Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	72,762	-1.2	0.7
Nifty-50	21,998	-1.5	1.2
Nifty-M 100	45,971	-4.4	-0.5
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	5,165	-0.2	8.3
Nasdaq	16,178	-0.5	7.8
FTSE 100	7,772	0.3	0.5
DAX	17,961	0.0	7.2
Hang Seng	5,932	-0.3	2.8
Nikkei 225	38,696	-0.3	15.6
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	84	1.2	8.8
Gold ($/OZ)	2,174	0.7	5.4
Cu (US$/MT)	8,833	3.2	4.4
Almn (US$/MT)	2,218	0.0	-5.4
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	82.9	0.1	-0.4
USD/EUR	1.1	0.2	-0.8
USD/JPY	147.8	0.1	4.8
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	7.0	0.01	-0.1
10 Yrs AAA Corp	7.5	0.00	-0.2
Flows (USD b)	**13-Mar**	**MTD**	**CYTD**
FIIs	-0.6	6.47	-2.7
DIIs	1.10	2.65	6.3
Volumes (INRb)	**13-Mar**	**MTD***	**YTD***
Cash	1,548	1023	1213
F&O	6,34,858	3,56,416	3,97,346

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

AU Small Finance Bank: Building strong foundation for sustainable growth

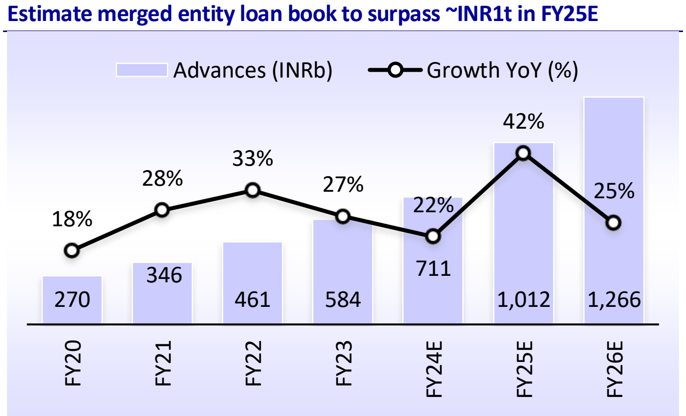
- AUBANK has historically delivered healthy RoAs; however, this has seen compression over FY24, primarily due to a decline in margins and an uptick in credit costs. The merger with Fincare SFB will enable AUBANK to achieve sustainable growth, while stronger return ratios for Fincare will boost profitability in the coming years, particularly as operating leverage improves.
- Post-merger, the AUBANK will also gain presence in high-yielding MFI and Gold loan segments, while its positioning in SBL and the Housing vertical will be strengthened. Moreover, Fincare's robust presence in southern India complements AUBANK's stronger presence in the North, thus helping AUBANK significantly expand its geographical foothold.
- While the merger is BV and RoA accretive, aided by stronger return ratios in MFI, Gold, and SBL loan portfolios, the intense competition for liabilities and integration costs will largely offset any near-term benefit. However, we estimate RoA to gradually improve to 1.7% by FY26E as the bank benefits from operating synergies, while moderation in funding costs also enables an improvement in margins.

Research covered

Cos/Sector	Key Highlights
AU Small Finance Bank	Building strong foundation for sustainable growth
CAMS	Macros in favor of the non-MF business
Capital Market Monthly	Overall ADTO remains buoyant; NSE active clients increased consecutively MoM

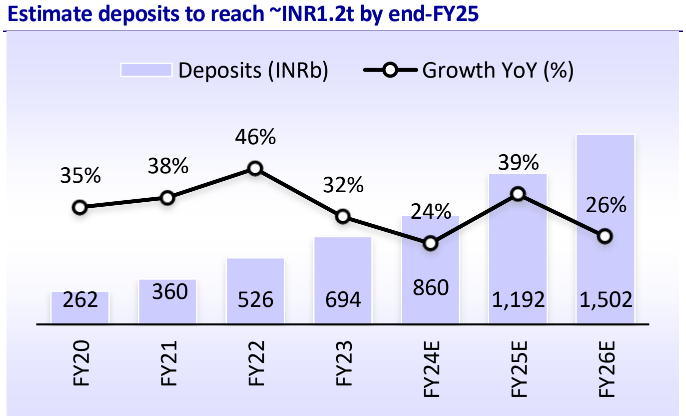
Chart of the Day: AU Small Finance Bank (Building strong foundation for sustainable growth)

Estimate merged entity loan book to surpass ~INR1t in FY25E



Data as on FY23, Source: Company, MOFSL

Estimate deposits to reach ~INR1.2t by end-FY25



Data as on FY23, Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Tata Motors signs MoU with Tamil Nadu govt for manufacturing plant; to invest Rs 9,000 crore over 5 years

Tata Motors and the Tamil Nadu Government have signed a Memorandum of Understanding (MoU) to build a vehicle manufacturing facility in the state, with an investment of Rs 9,000 crore over five years.

