834	560	139%
PBT before EO	5,602	5,430	3,891	4,354	5,867	6,862	5,711	5,605	19,277	24,045	5,743	19%
Tax	1,394	1,269	1,109	1,057	1,483	1,514	1,437	1,844	4,827	6,059	1,446	5%
Rate (%)	24.9	23.4	28.5	24.3	25.3	22.1	25.2	32.9	25.0	25.2	25.2	
PAT	4,209	4,162	2,783	3,298	4,384	5,348	4,273	3,761	14,450	17,986	4,298	24%
PAT (INR/scm)	5.9	5.6	3.7	4.4	5.9	7.0	5.4	4.7	4.9	5.8	5.5	27%
Change (%)	72.3	3.9	-9.8	-8.8	4.2	28.5	53.6	14.1	9.9	24.5	3.3	
Gas volumes (mmscmd)												
CNG	5.93	6.09	6.07	6.11	6.17	6.25	6.37	6.30	6.05	6.27	6.27	0%
PNG	1.96	2.00	2.05	2.14	2.03	2.06	2.24	2.41	2.04	2.18	2.22	-7%
Total	7.89	8.09	8.12	8.26	8.20	8.30	8.60	8.71	8.09	8.45	8.49	-2%



LIC Housing Finance

Estimate change	↑
TP change	↔
Rating change	↔

CMP: INR449 TP: INR550 (+23%) Buy

Asset quality improves but loan growth still muted

Earnings in line even as NIM moderates QoQ

Bloomberg	LICHF IN
Equity Shares (m)	550
M.Cap.(INRb)/(USDb)	246.8 / 3
52-Week Range (INR)	481 / 315
1, 6, 12 Rel. Per (%)	-1/21/17
12M Avg Val (INR M)	1042

- LICHF reported a 2QFY24 PAT of ~INR11.9b (in line), which grew 290% YoY, driven by healthy NII growth (even as 2QFY23 had the lagged impact of transmission of interest rates) and in-line credit costs.
- NII at ~INR21.1b (in line) rose ~81% YoY in 2QFY24, while PPOP at INR19b (5% beat) grew 100% YoY (but declined 5% QoQ). Cost-to-income ratio stood at ~12% (PY: ~22% and PQ: ~11%).
- NIM (reported), at ~3%, contracted ~15bp QoQ in 2QFY24. As of 1HFY24, reported yields and CoF stood at 10% and 7.7%, respectively, leading to spreads of 2.4% (v/s 1QFY24 spreads of 2.5%). We do not believe that NIMs can be sustained at current levels and model a NIM compression (from current levels) for the rest of the fiscal year.
- We model NIM of 2.9%/2.7%/2.6% for FY24/FY25/FY26. To factor in the higher NIM (v/s earlier expectations) and lower credit costs, we increase our FY24E EPS by ~5%. We model an advances/PAT CAGR of 9%/21% over FY23-26E for an RoA/RoE of 1.5%/14% in FY26E.
- Moderation in yields driven by re-pricing for customer retention and muted loan growth was a dampener despite the asset quality improvement (aided by technical write-offs). While we hope for the volatility in NIM and ECL provisioning to subside, we still see a favorable risk-reward at 0.7x Sep'25 P/BV. We reiterate our **BUY rating with an unchanged TP of INR550 (premised on 0.8x Sep'25E P/BV)**.

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	80.8	81.4	87.3
PPP	70.7	70.7	76.0
PAT	45.2	46.3	50.7
EPS (INR)	82.2	84.1	92.2
EPS Gr. (%)	56.4	2.3	9.7
BV/Sh (INR)	557	623	695

Ratios

NIM (%)	2.9	2.7	2.6
C/I ratio (%)	14.6	15.4	15.2
RoAA (%)	1.6	1.5	1.5
RoE (%)	15.7	14.3	14.0
Payout (%)	11.0	11.3	11.0

Valuations

P/E (x)	5.5	5.3	4.9
P/BV (x)	0.8	0.7	0.6
Div. Yield (%)	2.0	2.1	2.3

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	45.2	45.2	45.2
DII	21.8	25.2	20.9
FII	21.0	17.0	20.8
Others	12.0	12.6	13.1

FII Includes depository receipts

Highlights from the management commentary

- LICHF maintained its loan growth guidance of 12%-15% in FY24. Management believes that the growth requirement in 2HFY24 will be higher to achieve this guidance but is reasonably confident of achieving the same.
- Management guided for NIM in the range of 2.6-2.8% in FY24. Assuming the status quo in policy repo rates, it should be able to maintain the NIM in FY25 as well.
- LICHF guided for credit costs of ~50-55bp in FY24 and the costs should decline further by 10-15bp in FY25/FY26E.

Valuation and View

- LICHF has strong moats in retail mortgages and on the liability side and it has demonstrated its ability to transmit higher borrowing costs to its customers. We model credit costs of ~55bp (vs. guidance of 50-55bp).
- LICHF's valuation of 0.7x Sep'25E P/BV reflects the volatility in LICHF's NIM trajectory, asset quality, write-offs and ECL provisioning. We estimate an RoA/RoE of 1.5%/14% in FY26 and reiterate our **BUY** rating on the stock with a unchanged TP of INR550 (based on 0.8x Sep'25E BVPS).
- **Key downside risks:** a) Slippages from the restructured pool, leading to higher credit costs, and b) volatility in NIM profile and ECL provisioning.

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	2QFY24E	Act. v/s est. (%)
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24				
Interest Income	52,502	50,493	58,387	63,780	67,037	67,066	67,133	68,322	2,25,162	2,69,558	66,702	1
Interest Expenses	36,400	38,864	42,328	43,877	44,942	46,000	47,610	50,223	1,61,860	1,88,775	46,291	-1
Net Interest Income	16,102	11,629	16,059	19,903	22,094	21,066	19,523	18,099	63,303	80,783	20,411	3
YoY Growth (%)	26.3	-0.4	10.4	21.5	37.2	81.2	21.6	-9.1	14.4	27.6	75.5	7
Fees and other income	407	427	374	371	429	521	522	490	1,580	1,962	540	-3
Net Income	16,509	12,056	16,432	20,274	22,523	21,587	20,046	18,589	64,882	82,745	20,951	3
YoY Growth (%)	26.1	-0.3	7.8	15.4	36.4	79.1	22.0	-8.3	11.9	27.5	73.8	7
Operating Expenses	2,029	2,610	2,876	2,759	2,425	2,595	2,933	4,120	9,883	12,073	2,871	-10
Operating Profit	14,481	9,447	13,557	17,515	20,098	18,993	17,113	14,469	55,000	70,672	18,080	5
YoY Growth (%)	40.9	-0.4	2.9	16.2	38.8	101.1	26.2	-17.4	14.6	28.5	91.4	11
Provisions and Cont.	3,077	5,658	7,627	3,068	3,608	4,192	3,600	3,443	19,430	14,843	4,000	5
Profit before Tax	11,404	3,789	5,930	14,448	16,490	14,801	13,513	11,026	35,570	55,829	14,080	5
Tax Provisions	2,149	739	1,127	2,645	3,253	2,920	2,527	1,907	6,660	10,608	2,675	9
Net Profit	9,255	3,050	4,803	11,803	13,237	11,881	10,986	9,119	28,910	45,222	11,405	4
YoY Growth (%)	503.2	23.0	-37.4	5.5	43.0	289.6	128.7	-22.7	26.4	56.4	274.0	
Key Operating Parameters (%)												
Yield on loans (Cal)	8.29	7.80	8.80	9.39	9.72	9.68	9.53	9.40	8.78	9.7		
Cost of funds (Cal)	6.47	6.78	7.15	7.24	7.40	7.59	7.70	7.81	6.91	7.5		
Spreads (Cal)	1.81	1.02	1.65	2.15	2.33	2.09	1.83	1.59	1.87	2.2		
Margins (Cal)	2.54	1.80	2.42	2.93	3.21	3.04	2.77	2.49	2.40	2.8		
Credit Cost (Cal)	0.49	0.87	1.15	0.45	0.52	0.60	0.51	0.47	0.76	0.5		
Cost to Income Ratio	12.3	21.6	17.5	13.6	10.8	12.0	14.6	22.2	15.2	14.6		
Tax Rate	18.8	19.5	19.0	18.3	19.7	19.7	18.7	17.3	18.7	19.0		
Balance Sheet Parameters												
Loans (INR B)	2,557	2,623	2,684	2,750	2,764	2,780	2,856	2,958	2,678	2871		
Change YoY (%)	10.0	10.4	10.3	9.5	8.1	6.0	6.4	7.5	9.2	7.2		
Indiv. Disb. (INR B)	149	164	157	145	106	142	175	192	614	616		
Change YoY (%)	77.0	3.9	-10.3	-23.4	-28.8	-13.1	11.8	33.0	1.5	0.3		
Borrowings (INR B)	2,260	2,329	2,404	2,447	2,414	2,436	2,513	2,632	2,448	2606		
Change YoY (%)	9.5	11.4	11.4	9.3	6.8	4.6	4.6	7.6	9.4	6.5		
Loans/Borrowings (%)	113.2	112.6	111.7	112.4	114.5	114.1	113.6	112.4	109.4	110.1		
Asset Quality Parameters												
GS 3 (INR B)	126.8	128.5	127.5	120.2	137.1	120.4			120.2	121.6		
Gross Stage 3 (% on Assets)	5.0	4.9	4.8	4.4	5.0	4.3			4.4	4.2		
NS 3 (INR B)	75.6	72.3	62.6	66.4	79.2	70.8			66.4	65.8		
Net Stage 3 (% on Assets)	3.0	2.8	2.4	2.5	2.9	2.6			2.5	2.3		
PCR (%)	40.4	43.7	50.9	44.8	42.3	41.2			44.8	45.9		
ECL (%)	2.40	2.49	2.71	2.63	2.75	2.34			2.63			
Loan Mix (%)												
Home loans	82.0	82.6	83.1	83.2	83.2	84.4			83.2			
LAP	13.2	12.9	12.9	12.5	12.3	12.1			12.5			
Non-Individual loans	4.8	4.5	4.0	4.3	4.3	3.5			4.3			
Borrowing Mix (%)												
Banks	33.0	34.0	33.9	34.0	31.0	33.0			34.0			
NCD	51.0	52.0	51.9	50.0	54.0	53.0			50.0			
Sub Debt	1.0	1.0	0.8	1.0	1.0	1.0			1.0			
Deposits	8.0	7.0	5.9	5.0	5.0	5.0			5.0			
NHB	4.0	4.0	3.6	5.0	5.0	4.0			5.0			
CP	3.0	2.0	3.9	5.0	4.0	4.0			5.0			

E: MOFSL Estimates



Blue Dart Express

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR6,438 TP: INR7,540 (+17%) Buy

Volumes to improve with higher capacity utilization of the newly added aircraft

Bloomberg	BDE IN
Equity Shares (m)	24
M.Cap.(INRb)/(USDb)	152.8 / 1.8
52-Week Range (INR)	7939 / 5632
1, 6, 12 Rel. Per (%)	-1/2/-19
12M Avg Val (INR M)	168

Result slightly below estimates; margins improve QoQ

- Blue Dart Express (BDE)'s revenue was flat YoY at INR13.2b in 2QFY24 (in line). BDE handled 0.3m tonnes of cargo volume (+4% YoY), while its realization dropped ~4% YoY to INR 43.1/kg due to a higher share of surface express during the quarter. BDE carried 92m shipments in 2QFY24.
- EBITDA margin came in at 9.9% in 2QFY24 (v/s our estimate of 10.5%). EBITDA declined ~20% YoY to INR1.3b. Margin was lower than estimated owing to lower realization and certain integration costs related to the addition of two new aircraft. In line with the operating performance, APAT declined 23% YoY to INR713m (13% below estimate).
- As utilization levels for the newly added aircraft ramp up, volumes are likely to rise. BDE's revenue is expected to be driven by the higher share of the fast-growing Surface Express segment and the dominance of the company in the Air Express segment. However, in the near term, margins are projected to expand gradually until utilization levels improve for the two new aircraft. We cut our EBITDA by ~8%/4% for FY24/25E and **reiterate our BUY rating** with a revised TP of INR7,540 (premised on 20x FY25E EV/EBITDA). The long-term outlook for the company remains robust.

Financial Snapshot (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	51.7	55.8	66.0
EBITDA	6.3	5.9	8.4
Adj. PAT	3.7	3.4	5.2
EBITDA Margin (%)	12.2	10.6	12.8
Adj. EPS (INR)	154.4	141.9	220.8
EPS Gr. (%)	-11.1	-8.1	55.6
BV/Sh. (INR)	531.1	613.0	773.8

Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	33.1	24.8	31.8
RoCE (%)	35.3	26.5	33.4
Payout (%)	19.4	42.3	27.2

Valuations

P/E (x)	41.6	45.2	29.1
P/BV (x)	12.1	10.5	8.3
EV/EBITDA(x)	23.4	24.8	17.0
Div. Yield (%)	0.5	0.9	0.9
FCF Yield (%)	1.5	2.1	2.5

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	75.0	75.0	75.0
DII	11.8	11.1	7.9
FII	4.7	4.2	5.1
Others	8.5	9.6	12.0

FII Includes depository receipts

Surface Express continues to be the key growth driver, documents business to remain stable

- Surface Express serves as the key growth driver for BDE, with a significantly better growth percentage than Air Express. This is led by improved infrastructure, the introduction of GST, e-way bills, etc.
- Despite the surface express industry being highly competitive and undergoing consolidation, BDE has managed to increase its market share. Surface Express is poised to be the growth catalyst, with anticipated double-digit growth.
- BDE holds the highest market share in the document logistics segment. This segment has been a strong contributor for BDE for over 40 years.

Highlights from the management commentary

- The induction of two aircraft has been successfully completed, and they have been in operation throughout 2QFY24. There are plans to incorporate a new location, Guwahati, into the network, which is expected to contribute additional volumes to the company.
- The initial start-up costs related to the new aircraft additions have been incurred in P&L and now incremental costs are all related to operations. PBT margin is also expected to be similar to that of the pre-Covid level.
- There was a disconnect between the movement of ATF prices and Brent prices last year, which impacted margins adversely. The same has been negotiated with customers now and the impact of this disconnect is likely to be minimal.

Valuation and view

- BDE has encountered short-term difficulties, including expenses associated with adding aircraft, sluggish industry activity, and elevated ATF prices. Nevertheless, as aircraft are now in service and with the onset of festive demand, there is a potential for accelerated volume growth in 2HFY24.
- With improved volumes, a higher share of Surface Express in overall volumes, and increasing wallet and market share of BDE in the Surface Express segment, we expect the company to register a revenue/EBITDA/PAT CAGR of ~13%/16%/20% over FY23-25. We **reiterate our BUY rating** with a revised TP of INR7,540 (premised on 20x FY25E EV/EBITDA).

Quarterly snapshot - Standalone

Y/E March (INR m)	FY23				FY24E				FY23	FY24E	FY24	Var. v/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	12,933	13,253	13,371	12,166	12,376	13,245	14,928	15,208	51,722	55,757	13,609	(3)
YoY Change (%)	49.6	18.0	6.6	4.3	-4.3	-0.1	11.7	25.0	17.3	7.8	2.7	
EBITDA	1,908	1,627	1,506	1,282	1,133	1,305	1,627	1,852	6,323	5,917	1,429	(9)
Margins (%)	14.7	12.3	11.3	10.5	9.2	9.9	10.9	12.2	12.2	10.6	10.5	
YoY Change (%)	128.7	-18.0	-26.1	-41.2	-40.6	-19.8	-3.2	15.6	-10.2	-6.4	-14.5	
Depreciation	397	419	414	436	444	456	420	433	1,666	1,753	422	
Interest	47	42	42	44	45	48	48	53	174	194	49	
Other Income	102	121	139	143	157	151	125	97	505	531	135	
PBT before EO expense	1,566	1,288	1,189	945	801	952	1,284	1,463	4,987	4,501	1,093	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	1,566	1,288	1,189	945	801	952	1,284	1,463	4,987	4,501	1,093	
Tax	394	368	320	241	204	240	323	368	1,323	1,134	275	
Rate (%)	25.2	28.5	26.9	25.5	25.4	25.2	25.2	25.1	26.5	25.2	25.2	
Reported PAT	1,172	920	869	703	598	713	961	1,095	3,664	3,367	818	
Adj PAT	1,172	920	869	703	598	713	961	1,095	3,664	3,367	818	(13)
YoY Change (%)	298.9	-26.6	-28.9	-48.1	-49.0	-22.5	10.6	55.7	-11.1	-8.1	-11.1	
Margins (%)	9.1	6.9	6.5	5.8	4.8	5.4	6.4	7.2	7.1	6.0	6.0	

E: MOFSL Estimates



Clean Science & Technology

Estimate changes

TP change

Rating change



CMP: INR1,374

TP: INR1,340 (-2%)

Neutral

Bloomberg	CLEAN IN
Equity Shares (m)	106
M.Cap.(INRb)/(USDdb)	146 / 1.8
52-Week Range (INR)	1620 / 1227
1, 6, 12 Rel. Per (%)	0/-12/-20
12M Avg Val (INR M)	182

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	9.4	7.9	10.7
EBITDA	4.0	3.3	4.4
PAT	3.0	2.3	3.2
EPS (INR)	27.8	22.0	29.8
EPS Gr. (%)	29.2	-20.8	35.3
BV/Sh.(INR)	95.1	113.1	137.5

Ratios

Net D:E	-0.0	-0.1	-0.1
RoE (%)	33.2	21.1	23.8
RoCE (%)	32.4	20.8	23.4
Payout (%)	18.0	18.0	18.0

Valuations

P/E (x)	49.5	62.5	46.2
P/BV (x)	14.5	12.2	10.0
EV/EBITDA (x)	36.3	44.6	32.9
Div. Yield (%)	0.4	0.3	0.4
FCF Yield (%)	0.7	0.8	0.8

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	75.0	75.0	78.5
DII	5.2	6.4	4.7
FII	6.0	5.8	4.4
Others	13.8	12.8	12.4

FII Includes depository receipts

Challenges continue to outweigh benefits

- Clean Science (CLEAN) missed our 2QFY24 EBITDA estimate, with a gross margin of 65.9% (vs. expected 59.2%). EBITDAM expanded to 41.3% (vs. 39.4% in 2QFY23) with moderation in RM prices and improved profitability from newer products. FMCG Chemicals grew QoQ in 2QFY24, while Performance Chemicals and Pharma & Agro Intermediates declined.
- Management highlighted that the over production in China led to aggressive price of products, which hurt realizations of CLEAN in 2Q. De-stocking continued in 2Q as demand in the US was unusually low. Improved sales volumes were offset by declining prices as the overall market was a buyers' market rather than a sellers' market.
- Management highlighted that sales from non-flagship products contributed 25% of overall revenues and expects it to be at a higher number with no capacity enhancements being implemented currently in the flagship products. TBHQ and DCC sales were higher with Guaiacol sales lower because of ongoing issues in the cough syrup market.
- The company announced a capex of INR300m (out of the INR2b) dedicated to a pharma intermediate molecule. This single product will have dedicated production line and is expected to generate INR1b in revenue, primarily catering to the Indian market (to come online in the next nine months). HALS expansion in CFCL is ongoing and on track to be commissioned by Mar'24 (earlier guidance of Dec'23), but would take 2-3 years to reach optimal utilization level.
- We anticipate continued weakness in performance of the company in the coming quarters. Consequently, we have revised down our revenue/EBITDA/PAT estimate by -11%/-10%/-10% for FY24. CLEAN is currently trading at 46x FY25E with EPS of INR 29.8 and 33x FY25E EV/EBITDA. Our target price is INR 1,340, based on 45x FY25E EPS. We reiterate our Neutral rating on the stock.