2

RBI directs Federal Bank to stop issuing co-branded credit cards

The bank on Wednesday said it is in the process of rectifying the areas that are deficient and will seek regulatory clearance prior to resumption of new issuance. "Pursuant to a letter from Reserve Bank of India, dated March 12, 2024

3

TPG and Temasek-backed Dr Agarwals Healthcare picks 5 i-banks, kicks off IPO to raise around Rs 3,000 crore

Singapore investment giant Temasek and US private equity firm TPG Growth collectively hold a majority stake of around 60 percent in Dr Agarwals Health Care and have participated in two fund raising rounds since May 2022

4

Coal demand from power sector seen up 6.5% on year in FY25

The minister also noted that the share of imported coal blending in the power sector has reduced by 28% in FY24 to 22.20 million tonne against 30.80 million tonne in 2022-23. "In the next 1-1.5 years, we will further reduce it to zero."

5

L&T Finance inks $125 million pact with Japan International Cooperation Agency

L&T Finance will deploy the funds to support financing in rural areas and also for women borrowers by funding livelihoods and concentrating on lending across lagging states.

6

Oil prices rise 2% after supply disruption as Ukraine attacks Russian refineries; Brent at $83/bbl

Brent crude futures for May were up $1.54, or 1.88 per cent, to $83.46 per barrel on Wednesday

7

Zydus launches anti-cancer generic drug olaparib in India

The drug will target specific genetic mutations prevalent in certain types of cancers, paving the way for a more tailored and effective treatment approach, the company said in a stock exchange filing.

AU Small Finance Bank

BSE SENSEX	S&P CNX
72,762	21,988

Stock Info

Bloomberg	AUBANK IN
Equity Shares (m)	667
M.Cap.(INRb)/(USDb)	386 / 4.7
52-Week Range (INR)	813 / 548
1, 6, 12 Rel. Per (%)	-4/-30/-32
12M Avg Val (INR M)	1630
Free float (%)	74.5

Financials & Valuations (INR b)

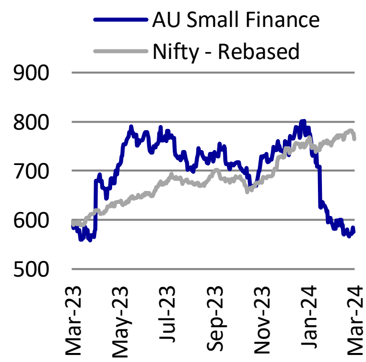
Y/E March	FY23	FY24E	FY25E
NII	44.3	52.1	79.3
PPoP	20.2	25.3	37.4
PAT	14.3	15.5	20.8
NIM (%)	5.6	5.3	6.1
EPS (INR)	22.0	23.2	29.5
EPS Gr. (%)	22.3	5.4	27.2
BV/Sh. (INR)	164	182	226
ABV/Sh. (INR)	162	177	220
Ratios			
RoE (%)	15.5	13.4	14.4
RoA (%)	1.8	1.6	1.6
Valuations			
P/E(X)	26.0	24.6	19.4
P/BV (X)	3.5	3.1	2.5
P/ABV (X)	3.5	3.2	2.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	25.5	25.5	25.6
DII	20.8	19.6	20.6
FII	41.1	41.7	39.6
Others	12.6	13.6	14.2