Miss led by lower sales and higher other expenses

- The company reported revenue below our estimates at INR1.8b (our est. of INR2b, down 27% YoY). It was adversely impacted by lower realization.
- **Gross margin stood at 65.9% (up 330bp YoY).** EBITDA margin was at 41.3% (up 190bp YoY). Moderation in RM prices and improved profit contribution from relatively newer products led to higher margin.
- EBITDA was at INR748m (our est. at INR805m, down 23% YoY). PAT came in at INR522m (our est. at INR564m, down 23% YoY)
- **For 1HFY24,** revenue stood at INR3.7b (down 23% YoY), EBITDA at INR1.5b (down 20%) while PAT stood at INR1.1b (down 15%)
- EBITDAM stood at 40.9% (up 170bp YoY). 1HFY24 EBITDA stood at 42% of our full year estimate.

Segmental and other highlights

- Revenues from **Pharma Chemicals** stood at INR344m (down 26% YoY) with the same for **Performance Chemicals** at INR1.2b (down 26% YoY). Revenues from **FMCG Chemicals** was at INR272m (down 8% YoY).
- Revenue from the domestic segment stood at 35%, while the rest was exports. The share from Europe increased in overall revenues.
- CLEAN incurred a total capex of INR750m in 2QFY24 (INR1.7b in 1HFY24 and INR1.9b in FY23) with Clean Fino-Chem Ltd. construction work on track. Investment in subsidiary includes INR700m.

Valuation and view

- CLEAN is actively pursuing R&D and has entered the HALS series, which has an estimated global market size of USD 1b. Additionally, the company has declared a capex of INR 2b for new products- one product capex worth INR300m announced and the rest would be announced over the next couple of quarters.
- CLEAN is expected to generate INR 2.2b in FCF during FY24-25, with a planned capex of INR4b for the same period. The company plans to finance this capex through internal accruals and is projected to maintain a net cash position in the future.
- The stock is currently trading at 46x FY25E P/E with an EPS of INR 29.8 and 33x FY25E EV/EBITDA. Our target price is INR1,340, based on 45x FY25E EPS. We reiterate our Neutral rating on the stock.

Consolidated - Quarterly Snapshot

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Gross Sales	2,341	2,475	2,374	2,169	1,881	1,811	1,991	2,180	9,358	7,863	2,012	-10%
YoY Change (%)	60.0	61.6	31.3	6.0	-19.6	-26.8	-16.1	0.5	36.6	-16.0	-18.7	
Gross Margin (%)	61.0%	62.5%	67.2%	70.5%	61.4%	65.9%	65.3%	65.3%	65.2%	64.5%	59.2%	6.7%
EBITDA	913	975	1,082	1,051	761	748	837	909	4,021	3,255	805	-7%
Margin (%)	39.0	39.4	45.6	48.5	40.5	41.3	42.0	41.7	43.0	41.4	40.0	1.3
Depreciation	85	87	89	101	108	111	114	116	361	449	113	
Interest	0	0	1	1	1	3	2	2	2	8	1	
Other Income	18	28	126	126	134	60	65	67	298	326	62	
PBT before EO expense	847	916	1,118	1,075	787	695	786	857	3,956	3,124	754	-8%
PBT	847	916	1,118	1,075	787	695	786	857	3,956	3,124	754	-8%
Tax	218	237	280	270	198	173	198	218	1,005	786	190	
Rate (%)	25.7	25.8	25.1	25.1	25.1	24.9	25.2	25.4	25.4	25.2	25.2	
Reported PAT	629	679	838	805	589	522	588	639	2,952	2,338	564	-7%
YoY Change (%)	15.2	26.9	44.5	29.1	-6.3	-23.2	-29.9	-20.7	29.2	-20.8	-17.0	
Margin (%)	26.9	27.5	35.3	37.1	31.3	28.8	29.5	29.3	31.5	29.7	28.0	0.8
Segment-wise Revenue (INR m)												
Performance Chemicals	1,545	1,645	1,685	1,582	1,260	1,213	1,312	1,463	6,457	4,912	1,389	-13%
Pharma & Agro Intermediates	538	432	380	428	357	344	361	381	1,778	1,240	354	-3%
FMCG Chemicals	234	296	285	215	245	272	278	283	1,029	795	246	11%
Others	23	102	24	-56	19	-19	41	53	94	70	22	-185%



Syrma SGS Technology

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR525 TP: INR700 (+33%) Buy

High consumer biz mix drives revenue but dents operating performance

Bloomberg	SYRMA IN
Equity Shares (m)	177
M.Cap.(INRb)/(USDb)	92.7 / 1.1
52-Week Range (INR)	665 / 248
1, 6, 12 Rel. Per (%)	-12/70/78
12M Avg Val (INR M)	356

Financials & Valuations (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	32.1	43.9	59.3
EBITDA	2.5	3.9	5.3
Adj. PAT	1.5	2.3	3.3
EBITDA Margin (%)	7.8	8.8	8.9
Cons. Adj. EPS (INR)	8.7	13.1	18.4
EPS Gr. (%)	29.4	49.4	40.9
BV/Sh. (INR)	95.9	108.9	127.3

Ratios

Net D:E	0.1	0.1	0.1
RoE (%)	9.5	12.7	15.6
RoCE (%)	9.4	13.0	15.7

Valuations

P/E (x)	60	40	28
EV/EBITDA (x)	38	25	18

Shareholding pattern (%)

As on	Sep-23	Jun-23	Sep-22
Promoter	47.2	47.3	47.4
DII	9.6	9.2	7.5
FII	10.1	9.3	4.1
Others	33.0	34.2	41.0

Note: FII includes depository receipts

- SYRMA reported robust revenue growth of 52% YoY in 2QFY24, led by strong traction in the consumer (up 2.4x YoY) and automotive (up 91% YoY) verticals. However, margins declined (EBITDA margins down 320bp YoY) due to a high consumer-business mix (built-to-print, low margin business) to 35% (vs. 23% in 2QFY23).
- Factoring in the 2QFY24 performance, we have increased our revenue growth estimates for FY24/FY25/FY26 on the back of strong consumer order inflows but have reduced the margins. Accordingly, we have cut our earnings estimate by ~5% each in FY24/FY25/FY26. We retain our BUY rating on the stock with a TP of INR700 (38x FY26E EPS).

Robust revenue growth and healthy order inflows continue

- 2Q consolidated revenue grew 52% YoY/18% QoQ to INR7.1b and EBITDA grew 4% YoY/33% QoQ to INR490m. EBITDA margins contracted 320bp YoY (+70bp QoQ) to 6.9%. Gross margins contracted 690bp YoY/20bp QoQ to 22.5%. Adjusted PAT increased by 5% YoY/4% QoQ to INR297m.
- The order book saw strong growth and increased to ~INR38b as of Sep'23 vs. ~INR35b/INR30b in Jun'23/Mar'23, aided by strong inflows in the consumer segment (45-50% order book mix).
- For 1HFY24, revenue/EBITDA/adj. PAT grew 53%/6%/33% YoY to INR13.1b/INR859m/INR582m.
- Net working capital days improved to ~70 in 1HFY24 from ~82 in 1HFY23, as the consumer business has lower working capital days.

Highlights from the management commentary

- **Guidance:** The management expects revenue of ~INR30b (excluding JDHL revenue) and EBITDA margins of ~8.7-9.2% (including other income) in FY24. It expects a revenue CAGR of over 35% for the next three to four years, with double-digit EBITDA margins (~10%).
- **Exports** grew 9% YoY/12% QoQ in 2Q. The company has on-boarded multiple MNC clients and its benefits will be reflected next year (revenue potential of over INR2b in FY25). Exports generate ~5-7% higher margin vs. domestic sales.
- **Capex:** SYRMA has spent ~INR1.1b in 1HFY24 and expects to incur a total capex of ~INR2-2.5b in FY24.
- **Cash flow generation:** CFO/EBITDA ratio stood at 20%+ in 1HFY24 and is expected to improve in 2HFY24. The company is targeting CFO/EBITDA ratio of ~50% in the long run.

Valuation and view

- SYRMA should significantly benefit from the rapid growth in the Electronic systems design and manufacturing (ESDM) industry, given its: 1) rich experience of over three decades, 2) strong order book of INR38b, 3) growing exports, and 4) strong executional capabilities.
- We estimate a CAGR of 43%/41%/40% in revenue/EBITDA/Adj. PAT over FY23-FY26, driven by a robust revenue growth and healthy order inflows.
- Factoring in the 2QFY24 performance, we have increased our revenue growth estimates for FY24/FY25/FY26 on the back of strong consumer order inflows but have reduced the margins. Accordingly, we have cut our earnings estimate by ~5% each in FY24/FY25/FY26. We retain our BUY rating on the stock with a TP of INR700 (38x FY26E EPS).

Consolidated - Quarterly Earning Model

Y/E March	(INRm)									
	FY23				FY24				FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	3,893	4,669	5,126	6,795	6,013	7,117	8,048	10,872	20,484	32,051
YoY Change (%)	NA	250.6	140.0	125.2	62.0	52.4	72.4	112.1	100.9	56.5
Total Expenditure	3,558	4,197	4,648	6,220	5,644	6,627	7,361	9,921	18,624	29,553
EBITDA	336	472	478	575	369	490	687	951	1,860	2,498
Margins (%)	8.6	10.1	9.3	8.5	6.1	6.9	8.5	8.8	9.1	7.8
Depreciation	72	71	81	88	101	116	145	150	312	512
Interest	50	63	64	39	75	80	60	50	216	265
Other Income	24	79	118	234	221	89	95	105	455	510
PBT before EO expense	239	417	450	681	413	383	577	856	1,787	2,230
Extra-Ord expense	0	0	0	0	0	14	0	0	0	14
PBT	239	417	450	681	413	370	577	856	1,787	2,217
Tax	68	128	108	252	130	64	145	216	556	555
Rate (%)	28.5	30.6	24.1	37.1	31.5	17.4	25.2	25.2	31.1	25.1
Minority Interest & Profit/Loss of Asso. Cos.	16	6	10	6	-2	22	49	61	38	130
Reported PAT	155	283	332	423	285	283	383	580	1,193	1,531
Adj PAT	155	283	332	423	285	297	383	580	1,193	1,544
YoY Change (%)	NA	409.5	192.6	114.4	74.5	4.8	35.1	74.7	125.2	29.5
Margins (%)	4.0	6.1	6.5	6.2	4.7	4.2	4.8	5.3	5.8	4.8



Sapphire Foods

Estimate changes



TP change



Rating change



CMP: INR1,319 TP: INR1,670 (+27%)

Buy

Weak SSSG continues

Bloomberg	SAPPHIRE IN
Equity Shares (m)	64
M.Cap.(INRb)/(USDb)	84 / 1
52-Week Range (INR)	1568 / 1102
1, 6, 12 Rel. Per (%)	-7/1/-16
12M Avg Val (INR M)	225

Financials & Valuations (INR b)

Y/E Mar	2023	2024E	2025E
Sales	22.7	27.6	34.1
Sales Gr. (%)	31.6	21.8	23.6
EBITDA	4.3	5.1	6.8
Margins (%)	18.9	18.6	20.0
Adj. PAT	1.1	1.1	1.7
Adj. EPS (INR)	17.0	17.8	27.0
EPS Gr. (%)	134.6	4.7	51.7
BV/Sh.(INR)	197.7	215.4	242.4

Ratios

RoE (%)	9.5	8.6	11.8
RoCE (%)	20.9	7.9	9.8

Valuations

P/E (x)	77.7	74.3	49.0
P/BV (x)	6.7	6.1	5.4
EV/Sales (x)	4.0	3.3	2.7
EV/EBITDA (x)	21.2	17.9	13.5

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	41.7	44.9	51.3
DII	28.0	29.6	16.8
FII	23.7	18.7	12.6
Others	6.6	6.9	19.3

FII Includes depository receipts

- Sapphire Foods (SAPPHIRE) experienced muted demand in 2QFY24 with SSSG of 0%/-20% for KFC/Pizza Hut. Consol. revenue grew 14% YoY (in line), led by 24% YoY store additions. However, 230bp YoY improvement in GM cushioned the decline in EBITDAM (down 50bp YoY). EBITDA increased 12% YoY (7% beat) while PAT declined 44% YoY during the quarter.
- The demand environment is still weak but the shift of the festive season and softening of the RM may support the earnings. The company is cautious in expanding the PH segment while continuing to invest in KFC. We have factored in an EBITDA (pre IND-AS 116) CAGR of 30% over FY23-25E led by KFC. We reiterate our **BUY** rating with a TP of INR1,670, given its long-term growth opportunity and moderate valuations v/s QSR peers.

KFC-led EBITDA up 12% YoY (7% beat); PH remains weak

- Consolidated sales grew 14% YoY to INR6.4b (in line) led by 24% YoY store additions. KFC grew 19% YoY, while Pizza Hut declined 6% YoY in 2QFY24.
- SSSG: KFC at 0% (est. +1%), PH at -20% (est. -15%), and SL at 1% in LKR terms.
- SAPPHIRE added a total of 36 stores (23/9/4 stores for KFC/PH/SL). The total store count stood at 814.
- Consolidated gross profit grew 18% YoY to INR4.4b (in line) due to moderating RM inflation. Margin improved 230bp/20bp YoY/QoQ to 68.7%.
- Reported EBITDA grew 12% YoY to INR1.2b (7% beat), while EBITDA margin contracted 40bp YoY to 17.9%.
- **Consolidated ROM/Pre Ind-AS EBITDA decreased 50bp YoY each to 16.1%/10.6%.**
- PAT declined 44% YoY to INR152m due to higher depreciation, interest cost and taxes (19% beat). Margin contracted 240bp YoY to 2.4% (est. 2.0%).

Highlights from the management commentary

- The macro environment remains tough for the QSR category. Usually, 3Q is better than 2Q for KFC. This time, Oct'23 was slower due to the shift of Navaratri in Oct'23. PH usually delivers similar quarter in 3Q like 2Q.
- For KFC, the company's strategy is to hold the ROM near 20%, double the store count in three years, and add another store in the same location when the ROM surpasses 20% margin.
- For PH, the growth rate is slowing down as the company is: a) doubling the stores in four years rather than in three years; b) targeting to close only 3-5% non-performing stores; and c) refurbishing 12-15% restaurants to enhance the customer experience.
- The corporate cost is expected to jump 15-20% YoY when the revenue grows 20-25% YoY.

Valuation and view

- We have broadly retained our EBITDA estimates for FY24/25. EBITDA is likely to register a CAGR of 26% over FY23-25, with an expectation of recovery in KFC and PH formats in 2HFY24.
- We factor in a revenue/pre-Ind AS EBITDA CAGR of 23%/30% over FY23-25E. The stock trades at inexpensive multiples of 25x/18x FY24E/FY25E Pre Ind-AS EBITDA.
- We have assigned an FY25E EV/EBITDA (pre-Ind AS 116) multiple of 25x to the KFC business, on account of its robust metrics (ADS and restaurant EBITDA margin), and 12x to the PH business. These multiples are at a 50%/63% discount to the target multiples of DEVYANI's KFC/PH businesses (50x/40x) due to the following difficulties that SAPPHIRE faces in terms of trade: 1) its territorial rights in KFC are largely in states with a relatively higher vegetarian population, and 2) DEVYANI can venture into SAPPHIRE's territories with PHD format stores, which require lower capex. While a discount to its multiples is justified given the abovementioned challenges, the earnings growth opportunity for SAPPHIRE is still attractive enough to warrant an investment case despite the near-term uncertainty on demand recovery. **We reiterate our BUY rating with an SoTP-based TP of INR1,670.**

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		2QE		
KFC - No. of stores	281	301	325	341	358	381	401	421	341	421	373	
PH - No. of stores	235	249	274	286	302	311	323	336	286	336	305	
KFC - SSSG (%)	65.0	15.0	3.0	2.0	0.0	0.0	5.0	4.7	15.0	2.5	1.0	
PH - SSSG (%)	47.0	23.0	-4.0	-4.0	-9.0	-20.0	2.0	2.1	12.0	-6.5	-15.0	
Net Sales	5,463	5,628	5,961	5,604	6,544	6,426	7,405	7,224	22,656	27,599	6,525	-1.5
YoY change (%)	80.3	35.9	17.5	12.8	19.8	14.2	24.2	28.9	31.6	21.8	15.9	
Gross Profit	3,707	3,737	3,998	3,807	4,483	4,417	5,086	4,934	15,249	18,919	4,398	0.4
Margin (%)	67.9	66.4	67.1	67.9	68.5	68.7	68.7	68.3	67.3	68.6	67.4	
EBITDA	1,104	1,032	1,167	981	1,214	1,151	1,508	1,272	4,284	5,146	1,077	6.9
EBITDA growth %	223.9	82.2	1.9	-1.7	10.0	11.6	29.2	29.6	40.4	20.1	4.4	
Margin (%)	20.2	18.3	19.6	17.5	18.6	17.9	20.4	17.6	18.9	18.6	16.5	
Depreciation	609	628	681	724	727	768	791	772	2,642	3,058	749	2.5
Interest	197	206	217	249	226	245	252	243	869	966	233	5.1
Other Income	59	71	67	114	75	75	75	158	311	383	75	
PBT	356	269	336	123	336	214	540	415	1,084	1,506	171	25.5
Tax	-25	1	9	-1,232	88	62	135	92	-1,248	376	43	
Rate (%)	-7.1	0.3	2.6	NA	26.0	28.9	25.0	22.2	-115.1	25.0	25.0	
Adjusted PAT	381	269	327	102	249	152	405	323	1,079	1,129	128	19.0
YoY change (%)	L/P	L/P	-35.9	-61.6	-34.8	-43.4	23.9	217.3	134.6	4.7	-52.4	

E: MOFSL Estimates



Restaurant Brand

BSE SENSEX 64,081 S&P CNX 19,133

CMP: INR111

TP: INR135 (+22%)

Buy



Stock Info

Bloomberg	RBA IN
Equity Shares (m)	495
M.Cap.(INRb)/(USDb)	55.5 / 0.7
52-Week Range (INR)	138 / 84
1, 6, 12 Rel. Per (%)	-8/4/-14
12M Avg Val (INR M)	209
Free float (%)	84.6

Financials Snapshot (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	20.5	26.3	34.3
Sales growth	37.8	28.0	30.4
EBITDA	1.1	2.7	4.5
Margins (%)	5.4	10.1	13.0
Adj. PAT	-2.4	-1.1	0.2
Adj. EPS (INR)	-4.9	-2.2	0.5
EPS Growth (%)	N/M	N/M	L/P
BV/Sh.(INR)	17.1	14.9	15.4

Ratios

RoE (%)	-25.3	-13.5	3.1
RoCE (%)	-6.9	0.0	6.8

Valuations

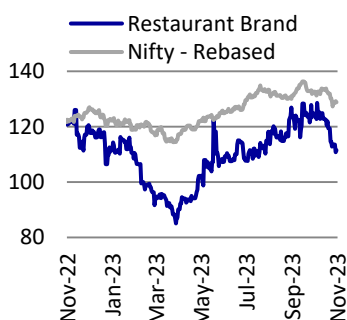
P/E (x)	N/M	N/M	231.5
P/BV (x)	6.4	7.4	7.1
EV/EBITDA (x)	56.6	24.2	15.0
pre EV/EBITDA (x)	N/M	58.3	27.7
EV/Sales (x)	3.1	2.5	2.0

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	15.4	40.8	40.9
DII	22.2	9.7	9.1
FII	29.9	27.4	28.2
Others	32.4	22.1	21.9

FII Includes depository receipts

Stock's performance (one-year)



Poised for growth

In the last couple of years, RBA's India business has worked on its products, new categories and value segment to attract traffic. As it completes nearly eight years of operation in India and as more stores mature, RBA's average daily sales (ADS) and store economics turn compelling. We see its business well on track to see a turnaround in the next 2-3 years. The valuation remains attractive at 18x pre Ind-AS EV/EBITDA on FY26E and 1.7x EV/Sales.

Changes in products and categories to boost traffic

Burger King's ADS of INR110k has been at a similar level of FY19. Historically, it has focused on the premium Whopper range, targeting the young population. But it has recently widened its product range. There are three product changes that should improve both traffic and average bill value (ABV): **1) Value meals:** The launch of its value burgers and value meals starting from INR99 has led to an increase in dine-in traffic by nearly 20% over the last six months; **2) BK Café store count** has increased in the last five quarters from merely 35 stores in FY22 to 286 in 1QFY24, garnering INR8k+ incremental ADS (7% of overall ADS) with further room to grow 3-4x; **3) Chicken portfolio:** It has ramped up its chicken portfolio through grilled chicken burgers, wings (bone and boneless) and chicken fries.

Levers of store economics in place

Burger King has been present in India for the last eight years, but a majority of its scale-up has happened in the last five years (187 stores in FY19 to 391 in FY23). Our channel check indicates that stores with over 5-6 years of vintage are clocking 25-30% higher ADS of >INR150k. Thus, store vintage plays a key role in ADS improvement that should improve led by traffic, ABVs by high single digit, thus improving store economics. The current store-level EBITDA margin of 8.3% should also improve as the contribution of BK Café (GM of over 400-500bp) rises from merely 6% to 20% over the next 3-4 years. Moreover, the company has opened new stores with better rental terms and a focus on dine-in (lower delivery costs). These factors, along with ADS-led operating leverage, should increase store-level margin to 15% and India business EBITDA margin (pre INDAS 116) to 10% by FY26.

Growth roadmap

RBA has exclusive national master franchise rights for entire India unlike other QSR players, which have rights for only parts of the country. BK Café has expanded its footprint to 92 cities, while McD (both franchisee)/KFC/Jubi have a presence in 104/332/393 cities. BK has 391 stores vs. 525/831/1816 McD/KFC/Jubi stores across India, indicating strong potential for store addition. Improving store economics should allow RBA to expand its footprint largely through internal accruals. Over FY23-26, we expect a 17% CAGR in store addition and a 26% revenue CAGR, led by 8% SSSG.

Indonesia business no more a cash guzzler

Since its acquisition, the Indonesia business has seen a sea change in its products, pricing and value proposition and has reached store-level EBITDA breakeven in 1QFY24. The management has guided for company-level EBITDA breakeven by FY24; therefore, it will fund its growth plans. Popeyes has seen a very good response, with 2x ADS of Burger King in Indonesia and garnering double-digit store EBITDA margin in its first year of operation and should contribute to profitability.

Valuation and view

With an aggressive store addition outlook (17% CAGR over FY23-26), RBA is well placed to deliver a strong domestic growth. BK Café is likely to be a key growth driver going ahead. With rapid revenue growth, RBA is geared up to deliver EBITDA margin expansion, driven by dine-in recovery, addition of BK Café, and cost saving initiatives. As more and more stores mature, declining contribution of new stores in the network would also help to reduce the margin drag. The Indonesia business should also witness a healthy revenue growth and margin expansion going ahead. We model a CAGR of 26%/45% in revenue /EBITDA over FY23-26E for India business. On FY25E/FY26E, RBA consol is trading at 28x/18x pre Ind-AS EV/EBITDA and 2x/1.6x EV/Sales. Since RBA is still in an early investment phase with lower profitability, we value India business at 22x pre Ind AS EV/EBITDA, at a discount of ~10% to Westlife's target multiple, and Indonesia business at 11x EV/EBITDA, at a discount of 50% to India business target multiple, to arrive at a TP of INR135.

Even assuming zero value for the Indonesia business, the India business looks compelling at INR130, which provides 17% upside potential.

RBA valuation on FY26E

Mar'26	India	Indonesia
EBITDA (pre IND AS)	2.8	0.3
Multiple	22x	11x
Implied EV	62.0	3.0
Total Implied EV	64.9	
Net debt	-2.3	
Implied Equity value	67.2	
No. of shares	0.5	
Target Price	135	
CMP	111	
Up/(down) side (%)	22	

Source: MOFSL, Company



MAS Financial Services

Estimate change	↓
TP change	↑
Rating change	↔

CMP: INR909 TP: INR1100 (+21%) Buy

Bloomberg	MASFIN IN
Equity Shares (m)	55
M.Cap.(INRb)/(USD\$b)	49.7 / 0.6
52-Week Range (INR)	966 / 680
1, 6, 12 Rel. Per (%)	3/23/8
12M Avg Val (INR M)	50

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Total income	6.2	7.7	9.1
PPP	4.2	5.2	6.2
PAT	2.5	3.1	3.7
EPS (INR)	45.6	57.0	68.1
EPS Gr. (%)	24.1	24.9	19.5
BVPS (INR)	309	361	424

Ratios (%)

NIM	6.1	6.2	6.3
C/I ratio	33.1	33.0	32.2
RoA on AUM	2.7	2.8	2.8
RoE	15.8	17.0	17.3
Payout	8.8	7.9	8.1

Valuations

P/E (x)	20.0	16.0	13.4
P/BV (x)	3.0	2.5	2.2
Div. yield (%)	0.4	0.5	0.6

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	73.7	73.7	73.7
DII	8.6	10.6	10.2
FII	2.0	1.6	1.5
Others	15.7	14.1	14.5

FII Includes depository receipts

In-line earnings aided by NIM expansion despite higher credit costs

- MAS Financial Services (MASFIN)'s 2QFY24 PAT grew 22% YoY to INR600m (in line). Net total income was up 28% YoY at INR1.5b (in line), while opex at INR484m grew 16% YoY. PPOP rose 34% YoY to INR1.04b (in line).
- Operating expenses increased, with the C/I ratio growing ~75bp QoQ to ~32% and the opex-to-AUM ratio rising ~15bp to 2.2%. Expenses were mainly driven by the expansion in direct distribution.
- Credit costs surged 95% YoY stood to INR236m vs. our estimate of INR190m.
- On-book GNPA rose ~5bp QoQ to 2.17%. However, NNPA was stable QOQ at 1.47%. Capital adequacy and liquidity on the balance sheet remained healthy. We cut our FY25E EPS by ~5% to factor in higher credit costs, driven by an improving mix of direct distribution.
- **Retain BUY with a revised TP of INR1100 (based on 2.8x Sep'25E BV).**

Healthy disbursement momentum; AUM up ~8% QoQ

- Standalone AUM grew ~8% QoQ and ~27% YoY to ~INR90b. AUM of its housing subsidiary rose ~31% YoY to INR5b. AUM of micro-enterprise loans (MEL)/ SME loans/2Ws increased by 19%/21%/33% YoY.
- MASFIN has been regularly undertaking assignment transactions, leading to an increase in the share of off-balance sheet loans by 100bp QoQ to 22%.

Sequential expansion in spreads

- CoF (calc.) declined ~40bp QoQ to 9.2%, while yields improved ~20bp to 14.5%, driving a ~60bp improvement in spreads to ~5.3% (PQ: 4.7%).
- The management has guided for NIM in the range of 6.75-7.0%.

Sequential deterioration in 1+dpd

- 1+dpd loans increased by ~15bp QoQ to 5.5% in 2Q. Total standalone Covid-related provisions stood at ~INR188m (~0.27% of on-book loans).
- The OTR pool stood at ~INR57m (~6bp of AUM) as of Sep'23.

Other highlights

- Average ticket size of micro-enterprise loans declined to ~INR43K (PQ: ~44K).
- RoTA declined ~10bp QoQ to ~2.9% in 2QFY24.

HFC subsidiary:

- Housing AUM grew 31% QoQ to INR5b. GS3 rose ~10bp QoQ to ~0.8%.
- MASFIN's housing finance subsidiary is expected to deliver an AUM CAGR of ~25-30% over the medium term.

Key highlights from the management commentary

- Confident of crossing the consolidated AUM milestone of ~INR100b by Dec'23. The management has guided for off-book AUM mix between 20% and 25%.
- MASFIN has tied up with lenders for its funding requirements for the rest of FY24. For next two quarters, it will focus on the diversification of liabilities and the reduction of borrowing costs.

Valuation and view

- We model a CAGR of 21%/23% in AUM/PAT over FY23-FY26E, with RoA/RoE of 3.0%/17.3% in FY26E. The company has maintained high earnings quality, backed by healthy AUM growth. With improvements in economic activity, we expect strong earnings growth in the coming years.
- MASFIN has successfully navigated a tough environment, with a large exposure to microloans and the MSME sector. It has developed a niche expertise to serve the MSME market and continues to demonstrate healthy loan growth, with perhaps the best asset quality among MFI and SME lending peers.
- **Reiterate BUY with a TP of INR1100 (premised on 2.8x Sep'25E BV).** Key risk: Slowdown in the economic environment leading to sluggish loan growth and deterioration in the asset quality.

Quarterly Performance

(INR M)

Y/E March	FY23				FY24E				FY23	FY24E	2QFY24E	Act. v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue from Operations	1,983	2,300	2,515	2,703	2,801	2,982	3,231	3,479	9,491	12,493	3,074	-3
Interest Income	1,677	1,941	2,183	2,325	2,362	2,490	2,715	2,956	8,066	10,523	2,587	-4
Gain on assignments	157	178	158	198	242	272	280	281	680	1,075	266	2
Other operating Income	150	182	173	180	196	219	237	242	745	895	221	-1
Interest expenses	928	1,108	1,276	1,435	1,428	1,461	1,607	1,780	4,748	6,277	1,585	-8
Total income	1,055	1,192	1,238	1,268	1,373	1,520	1,624	1,698	4,743	6,216	1,490	2
Growth Y-o-Y (%)	34.3	47.5	39.7	36.1	30.2	27.6	31.2	34.0	40.5	31.1	25.0	
Operating Expenses	348	416	421	381	427	484	542	606	1,566	2,060	482	0
Operating Profits	707	775	818	887	946	1,036	1,082	1,092	3,177	4,156	1,007	3
Growth Y-o-Y (%)	11.1	28.2	34.8	39.0	33.8	33.6	32.3	23.2	29.5	30.8	29.9	
Provisions	85	121	142	182	188	236	230	168	530	822	190	24
Profit before tax	623	654	676	704	758	800	852	924	2,647	3,334	817	-2
Growth Y-o-Y (%)	25.7	27.0	25.4	17.4	21.8	22.3	26.0	31.3	25.3	26.0	24.9	
Tax Provisions	157	164	170	149	186	200	213	242	637	840	208	-4
Net Profit	465	491	506	556	573	600	639	683	2,010	2,494	609	-1
Growth Y-o-Y (%)	26.3	28.0	26.0	23.4	23.1	22.3	26.4	22.9	27.6	24.1	24.1	
Key Operating Parameters (%)												
Yield on loans (Cal)	12.7	13.5	14.2	14.5	14.3	14.5	14.6	14.8				
Cost of funds (Cal)	7.7	8.1	8.7	9.7	9.6	9.2	9.1	9.0				
Spreads (Cal)	5.0	5.4	5.5	4.8	4.7	5.3	5.6	5.7				
NIM on AUM (Cal)	6.5	6.9	6.7	6.5	6.7	7.0	7.0	6.9				
Credit Cost (%)	0.5	0.7	0.8	0.9	0.9	1.1	1.0	0.7				
Cost to Income Ratio	33.0	34.9	34.0	30.1	31.1	31.9	33.4	35.7				
Tax Rate	25.3	25.0	25.2	21.1	24.5	25.0	25.0	26.1				
Balance Sheet Parameters												
Standalone AUM (INR B)	66.8	71.4	76.1	80.9	84.2	90.5	96.0	101.7				
Change YoY (%)	29.5	30.1	32.5	29.5	25.9	26.7	26.2	25.7				
Disbursements (INR B)	21.5	22.6	22.2	24.9	22.8	25.0	27.2	30.0				
Change YoY (%)	106.8	53.2	39.0	27.0	5.8	10.5	22.6	20.3				
Borrowings (INR B)	50.5	58.4	59.3	59.1	59.9	67.1	74.9	82.9				
Change YoY (%)	42.6	43.0	36.2	29.8	18.5	15.0	26.2	40.2				
Debt/Equity (x)	3.7	4.3	4.2	3.9	3.8	4.1						
Asset liability Mix												
AUM Mix (%)												
Micro Enterprises	51.8	50.3	49.7	47.9	47.8	47.1						
SME loans	36.6	37.4	37.3	36.9	36.5	35.7						
2W loans	5.8	6.6	6.6	6.9	6.8	6.9						
CV loans	5.0	3.8	3.8	4.6	5.3	6.2						
Borrowings Mix (%)												
Direct Assignment	20.0	18.0	19.0	21.0	23.0	23.3						
Cash Credit	26.0	25.0	21.0	18.0	17.0	16.0						
Term Loan	43.0	45.0	47.0	50.0	48.0	50.6						
NCD	9.0	9.0	10.0	8.0	8.0	7.1						
Sub Debt	2.0	2.0	3.0	3.0	4.0	3.0						
Asset Quality Parameters (%)												
GS 3 (INR m)	1,177	1,308	1,380	1,327	1,355	1,555						
GS 3 (%)	2.27	2.26	2.23	2.15	2.13	2.17						
NS 3 (INR m)	742	837	901	814	795	916						
NS 3 (%)	1.63	1.60	1.60	1.52	1.47	1.47						
PCR (%)	37.0	36.0	34.7	38.6	41.3	41.1						
Return Ratios (%)												
ROA	2.9	2.8	2.7	2.9	3.0	2.9						
Tier I ratio	22.5	21.2	21.2	20.8	21.1	21.2						

E: MOFSL estimates

Cholamandalam Inv. & Finance

BSE SENSEX 64,081 S&P CNX 19,133

CMP: INR1,177

Buy

Conference Call Details

Date: 3rd Nov 2023

Time: 10:00am IST

Dial-in details:

[Link for the call](#)

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Total Income	72.3	97.2	126.1
PPP	44.5	61.4	84.1
PAT	26.7	36.1	48.7
EPS (INR)	32.4	42.1	56.9
EPS Gr. (%)	24	30	35
BV (INR)	174	253	307
Valuations			
NIM (%)	7.1	6.9	7.0
C/I ratio (%)	38.5	36.9	33.3
RoAA (%)	2.7	2.7	2.8
RoE (%)	20.5	20.0	20.3
Payout (%)	6.2	5.9	5.3
Valuations			
P/E (x)	36.3	28.0	20.7
P/BV (x)	6.8	4.7	3.8
Div. Yield (%)	0.2	0.2	0.3