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR577 TP: INR720 (+26%) Buy

Building strong foundation for sustainable growth

RoA to remain suppressed in near term

- **AUBANK has historically delivered healthy RoAs; however, this has seen compression over FY24, primarily due to a decline in margins and an uptick in credit costs. The merger with Fincare SFB will enable AUBANK to achieve sustainable growth, while stronger return ratios for Fincare will boost profitability in the coming years, particularly as operating leverage improves.**
- **Post-merger, the AUBANK will also gain presence in high-yielding MFI and Gold loan segments, while its positioning in SBL and the Housing vertical will be strengthened. Moreover, Fincare's robust presence in southern India complements AUBANK's stronger presence in the North, thus helping AUBANK significantly expand its geographical foothold.**
- **While the merger is BV and RoA accretive, aided by stronger return ratios in MFI, Gold, and SBL loan portfolios, the intense competition for liabilities and integration costs will largely offset any near-term benefit. However, we estimate RoA to gradually improve to 1.7% by FY26E as the bank benefits from operating synergies, while moderation in funding costs also enables an improvement in margins.**
- **Furthermore, as Fincare is a rural-focused SFB with 85% of its advances meeting the PSL criteria, the merger will enable AUBANK to fulfill its PSL target without compromising on growth.**
- **We believe that the bank's execution capability will play an important role in maintaining robust growth, asset quality while delivering healthy RoA to its stakeholders. We are optimistic about smooth execution, given the management's execution prowess and track record over the past couple of decades. We reiterate Buy on the stock with a TP of INR720 (2.7x FY26E BV).**

Estimate loan CAGR of ~25% post-merger

The merger with Fincare SFB will augment AU Bank's loan book by ~16%. We estimate the combined entity to deliver robust growth at a 25% CAGR, thus resulting in balance sheet size surpassing INR1.5t by FY25E. This will be led by improved geographical footprint, addition of new product lines, and an expansion in customer base. Loan book is thus likely to cross ~INR1tn in FY25E, driven by ~20% YoY growth in key existing business lines and an accelerated 30% YoY growth in newer segments. The bank expects steady ~20% growth in VF and SBL, while Commercial, HL, and MFI segments are likely to grow at a faster ~30% run-rate.

Business mix to diversify; new product lines to open up growth avenues

The distinct asset composition of AUBANK (Wheels, SBL, Housing, and Commercial) and Fincare SFB (MFI, SBL, and Gold) complements each other and bridges the gap in the bank's product offerings. The wider product suite not only presents avenues for growth, but also augments the merged entity's leadership positioning in the SFB sector. Post-merger, the overall business mix of the bank is thus poised to become more diversified, with the concentration of wheels reducing to 27.4% from 32%, and the new segments of MFI/Gold constituting 7.5%/1.6% of the combined loan book. AUBANK strategically aims to keep the MFI mix below 10% vs 7.5% post-merger. The merger thus not only widens opportunities for expansion into new geographical areas and product segments, but also addresses Priority Sector Lending (PSL) requirements, including the more stringent Small and Marginal Farmer (SMF) segment, through high-yielding products such as MFI, SBL, and Gold.

Geographical mix to improve; touchpoints to more than double

Through merger, AUBANK aims to more than double its touchpoints to 2,334, with the bank further planning to add another 150 touchpoints by the end of FY24. AUBANK is yet to establish any meaningful presence in the southern region and the merger will facilitate AUBANK to significantly strengthen its geographical diversification, leveraging Fincare's strong presence in the southern region. The bank is thus poised to extend its reach to nine states from four states with each having over 100 touchpoints as opposed to only four states currently.

Funding cost pressures to dilute near-term margin performance

The sharp rise in rate environment and intense competition for garnering deposits has resulted in elevated competition for liabilities in the banking sector. This has exerted huge pressure on funding cost. AUBANK has thus reported NIM compression of ~60bp over the past three quarters to ~5.5% currently and the bank expects continued cost pressures and suggests further 30-40bp rise in the cost of funds over the coming months. Alongside a rise in funding costs, AUBANK has witnessed moderation in lending yields, primarily due to a change in business mix even as disbursement yields across segments increased at a calibrated pace. AUBANK has thus guided NIMs to sustain at ~5.5% over FY24E, while the NIMs are likely to hold flat over FY25E despite merger, as the ongoing rise in funding cost dilutes the margin benefit, which was anticipated post-merger.

Cost-ratios to stay elevated; operating leverage to improve gradually

AUBANK strategically invests for sustainable growth by leveraging technology, streamlining processes, and expanding the branch network. AUBANK will incur an upfront stamp duty expense of INR800m, covering banking and lawyer fees. Further integration, personnel, and tech migration costs are estimated at INR2-2.25b with 70% expected in Year 1 and 30% in Year 2 post-merger. Cost-ratios are thus likely to stay elevated at 63-64% in FY25E. The merger with Fincare is expected to enhance revenue growth through cross-selling opportunities, robust distribution income, and potential benefits from the AD-1 license. The potential turn in the rate-cycle and gradual moderation in funding cost is also anticipated to aid margin improvement, which will drive healthy NII growth. This coupled with improved investment yields and benefits from potential capital raise will create a flywheel effect and enable gradual moderation in cost-ratios from FY26E onwards.