Earnings in line; AUM growth strong at 42% YoY

NIM expansion at ~10bp QoQ; asset quality improves marginally

- CIFIC's PAT grew 35% YoY to INR7.6b (in line), while NII rose **35% YoY to ~INR20.2b (in-line)** in 2QFY24.
- Opex jumped 43% YoY to ~INR9.5b (in line), and cost-income ratio increased ~1pp YoY to ~40% (PY: ~39%). The elevated opex ratio is inherent seasonality for CIFIC in 2Q of each fiscal year. PPop jumped 37% YoY to INR14.2b (in line).
- NIM/core spreads expanded sequentially by ~10bp/~25bp to 6.7%/6.6%, due to a decline in borrowing costs by ~5bp and an expansion in yields.
- GS3/NS3 declined ~10bp each QoQ to 3.0%/1.6% while S3 PCR increased ~2pp QoQ to ~47%. Annualized credit costs remained stable at 1.3%.
- While not alarming, GS3 in newer businesses deteriorated to 1.4% (PQ: 1.0%) and CIFIC also increased the S3 PCR on newer businesses to 63% (PQ: 59%). Annualized credit costs in the newer businesses stood at 2.8% (PQ: 5%).
- Calculated write-offs stood at ~INR2.1b (at similar levels as the last quarter). Total provisions carried against the overall book were stable QoQ at ~2.1% as against the normal overall provision levels of 1.75% carried prior to the pandemic.
- CIFIC is the best play among asset financiers. It has delivered healthy growth in disbursements/AUM by strategically going underweight/overweight across its diversified product segments. Its foray into Consumer and MSME lending and the new vigor in SME have opened up exciting new possibilities. CIFIC would continue to deliver strong loan growth, with benign credit costs. **We have a positive outlook on the stock.**

Share of newer businesses in the disbursement mix improving

- Business AUM grew 42% YoY/8% QoQ to INR1.24t **with newer businesses now forming ~11% of the AUM mix**. Within vehicle finance, MUV/Cars/3W/CE registered sequential growth of 10%/ 7%/ 18%/4%.
- Disbursements were strong at ~INR215b (in-line) and grew 47% YoY. Newer lines of businesses contributed ~23% to the disbursement mix (PQ: 23%)

Asset quality improves marginally on a sequential basis

- GS3 declined sequentially across Vehicle Finance, Home loans except for newer business lines.
- Stage 2 + Stage 3 [30+ dpd] improved ~40bp QoQ to ~6.2% in 2QFY24
- CAR stood at 16.6% (Tier 1: 14.7%) as on Sep'23. CIFIC raised ~INR20b in Equity and ~INR20b in compulsory convertible debentures (CCD) in Oct'23

Valuation and view

The vulnerable asset pool (Stage 2 + 3) declined ~40bp QoQ to 6.2%. The improvement in the 30+dpd pool appears to suggest that organic collections, without any extraordinary write-offs, have contributed to this improvement. CIFIC has exhibited conservatism in provisioning, and it now carries ECL/EAD of ~2.1% (vs. 1.75% prior to Covid-19). The key monitorables are: 1) demand outlook for both new and used vehicles, 2) its evolving strategy in new product segments in the SME and Consumer ecosystem, and 3) the margin trajectory. We will revisit our estimates after the earnings call on 3rd Nov'23.

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	2QFY24E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	26,123	28,293	31,416	34,991	38,492	42,205	45,666	49,208	1,20,822	1,75,570	42,225	0
Interest Expenses	11,309	13,404	15,433	17,342	20,071	22,052	23,596	24,911	57,488	90,629	21,958	0
Net Interest Income	14,814	14,888	15,983	17,649	18,421	20,153	22,070	24,297	63,334	84,941	20,268	-1
YoY Growth (%)	16.9	17.3	17.2	29.0	24.3	35.4	38.1	37.7	20.2	34.1	36.1	
Other Income	1,587	2,085	2,334	2,952	2,845	3,514	3,298	2,609	8,958	12,266	2,934	20
Total Income	16,401	16,974	18,317	20,601	21,265	23,667	25,369	26,907	72,292	97,207	23,201	2
YoY Growth (%)	20.3	21.9	23.4	32.0	29.7	39.4	38.5	30.6	23.8	34.5	36.7	
Operating Expenses	5,797	6,611	7,520	7,870	7,867	9,461	9,720	8,799	27,799	35,847	9,098	4
Operating Profit	10,604	10,363	10,797	12,731	13,399	14,206	15,648	18,108	44,494	61,361	14,104	1
YoY Growth (%)	6.8	18.4	13.4	39.6	26.4	37.1	44.9	42.2	18.0	37.9	36.1	
Provisions & Loan Losses	2,986	2,782	1,589	1,140	3,723	3,998	3,000	1,833	8,497	12,555	3,950	1
Profit before Tax	7,617	7,581	9,208	11,591	9,675	10,208	12,648	16,274	35,997	48,806	10,154	1
Tax Provisions	1,961	1,947	2,365	3,063	2,415	2,583	3,289	4,452	9,335	12,738	2,609	-1
Net Profit	5,657	5,634	6,843	8,528	7,260	7,625	9,360	11,823	26,662	36,067	7,544	1
YoY Growth (%)	73.1	-7.1	30.6	23.7	28.3	35.3	36.8	38.6	24.2	35.3	33.9	
Key Parameters (Calc., %)												
Yield on loans	13.6	13.7	14.1	14.1	14.1	14.3	14.4	14.5	13.2	14.3		
Cost of funds	6.3	7.0	7.3	7.4	7.8	7.8	7.7	7.6	6.9	7.8		
Spread	7.3	6.7	6.7	6.7	6.3	6.6	6.7	6.9	6.3	6.5		
NIM	7.5	7.0	7.0	7.0	6.7	6.7	6.9	7.0	7.1	6.9		
C/I ratio	35.3	38.9	41.1	38.2	37.0	40.0	38.3	32.7	38.5	36.9		
Credit cost	1.5	1.3	0.7	0.5	1.3	1.3	0.9	0.5	0.9	1.0		
Tax rate	25.7	25.7	25.7	26.4	25.0	25.3	26.0	27.4	25.9	26.1		
Balance Sheet Parameters												
Disbursements (INR b)	133	146	176	210	200	215	233	254	665	902		
Growth (%)	266.7	68.0	68.4	65.3	50.2	47.3	32.4	21.0	87.5	35.6		
AUM (INR b)	819	877	955	1,065	1,148	1,242	1,335	1,428	1,065	1,428		
Growth (%)	20.8	25.2	31.3	38.5	40.1	41.7	39.8	34.1	38.5	34.1		
AUM mix (%)												
Vehicle finance	67.6	65.7	64.2	62.9	61.9	60.7			62.9	59.7		
Home Equity	21.6	21.5	20.9	20.3	19.9	19.9			20.3	19.6		
Home loans & Others	10.8	12.8	14.9	16.9	18.2	19.4			8.9	11.3		
Borrowings (INR b)	739	793	893	974	1,081	1,195			974	1,356		
Growth (%)	17.0	27.3	35.7	40.7	46.3	50.6			40.7	39.3		
Asset Quality Parameters												
GS 3 (INR B)	34.1	33.8	33.7	32.2	35.5	37.2			32.2	34.3		
GS 3 (%)	4.2	3.8	3.5	3.0	3.1	3.0			3.0	2.4		
NS 3 (INR B)	20.2	19.8	19.9	17.4	19.4	19.6			17.4	17.8		
NS 3 (%)	2.5	2.3	2.1	1.7	1.7	1.6			1.7	1.3		
PCR (%)	40.7	41.5	41.0	46.0	45.4	47.3			46.0	48.0		
Vehicle finance AUM mix(%)												
LCV	21.0	21.4	20.9	21.0	20.8	20.7			21.0			
Cars & MUV	18.9	19.4	19.9	20.2	20.7	21.2			18.9			
3W & SCV	4.6	4.5	4.4	4.2	4.0	3.9			4.6			
Used CV	27.4	27.1	26.9	26.6	26.7	26.9			27.4			
Tractor	9.6	9.2	9.0	8.4	8.1	7.8			9.6			
HCV	7.2	7.0	6.7	7.1	6.9	6.7			7.2			
CE	6.4	6.4	6.5	6.7	6.6	6.5			6.4			
Two wheeler	4.9	5.2	5.7	5.8	6.1	6.4			4.9			

E: MOFSL estimates

Container Corporation of India

BSE SENSEX 64,081 S&P CNX 19,133

CMP: INR683

Buy

Conference Call Details



Date: 3rd November 2023

Time: 11:30 AM IST

Dial-in details:

+91 22 6280 1384

Financials & Valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	81.0	87.9	102.8
EBITDA	18.4	18.7	23.1
Adj. PAT	11.7	11.8	14.8
EBITDA Margin (%)	22.7	21.3	22.5
Adj. EPS (INR)	19.2	19.4	24.2
EPS Gr. (%)	10.2	0.9	25.0
BV/Sh. (INR)	184.6	194.8	207.7

Ratios

Net D:E	(0.3)	(0.3)	(0.4)
RoE (%)	10.6	10.2	12.0
RoCE (%)	11.0	10.6	12.4
Payout (%)	46.9	46.9	46.9

Valuations

P/E (x)	35.5	35.2	28.1
P/BV (x)	3.7	3.5	3.3
EV/EBITDA(x)	20.1	19.5	15.4
Div. Yield (%)	1.3	1.3	1.7
FCF Yield (%)	1.9	2.1	3.3

Higher EXIM revenues and lower LLF drive EBITDA; beats estimates

- Revenues grew 11% YoY to INR21.9b in 2QFY24 (6% above our estimate).
- Total volumes increased ~8% YoY to 1.23m TEUs with EXIM/Domestic volumes at 0.97m/0.26m TEUs, respectively (up 4%/up 26% YoY).
- Domestic volumes were 17% above our estimate, while EXIM volumes were largely in line with our estimate.
- Blended realization grew ~3% YoY to INR17,797/TEU. EXIM/Domestic realization stood at INR14,888/INR28,605 per TEU (up 6%/down 9% YoY).
- EBITDA margins came in at 24.5% (vs. our estimate of 21.3%). Margins were down 80bp YoY.
- EBITDA grew 8% YoY and was 22% above our estimate.
- Strong operating performance led to the growth of 18% YoY in PAT (31% above our estimate of INR 2.7b).

Other insights

- Land License fee for 2QFY24 stood at INR850m (INR1.3b in 1QFY24).
- The board has declared the second interim dividend of INR3/equity share.

Standalone quarterly snapshot

Y/E March	FY23		FY24E		FY23	FY24E	FY24	Var.		
	1Q	2Q	3Q	4Q					1Q	2Q
Net Sales	19,783	19,707	19,884	21,660	19,193	21,904	81,034	87,891	20,674	6
YoY Change (%)	9.4	8.0	3.6	6.0	-3.0	11.1	6.7	8.5	4.9	
EBITDA	4,723	4,986	4,264	4,447	3,916	5,372	18,421	18,705	4,395	22
Margins (%)	23.9	25.3	21.4	20.5	20.4	24.5	22.7	21.3	21.3	
YoY Change (%)	9.0	16.9	-6.4	7.7	-17.1	7.7	6.6	1.5	-11.9	
Depreciation	1,312	1,341	1,357	1,531	1,378	1,486	5,541	5,655	1,420	
Interest	139	143	142	146	141	147	570	550	140	
Other Income	629	520	1,136	955	815	1,025	3,240	3,290	823	
PBT before EO expense	3,901	4,022	3,901	3,725	3,212	4,764	15,550	15,790	3,658	30
Extra-Ord expense	0	0	0	13	0	0	13	0	0	
PBT	3,901	4,022	3,901	3,713	3,212	4,764	15,537	15,790	3,658	
Tax	988	994	936	928	771	1,187	3,847	3,979	922	
Rate (%)	25.3	24.7	24.0	25.0	24.0	24.9	24.8	25.2	25.2	
Reported PAT	2,913	3,028	2,965	2,785	2,441	3,577	11,691	11,811	2,736	31
Adj PAT	2,913	3,028	2,965	2,785	2,441	3,577	11,703	11,811	2,736	31
YoY Change (%)	14.3	14.7	3.5	8.4	-16.2	18.1	10.2	0.9	-9.6	
Margins (%)	14.7	15.4	14.9	12.9	12.7	16.3	14.4	13.4	13.2	

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	YoY (%)	QoQ (%)
Revenue (INRm)							
EXIM	13,186	12,697	13,239	12,315	14,438	9%	17%
Domestic	6,521	7,187	8,421	6,879	7,467	14%	9%
Total Segment Revenue	19,707	19,884	21,660	19,193	21,904	11%	14%
Segmental EBIT							
EXIM	3,321	2,953	3,176	2,566	3,463	4%	35%
Domestic	627	428	752	366	746	19%	104%
Total	3,948	3,381	3,927	2,932	4,209	7%	44%
EBIT Margin (%)							
EXIM	25.2%	23.3%	24.0%	20.8%	24.0%		
Domestic	9.6%	6.0%	8.9%	5.3%	10.0%		
Total	20.0%	17.0%	18.1%	15.3%	19.2%		
	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	YoY (%)	QoQ (%)
Volumes (TEU)							
EXIM	9,36,950	8,33,796	8,51,261	8,41,690	9,69,746	4%	15%
Domestic	2,06,945	2,51,358	2,67,773	2,51,920	2,61,022	26%	4%
Total	11,43,895	10,85,154	11,19,034	10,93,610	12,30,768	8%	13%
Realizations (INR / TEU)							
EXIM	14,073	15,228	15,553	14,631	14,888	6%	2%
Domestic	31,511	28,593	31,446	27,305	28,605	-9%	5%
Total	17,228	18,324	19,356	17,550	17,797	3%	1%
EBIT (INR/TEU)							
EXIM	3,544	3,542	3,730	3,048	3,571	1%	17%
Domestic	3,029	1,702	2,808	1,453	2,858	-6%	97%
Total	3,451	3,115	3,510	2,681	3,419	-1%	28%

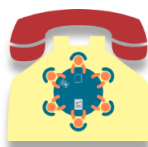
Gujarat Gas

BSE SENSEX 64,081
S&P CNX 17,892

CMP: INR408

Buy

Conference Call Details



Date: 03 November 2023

Time: 04:00pm IST

Dial in:

+91 22 6280 1311

+91 22 7115 8233

Beat on EBITDA and margin; EBITDA/scm rises to INR5.8

- Total volumes stood at 9.3mmscmd (in line with our estimate of 9.7mmscmd)
 - CNG volumes at 2.6mmscmd rose 13% YoY, aided by investments in CNG infrastructure and favorable government policies
 - PNG I/C volumes were at 6mmscmd (+30% YoY)
- The company added 221 commercial and 61 new industrial customers during the quarter
- Cumulative volume stood at ~83,000scmd. The company has a signed volume of 542,000scmd yet to be commissioned.
- PNG domestic volumes were at 0.7mmscmd (+1% YoY).
- The company added ~53,000 new domestic customers during the quarter.
- EBITDA/scm came in at INR5.8 (est. of INR4.2)
- Gross margin stood at INR9.2/scm (down from INR13/scm in 2QFY23)
- Thus, EBITDA was at INR5b (est. of INR3.7b, -23% YoY)
- PAT was at INR3b (est. of INR2b, -26% YoY)
- **For 1HFY24**, revenue stood at INR76b (-17% YoY), EBITDA was at INR8.8b (-29% YoY) and PAT stood at INR5.1b (-35% YoY)
- EBITDA/scm was at INR5.2 (-35% YoY) with total volumes at 9.3mmscmd (+7% YoY)
- 1HFY24 EBITDA was 46% of our full-year estimate for FY24.

Standalone - Quarterly Earning Model

Y/E March	FY23				FY24			(INR m)		
	1Q	2Q	3Q	4Q	1Q	2QE	2QAct	Var. (%)	YoY (%)	QoQ (%)
Net Sales	51,701	39,765	36,843	39,286	37,815	37,221	38,454	3%	-3%	2%
YoY Change (%)	71.7	9.7	-28.4	-15.9	-26.9	-6.4	-3.3			
EBITDA	6,066	6,427	5,823	5,603	3,880	3,736	4,966	33%	-23%	28%
Margin (%)	11.7	16.2	15.8	14.3	10.3	10.0	12.9			
Depreciation	1,032	1,064	1,093	1,094	1,151	1,194	1,179			
Interest	136	131	76	61	74	69	78			
Other Income	190	185	320	318	239	230	298			
PBT	5,089	5,418	4,974	4,766	2,894	2,704	4,007	48%	-26%	38%
Tax	1,278	1,379	1,261	1,074	743	681	1,029			
Rate (%)	25.1	25.4	25.4	22.5	25.7	25.2	25.7			
Adj. PAT	3,811	4,039	3,713	3,692	2,151	2,022	2,978	47%	-26%	38%
YoY Change (%)	-20.0	64.6	204.5	-19.1	-43.6	-49.9	-26.3			
Margin (%)	7.4	10.2	10.1	9.4	5.7	5.4	7.7			
Total volume (mmscmd)	9.8	7.6	7.3	8.9	9.2	9.7	9.3	-4%	22%	1%
CNG	2.4	2.3	2.4	2.5	2.6	2.7	2.6	-3%	13%	0%
PNG - Industrials/commercial	6.8	4.6	4.2	5.5	6.0	6.3	6.0	-5%	30%	0%
PNG - Households	0.6	0.7	0.7	0.8	0.6	0.7	0.7	0%	1%	17%
EBITDA (INR/scm)	6.8	9.2	8.7	7.0	4.6	4.2	5.8	39%	-37%	25%

360ONE WAM

Conference Call Details



Date: 03 November 2023

Time: 02:00pm IST

Dial in:

[Link for the call](#)

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Net Revenues	15.6	17.3	19.4
Opex	7.2	7.8	8.4
Core PBT	8.5	9.5	11.0
PAT	6.6	7.5	8.7
EPS	18.5	21.1	24.6
EPS Grw (%)	13.5	14.2	16.4
BV	87.2	91.4	96.3
Ratios			
PBT margin (bp)	31.6	32.1	32.2
PAT margin (bp)	24.5	25.5	25.7
RoE (%)	21.6	23.6	26.2
Div. Payout (%)	67.2	80.0	80.0
Valuations			
P/E (x)	25.7	22.5	19.3
P/BV (x)	5.4	5.2	4.9
Div. Yield (%)	2.6	3.6	4.1

CMP: INR552

Buy

Profitability in line; however, yields on ARR assets declined

- Total revenues for the quarter grew 12% YoY to INR 4.3b. This is in-line with our estimates.
- The increase in total revenues is mainly on account of 41% sequential jump seen in TBR income (36% beat) to INR 1.16b. However, the ARR income declined 4% sequentially to INR 3.1b (10% miss).
- Total Opex grew 19% YoY to ~INR2.1b, which is 7% higher than our estimates. Increased employee cost (9% higher than our estimates) led to higher opex. for the quarter.
- Employee costs increased 21% YoY. Total ESOP came in at INR 90m (up 78% YoY and up 29% QoQ). During the quarter, cost-to-income ratio increased ~320bp YoY to 50.1% (vs. our estimate of 46.6%).
- PAT grew 7% YoY to INR1.9b (broadly in line with estimates). For 1HFY24, Revenue/PAT grew 10%/12% YoY to INR8.3b/INR3.7b.
- Total AUM is up 24% YoY at INR 4.13t with continued focus on scaling up ARR assets. ARR AUM was up 31% YoY at INR 2t.
- The Board has approved an interim dividend of INR4.