Estimate GNPA/NNPA ratio at ~2.0%/0.7% in FY26

AU has consistently adhered to rigorous underwriting practices, utilizing in-house origination and top-notch collections to uphold asset quality. Despite the hiccups around asset quality during 3Q24, mainly in the cards segment, which the bank attributes to a faster normalization in delinquency rate, the bank has consistently maintained an exemplary track record of healthy asset quality. Fincare SFB has also shown an improvement in asset quality over the past few years and Net NPA has declined to 0.77% in 3QFY24. The bank follows measures, such as state-level capping at 15% and district-level capping at 2% to mitigate concentration risk. The MFI segment is thus expected to maintain stable asset quality, while the non-MFI segment should broadly mirror AUBANK's asset quality trends. We thus estimate asset quality ratios for the merged entity to remain stable with GNPA sustaining at ~2% though we remain watchful of any unexpected negative development.

Merger to aid PSL compliance; mix of SMF to increase

SFBs have stringent Priority Sector requirements as they are mandated to maintain PSL assets equivalent to 75% of ANBC. This includes specific allocations such as 18% for agriculture, 10% for Micro Enterprises, and 12% for weaker sections. The recent increase in the PSL sub-category for Small and Marginal Farmers from 8% in FY21 to 10% by FY24 has further posed challenges for banks to achieve sub-segmental PSL targets. During 1QFY24, AUBANK had to purchase PSL certificates, due to a shortfall in the SMF category, a move not entirely aligned with the core objective of being an SFB, which is to promote financial inclusion. Given Fincare's strong rural focus, with 94% of portfolio being rural by value and 85% of advances qualifying under the Priority Sector, of which, 56% pertains to MFI and 30% to the overall SMF-eligible category, the merger is expected to aid AUBANK in not only meeting the PSL targets, but also generating PSLC income in the long run.

Merger integration to be watched out carefully

The integration process between two SFBs will be closely monitored. Attrition is identified as a crucial aspect to observe, with a focus on adequately compensating existing Fincare employees through retention bonuses to alleviate concerns. The integration of two distinct cultures, particularly the North-South regional differences among employees, is another key area of observation. Challenges may arise in HR and tech integration, given that AU operates on Oracle, while Fincare uses FIS. Also, the bank must align its strategy toward robust asset quality, considering the necessity to establish provisioning buffers.

RoA trajectory to remain suppressed in near term; maintain Buy

- AUBANK has historically reported healthy RoAs; however, this has seen compression over FY24, primarily due to a decline in margins and a rise in credit costs.
- While the merger with Fincare SFB is EPS, BV, and RoA accretive, aided by stronger return ratios in MFI, Gold, and SBL loan portfolio, the competition for liabilities and integration costs will largely offset any near-term benefit.

- However, we believe that RoA should gradually improve toward 1.7% by FY26E as the bank benefits from operating synergies, while moderation in funding costs also enables an improvement in margins.
- By strategically incorporating ~7.5% of the rural-focused MFI portfolio into AUBANK's loan book, the merger helps diversify AUBANK’s lending portfolio, while boosting overall yields. Moreover, Fincare's robust presence in southern India augments AUBANK's geographical footprint.
- We believe that the bank’s execution capability will play an important role in maintaining robust growth and asset quality metrics while delivering healthy RoA to its stakeholders. We are optimistic about smooth execution, given the management’s execution prowess and track record over the past couple of decades. **We reiterate our Buy rating on the stock with a TP of INR720 (2.7x FY26E BV).**

13 March 2024
Company Update | Sector: Financials

CAMS

BSE Sensex	S&P CNX
72,762	21,998

Bloomberg	CAMS IN
Equity Shares (m)	49
M.Cap.(INRb)/(USDb)	134.9 / 1.6
52-Week Range (INR)	3242 / 2002
1, 6, 12 Rel. Per (%)	-4/-4/-6
12M Avg Val (INR m)	697
Free Float (%)	100.0

Financials & Valuations (INR b)