Valuation and view

Over the past decade, 360ONE WAM has evolved into one of the best Wealth Management franchises in India. It has become one of the largest alternate asset managers, with unique product offerings. With 360ONE plus (IIFL-ONE), the company is looking to change the way Wealth Management is offered in India by focusing on recurring revenue rather than the traditional approach of transaction-based revenue. On ARR Assets front, the Asset management segment witnessed net outflows in 2QFY24. On a sequential basis, yields declined for ARR assets, while it increased for TBR assets. We look to revise our estimates and TP post the concall on November 3, 2023.

Quarterly performance

INR m

Y/E March	FY23				FY24		2QFY24E	Act. Vs Est. (%)	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q				
Net Revenues	3,747	3,825	4,150	3,929	4,060	4,270	4,306	-1	12%	5%
Change (%)	32.2	21.7	9.7	-7.1	8.4	11.6	12.6			
ARR Assets Income	3,017	2,843	3,053	2,797	3,240	3,110	3,456	-10	9%	-4%
TBR Assets Income	730	982	1,097	1,132	820	1,160	850	36	18%	41%
Operating Expenses	1,670	1,794	1,863	1,850	2,090	2,140	2,005	7	19%	2%
Change (%)	9.1	3.7	-16.1	-21.3	25.1	19.3	11.8			
Cost to Income Ratio (%)	44.6	46.9	44.9	47.1	51.5	50.1	46.6	356bps	321bps	-136bps
Operating Profits	2,077	2,031	2,286	2,079	1,970	2,130	2,301	-7	5%	8%
Change (%)	59.3	43.7	46.4	10.7	-5.1	4.9	13.3			
Other Income	-60	225	-54	-78	290	140	50			
Profit Before Tax	2,017	2,255	2,232	2,001	2,260	2,270	2,351	-3	1%	0%
Change (%)	33.6	19.1	12.7	-6.6	12.1	0.7	4.3			
Tax	449	512	517	447	403	408	541	-24	-20%	1%
Tax Rate (%)	22.2	22.7	23.2	22.3	17.8	18.0	23.0		-469bps	16bps
PAT	1,568	1,744	1,715	1,554	1,857	1,862	1,811	3	7%	0%
Change (%)	34.2	21.5	12.0	-6.2	18.4	6.8	3.8			
PAT Margins (%)	41.9	45.6	41.3	39.6	45.7	43.6	42.0	155bps	-200bps	-214bps
Key Operating Parameters (%)										
AUM (INR B)	3,147	3,333	3,447	3,408	3,827	4,125	3,936	5	24%	8%
Change (%)	33.8	29.9	31.2	30.2	21.6	23.8	18.1			
ARR Assets	1,429	1,550	1,665	1,672	1,904	2,025	2,012	1	31%	6%
TBR Assets	1,718	1,783	1,782	1,737	1,923	2,100	1,923	9	18%	9%
Yield on AUM - Calculated (%)	0.52	0.47	0.49	0.46	0.45	0.43	0.44			
ARR Assets	0.84	0.76	0.76	0.67	0.72	0.63	0.71			
TBR Assets	0.20	0.22	0.25	0.26	0.18	0.23	0.18			

JK Lakshmi Cement

Conference Call Details

**Date:** 6 November 2023**Time:** 16:00 IST**Dial-in details:**

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[Link for the call](#)

Consol. Financials Snapshot (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	64.5	69.3	76.9
EBITDA	8.4	9.9	12.1
Adj. PAT	3.7	4.8	5.6
EBITDA Margin (%)	13.0	14.3	15.7
Adj. EPS (INR)	30.5	37.0	46.3
EPS Gr. (%)	-15.2	21.5	25.2
BV/Sh. (INR)	238	270	311
Ratios			
Net D:E	0.4	0.4	0.2
RoE (%)	13.5	14.6	16.0
RoCE (%)	10.2	11.5	13.2
Payout (%)	13.3	14.1	13.1
Valuations			
P/E (x)	22.1	18.2	14.6
P/BV (x)	2.8	2.5	2.2
EV/EBITDA(x)	8.3	7.2	6.1
EV/ton (USD)	61	63	55
Div. Yield (%)	0.6	0.7	0.9
FCF Yield (%)	-1.2	-0.8	9.5

CMP: INR674

Buy

Performance above estimates; EBITDA/t at INR755

- JKLC's consolidated 2QFY24 EBITDA was above our estimate, led by higher-than-estimated volume and realization. Consolidated EBITDA increased 33% YoY to INR2.2b, 20% above our estimate. EBITDA/t up 16% YoY to INR755 vs. estimated INR657. OPM stood at 14% (up 2pp YoY) vs. estimated 12%. PAT came in at INR959m (est. INR756m).
- It announced brownfield expansion of 1.35mtpa grinding capacity at its GU in Surat, Gujarat. Further, Udaipur cement works (UCWL), subsidiary of the company, commissioned 1.5mtpa clinker capacity in Oct'23 and 2.5mtpa cement capacity is on full swing, and is to be commissioned as per schedule.
- We have a BUY rating on the stock and will review our assumptions after the concall.

Realization up 1% YoY; Opex/t down 1% YoY

- Consolidated revenue/EBITDA/PAT stood at INR15.7b/INR2.2b/INR959m, (up 15%/33%/55% YoY and 6%/20%/27% above our estimate) in 2QFY24. Sales volumes were up 14% YoY at 2.88mt (up 4% vs. estimate). Realization was up 1% YoY to INR5,471/t (up 1% vs. estimate).
- Opex/t was down 1% YoY, driven by a decline in variable cost/other expenses 2%/5%. Freight cost/t rose 2% YoY, while Employee costs/t declined 2% YoY. OPM was up 2pp YoY to 14% and EBITDA/t rose 16% YoY to INR755 in 2QFY24.
- Depreciation was flat YoY, while finance costs declined 1% YoY. Other income declined 29% YoY. PAT was up 55% YoY to INR959m (est. INR756b).
- In 1HFY24, revenue grew 9% YoY to INR33b, led by volume growth (up 9%), while realization remained flat. However, EBITDA declined 2% YoY to INR4b due to higher opex/t, up 1% YoY. EBITDA/t declined 10% YoY to INR680 and OPM contracted 1pp YoY to 12.5%.
- CFO stood at INR2.7b vs. outflow of INR468m in 1HFY23, led by an increase in working capital. Capex stood at INR5.1b vs. INR3.3b in 1HFY23. Net-debt increased to INR11.8b vs. INR10b as of Mar'23.

Highlights from the management commentary

- The company is implementing a project to enhance its TSR from 4% to 16% in a phased manner at its Sirohi cement plant as part of its green initiatives.
- JKLC is further enhancing its WHR capacity by 3.5 MW at Sirohi, which is slated to be operational in 4QFY24.
- The company has entered into an agreement to source 40MW of solar power (through the captive route) for its Durg, Chhattisgarh plant. Upon completion of this initiative, the plant's renewable energy usage would go up to 80% (from 36% in Oct'23).

Valuation and view

- JKLC is expanding its clinker/cement capacity by 1.5mtpa/2.5mtpa at its subsidiary UCWL at an estimated capex of INR16b.
- The stock trades at 7x/6x FY24E/FY25E EV/EBITDA. We have a BUY rating on the stock. However, we will review our assumptions after the concall on 6th Nov'23 ([Concall Link](#)).

Consolidated Quarterly performance

(INR b)

Y/E March	FY23				FY24				FY24	Var (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Sales Dispatches (m ton)	3.03	2.53	2.88	3.39	3.21	2.88	3.14	3.75	2.76	4	14	(10)
YoY Change (%)	7.3	2.4	10.3	2.9	5.7	13.8	9.0	10.7	9			
Net Sales	16.5	13.7	15.6	18.6	17.3	15.7	17.0	20.1	14.9	6	15	(9)
YoY Change (%)	24.8	13.6	21.5	16.4	4.6	14.6	8.9	7.7	8.6			
EBITDA	2.6	1.6	1.9	2.3	2.0	2.2	2.7	3.4	1.8	20	33	11
Margins (%)	15.5	11.9	11.9	12.5	11.3	13.8	16.1	16.8	12.1		186	246
Depreciation	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.6	1	(0)	2
Interest	0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.2	35	1	2
Other Income	0.1	0.2	0.1	0.2	0.1	0.1	0.2	0.2	0.1	14	(29)	26
PBT before EO expense	1.7	0.9	1.1	1.6	1.2	1.4	1.9	2.6	1.1	26	51	19
Extra-Ord expense	-	-	-	-	-	-	-	-	-			
PBT	1.7	0.9	1.1	1.6	1.2	1.4	1.9	2.6	1.1	26	51	19
Tax	0.6	0.3	0.3	0.5	0.4	0.5	0.6	0.7	0.4			
Prior period tax adj.	-	-	-	-	-	-	-	-	-			
Rate (%)	33.1	33.8	27.9	29.0	32.7	32.0	32.7	26.5	32.7			
Reported PAT	1.2	0.6	0.8	1.1	0.8	1.0	1.3	1.9	0.8	27	55	20
Adj PAT	1.2	0.6	0.8	1.1	0.8	1.0	1.3	1.9	0.8	27	55	20
YoY Change (%)	(15.5)	(29.2)	17.7	(46.7)	(30.7)	55.2	69.1	66.8	22.4			
Per ton analysis (INR/t)												
Net realization	5,456	5,431	5,426	5,496	5,399	5,471	5,424	5,348	5,414	1	1	1
RM Cost	1,009	1,077	898	1,380	1,312	1,191	1,123	1,129	1,206	(1)	11	(9)
Employee Expenses	336	369	335	284	338	363	343	284	359	1	(2)	7
Power, Oil & Fuel	1,498	1,656	1,800	1,484	1,428	1,494	1,298	1,232	1,368	9	(10)	5
Freight and Handling Outward	1,082	1,019	1,059	1,086	1,071	1,039	1,050	1,065	1,061	(2)	2	(3)
Other Expenses	684	663	691	576	637	630	739	739	762	(17)	(5)	(1)
Total Expenses	4,608	4,783	4,783	4,809	4,786	4,716	4,552	4,449	4,757	(1)	(1)	(1)
EBITDA	847	648	644	687	612	755	871	899	657	15	16	23

BSE SENSEX 64,081 S&P CNX 19,754

CMP: INR218

Buy

Conference Call Details



Date: 3rd November 2023

Time: 1200 hours IST

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In-line EBITDA and margin; PAT beat on higher other income

- Revenue came in at INR3.5b (vs. est. INR3.4b, down 10% YoY). Gross margin stood at 43.4% in 2QFY24 (vs. 47.1% in 2QFY23).
- EBITDA stood at INR441m (vs. est. INR435m, down 28% YoY). **EBITDAM was at 12.6% (vs. 15.8% in 2QFY23)**
- PAT was at INR269m (vs. est. INR220m, down 25% YoY), due to higher-than-expected other income at INR49m.

Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY23				FY24			Var. (%)	YoY (%)	QoQ (%)
	1Q	2Q	3Q	4Q	1Q	2QE	2QAct			
Gross Sales	5,089	3,892	3,257	3,927	3,967	3,409	3,509	3%	-10%	-12%
YoY Change (%)	47.7	3.8	-16.2	-15.1	-22.1	-12.4	-9.9			
Gross Margin (%)	46.4%	47.1%	46.1%	40.6%	42.7%	42.5%	43.4%	0.9%	-3.7%	0.7%
EBITDA	1,019	615	367	490	544	435	441	1%	-28%	-19%
Margin (%)	20.0	15.8	11.3	12.5	13.7	12.8	12.6	-0.2	-3.2	-1.1
Depreciation	134	136	138	136	126	136	127			
Interest	3	3	3	3	4	3	3			
Other Income	3	12	26	32	48	28	49			
PBT	885	487	251	384	461	324	360	11%	-26%	-22%
Tax	229	128	64	100	125	104	91			
Rate (%)	25.8	26.2	25.4	26.1	27.2	32.0	25.3			
Reported PAT	656	359	188	284	336	220	269	22%	-25%	-20%
YoY Change (%)	39.4	17.7	-37.2	-58.6	-48.8	-38.8	-25.2			
Margin (%)	12.9	9.2	5.8	7.2	8.5	6.5	7.7	1.2	-1.6	-0.8

**Maruti: Gained market share this month; now at 43%;
Shashank Srivastava, ED (MARKETING)**

- Grew faster than the industry In Oct
- Gained market share this month, now at 43%
- Retail is slightly less than wholesale growth
- The semiconductor crisis seems to be over
- Hopeful that exports will exceed last year's numbers
- Rural growth is higher than urban growth if you look at Apr-Oct'23

[➔ Read More](#)**Sun Pharma: Maintain FY24 revenue guidance of high single-digit growth.; CS Muralidharan, CFO**

- Maintain FY24 revenue guidance of high-single digit growth
- Revlimid generic was not a major contributor in Q2
- Pricing continues to be competitive, product specific in the US
- Growth is driven by speciality business, excited about the speciality pipeline

[➔ Read More](#)**Godrej Consumer: H2 will be roughly in-line with H1;
Sudhir Sitapati, CEO**

- International business, category development initiatives did well for Q2
- H2 will be roughly in-line with H1
- Will see an uptick due to festive season in Q3
- Expect significant changes in Africa which will lead to expansion of margin
- Our goal is to achieve 10% volume growth
- EBITDAM can go to 22-23% from 20% currently
- Indonesia portfolio is good and insecticides Indonesia portfolio has done good

[➔ Read More](#)**IGL: We have strategy in place to mitigate impact of DelhiEV policy on volumes; Kamal Kishore Chatiwal, MD**

- 0.12 mmscmd of volumes were impacted due to Delhi floods and G20
- We have a strategic plans to mitigate impact of Delhi policy on volumes
- Public transport will continue to use CNG in NCR
- Volumes from NCR were around 87% of total volumes
- Volumes from Non-NCR will be around 25% in next 3-4 years

[➔ Read More](#)**JK Tyre: H2 will be strong for the domestic market;
Anuj Kathuria, President**

- Going forward, demand looks robust in OEMs and replacement market
- H2 will be strong for the domestic market
- Export market demand should be better in H2FY24
- We got benefit of operating leverages and subdued raw material prices in margins

[➔ Read More](#)