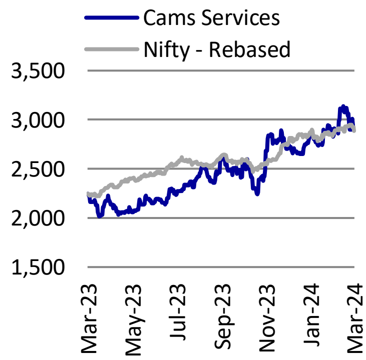
Y/E March	2024E	2025E	2026E
AAUM (INR t)	32.8	37.9	44.0
Revenue	11.3	13.2	15.3
EBITDA	5.0	6.1	7.3
Margin (%)	44.1	46.1	48.0
PAT	3.4	4.3	5.2
PAT Margin (%)	30	32	34
EPS	70.2	86.9	106.7
EPS Grw. (%)	20.8	23.9	22.7
BVPS	184.1	214.5	251.9
RoE (%)	40.8	43.6	45.7
Div. Payout (%)	65.0	65.0	65.0
Valuations			
P/E (x)	39.3	31.8	25.9
P/BV (x)	15.0	12.9	11.0
Div. Yield (%)	1.7	2.0	2.5

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	0.0	19.9	19.9
DII	23.1	16.1	13.7
FII	47.7	38.6	32.7
Others	29.2	32.6	33.7

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR2,745 TP: INR3,450 (+26%) Buy

Macros in favor of the non-MF business

- **CAMS derives ~12% of its revenue from the non-MF segments, such as AIF/PMS RTA, CAMSPay, Think360, CAMS KRA, and CAMSRep. However, these businesses are set to register higher-than-MF segment growth over the next couple of years.**
- **AIF/PMS RTA:** Over the past couple of years, affluent investors have been increasing their allocations to AIF/PMS products. Resultantly, non-EPFO PMS AUM/AIF funds registered a 22%/20% CAGR over the period. CAMS commands ~50% market share among funds utilizing RTA services. Demand for RTA services from these funds is expected to grow at a robust pace, propelled by: 1) increasing adoption of RTA services by existing funds, and 2) a spike in launches.
- **CAMSPay:** The share of digital transactions has been increasing for AMCs and this could result in a healthy CAGR for CAMSPay, which is a key player in this segment. Additionally, it plans to expand the use cases to other financial segments.
- **Think360:** A data analytics and AI/ML tool development subsidiary, Think360, is slated to expand its presence in its existing domain, as lenders continue to adopt technology across the ecosystem. Further, these tools can be expanded into CAMS's existing business domain, helping clients (AMCs) make better business decisions.
- **Account Aggregator (AA) & NPS: The AA business**, while still at a nascent stage, is witnessing an exponential growth in account linkages (over 10x jump in a year), FIP/FIU registrations, and number of fetches. For CRA (NPS), the increasing subscriber base and rising adoption of the scheme – as a tax saving instrument – will continue to be the driving force.
- **There is a sustained focus on expanding the Non-MF businesses with an aim to increase their share to 20% going ahead. Currently, we have a BUY rating on the stock with a TP of INR3,450 (based on 32x FY26 earnings).**

AIF/PMS RTA – aspiring to be the fastest non-MF segment to reach INR1b in revenue

- Over the past two years, the affluent customers have scaled up their allocations to big-ticket capital market instruments, such as AIFs and PMS, so as to generate alpha over the performance of actively-managed MFs and owing to the declining yield of fixed-income products.
- Resultantly, the non-EPFO PMS AUM (excluding advisory) witnessed strong momentum, registering a 22% CAGR over the last two years to INR6.2t in Dec'23. Similarly, funds raised by AIFs posted a 20% CAGR to INR4.3t in Dec'23.
- CAMS commands ~50% market share among funds utilizing RTA services. We expect a strong growth in this segment, led by: 1) increasing adoption of RTA services by existing funds, and 2) a significant increase in launches.

- CAMS WealthServ provides full-stack services for investor onboarding, fund accounting, and operations. Its WealthServ digital onboarding service provides a transformational experience to investors.
- CAMS expects this segment to be the fastest to reach INR1b mark in revenue terms. As of 9MFY24, this segment contributed ~2.7% of total revenue (INR226m).

The future is digital – CAMSPay to gain traction

- The digital payments market in India is likely to clock a 50% CAGR and should exceed 400b transactions by FY27 (according to the Protium report). With the increase in transaction volumes and new product offerings, CAMSPay is expected to grow at a much faster pace.
- CAMS has now received the RBI's in-principle license to be a payment aggregator. The company has expanded its presence to cater to the growing digital payments ecosystem (merchant base is growing rapidly within the BFSI space).
- CAMSPay has 50%+ market share in the mutual fund ecosystem. CAMSPay's product offerings are further fortified, and the UPI autopay offering expands beyond MF with adoption by fintech channels and prominent third-party apps. This is very clearly visible in the transaction volume growth rate.
- Margins here are higher than the entire non-MF business segment, but lower than the MF business (on account of pricing pressure). CAMS expects contribution from this segment to improve over the coming quarters (as of 9MFY24, CAMSPay accounted for 2.6% of the total revenue).

Think360 – AI stack for Digital Financial Services

- Data, Algorithm, and Applications are the three pillars of AI. The share of digital lending now accounts for 30%+ of all lending and fintechs, providing 95%+ digital lending solutions.
- Among others, Think360's flagship alternative credit scoring product, Algo360, is India's leading alternate data solution, which powers income estimation and risk estimation based on device data.
- CAMS and Think360 bring exciting synergetic opportunities, and the value added services can be expanded to newer markets ("GenAI" capability completed its first engagement with an international client) to transform customer onboarding and drive smarter decisions.
- The AI stack offering through Think360 is an exciting value proposition, and management expects this business to scale up exponentially given its low base. As of 9MFY24, this business contributed ~1.6% of the total revenue.

Increase in NPS subscribers to aid the NPS business

- The formalization of the economy will be an important growth driver of the retirement fund industry. Further, the tax benefits under income tax are likely to boost the subscriber base in the corporate segment.
- During FY17-23, the total NPS subscriber base reported a 34% CAGR (~71m subscribers as of Dec'23); whereas, the corporate NPS subscriber base posted a 19% CAGR (~1.9m subscribers as of Dec'23). Over the same period, the overall NPS AUM recorded a ~32% CAGR, whereas corporate NPS clocked 41% CAGR. CAMS is one of the Indian players that caters to the corporate segment.
- CAMS CRA has developed the industry's first features of CKYC and UPI-based bank account verification. As of now, the revenue contribution from the NPS

business is not material. Nevertheless, as the private sector adoption increases, we believe the company will see an improvement in market share.

Scaling up of the AA Ecosystem

- The National Financial Information Registry (NFIR; announced in Union Budget 2023-24) aims to change the way credit is distributed and underwritten to new-to-credit (NTC) and underbanked borrowers. The focus is to facilitate cash flow-based lending and economic inclusion.
- The AA network went live in Sep'21 and is still in its nascent stages. NFIR, when integrated with the AA system, will have a game-changing impact on the domestic financial services industry.
- According to the latest (as of Feb'24) FIP-AA mapping, 74 entities are live with One Money followed by 53 entities with CAMS (vs. 45/32 for One Money/CAMS as of May'23). The count of accounts linked to the FIP AA ecosystem has surged to ~48.7m as of Feb'24. Even the count of accounts for which the consent has successfully been fulfilled has jumped to ~52.6m as of Feb'24.
- CAMSFinserv is the platform for AA and TSP offerings. CAMS is a leader in the industry in terms of FIP integration. For bank account verification, CAMS is the first to test a new use case with the help of AA for better information flows.

Regulatory triggers to boost the insurance repository business

- The mandatory requirement of insurance policies in dematerialized form was announced as a forward-looking step by the regulator back in Sep'22. The necessary regulation is still not passed, but there is a very active dialogue in the marketplace between the regulator and the key ecosystem entities.
- The potential e-insurance policy market size is ~500m and the revenue potential is likely to be ~INR5b annually. Considering the competition, even if the prices deplete by 50%, the market size is expected to be ~INR2.0-2.5b annually.
- Now with Bima Central going live and entering the non-life segment, CAMSRep provides a huge growth opportunity for eIA sign-up and policy servicing for customers. It would be imperative to gauge the sales execution of CAMSRep in this space (this business contributed ~1.5% of the total revenue as of 9MFY24).

Valuation and View

- From a long-term perspective, the structural tailwinds in the MF industry will continue to drive AUM growth, translating into a strong absolute growth in MF revenue for CAMS (15% during FY24-26). CAMS has been investing in the non-MF businesses over the past couple of years, which will lead to an improvement in the share of revenue to 20% over the next five years. Operating leverage will drive margin expansion in these businesses, percolating to an overall PAT CAGR of 23% during FY24-26.
- Empirically, CAMS has traded at a premium to the listed AMCs in terms of one-year forward P/E. After the outperformance of AMCs, however, the valuation premium between CAMS and AMC stocks has narrowed. The premium for CAMS is well warranted, given: 1) the duopoly nature of the industry and high entry barriers, 2) relatively low risk of a market share loss, and 3) higher customer ownership vs. AMCs. **We reiterate our BUY rating on the stock with a TP of INR3,450, at a P/E multiple of 32x on FY26E earnings.**

Capital Market Tracker

Overall ADTO remains buoyant; NSE active clients increased consecutively MoM

MoM demat additions surged; CDSL market share increasing sequentially

Nifty50 was flat MoM at 21,980 points in Feb'24. Overall ADTO volume was buoyant at INR485t (up 5% MoM), with F&O ADTO increasing 5% MoM and Cash ADTO increasing 3.7% MoM. Retail cash ADTO increased 3% MoM to INR533b. Demat account additions surged to 4.3m in Feb'24 vs. average monthly additions of 2.1m in FY23. Further, the number of active users on NSE increased for the eighth consecutive month to 40.1m in Feb'24 from 33.6m in Feb'23. ANGELONE, which relies heavily on income from the F&O segment, has witnessed a strong increase in the number of daily orders placed.