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	618	660	7	42.7	48.7	53.7	42.7	14.1	10.3	12.7	11.5	1.8	1.6	14.9	14.8
Apollo Tyres	Buy	387	500	29	17.1	28.5	32.4	69.1	66.4	13.9	13.6	11.9	1.4	1.2	13.3	13.5
Ashok Ley.	Buy	169	225	34	4.5	9.3	12.0	7,586.2	106.5	29.0	18.1	14.0	4.7	3.7	28.8	29.3
Bajaj Auto	Neutral	5316	5225	-2	214.2	276.1	309.0	16.7	28.9	11.9	19.3	17.2	5.4	4.9	29.3	29.9
Balkrishna Inds	Neutral	2536	2500	-1	52.1	71.1	95.6	-29.3	36.4	34.4	35.7	26.5	5.9	5.1	17.3	20.7
Bharat Forge	Buy	1032	1260	22	11.6	29.9	39.8	-46.4	157.3	33.0	34.5	26.0	6.2	5.1	19.2	21.6
Bosch	Neutral	19451	18550	-5	483.0	592.1	704.6	17.0	22.6	19.0	32.8	27.6	4.8	4.4	15.3	16.7
CEAT	Buy	2128	2950	39	51.9	162.9	186.7	164.4	213.9	14.6	13.1	11.4	2.1	1.8	17.6	17.2
Craftsman Auto	Buy	4814	5800	20	117.6	186.0	224.9	54.8	58.2	20.9	25.9	21.4	5.8	4.7	25.2	24.3
Eicher Mot.	Neutral	3338	3600	8	106.5	143.0	162.4	73.7	34.2	13.6	23.3	20.6	5.2	4.4	23.9	23.1
Endurance Tech.	Buy	1599	2000	25	34.7	51.7	62.3	0.4	49.3	20.4	30.9	25.7	4.5	3.9	15.4	16.2
Escorts Kubota	Neutral	3053	2930	-4	51.3	90.9	108.3	-22.9	77.0	19.2	33.6	28.2	4.1	3.6	12.8	13.6
Exide Ind	Buy	258	300	16	10.6	12.2	15.1	7.5	14.4	24.5	21.2	17.0	1.8	1.7	8.6	9.9
Hero Moto	Buy	3050	3850	26	145.6	201.0	213.2	17.7	38.0	6.1	15.2	14.3	3.3	3.0	22.8	21.7
M&M	Buy	1470	1770	20	64.9	86.1	93.9	51.6	32.8	9.1	17.1	15.7	3.4	2.9	21.8	20.3
CIE Automotive	Buy	468	575	23	18.1	22.5	27.1	69.3	24.3	20.6	20.9	17.3	3.1	2.7	15.6	16.6
Maruti Suzuki	Buy	10307	12300	19	271.8	450.8	470.7	111.7	65.9	4.4	22.9	21.9	4.4	3.4	19.0	15.3
MRF	Sell	110512	96500	-13	1,813.65	1,170.15	1,076.3	14.9	185.1	-1.8	21.4	21.8	2.8	2.5	13.9	12.1
Samvardh. Motherson	Buy	92	115	25	2.3	4.2	4.8	90.0	83.1	14.4	21.8	19.0	2.5	2.3	12.2	12.8
Motherson Wiring	Buy	59	70	19	1.1	1.4	1.8	4.3	26.8	27.7	42.0	32.9	15.6	12.5	41.3	42.2
Sona BLW Precis.	Neutral	541	565	4	6.8	8.9	11.6	16.9	31.0	29.8	60.8	46.8	11.9	10.2	21.1	23.4
Tata Motors	Buy	637	750	18	2.2	44.4	44.5	-107.6	1,964.4	0.2	14.3	14.3	4.0	3.1	32.1	24.1
TVS Motor	Neutral	1569	1500	-4	30.4	45.1	53.0	60.7	48.3	17.5	34.8	29.6	9.4	7.4	30.7	28.0
Tube Investments	Buy	3126	3630	16	40.5	59.2	71.2	7.4	46.0	20.3	52.8	43.9	12.3	9.9	25.8	25.0
Aggregate								127.3	83.0	10.5	20.9	19.0	4.2	3.5	19.8	18.4
Banks - Private																
AU Small Finance	Buy	667	780	17	22.0	25.5	33.9	22.3	16	33.1	26.2	19.7	3.6	3.1	14.8	16.8
Axis Bank	Buy	982	1150	17	71.4	79.3	95.9	68.0	11	20.8	12.4	10.2	1.8	1.6	16.8	16.6
Bandhan Bank	Neutral	215	250	16	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	114	130	14	14.9	17.8	21.3	61.7	18.8	20.1	6.4	5.3	0.7	0.6	12.3	13.2
Equitas Small Fin.	Buy	98	115	18	4.9	7.4	9.0	106.8	51.5	22.7	13.3	10.8	1.9	1.6	14.9	16.0
Federal Bank	Buy	142	170	20	14.3	16.1	18.8	54.8	12.7	16.6	8.8	7.5	1.2	1.1	14.6	14.9
HDFC Bank	Buy	1477	1950	32	79.3	83.5	101.5	18.6	5.3	21.5	17.7	14.5	2.6	2.2	15.1	16.4
ICICI Bank	Buy	919	1120	22	45.8	57.0	65.5	36.0	24.6	14.9	16.1	14.0	2.8	2.4	18.6	18.3
IDFC First Bk	Neutral	82	95	15	3.8	4.7	6.1	1,452.3	24.2	29.1	17.4	13.5	1.7	1.5	10.8	11.9
IndusInd	Buy	1461	1700	16	96.0	118.3	146.8	54.7	23.2	24.1	12.4	10.0	1.8	1.6	15.6	16.8
Kotak Mah. Bk	Neutral	1737	1900	9	75.9	91.6	104.9	28.6	20.7	14.5	19.0	16.6	2.7	2.3	15.0	14.6
RBL Bank	Neutral	222	265	19	14.7	21.8	28.4	-	48.0	30.5	10.2	7.8	0.9	0.8	9.3	11.2
SBI Cards	Buy	744	900	21	23.9	25.7	35.1	39.3	7.5	36.5	28.9	21.2	5.8	4.7	22.3	24.5
Aggregate								40.4	28.6	20.4	16.1	13.3	2.4	2.1	15.2	15.8
Banks - PSU																
BOB	Buy	200	240	20	27.3	33.2	40.4	94.0	21.8	21.8	6.0	4.9	0.9	0.8	16.3	17.3
Canara Bank	Buy	388	440	13	58.5	80.6	92.6	78.1	37.8	14.9	4.8	4.2	0.8	0.7	18.2	17.6
Indian Bank	Buy	426	460	8	42.4	65.3	76.9	27.7	54.0	17.7	6.5	5.5	1.0	0.9	17.9	18.0
Punjab Natl. Bank	Neutral	74	75	1	2.3	5.8	9.1	-29.2	154.0	58.0	12.8	8.1	0.8	0.7	6.2	9.0
SBI	Buy	572	700	22	62.4	78.9	89.4	57.3	26	13.4	7.3	6.4	1.2	1.0	19.2	18.0
Union Bank (I)	Buy	106	125	18	12.3	19.0	22.2	56.1	54	17.2	5.6	4.8	0.9	0.8	16.9	17.5
Aggregate								58.4	35	18	6.8	5.7	1.1	0.9	15.6	16.0
NBFCs																
AAVAS Financiers	Neutral	1460	1700	16	54.4	63.3	78.4	20.4	16.4	23.8	23.1	18.6	3.1	2.6	14.2	15.2
Aditya Birla Cap	Buy	173	220	27	8.5	10.4	12.6	20.5	22.4	20.9	16.6	13.7	1.8	1.6	11.9	12.3
Angel One	Buy	2639	2550	-3	107.5	137.6	160.7	42.5	28.0	16.8	19.2	16.4	7.6	6.0	45.3	40.8



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
Bajaj Fin.	Buy	7453	9600	29	190.4	240.1	309.8	63.4	26.1	29.0	31.0	24.1	6.1	4.9	22.7	22.6
Cams Services	Buy	2263	2950	30	58.1	68.8	84.9	-0.8	18.5	23.3	32.9	26.7	12.3	10.6	40.1	42.7
Can Fin Homes	Neutral	770	840	9	46.7	55.6	63.2	31.9	19.2	13.7	13.9	12.2	2.4	2.0	18.6	17.8
Cholaman.Inv.&Fn Buy		1178	-		32.4	42.1	56.9	24.0	29.9	35.1	28.0	20.7	4.7	3.8	20.0	20.3
CreditAccess	Buy	1628	1670	3	52.0	93.4	112.7	127.1	79.7	20.7	17.4	14.4	3.9	3.1	25.4	23.9
Fusion Micro	Buy	601	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	619	700	13	6.3	7.7	9.0	10.7	22.1	17.3	80.3	68.5	2.8	2.4	19.2	18.8
Home First Fin.	Buy	914	1100	20	25.9	34.4	41.9	20.5	32.6	21.9	26.6	21.8	3.9	3.3	15.5	16.4
ICICI Pru Life	Buy	525	600	14	5.6	7.3	8.3	7.4	28.7	15.0	72.2	62.8	1.8	1.5	17.9	18.4
ICICI Lombard	Buy	1370	1600	17	35.2	41.5	50.9	36.0	18.0	22.5	33.0	26.9	5.7	5.0	18.4	19.8
ICICI Securities	Under Review	625	-		34.9	46.0	50.9	-18.6	32.0	10.7	13.6	12.3	6.0	5.1	47.8	44.9
360 ONE WAM	Buy	552	-		18.5	21.4	25.5	13.5	15.8	19.1	25.8	21.6	6.0	5.7	24.0	27.1
IndoStar	Buy	160	195	22	16.5	8.4	17.6	-130.6	-49.0	108.0	18.9	9.1	0.7	0.6	3.6	7.1
L&T Fin Holdings	Buy	134	170	27	6.5	9.6	11.7	51.2	46.4	22.3	14.0	11.5	1.4	1.3	10.6	12.0
Life Insurance Corp.	Buy	606	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	448	550	23	52.5	82.2	84.1	26.4	56.5	2.3	5.5	5.3	0.8	0.7	15.7	14.3
Manappuram Fin.	Buy	137	180	31	17.7	25.4	29.4	12.9	43.2	15.8	5.4	4.7	1.0	0.8	20.3	19.8
MAS Financial	Buy	913	1100	20	36.8	45.6	57.0	27.6	24.0	25.0	20.0	16.0	3.0	2.5	15.8	17.0
Max Financial	Neutral	879	900	2	9.2	13.4	15.7	13.2	46.1	17.0	65.4	55.9	1.9	1.6	20.7	19.9
M&M Fin.	Buy	251	330	32	16.1	15.3	22.5	100.6	-5.1	47.6	16.4	11.1	1.8	1.6	11.1	15.1
Muthoot Fin	Neutral	1310	1290	-2	86.5	106.6	121.4	-12.2	23.2	13.8	12.3	10.8	2.2	1.9	18.8	18.5
Piramal Enterp.	Buy	978	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	732	950	30	61.9	58.2	69.4	24.9	-6.1	19.2	12.6	10.6	1.3	1.1	11.6	11.4
Poonawalla Fincorp	Buy	350	450	29	7.7	12.9	18.8	102.0	66.7	45.4	27.1	18.6	3.2	2.8	13.5	16.2
Repco Home Fin	Neutral	400	375	-6	47.3	57.6	61.2	54.7	21.6	6.3	7.0	6.5	0.9	0.8	13.4	12.6
Spandana Sphoorty	Buy	865	1100	27	1.7	71.1	90.1	-82.7	3,974.6	26.6	12.2	9.6	1.7	1.4	15.1	16.3
Shriram Finance	Buy	1955	2325	19	159.7	195.8	222.8	42.0	22.6	13.8	10.0	8.8	1.5	1.3	15.8	15.9
SBI Life Insurance	Buy	1344	1570	17	17.2	20.1	23.2	14.2	16.6	15.5	67.0	58.0	2.4	2.0	22.2	21.4
Star Health Insu	Buy	549	730	33	10.6	16.2	22.0	-158.5	52.4	35.7	33.9	25.0	4.3	3.6	13.4	15.7
Aggregate								74.3	5.0	21.0	17.7	14.6	2.7	2.3	15.2	15.9
Chemicals																
Alkyl Amines	Neutral	2147	2100	-2	44.7	42.5	60.0	1.6	-5.0	41.3	50.6	35.8	8.2	7.0	17.3	21.1
Atul	Neutral	6183	6110	-1	169.0	135.9	174.6	-15.0	-19.6	28.4	45.5	35.4	3.6	3.3	8.3	9.8
Clean Science	Neutral	1373	1340	-2	27.8	22.0	29.8	29.2	-20.8	35.5	62.5	46.2	12.2	10.0	21.1	23.8
Deepak Nitrite	Neutral	1998	2080	4	62.5	58.4	83.2	-20.1	-6.6	42.6	34.2	24.0	5.7	4.7	17.9	21.5
Fine Organic	Sell	4227	3730	-12	192.6	117.6	106.6	135.6	-38.9	-9.4	35.9	39.7	6.9	6.0	21.3	16.2
Galaxy Surfact.	Buy	2812	3285	17	107.5	100.8	109.5	45.0	-6.2	8.7	27.9	25.7	4.6	4.0	17.6	16.7
Navin Fluorine	Neutral	3477	3460	0	75.7	67.5	98.9	42.6	-10.8	46.4	51.5	35.2	7.0	6.0	14.4	18.3
NOCIL	Buy	218	-		8.9	7.8	11.4	-15.5	-12.8	46.5	28.0	19.1	2.2	2.1	8.2	11.2
Vinati Organics	Buy	1709	2130	25	44.6	42.2	53.3	32.1	-5.2	26.1	40.5	32.1	6.8	5.8	18.1	19.4
Aggregate								10.1	-15.3	28.3	40.0	31.2	5.6	4.8	13.9	15.5
Cement																
Ambuja Cem.	Neutral	419	450	7	12.7	13.5	11.8	18.2	6.2	-12.1	31.1	35.4	2.7	2.2	15.0	10.7
ACC	Neutral	1863	2150	15	52.6	91.4	110.9	-47.6	73.7	21.3	20.4	16.8	2.2	2.0	11.6	12.6
Birla Corp.	Buy	1277	1480	16	4.7	44.9	66.6	-91.4	858.9	48.2	28.4	19.2	1.6	1.5	5.7	7.9
Dalmia Bhar.	Buy	2080	2800	35	36.5	45.1	64.4	-16.5	23.4	42.8	46.1	32.3	2.4	2.3	5.3	7.2
Grasim Inds.	Buy	1897	2380	25	98.4	95.8	99.0	-11.8	-2.6	3.3	19.8	19.2	2.5	2.4	5.2	3.9
India Cem	Sell	208	150	-28	-15.2	-6.1	6.1	-	Loss	LP	NM	34.1	1.2	1.1	-3.4	3.4
J K Cements	Buy	3112	3640	17	55.2	90.1	107.2	-38.0	63.3	18.9	34.5	29.0	4.6	4.1	14.0	14.9
JK Lakshmi Ce	Buy	674	-		30.5	37.0	46.3	-15.2	21.5	25.2	18.2	14.6	2.5	2.2	14.6	16.0
Ramco Cem	Neutral	993	940	-5	14.5	22.8	31.2	-41.8	56.7	36.9	43.6	31.8	3.2	3.0	7.7	9.7



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
Shree Cem	Neutral	25876	24310	-6	325.3	500.8	579.3	-48.3	53.9	15.7	51.7	44.7	4.7	4.4	9.5	10.2
Ultratech	Buy	8461	10090	19	175.4	256.4	311.5	-10.6	46.2	21.5	33.0	27.2	4.0	3.6	12.9	14.0
Aggregate								-21.0	28.3	17.9	29.4	24.9	3.0	2.6	10.2	10.5
Consumer																
Asian Paints	Neutral	2956	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	4529	4680	3	80.3	88.6	103.8	27.6	10.3	17.2	51.1	43.6	30.5	27.6	60.0	66.5
Colgate	Neutral	2125	2020	-5	38.9	44.9	50.4	1.1	15.3	12.5	47.4	42.1	33.7	33.7	71.1	79.9
Dabur	Buy	530	660	24	9.6	11.3	13.0	-6.9	17.7	15.0	47.0	40.7	9.3	8.5	21.0	21.9
Emami	Buy	510	640	26	17.6	20.6	22.7	-8.2	17.1	10.3	24.7	22.4	9.1	8.0	38.0	38.1
Godrej Cons.	Buy	992	1150	16	17.2	19.5	25.2	-2.0	13.6	29.4	50.8	39.3	6.9	6.5	14.0	17.1
HUL	Buy	2489	3015	21	42.7	44.8	50.3	13.2	5.1	12.1	55.5	49.5	12.2	12.9	21.4	25.3
ITC	Buy	431	535	24	15.1	16.6	19.0	23.5	10.0	14.7	26.0	22.6	7.5	7.1	29.8	32.4
Indigo Paints	Buy	1429	2025	42	24.3	32.8	45.2	37.5	34.8	37.9	43.6	31.6	7.5	6.3	18.6	21.8
Jyothy Lab	Neutral	358	345	-4	6.3	8.9	10.3	46.2	39.7	16.3	40.5	34.8	7.8	7.2	20.1	21.5
Marico	Buy	534	640	20	10.1	11.5	12.3	6.3	13.5	7.6	46.6	43.3	16.0	15.2	36.5	35.9
Nestle	Neutral	24113	23900	-1	247.9	298.3	367.7	3.1	20.3	23.3	80.8	65.6	95.2	85.8	155.0	137.6
Page Inds	Neutral	37575	39730	6	512.2	583.0	709.4	6.5	13.8	21.7	64.4	53.0	25.7	21.5	39.8	40.6
Pidilite Ind.	Neutral	2427	2400	-1	25.2	36.8	43.6	7.3	45.9	18.5	66.0	55.7	14.9	13.0	24.2	25.0
P&G Hygiene	Neutral	17713	16940	-4	188.9	257.9	307.8	4.7	36.5	19.4	68.7	57.5	55.8	46.7	84.8	88.5
Tata Consumer	Buy	911	1040	14	11.7	14.6	19.4	10.3	25.1	32.9	62.4	47.0	4.9	4.4	8.2	9.8
United Brew	Sell	1612	1365	-15	12.5	18.5	27.5	-10.0	48.8	48.3	86.9	58.6	10.1	9.2	12.0	16.4
United Spirits	Neutral	1058	910	-14	12.7	14.4	17.2	-4.5	13.0	19.8	73.6	61.5	11.3	11.2	15.4	18.2
Varun Beverages	Buy	926	1090	18	11.5	15.6	19.3	115.8	35.1	24.0	59.5	48.0	17.4	13.2	33.7	31.3
Aggregate								15.2	15.5	14.1	44.3	38.8	11.5	11.0	26.0	28.4
EMS																
Avalon Tech	Buy	494	730	48	9.1	11.7	18.4	-16.9	29.5	56.5	42.1	26.9	5.2	4.4	13.3	17.8
Cyient DLM	Buy	642	870	36	4.0	8.7	16.2	-20.2	117.5	86.8	73.8	39.5	5.3	4.6	11.8	12.5
Data Pattern	Neutral	1860	2270	22	22.1	30.7	43.8	22.3	38.7	42.7	60.6	42.5	7.8	6.6	13.8	16.9
Kaynes Tech	Buy	2362	3100	31	16.4	28.8	44.3	81.3	76.0	53.7	82.0	53.3	12.2	9.9	16.1	20.5
Syrma SGS Tech.	Buy	524	700	34	6.7	8.7	13.1	28.6	28.9	50.6	60.0	40.1	5.5	4.8	9.5	12.7
Aggregate								36.0	40.7	67.5	71.9	42.9	7.5	6.4	10.4	14.9
Healthcare																
Alembic Phar	Neutral	725	720	-1	21.9	30.6	34.3	-37.6	40.0	12.1	23.7	21.2	2.9	2.6	12.9	13.0
Alkem Lab	Neutral	3791	3460	-9	106.0	123.5	155.3	-23.2	16.4	25.8	30.7	24.4	4.4	3.9	15.3	17.0
Ajanta Pharma	Buy	1828	2030	11	49.2	61.4	73.3	-10.0	24.7	19.4	29.8	24.9	5.9	5.0	21.2	21.6
Apollo Hospitals	Buy	4885	5900	21	48.2	73.0	108.7	-29.3	51.5	49.0	67.0	44.9	9.5	7.9	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	222	245	11	5.9	9.7	14.7	-20.0	65.3	51.6	22.8	15.0	1.4	1.3	6.4	9.2
Cipla	Buy	1209	1450	20	37.8	47.4	53.4	6.8	25.7	12.5	25.5	22.6	3.7	3.2	14.6	14.3
Divis Lab	Neutral	3344	3430	3	64.9	66.2	86.5	-41.2	2.0	30.7	50.5	38.6	6.3	5.7	13.1	15.5
Dr Reddy's	Neutral	5334	5400	1	244.7	296.7	308.8	39.2	21.2	4.1	18.0	17.3	3.2	2.7	19.5	17.2
ERIS Lifescience	Neutral	866	950	10	27.8	33.9	35.5	-5.8	22.1	4.6	25.5	24.4	4.7	4.1	19.7	17.8
Gland Pharma	Buy	1490	1950	31	50.4	54.7	64.7	-31.4	8.4	18.3	27.2	23.0	2.8	2.5	10.7	11.3
Glenmark	Neutral	751	770	3	28.5	38.3	48.8	-17.5	34.5	27.3	19.6	15.4	2.1	1.9	11.3	12.9
GSK Pharma	Neutral	1392	1440	3	35.9	36.3	40.9	6.0	0.9	12.9	38.4	34.0	11.4	10.3	29.7	30.3
Global Health	Buy	817	840	3	12.1	16.2	19.4	53.7	33.1	19.7	50.5	42.2	7.9	6.8	16.7	17.3
Granules India	Buy	342	410	20	21.6	21.7	28.4	30.6	0.6	30.7	15.7	12.0	2.5	2.1	17.0	18.8
IPCA Labs	Neutral	976	860	-12	20.8	23.4	33.4	-42.8	12.7	42.7	41.6	29.2	3.9	3.5	9.7	12.6
Laurus Labs	Buy	362	460	27	14.8	9.1	16.9	-4.3	-38.2	84.5	39.6	21.5	4.4	3.7	11.6	18.7
Lupin	Sell	1169	870	-26	8.6	28.9	35.4	-55.0	235.7	22.4	40.5	33.1	3.8	3.5	10.0	11.0
Max Healthcare	Buy	580	650	12	11.6	14.3	16.4	27.5	23.6	14.7	40.5	35.3	6.0	5.1	15.9	15.5
Piramal Pharma	Buy	106	115	8	-0.6	1.4	3.0	-120.6	LP	112.1	74.9	35.3	1.6	1.5	2.5	4.9
Solara Active Pharma	Buy	343	420	22	-6.2	-3.6	11.3	-59.4	Loss	LP	NM	30.2	0.8	0.8	-0.9	2.8
Sun Pharma	Buy	1132	1310	16	35.8	39.4	46.6	14.4	10.3	18.2	28.7	24.3	4.3	3.7	15.8	16.4



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	1927	2050	6	37.2	50.1	66.3	8.3	34.7	32.4	38.5	29.0	7.8	3.9	23.3	26.9
Zydus Lifesciences	Neutral	578	640	11	22.4	30.7	30.4	3.9	36.8	-1.0	18.8	19.0	2.8	2.5	16.4	14.1
Aggregate								-4.3	23.0	18.9	28.6	24.1	3.8	3.4	13.2	14.0
Infrastructure																
G R Infraproject	Buy	1132	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	34	33	-3	1.2	1.5	1.7	99.2	23.9	14.4	23.0	20.1	1.5	1.4	6.5	7.1
KNR Constructions	Buy	265	315	19	14.7	15.5	17.3	15.1	5.1	11.3	17.1	15.3	2.4	2.1	14.8	14.3
Aggregate											17.9	15.6	1.7	1.5	9.3	9.7
Logistics																
Adani Ports	Buy	774	1010	30	30.9	36.2	45.9	10.9	17.2	26.8	21.4	16.9	3.3	2.8	16.1	18.0
Blue Dart Express	Buy	6418	7540	17	154.4	141.9	220.8	-11.1	-8.1	55.6	45.2	29.1	10.5	8.3	24.8	31.8
Concor	Buy	682	-		19.2	19.4	24.2	10.2	0.9	25.0	35.2	28.2	3.5	3.3	10.2	12.0
Mahindra Logistics	Neutral	350	330	-6	3.7	-1.7	12.4	49.7	PL	LP	NM	28.2	4.7	4.2	-2.2	15.7
Transport Corp.	Buy	803	930	16	41.6	46.8	57.6	10.7	12.5	23.1	17.1	13.9	3.0	2.5	19.0	19.5
TCI Express	Buy	1319	1700	29	36.4	39.1	48.7	8.1	7.6	24.5	33.7	27.1	7.1	5.8	22.8	23.5
VRL Logistics	Buy	667	825	24	18.8	20.5	33.0	6.4	9.0	60.9	32.5	20.2	5.3	4.5	17.4	24.2
Aggregate											24.0	18.7	3.5	3.1	14.5	16.5
Media																
PVR Inox	Neutral	1612	1700	5	-24.8	50.4	63.0	-63.9	LP	25.0	32.0	25.6	2.0	1.9	6.5	7.6
Sun TV	Buy	640	720	12	42.5	45.7	49.1	1.8	7.5	7.4	14.0	13.0	2.6	2.4	18.3	18.2
Zee Ent.	Buy	269	300	11	4.8	7.0	9.9	-59.0	46.9	41.4	38.5	27.3	2.4	2.2	6.2	8.4
Aggregate								-11.3	43.0	18.0	22.5	19.1	2.3	2.2	10.3	11.4
Metals																
Coal India	Buy	309	340	10	45.6	34.8	36.0	61.8	-23.8	3.5	8.9	8.6	2.8	2.4	31.5	28.1
Hindalco	Buy	474	570	20	45.3	45.4	48.6	-26.2	0.3	6.9	10.4	9.8	1.3	1.2	13.7	12.9
Hind. Zinc	Neutral	294	290	-1	24.9	19.6	26.6	7.7	-21.2	35.8	15.0	11.1	7.3	5.2	55.3	54.9
JSPL	Buy	590	730	24	36.4	50.9	73.8	-57.7	39.8	44.9	11.6	8.0	1.4	1.2	12.5	16.0
JSW Steel	Neutral	734	780	6	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	93	90	-4	8.3	7.6	9.4	-48.2	-9.4	24.6	12.4	9.9	1.2	1.2	10.3	12.1
NMDC	Buy	160	170	6	16.5	18.6	19.3	-48.5	12.6	4.0	8.6	8.3	1.8	1.6	22.6	20.8
SAIL	Neutral	85	85	0	4.8	7.6	10.2	-84.0	58	33.7	11.1	8.3	0.6	0.6	5.6	7.2
Tata Steel	Neutral	118	115	-3	7.1	5.9	11.8	-78.5	-17	100.0	19.8	10.0	1.6	1.4	7.7	15.0
Vedanta	Neutral	229	230	0	29.0	16.7	24.0	-44.9	-42	43.1	13.7	9.6	2.7	2.6	17.5	27.7
Aggregate								-46.2	-5.1	32.4	12.3	9.3	1.8	1.6	14.7	17.4
Oil & Gas																
Aegis Logistics	Neutral	289	335	16	14.6	13.3	15.2	43.7	-9.3	14.5	21.8	19.0	2.6	2.4	12.7	13.3
BPCL	Neutral	360	380	5	9.4	119.7	47.1	-81.9	1,170.3	-60.6	3.0	7.6	1.1	1.0	41.7	14.2
Castrol India	Buy	135	160	19	8.2	8.2	8.9	7.5	0.0	8.2	16.3	15.1	6.5	5.9	41.3	41.0
GAIL	Buy	122	140	15	8.1	11.4	13.4	-48.5	41.2	17.4	10.7	9.1	1.2	1.1	12.8	13.7
Gujarat Gas	Buy	408	-		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	263	325	24	16.8	17.6	18.2	-3.5	5.3	3.4	14.9	14.4	1.5	1.4	10.3	10.0
HPCL	Neutral	255	275	8	-49.2	104.0	51.6	-195.7	LP	-50.4	2.5	4.9	0.8	0.7	39.2	15.9
IOC	Buy	95	115	21	8.5	31.3	13.5	-54.5	268.3	-57.0	3.0	7.1	0.8	0.7	28.4	10.9
IGL	Sell	390	350	-10	20.6	25.7	25.9	9.9	24.5	0.8	15.2	15.0	3.3	2.8	23.3	20.2
Mahanagar Gas	Buy	1034	1310	27	80.0	120.6	81.9	32.3	50.7	-32.1	8.6	12.6	2.1	1.9	26.5	15.9
MRPL	Neutral	104	110	6	15.1	22.5	14.3	-11.4	49.0	-36.2	4.6	7.3	1.4	1.2	34.7	18.2
Oil India	Buy	300	370	23	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	186	220	18	30.4	49.3	45.5	-5.8	62.3	-7.7	3.8	4.1	0.7	0.7	20.9	17.1
PLNG	Neutral	195	225	15	21.6	21.6	18.7	-3.4	0.1	-13.3	9.0	10.4	1.8	1.6	20.5	16.1
Reliance Ind.	Buy	2320	2760	19	98.6	103.1	118.8	14.2	4.6	15.2	22.5	19.5	1.7	1.6	8.2	8.7
Aggregate								-19.6	77.9	-17.3	9.5	11.5	1.4	1.3	14.6	11.1
Real Estate																
Brigade Enterpr.	Buy	627	720	15	12.1	25.3	32.6	42.2	108.8	28.9	24.8	19.2	3.4	2.9	14.8	16.5
DLF	Neutral	578	585	1	11.4	14.5	21.5	69.7	26.8	48.7	40.0	26.9	2.5	2.3	9.1	12.4
Godrej Propert.	Buy	1716	2015	17	22.4	24.8	43.9	77.2	11.0	77.0	69.3	39.1	4.8	4.3	7.2	11.6



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	1211	1200	-1	52.4	42.2	48.6	81.9	-19.4	15.2	28.7	24.9	3.2	2.9	11.9	12.2
Macrotech Devel.	Buy	850	900	6	16.0	15.2	24.9	27.9	-4.9	63.9	56.0	34.2	5.9	5.2	11.0	16.2
Mahindra Lifespace	Buy	485	575	19	3.0	0.5	7.5	168.4	-82.7	1,348.6	940.9	65.0	4.1	3.9	0.4	6.2
Sobha	Buy	748	750	0	10.8	16.7	42.8	-39.8	53.9	156.8	44.9	17.5	2.7	2.4	6.3	14.6
Prestige Estates	Buy	748	900	20	19.2	25.0	23.5	58.5	30.2	-6.3	29.8	31.9	2.6	2.4	9.0	7.8
Phoenix Mills	Neutral	1979	1850	-6	40.9	53.9	75.8	207.5	32.0	40.6	36.7	26.1	3.8	3.3	10.9	13.6
Aggregate								49.4	25.0	43.2	40.3	28.2	3.8	3.4	9.3	12.0
Retail																
Avenue Supermarts	Buy	3649	4500	23	36.7	41.8	58.2	59.4	13.9	39.3	87.3	62.7	12.1	10.1	15.5	18.2
Aditya Birla Fashion	Neutral	215	195	-9	-0.7	-4.5	-3.9	-45.7	Loss	Loss	NM	NM	5.0	5.5	-11.8	-9.4
Bata India	Neutral	1573	1490	-5	25.1	28.3	36.8	213.3	12.6	30.3	55.7	42.7	11.2	8.9	22.4	23.2
Barbeque-Nation	Neutral	649	690	6	3.9	4.5	9.4	-159.6	15.0	107.4	143.6	69.3	6.0	5.6	4.2	8.0
Campus Activewe.	Buy	271	335	24	3.8	5.2	6.5	-8.6	35.0	26.6	52.5	41.5	11.7	9.1	22.3	22.0
Devyani Intl.	Buy	185	250	36	2.3	2.0	2.8	18.9	-14.6	41.2	92.3	65.4	19.1	14.8	22.6	25.5
Jubilant Food.	Buy	501	610	22	6.1	5.6	7.5	-7.6	-7.6	33.7	88.8	66.4	13.7	15.0	15.4	22.5
Metro Brands	Buy	1200	1350	13	13.3	13.4	18.5	70.7	1.0	37.8	89.3	64.8	17.9	15.2	22.0	26.0
Raymond	Buy	1815	2600	43	94.4	114.2	132.3	44.5	20.9	15.8	15.9	13.7	2.6	2.2	20.2	17.3
Relaxo Footwear	Neutral	910	840	-8	6.2	10.0	14.0	-33.6	60.6	40.4	91.3	65.0	11.1	9.8	12.7	16.0
Restaurant Brands	Buy	112	135	20	-4.9	-2.2	0.5	14.8	Loss	LP	NM	231.5	7.4	7.1	-13.5	3.1
Sapphire Foods	Buy	1318	1670	27	17.0	17.8	27.0	134.6	4.8	51.7	74.3	49.0	6.1	5.4	8.6	11.8
Shoppers Stop	Neutral	633	735	16	14.5	16.7	26.4	-269.2	14.8	58.4	38.0	24.0	14.4	9.0	46.5	46.3
Titan Company	Buy	3201	3795	19	36.8	44.8	58.3	40.2	21.9	30.1	71.4	54.9	19.5	15.8	30.1	31.9
Trent	Buy	2191	2330	6	11.1	20.1	27.8	835.7	80.3	38.4	109.2	78.9	22.0	16.9	24.2	26.0
V-Mart Retail	Buy	1666	2340	40	-4.3	-33.1	38.1	-167.4	Loss	LP	NM	43.7	3.8	3.5	NM	8.4
Vedant Fashions	Neutral	1303	1250	-4	17.7	18.4	22.5	36.2	4.3	22.2	70.7	57.9	19.6	16.3	29.2	29.8
Westlife Foodworld	Neutral	809	850	5	7.2	8.7	12.4	-	21.9	42.6	92.8	65.0	18.0	14.1	21.5	24.3
Aggregate								57.1	15.6	38.5	82.3	59.4	13.5	11.5	16.5	19.3
Technology																
Cyient	Buy	1677	1980	18	52.4	70.7	88.3	9.6	35.1	24.8	23.7	19.0	4.9	4.5	21.6	24.7
HCL Tech.	Buy	1273	1410	11	54.8	58.1	65.9	10.0	6.0	13.5	21.9	19.3	5.3	5.4	24.2	27.9
Infosys	Buy	1370	1660	21	57.6	61.1	69.2	9.8	6.2	13.1	22.4	19.8	7.5	7.5	33.5	37.8
LTI Mindtree	Neutral	5021	5350	7	151.8	165.2	205.8	13.7	8.9	24.5	30.4	24.4	7.6	6.4	27.1	28.5
L&T Technology	Buy	4209	5210	24	110.5	123.1	148.9	22.1	11.4	21.0	34.2	28.3	8.5	7.3	25.5	27.9
Mphasis	Neutral	2188	2290	5	86.9	88.2	109.0	15.8	1.4	23.7	24.8	20.1	4.8	4.4	20.3	23.0
Coforge	Neutral	5054	4840	-4	130.6	146.5	186.4	17.7	12.2	27.3	34.5	27.1	8.6	7.2	26.7	28.9
Persistent Sys	Neutral	6225	5430	-13	124.4	148.7	187.1	36.2	19.5	25.8	41.9	33.3	10.0	8.4	26.5	28.1
TCS	Buy	3360	4060	21	115.3	126.9	145.1	10.9	10.1	14.3	26.5	23.2	14.0	14.4	52.1	61.3
Tech Mah	Neutral	1116	1040	-7	57.3	44.1	54.7	-8.6	-23.0	24.1	25.3	20.4	3.4	3.4	13.8	16.8
Wipro	Neutral	384	418	9	20.7	19.6	23.1	-5.5	-5.5	18.2	19.6	16.6	2.7	2.6	13.8	16.1
Zensar Tech	Neutral	498	520	4	14.4	25.8	25.6	-21.6	79.9	-0.8	19.3	19.4	3.4	3.1	18.8	17.0
Aggregate								7.0	5.4	15.3	25.3	22.0	7.5	7.4	29.8	33.8
Telecom																
Bharti Airtel	Buy	924	1070	16	13.6	20.5	30.7	115.5	50.4	50.1	45.2	30.1	4.8	4.2	12.4	14.9
Indus Towers	Neutral	190	170	-11	8.9	18.9	19.4	-62.3	111.8	2.9	10.1	9.8	2.0	1.6	21.5	18.2
Vodafone Idea		14			-10.2	-10.4	-8.0	3.1	Loss	Loss	NM	NM	-0.4	-0.3	NM	NM
Tata Comm	Neutral	1715	1630	-5	60.7	46.4	55.2	17.1	-23.5	19.0	36.9	31.0	19.5	13.0	66	50.2
Aggregate								Loss	Loss	LP	-56	725.6	21.8	21.4	-38.9	3.0
Others																
APL Apollo Tubes	Buy	1562	1930	24	23.1	32.9	51.9	15.2	42.1	57.9	47.5	30.1	11.5	8.6	26.9	32.6
BSE	Neutral	1771	1380	-22	15.7	53.2	51.1	-16.1	239.0	-3.9	33.3	34.6	9.1	8.5	27.5	24.4
Coromandel Intl	Buy	1058	1300	23	68.5	65.7	72.7	31.5	-4.1	10.8	16.1	14.5	3.3	2.8	22.3	20.8
EPL	Buy	190	270	42	7.2	9.6	12.8	6.3	33.5	33.5	19.8	14.8	2.8	2.5	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	28.8	22.2	3.7	3.4	13.0	15.8
Havells India	Buy	1266	1580	25	17.2	21.2	27.1	-10.1	23.5	27.8	59.7	46.7	10.6	9.2	17.8	19.8
Indiamart Inter.	Buy	2565	3250	27	46.4	50.1	67.0	-4.5	8.1	33.6	51.2	38.3	6.8	6.1	14.1	16.7
Indian Hotels	Buy	390	480	23	7.0	8.6	10.2	-485.5	22.1	18.1	45.4	38.4	6.1	5.3	14.3	14.8
Interglobe	Neutral	2489	2615	5	-8.2	207.2	218.8	-94.9	LP	6	12	11.4	56.7	9.5	-346.1	142.9
Info Edge	Neutral	4137	4200	2	31.8	58.2	65.6	-6.7	83.1	12.7	71.0	63.0	4.6	4.2	6.2	13.2
Kaveri Seed	Buy	608	700	15	46.6	54.4	60.8	27.9	16.8	11.8	11.2	10.0	2.2	1.8	21.2	19.9
Kajaria Ceramics	Buy	1264	1580	25	21.4	28.8	36.3	-11.1	34.7	26.1	43.9	34.8	7.9	7.2	18.8	21.6
Lemon Tree Hotel	Buy	108	135	25	1.5	1.9	3.2	-255.5	27.4	64.1	56.2	34.2	8.4	6.8	16.2	21.9
MCX	Neutral	2425	1830	-25	29.2	24.6	76.4	3.8	-15.9	210.9	98.7	31.8	8.2	7.8	8.4	25.2
One 97	Buy	921	1160	26	-28.0	-12.8	4.5	-24.1	Loss	LP	NM	205.7	4.6	4.6	-6.3	2.3
Qess Corp	Neutral	420	400	-5	11.5	19.0	33.5	-35.3	66.0	76.1	22.1	12.6	1.8	1.6	10.8	17.7
PI Inds.	Buy	3411	4560	34	80.9	105.6	126.8	45.7	30.6	20.0	32.3	26.9	6.0	5.0	20.3	20.2
SIS	Buy	430	490	14	23.2	25.5	35.5	19.7	9.8	39.0	16.9	12.1	1.1	0.9	15.0	17.9
SRF	Neutral	2238	2000	-11	76.2	53.6	80.6	24.8	-29.6	50.2	41.7	27.8	5.8	4.9	14.6	19.2
Tata Chemicals	Neutral	959	1080	13	91.6	78.1	66.6	84.8	-14.7	-14.8	12.3	14.4	1.1	1.1	9.7	7.7
Team Lease Serv.	Buy	2385	3080	29	65.1	78.0	110.0	189.8	19.8	41.0	30.6	21.7	4.3	3.6	14.6	17.5
Trident	Buy	35	45	29	0.9	1.0	1.5	-45.8	11.1	55.3	36.4	23.4	3.7	3.2	11.0	15.1
Voltas	Buy	834	1000	20	11.5	14.8	20.9	-24.8	29.1	41.3	56.4	39.9	4.8	4.3	8.4	10.9
UPL	Neutral	541	590	9	58.5	49.9	59.5	-7.8	-14.7	19.2	10.8	9.1	0.9	0.8	13.2	13.8
Zomato	Buy	108	115	7	-1.2	0.1	0.9	-28.0	LP	912.4	1,170.2	115.6	4.7	4.5	0.4	4.0