Demat additions surged MoM to 4.3m

- The total number of demat accounts increased to 148m in Feb'24. New account additions surged to 4.3m in Feb'24 vs. average monthly additions of 2.1m in FY23.
- In Feb'24, CDSL continued to gain market share in terms of the total number of demat accounts and also an increase in the market share on a MoM basis. On a YoY basis, NSDL lost 380bp/920bp market share in total/incremental demat accounts.

NSE active clients increase for the eighth consecutive month

- The number of active clients at NSE increased 4.8% MoM to 40.05m in Feb'24. Currently, the top five discount brokers account for 63.5% of total NSE active clients vs. 59.6% in Feb'23.
- Performance of key discount brokers:
  - Zerodha reported a 3.3% MoM increase in its client count to 7.2m, with market share declining 30bp to 18.0%.
  - ANGELONE reported a 5.2% MoM increase in its client count to 5.9m, with a market share of 14.9%.
  - Upstox reported a 4.1% MoM increase in its client count to 2.5m, with a marginal decline in market share to 6.2%.
  - Groww reported a 9.1% MoM increase in its client count to 9.2m, with a rise in market share to 22.9%.
- Performance of key traditional brokers:
  - ISEC reported a 0.3% MoM decline in its client count to 1.9m, with a decline in market share to 4.7%.
  - IIFL Sec reported a 2.7% MoM increase in its client count to 0.4m, with a market share of 1.1%.

Overall ADTO up 5% MoM

- Total ADTO surged 132% YoY (up 5% MoM) to INR485t, with F&O ADTO increasing 132% YoY. Cash ADTO increased 3.7% MoM. Total ADTO from BSE increased 29% MoM to INR 74t, led by growth in F&O volumes.
- On a MoM basis, the share of BSE in the total cash T/O segment improved to ~8.3% in Feb'24 (Jan'24 ~8.0%). Retail cash ADTO increased 3% MoM basis to INR 533b (up 151% YoY).

Key statistics

Parameter	Feb'23	YoY (%)	MoM (%)
Demat A/c (m)	148	32	3
NSE Active (m)	40	19	5
ADTO (INR t)			
Overall	484	132	5
- F&O	483	132	5
- Cash (INR b)	1,276	137	4
- Retail Cash (INR b)	533	151	3

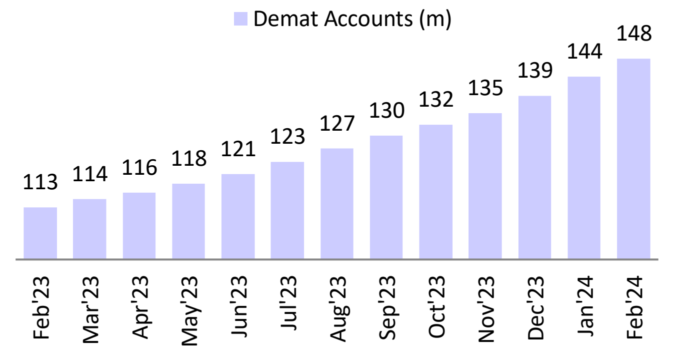
Source: MOFSL, NSE, BSE, CDSL, NSDL

Commodity volumes declined MoM

- Total volumes on MCX declined MoM to INR 25.6t in Feb'23; Volumes in OPTFUT (Options on Futures) declined 15.5% MoM to INR 22.1t.
- Overall ADTO volumes declined 11.6% MoM to INR1.2t. OPTFUT ADTO volumes declined 11.5% MoM and FUTCOM (Futures on Commodities) ADTO declined 12.4% MoM. This was mainly led by a 41.8% MoM decline in natural gas and a 33.1% decline in gold. On the other hand, Silver increased 30.5% on a MoM basis.
- Options ADTO volumes declined 11.5% MoM on account of a 59.4%/46.5% MoM decrease in Gold/Natural gas ADTO on a MoM basis.