Index	1 Day (%)	1M (%)	12M (%)
Sensex	0.8	-2.7	5.2
Nifty-50	0.8	-2.6	5.8
Nifty Next 50	1.5	-1.3	3.5
Nifty 100	0.9	-2.4	4.3
Nifty 200	0.9	-2.5	6.9
Company	1 Day (%)	1M (%)	12M (%)
Automobiles	0.7	-1.5	19.8
Amara Raja Ener.	0.0	-3.0	20.4
Apollo Tyres	1.8	5.1	34.2
Ashok Leyland	2.1	-4.8	12.7
Bajaj Auto	-0.5	5.0	42.3
Balkrishna Inds	-0.8	-0.7	30.0
Bharat Forge	0.5	-5.5	21.8
Bosch	0.5	2.3	17.3
CEAT	0.9	0.4	39.3
Craftsman Auto	1.1	3.9	53.1
Eicher Motors	1.7	-3.2	-10.5
Endurance Tech.	1.1	0.5	18.5
Escorts Kubota	-0.1	-4.1	52.2
Exide Inds.	2.2	-1.0	56.1
Hero Motocorp	-1.3	-0.2	15.4
M & M	1.0	-5.4	8.7
CIE Automotive	3.0	-2.6	55.2
Maruti Suzuki	0.7	-2.9	11.6
MRF	1.6	2.9	21.8
Sona BLW Precis.	-0.2	-7.2	15.0
Motherson Sumi	0.1	-4.2	42.3
Motherson Wiring	-0.7	-8.9	-0.3
Tata Motors	1.4	1.0	50.8
TVS Motor Co.	0.6	3.2	40.8
Tube Investments	1.1	5.0	10.4
Banks-Private	0.8	-3.4	5.8
AU Small Fin. Bank	-0.3	-6.6	8.1
Axis Bank	1.1	-5.2	13.8
Bandhan Bank	0.7	-14.6	-7.6
DCB Bank	0.8	-8.6	5.7
Equitas Sma. Fin	-1.1	-7.2	41.6
Federal Bank	0.7	-3.9	6.2
HDFC Bank	0.2	-3.2	-2.5
ICICI Bank	0.6	-3.4	1.7
IDFC First Bank	1.5	-13.8	48.7
IndusInd Bank	2.0	2.3	28.4
Kotak Mah. Bank	0.8	0.1	-9.0
RBL Bank	1.7	-12.2	65.9
SBI Cards	-0.1	-5.9	-11.0
Banks-PSU	1.5	-4.5	47.3
BOB	2.3	-6.6	35.9
Canara Bank	1.3	3.2	33.2
Indian Bank	-1.1	0.6	74.1
Punjab Natl.Bank	1.9	-7.4	89.2
St Bk of India	1.0	-4.4	-0.3
Union Bank (I)	2.5	-0.4	103.9
NBFCs	0.7	-2.7	3.7
Angel Broking	0.4	42.7	64.9

Note: Sectoral performance are of NSE/BSE Indices

Index	1 Day (%)	1M (%)	12M (%)
Nifty 500	0.9	-2.3	9.0
Nifty Midcap 100	1.4	-3.0	24.1
Nifty Smallcap 100	1.3	0.5	32.1
Nifty Midcap 150	1.2	-2.8	23.0
Nifty Smallcap 250	1.1	-0.8	29.2
Aditya Birla Capital Ltd	1.5	-4.0	46.4
Bajaj Fin.	-0.3	-4.6	4.1
Cholaman.Inv.&Fn	2.5	-3.3	58.1
Can Fin Homes	1.3	0.5	51.6
Cams Services	1.6	-9.5	-9.2
CreditAcc. Gram.	0.6	23.9	63.9
Fusion Microfin.	0.2	1.3	
Home First Finan	0.1	12.6	24.3
Indostar Capital	-1.2	-6.0	0.0
L&T Fin.Holdings	1.9	0.9	69.1
LIC Housing Fin.	-1.9	-3.4	22.4
M & M Fin. Serv.	1.6	-16.7	29.6
Muthoot Finance	0.7	4.6	23.5
Manappuram Fin.	0.6	-8.6	32.1
MAS Financial Serv.	-0.7	0.7	13.7
ICICI Sec	-0.1	0.8	21.6
360 One	4.2	9.8	19.9
PNB Housing	2.5	5.3	108.6
Repco Home Fin	1.1	4.2	90.9
Shriram Finance	2.8	1.8	61.9
Spandana Sphoort	-2.6	3.9	40.7
Insurance			
HDFC Life Insur.	-0.1	-2.8	14.2
ICICI Pru Life	1.9	-7.3	1.5
ICICI Lombard	1.0	4.7	17.4
Life Insurance	1.0	-6.7	-2.1
Max Financial	-0.5	-3.4	21.8
SBI Life Insuran	0.6	2.9	5.6
Star Health Insu	0.2	-8.7	-24.3
Chemicals			
Alkyl Amines	0.4	-6.6	-27.7
Atul	0.8	-12.2	-26.0
Clean Science	2.1	-2.5	-13.8
Deepak Nitrite	2.1	-5.7	-14.6
Fine Organic	-1.8	-11.9	-29.7
Galaxy Surfact.	0.8	11.0	-1.1
Navin Fluo.Intl.	-0.1	-7.7	-23.6
NOCIL	0.6	-4.4	-10.4
Vinati Organics	-0.8	-7.6	-12.8
Cement			
Ambuja Cem.	3.2	-1.2	-23.0
ACC	1.1	-7.4	-23.6
Birla Corp.	1.5	3.9	32.7
Dalmia Bhar.	0.2	-13.6	30.2
Grasim Inds.	1.6	-2.3	7.8
India Cem	4.2	-10.7	-14.8
J K Cements	0.8	-2.1	9.7
JK Lakshmi Ce	0.2	4.5	16.2
Ramco Cem	0.8	9.0	36.8



Company	1 Day (%)	1M (%)	12M (%)
Shree Cem	1.9	1.7	16.0
Ultratech	0.9	2.5	24.8
Consumer	1.0	0.0	15.8
Asian Paints	0.7	-6.5	-5.6
Britannia	3.0	-0.2	21.6
Colgate-Palm.	1.6	5.9	31.6
Dabur	2.6	-3.8	-5.7
Emami	-0.1	-5.1	6.7
Godrej Cons.	1.7	0.0	18.9
HUL	0.6	0.9	-1.3
ITC	0.7	-3.0	21.6
Indigo Paints	0.6	-3.6	-1.7
Jyothy Lab	-0.8	-0.5	79.8
Marico	-0.2	-4.9	0.8
Nestle	1.0	7.1	18.3
Page Inds	0.5	-3.6	-25.0
Pidilite Ind.	0.9	-0.5	-7.8
P&G Hygiene	0.0	-0.7	26.3
Tata Consumer	0.9	3.9	18.6
United Brew	0.4	3.5	-3.5
United Spirits	1.1	5.0	18.3
Varun Beverages	0.9	-2.1	64.3
EMS			
Kaynes Tech	1.4	2.8	
Avalon Tech	0.2	-11.1	
Syrma SGS Tech.	-12.2	-14.2	83.8
Cyient DLM	1.1	-11.0	
Data Pattern	0.3	-11.4	37.6
Healthcare	0.7	-3.8	9.4
Alembic Phar	1.6	-7.7	18.3
Alkem Lab	1.9	5.2	14.5
Apollo Hospitals	1.9	-4.8	11.6
Ajanta Pharma	0.1	1.6	35.7
Aurobindo	-0.4	-6.4	53.6
Biocon	1.4	-18.5	-17.4
Zyodus Lifesci.	0.4	-6.0	32.2
Cipla	0.6	1.9	4.2
Divis Lab	-0.1	-11.2	-11.6
Dr Reddy's	-0.1	-4.4	17.2
ERIS Lifescience	0.0	-1.4	20.3
Gland Pharma	-2.8	-11.0	-20.7
Glenmark	0.6	-12.2	79.7
Global Health	2.1	14.1	
Granules	1.3	-3.7	-9.3
GSK Pharma	-1.2	-10.2	1.5
IPCA Labs	-0.4	4.2	5.2
Laurus Labs	0.9	-8.4	-24.1
Lupin	3.2	-0.2	65.3
Max Healthcare	0.9	2.5	25.1
Piramal Pharma	0.0	4.4	-34.6
Solara Active	15.1	-4.0	-21.0
Sun Pharma	1.5	-2.2	7.7
Infrastructure	1.2	-1.6	17.1
Torrent Pharma	0.4	-0.1	13.8

Company	1 Day (%)	1M (%)	12M (%)
G R Infraproject	2.4	-6.0	-8.2
IRB Infra.Devl.	1.3	7.4	45.3
KNR Construct.	-0.5	-6.8	13.4
Logistics			
Adani Ports	0.7	-6.2	-7.1
Blue Dart Exp.	0.5	-3.7	-13.2
Container Corpn.	1.0	-4.7	-14.1
Mahindra Logis.	-0.5	-9.7	-35.7
Transport Corp.	1.8	3.3	20.3
TCI Express	0.0	-8.7	-29.2
VRL Logistics	0.1	-7.4	11.6
Media	0.8	-1.4	7.8
PVR INOX	0.8	-6.1	-8.6
Sun TV	-0.4	4.5	17.6
Zee Ent.	0.6	1.8	1.7
Metals	1.4	-5.7	6.1
Hindalco	2.5	-3.7	12.6
Hind. Zinc	0.6	-4.6	2.1
JSPL	0.8	-15.9	25.4
JSW Steel	1.2	-5.9	7.2
Nalco	1.8	-3.9	30.3
NMDC	4.1	8.1	46.4
SAIL	2.6	-9.4	5.7
Tata Steel	1.3	-8.4	16.6
Vedanta	2.4	3.0	-22.9
Oil & Gas	1.3	-2.6	-5.5
Aegis Logistics	2.1	-12.1	-6.7
BPCL	1.0	4.0	18.1
Castrol India	0.1	-2.6	10.5
GAIL	3.8	-1.9	33.7
Gujarat Gas	0.8	-3.5	-21.8
Gujarat St. Pet.	1.4	-6.8	16.3
HPCL	1.3	0.1	18.9
IOC	2.8	4.5	38.6
IGL	2.3	-14.3	-7.6
Mahanagar Gas	3.1	0.6	18.1
MRPL	0.3	9.0	91.1
Oil India	-0.5	0.5	54.2
ONGC	-0.3	-2.9	36.5
PLNG	0.6	-18.7	-7.7
Reliance Ind.	1.0	-1.1	0.0
Real Estate	2.5	9.1	43.0
Brigade Enterpr.	0.8	10.4	25.7
DLF	0.5	8.9	50.0
Godrej Propert.	3.1	10.4	38.3
Mahindra Life.	1.2	-12.0	19.9
Macrotech Devel.	5.8	6.3	72.6
Oberoi Realty Ltd	3.9	4.9	32.0
Sobha	3.4	6.0	20.3
Phoenix Mills	4.4	9.0	36.0
Prestige Estates	-0.4	24.0	65.7
Retail			
Aditya Bir. Fas.	0.7	0.4	-38.8
Avenue Super.	0.2	-0.8	-13.0



Company	1 Day (%)	1M (%)	12M (%)
Bata India	2.1	-2.3	-15.5
Campus Activewe.	1.5	-6.1	-52.1
Barbeque-Nation	1.9	-12.6	-41.4
Devyani Intl.	0.2	-14.0	-1.6
Jubilant Food	0.5	-5.9	-18.6
Metro Brands	2.1	6.6	42.3
Raymond	5.9	0.3	54.4
Relaxo Footwear	-2.8	1.1	-6.8
Restaurant Brand	0.0	-10.1	-8.1
Sapphire Foods	-0.8	-9.3	-10.1
Shoppers St.	0.8	-7.7	-19.0
Titan Co.	0.9	1.7	17.3
Trent	-0.4	5.3	43.1
V-Mart Retail	0.3	-15.6	-45.0
Vedant Fashions	0.7	-2.5	-8.7
Westlife Food	0.5	-13.4	6.0
Technology	0.8	-3.8	5.0
Cyient	2.6	-1.0	129.5
HCL Tech.	1.1	3.1	21.8
Infosys	1.2	-4.5	-11.8
LTIMindtree	0.4	-3.6	3.3
L&T Technology	1.1	-8.0	16.4
Mphasis	2.1	-7.9	7.4
Coforge	0.6	-0.9	31.8
Persistent Sys	0.2	7.4	65.9
TCS	0.9	-4.8	3.7
Tech Mah	-0.9	-8.8	3.1
Wipro	0.7	-5.5	-2.6
Zensar Tech	0.9	-3.7	128.1
Telecom	2.4	-2.2	16.8
Bharti Airtel	1.1	-0.3	14.1
Indus Towers	5.3	-0.8	2.8
Idea Cellular	7.4	18.0	60.8
Tata Comm	2.6	-11.3	35.0
Utilities	1.6	-4.5	-10.0
Coal India	0.7	4.6	25.7
NTPC	1.1	-4.2	30.0
Power Grid Corpn	1.1	1.7	16.1

Company	1 Day (%)	1M (%)	12M (%)
Others			
APL Apollo Tubes	2.2	-4.0	43.3
BSE	-1.3	36.4	198.2
Coromandel Intl	0.9	-7.7	9.4
EPL Ltd	2.3	2.0	24.5
Indiamart Inter.	0.6	-10.8	10.6
Godrej Agrovet	0.6	-3.0	-7.7
Havells	2.0	-8.9	3.8
Indian Hotels	0.3	-5.1	14.0
Interglobe	3.0	4.6	38.0
Info Edge	1.0	-0.6	3.8
Kajaria Ceramics	-0.6	-4.4	18.4
Kaveri Seed	0.2	0.9	27.1
Lemon Tree Hotel	1.2	-4.9	22.0
MCX	1.6	18.3	62.6
One 97	0.9	7.4	43.4
Piramal Enterp.	1.2	-6.8	16.8
PI Inds.	0.7	-1.4	4.5
Quess Corp	0.2	0.7	-23.5
SIS	0.1	-0.1	1.4
SRF	2.5	-0.5	-12.1
Tata Chemicals	0.9	-7.0	-15.3
Team Lease Serv.	2.5	-8.3	-16.7
Trident	1.0	-7.4	-1.1
Voltas	0.5	-3.4	-8.3
UPL	1.6	-12.3	-24.6
Zomato Ltd	3.7	6.0	70.7

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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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