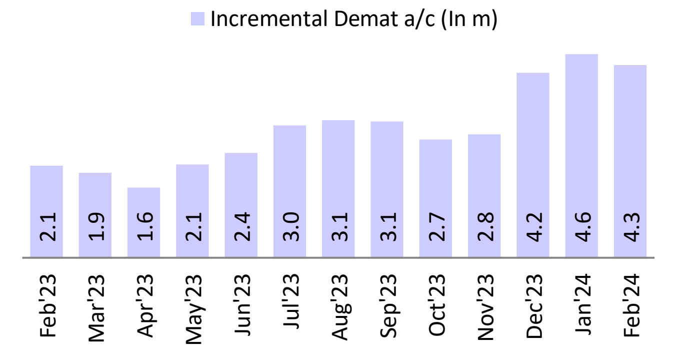
Primary market: In Feb'24, an amount of INR69b was raised via 9 IPOs.

The number of demat accounts rises to 148m



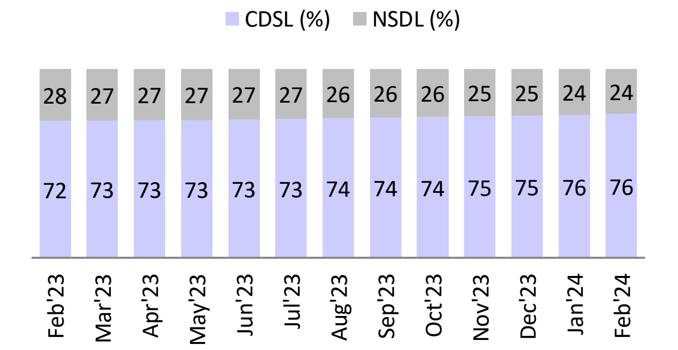
Source: MOFSL, CDSL, NSDL

Incremental demat accounts



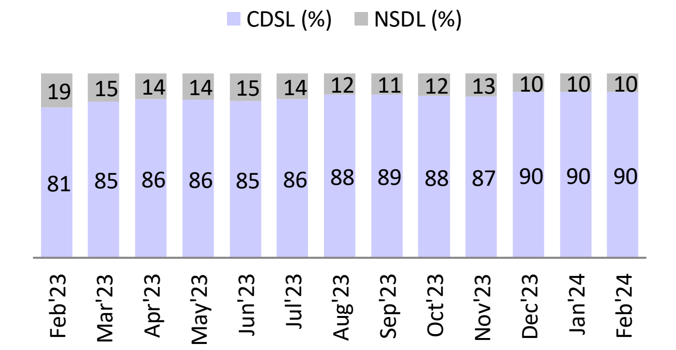
Source: MOFSL, CDSL, NSDL

Market share led by CDSL



Source: MOFSL, CDSL, NSDL

CDSL gains market share in incremental accounts



Source: MOFSL, CDSL, NSDL

DLF: Retail segment growth has just begun; Sriram Khattar, MD - Retail

- Retail growing faster than India's GDP
- Took an adverse hit during the pandemic
- India's REIT market has not matured yet
- Trend in favour of global capability centers

Read More

DB Realty: Leased land for annual rent of Rs 248 cr for 5-6 yrs; Shahid Balwa, MD

- To demerge hotel biz in separate listed entity
- Have long-standing relationship with Prestige Estates
- In talks with Prestige Estates, others for projects
- Will become debt free on consolidated level next year

Read More

V-Mart: March should be a good month due to weddings and festivals; Lalit Agarwal, CMD

- Demand has been trending upward, but pain in smaller towns due to higher inflation
- March should be a good month due to weddings and festivals
- FY25 will be better than FY24
- Target high single digit SSSG and double digit revenue growth in FY25

Read More

Titagarh Rail: Targeted EBITDA margin in the passenger segment is around 15%; Umesh Chowdhary, MD

- The margin will be between 10-11% on the recent order
- The recent order will be executed in 2 years from now
- We will be able to hit a run rate of 1,000 wagons a month by 2025
- Margin will be between 10-11% on the recent order

Read More

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

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

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

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

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

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

In the past 12 months, MOFSL or any of its associates may have:
a) received any compensation/other benefits from the subject company of this report
b) managed or co-managed public offering of securities from subject company of this research report,
c) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
d) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

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

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:
a) a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
(b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.
To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

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

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

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

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

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

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

For U.S.
MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under

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

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

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

Disclaimer:
The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

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

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

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.
Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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

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

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